

Appraisal of Going Concern

Bahia Mar Hotel & Marina

Hotel & Marina Property
801 Seabreeze Boulevard
Fort Lauderdale, Broward County, Florida 33316
Client Reference: Bahia Mar Hotel & Marina

Prepared For:

City of Fort Lauderdale

Date of the Report:

March 8, 2022

Report Format:

Appraisal Report

IRR - Miami / Caribbean

File Number: 123-2021-0425





Bahia Mar Hotel & Marina
801 Seabreeze Boulevard
Fort Lauderdale, Florida



March 8, 2022

Mr. Chris Lagerbloom
City Manager
City of Fort Lauderdale
100 N. Andrews Avenue
Fort Lauderdale, FL 33301

SUBJECT: Market Value Appraisal
 Bahia Mar Hotel & Marina
 801 Seabreeze Boulevard
 Fort Lauderdale, Broward County, Florida 33316
 Client Reference: Bahia Mar Hotel & Marina
 IRR - Miami / Caribbean File No. 123-2021-0425

Dear Mr. Lagerbloom:

Integra Realty Resources – Miami / Caribbean is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the hypothetical market value, pertaining to the fee simple interest in the property. This is a hypothetical value premise because the property is on land leased from the city of Ft. Lauderdale and the fee simple estate does not exist at present. As requested, the market value of the land (based on lease income) of the leased fee interest is also estimated.

The client for the assignment is City of Fort Lauderdale. The intended user of this report is the client. The intended use of the report is for asset valuation purposes. No other party or parties may use or rely on the information, opinions, and conclusions contained in this report.

The subject is an existing flagged Doubletree (Hilton) branded hotel comprising 296 rooms, plus banquet and meeting space, restaurant and bar. Additionally, the property maintains in-water slips for approximately 240 - 250 vessels with nearly 17,000 lineal feet of dockage including a 2,500 LF parallel dockage along the intercoastal waterway. All slips are serviced by power, water, cable, internet. There is also a 2-story outbuilding which serves as the dock master's office, locker room facilities, and ship store. The total property is 38.73 acres,

of which approximately 16 acres is upland, the balance is fee owned submerged land servicing the marina. Hotel improvements are in good condition reflecting a PIP of approximately \$20 million by the leasee over the past seven years including all rooms, common areas, ball rooms, conference centers, lobby, restaurants, pool-deck, pool deck bar, cabanas, and all new FF&E.

The appraisal conforms to the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, applicable state appraisal regulations, and the scope of work agreed upon between IRR and the City of Fort Lauderdale.

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis that were used to develop the opinion of value.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, the concluded opinions of value are as follows:

Value Conclusions			
Value Type & Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Hypothetical Market Value	Fee Simple	February 18, 2022	\$256,400,000
Market Value of the Land (based on lease income)	Leased Fee	February 18, 2022	\$48,300,000
Market value of the Land (leased income plus surplus)	Leased Fee	February 18, 2022	\$72,000,000

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is 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.

1. We requested operating history and physical information from the Lessee, which information was not provided with the exception of audit calculations on the lease payment and Gross Operating Revenue. IRR made reasonable attempts to confirm physical and economic information through other sources, but the market data applied may not represent actual operating results of the existing real estate.
2. All data provided by the City, or others, in conjunction with this assignment is assumed to be accurate.

The value conclusions are based on the following hypothetical conditions. 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.

1. The hypothetical value as expressed ignores the land lease on the property for purposes of reflecting the value of the real property unencumbered by the existing long-term land lease.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

The value conclusion(s) in this report consider the impact of COVID-19 on the subject property.

The opinions of value expressed in this report are based on estimates and forecasts which are prospective in nature and subject to considerable risk and uncertainty. Events may occur which could cause the performance of the property to differ materially from the estimates contained herein, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, the concluded opinions and forecasts are based partly on data obtained from interviews and third-party sources, which are not always completely reliable. Although the findings are considered reasonable based on available evidence, IRR is not responsible for the effects of future, unforeseen occurrences.

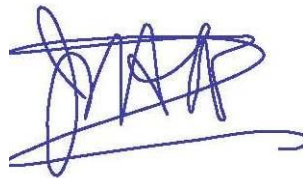
If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

Integra Realty Resources - Miami / Caribbean



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Quality Assurance

IRR Quality Assurance Program

At IRR, delivering a quality report is a top priority. Integra has an internal Quality Assurance Program in which managers review material and pass an exam in order to attain IRR Certified Reviewer status. By policy, every Integra valuation assignment is assessed by an IRR Certified Reviewer who holds the MAI designation, or is, at a minimum, a named Director with at least ten years of valuation experience.

This quality assurance assessment consists of reading the report and providing feedback on its quality and consistency. All feedback from the IRR Certified Reviewer is then addressed internally prior to delivery. The intent of this internal assessment process is to maintain report quality.

Designated IRR Certified Reviewer

An internal quality assurance assessment was conducted by an IRR Certified Reviewer prior to delivery of this appraisal report. This assessment should not be construed as an appraisal review as defined by USPAP.

Executive Summary

Property Name	Bahia Mar Hotel & Marina
Address	801 Seabreeze Boulevard Fort Lauderdale, Broward County, Florida 33316
Property Type	Marina - Marina/Hotel
Owner of Record	CITY OF FORT LAUDERDALE
Tax ID	5042 12 27 0012
Land Area (Gross)	38.73 acres; 1,687,039 SF
Land Area (Usable)	16.00 acres; 696,960 SF
Number of Rooms	296
Gross Building Area	217,018 SF
Year Built; Year Renovated	1973; 2014-2021
Zoning Designation	SBMHA, South Beach Marina & Hotel District
Highest and Best Use - As if Vacant	Mixed-use residential/hotel/retail
Highest and Best Use - As Improved	Continued hotel use
Exposure Time; Marketing Period	9-12 months; 9-12 months
Date of the Report	March 8, 2022

Value Conclusions

Value Type & Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Hypothetical Market Value	Fee Simple	February 18, 2022	\$256,400,000
Market Value of the Land (based on lease income)	Leased Fee	February 18, 2022	\$48,300,000
Market value of the Land (leased income plus surplus)	Leased Fee	February 18, 2022	\$72,000,000

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than City of Fort Lauderdale may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is 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.

1. We requested operating history and physical information from the Lessee, which information was not provided with the exception of audit calculations on the lease payment and Gross Operating Revenue. IRR made reasonable attempts to confirm physical and economic information through other sources, but the market data applied may not represent actual operating results of the existing real estate.
2. All data provided by the City, or others, in conjunction with this assignment is assumed to be accurate.

The value conclusions are based on the following hypothetical conditions. 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.

1. The hypothetical value as expressed ignores the land lease on the property for purposes of reflecting the value of the real property unencumbered by the existing long-term land lease.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Identification of the Appraisal Problem

Subject Description

The subject is an existing flagged Doubletree (Hilton) branded hotel comprising 296 rooms, plus banquet and meeting space, restaurant and bar. Additionally, the property maintains in-water slips for approximately 240 - 250 vessels with nearly 17,000 lineal feet of dockage including a 2,500 LF parallel dockage along the intercoastal waterway. All slips are serviced by power, water, cable, internet. There is also a 2-story outbuilding which serves as the dock master's office, locker room facilities, and ship store. The total property is 38.73 acres, of which approximately 16 acres is upland, the balance is fee owned submerged land servicing the marina. Hotel improvements are in good condition reflecting a PIP of approximately \$20 million by the leasee over the past seven years including all rooms, common areas, ball rooms, conference centers, lobby, restaurants, pool-deck, pool deck bar, cabanas, and all new FF&E.

A legal description of the property is provided in the addenda.

Property Identification

Property Name	Bahia Mar Hotel & Marina
Address	801 Seabreeze Boulevard Fort Lauderdale, Florida 33316
Tax ID	5042 12 27 0012
Owner of Record	CITY OF FORT LAUDERDALE

Sale History

The owner of record of the underlying (leased) fee simple interest is The City of Fort Lauderdale. The City entered into a land lease dated September 1, 1962 between the City (lessor) and Fort Lauderdale Candlelight Corporate (lessee) for a period of 99 years. This lease was modified (amended and restated) with the successor in interest, Rahn Bahia Mar, Ltd. (lessee) in January 1995. This amended and restated lease included an extension of the original term for two additional 25 years periods, expiring August 31, 2062.

The subject is operating under this long-term ground lease between the City of Fort Lauderdale (lessor) and The Blackstone Group LP (lessee) under one or more of the following entities: BRE/Bahia Mar Development LLC, Rahn Bahia Mar Development LLC, Rahn Bahia Mar LLC (f/k/a/ Rahn Bahia Mar Ltd.), Blackstone Real Estate Partners IV, and LXR Luxury Resorts & Hotels.

The leasehold interest (rights of the lessee) were reportedly sold, representing Blackstone's equity interest in Rahn Bahia Mar LTD. and its affiliates. This sale is not recorded since it represents an entity transfer, and to the best of our knowledge, the ownership of the lessee interest traded, but the original lessee entity remains in possession. Details of the transaction, and allocation between real property and other business assets was not provided.

Unconfirmed third-party information indicates the sale price of the leasehold at \$159 Million. The terms of the lease transfer are not documented for independent verification. We have assumed this price is reasonably representative of the mid July 2014 purchase of the leasehold interest.

Pending Transactions

Based on discussions with the appropriate contacts, the property is not subject to an agreement of sale or an option to buy, nor is it listed for sale, as of the effective appraisal date.

Appraisal Purpose

The purpose of the appraisal is to develop the following opinion(s) of value:

- The hypothetical market value of the fee simple interest in the subject property as of the effective date of the appraisal, February 18, 2022
- The market value of the land (based on lease income) of the leased fee interest in the subject property as of February 18, 2022
- The market value of the land (leased income plus surplus) of the leased fee interest in the subject property as of February 18, 2022

The date of the report is March 8, 2022. The appraisal is valid only as of the stated effective date or dates.

Value Type Definitions

The definitions of the value types applicable to this assignment are summarized below.

Market Value

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

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their 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.¹

¹ Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472

Definition of Going-Concern Premise

Going-Concern Premise is defined as, “one of the premises under which the total assets of a business can be valued; the assumption that a company is expected to continue operating well into the future (usually indefinitely). Under the going-concern premise, the value of a business as a going concern is equal to the sum of the value of the tangible assets and the value of the intangible assets, which may include the value of excess profit, where asset values are derived consistently with the going-concern premise.”

(Source: The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, Chicago, Illinois, 2010)

Property Rights Definitions

The property rights appraised which are applicable to this assignment are defined as follows.

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.²

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 rights when the lease expires.³

Lease

A contract in which rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.⁴

Client and Intended User(s)

The client and intended user is City of Fort Lauderdale. No other party or parties may use or rely on the information, opinions, and conclusions contained in this report.

Intended Use

The intended use of the appraisal is for asset valuation purposes. The appraisal is not intended for any other use.

Applicable Requirements

This appraisal report conforms to the following requirements and regulations:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute;

² Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015)

³ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015)

⁴ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015)

- Applicable state appraisal regulations.;
- The Scope of Work authorized by the City of Fort Lauderdale.

Report Format

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis used to develop the opinion of value.

Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. 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 the agreement to perform this assignment. We last appraised the subject in 2016.

Appraiser Competency

No steps were necessary to meet the competency provisions established under USPAP. The assignment participants have appraised several properties similar to the subject in physical, locational, and economic characteristics, and are familiar with market conditions and trends; therefore, appraiser competency provisions are satisfied for this assignment. Appraiser qualifications and state credentials are included in the addenda of this report.

Scope of Work

Charles E. Badell, MAI conducted an inspection of the property on February 18, 2022, and various professionals within the firm have visited the site on numerous occasions.

IRR professionals analyzed the existing operations, and in conjunction with that analysis reviewed various documents including:

- We identified the subject through prior work-file documentation.
- Prior Appraisal prepared by Integra dated June 18, 2016.
- Amended and Restated Lease agreement dated January 4, 1995 (the document currently governing the leasehold interest).
- IRR requested from the City and Tenant pertinent financial information, operating data, and other material pertinent to understanding the current performance of the asset. This information was not made available to IRR, and we have relied upon the market data as developed in making relevant projections of financial operation to estimate the hypothetical

fee simple value. This includes a request for the Ft. Lauderdale Boat show agreement that was reportedly recently renewed with the Tenant.

Valuation Methodology

Three approaches to value are typically considered when developing a market value opinion for real property. These are the cost approach, the sales comparison approach, and the income capitalization approach. Use of the approaches in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Applicable	Utilized

- The cost approach is not applicable because the site is so unique in both size and scope of development that achieving a reliable underlying land value estimate is nearly impossible. Given the high level of productivity of the site, land value by residual approach is the only reliable method of land valuation. Further, the limited information of existing quantities and improvement sizes would render the approach even more unreliable.
- The sales comparison approach of competitive resort hotels in the region represents a viable approach for valuing the hotel. However, the subject marine component is nearly 40% - 50% of the economic driver associated with the subject's waterfront location. Accordingly, the sales approach is helpful in allocating the value associated with the operating resort hotel but offers little in the way of pricing guidance with respect to the marina component.
- Therefore, the income approach represents the most reliable method of valuation. IRR has no actual operating performance upon which to gauge our value parameters. However, for purposes of baseline asset valuation for the intended use, we believe the income approach development represents the most reliable method despite the lack of operating data available from the Lessee.

Research and Analysis

The type and extent of our research and analysis is detailed in individual sections of the report. This includes the steps we took to verify comparable sales, which are disclosed in the comparable sale profile sheets in the addenda to the report. Although we make an effort to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

Inspection

Charles E. Badell, MAI, conducted an interior and exterior inspection of the property on February 18, 2022. James V. Andrews CRE, MAI, MRICS did not inspect the property.

Availability of Information

Although operating history, physical description, and pricing information was requested of the Lessee (through our contacts at the City of Ft. Lauderdale), and this information is pertinent to the assignment, it was not made available to Integra Realty Resources – Miami / Caribbean. Our inability to obtain this information and consider it in our analysis may affect our value opinion, and we reserve the right to modify our analysis if reliable information is provided which is contrary to our market projections.

Economic Analysis

Broward County Area Analysis

Broward County is located in southeastern Florida approximately 30 miles north of Miami. It is 1,210 square miles in size and has a population density of 1,634 persons per square mile.

Population

Broward County has an estimated 2021 population of 1,976,228, which represents an average annual 1.1% increase over the 2010 census of 1,748,066. Broward County added an average of 20,742 residents per year over the 2010-2021 period, but its annual growth rate lagged the State of Florida rate of 1.4%.

Looking forward, Broward County's population is projected to increase at a 1.1% annual rate from 2021-2026, equivalent to the addition of an average of 21,630 residents per year. Broward County's growth rate is expected to lag that of Florida, which is projected to be 1.2%.

Population Trends					
	Population			Compound Ann. % Chng	
	2010 Census	2021 Estimate	2026 Projection	2010 - 2021	2021 - 2026
Fort Lauderdale, FL (city)	165,521	182,652	191,389	0.9%	0.9%
Broward County, FL	1,748,066	1,976,228	2,084,378	1.1%	1.1%
Florida	18,801,310	21,908,282	23,200,979	1.4%	1.2%

Source: Claritas

Employment

Total employment in Broward County was estimated at 778,813 jobs at year-end 2020. Between year-end 2010 and 2020, employment rose by 86,177 jobs, equivalent to a 12.4% increase over the entire period. These figures reflect a net gain of 153,297 jobs through 2019, followed by significant losses in 2020 with the onset of the COVID-19 pandemic. Although Broward County's employment rose over the last decade, it underperformed Florida, which experienced an increase in employment of 19.0% or 1,381,932 jobs over this period.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the Broward County unemployment rate has been generally lower than that of Florida, with an average unemployment rate of 6.4% in comparison to a 6.6% rate for Florida. A lower unemployment rate is a positive indicator.

Recent data shows that the Broward County unemployment rate is 4.2% in comparison to a 4.0% rate for Florida, a negative sign that is consistent with the fact that Broward County has underperformed Florida in the rate of job growth over the past two years.

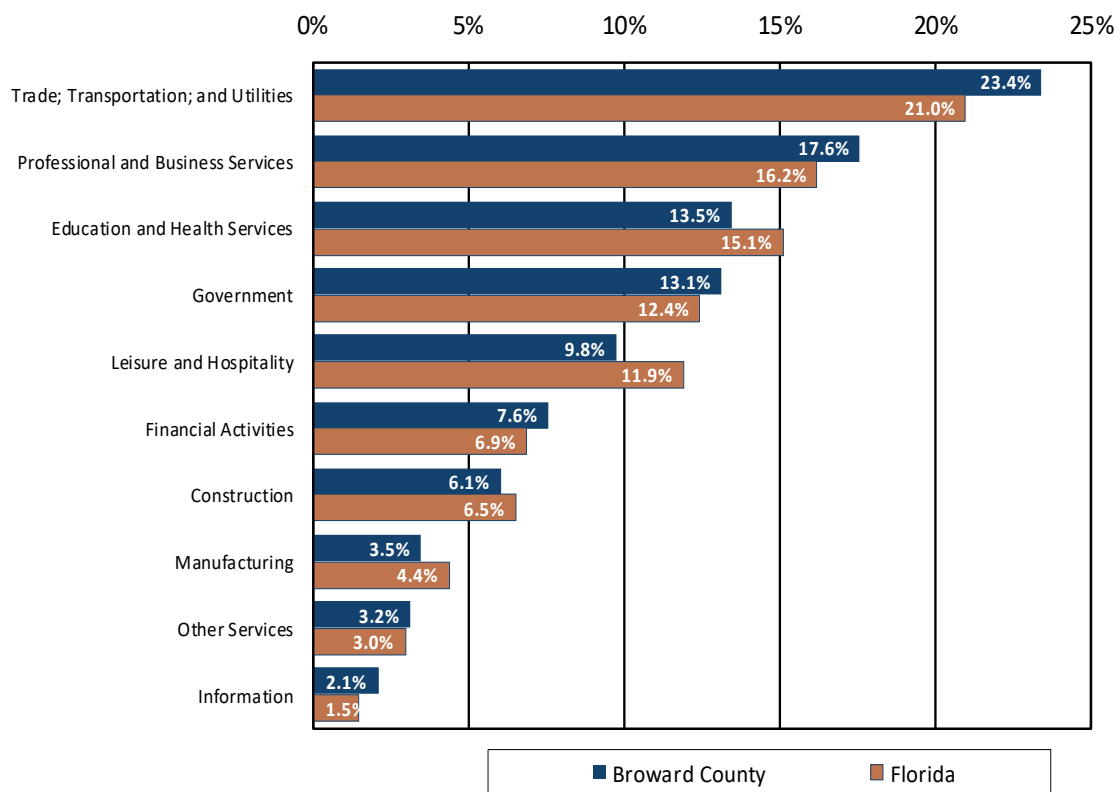
Employment Trends						
Year	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
	Broward County	% Change	Florida	% Change	Broward County	Florida
2010	692,636		7,260,875		9.8%	10.9%
2011	702,875	1.5%	7,368,030	1.5%	9.4%	10.0%
2012	720,862	2.6%	7,538,166	2.3%	8.2%	8.6%
2013	743,225	3.1%	7,741,539	2.7%	7.1%	7.5%
2014	764,575	2.9%	8,012,496	3.5%	6.1%	6.5%
2015	786,765	2.9%	8,314,343	3.8%	5.2%	5.5%
2016	803,349	2.1%	8,542,086	2.7%	4.5%	4.9%
2017	815,309	1.5%	8,718,087	2.1%	4.0%	4.3%
2018	828,248	1.6%	8,907,904	2.2%	3.4%	3.6%
2019	845,933	2.1%	9,094,742	2.1%	3.2%	3.3%
2020	778,813	-7.9%	8,642,807	-5.0%	8.9%	7.8%
Overall Change 2010-2020	86,177	12.4%	1,381,932	19.0%		
Avg Unemp. Rate 2010-2020					6.4%	6.6%
Unemployment Rate - October 2021					4.2%	4.0%

Source: U.S. Bureau of Labor Statistics and Moody's Analytics. Employment figures are from the Quarterly Census of Employment and Wages (QCEW). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

Employment Sectors

The composition of the Broward County job market is depicted in the following chart, along with that of Florida. Total employment for both areas is broken down by major employment sector, and the sectors are ranked from largest to smallest based on the percentage of Broward County jobs in each category.

Employment Sectors - 2020



Source: U.S. Bureau of Labor Statistics and Moody's Analytics

Broward County has greater concentrations than Florida in the following employment sectors:

1. Trade; Transportation; and Utilities, representing 23.4% of Broward County payroll employment compared to 21.0% for Florida as a whole. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric, gas, and water utilities.
2. Professional and Business Services, representing 17.6% of Broward County payroll employment compared to 16.2% for Florida as a whole. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.
3. Government, representing 13.1% of Broward County payroll employment compared to 12.4% for Florida as a whole. This sector includes employment in local, state, and federal government agencies.
4. Financial Activities, representing 7.6% of Broward County payroll employment compared to 6.9% for Florida as a whole. Banking, insurance, and investment firms are included in this sector, as are real estate owners, managers, and brokers.

Broward County is underrepresented in the following sectors:

1. Education and Health Services, representing 13.5% of Broward County payroll employment compared to 15.1% for Florida as a whole. This sector includes employment in public and private schools, colleges, hospitals, and social service agencies.
2. Leisure and Hospitality, representing 9.8% of Broward County payroll employment compared to 11.9% for Florida as a whole. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.
3. Construction, representing 6.1% of Broward County payroll employment compared to 6.5% for Florida as a whole. This sector includes construction of buildings, roads, and utility systems.
4. Manufacturing, representing 3.5% of Broward County payroll employment compared to 4.4% for Florida as a whole. This sector includes all establishments engaged in the manufacturing of durable and nondurable goods.

Major Employers

Major employers in Broward County are shown in the following table.

Major Employers - Broward County, FL		
	Name	Number of Employees
1	Nova	6,114
2	FS Residential	5,400
3	JAЕ Restaurant	5,000
4	Spirit	3,931
5	Qlink Wireless	2,011
6	JM Family Enterprise	1,729
7	Ultimate Software	1,650
8	Castle Group	1,275
9	Rick Case	896
10	Balance Professional	650

Source: Broward Alliance 2019 (Private)

Gross Domestic Product

Gross Domestic Product (GDP) is a measure of economic activity based on the total value of goods and services produced in a defined geographic area, and annual changes in Gross Domestic Product (GDP) are a gauge of economic growth.

Economic growth, as measured by annual changes in GDP, has been somewhat lower in Broward County than Florida overall during the past eight years. Broward County has grown at a 3.1% average annual rate while Florida has grown at a 3.3% rate.

Broward County has a per capita GDP of \$51,163, which is 16% greater than Florida's GDP of \$44,267. This means that Broward County industries and employers are adding relatively more value to the economy than their counterparts in Florida.

Gross Domestic Product				
Year	(\$,000s) Broward County	% Change	(\$,000s) Florida	% Change
2012	80,792,374		768,722,900	
2013	81,628,439	1.0%	784,238,400	2.0%
2014	84,213,344	3.2%	806,029,400	2.8%
2015	88,007,381	4.5%	842,269,400	4.5%
2016	90,818,287	3.2%	870,963,200	3.4%
2017	94,208,819	3.7%	901,903,500	3.6%
2018	97,637,638	3.6%	936,580,300	3.8%
2019	99,909,302	2.3%	963,255,900	2.8%
Compound % Chg (2012-2019)		3.1%		3.3%
GDP Per Capita 2019	\$51,163		\$44,267	

Source: U.S. Bureau of Economic Analysis and Moody's Analytics; data released December 2020. The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted ""real"" GDP stated in 2012 dollars.

Household Income

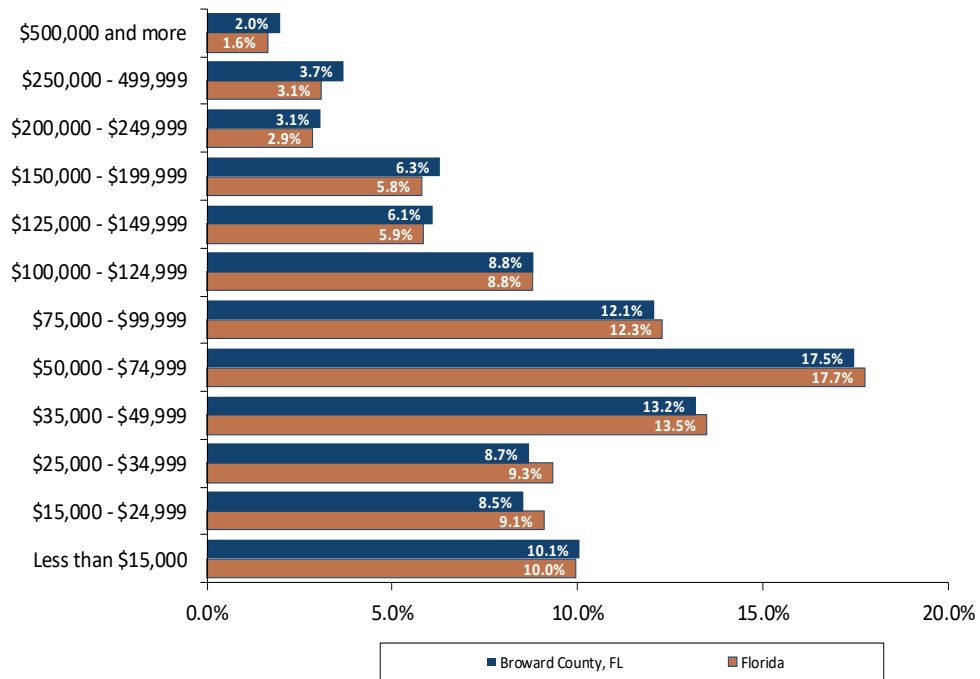
Broward County has a higher level of household income than Florida. Median household income for Broward County is \$62,599, which is 3.6% greater than the corresponding figure for Florida.

Median Household Income - 2021	
	Median
Broward County, FL	\$62,599
Florida	\$60,396
Comparison of Broward County, FL to Florida	+ 3.6%

Source: Claritas

The following chart shows the distribution of households across twelve income levels. Broward County has a greater concentration of households in the higher income levels than Florida. Specifically, 42% of Broward County households are at the \$75,000 or greater levels in household income as compared to 40% of Florida households. A lesser concentration of households is apparent in the lower income levels, as 27% of Broward County households are below the \$35,000 level in household income versus 28% of Florida households.

Household Income Distribution - 2021

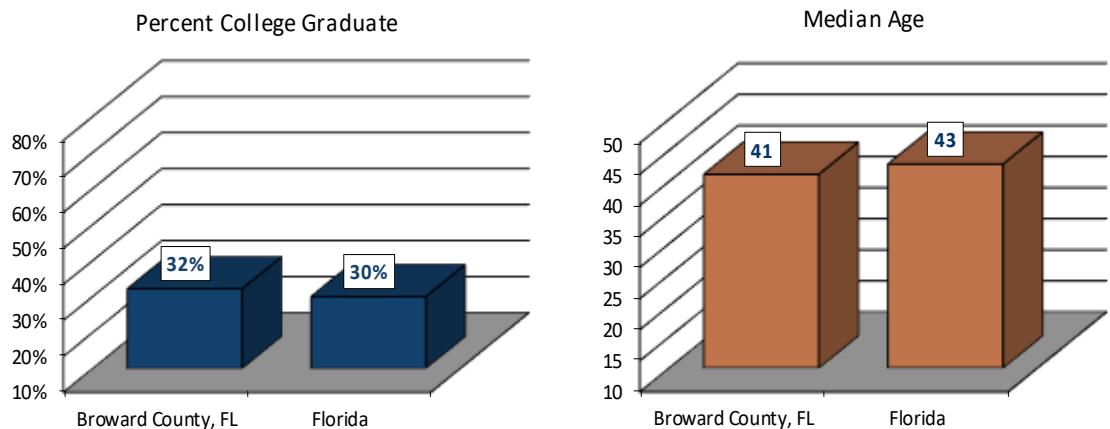


Source: Claritas

Education and Age

Residents of Broward County have a slightly higher level of educational attainment than those of Florida. An estimated 32% of Broward County residents are college graduates with four-year degrees, versus 30% of Florida residents. People in Broward County are younger than their Florida counterparts. The median age for Broward County is 41 years, while the median age for Florida is 43 years.

Education & Age - 2021

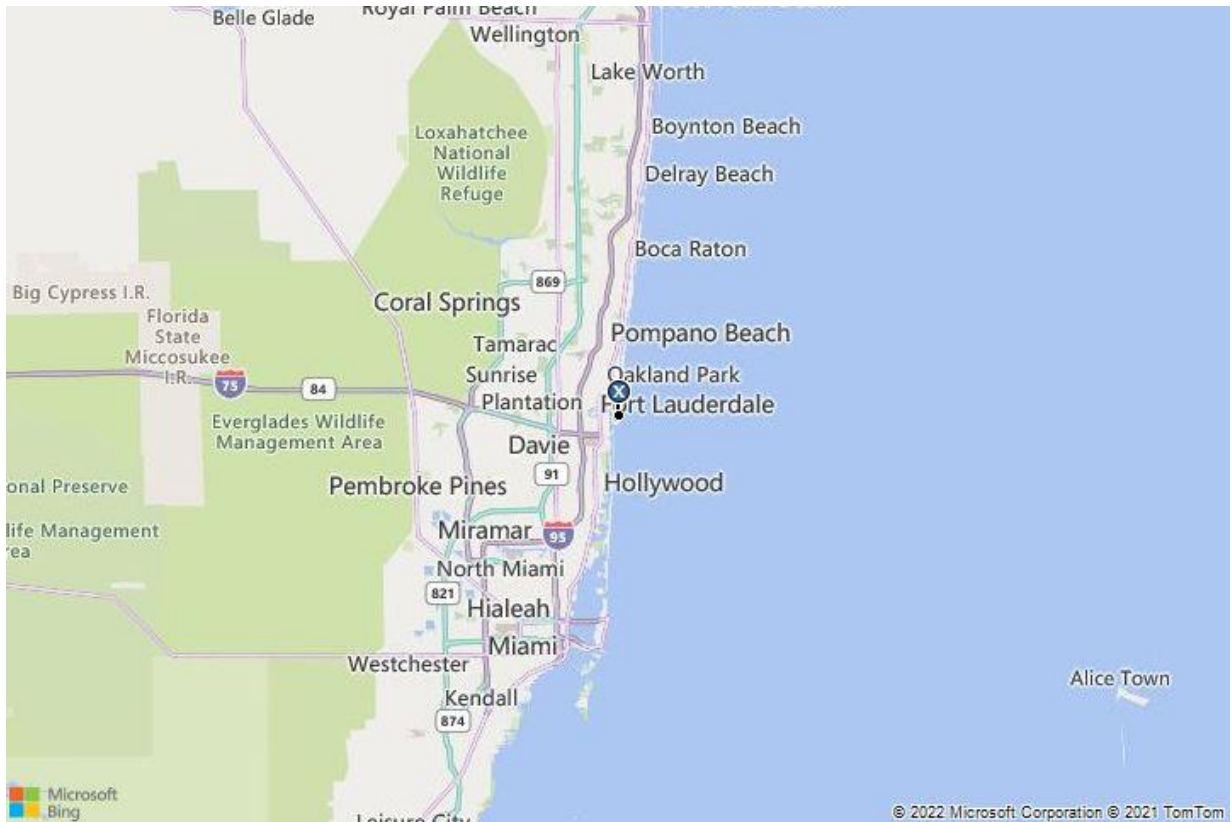


Source: Claritas

Conclusion

The Broward County economy will benefit from a growing population base and higher income and education levels. Broward County experienced growth in the number of jobs and has maintained a generally lower unemployment rate than Florida over the past decade. It is anticipated that the Broward County economy will improve and employment will grow, strengthening the demand for real estate.

Area Map



Surrounding Area Analysis

Boundaries

The subject is located in the Central Fort Lauderdale Beach area of Fort Lauderdale. This area generally is delineated as follows:

North	Sunrise Boulevard
South	Port Everglades Inlet
East	Atlantic Ocean
West	Intracoastal Waterway

A map identifying the location of the property follows this section.

Access and Linkages

Primary access to the area is provided by I-95, a major arterial that crosses the South Florida area in a north/south direction. Access to the subject from I-95 is provided by A1A and Las Olas and Sunrise Boulevards, and travel time from the major arterial to the subject is about 15 minutes. Overall, vehicular access is good.

Public transportation is provided by Broward County and provides access to locations throughout the county. There is a bus stop directly outside the subject. The local market perceives public transportation as good compared to other areas in the region. However, the primary mode of transportation in this area is the automobile.

The Fort Lauderdale Airport is located about 3 miles from the property; travel time is about 10 minutes, depending on traffic conditions. The Fort Lauderdale CBD, the economic and cultural center of the region, is approximately 2 miles from the property.

Demand Generators

The typical generators of demand affecting the subject property and its market are discussed and analyzed below.

Employment and Employment Centers

The subject area is impacted by the tourism and transportation industries. Major employers include resort hotels, Port Everglades, and Fort Lauderdale Airport. These are located within 5 miles of the property and represent significant concentrations in the tourism and transportation industries. In addition to its strong employment base, the area is easily accessible to the Downtown Fort Lauderdale and Fort Lauderdale submarkets, all within 15 minutes driving time. Access to employment centers in other submarkets is a major demand driver.

Nearby residential communities such as Las Olas and Flagler Village, roughly 3 miles from the property, provide a reliable source of workers at all skill and income levels.

Nearby Retail Uses

The nearest shopping facilities serving the area are restaurants, bars, and street retail in mixed-use properties. These are located at A1A, directly north of the property. They offer basic convenience goods and personal services. The closest regional mall is the Galleria, located about 1.75 miles from the property. Restaurants, principally along major arterials such as A1A/Fort Lauderdale Beach Boulevard, are within a 5-minute travel time of the property. The closest lodging facilities are located within a 10-minute drive of the subject and include most major flags.

Demographics

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

Surrounding Area Demographics					
2021 Estimates	1-Mile Radius	3-Mile Radius	5-Mile Radius	Broward County,	Florida
Population 2010	4,736	52,667	156,944	1,748,066	18,801,310
Population 2021	5,199	61,251	174,496	1,976,228	21,908,282
Population 2026	5,461	64,659	183,127	2,084,378	23,200,979
Compound % Change 2010-2021	0.9%	1.4%	1.0%	1.1%	1.4%
Compound % Change 2021-2026	1.0%	1.1%	1.0%	1.1%	1.2%
Households 2010	2,689	27,828	73,373	686,047	7,420,802
Households 2021	2,987	32,910	82,198	761,569	8,630,598
Households 2026	3,149	34,926	86,455	800,231	9,142,275
Compound % Change 2010-2021	1.0%	1.5%	1.0%	1.0%	1.4%
Compound % Change 2021-2026	1.1%	1.2%	1.0%	1.0%	1.2%
Median Household Income 2021	\$112,138	\$74,125	\$60,671	\$62,599	\$60,396
Average Household Size	1.7	1.8	2.1	2.6	2.5
College Graduate %	66%	51%	38%	32%	30%
Median Age	62	46	45	41	43
Owner Occupied %	80%	47%	51%	66%	67%
Renter Occupied %	20%	53%	49%	34%	33%
Median Owner Occupied Housing Value	\$753,939	\$587,093	\$421,043	\$305,710	\$254,241
Median Year Structure Built	1970	1975	1971	1980	1988
Average Travel Time to Work in Minutes	31	29	29	32	31

Source: Claritas

As shown above, the current population within a 3-mile radius of the subject is 61,251, and the average household size is 1.8. Population in the area has grown since the 2010 census, and this trend is projected to continue over the next five years. Compared to Broward County overall, the population within a 3-mile radius is projected to grow at a similar rate.

Median household income is \$74,125, which is higher than the household income for Broward County. Residents within a 3-mile radius have a considerably higher level of educational attainment than those of Broward County, while median owner-occupied home values are considerably higher.

Services and Amenities

The subject is served by the Broward County school district. The nearest public services, including police and fire departments, as well as public schools are summarized in the following table.

Public Services			
Service	Name/Station	Distance (Miles)	Direction
Police Department	Various	<5 mi	Various
Fire Department	Various	<5 mi	Various
Hospital	Broward Health	2.5	West
Elementary School	Various	<5 mi	Various
Middle/Junior High School	Various	<5 mi	Various
High School	Various	<5 mi	Various

The closest colleges and universities are FAU, Nova, and Broward College. They offer associate's through postgraduate programs, as well as various continuing education programs. Proximity to parks, golf courses, and other recreational activities is above average. Of particular note is the proximity of ocean beaches.

Land Use

Predominant land uses in the immediate vicinity of the subject include a mix of high-end residential and hotel. Land use characteristics of the area are summarized below.

Surrounding Area Land Uses	
Character of Area	Coastal-Waterfront
Predominant Age of Improvements (Years)	0-50+
Predominant Quality and Condition	Good
Approximate Percent Developed	95%
Land Use Allocation	
Single-Family	15%
Multifamily	20%
Retail	15%
Hotel	45%
Vacant Land	5%
Infrastructure and Planning	Good
Predominant Location of Undeveloped	Redevelopment
Prevailing Direction of Growth	Redevelopment

Immediate Surroundings	
North	Fort Lauderdale Aquatic Complex
South	Intracoastal
East	Ocean beaches
West	Intracoastal

Development Activity and Trends

During the last five years, development has been predominantly of residential uses, and has included luxury houses on Southwest 1st Street/Castilla Isle. The pace of development has generally been intermittent over this time.

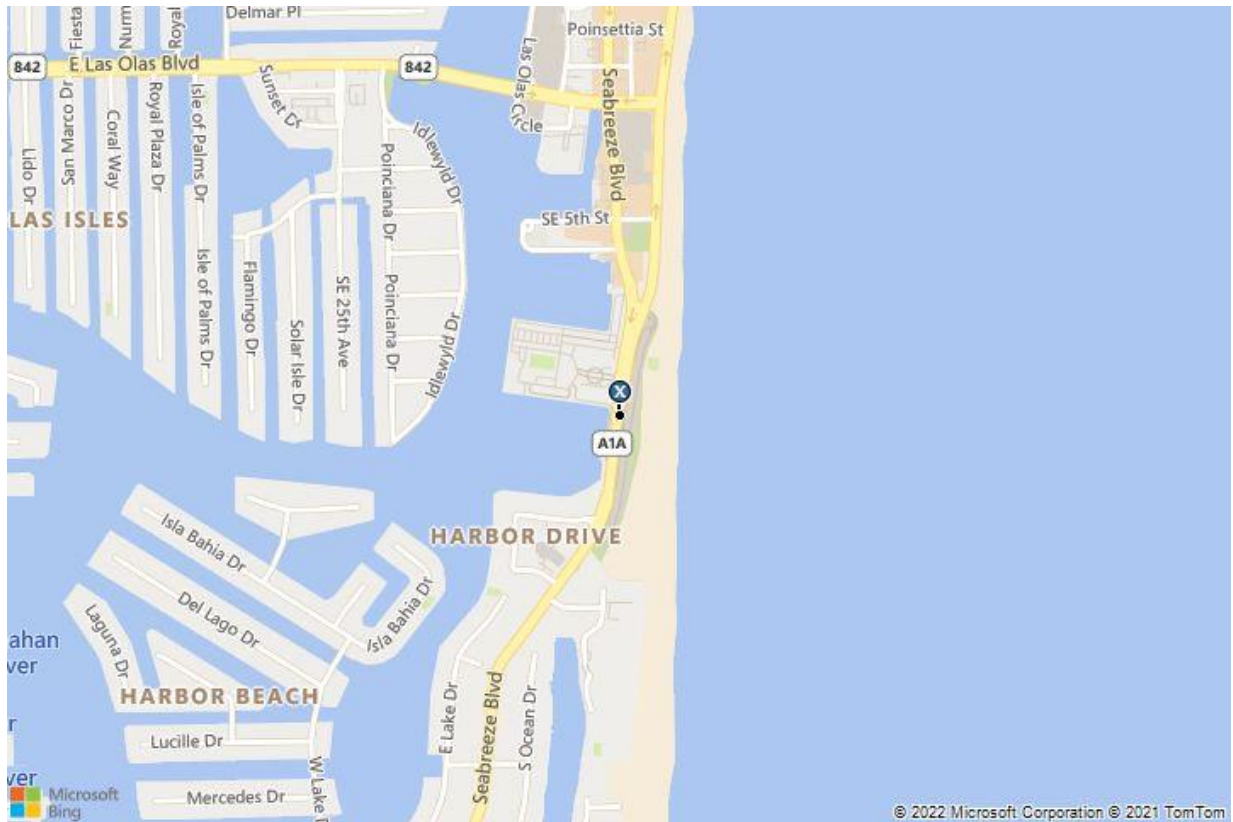
Outlook and Conclusions

The area is in the mature stage of its life cycle. Given the history of the area and the growth trends, it is anticipated that property values will increase in the near future.

In comparison to other areas in the region, the area is rated as follows:

Surrounding Area Ratings	
Highway Access	Average
Demand Generators	Excellent
Convenience to Support Services	Above Average
Convenience to Public Transit	Above Average
Employment Stability	Above Average
Neighborhood Amenities	Excellent
Police and Fire Protection	Average
Barriers to Competitive Entry	Good
Price/Value Trends	Good
Property Compatibility	Average

Surrounding Area Map



Lodging Market Analysis

National Trends

The United States hotel market experienced a modest recovery in 2010, following precipitous drops in all key hotel performance metrics during 2009. In 2010, business travelers returned to the roads and skies to fuel an increase in overall occupancy rates, which drove a rise in revenue per available room. However, average daily rate failed to follow suit, as consumers continued to look for deals, and hotel operators continued to provide them.

Nationwide occupancy rebounded from an 8.8% decline in 2009 to a 5.6% increase in 2010. The U.S. hotel industry closed 2010 with an occupancy rate of 57.6%. The occupancy tide turned early in the year. After 27 consecutive months of year-over-year occupancy declines, the industry posted a 0.7% increase in February, and the remaining 10 months of the year showed robust occupancy growth. RevPAR increased 5.5% to \$56.47 in 2010, following a 16.6% decline in 2009. The market turned in March 2010 when a 3.6% gain in RevPAR ended a run of 19 consecutive months of declines. ADR saw declines during each the first four months of 2010, but gains were experienced in each of the final eight months of the year. The increases, however, were modest and barely offset the early-year decreases.

Supply grew 1.9% to nearly 1.8 billion room nights available. Demand, meanwhile, jumped 7.6% to slightly more than 1 billion room nights sold. Room revenue for the U.S. hotel industry during 2010 reached \$99.3 billion, a 7.5% increase over room revenue during 2009.

United States Lodging Market Performance									
	Occupancy		ADR		RevPAR		Supply	Demand	Room Revenue
Year	This Year	Change	This Year	Change	This Year	Change	% Change	% Change	% Change
2003	59.2%	0.3%	\$82.66	0.2%	\$48.91	0.4%	1.0%	1.3%	1.5%
2004	61.3%	3.5%	\$86.18	4.3%	\$52.79	8.0%	0.4%	4.0%	8.4%
2005	63.0%	2.8%	\$91.02	5.6%	\$57.35	8.6%	-0.1%	2.8%	8.6%
2006	63.1%	0.2%	\$97.80	7.4%	\$61.74	7.7%	0.2%	0.4%	7.9%
2007	62.8%	-0.5%	\$104.30	6.6%	\$65.51	6.1%	1.2%	0.7%	7.4%
2008	59.8%	-4.8%	\$107.38	3.0%	\$64.21	-2.0%	2.4%	-2.5%	0.3%
2009	54.6%	-8.8%	\$98.06	-8.7%	\$53.49	-16.7%	2.8%	-6.2%	-14.3%
2010	57.5%	5.4%	\$98.05	0.0%	\$56.40	5.4%	1.7%	7.2%	7.2%
2011	60.0%	4.3%	\$101.71	3.7%	\$61.03	8.2%	0.5%	4.8%	8.7%
2012	61.4%	2.5%	\$106.10	4.2%	\$65.17	6.8%	0.5%	3.0%	7.3%
2013	62.3%	1.5%	\$110.35	3.9%	\$68.69	5.4%	0.7%	2.2%	6.2%
2014	64.4%	3.6%	\$115.32	4.6%	\$74.28	8.3%	0.9%	4.5%	9.2%
2015	65.4%	1.5%	\$120.30	4.7%	\$78.68	6.3%	1.1%	2.9%	7.4%
2016	65.4%	0.1%	\$124.13	3.1%	\$81.15	3.1%	1.6%	1.7%	4.8%
2017	65.9%	0.8%	\$126.77	2.1%	\$83.53	2.9%	1.8%	2.7%	4.9%
2018	66.1%	0.4%	\$129.97	2.5%	\$85.96	2.9%	2.0%	2.5%	5.0%
2019	66.0%	-0.2%	\$131.23	1.0%	\$86.64	0.8%	2.0%	2.0%	3.0%
2020	44.0%	-33.3%	\$103.25	-21.3%	\$45.48	-47.5%	-3.6%	-35.7%	-49.4%

Source: HOST Study and Hotel Review, Smith Travel Research

Metro Area Trends

Occupancy

The subject is in the Fort Lauderdale market area. This area had higher occupancy at 50.9% than the state of Florida (47.9%), the South Atlantic region (45.7%), and the United States overall (44.0%). Occupancy for the Fort Lauderdale is also higher than all other Florida Metro Areas surveyed, including Miami (46.4%), Orlando (41.5%), West Palm Beach (46.1%), Sarasota (50.5%), and Tampa (50.8%).

Average Daily Rate (ADR)

ADR for the Fort Lauderdale metro area at \$132.32 is similar to that of the State of Florida (\$132.67), and higher than the South Atlantic region (\$107.99), and the United States overall (\$103.25).

The tables on the following pages demonstrate a comparison of standard hotel performance measures.

Hotel Performance by Chain Scale, Class, and Location															
Segment	Occupancy					Average Daily Rate					RevPar				
	2020	2019	Change	2018	Change	2020	2019	Change	2018	Change	2020	2019	Change	2018	Change
United States	44.0%	66.0%	-33.3%	66.1%	-0.2%	\$103.25	\$131.23	-21.3%	\$129.97	1.0%	\$45.48	\$86.64	-47.5%	\$85.96	0.8%
Chain Scale															
Luxury	32.0%	73.8%	-56.7%	74.5%	-1.0%	\$329.54	\$343.02	-3.9%	\$336.12	2.1%	\$105.40	\$253.17	-58.4%	\$250.47	1.1%
Upper Upscale	33.4%	73.9%	-54.8%	74.2%	-0.5%	\$158.86	\$189.25	-16.1%	\$187.10	1.1%	\$53.10	\$139.80	-62.0%	\$138.91	0.6%
Upscale	43.0%	72.6%	-40.7%	73.2%	-0.8%	\$115.11	\$142.38	-19.2%	\$142.14	0.2%	\$49.52	\$103.32	-52.1%	\$103.98	-0.6%
Upper Midscale	45.4%	67.5%	-32.7%	67.9%	-0.6%	\$96.04	\$112.80	-14.9%	\$112.72	0.1%	\$43.61	\$76.14	-42.7%	\$76.52	-0.5%
Midscale	44.2%	58.1%	-23.8%	58.6%	-0.9%	\$77.29	\$86.61	-10.8%	\$86.94	-0.4%	\$34.19	\$50.30	-32.0%	\$50.95	-1.3%
Economy	50.9%	58.7%	-13.2%	58.5%	0.2%	\$58.21	\$63.70	-8.6%	\$63.85	-0.2%	\$29.64	\$37.36	-20.7%	\$37.36	0.0%
Independents	44.8%	63.5%	-29.5%	63.2%	0.4%	\$110.74	\$133.08	-16.8%	\$130.21	2.2%	\$49.56	\$84.44	-41.3%	\$82.27	2.6%
Class															
Luxury	36.8%	70.9%	-48.1%	71.1%	-0.2%	\$285.78	\$304.11	-6.0%	\$298.12	2.0%	\$105.29	\$215.73	-51.2%	\$211.97	1.8%
Upper Upscale	34.8%	72.6%	-52.1%	72.9%	-0.4%	\$159.14	\$188.24	-15.5%	\$186.47	1.0%	\$55.30	\$136.67	-59.5%	\$135.96	0.5%
Upscale	42.8%	71.5%	-40.1%	71.8%	-0.4%	\$117.80	\$143.60	-18.0%	\$143.22	0.3%	\$50.45	\$102.68	-50.9%	\$102.86	-0.2%
Upper Midscale	45.3%	67.5%	-32.9%	67.8%	-0.5%	\$98.80	\$115.91	-14.8%	\$115.40	0.4%	\$44.72	\$78.20	-42.8%	\$78.21	0.0%
Midscale	44.4%	59.5%	-25.4%	59.9%	-0.6%	\$84.47	\$95.82	-11.8%	\$95.68	0.1%	\$37.52	\$57.03	-34.2%	\$57.31	-0.5%
Economy	49.2%	59.4%	-17.1%	59.2%	0.4%	\$65.45	\$75.50	-13.3%	\$73.96	2.1%	\$32.20	\$44.83	-28.2%	\$43.75	2.5%
Region															
New England	38.8%	64.7%	-40.1%	65.8%	-1.6%	\$123.17	\$161.08	-23.5%	\$158.93	1.4%	\$47.77	\$104.25	-54.2%	\$104.56	-0.3%
Middle Atlantic	41.3%	69.0%	-40.1%	69.7%	-0.9%	\$115.26	\$166.27	-30.7%	\$166.57	-0.2%	\$47.65	\$114.81	-58.5%	\$116.10	-1.1%
South Atlantic	45.7%	67.5%	-32.2%	67.9%	-0.5%	\$107.99	\$128.41	-15.9%	\$126.38	1.6%	\$49.40	\$86.68	-43.0%	\$85.76	1.1%
East North Central	39.1%	61.1%	-36.0%	61.5%	-0.7%	\$86.72	\$112.64	-23.0%	\$112.57	0.1%	\$33.93	\$68.82	-50.7%	\$69.28	-0.7%
East South Central	45.7%	62.4%	-26.8%	61.9%	0.8%	\$85.74	\$103.58	-17.2%	\$100.91	2.6%	\$39.18	\$64.61	-39.4%	\$62.44	3.5%
West North Central	39.1%	58.3%	-32.9%	57.7%	1.0%	\$83.65	\$99.28	-15.7%	\$99.03	0.3%	\$32.72	\$57.88	-43.5%	\$57.18	1.2%
West South Central	44.9%	62.6%	-28.2%	62.7%	0.0%	\$82.88	\$101.84	-18.6%	\$102.56	-0.7%	\$37.25	\$63.77	-41.6%	\$64.26	-0.8%
Mountain	46.7%	66.9%	-30.1%	66.2%	1.0%	\$105.70	\$121.89	-13.3%	\$119.09	2.3%	\$49.39	\$81.54	-39.4%	\$78.86	3.4%
Pacific	47.1%	73.6%	-36.0%	73.8%	-0.2%	\$129.57	\$171.40	-24.4%	\$168.77	1.6%	\$61.01	\$126.16	-51.6%	\$124.52	1.3%
Location															
Urban	37.9%	73.2%	-48.2%	73.4%	-0.3%	\$127.80	\$183.20	-30.2%	\$183.22	0.0%	\$48.47	\$134.12	-63.9%	\$134.52	-0.3%
Suburban	46.4%	66.7%	-30.4%	66.9%	-0.3%	\$88.81	\$111.26	-20.2%	\$110.65	0.5%	\$41.24	\$74.24	-44.4%	\$74.07	0.2%
Airport	44.5%	73.7%	-39.6%	73.7%	0.0%	\$93.71	\$119.22	-21.4%	\$118.33	0.8%	\$41.72	\$87.85	-52.5%	\$87.21	0.7%
Interstate	44.8%	57.9%	-22.7%	57.9%	-0.1%	\$79.05	\$87.86	-10.0%	\$87.01	1.0%	\$35.39	\$50.85	-30.4%	\$50.41	0.9%
Resort	42.9%	70.0%	-38.6%	70.2%	-0.3%	\$170.36	\$182.74	-6.8%	\$178.81	2.2%	\$73.13	\$127.85	-42.8%	\$125.51	1.9%
Small Metro/Town	44.4%	57.8%	-23.1%	57.7%	0.1%	\$96.95	\$107.26	-9.6%	\$105.16	2.0%	\$43.07	\$61.98	-30.5%	\$60.73	2.1%
Source: Hotel Review, Smith Travel Research															

States in the South Atlantic Region

Segment	Occupancy					Average Daily Rate					RevPar				
	2020	2019	Change	2018	Change	2020	2019	Change	2018	Change	2020	2019	Change	2018	Change
United States	44.0%	66.0%	-33.3%	66.1%	-0.2%	\$103.25	\$131.23	-21.3%	\$129.97	1.0%	\$45.48	\$86.64	-47.5%	\$85.96	0.8%
South Atlantic	45.7%	67.5%	-32.2%	67.9%	-0.5%	\$107.99	\$128.41	-15.9%	\$126.38	1.6%	\$49.40	\$86.68	-43.0%	\$85.76	1.1%
<u>State</u>															
Delaware	46.1%	60.2%	-23.5%	59.1%	1.9%	\$104.35	\$125.59	-16.9%	\$122.98	2.1%	\$48.07	\$75.60	-36.4%	\$72.68	4.0%
Florida	47.9%	72.2%	-33.6%	72.9%	-0.9%	\$132.67	\$145.21	-8.6%	\$143.64	1.1%	\$63.58	\$104.85	-39.4%	\$104.66	0.2%
Georgia	47.7%	65.0%	-26.7%	65.4%	-0.5%	\$86.01	\$107.45	-20.0%	\$104.04	3.3%	\$41.01	\$69.89	-41.3%	\$68.03	2.7%
Maryland	42.9%	64.5%	-33.5%	64.0%	0.8%	\$99.54	\$122.83	-19.0%	\$121.61	1.0%	\$42.66	\$79.20	-46.1%	\$77.82	1.8%
North Carolina	45.0%	65.4%	-31.2%	64.9%	0.9%	\$91.23	\$107.52	-15.2%	\$105.31	2.1%	\$41.06	\$70.36	-41.6%	\$68.30	3.0%
South Carolina	45.4%	62.8%	-27.6%	63.5%	-1.2%	\$97.53	\$116.78	-16.5%	\$116.82	0.0%	\$44.31	\$73.31	-39.6%	\$74.22	-1.2%
Virginia	43.2%	64.2%	-32.6%	64.3%	-0.2%	\$89.28	\$112.80	-20.9%	\$110.86	1.7%	\$38.59	\$72.37	-46.7%	\$71.30	1.5%
Washington, DC	30.1%	76.5%	-60.6%	77.5%	-1.3%	\$172.41	\$225.53	-23.6%	\$221.47	1.8%	\$51.94	\$172.44	-69.9%	\$171.59	0.5%
West Virginia	41.0%	59.7%	-31.3%	63.2%	-5.5%	\$90.78	\$100.20	-9.4%	\$96.90	3.4%	\$37.20	\$59.81	-37.8%	\$61.21	-2.3%

Source: Hotel Review, Smith Travel Research

Fort Lauderdale Market

Segment	Occupancy					Average Daily Rate					RevPar				
	2020	2019	Change	2018	Change	2020	2019	Change	2018	Change	2020	2019	Change	2018	Change
United States	44.0%	66.0%	-33.3%	66.1%	-0.2%	\$103.25	\$131.23	-21.3%	\$129.97	1.0%	\$45.48	\$86.64	-47.5%	\$85.96	0.8%
South Atlantic	45.7%	67.5%	-32.2%	67.9%	-0.5%	\$107.99	\$128.41	-15.9%	\$126.38	1.6%	\$49.40	\$86.68	-43.0%	\$85.76	1.1%
Florida	47.9%	72.2%	-33.6%	72.9%	-0.9%	\$132.67	\$145.21	-8.6%	\$143.64	1.1%	\$63.58	\$104.85	-39.4%	\$104.66	0.2%
Fort Lauderdale, FL	50.9%	75.9%	-32.9%	76.7%	-1.1%	\$132.32	\$146.62	-9.8%	\$149.10	-1.7%	\$67.34	\$111.28	-39.5%	\$114.42	-2.7%

Source: Hotel Review, Smith Travel Research

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Segment	Occupancy					Average Daily Rate					RevPar				
	2020	2019	Change	2018	Change	2020	2019	Change	2018	Change	2020	2019	Change	2018	Change
United States	44.0%	66.0%	-33.3%	66.1%	-0.2%	\$103.25	\$131.23	-21.3%	\$129.97	1.0%	\$45.48	\$86.64	-47.5%	\$85.96	0.8%
<u>Region</u>															
South Atlantic	45.7%	67.5%	-32.2%	67.9%	-0.5%	\$107.99	\$128.41	-15.9%	\$126.38	1.6%	\$49.40	\$86.68	-43.0%	\$85.76	1.1%
<u>State</u>															
Florida	47.9%	72.2%	-33.6%	72.9%	-0.9%	\$132.67	\$145.21	-8.6%	\$143.64	1.1%	\$63.58	\$104.85	-39.4%	\$104.66	0.2%
<u>Metros</u>															
Florida Central	49.7%	63.9%	-22.2%	64.6%	-1.1%	\$119.65	\$131.84	-9.2%	\$130.26	1.2%	\$59.49	\$84.24	-29.4%	\$84.19	0.1%
Florida Keys	58.5%	76.0%	-23.0%	76.7%	-1.0%	\$282.30	\$277.48	1.7%	\$266.93	4.0%	\$165.18	\$210.78	-21.6%	\$204.73	3.0%
Florida Panhandle	51.8%	65.8%	-21.3%	65.6%	0.3%	\$118.31	\$132.03	-10.4%	\$126.08	4.7%	\$61.27	\$86.87	-29.5%	\$82.74	5.0%
Fort Lauderdale, FL	50.9%	75.9%	-32.9%	76.7%	-1.1%	\$132.32	\$146.62	-9.8%	\$149.10	-1.7%	\$67.34	\$111.28	-39.5%	\$114.42	-2.7%
Fort Myers, FL	49.9%	68.8%	-27.5%	69.0%	-0.2%	\$154.78	\$157.41	-1.7%	\$155.74	1.1%	\$77.25	\$108.32	-28.7%	\$107.41	0.8%
Jacksonville, FL	53.3%	71.2%	-25.2%	72.2%	-1.3%	\$101.22	\$117.01	-13.5%	\$114.99	1.8%	\$53.95	\$83.36	-35.3%	\$82.97	0.5%
Melbourne/Titusville, FL	47.6%	69.1%	-31.1%	68.7%	0.5%	\$108.37	\$118.80	-8.8%	\$116.30	2.1%	\$51.56	\$82.04	-37.2%	\$79.91	2.7%
Miami/Hialeah, FL	46.4%	75.9%	-38.9%	76.6%	-0.9%	\$188.03	\$196.11	-4.1%	\$198.86	-1.4%	\$87.23	\$148.82	-41.4%	\$152.33	-2.3%
Orlando, FL	41.5%	76.2%	-45.5%	77.7%	-1.9%	\$109.74	\$126.72	-13.4%	\$125.59	0.9%	\$45.59	\$96.62	-52.8%	\$97.64	-1.0%
Sarasota/Bradenton, FL	50.5%	65.3%	-22.7%	65.0%	0.5%	\$134.80	\$140.16	-3.8%	\$144.40	-2.9%	\$68.06	\$91.57	-25.7%	\$93.85	-2.4%
Tampa/St Petersburg, FL	50.8%	72.1%	-29.5%	71.3%	1.1%	\$117.74	\$132.93	-11.4%	\$130.11	2.2%	\$59.83	\$95.87	-37.6%	\$92.83	3.3%
West Palm Beach/Boca Raton, FL	46.1%	72.0%	-36.0%	72.8%	-1.2%	\$183.60	\$185.18	-0.9%	\$182.86	1.3%	\$84.63	\$133.28	-36.5%	\$133.17	0.1%

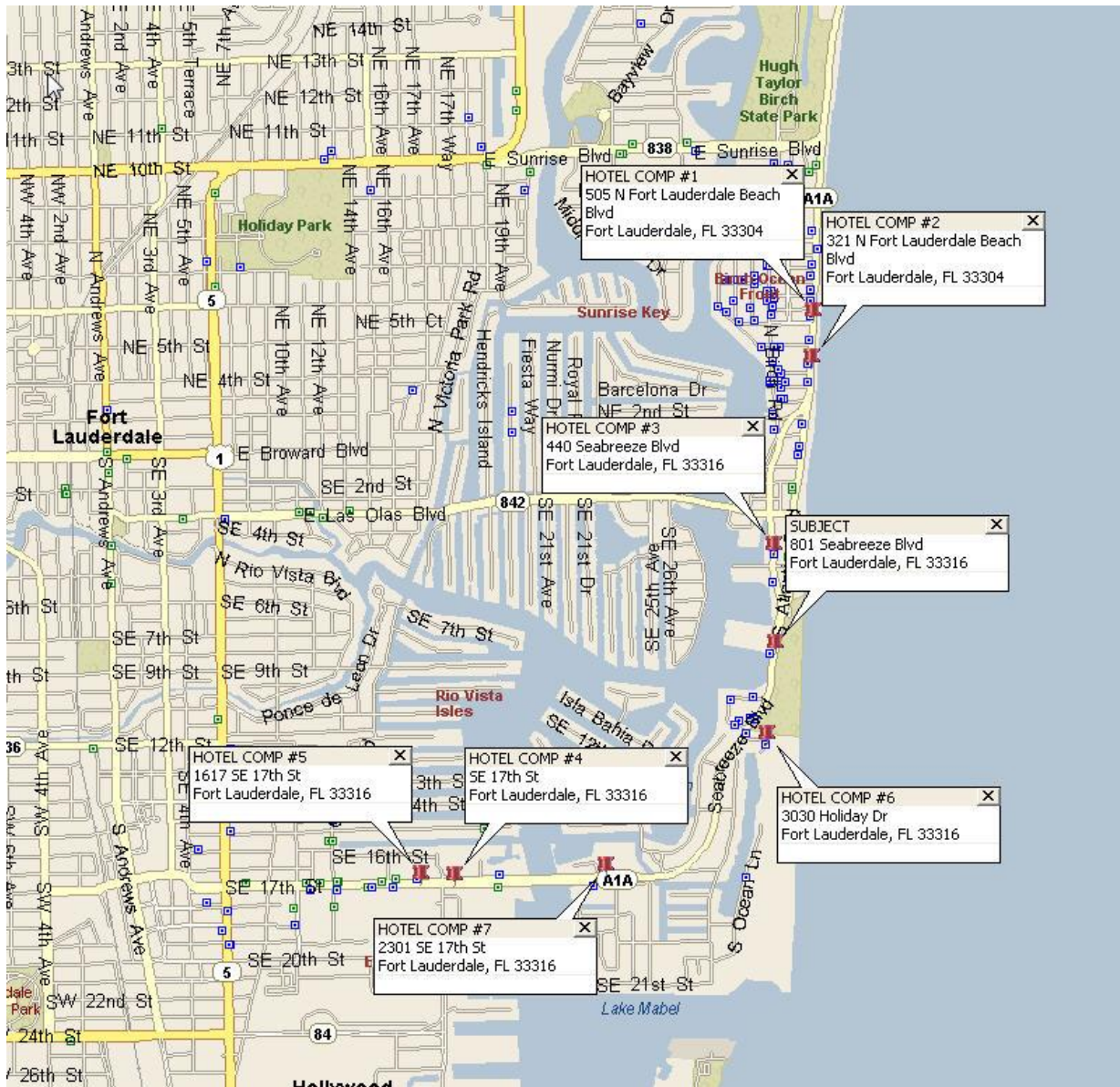
Source: Hotel Review, Smith Travel Research

Market Supply

We have analyzed hotels in the subject neighborhood that are considered to compete directly with the subject. The following details the properties. Integra Realty Resources – Miami / Caribbean has contacted the manager of each hotel. Each was interviewed and asked to provide ADR, occupancy and business segmentation. It is noted that not all information for each property was provided by the general manager.

Existing Market Area Supply					
#	Name	Aff Date	Open Date	Rooms	% of Market
Subject	DoubleTree Bahia Mar Fort Lauderdale				
1	Hilton Fort Lauderdale Beach Resort	Jun-20	Jan-07	374	14.7%
2	Westin Fort Lauderdale Beach Resort	Mar-09	Jun-66	432	17.0%
3	Courtyard Fort Lauderdale Beach	Oct-07	Jun-76	261	10.2%
4	Hilton Fort Lauderdale Marina	Mar-09	Dec-80	595	23.4%
5	Renaissance Fort Lauderdale Cruise Port	May-01	May-01	236	9.3%
6	Marriott Harbor Beach Resort & Spa	Jun-20	Oct-84	650	25.5%
Total				2548	100.0%

Pier 66 closed for renovation June 2019. The renovation was supposed to take two years to complete but delays resulting from the global pandemic halted the project and has delayed completion. A completion date has not yet been announced.



Lodging Fundamentals

Physical ranking of the competitive set is a methodology developed by Integra Realty Resources to array the competitive set in a subjective physical ranking. Certainly management and marketing efforts can result in increased or diminished performance for individual competitors. However, all things being equal, assuming competent management, our ranking scale should array the competitive set within a reasonable fill pattern. The following chart compares the scoring for various components by comparison.

The Property Affiliation rating is based on the J.D. Power and Associates North American Hotel Guest Satisfaction Index Study.

Lodging Fundamentals Scorecard						
#	Name	Property Affiliation	Age / Condition / Amenities	Access / Exposure	Support Services & Demand Generators	Total
	Maximum Score	15	10	10	15	50
Subject	DoubleTree Bahia Mar Fort Lauderdale	10	8	10	15	43
1	Hilton Fort Lauderdale Beach Resort	13	10	10	14	47
2	Westin Fort Lauderdale Beach Resort	11	9	10	14	44
3	Courtyard Fort Lauderdale Beach	10	8	10	14	42
4	Hilton Fort Lauderdale Marina	13	8	8	14	43
5	Renaissance Fort Lauderdale Cruise Port Hotel	11	8	8	14	41
6	Marriott Harbor Beach Resort & Spa	13	10	10	14	47
7	Pier Sixty Six Hotel & Marina	12	8	10	14	44
Average Score Existing						43.88

The qualitative analysis shows that the Hilton Fort Lauderdale and the Marriot Harbor Beach scored the highest, receiving a 47 out of a possible 50. The average score of the hotels is 43.88. The subject's score of 43 is about 98% of the market average.

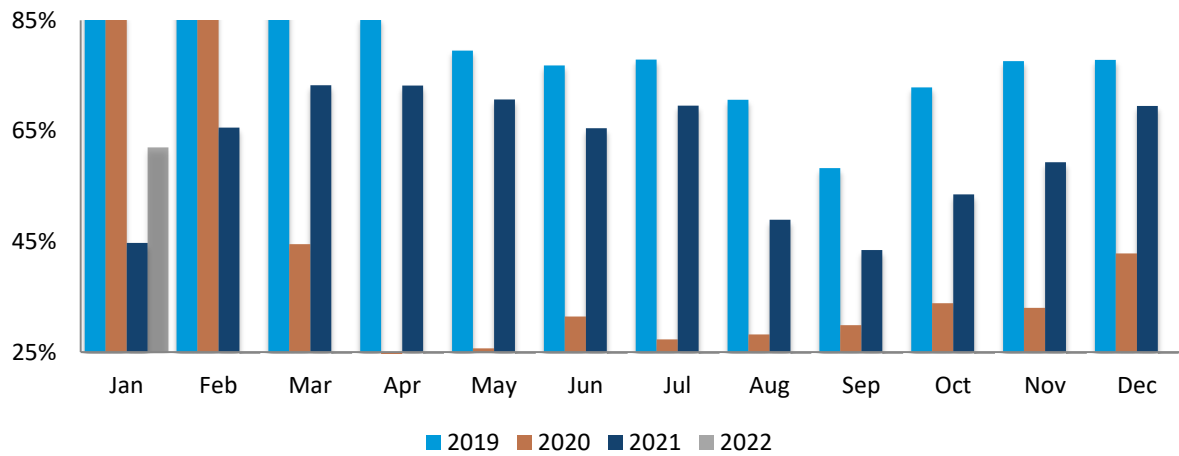
Performance of the competitive Market

The following table details the historic room nights available, room nights sold, ADR and RevPar for the area.

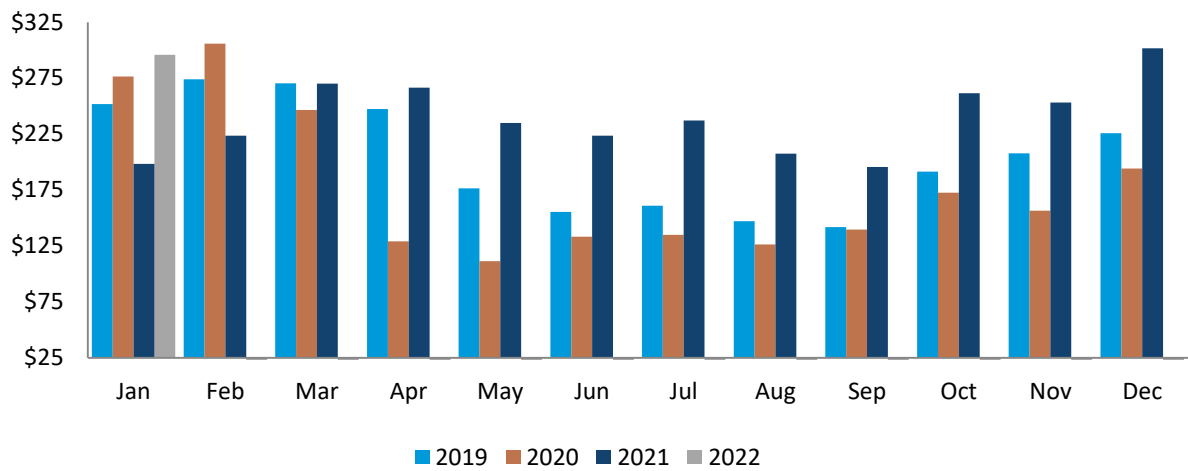
Historical Performance of Existing Market Supply										
Year	RNA	Change	RNS	Change	Occupancy	Change	ADR	Change	RevPar	Change
Annual Comparison										
2016	1,067,717	N/A	857,989	N/A	80.4%	N/A	\$198.01	N/A	\$159.12	N/A
2017	1,059,938	-0.7%	851,440	-0.8%	80.3%	0.0%	\$201.23	1.6%	\$161.64	1.6%
2018	1,019,810	-3.8%	821,893	-3.5%	80.6%	0.3%	\$208.46	3.6%	\$168.01	3.9%
2019	973,442	-4.5%	770,049	-6.3%	79.1%	-1.8%	\$209.45	0.5%	\$165.68	-1.4%
2020	867,202	-10.9%	365,893	-52.5%	42.2%	-46.7%	\$210.98	0.7%	\$89.02	-46.3%
2021	930,020	7.2%	571,082	56.1%	61.4%	45.5%	\$243.29	15.3%	\$149.39	67.8%
February Y-T-D Comparison										
2016	90,675	N/A	77,992	N/A	86.0%	N/A	\$245.93	N/A	\$211.53	N/A
2017	90,706	0.0%	78,533	0.7%	86.6%	0.7%	\$242.13	-1.5%	\$209.64	-0.9%
2018	86,614	-4.5%	73,142	-6.9%	84.4%	-2.5%	\$254.71	5.2%	\$215.09	2.6%
2019	86,614	0.0%	75,439	3.1%	87.1%	3.1%	\$251.78	-1.1%	\$219.30	2.0%
2020	78,802	-9.0%	67,721	-10.2%	85.9%	-1.3%	\$276.57	9.8%	\$237.68	8.4%
2021	78,988	0.2%	35,341	-47.8%	44.7%	-47.9%	\$198.36	-28.3%	\$88.75	-62.7%
2022	78,988	0.0%	48,988	38.6%	62.0%	38.6%	\$295.89	49.2%	\$183.51	106.8%

Maximum RNA for the competitive set, with all rooms online, is 1,175,665. Variability in RNA due to renovations across the competitive set of properties has resulted in similar variation in RNA across the time period analyzed, with declines in each noted for 2016 – 2019. Beginning in 2020 the hospitality industry posted record declines across all performance metrics resulting directly from national shutdowns in travel due to the global Corona Virus Pandemic. Beginning in 2021 the hospitality industry began to recover and return to prior performance, with a continued return to pre-covid levels expected for 2022.

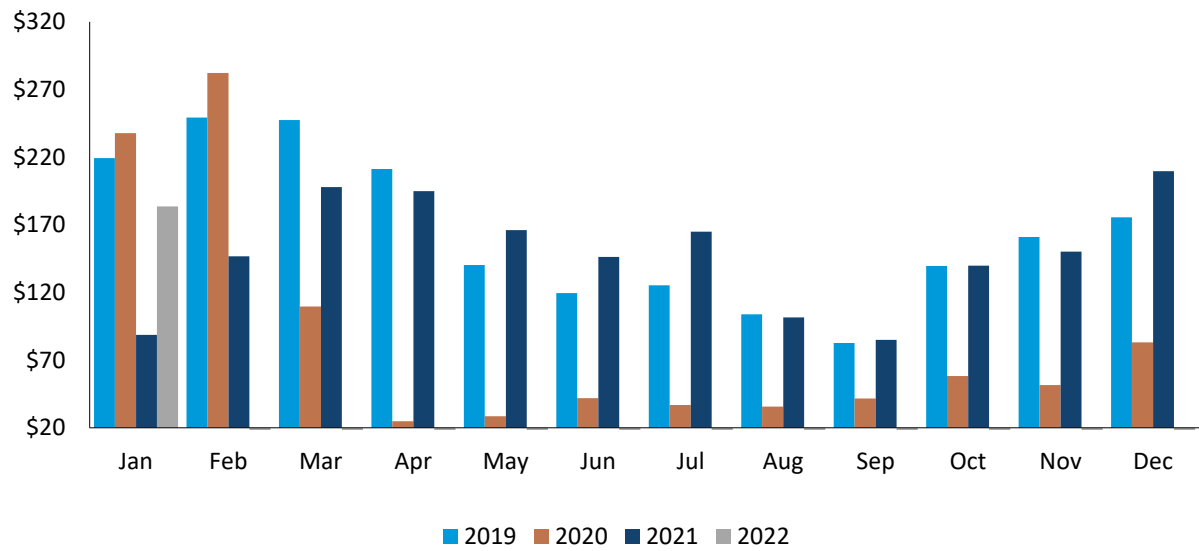
Competitive Set Occupancy by Month



Competitive Set ADR by Month



Competitive Set RevPar by Month



Segmentation of Demand

Demand for hotel accommodations among the competitive hotels is comprised of the following market segments:

- Corporate demand is generated by the office, businesses, and commercial activity in the nearby area. This form of demand exhibits Monday to Thursday demand patterns and generally peaks on Tuesday and Wednesday nights.
- Group demand is generated by corporate, commercial, or association groups that either meet at the individual competitive hotels, or meet at company offices. While the length of stay varies depending on the type of group, it is typically two or three nights and can sometimes include a weekend night. Group demand in the subject market area consists of training, corporate meetings, social, military, educational, retired and fraternal (SMERF) business, etc.
- Leisure demand occurs primarily on weekends and is comprised of individual travelers, families and social groups. In the summer transient demand also occurs during the week but is still strongest on the weekends. The subject property benefits most from leisure demand, given the location along the Intracoastal Waterway.

In the competitive market, demand is driven by the Leisure market. Friday and Saturday have the highest occupancy and ADR of any other night. RevPar for Friday and Saturday is nearly 8% higher than the next highest night which is Thursday.

Occupancy By Day of the Week

	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total
Feb 19 - Jan 20	69.9%	74.1%	79.4%	80.2%	78.7%	83.6%	86.6%	78.9%
Feb 20 - Jan 21	37.3%	32.7%	33.2%	34.6%	37.0%	44.2%	49.9%	38.5%
Feb 21 - Jan 22	59.6%	52.7%	53.8%	57.4%	64.2%	74.7%	77.8%	62.9%
Average	56.1%	53.9%	56.3%	58.3%	60.8%	68.4%	72.0%	60.8%

ADR by Day of the Week

	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total
Feb 19 - Jan 20	\$201.76	\$199.27	\$201.63	\$206.38	\$213.61	\$225.72	\$225.90	\$211.22
Feb 20 - Jan 21	\$193.58	\$192.54	\$193.07	\$194.32	\$194.06	\$196.71	\$205.65	\$196.32
Feb 21 - Jan 22	\$240.10	\$233.90	\$230.25	\$236.55	\$247.12	\$274.24	\$273.73	\$250.41
Average	\$213.69	\$209.53	\$209.25	\$214.17	\$221.82	\$237.64	\$238.76	\$221.90

RevPar by Day of the Week								
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total
Feb 19 - Jan 20	\$140.95	\$147.70	\$160.16	\$165.59	\$168.19	\$188.59	\$195.62	\$166.75
Feb 20 - Jan 21	\$72.15	\$63.05	\$64.19	\$67.30	\$71.84	\$87.02	\$102.58	\$75.49
Feb 21 - Jan 22	\$143.20	\$123.28	\$123.92	\$135.88	\$158.73	\$204.84	\$212.88	\$157.44
Average	\$119.89	\$112.92	\$117.78	\$124.82	\$134.86	\$162.48	\$171.92	\$134.97

Demand Analysis

Demand for hotels in any given area is measured by occupancy percentages and average daily rates. Although these statistics vary between properties due to age, condition, location, franchise affiliation, marketing efforts and seasonality of the market area, a review of area occupancy levels and ADR is useful in determining the market potential for a property

We have used the previously identified competitive set and quantified their historical performance. Historical demand change was studied along with other demand factors such as population growth, household growth, employment growth, etc. for determination of an applicable demonstrated demand growth rate.

Conclusion – Forecast Market Demand and Average Daily Rate

Based on historic market performance we have projected occupancy and ADR growth as follows.

Historical and Projected Performance of Competitive Set										
Year	RNA	Change	RNS	Change	Occupancy	Change	ADR	Change	RevPar	Change
2016	1,067,717	N/A	857,989	N/A	80.4%	N/A	\$198.01	N/A	\$159.12	N/A
2017	1,059,938	-0.7%	851,440	-0.8%	80.3%	0.0%	\$201.23	1.6%	\$161.64	1.6%
2018	1,019,810	-3.8%	821,893	-3.5%	80.6%	0.3%	\$208.46	3.6%	\$168.01	3.9%
2019	973,442	-4.5%	770,049	-6.3%	79.1%	-1.8%	\$209.45	0.5%	\$165.68	-1.4%
2020	867,202	-10.9%	365,893	-52.5%	42.2%	-46.7%	\$210.98	0.7%	\$89.02	-46.3%
2021	930,020	7.2%	571,082	56.1%	61.4%	45.5%	\$243.29	15.3%	\$149.39	67.8%
2022	930,020	0.0%	656,744	15.0%	70.6%	15.0%	\$243.29	0.0%	\$171.80	15.0%
2023	930,020	0.0%	735,554	12.0%	79.1%	12.0%	\$250.59	3.0%	\$198.19	15.4%
2024	930,020	0.0%	735,554	0.0%	79.1%	0.0%	\$258.11	3.0%	\$204.14	3.0%
2025	930,020	0.0%	735,554	0.0%	79.1%	0.0%	\$265.85	3.0%	\$210.26	3.0%
2026	930,020	0.0%	735,554	0.0%	79.1%	0.0%	\$273.83	3.0%	\$216.57	3.0%
2027	930,020	0.0%	735,554	0.0%	79.1%	0.0%	\$282.04	3.0%	\$223.07	3.0%
2028	930,020	0.0%	735,554	0.0%	79.1%	0.0%	\$290.50	3.0%	\$229.76	3.0%
2029	930,020	0.0%	735,554	0.0%	79.1%	0.0%	\$299.22	3.0%	\$236.65	3.0%

February Year-to-Date Comparison						
	Room Nights Sold		% of Year End	Average Daily Rate		% of Year End
	February	Year End		February	Year End	
2016	77,992	857,989	9.1%	\$245.93	\$198.01	124.2%
2017	78,533	851,440	9.2%	\$242.13	\$201.23	120.3%
2018	73,142	821,893	8.9%	\$254.71	\$208.46	122.2%
2019	75,439	770,049	9.8%	\$251.78	\$209.45	120.2%
2020	67,721	365,893	18.5%	\$276.57	\$210.98	131.1%
2021	35,341	571,082	6.2%	\$198.36	\$243.29	81.5%
Min			6.2%			81.5%
Max			18.5%			131.1%
Average			10.3%			116.6%
		Indicated	% change		Indicated	% change
		RNS*	from 2021		ADR*	from 2021
2022	48,988	476,333	-16.6%	\$295.89	\$253.78	4.3%
<i>* 2022 year end assuming average year-to-date ratio</i>						

As previously discussed previously, maximum RNA for the competitive set, with all rooms online, is 1,175,665. Variability in RNA due to renovations across the competitive set of properties has resulted in similar variation in RNA across the time period analyzed, with declines in each noted for 2016 – 2019. Beginning in 2020 the hospitality industry posted record declines across all performance metrics resulting directly from national shutdowns in travel due to the global Corona Virus Pandemic. Beginning in 2021 the hospitality industry began to recover and return to prior performance, with a continued return to pre-covid levels expected for 2022.

Looking forward, continued strengthening is projected for both 2022 and 2023; however, after 2023 demand is expected to level and no growth occupancy applied beyond 2023. ADR has been growing fairly steady and a projection of 3% growth for the market has been applied to keep up with inflation.

Conclusion

Stabilized room revenue for the 12 months following the effective date is as follows:

Room Revenue Projection				
- Most Likely				
Rooms	x	Days in year	=	RNA
296	x	365	=	108,040
RNA	x	Occupancy	=	RNS
108,040	x	75.0%	=	81,030
RNS	x	ADR	=	Room Revenue
81,030	x	\$240.00	=	\$19,447,200

This projection of rooms revenue is approximately \$4 Million higher than the highest revenue (2018) reported by the owner (upon which the City's participation rent is based) for the past five years. IRR believes that management has not been aggressively managing the renovations and upkeep to maximize potential ADR due to their plans to complete a major renovation and repositioning, but that upside exists to complete in the market at this ADR and occupancy level following a Property Improvement Program with consistent expenditures to maximize the entire property in its as-is condition.


The hotel operator is under no obligation to improve the property to maximize operating revenue, and without an extended lease term it is likely the subject property will be continued to underperform the competitive set due to physical condition issues. Projected performance absent a renewed lease term is difficult to estimate given there will be less incentive to invest in the leasehold improvements with less time remaining on the lease.

Marina Market Analysis

Over the five years to 2021, the Marinas industry has been sailing along with increased revenue growth and rising profit. Marinas provide storage for recreational boats through the rental of slips and moorings, in addition to maintenance, food and beverage services and recreational equipment rentals. As shown by increased demand that has been experienced by boat dealerships, consumers have demonstrated an increase in interest for boating and water sports. Rising recreational spending has also created positive conditions for the industry during much of the period and revenue is expected to rise at an annualized rate of 3.8% to \$6.1 billion over the five years to 2021, including a 3.4% increase in 2021 alone. Demand for industry services has continued to rise throughout the COVID-19 (coronavirus) pandemic as consumers turned to boating as a way of getting active while remaining socially distant from others.

Industry at a Glance

Key Statistics

 **\$6.1bn**
Revenue

Annual Growth	Annual Growth	Annual Growth
2016–2021	2021–2026	2016–2026
3.8%	1.6%	

 **\$1.1bn**
Profit

Annual Growth	Annual Growth
2016–2021	2016–2021
10.1%	

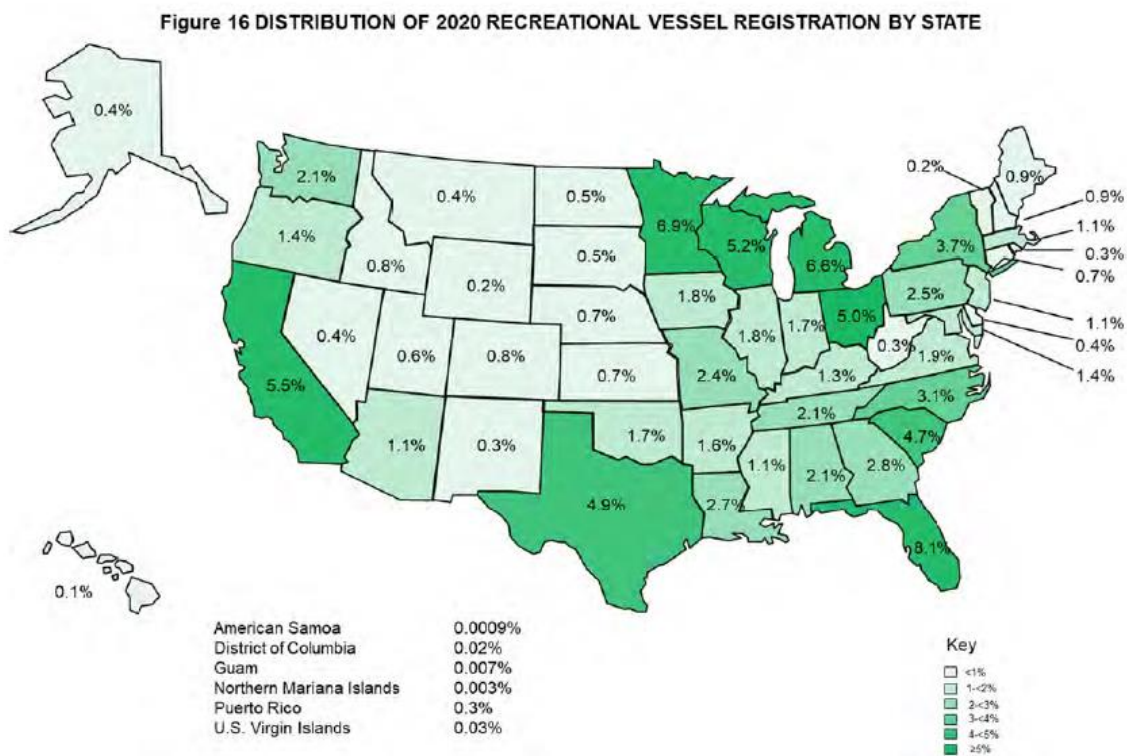
 **18.3%**
Profit Margin

Annual Growth	Annual Growth
2016–2021	2016–2021
4.7pp	

During most of the period, consumer conditions boosted demand for boat storage as a result of rising disposable income and a growing number of households earning over \$100,000. Marinas are able to generate the most profit from customers that spend on additional services in addition to storage, such as cleaning, add-on personalized services and amenities. Profit is also generated from passing transient customers, such as tourists visiting the marinas for a short period of time, rather than longer-term clients that house their boats in the marinas throughout the year. These services have helped sustain profit, measured as earnings before interest and taxes, which is estimated to account for 18.3% of revenue in 2021, up from 13.6% in 2016.

As this industry was largely sheltered from the negative effects of the pandemic, the vast majority of industry enterprises were able to make it throughout the economic fallout that came with the virus without shutting down. Growth in revenue is expected to remain strong in the coming years as the economy continues to recover and unemployment declines. IBISWorld forecasts revenue will grow at an annualized rate of 1.6% to \$6.6 billion over the five years to 2026, largely as a result of a rebounding economy.

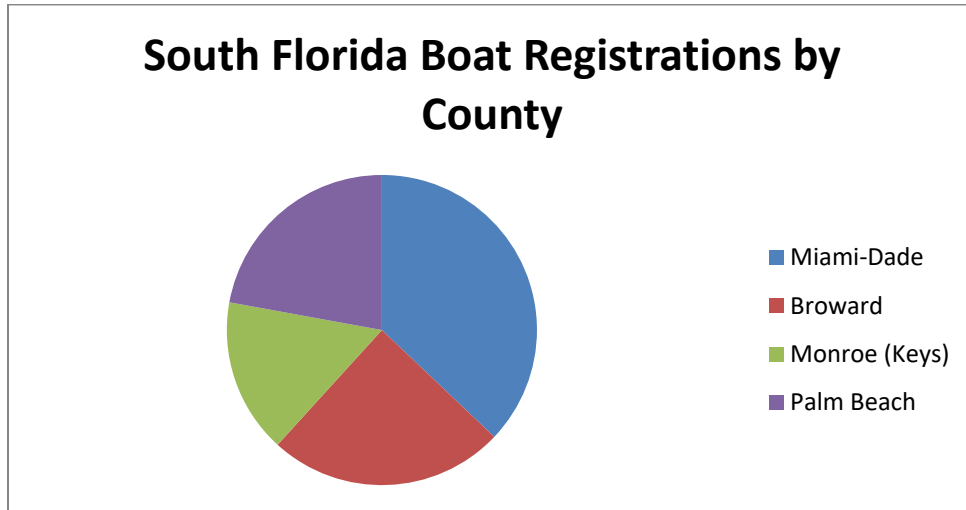
Florida has the largest number and share of registered boats in the US, with 959,816 registrations as of 2020 according to the US Coast Guard. This exceeds the next highest states, Minnesota (819,377) and California (645,951) and accounts for 8.1% of the US' boat inventory.



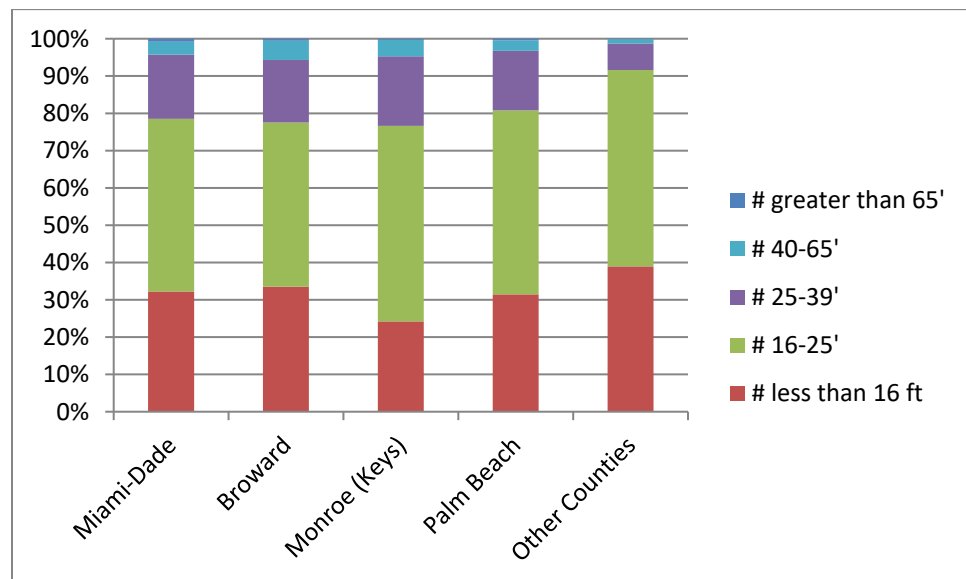
Source: US Coast Guard

Miami-Dade County is the leading boating market in Florida, with 74,622 boats registered as of 2021. This total is 38% above the next-highest county, Pinellas County with 53,867 registrations. Miami-Dade's northern and southern neighbors, Broward and Monroe counties, add approximately 80,000 additional registrations, meaning that nearly 75% of all boats in Florida are located in South Florida (Broward, Palm Beach, Miami-Dade and Monroe Counties) and therefore represent potential customers for the subject.

The following table shows boat registrations in Florida and in Miami-Dade, Broward, Palm Beach, and Monroe Counties.



In general, South Florida counties tend to have larger boats than Florida as a whole. This reflects their ocean access, which is navigable for large yachts and pleasure boats, as well as the large concentrations of high-net-worth residents and visitors. The chart below shows a breakdown of boat size by county.



Source: State of Florida

An analysis of the population relative to the registered vessels indicates that Broward and Miami-Dade have a similar ratio of approximately 1 in 40 persons residing in the County own a boat. Palm Beach

county resident boat ownership is higher at 1 in 35 persons. Monroe County registrations demonstrates 1 in 2.7 people, indicating a high incidence of year-round registered vessels in Monroe.

To be sure, the number of waterfront homes in Broward County reduces the demand for berthing capacity relative to the total. However, even with fluctuations in total registered vessels over the past 10 years, there has been almost zero expansion in berthing capacity in the Broward market.

Broward Pleasure Vessel Registration by Year and Size							
		12' -	16' -	26' -	40' -	65' -	
Year	<12'	15'11"	25'11"	39'11"	64'11"	109'11"	110'+
2019	9,741	5,091	19,982	7,993	1,703	273	20
2020	10,836	5,087	20,372	7,962	1,663	247	29
2021	11,342	4,874	19,948	7,885	1,649	229	33

Our subsequent analysis of competitive marinas indicates overall occupancy at between 90 – 100% in both private and public marinas countywide. This would indicate an undersupplied market, particularly considering that occupancy also accounts for seasonal/frictional losses. However, the marina market in Ft. Lauderdale operates with a high incidence of transient and seasonal rentals, so slip vacancy is difficult to observe/document. Most owners attempt to maximize revenue based on an optimal combination of transient/seasonal/annual leases.

IRR Miami concludes based on an analysis of county occupancy and based on a 5-year organic growth rate that the current market is undersupplied. There is no new marina supply coming on-line absent reconfiguration of existing slips.

The number of large-vessel slip counts in Broward County is superior to large vessel berthing capacity in Palm Beach and Miami-Dade County. The subject is one of three competitive marinas that can service large 150+ foot vessels (Pier 66 and Sunrise Harbor at the other two). Most commercial marinas cannot accommodate vessels over 65', and the restricted vessel count is currently over 260 in the region, indicating a high demand for large vessel berthing.

The following represents the primary competition for the subject Bahia Mar Marina:

Marina Market Survey				
Name	Location	Owership	Management	In-Water Slips
Bahia Mar	801 Seabreeze Blvd.	Municipal	RCI	250
Las Olas Marina	240 Las Olas Circle	Municipal	Municipal	60
Pier 66	2301 SE 17th Street	Blackstone	LXR Lurxury Marinas	127
Hilton Fort Lauderdale Marina	1881 SE 17th Street	Blackstone	LXR Lurxury Marinas	33
Hall of Fame Marina	435 Seabreeze Boulevard	Invesco	Westrec	40
Surnise Harbor Marina	1030 Seminole Drive	State	Westrec	22
New River/Downtown Docking	2 South New River Drive	Municipal	Municipal	100
Cooley's Landing	450 SW 7th Avenue	Municipal	Municipal	30
Total				662

There are many additional sources of boat storage that are not captured either in the list, including private yacht clubs and other smaller marinas. Canals, condominiums, private homes, open-air boatyards, inland waterways, and small marinas with fewer than 50 slips, along with boats that are registered in Broward County but stored elsewhere (primarily Key Largo), account for the majority of the county's total boat inventory.

Conclusions:

- In-water (wet) slips are severely undersupplied generally, but the vast majority of vessel registrations are under 65'; however, a significant external demand for larger vessels inherent in Broward is from seasonal and transient in-bound vessels.
- Rental rates (2022) average \$100/Linear Foot per month for most classes of vessels, higher rates apply for seasonal and transient slips, and larger slips (over 100') command a \$60/LW premium over the smaller slips. These rates have firmed up significantly since 2016.
- Larger vessel storage ranges from upwards of \$150/LF per month with transient rates of higher.
- Notwithstanding cyclical deviations, the overall market position of the subject is well insulated from volatility given its market position amongst the competitive marinas, it's waterway location, and the configuration of the marina appealing to larger vessels.

COVID-19 Impact on Current Valuations

Transactions are the best measure of value impact due to COVID-19. At the beginning of the pandemic in early 2020, many transactions were tabled, and market data was scarce. After an initial lull in activity, price discovery occurred across different property types and deals are getting done.

The Vaccine

The stock market rose to new highs in 4Q20 on the news of multiple promising vaccine options which are now being distributed across the world. This is a critical step for employers to be able to safely

bring workers back to the office, public schools to remain open with consistency and perceived safe use of public transportation in getting people to work in high density markets. While the Delta variant has pushed back the expected timeline of “back to normal”, the stock market remains bullish and consumers are once again spending on services.

Impact by Property Type

Industrial assets have been least impacted by the pandemic due in part to the continued and even increased demand for distribution facilities, particularly in locations proximate to population centers. Multi-family assets in general have proven resilient in terms of cash flow and pricing with dense urban markets seeing a return of demand and significant absorption in 2021. Office assets remain in flux as employers continue to sort out their long-term plans for space needs. Retail has likewise been challenged as many tenants have been unable to pay rent due to lack of retail sales and more consumer spending shifting to online options. Essential needs based retail such as grocery were less affected. The hospitality sector, while initially decimated in terms of occupancy due to lack of travel, is showing signs of recovery but price discovery remains a challenge.

Market Participant Interviews

In addition to transaction data, which has been materializing, we continue to look to market participants (developers, investors, lenders, brokers) as a leading indicator of where the market is heading. Our surveys began in March 2020 and remain an ongoing part of our research.

Most market participants are in general indicating no material change in capitalization rates but rather, where net income has been materially impacted, a focus on cash flow with pricing impacts reflected in lost interim income until a new stabilization level is achieved.

Conclusion

The property market analysis presented, our surveys of active market participants, and the data presented in the following valuation sections of this report, reflect the impact of the COVID-19 pandemic on the subject property and form the basis for our analysis and conclusions.

Property Analysis

Land Description and Analysis

Land Description	
Land Area (Gross)	38.73 acres; 1,687,039 SF
Land Area (Usable)	16.00 acres; 696,960 SF
Source of Land Area	Public Records
Primary Street Frontage	Seabreeze Blvd. - 1,650 feet
Shape	Rectangular
Corner	No
Topography	Generally level and at street grade
Drainage	No problems reported or observed
Environmental Hazards	None reported or observed.
Ground Stability	No problems reported or observed
Flood Area Panel Number	12011C0219 F
Date	August 18, 1992
Zone	AE
Description	Within 100-year floodplain
Insurance Required?	Yes
Zoning; Other Regulations	
Zoning Jurisdiction	City of Fort Lauderdale
Zoning Designation	SBMHA
Description	South Beach Marina & Hotel District
Legally Conforming?	Appears to be legally nonconforming
Zoning Change Likely?	No
Permitted Uses	Hotel, residential, marina, and limited retail
Minimum Lot Area	Not specified ("None" for similar business districts)
Minimum Setbacks (Feet)	20' front
Maximum Building Height	120'
Maximum Floor Area Ratio	5
Parking Requirement	1/hotel room + 1/2 boat slips; May be waived by fee
Other	Subject is over height (13 stories)
Other Land Use Regulations	None reported or observed.
Utilities	
Service	Provider
Water	Broward County
Sewer	Broward County
Electricity	FPL
Natural Gas	Teco and others
Local Phone	AT&T and others

We are not experts in the interpretation of zoning ordinances. An appropriately qualified land use attorney should be engaged if a determination of compliance with zoning is required.

The above land area includes approximately 16 acres of upland, with the balance of the site consisting of submerged site area owned in fee (riparian fee title) representing the water basin/in-water slips.

Other Land Use Regulations

The property is likely subject to the Federal Emergency Management Agencies regulations on development within a floodplain, and specifically to the elevation requirements on new development within a coastal floodplain. This would effectively limit the amount of money that could be invested to renovate the property without having to comply to current flood elevations. Absent an engineering opinion on flood elevation compliance, we have assumed the property is constructed to the current flood requirements. We are not aware of any other land use regulations that would affect the property.

Potential Development Density

The subject was developed with a main hotel building comprising 181 guest rooms, banquet facilities that can service up to 800 people; the hotel's main lobby and restaurant. There is a second building housing approximately 115 additional rooms, referred to in the Amended Lease as the "Marina Wing" guestrooms, for a total of 296 rooms. The site also includes approximately 20,000 SF of commercial space, the marina office/lounge, in addition to the 240 – 250 yacht slips averaging 70 lineal feet (total over 17,000 L.F.

The zoning permits density of hotel, apartments, and other uses up to 48 dwelling units per acre, so assuming the 16 acres is the relevant measure, this would imply potential density of the subject at 768 total units, where 296 is existing. As discussed within the highest and best use, the central limiting factor is the site requirement to provide parking and services to the marina, which reduces the site's ability to service additional density, absent relief from the height restrictions within the zone.

Easements, Encroachments and Restrictions

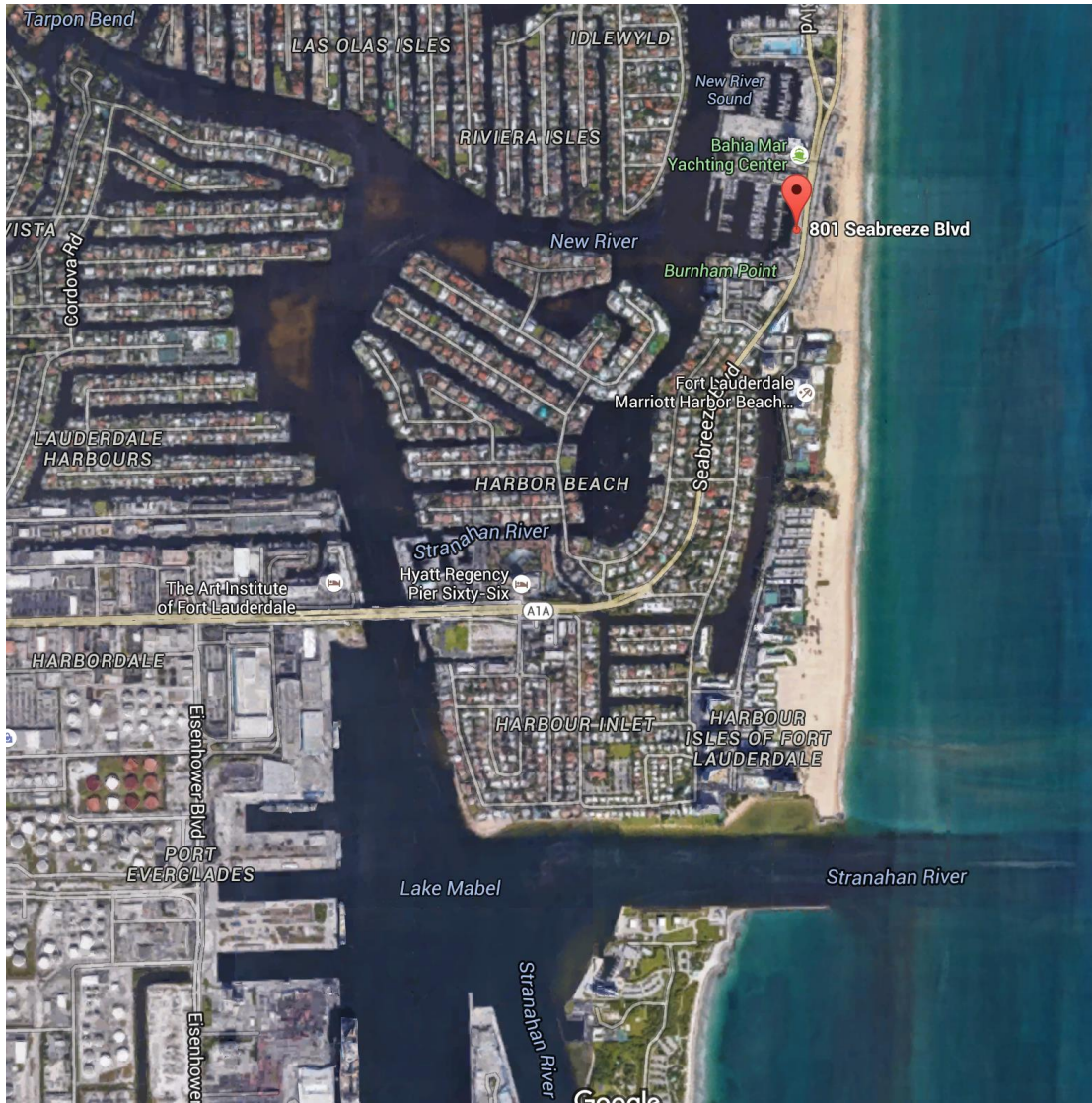
We were not provided a current title report to review. We are not aware of any easements, encroachments, or restrictions that would adversely affect value. Our valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

Waterway Access

The subject is well-positioned with respect to its proximity to Port Everglades, the primary ocean access point for vessels berthing in the Ft. Lauderdale region as shown on the following page (aerial courtesy of google.com).

This strategic location with good access to the ocean, but harborage on the west side of the barrier island along the intercoastal waterway connecting to the Hillsborough inlet to the north, affords the subject good storm protection with nearly ideal ocean and intercoastal access benefiting the marina component of the property.

From the perspective of the hotel patrons, the upper floors of the hotel get both intercoastal and/or ocean views. However, the property is not “on the beach”, and patrons must cross a Seabreeze and A-1-A to access the beach. While this is not a significant distance, it makes the hotel less competitive than its beachfront counterparts.



Conclusion of Site Analysis

Overall, the physical characteristics of the site are ideal for marina operations and are nearly ideal for resort beach club operations. The on-site conditions of the site indicate that additional development density is available, but the redevelopment of the site will require consideration for the existing marina operation, and likely some relief on height to maximize the site's density.

The site as developed is competitive in the market and can continue in its as-is condition for the foreseeable future.

Improvements Description and Analysis

Overview

The subject is an existing flagged Doubletree (Hilton) branded hotel comprising 296 rooms, plus banquet and meeting space, restaurant and bar. Additionally, the property maintains in-water slips for approximately 240 - 250 vessels with nearly 17,000 lineal feet of dockage including a 2,500 LF parallel dockage along the intercoastal waterway. All slips are serviced by power, water, cable, internet. There is also a 2-story outbuilding which serves as the dock master's office, locker room facilities, and ship store. The total property is 38.73 acres, of which approximately 16 acres is upland, the balance is fee owned submerged land servicing the marina. Hotel improvements are in good condition reflecting a PIP of approximately \$20 million by the leasee over the past seven years including all rooms, common areas, ball rooms, conference centers, lobby, restaurants, pool-deck, pool deck bar, cabanas, and all new FF&E.

The following tables illustrate the primary building characteristics.

Improvements Description	
Name of Property	Bahia Mar Hotel & Marina
General Property Type	Marina
Property Sub Type	Marina/Hotel
Number of Buildings	Four
Construction Class	C
Construction Type	Masonry
Construction Quality	Average
Condition	Good
Number of Rooms	296
Rooms per Acre (Density)	7.6
Gross Building Area (SF)	217,018
Land Area (SF)	1,687,039
Floor Area Ratio (GBA/Land SF)	0.13
Building Area Source	Public Records
Year Built	1973
Year Renovated	2014-2021
Actual Age (Yrs.)	49
Estimated Effective Age (Yrs.)	15
Estimated Economic Life (Yrs.)	55
Remaining Economic Life (Yrs.)	40
Number of Parking Spaces	600
Source of Parking Count	Aerial
Parking Type	Surface
Parking Spaces/Room	2.0

Note: The parking count is likely higher given the undeveloped areas of the site, and a surface parking count was not conducted. There is sufficient parking for all of the existing uses, and the overflow parking count is used as excess land area to host the Ft. Lauderdale International Boat Show. Future

development of the site would require structured parking in order to continue to accommodate the open space required for the boat show.

Room Mix

The subject's room mix and building areas are detailed in the following table.

Room Mix and Building Areas	
Room Type	SF
STD - Double	250
STD - King	250
Marina View - Double	250
Marina View - King	250
Oceanfront - King	350
Ocean View - Double w/ Balcony	350
Ocean View King	350
Oceanfront Suite - King	600
Total	
Lobby/Breakfast Area	
Entrance	
Sitting Area	
Dining Area	
Front Desk	
Meeting Room	
Fitness Center	
Pool	

Based upon the public record information, the breakdown of total building square footage on the site is roughly as follows:

Building Number	Building Area
1	48,529
2	106,631
3	1,348
4	61,815
5	15,298
6	3,153
7	16,548
8	5,495
Total	258,817
Source: Broward County Property Appraiser	

Furniture, Fixtures & Equipment (FF&E)

As previously noted, non-realty items necessary for the continued operation of the property include the room and common area FF&E.

Furniture, Fixtures & Equipment	
Location	Description
Guest Rooms	All rooms have been recently refreshed, and include double or king beds, 40-inch flatscreen TV's, mini-refridgerator, microwave, and save
STD - Double	Same
STD - King	Same
Marina View - Double	Same
Marina View - King	Same
Oceanfront - King	Same
Ocean View - Double w/ Balcony	Same
Ocean View King	Same
Oceanfrotn Suite - King	Same

Room Features and Hotel Amenities	
	At Subject
Room Features	
Television	Flat
Pay-Per-View	Yes
Iron / Board	Yes
Hair Dryer	Yes
Coffee Maker	Yes
Jacuzzi	Yes
Wireless Internet	Yes
Wired Internet	No
Keycard Access	Yes
Safe	Yes
Microwave / Refrigerator	Yes
Kitchenette	No
Hotel Amenities	
Indoor Pool	No
Outdoor Pool	Yes
Fitness Center	Yes
Restaurant	Yes
Bar / Lounge	Yes
Parking	Yes
Guest Laundry	Yes
Business Center	Yes
Wireless Internet	Yes
Wired Internet	No
Complimentary Breakfast	Yes
Arcade	Yes

Improvements Analysis

The improvements are of average quality construction and are in good condition. The hotel underwent recent renovations within the past five years, including room renovations, lobby renovations, and general property upgrades.

The property is considered to be in competitive position with respect to other beachfront resorts, but the overall grounds do not have the resort feel of Pier 66. While the property is considered in good condition and continued operations would result in adequate continued operational performance, the overall property could be better maximized with a long-term redevelopment plan that more fully maximizes the site, while still allowing the site to service the Ft. Lauderdale International Boat Show.

The quality of the subject is considered to be consistent with that of competing hotel properties of similar age and market position, and maintenance appears to have been superior to that of competing older properties.

Overall, the market position is considered good.

Functional Utility

The improvements appear to be adequately suited to their current use. The Marina Wing hotel demonstrates functional deficiencies in that a separate building incurs additional operational costs versus a single integrated 296 key hotel. Guest preferences to be located in the main building would be expected. The commercial building in the center of the site houses the rooftop pool deck amenities, some ground floor retail and second story office space. While this space is suitable for continued use, the large parking fields and extensive frontage along Seabreeze is not currently being maximized on a year-round basis.

Deferred Maintenance and Planned Capital Expenditures

We were not provided an interior tour of the property or grounds, nor provided with future estimates or Property Improvement Plans (PIP) required by the flag. We assume no major deferred maintenance. General Property Improvement Plan (PIP) requirements for a hotel of the subject's class would generally range from \$3 - \$10 Million over a 5-year period based on our experience and review of major hotel PIP requirements. We believe this level of expenditure will assist the property in meeting the market ADR and RevPar estimates.

ADA Compliance

Based on the property inspection and information provided, there are no apparent ADA issues. However, ADA matters are beyond the scope of expertise of the assignment participants, and further study by an appropriately qualified professional would be recommended to assess ADA compliance.

Hazardous Substances

An environmental assessment report was not provided for review, and environmental issues are beyond the scope of expertise of the assignment participants. No hazardous substances were observed during the inspection of the improvements; however, detection of such substances is outside the scope of expertise of the assignment participants. Qualified professionals should be consulted. Unless otherwise stated, it is assumed no hazardous conditions exist on or near the subject.

Conclusion of Improvements Analysis

In comparison to competitive properties in the market, the subject improvements are rated as follows:

Improvements Ratings	
Visibility/Exposure	Good
Design and Appearance	Good
Age/Condition	Good
% Sprinklered	Good
Lobby	Good
Interior Amenities	Good
Floor to ceiling heights	Good
Elevators	Good
Room Sizes and Layouts	Average
Bathrooms	Good
Parking Ratios	Excellent
Landscaping	Average
Room Features	Good
Hotel Amenities	Good to Excellent

Overall, the quality, condition, and functional utility of the improvements are considered good. The subject's ability to provide large ballroom space is a competitive advantage in the market.

The hotel amenities are considered good to superior to most hotels in the competitive set, although the lack of a resort experience on-site detracts from the subject's potential. The site can accommodate a more robust resort-style development pattern; however, careful planning and design would be required to ensure the Ft. Lauderdale International Boat Show could be supported within the planning/design of the resort style amenities.

Real Estate Taxes

Real estate tax assessments are administered by Broward County and are estimated by jurisdiction on a countywide basis. Real estate taxes in this state and this jurisdiction represent ad valorem taxes, meaning a tax applied in proportion to value. The real estate taxes for an individual property may be determined by dividing the assessed value by 1,000 and then multiplying the estimate by a composite rate. The composite rate is based on a consistent tax rate throughout the state in addition to one or more local taxing district rates. The assessed values are based upon the current conversion assessment of the Broward County Property Appraiser's market value. Real estate taxes and assessments for the current tax year are shown in the following table.

Taxes and Assessments - 2021							
Tax ID	Assessed Value			Taxes and Assessments			
	Land	Improvements	Total	Ad Valorem Tax Rate	Taxes	Direct Assessments	Total
5042 12 27 0012	\$74,055,640	\$59,025,740	\$133,081,380	1.854780%	\$2,468,367	\$142,241	\$2,610,608

State law requires that all real property be re-valued each year. The millage rate is generally finalized in October of each year, and tax bills are generally received in late October or early November. The gross taxes are due by March 31st of the following year. If the taxes are paid prior to November 30th, the State of Florida allows a 4% discount for early payment. The discount then becomes 3% if paid by December 31st, 2% if paid by January 31st, and 1% if paid by February 28th. After March 31st, the taxes are subject to late penalties and interest.

Highest and Best Use

The highest and best use of a property is the reasonably probable use resulting in the highest value, and represents the use of an asset that maximizes its productivity.

Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as though vacant, and as improved or proposed. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

Highest and Best Use

The subject property is sufficiently complex in both the economic structure of the land lease, and the physical configuration of the property that analyzing the highest and best use before presentation of the valuation is not practical.

The subsequent valuation demonstrates that the highest and best use is continued use as improved with supplemental development of waterfront restaurants and amenities that can developed within the density guidelines of the zone without loss of the boat show revenue.

The subject has surplus land, but this surplus land is experiencing excess productivity resulting from the boat show agreement. If/when the boat show agreement were to not be extended (considered unlikely), or the material economic terms were to be modified, then the highest and best use of this portion of the site might shift to rental apartment development, or perhaps development of a second hotel subject to demand.

At the current time, continuation of the mixed-use Hotel-Marina represents the maximally productive use absent the property receiving significant density and height waivers to facilitate additional development AND the ability to retain the boat show revenue.

Most Probable Buyer

Taking into account the size and characteristics of the property and its occupancy, the likely buyer is an equity fund or development company with experience in hotel and marine management.

Valuation

Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type. The methodology employed in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Applicable	Utilized

As a leasehold interest, the most applicable valuation method is the income approach. As a major mixed-use site with a marina and hotel component, coupled with potential redevelopment options, there are few sites available for direct comparison in terms of overall property productivity, and even fewer which sold upon which to base sales comparison metrics. Therefore, we've used the sales comparison analysis as a cross-check for the hotel value, and we rely upon the current offering on Pier 66 to reconcile the overall valuation. However, we are not aware of any sufficiently comparable mixed-use sales that demonstrate the subject's level of economic productivity to develop a unified sales comparison approach of both uses combined.

Sales Comparison Approach

The sales comparison approach develops an indication of value by comparing the subject to sales of similar properties. The steps taken to apply the sales comparison approach are:

- Identify relevant property sales;
- Research, assemble, and verify pertinent data for the most relevant sales;
- Analyze the sales for material differences in comparison to the subject;
- Reconcile the analysis of the sales into a value indication for the subject.

To apply the sales comparison approach, the research focused on transactions within the following parameters:

- Property Type: Waterfront resort hotel in the Greater Ft. Lauderdale Market
- Location: Beach view \ Beachfront \ Intracoastal
- Size: 200 + Key Hotel with banquet and similar facilities
- Age/Quality: 1975+ Vintage; Renovated post 2005
- Transaction Date: Most Current

For this analysis, price per room is used as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The sales considered most relevant are summarized in the following table.

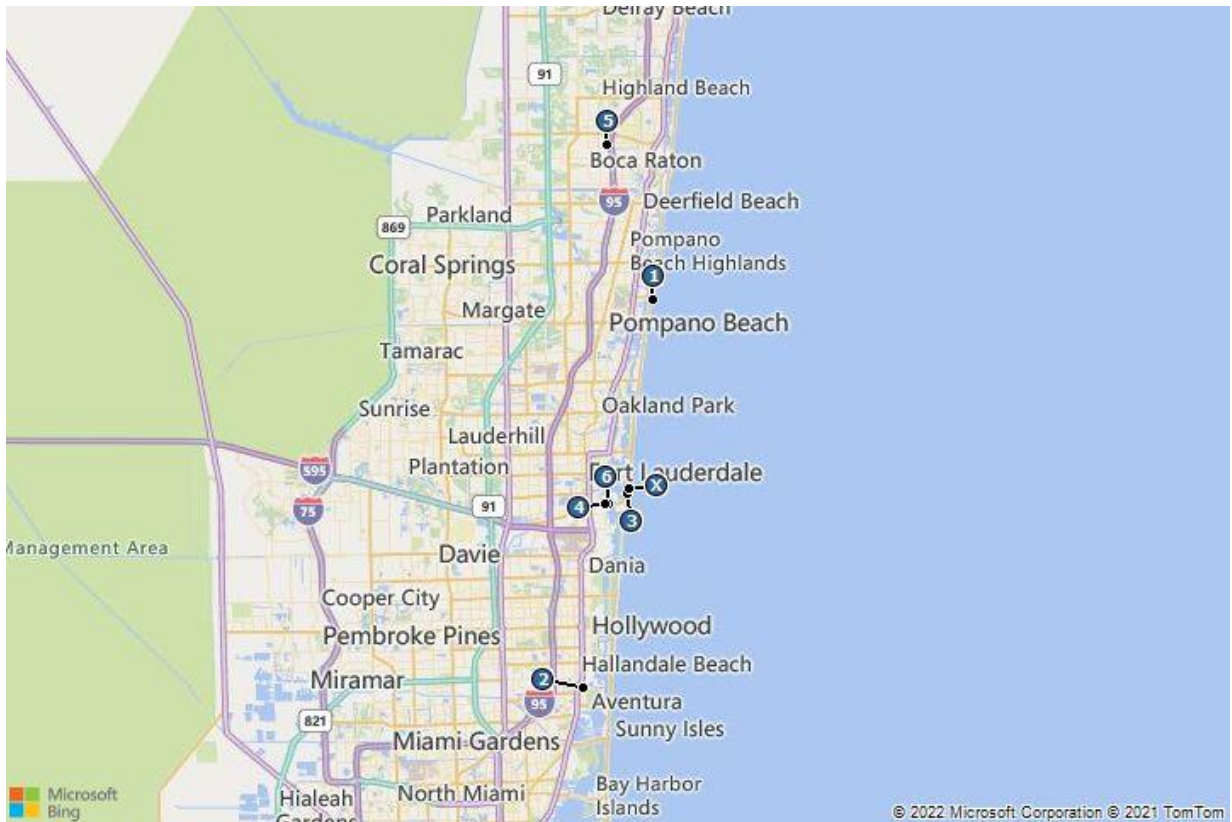
Summary of Comparable Improved Sales

No.	Name/Address	Sale Date; Status	Yr. Blt.; # Stories; % Occ.	# Rooms; SF	Effective Sale Price	\$/Room; \$/SF
1	Marriott Fort Lauderdale 1200 N. Ocean Blvd Pompano Beach Broward County FL	Dec-21 Closed	2013 8 —	219 260,648	\$54,000,000	\$246,575 \$207.18
<i>Comments: On December 1st, 2021, the 260,648 square foot hospitality property located at 1200 N Ocean Blvd in Pompano Beach, FL was sold for \$54,000,000, or \$246,575 per room. The property was sold jointly by Pan Am Equities and Big Move Properties, and was purchased as a joint venture by Key International and Wexford Real Estate Investors. A \$46,000,000 loan was secured by the buyer from Synovus Bank for the acquisition. The value-add Marriott Pompano Beach will undergo renovation and updates in the near future. The seller was represented by Miguel Pinto and Garrick Benabe of Apex Capital Realty. The buyer was unrepresented.</i>						
2	AC Hotels by Marriott 20805 Biscayne Blvd Aventura Miami/Dade County FL	Nov-21 Closed	2017 9 —	233 191,674	\$62,622,544	\$268,766 \$326.71
<i>Comments: On 11/30/2021, the two hospitality buildings located at 20805 Biscayne Blvd, and 2910 NE 207th St Aventura, FL were sold for \$88,000,000, or \$200,000 per room. 20805 Biscayne Blvd is a 233-room AC Hotel by Marriott that was built on 1.86 acres in 2017. The other hospitality building located at 2910 NE 207th St is a 207-room Aloft by Marriott was built on 0.56 acres in 2018. This property is a part of the Aventura Park Square. The effective sale price represents the reported allocation for the AC Hotels.</i>						
<i>The details of these transactions are from sources deemed reliable.</i>						
3	B Ocean Fort Lauderdale 1140 Seabreeze Blvd Fort Lauderdale Broward County FL	Oct-21 Closed	1956 12 —	481 288,431	\$117,875,000	\$245,062 \$408.68
<i>Comments: The beachfront B Ocean Resort Fort Lauderdale — formerly known as the Yankee Clipper — sold for \$126.9 million, marking one of the biggest South Florida hotel deals this year. Boston-based Rockpoint Group and Fort Lauderdale-based InSite Group, through an affiliate, bought the 481-key resort for \$117.9 million, records show. They paid an additional \$9 million for an adjacent 1.8-acre parking lot. InSite also was on the seller's side, as it is tied to the entity led by The Carlyle Group that sold the properties. The deal equates to \$263,773 per room. The larger of the two deals was the sale of the resort buildings and lots at 1101, 1127 and 1140 Seabreeze Boulevard, as well as at 1136 and 1140 Holiday Drive. In the smaller deal, Rockpoint purchased the parking lots at 3048 and 3054 Harbor Drive. The hotel originally was developed as the Yankee Clipper in 1956. It spans 3.3 acres. The selling entity bought the resort for \$107 million in 2014 from Barry Sternlicht's Starwood Capital Group, according to public records. It rebranded it as the B Ocean Resort following renovations.</i>						

Summary of Comparable Improved Sales

No.	Name/Address	Sale Date; Status	Yr. Blt.; # Stories; % Occ.	# Rooms; SF	Effective Sale Price	\$/Room; \$/SF
4	Renaissance Hotel 1617 SE. 17th St. Fort Lauderdale Broward County FL	Mar-19 Closed	2001 12 —	236 228,799	\$66,000,000	\$279,661 \$288.46
<i>Comments: This is the sale of a full service hotel located within the Port District of Fort Lauderdale, Broward County, Florida. The property benefits from its close proximity to Port Everglades and the Atlantic Ocean. The hotel contains a total of 236 rooms, spread across 12 floors. Rooms include standard and suite layouts. Hotel amenities include a full service restaurant, lobby bar, pool-side bar, coffee bar, exercise room, meeting space, business center, outdoor pool, among others. The property is operating under the Renaissance flag, by Marriott. The property was constructed in 2001, but fully renovated by the seller in 2015. Reportedly, at the time of sale the property required minimal PIP updates. The property sold on March 14, 2019 for \$61,890,000, or \$270,000 per room. As of the date of confirmation, this sale has yet to be recorded in the public records.</i>						
5	Marriott Hotels & 5150 Town Center Cir. Boca Raton Palm Beach County FL	Jan-18 Closed	1987 11 —	256 126,830	\$76,000,000	\$296,875 \$599.23
<i>Comments: On January 23, 2018 Carey Watermark Investors 1, Inc. sold the 259-room hotel located at 5150 Town Center Circle in Boca Raton, FL to AVR Realty Company, LLC for \$76 million, or approximately \$293,436 per room. At the time of sale the subject property was operated as a Marriott. The buyer financed this acquisition with a \$60 million loan provided by Manufacturers and Traders Trust Company. Room revenue at disposition was \$13,500,000. NOI was \$6,608,000.</i>						
6	Hilton Fort Lauderdale 1881 SE. 17th St Fort Lauderdale Broward County FL	May-18 Closed	1980 21 —	595 352,002	\$177,000,000	\$297,479 \$502.84
<i>Comments: On May 30, 2018 TA Realty sold the 589-room hotel located at 1881 SE 17th Street in Fort Lauderdale, FL to a joint venture between Thayer Lodging Group, Inc. and Brookfield Property Partners for \$177 million, or approximately \$300,509 per room. At the time of sale the subject property was called Hilton Fort Lauderdale Marina. The property includes 33 slip marina, 25,500 square feet of meeting space, and four food and beverage outlets. The seller sold the property because of fund timing. The buyer plans to execute a value-add strategy. The actual sales price is higher than what is reflected in public record. The buyer financed this acquisition by assuming an \$87 million loan provided by German American Capital Corporation. They obtained also a \$52 million loan provided by Citibank, N.A.</i>						
Subject			1973	296		
Bahia Mar Hotel &			—	258,817		
Fort Lauderdale, FL			—			

Comparable Improved Sales Map





Sale 1
Marriott Fort Lauderdale Pompano Beach Resort



Sale 2
AC Hotels by Marriott Miami Aventura



Sale 3
B Ocean Fort Lauderdale



Sale 4
Renaissance Hotel



Sale 5
Marriott Hotels & Resorts



Sale 6
Hilton Fort Lauderdale Marina

Adjustment Factors

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

Adjustment Factors	
Effective Sale Price	Accounts for atypical economics of a transaction, such as excess land, non-realty components, expenditures by the buyer at time of purchase, or other similar factors. Usually applied directly to sale price on a lump sum basis.
Real Property Rights	Leased fee, fee simple, leasehold, partial interest, etc.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.
Conditions of Sale	Extraordinary motivation of buyer or seller, such as 1031 exchange transaction, assemblage, or forced sale.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.
Location	Market or submarket area influences on sale price; surrounding land use influences.
Access/Exposure	Convenience to transportation facilities; ease of site access; visibility from main thoroughfares; traffic counts.
Size	Inverse relationship that often exists between building size and unit value.
Parking	Ratio of parking spaces to building area.
Building to Land Ratio	Ratio of building area to land area; also known as floor area ratio (FAR).
Building Quality	Construction quality, amenities, market appeal, functional utility.
Age/Condition	Effective age; physical condition.
Economic Characteristics	Non-stabilized occupancy, above/below market rents, and other economic factors. Excludes differences in rent levels that are already considered in previous adjustments, such as for location or quality.

Analysis and Adjustment of Sales

Adjustments are based on a rating of each comparable sale in relation to the subject. The adjustment process is typically applied through either quantitative or qualitative analysis, or a combination of both analyses. Quantitative adjustments are often developed as dollar or percentage amounts, and are most credible when there is sufficient data to perform a paired sales analysis.

While percentage adjustments are presented in the adjustment grid, they are based on qualitative judgment rather than empirical research, as there is not sufficient data to develop a sound quantitative estimate. Although the adjustments appear to be mathematically precise, they are merely intended to illustrate an opinion of typical market activity and perception. With the exception of market conditions, the adjustments are based on a scale, with a minor adjustment in the range of 1-5% and a substantial adjustment considered to be 20% or greater.

The rating of each comparable sale in relation to the subject is the basis for the adjustments. If the comparable is superior to the subject, its sale price is adjusted downward to reflect the subject's relative attributes; if the comparable is inferior, its price is adjusted upward.

Adjustments are considered for the following factors, in the sequence shown below.

Analysis and Adjustment of Sales

The analysis and adjustment of the comparable sales is discussed in the following paragraphs.

Sale 1 is Marriott Fort Lauderdale Pompano Beach Resort, located at 1200 N. Ocean Blvd, Pompano Beach, Broward County, FL, a 219 room hotel property. The property sold in December 2021 for \$54,000,000, or \$246,575 per room. An upward adjustment of 20% is indicated for location. A downward adjustment of 5% is indicated for age/condition/quality. Overall, an upward adjustment is indicated.

Sale 2 is AC Hotels by Marriott Miami Aventura, located at 20805 Biscayne Blvd, Aventura, Miami/Dade County, FL, a 233 room hotel property. The property sold in November 2021 for \$62,622,544, or \$268,766 per room. An upward adjustment of 20% is indicated for location. A downward adjustment of 5% is indicated for age/condition/quality. Overall, an upward adjustment is indicated.

Sale 3 is B Ocean Fort Lauderdale, located at 1140 Seabreeze Blvd, Fort Lauderdale, Broward County, FL, a 481 room hotel property. The property sold in October 2021 for \$117,875,000, or \$245,062 per room. An upward adjustment of 20% is indicated for age/condition/quality.

Sale 4 is Renaissance Hotel, located at 1617 SE. 17th St., Fort Lauderdale, Broward County, FL, a 236 room hotel property. The property sold in March 2019 for \$66,000,000, or \$279,661 per room.

Sale 5 is Marriott Hotels & Resorts, located at 5150 Town Center Cir., Boca Raton, Palm Beach County, FL, a 256 room hotel property. The property sold in January 2018 for \$76,000,000, or \$296,875 per room.

Sale 6 is Hilton Fort Lauderdale Marina, located at 1881 SE. 17th St, Fort Lauderdale, Broward County, FL, a 595 room hotel property. The property sold in May 2018 for \$177,000,000, or \$297,479 per room.

Adjustments Summary

The following table summarizes the adjustments discussed above and applied to each sale.

Improved Sales Adjustment Grid							
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Property Name	Bahia Mar Hotel & Marina	Marriott Fort Lauderdale Pompano Beach Resort	AC Hotels by Marriott Miami Aventura	B Ocean Fort Lauderdale	Renaissance Hotel	Marriott Hotels & Resorts	Hilton Fort Lauderdale Marina
Address	801 Seabreeze Boulevard	1200 N. Ocean Blvd	20805 Biscayne Blvd	1140 Seabreeze Blvd	1617 SE. 17th St.	5150 Town Center Cir.	1881 SE. 17th St
City	Fort Lauderdale	Pompano Beach	Aventura	Fort Lauderdale	Fort Lauderdale	Boca Raton	Fort Lauderdale
County	Broward	Broward	Miami/Dade	Broward	Broward	Palm Beach	Broward
State	Florida	FL	FL	FL	FL	FL	FL
Sale Date		Dec-21	Nov-21	Oct-21	Mar-19	Jan-18	May-18
Sale Status		Closed	Closed	Closed	Closed	Closed	Closed
Sale Price		\$54,000,000	\$62,622,544	\$117,875,000	\$66,000,000	\$76,000,000	\$177,000,000
Price Adjustment		—	—	—	—	—	—
Description of Adjustment							
Effective Sale Price		\$54,000,000	\$62,622,544	\$117,875,000	\$66,000,000	\$76,000,000	\$177,000,000
Gross Building Area	217,018	260,648	191,674	288,431	228,799	176,506	352,002
Number of Rooms	296	219	233	481	236	256	595
Year Built	1973	2013	2017	1956	2001	1987	1980
Database ID		2776400	2776401	2776402	2212999	1898316	2776407
Price per Room		\$246,575	\$268,766	\$245,062	\$279,661	\$296,875	\$297,479
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple Going	Fee Simple Going	Fee Simple
% Adjustment		—	—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—	—
Conditions of Sale		Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length
% Adjustment		—	—	—	—	—	—
Market Conditions	2/18/2022	Dec-21	Nov-21	Oct-21	Mar-19	Jan-18	May-18
Annual % Adjustment		—	—	—	—	—	—
Cumulative Adjusted Price		\$246,575	\$268,766	\$245,062	\$279,661	\$296,875	\$297,479
Location		20%	20%	—	—	—	—
Size (# of Rooms)		—	—	—	—	—	—
Age/Condition/Quality		-5%	-5%	20%	—	—	—
Amenities		—	—	—	—	—	—
Economic Characteristics		—	—	—	—	—	—
Use		—	—	—	—	—	—
Net \$ Adjustment		\$36,986	\$40,315	\$49,012	\$0	\$0	\$0
Net % Adjustment		15%	15%	20%	0%	0%	0%
Final Adjusted Price		\$283,562	\$309,081	\$294,075	\$279,661	\$296,875	\$297,479
Overall Adjustment		15%	15%	20%	0%	0%	0%
Range of Adjusted Prices		\$279,661 - \$309,081					
Average		\$293,455					
Indicated Value		\$295,000					

Value Indication

Prior to adjustment, the sales reflect a range of \$245,062 - \$297,479 per room. After adjustment, the range is narrowed to \$279,661 - \$309,081 per room, with an average of \$293,455 per room. To arrive at an indication of value, primary weight is given to Sales four, five, and six as these are the most similar to the subject, having received the least overall adjustment.

Price per Room Analysis

Indicated Value per Room	\$295,000
Subject Rooms	<u>296</u>
Indicated Value	\$87,320,000
Rounded	\$87,300,000

Income Capitalization Approach

The income capitalization approach converts anticipated economic benefits of owning real property into a value estimate through capitalization. The steps taken to apply the income capitalization approach are:

- Analyze the revenue potential of the property.
- Consider appropriate allowances for vacancy, collection loss, and operating expenses.
- Calculate net operating income by deducting vacancy, collection loss, and operating expenses from potential income.
- Apply the most appropriate capitalization methods to convert anticipated net income to an indication of value.

The two most common capitalization methods are direct capitalization and discounted cash flow analysis. In direct capitalization, a single year's expected income is divided by an appropriate capitalization rate to arrive at a value indication. In discounted cash flow analysis, anticipated future net income streams and a future resale value are discounted to a present value at an appropriate yield rate.

The two most common capitalization methods are direct capitalization and discounted cash flow analysis. In direct capitalization, a single year's expected income is divided by an appropriate capitalization rate to arrive at a value indication. In discounted cash flow analysis, anticipated future net income streams and a future resale value are discounted to a present value at an appropriate yield rate.

In this analysis, we use only direct capitalization because investors in this property type typically rely most on this method.

Room Revenue Projection

Economic rent is market rent or the average room rate a potential patron is warranted in paying and the motel operator is warranted in receiving for services. Forecasting of the subject's economic income involves an analysis of room sales. This is best accomplished by stabilized historical operation in conjunction with comparison with other similar motel properties available within the subject's effective market area. This was conducted in the Market Analysis section of this report. Stabilized average daily rate (ADR) and occupancy levels on a stabilized basis were previously concluded.

Total room nights available (RNA), room nights sold (RNS) and room revenue is calculated as follows.

Room Revenue Projection				
- Most Likely				
Rooms	x	Days in year	=	RNA
296	x	365	=	108,040
RNA	x	Occupancy	=	RNS
108,040	x	75.0%	=	81,030
RNS	x	ADR	=	Room Revenue
81,030	x	\$240.00	=	\$19,447,200

Income and Expense Data

To develop projections of stabilized income and expenses, we analyze industry benchmarks, recent financial statements of the subject, and data from comparable properties. Industry data from PKF Hospitality Research and Smith Travel Research are presented first in the following tables.

2020 CBRE Data - Full Service Hotels												
	Summary			South Atlantic			150 to 300 Rooms			Over \$200		
	% of		\$/Occ.	% of		\$/Occ.	% of		\$/Occ.	% of		\$/Occ.
	Revenue	\$ / Room	Room	Revenue	\$ / Room	Room	Revenue	\$ / Room	Room	Revenue	\$ / Room	Room
Revenue												
Rooms	72.9%	\$17,149	\$144.39	72.3%	\$18,307	\$142.32	75.1%	\$18,109	\$145.02	63.4%	\$26,424	\$277.81
Food and Beverage	19.2%	\$4,518	\$38.04	19.6%	\$4,974	\$38.67	17.2%	\$4,154	\$33.26	26.3%	\$10,949	\$115.11
Other Operated Departments	4.6%	\$1,071	\$9.02	4.6%	\$1,157	\$9.00	4.5%	\$1,086	\$8.70	6.1%	\$2,560	\$26.92
Miscellaneous Income	3.4%	\$800	\$6.73	3.6%	\$900	\$7.00	3.2%	\$772	\$6.18	4.2%	\$1,748	\$18.38
Total Revenues	100.0%	\$23,538	\$198.18	100.0%	\$25,338	\$196.99	100.0%	\$24,121	\$193.16	100.0%	\$41,681	\$438.22
Departmental Costs & Expenses												
Rooms	34.3%	\$5,884	\$49.54	27.8%	\$5,093	\$39.59	32.4%	\$5,876	\$47.06	38.7%	\$10,230	\$107.55
Food and Beverage	94.9%	\$4,286	\$36.08	80.9%	\$4,022	\$31.27	96.5%	\$4,010	\$32.11	105.9%	\$11,600	\$121.95
Other Operated Departments	44.1%	\$472	\$3.98	42.6%	\$493	\$3.83	52.5%	\$570	\$4.56	54.7%	\$1,400	\$14.72
Total Departmental Expenses	45.2%	\$10,642	\$89.60	37.9%	\$9,608	\$74.69	43.3%	\$10,456	\$83.73	55.7%	\$23,230	\$244.22
Total Departmental Profit	54.8%	\$12,896	\$108.58	62.1%	\$15,730	\$122.30	56.7%	\$13,665	\$109.43	44.3%	\$18,451	\$194.00
Undistributed Operating Expenses												
Administrative and General	14.8%	\$3,493	\$29.41	13.1%	\$3,310	\$25.73	14.8%	\$3,569	\$28.58	15.5%	\$6,453	\$67.84
Information and Telecommunications Systems	3.2%	\$751	\$6.32	2.8%	\$700	\$5.44	3.1%	\$737	\$5.90	3.4%	\$1,421	\$14.94
Sales and Marketing	13.1%	\$3,074	\$25.88	12.2%	\$3,102	\$24.11	14.0%	\$3,365	\$26.95	11.3%	\$4,702	\$49.43
Property Operation and Maintenance	8.3%	\$1,965	\$16.54	7.0%	\$1,784	\$13.87	8.1%	\$1,954	\$15.65	8.7%	\$3,633	\$38.19
Utility Costs	6.5%	\$1,527	\$12.86	5.9%	\$1,485	\$11.55	6.4%	\$1,553	\$12.44	5.4%	\$2,247	\$23.62
Total Undistributed Expenses	45.9%	\$10,810	\$91.01	41.0%	\$10,381	\$80.70	46.3%	\$11,178	\$89.52	44.3%	\$18,456	\$194.02
Gross Operating Profit	8.9%	\$2,086	\$17.57	21.1%	\$5,349	\$41.60	10.3%	\$2,487	\$19.91	0.0%	-\$5	-\$0.02
Management Fees	3.2%	\$747	\$6.29	3.1%	\$798	\$6.21	3.3%	\$784	\$6.28	2.9%	\$1,227	\$12.90
Income Before Non-Operating Income and Expenses												
Expenses	5.7%	\$1,339	\$11.28	18.0%	\$4,551	\$35.39	7.1%	\$1,703	\$13.63	-3.0%	-\$1,232	-\$12.92
Non-Operating Income and Expenses												
Income	0.4%	\$101	\$0.85	0.3%	\$64	\$0.50	0.6%	\$140	\$1.12	0.2%	\$93	\$0.97
Rent	4.5%	\$1,059	\$8.91	4.4%	\$1,106	\$8.60	5.7%	\$1,377	\$11.03	1.7%	\$712	\$7.48
Property and Other Taxes	11.8%	\$2,773	\$23.35	7.7%	\$1,943	\$15.11	10.8%	\$2,603	\$20.84	12.8%	\$5,354	\$56.28
Insurance	2.7%	\$645	\$5.43	3.1%	\$782	\$6.08	2.7%	\$655	\$5.25	3.2%	\$1,345	\$14.14
Other	3.1%	\$726	\$6.11	3.0%	\$765	\$5.94	2.7%	\$660	\$5.28	4.3%	\$1,812	\$19.05
Total Non-Operating Income and Expenses	21.7%	\$5,102	\$42.96	17.9%	\$4,531	\$35.23	21.4%	\$5,155	\$41.28	21.9%	\$9,129	\$95.98
EBITDA	-16.0%	-\$3,763	-\$31.68	0.1%	\$20	\$0.16	-14.3%	-\$3,452	-\$27.65	-24.9%	-\$10,361	#####
Percentage of Occupancy	32.5%			35.2%			34.1%			26.0%		
Average Daily Rate	\$144.39			\$142.32			\$145.02			\$277.81		
RevPAR	\$46.89			\$50.05			\$49.48			\$72.28		
Average Size (Rooms)	232			224			208			301		
Source: CBRE Hotels, Trends in the Hotel Industrv USA Edition 2021												

Source: CBRE Hotels, Trends in the Hotel Industry USA Edition 2021

2020 STR Data - Full Service Hotels

	South Atlantic			Resort			Urban			Upscale		
	% of Revenue	\$ / Room	\$/Occ. Room	% of Revenue	\$ / Room	\$/Occ. Room	% of Revenue	\$ / Room	\$/Occ. Room	% of Revenue	\$ / Room	\$/Occ. Room
Revenue												
Rooms	62.2%	\$21,492	\$189.07	55.9%	\$30,339	\$269.04	66.6%	\$15,214	\$172.34	84.3%	\$14,948	\$115.65
Food	15.5%	\$5,347	\$47.04	16.6%	\$9,026	\$80.04	13.9%	\$3,183	\$36.06	6.9%	\$1,222	\$9.45
Beverage	5.9%	\$2,051	\$18.04	6.8%	\$3,716	\$32.95	4.4%	\$1,004	\$11.38	2.2%	\$398	\$3.08
Other Food and Beverage	4.8%	\$1,676	\$14.75	4.5%	\$2,418	\$21.45	5.6%	\$1,276	\$14.45	2.0%	\$361	\$2.79
Food and Beverage Income	26.2%	\$9,075	\$79.83	27.9%	\$15,161	\$134.44	23.9%	\$5,464	\$61.89	11.2%	\$1,981	\$15.33
Other Operated Departments	5.7%	\$1,986	\$17.47	8.8%	\$4,774	\$42.33	3.3%	\$745	\$8.44	2.4%	\$418	\$3.24
Miscellaneous Income	5.9%	\$2,024	\$17.81	7.4%	\$4,005	\$35.52	6.2%	\$1,427	\$16.16	2.2%	\$390	\$3.02
Total Revenue	100.0%	\$34,578	\$304.18	100.0%	\$54,279	\$481.33	100.0%	\$22,849	\$258.83	100.0%	\$17,738	\$137.23
Departmental Expenses												
Rooms	29.8%	\$6,404	\$56.33	28.3%	\$8,577	\$76.06	44.4%	\$6,762	\$76.60	33.2%	\$4,964	\$38.41
Food and Beverage	87.9%	\$7,980	\$70.20	85.1%	\$12,904	\$114.43	113.9%	\$6,225	\$70.52	110.9%	\$2,197	\$17.00
Other Operated Departments	89.8%	\$1,783	\$15.69	94.2%	\$4,494	\$39.86	79.7%	\$594	\$6.72	74.7%	\$313	\$2.42
Total Departmental Expenses	46.8%	\$16,167	\$142.22	47.9%	\$25,976	\$230.35	59.4%	\$13,581	\$153.84	42.1%	\$7,474	\$57.82
Total Departmental Profit	53.2%	\$18,411	\$161.96	52.1%	\$28,303	\$250.98	40.6%	\$9,268	\$104.99	57.9%	\$10,264	\$79.41
Undistributed Operating Expenses												
Administrative & General	12.7%	\$4,392	\$38.63	11.0%	\$5,951	\$52.77	17.2%	\$3,937	\$44.60	16.4%	\$2,906	\$22.49
Information & Telecommunications Systems	2.4%	\$830	\$7.30	2.2%	\$1,210	\$10.73	3.9%	\$883	\$10.01	2.1%	\$378	\$2.92
Marketing	9.0%	\$3,115	\$27.40	8.2%	\$4,460	\$39.55	11.9%	\$2,716	\$30.77	9.9%	\$1,765	\$13.65
Franchise Fees	1.4%	\$494	\$4.35	0.7%	\$382	\$3.38	1.4%	\$318	\$3.60	3.8%	\$672	\$5.20
Sales & Marketing	10.4%	\$3,609	\$31.75	8.9%	\$4,842	\$42.93	13.3%	\$3,034	\$34.37	13.7%	\$2,437	\$18.85
Property Operations & Maintenance	7.1%	\$2,458	\$21.62	6.8%	\$3,703	\$32.84	10.1%	\$2,314	\$26.22	8.3%	\$1,470	\$11.38
Utilities	5.1%	\$1,781	\$15.66	4.6%	\$2,477	\$21.97	7.2%	\$1,654	\$18.74	6.8%	\$1,208	\$9.35
Total Undistributed Expenses	37.8%	\$13,069	\$114.97	33.5%	\$18,184	\$161.25	51.7%	\$11,823	\$133.93	47.4%	\$8,399	\$64.98
Gross Operating Profit	15.4%	\$5,342	\$46.99	18.6%	\$10,119	\$89.73	-11.2%	-\$2,555	-\$28.94	10.5%	\$1,865	\$14.43
Management Fee	3.0%	\$1,035	\$9.11	2.9%	\$1,595	\$14.15	2.5%	\$578	\$6.55	2.9%	\$515	\$3.98
Income Before Fixed Charges	12.5%	\$4,307	\$37.89	15.7%	\$8,523	\$75.58	-13.7%	-\$3,133	-\$35.49	7.6%	\$1,350	\$10.44
Selected Fixed Charges												
Taxes	7.7%	\$2,669	\$23.48	5.9%	\$3,188	\$28.27	15.9%	\$3,633	\$41.15	10.6%	\$1,882	\$14.56
Insurance	3.0%	\$1,023	\$9.00	2.9%	\$1,579	\$14.00	2.8%	\$639	\$7.24	2.7%	\$473	\$3.66
EBITDA*	1.8%	\$614	\$5.40	6.9%	\$3,756	\$33.30	-32.4%	-\$7,405	-\$83.88	-5.7%	-\$1,006	-\$7.78
Less: Replacement Reserve	1.8%	\$632	\$5.56	2.0%	\$1,074	\$9.53	1.9%	\$425	\$4.82	1.4%	\$252	\$1.95
EBITDA Less Replacement Reserve	-0.1%	-\$18	-\$0.16	4.9%	\$2,682	\$23.78	-34.3%	-\$7,830	-\$88.69	-7.1%	-\$1,258	-\$9.73
Occupancy (of Sample)	35.6%			37.7%			30.0%			37.0%		
Average Daily Rate	\$189.07			\$269.04			\$172.34			\$115.65		
RevPAR	\$67.34			\$101.31			\$51.68			\$42.80		

*EBITDA shown only includes property taxes and insurance. It does not include all fixed expenses or non-operating expenses.

Source: STR

We were not provided income and expense data for the subject property, however, we have adjusted our rooms revenue conclusion based on the September 2017 – 2021 Berkowitz audit submitted to the City. Expense statements from comparable properties were used to support our projections against the report income.

Operating History and Projections

	IRR Projection
Income	
Rooms	\$16,000,000
Food & Beverage	3,200,000
Other Operated Departments	2,400,000
Rentals & Other Income	640,000
Total Income	\$22,240,000
Expenses	
Departmental Expenses	
Rooms	\$4,000,000
Food & Beverage	2,240,000
Other Operated Departments	1,200,000
Total Departmental Expenses	\$7,440,000
Departmental Profit	\$14,800,000
Undistributed Expenses	
Administrative & General	\$1,440,000
Sales & Marketing	1,600,000
Property Operations & Maintenance	720,000
Utilities	889,600
Total Undistributed Expenses	\$4,649,600
Gross Operating Profit	\$10,150,400
Management Fees	889,600
Fixed Expenses	
Rent	\$945,200
Property & Other Taxes	1,180,000
Insurance	800,000
Total Fixed Expenses	\$2,925,200
Replacement Reserves	667,200
Total Expenses	\$16,571,600
Net Operating Income	\$5,668,400
Operating Expense Ratio	74.5%

Revenues

Rooms Revenue

Room revenue was projected at the beginning of this section at \$16,000,000. This is supported by a detailed penetration and yield study within the Market Analysis section.

Room revenue projections are consistent with the 2020 PKF Survey over \$200/night and the 2020 STR for the Resort Urban classification; reflecting revenues per occupied room night between \$250 - \$300. The rooms revenue projection also considers the typical \$15 - \$25 per night resort fee, which is not included in the HOST and other ADR survey data. However, based on the audited financial statements for the year-ending September 2018, the rooms revenue totaled \$15,839,291. We have based our projections on trended historical financial statements, although IRR believes this room revenue growth has significant room for improvement if ownership focused on maximizing the existing facility through reinvestment in room FF&E, and overall building improvements. We will address this within the reconciliation.

	2020 STR				2020 CBRE			
	South Atlantic	Resort	Urban	Upscale	Summary	South Atlantic	150 to 300 Rooms	Over \$200
% of Total Revenue	62.2%	55.9%	66.6%	84.3%	72.9%	72.3%	75.1%	63.4%
\$ / Occ Room Night	\$189.07	\$269.04	\$172.34	\$115.65	\$144.39	\$142.32	\$145.02	\$277.81
\$ / Room	\$21,492	\$30,339	\$15,214	\$14,948	\$17,149	\$18,307	\$18,109	\$26,424

Rooms Income

	Comp 1 2018	Comp 2 2018	Comp 3 2018	Comp 4 2018	Comp 5 2020	IRR Projection
% of Room Income	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
% of Total Income	73.8%	78.6%	84.7%	62.2%	41.7%	71.9%
\$/Room	\$44,233	\$61,595	\$57,103	\$53,618	\$63,160	\$54,054

Food and Beverage Income

This revenue includes all food and beverage sales from the restaurant as well as from meeting room rentals, banquets and room service.

	2020 STR				2020 CBRE			
	South Atlantic	Resort	Urban	Upscale	Summary	South Atlantic	150 to 300 Rooms	Over \$200
% of Total Revenue	26.2%	27.9%	23.9%	11.2%	19.2%	19.6%	17.2%	26.3%
\$ / Occ Room Night	\$79.83	\$134.44	\$61.89	\$15.33	\$38.04	\$38.67	\$33.26	\$115.11
\$ / Room	\$9,075	\$15,161	\$5,464	\$1,981	\$4,518	\$4,974	\$4,154	\$10,949

Food & Beverage Income						
	Comp 1 2018	Comp 2 2018	Comp 3 2018	Comp 4 2018	Comp 5 2020	IRR Projection
% of Room Income	18.3%	16.4%	14.1%	54.4%	108.5%	20.0%
% of Total Income	13.5%	12.9%	12.0%	33.9%	45.2%	14.4%
\$/Room	\$8,108	\$10,089	\$8,062	\$29,182	\$68,532	\$10,811

This revenue includes all food and beverage sales from the restaurant as well as from meeting room rentals, banquets and room service. In addition to the boat show season, the subject has a stable operating and management platform for attracting events, weddings, special events, and other functions year-round that contribute to strong F&B. At typical ratios to room revenues, we project Food & Beverage revenue at 20% of room revenue, which is within the survey range and expense comparable range. The subject does not attract any measurable outside F&B sales.

Other Operated Departments

At the subject, this category includes miscellaneous sources, such as telephone revenue, that are offset by a corresponding expense.

	2020 STR				2020 CBRE			
	South Atlantic	Resort	Urban	Upscale	Summary	South Atlantic	150 to 300 Rooms	Over \$200
% of Total Revenue	5.7%	8.8%	3.3%	2.4%	4.6%	4.6%	4.5%	6.1%
\$ / Occ Room Night	\$17.47	\$42.33	\$8.44	\$3.24	\$9.02	\$9.00	\$8.70	\$26.92
\$ / Room	\$1,986	\$4,774	\$745	\$418	\$1,071	\$1,157	\$1,086	\$2,560

Other Operated Departments Income						
	Comp 1 2018	Comp 2 2018	Comp 3 2018	Comp 4 2018	Comp 5 2020	IRR Projection
% of Room Income	17.2%	10.8%	3.9%	0.9%	19.7%	15.0%
% of Total Income	12.7%	8.5%	3.3%	0.6%	8.2%	10.8%
\$/Room	\$7,592	\$6,648	\$2,222	\$477	\$12,439	\$8,108

Rentals and Other Income

At the subject, this category includes other revenues that are reported on a net basis and do not have a corresponding expense. In the case of the subject, we project rental income from commercial sources based on the 25,000+/- SF of commercial space. We do not have copied of the existing leases, but market rent on ground-floor space should approximate \$50/SF, with second floor rents 25% - 50% lower. We project average \$40/SF rent (gross plus utilities) on the existing commercial space.

	2020 STR				2020 CBRE			
	South Atlantic	Resort	Urban	Upscale	Summary	South Atlantic	150 to 300 Rooms	Over \$200
% of Total Revenue	5.9%	7.4%	6.2%	2.2%	3.4%	3.6%	3.2%	4.2%
\$ / Occ Room Night	\$17.81	\$35.52	\$16.16	\$3.02	\$6.73	\$7.00	\$6.18	\$18.38
\$ / Room	\$2,024	\$4,005	\$1,427	\$390	\$800	\$900	\$772	\$1,748

Rentals & Other Income

	Comp 1 2018	Comp 2 2018	Comp 3 2018	Comp 4 2018	Comp 5 2020	IRR Projection
% of Room Income	—	—	—	5.4%	11.6%	4.0%
% of Total Income	—	—	—	3.4%	4.8%	2.9%
\$/Room	—	—	—	\$2,900	\$7,322	\$2,162

Total Revenue Projections

The following table summarizes our projection of total revenue.

Income History and Projections	
	IRR Projection
Rooms	\$16,000,000
Food & Beverage	\$3,200,000
Other Operated Departments	\$2,400,000
Total Income	\$22,240,000

Departmental Expenses

Rooms Expense

Rooms expense includes wages for front desk and housekeeping personnel, payroll taxes, guest supplies, cleaning supplies and laundry, linens, and miscellaneous expenses.

	2020 STR				2020 CBRE			
	South Atlantic	Resort	Urban	Upscale	Summary	South Atlantic	150 to 300 Rooms	Over \$200
% of Room Revenue	29.8%	28.3%	44.4%	33.2%	34.3%	27.8%	32.4%	38.7%
\$ / Occ Room Night	\$56.33	\$76.06	\$76.60	\$38.41	\$49.54	\$39.59	\$47.06	\$107.55
\$ / Room	\$6,404	\$8,577	\$6,762	\$4,964	\$5,884	\$5,093	\$5,876	\$10,230

Rooms Expense

	Comp 1 2018	Comp 2 2018	Comp 3 2018	Comp 4 2018	Comp 5 2020	IRR Projection
% of Room Income	24.1%	22.3%	26.9%	29.9%	23.2%	25.0%
% of Total Income	17.8%	17.5%	22.8%	18.6%	9.7%	18.0%
\$/Room	\$10,639	\$13,724	\$15,372	\$16,053	\$14,665	\$13,514

Rooms expense projections at 25% of room income is supported by local comparable, which are lower than reported figures from STR and CBRE data.

Food and Beverage Expense

This expense is an offset to the associated Food & Beverage revenue. It consists of cost of goods sold and wages and associated benefits. We project a 70% cost of sale to F&B since the primary driver at the subject is catering, and not beverage/bar income. This ratio could be improved with improvements to the facility bar \ restaurant to attract bar users.

	2020 STR				2020 CBRE			
	South Atlantic	Resort	Urban	Upscale	Summary	South Atlantic	150 to 300 Rooms	Over \$200
% of F & B Revenue	87.9%	85.1%	113.9%	110.9%	94.9%	80.9%	96.5%	105.9%
\$ / Occ Room Night	\$70.20	\$114.43	\$70.52	\$17.00	\$36.08	\$31.27	\$32.11	\$121.95
\$ / Room	\$7,980	\$12,904	\$6,225	\$2,197	\$4,286	\$4,022	\$4,010	\$11,600

Food & Beverage Expense

	Comp 1 2018	Comp 2 2018	Comp 3 2018	Comp 4 2018	Comp 5 2020	IRR Projection
% of F&B Income	84.9%	64.4%	56.1%	91.6%	64.3%	70.0%
% of Total Income	11.5%	8.3%	6.7%	31.0%	29.1%	10.1%
\$/Room	\$6,882	\$6,497	\$4,524	\$26,731	\$44,033	\$7,568

Other Operated Departments and Rentals Expense

The expense is an offset of the related miscellaneous income.

	2020 STR				2020 CBRE			
	South Atlantic	Resort	Urban	Upscale	Summary	South Atlantic	150 to 300 Rooms	Over \$200
% of Other Income	89.8%	94.2%	79.7%	74.7%	44.1%	42.6%	52.5%	54.7%
\$ / Occ Room Night	\$15.69	\$39.86	\$6.72	\$2.42	\$3.98	\$3.83	\$4.56	\$14.72
\$ / Room	\$1,783	\$4,494	\$594	\$313	\$472	\$493	\$570	\$1,400

Other Operated Departments Expense

	Comp 1 2018	Comp 2 2018	Comp 3 2018	Comp 4 2018	Comp 5 2020	IRR Projection
% of Other Income	18.4%	43.6%	29.0%	225.7%	79.2%	50.0%
% of Total Income	2.3%	3.7%	1.0%	1.2%	6.5%	5.4%
\$/Room	\$1,398	\$2,896	\$644	\$1,077	\$9,856	\$4,054

Undistributed Operating Expenses

Administrative and General

Administrative and General expenses include the general manager and administrative salaries, office expenses, supplies, credit card fees, accounting, bookkeeping, computer expense and systems, bank charges, professional fees, etc.

	2020 STR				2020 CBRE			
	South Atlantic	Resort	Urban	Upscale	Summary	South Atlantic	150 to 300 Rooms	Over \$200
% of Total Revenue	12.7%	11.0%	17.2%	16.4%	14.8%	13.1%	14.8%	15.5%
\$ / Occ Room Night	\$38.63	\$52.77	\$44.60	\$22.49	\$29.41	\$25.73	\$28.58	\$67.84
\$ / Room	\$4,392	\$5,951	\$3,937	\$2,906	\$3,493	\$3,310	\$3,569	\$6,453

Administrative & General Expense

	Comp 1 2018	Comp 2 2018	Comp 3 2018	Comp 4 2018	Comp 5 2020	IRR Projection
Total	—	—	—	—	—	\$1,440,000
% of Room Income	8.8%	8.4%	7.4%	24.1%	28.2%	9.0%
% of Total Income	6.5%	6.6%	6.3%	15.0%	11.8%	6.5%
\$/Room	\$3,910	\$5,158	\$4,234	\$12,899	\$17,825	\$4,865
\$/Occ. Room Night	—	—	—	—	—	—

Sales and Marketing Costs

Marketing expenses include national franchise marketing fees including both the royalty fee and the national advertising fee. Additionally it includes the cost of local marketing efforts.

	2020 STR				2020 CBRE			
	South Atlantic	Resort	Urban	Upscale	Summary	South Atlantic	150 to 300 Rooms	Over \$200
% of Total Revenue	10.4%	8.9%	13.3%	13.7%	13.1%	12.2%	14.0%	11.3%
% of Room Revenue	16.8%	16.0%	19.9%	16.3%	17.9%	16.9%	18.6%	17.8%
\$ / Occ Room Night	\$31.75	\$42.93	\$34.37	\$18.85	\$25.88	\$24.11	\$26.95	\$49.43
\$ / Room	\$3,609	\$4,842	\$3,034	\$2,437	\$3,074	\$3,102	\$3,365	\$4,702

Sales & Marketing Expense

	Comp 1 2018	Comp 2 2018	Comp 3 2018	Comp 4 2018	Comp 5 2020	IRR Projection
% of Room Income	12.0%	12.0%	11.6%	12.3%	19.1%	10.0%
% of Total Income	8.9%	9.4%	9.9%	7.7%	7.9%	7.2%
\$/Room	\$5,308	\$7,371	\$6,650	\$6,610	\$12,041	\$5,405

Property Operation and Maintenance

Repair and maintenance expenses include building maintenance and repair, parking lot maintenance, lawn care, landscaping, minor room repair and maintenance costs.

	2020 STR				2020 CBRE			
	South Atlantic	Resort	Urban	Upscale	Summary	South Atlantic	150 to 300 Rooms	Over \$200
% of Total Revenue	7.1%	6.8%	10.1%	8.3%	8.3%	7.0%	8.1%	8.7%
\$ / Occ Room Night	\$21.62	\$32.84	\$26.22	\$11.38	\$16.54	\$13.87	\$15.65	\$38.19
\$ / Room	\$2,458	\$3,703	\$2,314	\$1,470	\$1,965	\$1,784	\$1,954	\$3,633

Property Operations & Maintenance Expense

	Comp 1 2018	Comp 2 2018	Comp 3 2018	Comp 4 2018	Comp 5 2020	IRR Projection
% of Room Income	3.7%	5.3%	5.0%	7.7%	9.4%	4.5%
% of Total Income	2.7%	4.2%	4.2%	4.8%	3.9%	3.2%
\$/Room	\$1,620	\$3,289	\$2,831	\$4,127	\$5,947	\$2,432

Utility Costs

Energy costs include all heat, light and power costs.

	2020 STR				2020 CBRE			
	South Atlantic	Resort	Urban	Upscale	Summary	South Atlantic	150 to 300 Rooms	Over \$200
% of Total Revenue	5.1%	4.6%	7.2%	6.8%	6.5%	5.9%	6.4%	5.4%
\$ / Occ Room Night	\$15.66	\$21.97	\$18.74	\$9.35	\$12.86	\$11.55	\$12.44	\$23.62
\$ / Room	\$1,781	\$2,477	\$1,654	\$1,208	\$1,527	\$1,485	\$1,553	\$2,247

Utilities Expense

	Comp 1 2018	Comp 2 2018	Comp 3 2018	Comp 4 2018	Comp 5 2020	IRR Projection
% of Room Income	5.9%	4.2%	3.0%	4.4%	8.0%	5.6%
% of Total Income	4.4%	3.3%	2.6%	2.8%	3.4%	4.0%
\$/Room	\$2,631	\$2,599	\$1,731	\$2,372	\$5,083	\$3,005

Management

Management costs are for off-site professional management. The projection is based on typical hotel operations.

Management expense classified by hotel type is in the following chart.

Hotel Management Fees (% of Total Revenue)

	PwC 3Q-21 Economy/Ltd Svc	PwC 3Q-21 Select-Service	PwC 3Q-21 Full Service	PwC 3Q-21 Luxury/Upscale
Range	2% - 6%	2% - 4%	1% - 4.25%	2% - 5%
Average	3.75%	2.9%	2.75%	3.11%

Source: PwC Real Estate Investor Survey, 3Q-2021.

	2020 STR				2020 CBRE			
	South Atlantic	Resort	Urban	Upscale	Summary	South Atlantic	150 to 300 Rooms	Over \$200
% of Total Revenue	3.0%	2.9%	2.5%	2.9%	3.2%	3.1%	3.3%	2.9%
\$ / Occ Room Night	\$9.11	\$14.15	\$6.55	\$3.98	\$6.29	\$6.21	\$6.28	\$12.90
\$ / Room	\$1,035	\$1,595	\$578	\$515	\$747	\$798	\$784	\$1,227

Management Fees Expense

	Comp 1 2018	Comp 2 2018	Comp 3 2018	Comp 4 2018	Comp 5 2020	IRR Projection
% of Room Income	4.1%	3.8%	4.1%	6.4%	4.8%	5.6%
% of Total Income	3.0%	3.0%	3.5%	4.0%	2.0%	4.0%
\$/Room	\$1,798	\$2,352	\$2,359	\$3,447	\$3,029	\$3,005

Fixed Expenses

Real Estate Taxes

Real estate taxes were presented in the Real Estate Tax Analysis section of this report. While data is shown for both national and competitive properties, taxation practices in the local area are a better measure for estimating taxes on an on-going basis.

	2020 STR				2020 CBRE			
	South Atlantic	Resort	Urban	Upscale	Summary	South Atlantic	150 to 300 Rooms	Over \$200
% of Total Revenue	7.7%	5.9%	15.9%	10.6%	11.8%	7.7%	10.8%	12.8%
\$ / Occ Room Night	\$23.48	\$28.27	\$41.15	\$14.56	\$23.35	\$15.11	\$20.84	\$56.28
\$ / Room	\$2,669	\$3,188	\$3,633	\$1,882	\$2,773	\$1,943	\$2,603	\$5,354

Property & Other Taxes Expense

	Comp 1 2018	Comp 2 2018	Comp 3 2018	Comp 4 2018	Comp 5 2020	IRR Projection
% of Room Income	10.7%	9.3%	7.0%	6.6%	13.0%	7.4%
% of Total Income	7.9%	7.3%	5.9%	4.1%	5.4%	5.3%
\$/Room	\$4,738	\$5,747	\$4,000	\$3,545	\$8,205	\$3,986

Consistent with local assessment practices the projected amount is based on an assessed market value at the estimated market value, less the estimated value of the FF&E.

Insurance

The insurance expense covers fire, theft and liability for the subject. This expense is fixed and is best measured as the cost per available room.

	2020 STR				2020 CBRE			
	South Atlantic	Resort	Urban	Upscale	Summary	South Atlantic	150 to 300 Rooms	Over \$200
% of Total Revenue	3.0%	2.9%	2.8%	2.7%	2.7%	3.1%	2.7%	3.2%
\$ / Occ Room Night	\$9.00	\$14.00	\$7.24	\$3.66	\$5.43	\$6.08	\$5.25	\$14.14
\$ / Room	\$1,023	\$1,579	\$639	\$473	\$645	\$782	\$655	\$1,345

Insurance Expense

	Comp 1 2018	Comp 2 2018	Comp 3 2018	Comp 4 2018	Comp 5 2020	IRR Projection
% of Room Income	4.5%	2.1%	2.4%	3.7%	7.4%	5.0%
% of Total Income	3.3%	1.7%	2.0%	2.3%	3.1%	3.6%
\$/Room	\$1,991	\$1,320	\$1,371	\$1,963	\$4,647	\$2,703

Reserves for Replacement

A reserve for replacement is included in our analysis to account for long term replacement of items such as paving, mechanicals, carpeting and furniture, fixtures and equipment. Discussions with buyers regarding their parameters indicate reserves at predominantly 3- 4%. National survey data supporting this estimate is presented below.

Hotel Replacement Reserves (% of Total Revenue)				
	PwC 3Q-21 Economy/Ltd Svc	PwC 3Q-21 Select-Service	PwC 3Q-21 Full Service	PwC 3Q-21 Luxury/Upscale
Range	3% - 6%	2% - 7%	2.5% - 6%	4% - 6%
Average	4.4%	4.4%	4.14%	4.5%

Source: PwC Real Estate Investor Survey, 3Q-2021

	2020 STR			
	South			
	Atlantic	Resort	Urban	Upscale
% of Total Revenue	1.8%	2.0%	1.9%	1.4%
\$ / Occ Room Night	\$5.56	\$9.53	\$4.82	\$1.95
\$ / Room	\$632	\$1,074	\$425	\$252

A recent study published by the International Society of Hotel Consultants suggests that reserves are required at a significantly higher percentage of revenue. However until the marketplace recognizes this as a deduction from NOI and adjusts corresponding purchase parameters we have relied on market norms.

Based on all of the above information a 2.0 reserve is applied.

Net Operating Income

Based on the preceding income and expense projections, stabilized net operating income is projected as follows:

Net Operating Income Projection			
	Total	\$/Room	% of Total Income
Room Income	\$16,000,000	\$54,054	71.9%
Total Income	\$22,240,000	\$75,135	100.0%
Expenses	\$16,571,600	\$55,985	74.5%
NOI	\$5,668,400	\$19,150	25.5%

Comparable operating expense ratios against all income by the three comparables ranged from 68% - 91%, and the subject expense ratio is 74.5% inclusive of land lease operating rent under the existing land lease.

Capitalization Rate Selection

A capitalization rate is used to convert net income into an indication of value. Selection of an appropriate capitalization rate considers the future income pattern of the property and investment risk associated with ownership. We use the following methods to derive a capitalization rate for the subject: analysis of comparable sales, review of national investor surveys, interviews with market participants, and the band of investment method.

Analysis of Comparable Sales

Capitalization rates derived from comparable sales are shown in the following table.

Capitalization Rate Comparables									
No.	Property Name	City	State	Year Built	Sale Date	Gross Building Area	No. Rooms	Price/Room	Cap Rate
1	Renaissance Tampa	Tampa	FL	2004	6/4/2018	260,648	293	\$184,300	8.92%
2	Embassy Suites by Hilton Boca	Boca Raton	FL	1985	12/11/2019	191,674	263	\$238,109	8.50%
3	Holiday Inn Tampa Westshore	Tampa	FL	1986	11/1/2018	288,431	261	\$451,628	8.05%
4	Margaritaville Hollywood	Hollywood	FL	2014	4/16/2018	228,799	349	\$189,112	8.00%
5	Hilton Melbourne	Melbourne	FL	1985	1/9/2018	126,830	238	\$319,328	8.00%
6	DoubleTree by Hilton	Tampa	FL	1986	1/8/2018	352,002	203	\$871,921	7.00%
7	Residence Inn	Pompano Beach	FL	2002	9/19/2019	119,000	106	\$415,094	6.10%
8	Holiday Inn Express	Miami Springs	FL	1986	12/30/2019	58,365	110	\$93,636	8.11%
9	Residence inn	Weston	FL	2001	1/9/2020	83,295	100	\$200,000	8.44%
Indicated Cap Rate Range:									6.10% - 8.92%
Average (Mean) Cap Rate:									7.90%

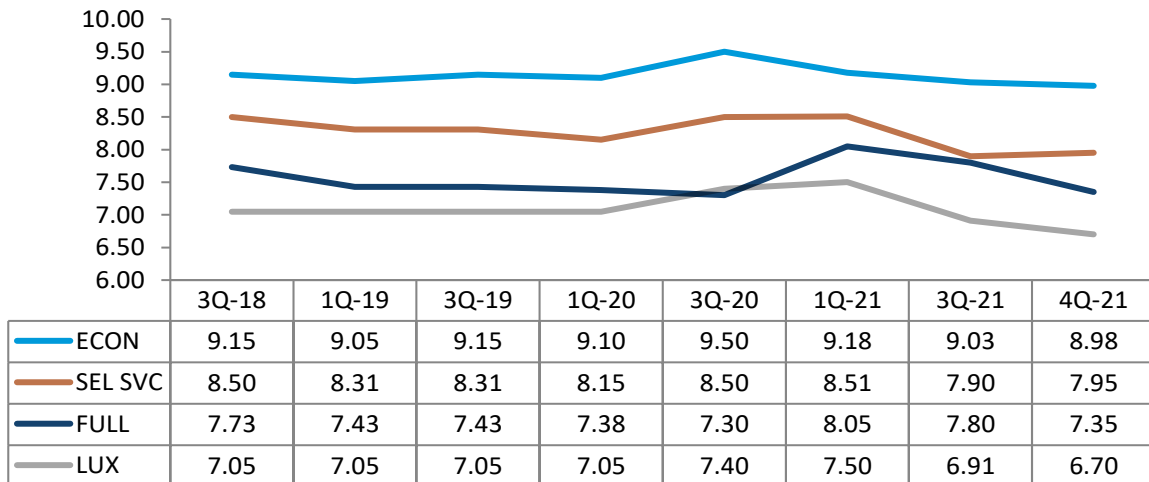
Based on this information, a capitalization rate within a range of 5.00% to 9.00% could be expected for the subject.

National Investor Surveys

Data pertaining to investment grade properties are summarized in the following tables.

Capitalization Rate Surveys – Hotel Properties				
	PwC 4Q-21 Economy/Ltd Svc	PwC 4Q-21 Select Service	PwC 4Q-21 Full Service	PwC 4Q-21 Luxury/Upscale
Range	7.00% – 10.50%	6.50% – 10.00%	5.50% – 9.00%	4.00% – 9.50%
Average	8.98%	7.95%	7.35%	6.70%
Source: PwC Real Estate Investor Survey				

Hotel Capitalization Rate Trends



ECON - PwC Real Estate Investor Survey - Economy/Ltd. Service Segment

SEL SVC - PwC Real Estate Investor Survey - Select Service Segment

FULL - PwC Real Estate Investor Survey - Full Service Segment

LUX - PwC Real Estate Investor Survey - Luxury/Upscale Segment.

National survey data indicates that a going-in capitalization rate for Full-Service hotel properties ranges from 5.50% to 9.00% and averages 7.35%. We would expect the rate appropriate to the subject as is to be in line with the survey; and given the resort market position to trend towards the lower end of full service (5.50%) and the mid-range of Luxury/Upscale (6.70%).

Band of Investment

The band of investment method derives a capitalization rate from the weighted average of the mortgage and equity demands on net income generated from the property. This method involves an estimate of typical financing terms as well as an estimated rate of return on equity capital sufficient to attract investors. The rate indicated by this method is shown in the following table.

Band of Investment Method				
Mortgage/Equity Assumptions				
Loan To Value Ratio	70%			
Interest Rate	4.50%			
Amortization (Years)	25			
Mortgage Constant	0.0667			
Equity Ratio	30%			
Equity Dividend Rate	8.00%			
Weighted Average of Mortgage and Equity Requirements				
Mortgage Requirement	70%	x	6.67% =	4.67%
Equity Requirement	30%	x	8.00% =	2.40%
Indicated Capitalization Rate				7.07%
Rounded				7.00%

Capitalization Rate Conclusion

To conclude a capitalization rate, we consider each of the following investment risk factors to determine its impact on the capitalization rate. The direction of each arrow in the following table indicates our judgment of an upward, downward, or neutral impact of each factor.

Risk Factor	Issues	Impact on Rate As Is
Income Characteristics	Subject ADR, occupancy, penetration and RevPar trends.	↓
Competitive Market Position	Construction quality, appeal, effective age, functional utility.	↔
Location	Market area demographics and life cycle trends; proximity issues; access and support services.	↓
Market	ADR and occupancy trends, potential for new supply.	↓
Highest & Best Use	Upside potential from redevelopment, adaptation, expansion.	↔
Overall Impact		↓

Accordingly, we conclude a capitalization rate as follows:

Capitalization Rate Conclusion	
Method	Capitalization Rate Indication
Analysis of Comparable Sales	6.10% - 8.92%
CoStar Average	7.00%
National Investor Surveys	5.50% - 6.70%
Band of Investment	7.00%
Primary Weight	Comparable Sales
Secondary Weight	National Investor Surveys
Conclusion	6.50%

Direct Capitalization Analysis

Net operating income is divided by the capitalization rate to indicate the value of the subject under the current land lease. We have then adjusted the value by capitalizing the land lease payment and adding it back to the value to arrive at the hypothetical fee simple value.

Direct Capitalization	
<u>Stabilized</u>	
Effective Gross Income	\$22,240,000
Expenses	\$16,571,600
Net Operating Income	\$5,668,400
Capitalization Rate	6.50%
Stabilized Value Indication	\$87,206,154
<u>As Is</u>	
Stabilized Value Indication	\$87,206,154
Adjustments	
ICA - Adjustment to Fee Simple	\$14,541,538
Total Adjustments	\$14,541,538
Indicated Value	\$101,747,692
Rounded	\$101,700,000

The adjustment to convert the leased fee value into fee simple is based on capitalizing the portion of the ground rent allocated to the hotel of \$945,200 at the overall rate of 6.5%.

Marina Component

IRR has conducted a survey of area marinas to determine the component of marine revenue from in-water slips. The results of our competitive survey are outlined as follows:

Marina Market Survey				
Name	Location	Owership	Management	In-Water Slips
Bahia Mar	801 Seabreeze Blvd.	Municipal	RCI	250
Las Olas Marina	240 Las Olas Circle	Municipal	Municipal	60
Pier 66	2301 SE 17th Street	Blackstone	LXR Lurxury Marinas	127
Hilton Fort Lauderdale Marina	1881 SE 17th Street	Blackstone	LXR Lurxury Marinas	33
Hall of Fame Marina	435 Seabreeze Boulevard	Invesco	Westrec	40
Surnise Harbor Marina	1030 Seminole Drive	State	Westrec	22
New River/Downtown Docking	2 South New River Drive	Municipal	Municipal	100
Cooley's Landing	450 SW 7th Avenue	Municipal	Municipal	30
Total				662

As the majority of income (exclusive of the boat show revenue) is derived from wet slip rentals, the ranges and estimate of slip rates for the primary economic driver of the marine basin.

Marina Rent Survey											
Marina Name	Address	City	# of Slips	Occupancy %	Rent Terms	Max. Length	Fuel Service	Other Amenities	Other Services	Monthly Rate/LF	Daily Rate/LF Daily
Bahia Mar (Subject)	801 Seabreeze Blvd.	Fort Lauderdale	250		Daily to annually (11 months)	300'	Yes	Security, pool, garage, onsite dining, onsite marine businesses, restrooms, laundry	WiFi, Water, Electric		
Las Olas Marina	240 Las Olas Circle	Fort Lauderdale	60		Daily to annually	129'	No	Restrooms, parking	Utilities	< 50' - \$68.44 51' to 70' - \$91.25 71' to 100' - \$121.97 100'+ - \$152.08	< 50' - \$2.50 51' to 70' - \$3.25 71' to 100' - \$4.25 100'+ - \$5.25
Pier 66	2301 SE 17th Street	Fort Lauderdale	164		Daily to annually	400'	Yes	Security, hotel amenities (restrooms, pools, tennis courts, restaurants, concierge)	Maintenance, WiFi, Shuttle Service	< 50' - \$60.00 51' to 70' - \$68.44 71' to 100' - \$91.25 100'+ - \$121.97	< 50' - \$2.40 51' to 70' - \$3.05 71' to 100' - \$4.00 100'+ - \$4.75
Hilton Fort Lauderdale Marina	1881 SE 17th Street	Fort Lauderdale	33		Daily to annually	100'+	No	Pool, gym, water taxi, concierge	WiFi, Water, Electric	< 50' - \$80.00 51' to 70' - \$85.00 71' to 100' - \$95.00 100'+ - \$125.00	< 50' - \$3.25 51' to 70' - \$3.75 71' to 100' - \$4.25 100'+ - \$4.75
Hall of Fame Marina	435 Seabreeze Boulevard	Fort Lauderdale	40		Daily to annually	70' (south side) 130' (north side)	No	Restrooms, laundry, business center, swimming pools	WiFi, Water, Electric		
Sunrise Harbor Marina	1030 Seminole Drive	Fort Lauderdale	22		Monthly only	200'	No	Concierge, resort amenities (pool, fitness center, tennis), rentable suites	Water, Electric	\$2.25/foot off season \$4.25/foot in season	\$2.75/foot off season \$4.50/foot in season
New River/Downtown Docking	2 South New River Drive	Fort Lauderdale	100		Daily to annually	130'+	Yes	Restrooms, parking	Water, Electric	\$0.99 to \$3.30/Mo. \$0.88 to \$2.93/3 Mo. \$0.89 to \$3.382/Year	\$1.10 to \$3.67 \$1.05/Mo. \$0.94/3 Mo. \$0.88/Year
Cooley's Landing	450 SW 7th Avenue	Fort Lauderdale	30		Daily to annually	50'	No	Restrooms, parking	Water, Electric	\$1.05/Mo. \$0.94/3 Mo. \$0.88/Year	\$1.05

From the marina survey, we have projected a blend of monthly, seasonal, and transient rents and developed the income proforma for the marina as shown below

The Seasonal Days totals 320 allowing for 45 days to prep, load, and breakdown the annual Ft. Lauderdale International Boat Show. We project occupancy in the winter season at 75% (actual physical occupancy may look higher, but many of the boats are transient or monthly rentals, and therefore, turn-over and frictional vacancy is higher). The following table illustrates the valuation of the marina along with the added value of the boat show revenue which is further demonstrated in the following section.

Bahia Mar Marina Pro-Forma Summary					
# of Slips	Avg. Slip Size	Avg. Daily Rate/LF	Seasonal Days	Occupancy	Projected
242	70	\$3.75	122	40%	\$3,100,020
242	70	\$6.00	198	80%	\$16,099,776
Total Revenue[1]					\$19,199,796
Effective Vacancy and Collection					5%
Effective Gross Income					\$18,239,806
Operating Expense Ratio 48%					-\$8,755,107
Land Lease Payment					-\$815,991
NOI to Leasee					\$8,668,708
Capitalization Rate				8.25%	\$105,075,247
NPV of Boat Show (10 Years)					\$19,892,160
Value of Marina to Leasee					\$124,967,407

Boat Show Revenues	Gross Revenue	Expenses	City Revenue Share	Net Income
2022	\$4,000,000	-\$500,000	-\$170,000	\$3,330,000
2023	\$4,200,000	-\$525,000	-\$178,500	\$3,496,500
2024	\$4,410,000	-\$551,250	-\$187,425	\$3,671,325
2025	\$4,630,500	-\$578,813	-\$196,796	\$3,854,891
2026	\$4,862,025	-\$607,753	-\$206,636	\$4,047,636
2027	\$5,105,126	-\$638,141	-\$216,968	\$4,250,018
2028	\$5,360,383	-\$670,048	-\$227,816	\$4,462,518
2029	\$5,628,402	-\$703,550	-\$239,207	\$4,685,644
2030	\$5,909,822	-\$738,728	-\$251,167	\$4,919,927
2031	\$6,205,313	-\$775,664	-\$263,726	\$5,165,923
NPV @ 15%				\$19,892,160

[1] Average Marina Revenue for the past five years is \$23.3 MM, implying approximately \$4.0 MM in Boat Show Revenue.

The selection of the capitalization rate at 8.25% considers the leasehold interest, but favorably considers the economic potential and history of the subject. This capitalization rate is only applied to the marina operation, and not the boat show revenue component which has a shorter life, and much higher likely volatility.

The operating expense ratio is derived from competitive regional and national marinas (confidential operating owner statements and national surveys by the Marine Industry trade associations) of similar scale and class, and considers all expenses associated with operating and servicing the marina, but excludes Cost of Goods on fuel sales.

We were not provided the Boat Show agreements. However, we have reviewed the Berkowitz Audit from 2017 through 2021 showing “Marina” ranging from \$21,530,842 to \$27,181,256 and averaging \$23,294,000.

This “Other” item in the revenue audit is likely the retail sales from fuel; thus, allowing an extraction of Slip rentals (less boat show revenue of \$4 Million+/-) at \$19,294,000 consistent with our projections of Effective Gross Income.

Bahia Mar Historical Gross Revenue					
	2021	2020	2019	2018	2017
Revenue					
Rooms	\$13,332,061	\$9,472,242	\$15,121,204	\$15,839,291	\$13,950,492
Marina	\$27,181,256	\$23,466,976	\$21,939,992	\$21,530,842	\$22,351,695
Other	\$4,962,202	\$2,802,079	\$3,843,791	\$3,524,467	\$3,211,118
Total	\$45,475,519	\$35,741,297	\$40,904,987	\$40,894,600	\$39,513,305
Less					
Cost of Fuel	\$2,755,922	\$1,397,843	\$2,433,399	\$2,508,589	\$2,557,144
Gross Operating Revenue	\$42,719,597	\$34,343,454	\$38,471,588	\$38,386,011	\$36,956,161

The audit and \$14,350,000 IRR projection is for an 11-month period, so the boat show event deprives the marina of approximately \$1.5 - \$2.0 Million in operating revenues to enable to site to accommodate the boat show.

Our analysis of boat show revenues reflects a 10-year analysis of probable revenue projects, less expenses, less land lease to the City to reflect a net “earnings” to the marina operation averaging \$4.2 million per year. We have discounted this over a 10-year period using a relatively high discount rate of 15% yield considering the risks inherent with continuing to host the boat show; allowing for down-years in revenue, and considering the potential that this income is not guaranteed.

The net present value of this income stream is then added to the capitalized value of the marina for the 11-month period. While the boat show event yields significantly greater revenue than the \$1.5 - \$2.0 Million (less 48% OpEx and land lease payments); and the hosting of the boat show likely enhances the hotel occupancy and overall ADR, the boat show also impairs full maximization of the physical real estate because the show requires so much dockside open space, and consumes significant land areas in addition to shutting down the marina for one month each year.

The feasibility of hosting the boat show is not necessarily in question. It is a huge economic driver to both the property, and to the region; and on the land economics, it suggests that it is a profitable

enterprise. However, it is not passive or easily replicable real estate income, and it is marginally financeable. Therefore, we have discounted this revenue stream substantially in our overall analysis.

Hypothetical Fee Simple of the Marina

In order to estimate the hypothetical fee simple value of the marina we add back the rent payments to the city for both the “normal” marina operation and the boat show revenues. The results of our conclusion as to both the leased fee value and the fee simple value related to the marina component are summarized as follows:

Marina Valuation & Value Allocation		
Marina Component	Property Rights	Allocated Value
Market Value of Marina	Leasehold	\$105,075,247
Boat Show Revenue	Leasehold/License	\$19,892,160
Total Marina Market Value	Leasehold	\$124,967,407
Marina Rent (add back)	Leased Fee	\$9,890,804
Boat Show Revenue Share (add back)	Leased Fee	\$19,880,597
Hypothetical Marina Value	Fee Simple	\$154,700,000

Reconciliation and Conclusions of Value

The following summarizes our findings with respect to the Hypothetical Value of the Fee Simple Interest in the subject property (inclusive of improvements), and the Leasehold Value (as encumbered by the current land lease).

We will then analyze the value of the land (unencumbered) as a component of the overall value.

Summary of Value Indications			
	Hypothetical Market Value Hotel	Hypothetical Market Value Marina	Total Hypothetical Market Value Fee Simple Unencumbered
Cost Approach	Not Used	Not Used	Not Used
Sales Comparison Approach	Not Used	Not Used	Not Used
Income Capitalization Approach	\$101,700,000	\$154,700,000	Not Used
Reconciled	\$101,700,000	\$154,700,000	\$256,400,000

Value Impact of Land Lease to the Lessee

The Lessee is required to pay 4.25% of various revenue sources to the Lessor through the end of the lease. These revenue streams from the various components directly affect the Net Operating Income the Lessee receives, and hence reduces the value of hypothetical fee ownership, reducing in effect the value of the leasehold interest by the lease payments capitalized at the rates used to value the respective components as follows:

Value Impact of the Land Lease				
	Annual Rent Paid to City	Correlated Cap Rate by Use/Source	Implied Value Lost to Lessee	Value of City's Leased Fee Interest
Hotel Component	\$945,200	6.50%	\$14,541,538	
Marina Component	\$815,991	8.25%	\$9,890,804	
Boat Show Revenue Share	\$170,000	16.75%	\$1,014,925	
Value of Lost Rent to Lessee			\$25,447,268	
Value of Income Stream to Fee Owner (Fee Simple)	\$1,931,191	4.00%		\$48,300,000

The value lost by virtue of diverting net income to the City lease can be calculated by applying the same capitalization rates “as-if” the Lessee owned the land fee simple. This value reflects \$25,447,268.

However, the capitalized loss to the Lessee is not the value of the property to the City. The Lessee has a significant capital investment in the property; the Lessor is not subordinated to any debt, and the Lessor essentially gets a priority return on all revenue streams plus the future upside from redevelopment at the expiration of the lease. In essence, this is equivalent to a long-term bond. The City as Lessor does not need to operate, manage, or do anything, and there is nearly zero chance of default because the economic loss associated with default is so severe to the Lessee, that not making the lease payment is not an option. The only risk the City takes is whether the operator of the asset is competent and operates the property maximally. However, given the scale of the investment, it's fairly remote that an inexperienced operator is placed in charge of a \$200+ Million asset.

Using a 4% capitalization rate (~200 basis points higher than a long-term bond to account for Lessee Management Risk), results in a value of the City's position at \$48,300,000. Note as well, that this capitalization rate is much lower than capitalization rates for ground leases that provide a flat rent income stream and tie the land-owner's investment up for a long term with no income growth. The subject's land lease income changes as the income to the leaseholder improves.

In addition, the Lessor's income stream has upside, provided that the Lessor (City) allows additional density. There is certainly enough land area to add waterfront restaurants and other potential uses, even within the existing height and bulk requirements of the zone, to maximize the site utility. This

would be considered “surplus development potential” which is not currently reflected in the existing lease payment.

The other way to measure the fee simple value is to contemplate that in most developments, land value reflects anywhere from 20%-25% of fee value under typical urban density of 5-10 stories. At \$246 Million (total value less \$10 Million FF&E and Goodwill) x .2 or .25; this reflects \$49 - \$61 Million based on the existing revenue streams without any upside for additional development.

The subject has excess development potential associated with the upland, but the marina basin is essentially maximized. The hotel operation at 296 units, plus commercial and amenity space essentially consumes 7 to 9 acres of the existing 16 upland areas, leaving 7- 9 acres of excess development potential. However, depending upon the form of this development, this could severely impact the boat show net revenues of \$4 Million (to the Lessee) valued at \$20 Million. This reflects about \$2.5 Million per acre in value associated with the boat show versus redeveloping the surplus land.

The question then is whether this land has a higher and better use, ie – would placing the property under a more intense development scenario yield a value higher than \$2.5 Million per acre?

Considering the density of 48 units per acre allowable and recognizing that market rate apartment development is worth \$80,000 - \$105,000 per unit, this would reflect \$4.0 - \$5.0 Million per acre.

Demand for new hotels on the site might be warranted, but this would cannibalize the existing hotel operation which could more easily be converted to higher more upscale service with some major capital input.

The highest yield per acre would result from for-sale condominium development, which given area condominium pricing currently, for-sale condo development could support land values at \$100,000 - \$125,000 per unit (\$5.0 - \$6.0 Million per acre at an average per sellable land basis of \$100+/- to \$150/SF sellable). However, these values become very unstable when a developer considers attempting a for-sale development on leased land and the timing of construction and sell-out in the current market. Further, the City (and developer) is not served foregoing the boat show revenue to take one-time payments on condo sales that do not reflect a long-term annuity (and reversion in the City's case).

Based on current land pricing for both market rate rental or condominium development, redevelopment of the portion of site area not needed to service the hotel and marina components is would produce a greater yield than continued operation of the boat show at the indicated boat show revenue.

Accordingly, it is our opinion based on comprehensive study of the site that the appropriate value of the land is \$66 Million - \$80 Million, say \$72 Million. This value considers that there is existing potential to construct a waterfront restaurant and support kiosk retail on the waterfront without materially impacting the boat show, and a redevelopment of the center building which houses the amenities and retail could be reasonably relocated on the site to generate a higher and better use within the existing zoning footprint without disrupting the boat show revenue.

Final Opinion of Value

Value Conclusions

Value Type & Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Hypothetical Market Value	Fee Simple	February 18, 2022	\$256,400,000
Market Value of the Land (based on lease income)	Leased Fee	February 18, 2022	\$48,300,000
Market value of the Land (leased income plus surplus)	Leased Fee	February 18, 2022	\$72,000,000

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is 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.

1. We requested operating history and physical information from the Lessee, which information was not provided with the exception of audit calculations on the lease payment and Gross Operating Revenue. IRR made reasonable attempts to confirm physical and economic information through other sources, but the market data applied may not represent actual operating results of the existing real estate.
2. All data provided by the City, or others, in conjunction with this assignment is assumed to be accurate. The value conclusions are based on the following hypothetical conditions. 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.
 1. The hypothetical value as expressed ignores the land lease on the property for purposes of reflecting the value of the real property unencumbered by the existing long-term land lease.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

The value conclusion(s) in this report consider the impact of COVID-19 on the subject property.

The opinions of value expressed in this report are based on estimates and forecasts that are prospective in nature and subject to considerable risk and uncertainty. Events may occur that could cause the performance of the property to differ materially from our estimates, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, our opinions and forecasts are based partly on data obtained from interviews and third party sources, which are not always completely reliable. Although we are of the opinion that our findings are reasonable based on available evidence, we are not responsible for the effects of future occurrences that cannot reasonably be foreseen at this time.

Exposure Time

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Based on the concluded market value / values stated previously, it is our opinion that the probable exposure time is 9-12 months.

Marketing Period

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. We estimate the subject's marketing period at 9-12 months.

Certification

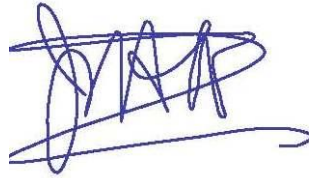
We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. 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.
3. We 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.
4. 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 the agreement to perform this assignment. We last appraised the subject in 2016.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. 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.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. 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.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. Charles E. Badell, MAI, made a personal inspection of the property that is the subject of this report. James Andrews, MAI, CRE, FRICS, ASA, has not personally inspected the subject.
12. No one provided significant real property appraisal assistance to the person(s) signing this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.

14. As of the date of this report, Charles E. Badell, MAI, and James Andrews, MAI, CRE, FRICS, ASA, have completed the continuing education program for Designated Members of the Appraisal Institute.

A handwritten signature in blue ink that reads "C. Badell". The signature is fluid and cursive, with the first name "C." and the last name "Badell" clearly legible.

Charles E. Badell, MAI
Florida State-Certified General Real Estate
Appraiser #RZ 3182

A handwritten signature in blue ink that reads "J. Andrews". The signature is more stylized and less legible than the one to its left, with many overlapping loops and a horizontal line crossing through the middle.

James Andrews, MAI, CRE, FRICS, ASA
Florida State Certified General #RZ4094

Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal

covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.

7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic

conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.

18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
19. The appraisal report is prepared for the exclusive benefit of you, your subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. IRR - Miami / Caribbean, Integra Realty Resources, Inc., and their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
22. We are not a building or environmental inspector. The Integra Parties do not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
24. **IRR - Miami / Caribbean is an independently owned and operated company. The parties hereto agree that Integra shall not be liable for any claim arising out of or relating to any appraisal report or any information or opinions contained therein as such appraisal report is the sole and exclusive responsibility of IRR - Miami / Caribbean. In addition, it is expressly**

agreed that in any action which may be brought against the Integra Parties arising out of, relating to, or in any way pertaining to the engagement letter, the appraisal reports or any related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further expressly agreed that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the assignment (unless the appraisal was fraudulent or prepared with intentional misconduct). It is expressly agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.

25. IRR - Miami / Caribbean is an independently owned and operated company, which has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.
28. The appraisal is also subject to the following:

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is 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.

1. We requested operating history and physical information from the Lessee, which information was not provided with the exception of audit calculations on the lease payment and Gross Operating Revenue. IRR made reasonable attempts to confirm physical and economic information through other sources, but the market data applied may not represent actual operating results of the existing real estate.
2. All data provided by the City, or others, in conjunction with this assignment is assumed to be accurate.

The value conclusions are based on the following hypothetical conditions. 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.

1. The hypothetical value as expressed ignores the land lease on the property for purposes of reflecting the value of the real property unencumbered by the existing long-term land lease.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Addendum A

Appraiser Qualifications

Charles E. Badell, MAI

Experience

Managing Director of Integra Realty Resources – Miami | Caribbean, a national real estate counseling and valuation firm with over offices throughout the U.S. and Caribbean.

Mr. Badell has been actively engaged in real estate valuation and consulting since 1999, spending the first part of his real estate career dedicated to residential properties, followed by a transition to commercial real estate in 2005. His experience and education in valuation disciplines include the following property interests and real estate asset types:

- Fee Simple, Leased Fee, Lease Hold property rights
- Industrial: including storage warehouse, transit warehouse, and refrigerated warehouse.
- Office: including high-rise, mid-rise, and low-rise in CBD/Urban and suburban submarkets, single-tenant corporate centers, and owner-occupied office of all sizes.
- Multifamily: including high-rise, mid-rise, garden-style, walk-up, and subsidized (Hud, Hap, Section 8)
- Retail: including strip centers, neighborhood centers, community centers, grocery-anchored centers, and street-retail in CBD/Urban sub-markets.
- Special Purpose facilities including religious institutions, schools, and government facilities
- Properties with going-concern components such as gas stations, truck stops, and hotels of all types from boutique limited service hotels to full-service branded hotels.

Clients Mr. Badell has served include:

- Federally Insured Financial Institutions
- Life Insurance Companies
- CMBS Lenders
- Commercial Real Estate Funds
- Government Agencies
- Developers
- Private Investors
- Private Estates
- Private Individuals

Professional Activities & Affiliations

Appraisal Institute LDAC Participant, January 2013 - December 2015

Appraisal Institute, Member (MAI) Appraisal Institute MAI Designation, January 2014

Florida International University Guest Lecturer, January 2016 - March 2020

Board of Director: Appraisal Institute South Florida Chapter, January 2016 - December 2018

Member: Urban Land Institute - Leadership Institute, January 2018

Member: Appraisal Institute, March 2018

Vice President: Appraisal Institute, January 2021 - December 2021

Licenses

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Miami, FL 33156

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Charles E. Badell, MAI

Licenses (Cont'd)

Florida, State-Certified General Real Estate Appraiser, RZ 3182, Expires November 2022

Education

Florida International University, MBA

University of Florida, BBA

Mr. Badell has completed appraisal courses through the Appraisal Institute as well as other accredited education providers including:

Appraisal of Automobile Dealerships

Advance Hotel Appraising

Appraisal of Owner-Occupied Commercial Properties

Appraisal of Assisted Living Facilities

Appraisal of Self Storage Facilities

Appraising and Analyzing Office Buildings for Mortgages

Trial Components, Recipe for Success or Disaster

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Charles E. Badell, MAI

Qualified Before Courts & Administrative Bodies

Qualified as an expert witness in the 17th Judicial Circuit Court of Broward County, Florida.

Case History and Trial/Testimony Experience:

Ursula Forst Romanelli v. Pattanee Sricharoenchit Forst, 17th Judicial Circuit Court of Broward County, Florida, case no. CACE 14-011784(03). Expert witness testimony in trial. Hearing Date October 27, 2014.

South Beach Classics, Inc., and Robin Ziel a/k/a Robin Z. Vernon v. Ted Vernon Specialty Automobiles, Inc., Accord Productions, Inc., Estate Marketing, Inc., and Boogie Boy, LLC. Expert witness testimony in partnership mediation. Mediation date March 17, 2018.

Galway Bay Mobile Homeowners Association v. Biza Corp. Expert report submitted. 2018.

Paraiso Two, LLC. et al. v. Terex Corporation, et al., US District Court for the Southern District of Florida, Case No. 1:18-cv-22099-KMW. Expert report submitted. 2020.

PRH Fairwinds, LLC. et al. v. Terex Corporation, et al., US District Court for the Southern District of Florida, Case No. 1:18-cv-22099-KMW. Expert report submitted. 2020.

Chakra 5, Inc. a Florida Corporation; 1501 Ocean Drive, LLC, a Florida Corporation; and Haim Turgman, and individual v. The City of Miami Beach; Jose Alberto, and individual; Chai Footman, an individual; Willie Grant, and individual; Orlando Gonzalez, and individual; Ramon Vasallo, an individual; and Vicente Santiesteban, and individual. In the Circuit Court of the 11th Judicial Circuit, in and for Miami-Dade County, Florida. Case No. 13-17885-CA-32. Expert report provided. Deposition provided. November 16, 2020.

Danijela Juretic and Raquel A. Rodriguez v. Lake Villa Condominium Association, Inc. in the Circuit Court of the Eleventh Judicial Circuit in and for Miami-Dade County, Florida. Case No: 2016-0078048-CA-27. Expert report submitted September 28, 2020.

Globalpro Recovery, Inc., Plaintiff v. YTECH 348 Belle Glade Investments, LLC, d/b/a Grande Lakes Apartments, YTECH 180 Units Miami Beach Investment, LLC, YTECH 491 Units Miami Gardens Investment, LLC, YTECH – 1428 Brickell Investment, LLC, Michael Higer, Berger Singerman, PA, Lexington Insurance Company; Endurance American Specialty Ins. Co.; Chubb Custom Insurance Company; Liberty Surplus Ins. Co.; General Security Indemnity Company of Arizona; Colony Insurance Company; Starr Surplus Lines Ins. Co.; Certain Underwriters at Lloyds, London, and Y-tech International, LLC, Defendants. In the Circuit of the 11th Judicial Circuit in and for Miami-Dade County, Florida. Case No.: 20-010075 CA 01. Expert reports submitted May 2021.

U.S. Bank National Association, as Indenture Trustee On Behalf Of And With Respect To Ajax Mortgage Loan Trust 2017-C, Mortgage Backed Notes, Plaintiff, v. Ethel M. Grossfeld, et al. Case No. 2015-22026-CA-01 in the Circuit Court of the Eleventh Judicial Circuit in and for Miami-Dade County, Florida. Expert report submitted April 2021.

Royal Oaks Land (Biscayne Landing) – North Miami LLC, Plaintiff v. BLIA Developers, Ltd. Et al., Defendant, In the Circuit Court of the 11th Judicial Circuit in and for Miami-Dade

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Charles E. Badell, MAI

Qualified Before Courts & Administrative Bodies (Cont'd)

County, Florida. Case No.: 09-052478 CA (05). Expert report submitted September 2021.

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Ron DeSantis, Governor

Halsey Beshears, 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

BADELL, CHARLES E

9155 S DADELAND BOULEVARD STE 1208
MIAMI FL 33156

LICENSE NUMBER: RZ3182

EXPIRATION DATE: NOVEMBER 30, 2022

Always verify licenses online at MyFloridaLicense.com



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About IRR

Integra Realty Resources, Inc. (IRR) provides world-class commercial real estate valuation, counseling, and advisory services. Routinely ranked among leading property valuation and consulting firms, we are now the largest independent firm in our industry in the United States, with local offices coast to coast and in the Caribbean.

IRR offices are led by MAI-designated Senior Managing Directors, industry leaders who have over 25 years, on average, of commercial real estate experience in their local markets. This experience, coupled with our understanding of how national trends affect the local markets, empowers our clients with the unique knowledge, access, and historical perspective they need to make the most informed decisions.

Many of the nation's top financial institutions, developers, corporations, law firms, and government agencies rely on our professional real estate opinions to best understand the value, use, and feasibility of real estate in their market.

Local Expertise...Nationally!

irr.com

Addendum B

IRR Quality Assurance Survey

IRR Quality Assurance Survey

We welcome your feedback!

At IRR, providing a quality work product and delivering on time is what we strive to accomplish. Our local offices are determined to meet your expectations. Please reach out to your local office contact so they can resolve any issues.

Integra Quality Control Team

Integra does have a Quality Control Team that responds to escalated concerns related to a specific assignment as well as general concerns that are unrelated to any specific assignment. We also enjoy hearing from you when we exceed expectations! You can communicate with this team by clicking on the link below. If you would like a follow up call, please provide your contact information and a member of this Quality Control Team will call contact you.

Link to the IRR Quality Assurance Survey: quality.irr.com

Addendum C

Property Information

Addendum C

Financials and Property Information

→ RAHN PROPERTIES
1512 E. BROWARD BLVD
(301)
FT. LAUD, FL.
33301

95-079437 T#001
02-23-95 02:46PM

AMENDED AND RESTATED
LEASE AGREEMENT

THIS AMENDED AND RESTATED LEASE AGREEMENT is made and entered into at Fort Lauderdale, Broward County, Florida, this 4th day of January, 1995, by and between:

CITY OF FORT LAUDERDALE, a municipal corporation of Florida, hereinafter referred to and identified as the LESSOR, or the CITY,

and

RAHN BAHIA MAR, LTD., a Florida Limited Partnership, hereinafter referred to and identified as the LESSEE

(The use herein of the plural shall include the singular, and the use of the singular shall include the plural; the use of the masculine gender shall include all genders, and the use of the neuter gender shall include all genders; the use of the words "LESSOR" and "LESSEE" shall include their heirs, representatives, successors, grantees and assigns.)

PREAMBLE

WHEREAS, the City of Fort Lauderdale, as LESSOR, and Fort Lauderdale Candlelight Corporation, as predecessor in interest to the current LESSEE, entered into that certain Lease dated September 1, 1962, recorded in Official Records Book 2870, at Pages 530-581 of the Public Records of Broward County, Florida, as amended by instrument dated September 8, 1964, recorded in Official Records Book 2870, at Pages 582 to 583 of the Public Records of Broward County, Florida; as amended by an instrument entitled Modification of Lease Agreement dated December 7, 1971, recorded in Official Records Book 5080, at Pages 845 to 849 of the Public Records of Broward County, Florida; and further amended by that certain Amendment to Lease dated April 22, 1980, recorded in Official Records Book 8958, at Pages 334 to 338 of the Public Records of Broward County, Florida; and as assigned by that certain Assignment of Lease dated August 14, 1980, recorded in Official Records Book 9066, at Page 472 of the Public Records of Broward County, Florida; and further assigned by that certain Assignment of Lease dated May 12, 1982, recorded in Official Records Book 10204, Page 761 to 764 of the Public Records of Broward County, Florida; and further assigned to the current LESSEE in that certain Consent to Assignment of Leasehold Interest and Assignment and

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Assumption of Leasehold Interest dated as of June 30, 1994, and recorded of even date herewith among the Public Records of Broward County, Florida (all of which are referred to herein as the "Lease") and which Lease is for the Property described in Exhibit "A", attached hereto and made a part hereof; and

WHEREAS, the parties desire to amend certain provisions of the Lease as set forth herein and provide for certain improvements to the leased premises; and

WHEREAS, such improvements, if constructed, should increase the gross revenues generated on the leased property, thereby affording additional revenues to the Lessor under the terms of the Lease during the balance of the leasehold term; and

WHEREAS, LESSOR and LESSEE by this amendment are desirous of consolidating all prior and present amendments to the Lease in one document by establishing an Amended and Restated Lease Agreement without terminating the aforementioned Lease; and

WHEREAS, by Resolution No. 95-1, adopted at its meeting of January 4, 1995, the City Commission of LESSOR authorized the construction of the improvements, pursuant to the terms hereof, and the execution of this Amended and Restated Lease Agreement; and

NOW, THEREFORE, in consideration of the mutual covenants contained herein and TEN DOLLARS (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree that by virtue of the representations herein made, and not otherwise, the LESSOR does hereby lease and let to the LESSEE the Property described in Exhibit "A" attached hereto and the parties agree that the terms, conditions covenants and agreements of this Amended and Restated Lease Agreement are as follows:

ARTICLE 1.0

Mutual Representations and Warranties

The parties hereto mutually represent, warrant and disclose to each other the following:

Section 1. The LESSOR is a municipal corporation organized and existing pursuant to Chapter 57-1322, Special Acts of 1957, Vol. II, Part I, at page 1043 (effective May 6, 1957) as of September 1, 1962 (hereinafter, Statutory Charter). The Statutory Charter was repealed by operation of City of Fort Lauderdale Ordinance No. C-84-87, adopted on second reading on October 2, 1984 and by a referendum vote of the electorate on November 11, 1984 (hereinafter, Charter).

Section 2. On August 29, 1947, there was executed and delivered to the LESSOR by the United States of America a deed conveying to the LESSOR certain lands situated within the territorial limits of the CITY, known as Coast Guard Base No. 6, which deed of conveyance is recorded in Deed Book 604, Page 529, of

the public records of Broward County, Florida. The Property embraced in this lease, as shown on Exhibit "A" hereto attached, constitutes a portion of the said property thus acquired by the LESSOR. The said Property was acquired and is held by the LESSOR in its proprietary capacity.

Section 3. On November 1, 1948, the LESSOR adopted Resolution No. 3471 (hereinafter called the Bond Resolution), authorizing the issuance of \$2,500,000 Municipal Recreation Revenue Bonds (hereinafter called Revenue Bonds), to be dated September 1, 1948. On November 1, 1948, proceedings were brought by the CITY in the Circuit Court in and for Broward County, Florida, to validate said Revenue Bonds (Chancery Cause No. 13,999). On November 22, 1948, a decree of validation was affirmed by the Supreme Court of the State of Florida on December 21, 1948 (Schmeller vs. City of Fort Lauderdale, 38 So.2d 36).

Section 4. Out of the proceeds of the sale of the said Revenue Bonds, there was constructed upon said property thus acquired by the CITY certain improvements, and the said property ever since December 1, 1949, has been devoted by the CITY to the purposes described in said Bond Resolution. Various problems relating to said undertakings were in issue and concluded by decrees rendered in Chancery Cause No. 15,108, Broward County, Florida, and the decision of the Supreme Court of Florida, reported in 51 So. 2d 429.

Section 5. All steps, acts and conditions required by the Charter of the CITY to be done as a condition precedent to the execution of the Lease and this Amended and Restated Lease Agreement (which collectively shall hereinafter be referred to as the "Lease"), have been done, and the CITY has full authority to enter into this Lease.

Section 6. The LESSEE represents and warrants unto the LESSOR that it has adequate financial capacity and technical and business skill and ability to perform all obligations herein imposed upon the LESSEE to diligently, skillfully and successfully operate the lease premises in order that the same may be operated in its greatest potential revenue producing capacity.

Section 7. The parties hereto mutually represent and warrant unto each other that this indenture constitutes the final repository of all agreements of the parties relating hereto, and that there are no other verbal representations, warranties or agreements or conditions.

ARTICLE 1.1

Defined Terms

The following terms, as used and referred to herein, shall have the meaning as set forth below:

(a) Affiliate or Affiliated Person means, when used with reference to a specified Person:

(i) any Person that, directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with the specified Person;

(ii) any Person that is an officer of, partner in, or trustee of, or serves in a similar capacity with respect to the specified Person or of which the specified person is an officer, partner, or trustee, or with respect to which the specified Person serves in a similar capacity;

(iii) any Person that, directly or indirectly, is the beneficial owner of 10% or more of any class of equity securities of, or otherwise has a substantial beneficial interest (10% or more) in the specified Person, or of which the specified Person is directly or indirectly the owner of 10% or more of any class of equity securities, or in which the specified Person has a substantial beneficial interest (10% or more); and

(iv) any relative or spouse of the specified Person.

(b) Allowances means and refers to rebates and overcharges of revenue not known at the time of sale, but adjusted at a subsequent date. Allowances also include revenue foregone as a result of hotel promotions or complimentary services, and the write-off of uncollectible accounts receivable.

(c) Beneficial Owner means any Person who, directly or indirectly, owns or holds 10% or more of any class of equity securities of, or otherwise has a substantial beneficial interest (10% or more) in the specified Person, or of which the specified Person is directly or indirectly the owner of 10% or more of any class of equity securities, or in which the specified Person has a substantial beneficial interest (10% or more).

(d) Capital Improvements means those items deemed to be capital improvements pursuant to Generally Accepted Accounting Principles for hotel accounting.

(e) Concessions means and refers to minor or incidental sales of goods and services to hotel and marina guests provided by third party Non-Affiliated Persons. The sources of revenue referred to in Article 26.0, Subsection 3. A. (5) shall not be deemed to constitute Concessions.

(f) Environmental Agency means a governmental agency at any level of government having jurisdiction over Hazardous Substances and Hazardous Substances Laws and the term as used herein shall also include a court of competent jurisdiction when used as a forum for enforcement or interpretation of Hazardous Substances Laws.

(g) Hazardous Substances means any hazardous or toxic substances, materials or wastes, including, but not limited to, those substances, materials, and wastes listed in the United States Department of Transportation Hazardous Materials Table (49 CFR 172.101) or by the Environmental Protection Agency as hazardous substances (40 CFR Part 302) as now in effect or as same may be

amended from time to time, or such substances, materials and wastes which are now or hereafter become regulated under any applicable local, state or federal law including, without limitation, any material, waste or substance which is (i) petroleum, (ii) asbestos, (iii) polychlorinated biphenyls, (iv) radon, (v) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act, 33 U.S.C. Section 1251, et. seq. (33 U.S.C. Section 1321) or listed pursuant to Section 307 of the Clean Water Act (33 U.S.C. Section 1317), (vi) defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et. seq. (42 U.S.C. Section 6903), (vii) defined as "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. Section 9601, et. seq. (42 U.S.C. Section 9601), or (viii) designated as a "hazardous substance" as defined in Chapter 403 (Part IV) of the Florida Statutes.

(h) Leasehold Mortgagee means a Federal or State bank, savings bank, association, savings and loan association, trust company, family estate or foundation, insurance company, pension fund, or similar institution authorized to make mortgage loans in the State of Florida.

(i) Leasehold Mortgagee Assignee means the assignee of a Leasehold Mortgagee as to the leasehold interest represented by the Lease following the acquisition of such leasehold interest by the Leasehold Mortgagee by virtue of a foreclosure action or deed-in-lieu of foreclosure or similar proceeding or transaction.

(j) Limitation on Net Income Rule means that where Annual Gross Operating Revenues are predicated on a "net income formula" for any given function, that the allowable deductible expenses under such formula shall in no event exceed the gross revenues from that function and that no deficit of expenses over gross revenues shall be carried over from one lease year to another.

(k) Non-Affiliated Person means a Person who is neither an Affiliate of Lessee, nor an Affiliate of any Beneficial Owner in Lessee, nor an Affiliate of any Leasehold Mortgagee nor an Affiliate of any Beneficial Owner of a Leasehold Mortgagee.

(l) Person means any individual, firm, partnership (general or limited), corporation, company, association, joint venture, joint stock association, estate, trust, business trust, cooperative, limited liability corporation, limited liability partnership, limited liability company or association, or body politic, including any heir, executor, administrator, trustee, receiver, successor or assignee or other person acting in a similar representative capacity for or on behalf of such Person.

(m) Property means that real estate described in Exhibit A attached hereto, including any portion thereof.

(n) Renovation Period means the period from July 1, 1994 through February 28, 1995.

(o) Second Extended Term means the extension of the lease

term by, through and under this Amendment and Restatement, with such extended term being from October 1, 2037 through August 31, 2062 as more particularly set forth in this Amendment and Restatement of Article 2.0 of the Lease.

ARTICLE 2.0

Term

Section 1. This Lease shall begin at twelve o'clock noon, Eastern Standard Time, on the 1st day of September, 1962, and continue for a period of fifty (50) years thereafter, unless sooner terminated, whereupon said premises shall be returned to LESSOR free of any encumbrances or obligations hereinafter incurred.

Section 2. The term of this Lease is hereby extended until midnight, September 30, 2037 (a period of twenty-five (25) years and thirty (30) days in addition to the original term), unless the Lease is sooner terminated pursuant to the provisions of the Lease and its amendments.

Section 3. The term of this Lease is hereby extended for an additional period commencing October 1, 2037 through and including August 31, 2062 ("Second Extended Term"), unless the Lease is sooner terminated pursuant to the provisions of this Lease.

Section 4. In all events, at termination the leased premises shall be returned to LESSOR free of any encumbrances or obligations hereinafter incurred.

ARTICLE 3.0

Possession

Delivery of possession of the leased premises to the LESSEE shall be made as of this date in order to permit the LESSEE to make improvements and rehabilitate the demised premises so that the LESSEE may carry on and conduct its business.

ARTICLE 4.0

Compliance with Regulations of Public Bodies

The LESSEE covenants and agrees that it will, at its own cost, make such improvements on the premises and perform such acts and do such things as shall be lawfully required by any public body having jurisdiction over said Property, in order to comply with sanitary requirements, fire hazard requirements, zoning requirements, setback requirements, environmental requirements and other similar requirements designed to protect the public.

ARTICLE 4.1

Hazardous Substances

LESSEE covenants and agrees to the following terms and conditions relating to Hazardous Substances and the use of the demised premises:

Section 1. LESSOR'S Consent Required. LESSEE covenants and agrees that in the use of the demised premises no Hazardous Substances shall be brought upon or kept or used in or about the demised premises by any Person whomsoever, unless LESSEE first obtains the written consent of LESSOR. LESSOR does hereby consent to the use of those Hazardous Substances reasonably and normally used for the purposes of the operation of a hotel and marina. LESSOR hereby waives the requirement for its consent as to other uses for existing subtenants for the remainder of their present lease terms.

Section 2. Compliance with Environmental Laws. During the Lease term as extended, LESSEE shall have absolute responsibility to ensure that the demised premises are used at all times and all operations or activities conducted thereupon are in compliance with all local, state and federal laws, ordinances, regulations and orders (collectively, "Hazardous Substances Laws"), as same may now exist or may from time to time be amended, relating to industrial hygiene, environmental protection and/or regulation, or the use, analysis, generation, manufacture, storage, disposal or transportation of any Hazardous Substances. Any LESSEE shall be absolutely liable to LESSOR for any violation of Hazardous Substances Law during the term of that respective LESSEE'S leasehold interest in the demised premises. Notwithstanding the foregoing, LESSOR acknowledges that LESSEE shall not be responsible to the LESSOR for any violation of Hazardous Substances Laws which occurred prior to the current LESSEE'S assumption of the leasehold interest in the demised premises. In connection therewith, LESSEE has provided those environmental reports described in Exhibit "B" hereto ("Environmental Baseline"), which Environmental Baseline should be deemed to describe the status of the Property as of the date Rahn Bahia Mar, Ltd. assumed the Lease and which such Environmental Baseline is on file in the City of Fort Lauderdale's Office of City Engineer.

Section 3. Hazardous Substances Handling. LESSEE covenants and agrees that it is responsible to the LESSOR to ensure that any and all activities conducted upon the demised premises by a Person (other than the LESSOR) be conducted only in compliance with all Hazardous Substances Laws and all conditions of any and all permits, licenses and other Environmental Agency approvals required for any such activity conducted upon the demised premises. LESSEE covenants that any and all Hazardous Substances removed from the demised premises shall be removed and transported solely by duly licensed haulers to duly licensed facilities for final disposition of such Hazardous Substances and wastes and only in accordance with Hazardous Substances Laws and consistent with all conditions of any and all permits, licenses and other Environmental Agency approvals required for such removal and transportation. LESSEE covenants that

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in any and all activities conducted upon the demised premises by any Person whomsoever that Hazardous Substances shall be handled, treated, dealt with and managed in conformity with all applicable Hazardous Substances Laws and prudent industry practices regarding management of such Hazardous Substances. Upon expiration or earlier termination of the term of the Lease, each LESSEE shall cause all Hazardous Substances which are brought upon the demised premises by any Person whomsoever (other than LESSOR) during the term of that respective LESSEE'S leasehold interest in the demised premises, from and after the date of this Amendment and Restatement, to be removed from the demised premises and to be transported for use, storage or disposal in accordance and compliance with all applicable Hazardous Substances Laws; provided, however, that LESSEE shall not take any remedial action in response to the presence of Hazardous Substances in or about the demised premises, nor enter into any settlement agreement, consent decree or other compromise in respect to any claims relating to any Hazardous Substances Laws in any way connected with the demised premises, without first notifying LESSOR of LESSEE'S intention to do so and affording LESSOR reasonable opportunity to appear, intervene, or otherwise appropriately assert and protect LESSOR'S interest with respect thereto.

Section 4. Notices. If at any time LESSEE shall become aware, or have reasonable cause to believe, that any Hazardous Substance has come to be located on or beneath the demised premises, LESSEE shall immediately upon discovering such presence or suspected presence of the Hazardous Substance give written notice of that condition to LESSOR. In addition, LESSEE shall immediately notify LESSOR in writing of (i) any enforcement, cleanup, removal or other governmental or regulatory action instituted, completed, or threatened pursuant to any Hazardous Substances Laws, (ii) any written claim made or threatened by any Person against LESSEE, the demised premises or improvements located thereon relating to damage, contribution, cost recovery, compensation, loss or injury resulting from or claimed to result from any Hazardous Substances, and (iii) any reports made to any Environmental Agency arising out of or in connection with any Hazardous Substances in or removed from the demised premises or any improvements located thereon, including any complaints, notices, warnings or asserted violations in connection therewith. LESSEE shall also supply to LESSOR as promptly as possible, and in any event, within five (5) business days after LESSEE first receives or sends the same, copies of all claims, reports, complaints, notices, warnings or asserted violations relating in any way to the demised premises or improvements located thereon or LESSEE'S use thereof.

Section 5. Reports and Test Results Supplied to LESSOR. LESSEE agrees to provide a copy of all environmental and Hazardous Substance reports and test results dealing with the demised premises to the LESSOR within a reasonable time following LESSEE'S receipt of same.

Section 6. Hazardous Substances Indemnification of LESSOR. LESSEE shall indemnify, defend, and hold LESSOR harmless of and from all claims, demands, fines, penalties, causes of action, liabilities, damages, losses, costs and expenses (including reasonable attorneys' fees and experts' fees), which LESSOR may sustain, (unless any of the foregoing was caused by LESSOR'S negligence or willful

misconduct or that of LESSOR'S agents, employees, contractors, subcontractors or licensees), occurring during the term of that LESSEE'S leasehold interest in the demised premises. This indemnification shall survive the termination of this Lease.

(a) In addition, and not in limitation of the foregoing, LESSEE shall indemnify, defend and hold LESSOR harmless from and against any all claims, demands, suits, losses, damages, assessments, fines, penalties, costs or other expenses (including attorney's fees, experts' fees and court costs) arising from or in any way related to, damage to the environment, costs of investigation charged by Environmental Agencies, personal injury or debt, or damage to property, due to a release of Hazardous Substances on or under the demised premises or in the surface or groundwater located on or under the demised premises, or gaseous emissions (excluding methane, radon, and other naturally occurring gases) from the demised premises or any other condition existing on the demised premises, resulting from Hazardous Substances where any of the foregoing occurred during the term of that Lessee's leasehold interest in the demised premises. LESSEE further agrees that its indemnification obligations shall include, but are not limited to, liability for damages resulting from the personal injury or death of an employee of the LESSEE, regardless of whether LESSEE has paid the employee under the Worker's Compensation laws of the State of Florida, or other similar federal or state legislation for the protection of employees. The term "property damage" as used in this Article includes, but is not limited to, damage to the property of the LESSEE, LESSOR, and of any third parties caused by LESSEE and shall include any remedial activities performed by a government agency (including LESSOR), or by LESSEE pursuant to directives from a government agency or court order.

(b) Further, LESSEE shall indemnify, defend and hold LESSOR harmless from and against all liability, including, but not limited to, all damages directly arising out of the use, generation, storage or disposal of Hazardous Substances which occurred during the term of that LESSEE'S leasehold interest in the demised premises, including, without limitation, the cost of any required or necessary inspection, required by law, audit, clean up required by law, or detoxification required by law and the preparation of any closure or other required plans, consent orders, license applications, or the like, whether such action is required by law or not, to the full extent that such action is attributable to the use, generation, storage or disposal of Hazardous Substances on the Property during the term of that LESSEE'S leasehold interest in the demised premises, and all fines and penalties associated with any of the foregoing.

(c) LESSEE agrees that its foregoing obligation to indemnify, defend and hold LESSOR harmless extends to and includes all reasonable attorney's fees, experts' fees and costs incurred in the defense of any of the foregoing claims or demands as well as indemnifying LESSOR for any and all reasonable attorneys' fees, experts' fees and costs incurred by LESSOR in LESSOR'S enforcement of the provision of this Article respecting Hazardous Substances. The indemnifications provided in this Lease shall survive the termination of this Lease, but shall end, with respect to any claim or cause of action, with the expiration of any applicable statute of limitations for such claim or cause of action.

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Section 7. LESSOR'S Right of Entry for Testing. At any time during the term of the Lease, the LESSOR may, upon reasonable prior written notice to the LESSEE (taking into account the potential for disruption of the operation of the hotel and marina, particularly during the tourist season), enter upon the demised premises for the purpose of conducting environmental tests ("LESSOR'S Tests") to determine the presence and extent of contamination by Hazardous Substances on or under the demised premises. The LESSOR shall not be entitled to conduct the LESSOR'S Tests unless: (1) a governmental entity (other than the LESSOR) shall have issued a notice of violation to the LESSEE with respect to Hazardous Substances on, within, or under the demised premises; or (2) the LESSOR has probable cause to believe that the LESSEE has violated Hazardous Substances Laws relating to the LESSEE'S use of the demised premises. Notwithstanding the limitations set forth in number (1) and number (2) above, the LESSOR may conduct LESSOR'S tests no less often than every five years without being subject to the limitations set forth as (1) and (2) above.

(a) The LESSOR'S Tests shall be at the sole cost of the LESSOR. The cost and expenses relating to the LESSOR'S Tests shall not be included in the scope of any indemnification provided in favor of the LESSOR in this Lease. No LESSOR Tests shall be conducted until the LESSOR has provided to the LESSEE the name of the testing contractor (which shall be fully licensed to conduct the LESSOR Tests) and a certificate of insurance with limits reasonably acceptable to the LESSEE confirming that the LESSEE is an additional insured and that coverage exists for property damage, personal injury and business interruption which may result from the LESSOR'S Tests. The LESSOR agrees to indemnify and hold the LESSEE harmless with respect to any loss, claim or damage (including attorney's fees and expenses) which the LESSEE shall suffer as the result of the conduct of the LESSOR'S Tests.

Section 8. Petroleum Liability and Restoration Insurance Program. During the term of this Lease, the LESSEE shall, so long as coverage is available and the State of Florida maintains the Petroleum Liability and Restoration Insurance Program and the Inland Protection Trust Fund, maintain in effect the Petroleum Liability and Restoration Insurance Program Coverage for Third Party Liability for Contamination described on Exhibit "C" attached hereto.

Section 9. Environmental Assessments: Consent to Assignment. Any provision herein to the contrary notwithstanding, LESSEE, LESSEE'S proposed assignee, Leasehold Mortgagee or Leasehold Mortgagee Assignee, whichever the case may be, shall, at its own cost and expense, furnish to LESSOR a complete Phase I & Phase II Environmental Assessment of the Property, performed by environmental experts reasonably found qualified by LESSOR, as a condition precedent to LESSOR'S consent to an assignment of the leasehold interest. The Environmental Assessment shall include a qualitative and quantitative analysis of the presence of Hazardous Substances on, within or below the Property. LESSOR may withhold consent to the assignment of the Leasehold interest until security is posted with LESSOR which is reasonably deemed by Lessor to be adequate to cover the costs of any legally required clean-up, detoxification or remediation of the

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Property from the presence of Hazardous Substances in excess of the Environmental Baseline upon, within or below the Property and any and all fines or penalties associated therewith. The foregoing is collectively referred to as the "Environmental Procedure."

Section 10. Periodic Environmental Procedure. In addition to the requirement in Section 9 of this Article, for the Environmental Procedure to be performed as a condition precedent to the LESSOR'S consent to any assignment of this Lease, the LESSEE shall, periodically, as set forth herein, perform the Environmental Procedure for the benefit of the LESSOR as follows: (i) 15 years prior to the termination of the Lease (August 31, 2047); (ii) 9 years prior to the termination of the Lease (August 31, 2053); and (iii) 2 years prior to the termination of the Lease (August 31, 2060). The foregoing are referred to as the "Periodic Environmental Procedure". In each case, the Periodic Environmental Procedure shall be completed, such that the Phase I & Phase II Environmental Assessments are delivered to the LESSOR not later than 45 days subsequent to the due date for each Periodic Environmental Procedure. At the time of each Periodic Environmental Procedure, the LESSEE shall comply with the remediation, clean-up and security requirements as set forth in the Environmental Procedure.

ARTICLE 5.0

Indemnity Against Costs and Charges

The LESSEE shall be liable to the LESSOR for all costs, expenses, attorneys' fees and damages which may be incurred or sustained by the LESSOR by reason of the LESSEE'S breach of any of the provisions of this indenture. Any sums due the LESSOR under the provisions of this Article shall constitute a lien against the interest of the LESSEE in the leased premises and all his property situated thereon to the same extent and on the same condition as delinquent rent would constitute a lien on said premises and property.

ARTICLE 6.0

Indemnification Against Claims

The LESSEE shall indemnify and save harmless the LESSOR from and against any and all claims, arising during the term of this Lease, for any personal injury, loss of life and damage to property sustained in, or about, the demised premises, or to the buildings; and improvements, and improvements placed thereon, or the appurtenances thereto or upon the adjacent sidewalks or streets, and from and against all costs, counsel fees, expenses and liabilities incurred in and about any such claim, the investigation thereof, or the defense of any action, or proceeding, brought thereon; and from and against any orders, judgments and decrees, which may be entered therein.

ARTICLE 7.0

Inspection

The LESSOR or its agents shall have the right to enter the leased premises and the buildings and improvements constructed thereon, at all reasonable hours for the purpose of inspecting the same, or for any other purposes not inconsistent with the terms or spirit of this Lease.

ARTICLE 8.0

Acceleration

If any of the sums of money herein required to be paid by the LESSEE to the LESSOR shall remain unpaid for a period of sixty days, then written notice in accordance with Article 30.0, Notices, to the LESSEE, with copies to the appropriate mortgagee or mortgagees, shall be given allowing thirty days from the date of said notice to correct default, and if not so corrected then the LESSOR shall have the option and privilege as follows:

Section 1. To accelerate the maturity of the rent installments for the balance of the term. This option shall be exercised by an instrument in writing signed by the LESSOR, or its agents, and transmitted to the LESSEE notifying him of the intention of the LESSOR to declare all unmatured rent installments as presently due and payable.

Section 2. In lieu of the option in Section 1, the LESSOR may in like manner declare as presently due and payable the unpaid rent installments for such a period of years as may be fixed in the LESSOR'S said notice to the LESSEE. The exercise of this option shall not be construed as a splitting of a cause of action, nor shall it alter or affect the obligations of the LESSEE to pay rent under the terms of this lease for the period unaffected by said notice.

Section 3. In addition to the options herein granted (Sections 1 and 2 above), the LESSOR may exercise any or all other options available to it hereunder, which options may be exercised concurrently or separately with the exercise of the options contained in Sections 1 and 2 of this Article.

ARTICLE 9.0

No Liens Created by Lessee

The LESSEE covenants and agrees that it has no power to incur any indebtedness giving a right to a lien of any kind or character upon the right, title and interest of the LESSOR in and to the Property covered by this Lease, and that no Person shall ever be entitled to any lien, directly or indirectly derived through or under the LESSEE, or his agents or servants, or on account of any act or omission of said LESSEE, which lien shall be superior to the

lien of this lease reserved to the LESSOR upon the leased premises. All Persons contracting with the LESSEE, or furnishing materials or labor to said LESSEE, or to his agents or servants, as well as all Persons whomsoever, shall be bound by this provision of this Lease. Should any such lien be filed, the LESSEE shall discharge the same within ninety days thereafter, by paying the same or by filing a bond, or otherwise, as permitted by law. The LESSEE shall not be deemed to be the agent of the LESSOR, so as to confer upon a laborer bestowing labor upon the leased premises, or upon a materialman who furnishes material incorporated in the construction of improvements upon the leased premises, a mechanic's lien pursuant to Chapter 713, Florida Statutes or an equitable lien upon the LESSOR'S estate. This provisions hall be deemed a notice under Section 713.10 (1), Florida Statutes of the "non-liability" of the LESSOR.

ARTICLE 10.0

Operating Costs

Section 1. The LESSEE agrees to promptly pay when due all operating, maintenance and servicing charges and costs, including telephone, gas, electricity, water, sewer, sewer connections, and all other expenses incurred in the use and operation of the leased premises.

Section 2. The LESSEE agrees to obtain at its expense all permits and licenses which may be required by any governmental unit.

Section 3. Upon the LESSOR'S request, the LESSEE shall promptly furnish to the LESSOR evidence, satisfactory to the LESSOR, showing LESSEE'S compliance with its obligations under this Article.

ARTICLE 11.0

Nonwaiver

Failure of the LESSOR to insist upon the strict performance of any of the covenants, conditions and agreements of this Lease in any one or more instances, shall not be construed as a waiver or relinquishment in the future of any such covenants, conditions or agreements. The LESSEE covenants that no surrender or abandonment of the demised premises or of the remainder of the term herein shall be valid unless accepted by the LESSOR in writing. The LESSOR shall be under no duty to relet the said premises in the event of an abandonment or surrender or attempted surrender or attempted abandonment of the leased premises by the LESSEE. Upon the LESSEE'S abandonment or surrender or attempted abandonment or attempted surrender of the leased premises, the LESSOR shall have the right to retake possession of the leased premises or any part thereof, and such retaking of possession shall not constitute an acceptance of the LESSEE'S abandonment or surrender thereof.

ARTICLE 12.0

Bankruptcy of LESSEE

Should the LESSEE, at any time during the term of this lease, suffer or permit an involuntary, or voluntary, petition in bankruptcy to be filed against him, or institute an arrangement proceeding under Chapter XI of the Chandler Act, or any amendments thereto, or should the LESSEE'S leasehold interest be levied on and the lien thereof not discharged within ninety days after said levy has been made, or should the LESSEE fail to promptly comply with all governmental regulations, other than regulations of the City of Fort Lauderdale both State and Federal, then, in such event, and upon the happening of either or any of said events, the LESSOR shall have the right, at its election, to consider the same a material default on the part of the LESSEE of the terms and provisions hereof, and, in the event of such default not being cured by the LESSEE within a period of ninety days from the date of the giving by the LESSOR of written notice to the LESSEE and mortgagees of the existence of such default, the LESSOR shall have the option of declaring this lease terminated and the interest of the LESSEE forfeited, or the LESSOR may exercise any other options herein conferred upon him. The pendency of bankruptcy proceedings, or arrangement proceedings, to which the LESSEE shall be a party shall not preclude the LESSOR from exercising the option herein conferred upon him.

ARTICLE 13.0

Leasehold Mortgagee

Section 1. The LESSEE shall have the right to mortgage LESSEE'S interest under this Lease to any Leasehold Mortgagee (as defined above), without obtaining the prior consent of the LESSOR; subject, however, to the other terms and conditions of this Lease, to the extent applicable.

Section 2. If the LESSEE shall mortgage its leasehold interest and if the holder of the mortgage or pledge shall forward to the LESSOR a copy of the recorded mortgage certified as a true copy by the Office of Official Records of Broward County, Florida, together with a written notice setting forth the name and address of the Leasehold Mortgagee, then, until the time that the leasehold mortgage shall be satisfied of record, the provisions of this paragraph shall apply.

Section 3. When giving notice to the LESSEE with respect to any default under the provisions of this Lease, the LESSOR will also serve a copy of such notice upon the Leasehold Mortgagee. No such notice to the Lessee shall be deemed to have been given unless a copy of such notice has been mailed to such Leasehold Mortgagee, which notice must specify the nature of such default.

Section 4. In case the LESSEE shall default under any of the provisions of this Lease, the Leasehold Mortgagee shall have the right to cure such default, whether the same consists of the failure to pay rent or the failure to perform any other matter or thing which the LESSEE is required to do or perform and the LESSOR shall accept such performance on the part of the Leasehold Mortgagee as though the

same had been done or performed by the LESSEE. The Leasehold Mortgagee, upon the date of mailing by LESSOR of the notice referred to in this Article, shall have, in addition to any period of grace extended to the LESSEE under the terms and conditions of this Lease for a non-monetary default, a period of not less than sixty (60) days within which to cure any non-monetary default or cause the same to be cured or to commence to cure such default with diligence and continuity; provided, however, that as to any default of the LESSEE for failure to pay rent, or failure to pay any amount otherwise required under the terms of this Lease (e.g., including, but not limited to, taxes or assessments), the Leasehold Mortgagee shall have thirty (30) days from the date the notice of default was mailed to the Leasehold Mortgagee within which to cure such default.

Section 5. Upon the happening of any default and upon receipt of notice of default from the LESSOR, the LESSEE agrees to notify the Leasehold Mortgagee promptly in writing of such occurrence and shall state in the notice what action has been or will be taken by the LESSEE to cure the default. A copy of such notice shall be simultaneously furnished to LESSOR.

Section 6. The Leasehold Mortgagee may become the legal owner and holder of the LESSEE'S leasehold interest under this Lease by foreclosure of its mortgage or as a result of the assignment of LESSEE'S leasehold interest in lieu of foreclosure, whereupon such Leasehold Mortgagee shall immediately become and remain liable under this Lease as provided in this Article, except that such Leasehold Mortgagee may assign its acquired leasehold interest one time without the LESSOR'S prior written consent to a Leasehold Mortgagee Assignee at any time provided such Leasehold Mortgagee Assignee is a Non-Affiliated Person and qualifies according to the terms and conditions set forth below within the time so specified. Once an assignment of the acquired leasehold interest as set forth above in this Article is consummated, then any subsequent assignments of the leasehold interest shall be subject to the prior written consent of the LESSOR as otherwise provided for in this Lease.

Section 7. In the event that a Leasehold Mortgagee shall become the owner or holder of the LESSEE'S leasehold interest by foreclosure of its mortgage or by assignment of the LESSEE'S leasehold interest in lieu of foreclosure or otherwise, except as may be explicitly provided otherwise herein, the term "LESSEE" as used in this Article shall mean the owner or holder of the LESSEE'S leasehold interest only for that period that the Leasehold Mortgagee is seized of the LESSEE'S leasehold interest so that, in the event of a sale, transfer, assignment or other disposition of the leasehold interest herein by the Leasehold Mortgagee, then, provided such sale, transfer, assignment or other disposition is to a Non-Affiliated Person, such Leasehold Mortgagee shall be deemed and construed, without further agreement between the LESSOR and the Leasehold Mortgagee or between the LESSOR, the Leasehold Mortgagee and the Leasehold Mortgagee Assignee that the Leasehold Mortgagee Assignee has assumed and agreed to carry out any and all covenants and obligations of the LESSEE under this Lease.

Section 8. Notwithstanding the foregoing, the Leasehold Mortgagee (or its Leasehold Mortgagee Assignee) must demonstrate to

the reasonable satisfaction of the LESSOR, that either (i) it has the experience and capability of operating the hotel and marina; or (ii) it has the financial stability to operate the hotel and marina by an entity qualified to do so, within one hundred twenty (120) days of the effective date of the assignment to the Leasehold Mortgagee Assignee as set forth herein. The standards to be applied by the LESSOR in approving the Leasehold Mortgagee (or its Leasehold Mortgagee Assignee) or the operator of the hotel and marina shall be those which govern the LESSOR'S consent to an assignment of the Lease.

Section 9. Within thirty (30) days after written request by LESSEE or by LESSEE'S Leasehold Mortgagee, or in the event that upon any sale, assignment or mortgaging of LESSEE'S leasehold interest herein by LESSEE or LESSEE'S Leasehold Mortgagee, an Estoppel Certificate shall be required from the LESSOR, the LESSOR agrees to deliver in recordable form such Estoppel Certificate to any proposed Leasehold Mortgagee, purchaser, assignee or to LESSEE certifying (if such be the case) (i) the amount of rent and additional rent due under the Lease, if any, and the date to which rents due under the Lease, if any, and the date to which rents have been paid; (ii) that this Lease is in full force and effect; (iii) that the LESSOR has no knowledge of any default under this Lease, or if any default exists, specifying the nature of the default; and (iv) that there are no defenses or offsets which are known and may be asserted by the LESSOR against LESSEE in respect of obligations pursuant to the Lease.

Section 10. Reference in this Lease to acquisition of the LESSEE'S leasehold interest herein by the Leasehold Mortgagee shall be deemed to refer, where circumstances require, to acquisition of the LESSEE'S leasehold interest herein by any purchaser at a sale on foreclosure of the Leasehold Mortgagee, provided such purchaser is a Non-Affiliated Person. Provisions applicable to the Leasehold Mortgagee in such instance or instances shall also be applicable to such purchaser, provided such purchaser is a Non-Affiliated Person.

Section 11. Except as may be expressly provided herein to the contrary, so long as the LESSEE'S leasehold interest herein shall be mortgaged to a Leasehold Mortgagee, the parties agree for the benefit of such Leasehold Mortgagee that the LESSOR shall not sell, grant or convey to the LESSEE all or any portion of the LESSOR'S fee simple title to the leased premises without the prior written consent of such Leasehold Mortgagee. In the event of any such sale, grant or conveyance by the LESSOR to the LESSEE, the LESSOR and the LESSEE agree that no such sale, grant or conveyance shall create a merger of this Lease into a fee simple title to the leased premises. This Section shall not be construed to prevent a sale, grant or conveyance of the LESSOR'S fee simple title by the LESSOR to any Person, firm or corporation other than the LESSEE, its successors, legal representatives and assigns.

Section 12. So long as the LESSEE'S interest in this Lease shall be mortgaged to a Leasehold Mortgagee, the parties agree for the benefit of such Leasehold Mortgagee, that they shall not surrender or terminate, or accept a surrender or termination of this Lease or any part of it, nor shall they modify this Lease or accept prepayments of installments of rent to become due, without the prior written consent of such Leasehold Mortgagee in each instance.

ARTICLE 14.0

Forfeiture

Section 1. If the LESSEE shall fail to keep and perform any of the covenants, conditions and agreements herein provided to be performed by said LESSEE, and such default shall continue for a period of thirty days from the date of LESSOR'S notice of the existence of such breach, said notice to be provided in the Article hereof entitled "Notices" to the LESSEE and appropriate mortgagee or mortgagees directing that the said default be corrected within thirty days of the date of said notice, the LESSOR shall have the right to treat such default as intentional, inexcusable and material, and thereupon the LESSOR, by notice in writing transmitted to the LESSEE, as provided in the Article hereof entitled "Notices", may at its option declare this lease ended and without further force and effect. Thereupon, the LESSOR is authorized to re-enter and repossess the leased premises and the buildings, improvements and personal property thereon, either with or without legal process, and the LESSEE does in such event hereby waive any demand for possession of said property, and agrees to surrender and deliver up said leased premises and property peaceably to said LESSOR. In the event of such forfeiture, the LESSEE shall have no claim whatsoever against the LESSOR by reason of improvements made upon the premises, rents paid, or from any other cause whatsoever. In the event of such forfeiture, the title and right of possession to all personal property of the LESSOR or replacements thereof, usually situated on the leased premises shall automatically vest in the LESSOR, free and clear of any right or interest therein by the LESSEE. The provision of this Article shall not be construed so as to divest the LESSOR, in the event of such default, of any legal right and remedy which it may have by statutory or common law, enforceable at law, or in equity, it being intended that the provision of this Article shall afford to the LESSOR a cumulative remedy, in addition to such other remedy or remedies as the law affords a lessor when the terms of a lease have been broken by the lessee.

Section 2. In the event that a default occurs which cannot be corrected by reasonable diligence within thirty (30) days of receipt of notice to do so as aforesaid, and if the LESSEE commences correction of said default within such thirty (30) days' period and proceeds with diligence to completion, then such default shall be considered excusable. This provision shall extend to any mortgagee of all or any part of the leased Property in the event such mortgagee elects to exercise its option to cure such default. Should correction of such default be beyond the control of such mortgagee, such as matters which could be accomplished exclusively by LESSEE, then reasonable diligence on the part of the mortgagee in attempting to cure the default shall render such default excusable.

Section 3. LESSOR hereby agrees that, notwithstanding any other provision of the Lease, (a) there will be no cancellation or termination of the Lease or acceleration of payment of rent so long as rent and taxes are paid when due and (b) LESSOR will not by reason of the nonpayment of rent or taxes exercise its right to cancel or terminate the lease or to accelerate the payment of rent thereunder

prior to expiration of the 60-day notice period set forth in Section 1 of this Article.

ARTICLE 15.0

Capital Improvement Reserve Account

Commencing with the October 1, 1995 lease year and continuing annually for the remaining term of the Lease, LESSEE shall monthly, on December 20th, set aside funds into a Capital Improvement Reserve Account. The amount funded into the Capital Improvement Reserve Account ("CIRA") shall be an amount equal to one-twelfth (1/12) of three percent (3%) of the annual Gross Operating Revenue (as that term is defined in Article 26.0 hereof) for the preceding lease year ("Reserve"). The CIRA balance, from time to time, shall include interest earned, if any, on all funds in the CIRA. Expenditures shall be made from the CIRA only for Capital Improvements to the Property. All expenditures from the CIRA shall be in an amount not greater than that generally recognized in the community for good faith arm's length transactions for the purchase or construction of such Capital Improvements. LESSEE shall, at LESSEE'S expense, furnish to LESSOR, on or before April 30th of each year during the term of the Lease, report prepared by an independent certified public accountant, licensed by the State of Florida, showing the balance of the CIRA as of December 31st of the preceding calendar year, together with a schedule describing the expenditures from said CIRA and a statement that the funds so disbursed were for Capital Improvements.

If, during any lease year, Capital Improvement expenditures are made in excess of the amount of the Reserve ("Excess Capital Improvements") required to be deposited in the CIRA, then Lessee shall receive a credit for such Excess Capital Improvements as against subsequent Reserve required to be deposited into the CIRA.

Any amounts in the CIRA not expended during a lease year ("Unexpended Reserve") shall be carried forward to the following lease year. Unexpended Reserve amounts may, at any time, be used for Capital Improvements, but shall not affect the amount which the Lessee is required to deposit as the Reserve into the CIRA for any given lease year.

During the Renovation Period, Lessee shall invest and expend not less than \$6,000,000.00 in improvements to the leased premises to perform the Renovation Work as more particularly described in the budget set forth in Exhibit "D" attached hereto and made a part hereof ("Renovation Work"). The \$6,000,000.00 referred to in this Article shall not be deemed to be a credit against the obligations of the LESSEE with respect to the CIRA.

Lessee shall obtain all required building permits for the Renovation Work from all governmental and quasi-governmental agencies having jurisdiction over the Property and the Renovation Work.

The parties agree that all improvements constructed pursuant hereto and any undisbursed balance in the CIRA shall revert to the CITY in their entirety upon expiration of the leasehold term.

ARTICLE 16.0

Repairs and Maintenance

Section 1. The LESSEE agrees at his expense to keep and maintain the leased premises, including but not limited to, grounds, buildings, furnishings, fixtures and personal property, in good state of repair and first class condition.

Section 2. The LESSEE agrees at his expense to make all repairs to the leased premises including but not limited to, buildings, improvements, including electrical, plumbing, sewer, sewer connections, structural and all other repairs that may be required to be made on the leased premises, and may change or re-locate any roads thereon, provided reasonable access is maintained for sub-lessees, tenants, or boatmen.

Section 3. The LESSEE at his expense will keep all the buildings, both interior and exterior, including roof, in good state of repair and in first class condition, and at all times well painted.

Section 4. The LESSEE at its expense agrees to deliver to the LESSOR upon the termination of this Lease the entire leased premises including buildings, improvements, in good state of repair and in good usable condition, ordinary wear and tear excepted.

ARTICLE 17.0

Personal Property

This Lease also includes personal property of the LESSOR itemized on the sheets designated as Exhibit "2-A" and "2-B" of the original Lease dated September 1, 1962, with such Exhibits being recorded at Official Records Book 2870, Pages 556 through 573 of the Public Records of Broward County, Florida, and the LESSEE shall have right to exchange or sell same from time to time provided that same shall be replaced with equipment of equal or better quality and title to such replacements shall at all times remain in the LESSOR and upon the termination of this lease shall be delivered to the LESSOR in good condition.

All furnishings in the hotel rooms which are owned by the LESSEE, including, but not limited to beds, chairs, sofas, tables, desks, credenzas, televisions, dressers, lamps and the like shall become the property of the LESSOR at the end of the Lease term and shall be surrendered to the LESSOR simultaneously with the return of possession of the Property. The LESSEE agrees that during the last five (5) years of this Lease, none of the foregoing shall be removed from the Property, except in a manner consistent with the normal, ongoing operation of a chain-affiliated, full-service, mid-market hotel as described in Article 19.0 of this Lease. Nothing in Article 17.0 shall create any interest in favor of the LESSOR in any personal property leased by the LESSEE from Non-Affiliated Persons or otherwise owned by Non-Affiliated Persons.

ARTICLE 18.0

Insurance

Section 1. The LESSEE at its expense shall provide fire and extended coverage insurance or all risk or D.I.C. coverage on the real property herein described and all improvements situated thereon and contents contained therein or thereupon for the benefit of the LESSOR and the LESSEE. Insurance coverage shall be at least 90% of the insurable value of said real property and improvements (including buildings and contents). A certificate of insurance evidencing said coverage shall be provided to LESSOR.

Section 2. The LESSEE at its expense shall provide commercial general liability insurance for the benefit of the LESSOR and the LESSEE with minimum limits of coverage of not less than \$2.0 million covering bodily injury and property damage. The minimum limits of coverage herein shall be adjusted every five (5) years, on the anniversary date of the lease year, in accordance with the increase or decrease in the Consumer Price Index for "All Urban Consumers, U.S. City Average (1982 - 1984 = 100)" (hereinafter, CPI) published by the Bureau of Labor Statistics of the United States Department of Labor, or any comparable successor or substitute index designated by Lessor. For the purposes of this section, the beginning CPI figures shall be the most recently published index figures in effect on the beginning of the 1994/95 lease year. On the date(s) of adjustment, the adjusting figures shall be the most recently published figures in effect on the subject adjustment date(s).

Section 3. In the event of destruction or damage of any of the property covered by insurance, the funds payable in pursuance of said insurance policies shall be deposited in Sun Bank/South Florida, N.A. or any successor institute which serves as the depository for the City of Fort Lauderdale, as an interest bearing trust fund for the benefit of LESSOR and LESSEE, and said funds shall be used for the purpose of reconstruction or repair, as the case may be, of any of the buildings, improvements or personal property so damaged or destroyed. Such reconstruction and repair work shall be done in strict conformity with all applicable building and zoning codes. Should the cost of reconstruction or repair exceed the amount of funds available from the proceeds of such insurance policy, then and in such event, such funds shall be used as far as the same will permit in paying the cost of said reconstruction or repair, and any difference shall be made up by the LESSEE.

ARTICLE 19.0

Use of Premises

Section 1. Except as stated below, the LESSEE agrees that the leased premises shall be used as a first-class hotel-marina and resort complex, which may include uses such as restaurant, cocktail lounge, liquor package store, yacht club, motel, hotel, convention hall, retail stores, marine stores, marine service station, charter

boat and sightseeing boat facility, offices, apartments, and other kindred and similar businesses. It is not the intention of the parties that the LESSEE shall be unreasonably restricted in the use of the leased premises other than the LESSEE is required to conduct a legitimate business or businesses on the leased premises in keeping with the purpose for which the improvements thereon were constructed. LESSEE agrees that the hotel complex will be maintained and operated in accordance with the standards of a chain-affiliated, full-service, mid-market hotel. Such standards are intended to provide high quality accommodations and service to guests and visitors. These standards are generally described as being at a level higher than that found in the economy hotel market, but are lower than those found in the luxury hotel market.

Section 2. The LESSEE shall maintain the character of Bahia Mar as a marina.

Section 3. The LESSEE agrees that it will diligently, efficiently and skillfully conduct his business on the leased premises so as to make the same yield the greatest revenue possible.

Section 4. The LESSEE agrees that at no time will it directly or indirectly permit the leased premises or any portion thereof to be used for any illegal purpose.

ARTICLE 20.0

Assignment and Subleasing

The LESSEE may from time to time sublease certain portions of the marina without prior approval of the CITY; however, any total assignment or sale of the leasehold interest described herein shall require the approval of the CITY Commission, which shall have the right to determine financial stability of the prospective purchaser, yet such consent shall not be unreasonably withheld.

It is understood by and between the parties hereto that any sublease shall be for a rental consistent with rates prevailing in this locality at the time of the sublease.

In the event that the parties cannot agree with a minimum rental, then the subject shall be set for arbitration with the LESSOR and LESSEE, each of them choosing one arbitrator, whereupon the two arbitrators so chosen shall select a third and the three so selected arbitrators shall then make a decision as to a reasonable rental which shall be binding upon the parties. The fact of arbitration shall not act as a breach of this lease.

ARTICLE 21.0

Name

The name "BAHIA MAR" shall be preserved by the LESSEE. LESSOR retains the right to use the name "BAHIA MAR" in its advertising as a publicly-owned facility.

ARTICLE 22.0

Proration

(This Article is intentionally deleted.)

ARTICLE 23.0

Subordination

The LESSOR shall never be obligated to subordinate its fee title interest.

ARTICLE 24.0

Alterations and Additions

The LESSEE agrees to make no major alterations, changes or additions to the leased premises, without first obtaining the written consent of the LESSOR given in pursuance of appropriate municipal action taken at a lawful meeting of the CITY Commission of said CITY. However, both parties hereto being desirous of LESSEE conducting its business in and upon the demised premises so as to provide the greatest volume of business, the LESSOR agrees hereby to not unreasonably withhold its consent to changes and alterations that may be desired and proposed by the LESSEE, nor to exact or change any consideration for giving any consent.

ARTICLE 25.0

Title to Property

LESSOR hereby covenants and agrees with LESSEE that LESSEE shall quietly and peaceably hold, possess and enjoy the said demised premises for the full term of this Lease without any let, hindrance or molestation from LESSOR, or any persons claiming by, through or under it, or any Person or Persons whomsoever, and said LESSOR hereby covenants and agrees with LESSEE that it is seized of the demised premises in fee simple free and clear of all encumbrances, except as set forth in Article 1.0. LESSOR will defend the title to the leased premises and the use and occupation of same by LESSEE during the term of this Lease against the claims of any and all person, or persons whomsoever, and will, at its own cost, perfect or defend any and all legal proceedings or suits which may be instituted by any Person or Persons whomsoever, directly or indirectly attacking LESSOR'S full ownership of the premises.

ARTICLE 26.0

Rent

Section 1. The purposes of this section are (a) to establish the rentals due annually from the LESSEE to the LESSOR and (b) to define those revenues which are to be used or included as gross operating revenues for the calculation of annual percentage rentals due from the LESSEE to the LESSOR.

Section 2. The LESSOR shall receive and the LESSEE shall pay as rent the following:

A. A minimum annual rental of One Hundred Fifty Thousand and no/100 Dollars (\$150,000.00), which shall be payable in equal quarterly installments of Thirty Seven Thousand Five Hundred and no/100 Dollars (\$37,500.00) each on October 1, January 1, April 1 and July 1 of each lease year. Effective October 1, 1995, the minimum annual rental shall be Three Hundred Thousand and 00/100 Dollars (\$300,000.00) payable in quarterly installments as above aforesaid.

B. During the Second Extended Term, the minimum annual rental shall be the greater of:

(1) Three Hundred Thousand and 00/100 Dollars (\$300,000.00); or

(2) Eighty percent (80%) of the average annual rent payable during the three lease years immediately preceding the lease year for which the minimum annual rental herein is being calculated.

C. During the Second Extended Term, such minimum annual rental shall continue to be paid in quarterly installments on October 1, January 1, April 1 and July 1. If the minimum annual rental for any lease year is governed by subsection 2. B. (2) above and the calculations under subsection 2. B. (2) are not known by October 1, then, until such time as the calculations under subsection 2. B. (2) above are known, the quarterly installment payable October 1 shall be in the same amount as the preceding July 1 installment, subject to later adjustment as hereinafter set forth. To the extent any adjustments are necessary from the October 1 quarterly installment of minimum annual rent based on the formula set forth in subsection 2. B. (2) above, then such adjustments which would have otherwise been due with the October 1 quarterly installment shall be paid to LESSOR no later than January 1.

D. In addition to the forgoing minimum annual rental, the LESSEE shall pay to the LESSOR a rental equal to an annual percentage (hereinafter set forth) of gross operating revenues for those functions or uses specified hereinafter, reduced in all events by the amount of the minimum annual rental paid in accordance with subsections 2. A., B. and C., above.

E. The annual percentages of gross operating revenues which the LESSEE shall pay as rent to the LESSOR are as follows:

(1) For the years of the Lease ending September 30, 1980 through September 30, 1985, the annual percentage rental due from the LESSEE to the LESSOR shall be 3.5% of gross

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operating revenues.

(2) For the years of the Lease commencing October 1, 1985 and ending September 30, 2012, the annual percentage rental due from the LESSEE to the LESSOR shall be 4.0% of the annual gross operating revenues.

(3) For the years of the Lease commencing October 1, 2012 and ending September 30, 2037, the date of the termination of this Lease, as amended, the annual percentage rental due from the LESSEE to the LESSOR shall be 4.25% of the annual gross operating revenues.

(4) The LESSEE shall pay annual percentage rent for the Second Extended Term described above at the rate of 4.25% of the annual gross operating revenue ("Gross Operating Revenue" or "GOR"), as hereinafter defined.

(5) Any and all sums received by the LESSOR from the LESSEE in payment of minimum annual rental shall be fully credited against the annual percentage rentals due from the LESSEE to the LESSOR as provided herein.

(6) For purposes of this Lease, as amended, the lease year shall be deemed to commence on October 1 and end on September 30 of each year under the term of this Lease.

Section 3. As of the effective date of this Amended and Restated Lease through and including September 30, 1995, Section 3 of this Article shall read as follows:

A. Annual gross operating revenues from only the following uses or functions of the leased premises shall be used in calculating the annual percentage rental due from the Lessee to the Lessor regardless of whether the lessee or a sublessee, affiliate or other entity related to lessee operates and controls said use or function:

(1) All hotel, motel, meeting and convention room revenues.

(2) All food and beverage sales made on the leased premises, exclusive of grocery sales and liquor package store sales.

(3) All rentals received for dockage of private or commercial marine vessels.

(4) All parking revenues.

B. Revenues produced from the following uses or functions are specifically excluded from computation within gross operating revenue:

(1) Telephone revenue.

(2) Fuel dock sales.

(3) Inter-company revenues, the exclusion of which shall not reduce gross operating revenues under paragraph 3A above.

(4) Commissions not related to the uses or functions described in paragraph 3A above.

Section 3. Commencing October 1, 1995 and thereafter, Section 3 of this Article shall read as follows:

A. Annual Gross Operating Revenue ("GOR") shall mean and refer to the total of all revenues, rents, income and receipts received from or by any Person(s) whomsoever (less any refunds to Non-Affiliated Persons) of every kind derived directly or indirectly from the operation of the Property, including, without limitation, income (from both cash and credit transactions and before commissions) from:

(1) the rental of rooms, convention and meeting room facilities, banquet or other facilities (including facilities for "The Boat Show" which is annually held on the premises), exhibits, sales displays or advertising space of every kind, provided that as to the rental of convention, meeting and banquet room facilities and facilities for "The Boat Show", where such facilities are rented to Non-Affiliated Persons, where such Non-Affiliated Persons also conduct sales in conjunction with the rental of the aforementioned facilities, the GOR shall be limited to the rental fee paid for the rental of the aforementioned facilities and shall not include the sales of such Non-Affiliated Persons renting the aforementioned facilities.

(2) boat slips and dockage fees, together with all revenues ancillary thereto, except fuel, which shall be included as set forth below;

(3) food, beverage (including alcoholic beverages sold by the drink or bottle), convention and banquet sales, including room service, provided that in room mini-bars shall be calculated on a net basis, wherein net mini-bar revenues shall be defined as gross mini-bar revenue, less any lease payment made by the Lessee to a Non-Affiliated Person, with such net basis being subject to the Limitation on Net Income Rule;

(4) net income received from Concessions, if any, subject to the Limitation on Net Income Rule;

(5) net income, if any, from telephone and telecommunications services, and movie rentals, such net income being subject to Limitation on Net Income Rule; and gross revenues from cable television services, laundry services, personal services, audio-visual services and parking;

(i) "net income from telephone and telecommunications services" shall mean gross revenues therefrom LESS direct expenses paid to long distance providers for guest usage, where such providers are

Non-Affiliated Persons;

(6) wholesale and/or retail sales of goods or services, including merchandise or fuel (provided that the percentage of annual GOR shall be calculated only against "net fuel sales" which shall be the gross fuel sales, less the cost of fuel and applicable taxes on such fuel, where the cost of fuel is no greater than the cost in a good faith arm's length purchase from a wholesale distributor and where such "net fuel sales" formula shall be subject to the Limitations on Net Income Rule set forth above);

(7) proceeds, if any, from business interruption or other loss of income insurance;

(8) net casino gambling income, (if any) which is defined as: gross casino gambling revenues (handle) less: (a) gambling winnings paid to bettors; (b) state, local and federal gaming taxes, but not including income taxes paid by businesses not involved in gambling; and (c) less such other items as Lessor and Lessee may subsequently agree upon, such net casino gambling income being subject to the Limitation on Net Income Rule;

(9) LESSEE'S portion of any eminent domain awards which has not been reinvested in the Property within one (1) year of the date the award is received by LESSEE;

(10) commissions from fuel vendors coming upon the Property to fuel vessels.

B. GOR shall not include:

(1) gratuities received by employees;

(2) Allowances, as defined above;

(3) federal, state or municipal excise, sales, use, occupancy or similar taxes collected directly from patrons or guests, provided such taxes are separately stated;

(4) insurance proceeds (other than business interruption or other loss of income insurance);

(5) proceeds from the disposition of personal property (such as furniture, fixtures and equipment related to the operation of the hotel and restaurant) no longer necessary for the operation of the property;

(6) interest income, if any.

C. Any subletting of the functions described in above subsection 3. A. shall require the prior written approval of the LESSOR as to the proposed sublessee, which approval shall not be unreasonably withheld considering the financial responsibility and business capability of the proposed sublessee. Upon written notification by LESSEE to LESSOR of the identity of said proposed sublessee and the submission to LESSOR of data reflecting the financial responsibility and business capability of said proposed

sublessee, the LESSOR shall within thirty (30) days after receipt thereof notify LESSEE of its acceptance or rejection of the proposed sublessee, and failure of the LESSOR to so respond within said thirty (30) days shall be deemed to constitute approval by the LESSOR of said sublessee. For the purposes of this subsection C., LESSOR'S City Manager shall have the authority to grant or deny approval in accordance with the above standards.

D. In addition to the foregoing, all rentals received by LESSEE from subtenants numbered 1 through 14 on the attached Exhibit E (site plan sketches of the subtenant space denominated in Exhibit E is on file in the City of Fort Lauderdale's Office of the City Clerk, such site plan sketches being denominated as Exhibit D-1 to 1994 Amended and Restated Lease/Bahia Mar) or their successors, (hereinafter, Existing Subtenant Space) shall be included in gross operating revenues for calculation of the annual percentage rental due the LESSOR. Subject to the provisions of Article 20.0, Assignment and Subletting, LESSEE may continue to sublet to legitimate businesses Existing Subtenant Space without prior approval of the LESSOR. Any functions or uses of the leased premises which are set forth in subsection 3. A. in this Article which are hereinafter sublet shall in no way affect the fact that the gross operating revenues derived from said functions and uses shall be included in the annual gross operating revenue figure upon which the annual percentage rental due from the LESSEE to the LESSOR is calculated. Further, if LESSEE hereinafter- acquires for its own use any of the Existing Subtenant Space, then gross operating revenues derived by the LESSEE thereafter from Existing Subtenant Space shall be and shall become part of the gross operating revenues for calculation of annual percentage rentals due from the LESSEE to the LESSOR, until such space shall be subsequently sublet at which time only rental income from such subletting shall be included in gross operating revenues.

E. In the event that additional or new revenue-producing space is created upon the leased premises or in the event that the LESSEE, directly or indirectly, subsequently converts any space from the functions set forth in subsection 3. A., above, to other legitimate business functions, then and in those events the gross operating revenues derived from such space or uses shall be included in the gross operating revenues for calculation of the annual percentage rent; provided, however, that the LESSEE may in said instances seek prior approval from the LESSOR to sublet such space and have only the rentals received from such subletting included in gross operating revenues for calculation of the annual percentage rents due from LESSEE to LESSOR. Approval of subletting in such instances shall be at the discretion of LESSOR, which discretion shall not be unreasonably exercised considering the financial result or impact to the LESSOR. For the purposes of this subsection E., LESSOR'S City Manager shall have the authority to grant or deny approval in accordance with the above standards.

F. Except as set forth herein there shall be no other rent due from LESSEE to LESSOR for the use of the leased premises and it is expressly understood that there shall be no rental charge for so-called "non-revenue producing space" as was provided in Article XXVI, Subsection (c) of the original Lease.

Section 4. Within ninety (90) days after the end of each Lease year, the LESSEE shall pay to LESSOR a sum equal to the annual percentage rental required by Section 2 and 3 of this Article, less those amounts of minimum annual rental previously paid during the Lease year, and shall further deliver to the LESSOR at said time a detailed statement duly signed by a certified public accountant setting forth an itemization of all "gross operating revenues" for the preceding lease year, which statement shall further show and indicate the gross operating revenues for each of the classifications set forth in Section 3 of this Article.

Section 5. The LESSEE shall also keep and maintain accurate records and complete books and records of account indicating all of the LESSEE'S gross operating revenues as described in Section 3 of this Article, together with any sublessee's gross operating revenues in those instances under the terms hereof where the gross operating revenues of the sublessee are to be included in the calculation of the annual percentage rentals due from LESSEE to LESSOR. Said records and statements of gross operating revenues shall be kept and maintained by the LESSEE and appropriate sublessees in accordance with generally accepted accounting principles and shall be available to be examined by the LESSOR or its agents, servants, employees or representatives, and said records shall be kept and maintained, or a true and accurate copy thereof, in and upon the leased premises. In the event that the LESSEE has intentionally, willfully and with the intent to defraud made any reports to the LESSOR showing less gross operating revenues than actually received, such conduct and action on the part of the LESSEES shall constitute a material breach of the covenants of this Lease Agreement by the LESSEE.

ARTICLE 27.0

War

(This Article is intentionally deleted.)

ARTICLE 28.0

Financial Statement

The LESSEE herein shall furnish to the LESSOR within one hundred twenty (120) days of LESSEE'S fiscal year end an audited financial report performed by a certified public accountant licensed to practice in the State of Florida, said financial report reflecting the results of operations and the financial condition of the LESSEE during such fiscal year.

ARTICLE 29.0

Improvements to be Made by LESSEE

The LESSEE shall furnish statutory payment and performance

bonds pursuant to Chapter 713, Florida Statutes written by a Corporate Surety company on the U.S. Department of Treasury current approved list of acceptable sureties on Federal Bonds, as found in the U.S. Department of Treasury Circular No. 570, as same may be updated from time to time, in the full amount of any contract entered into by LESSEE for any major capital improvement, with said bonds being executed and issued by a Resident Agent licensed by and having offices in the the State of Florida representing such Corporate Surety at the time such capital improvements are constructed, conditioned upon full and faithful performance by LESSEE of such contract, and full payment to all laborers and materialmen supplying labor or materials for such improvements.

ARTICLE 30.0

Notices

All notices required by law and by this Lease to be given by one party to the other shall be in writing, and the same shall only be deemed given if forwarded as follows:

(a) By certified mail, return receipt requested, to the following addressees:

LESSOR: City of Fort Lauderdale
City Manager
100 North Andrews Avenue
Fort Lauderdale, Florida 33301

with a copy to:

Finance Director,
City of Fort Lauderdale
100 North Andrews Avenue
Fort Lauderdale, Florida 33301

LESSEE: Rahn Bahia Mar, Ltd.
1512 East Broward Boulevard, Suite 301
Fort Lauderdale, Florida 33301

LEASEHOLD
MORTGAGEE: Citicorp Real Estate, Inc.
400 Perimeter Center Terrace
Suite 600
Atlanta, GA 30346

or to such other addressees as the parties may by writing designate to the other party.

(b) The notice may also be served by personal delivery to LESSOR or LESSEE, or to the agent of LESSEE in charge of the leased premises.

(c) The notice to any Leasehold Mortgagee, as provided in Article 13.0, Leasehold Mortgagee, will only be provided if such

Leasehold Mortgagee has complied with the provisions of such Article 13.0.

ARTICLE 31.0

Taxes

During the term of the Lease, as extended, the LESSEE will be required to pay all taxes lawfully imposed or levied against the demised premises or personalty situated thereon, whether such taxes are levied against the land, improvements located thereon or personalty situated thereon. In the event that as a result of legislation or judicial precedent or decree subsequent to July 1, 1994 any tax, which prior to July 1, 1994 was lawfully levied or imposed against the demised premises or personalty situated thereon as aforesaid, ceases to be a lawful levy, then, in that event, Lessee agrees to continue to pay to City a "Payment In Lieu of Taxes" in an amount equal to the amount LESSOR would have realized from the imposition, levy and payment of such taxes, had the continued imposition or levy of such taxes remained lawful. At the time any such imposition or levy ceases to be lawful, the Base Assessed Value of the object of the tax shall initially be determined in accordance with the assessed value on the tax rolls for the preceding year. Thereafter the assessed value of such object shall be adjusted by the overall change in the City's overall assessment roll, excluding changes due to new construction and annexation. Such "Payments In Lieu of Taxes" shall be in accordance with the millage rates adopted by the taxing authorities in each successive year of the lease term. The "Payment in Lieu of Taxes" herein shall be payable in the same manner and within the same time frames as ad valorem taxes.

ARTICLE 32.0

Filling

(This Article is intentionally deleted.)

ARTICLE 33.0

Existing Obligations

Section 1. It is understood by and between the LESSOR and the LESSEE that this lease is subject to any and all existing leases, contracts and easements affecting the leased property. All such leases are hereby assigned to the LESSEE while this lease is in effect.

Section 2. LESSOR shall have the responsibility of operating and maintaining the pumping station and force main located on the leased premises, and LESSEE agrees that LESSOR shall have reasonable right of entry and access to the aforesaid facility to perform any necessary maintenance, and shall further be permitted to

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make any additional underground connections to the aforesaid pumping station consistent with its operation. LESSEE further agrees to allow no improvements which would prevent the aforesaid construction and maintenance.

ARTICLE 34.0

Annual Report

(This Article is intentionally deleted.)

ARTICLE 35.0

Effective Date

The execution of this Lease by the LESSOR is in pursuance of a Resolution, approved at a regular meeting of the City Commission of the City of Fort Lauderdale. The effective date of this Amendment and Restatement shall be the last date on which the LESSOR or LESSEE executes the Amendment and Restatement, provided that the authority of the property officials of LESSOR to execute this Amendment and Restatement shall expire within sixty (60) days of adoption of the Resolution so authorizing execution.

ARTICLE 36.0

Miscellaneous Provisions

It is further mutually covenanted and agreed by and between both of the parties hereto as follows:

(a) That this lease agreement shall be interpreted and governed by and construed in accordance with the laws of or applicable to the State of Florida.

(c) That the LESSOR shall not be required to give the LESSEE notice for the payment of any rent or other charges or assessments or payments to be made by the LESSEE under the terms and conditions as may be required by this lease agreement except as hereinbefore provided.

(d) Both of the parties to this lease agreement intend and therefore understand and agree that the LESSOR retains the right to negotiate sale of the entire Bahia Mar Yacht Basin, but in the event of any sale or other disposition of said Bahia Mar Yacht Basin by the LESSOR, the same shall be subject to this lease agreement, all of its terms and conditions and the rights of the LESSEE therein as provided for by this lease agreement.

(e) The full amount of the last year's rental under this lease agreement shall be paid at or before the time of execution and delivery hereof. In lieu thereof and as security therefor, receipt is hereby acknowledged of a note in the amount of the last year's rent, payable on demand and personally endorsed by Patricia Murphy

Kiernan.

(f) Interest Penalties: Late Payments. Late payments under this Lease shall accrue interest at the rate of twelve (12.0%) per cent per annum, provided, however, that no interest penalty shall apply to any payment which is received within fifteen (15) days of the date upon which it is otherwise due, but that any payment received more than fifteen (15) days after the date upon which it is due shall accrue interest penalties as stated above from the date such payment was first due.

(g) FDOT Project. There is currently in the planning stages a project for the realignment of State Road A1A and Seabreeze Boulevard ("FDOT Project") for certain lands abutting the demised premises on the East and to the North of the existing pedestrian overpass (said FDOT Project being currently designated as Project WPA No. 4110736, Job No. 86050 3540). In consideration of LESSOR'S obligations set forth below, the LESSEE waives any right to compensation as a result of any eminent domain proceedings for the acquisition of a portion of the demised premises for such project (to the extent that such acquisition shall not exceed a total of 24,950 square feet or exceed a depth of 55 feet at its maximum and to the extent such lands are necessary for the completion of the FDOT Project), such portion of the demised premises as referenced above being hereinafter designated the "Taking Parcel," a site plan sketch of which has been exchanged between the parties. LESSEE hereby agrees to join LESSOR in the conveyance of the Taking Parcel, including LESSEE'S leasehold interest therein. To the extent the acquisition exceeds 24,950 square feet, LESSEE may seek compensation in the eminent domain proceedings.

LESSOR agrees, in consideration of the foregoing, that in the event the Taking Parcel is conveyed as aforesaid that LESSOR shall be obligated to replace and restore all paving, landscaping and other improvements destroyed or damaged as part of such taking or conveyance, and in addition thereto, LESSOR further agrees that as a material consideration for the LESSEE agreeing to the foregoing, the LESSOR shall be obligated, with respect to its consideration of future development approvals requested by LESSEE for the demised premises, to consider any development application as though the Taking Parcel which has been conveyed was still a part of the demised premises. The foregoing includes, but is not limited to, present or future ordinances that deal with parking, set-backs (other than sight triangles and line of site requirements for public safety), square foot requirements, height limitations, density, intensity of use, buffering, landscaping, floor area ratios and any and all other parcel size-based criteria.

Notwithstanding anything in the Lease or any amendment thereto to the contrary, the LESSOR agrees with the LESSEE that the LESSEE shall not be required to convey the Taking Parcel unless and until all other parcels needed to complete the FDOT Project have been acquired.

Further, prior to any taking or conveyance of the Taking Parcel, the LESSEE may commence improvement or construction of any part of or all of the demised premises including the Taking Parcel.

If construction is commenced on the Taking Parcel or any portion of the demised premises that affect the Taking Parcel, this subsection (g) shall terminate, be deemed null and void ab initio with the LESSEE not being obligated to convey unless normal statutory eminent domain proceedings are commenced and brought to fruition, in which event nothing in this subsection (g) shall limit any claim in any eminent domain proceedings which LESSEE may bring with respect to its leasehold interest.

The current Leasehold Mortgagee is Citicorp Real Estate, Inc. pursuant to that leasehold mortgage described in Exhibit "F" attached hereto. The Maturity Date of that current leasehold mortgage is June 30, 1988. LESSOR and LESSEE acknowledge and agree that the provisions of this subsection (g) are not binding upon Citicorp Real Estate, Inc., the holder of the existing leasehold mortgage referred to above without their joinder and consent to the provisions of this subsection (g), prior to the Maturity Date, except in the event an extension, renewal or modification of that mortgage is executed after the effective date of this Amended and Restated Lease. LESSOR and LESSEE acknowledge and agree, however, that as to the current Leasehold Mortgagee, Citicorp Real Estate, Inc., and except as stated above, that from and after the Maturity Date, or upon an earlier execution of an extension, renewal or modification of that leasehold mortgage after the effective date of this Amended and Restated Lease, the provisions of this subsection (g) shall be binding upon the current Leasehold Mortgagee, whether by extension, renewal, modification of the existing leasehold mortgage or otherwise, and shall thereafter, be fully binding upon any Leasehold Mortgagee which acquires the existing leasehold mortgage after the Maturity Date, or after an earlier execution of an extension, renewal or modification of the current leasehold mortgage after the effective date of this Amended and Restated Lease or places a new mortgage upon the LESSEE's leasehold interest after the effective date of this Amended and Restated Lease. An extension, renewal, or modification of the existing leasehold mortgage or execution of a new mortgage upon the LESSEE'S leasehold interest after the above events shall constitute an agreement by the Leasehold Mortgagee to execute a partial release of mortgage as to the Taking Parcel, without any compensation therefor, but only under circumstances where the LESSEE is obligated to convey the Taking Parcel without any compensation in accordance with this subsection (g). Notwithstanding the foregoing, LESSEE shall not execute any extension, renewal or modification of the existing leasehold mortgage, without the joinder and consent of the existing Leasehold Mortgagee, Citicorp Real Estate, Inc. as to the provisions of this subsection (g) and which joinder and consent shall obligate the Leasehold Mortgagee to execute a partial release of mortgage lien on the Taking Parcel at the time of the conveyance of the Taking Parcel, without compensation therefor, so that that Taking Parcel is conveyed free of the mortgage lien, but only under the circumstances where LESSEE is obligated to convey the Taking Parcel without compensation in accordance with this subsection (g). Nothing herein shall be deemed to affect in any way, any obligation the LESSEE may have to a Leasehold Mortgagee with respect to the division or application of any proceeds of condemnation to which the LESSEE may be entitled with respect to the Taking Parcel or the demised premises or any part thereof. In addition to the foregoing, the LESSEE agrees to use its best efforts (without being obligated to provide monetary or

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other consideration) to obtain the joinder and consent of Citicorp Real Estate, Inc. to the provisions of this subsection (g), prior to execution of any extension, renewal or modification of the current leasehold mortgage.

(h) RADON GAS: Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county public health unit.

ARTICLE 37.0

Merger & Conflict

The prior lease from the LESSOR to the LESSEE, dated the 1st day of September, 1959, pertaining to Bahia Mar restaurant and bar is hereby canceled and terminated by mutual consent of the parties hereto, provided, however, that any sums due thereunder to September 1, 1962, from LESSEE to LESSOR shall be promptly prorated and paid.

In the event and to the extent that there is any conflict between the terms and conditions of the Lease, as previously amended, and the terms and conditions of this Amended and Restated Lease, then the terms and conditions of this Amended and Restated Lease shall supersede and prevail over any such conflicting terms or conditions in the underlying Lease, as previously amended.

IN WITNESS OF THE FOREGOING, the parties have set their hands and seals the day and year first written above.

WITNESSES:

CITY OF FORT LAUDERDALE

Peter H. Adams

By

Mayor

Dorothy O'Leary

By

City Manager

(CORPORATE SEAL)

ATTEST:

City Clerk

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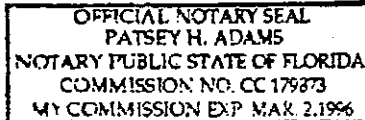
Approved as to form:

Dennis E. Lyen
City Attorney

STATE OF FLORIDA:
COUNTY OF BROWARD:

The foregoing instrument was acknowledged before me this February 13, 1995, by JIM NAUGLE, Mayor of the CITY OF FORT LAUDERDALE, a municipal corporation of Florida. He is personally known to me and did not take an oath.

(SEAL)



Patsey H. Adams
Notary Public, State of Florida
(Signature of Notary taking
Acknowledgment)

PATSEY H. ADAMS
Name of Notary Typed,
Printed or Stamped

My Commission Expires: 3/2/96

179873
Commission Number

0K23168F60381

STATE OF FLORIDA:
COUNTY OF BROWARD:

The foregoing instrument was acknowledged before me this February 14, 1995, by GEORGE L. HANBURY, II, City Manager of the CITY OF FORT LAUDERDALE, a municipal corporation of Florida. He is personally known to me and did not take an oath.

(SEAL)



"OFFICIAL NOTARY SEAL"
DOROTHY O'LEARY
MY COM. EXP. 3/5/95

Dorothy O'Leary
Notary Public, State of Florida
(Signature of Notary taking
Acknowledgment)

DOROTHY O'LEARY
Name of Notary Typed,
Printed or Stamped

My Commission Expires: 3-5-95

088831
Commission Number

BK23168PG0382

WITNESSES:

RAHN BAHIA MAR, LTD.,
a Florida limited partnership

By: RAHN BAHIA MAR, G.P.,
LTD., a Florida limited
partnership, its sole general
partner

By: RAHN BAHIA MAR, INC., a
Florida corporation, its
sole general partner

Robert J. Stirk

Robert J. Stirk
[Witness type/print name]

Carol J. Gardina

CAROL J. GARDINA
[Witness type/print name]

By: Peter H. Roberts
Vice President

1512 E. Broward Blvd. Suite 301
Fort Lauderdale, Florida 33301

STATE OF FLORIDA:
COUNTY OF BROWARD:

24th The foregoing instrument was acknowledged before me this
day of January, 1995,
by Peter H. Roberts, Vice President of RAHN
BAHIA MAR, INC., a Florida corporation, as sole general partner of RAHN
BAHIA MAR, G.P., LTD., a Florida limited partnership, as sole general
partner of RAHN BAHIA MAR, LTD., a Florida limited partnership, on
behalf of the partnership. He is personally known to me ~~or has produced~~
as identification.

(SEAL)

Susan C. Ross
Notary Public
My Commission Expires:
SUSAN C. ROSS

RBD/BMarCons3 121594 1645

NOTARY PUBLIC STATE OF FLORIDA
MY COMMISSION EXP. APR. 5, 1995
BONDED THRU GENERAL INS. UND.

BK23168PG0383

EXHIBIT "A"

All that part of BAHIA-MAR, according to the plat thereof recorded in Plat Book 35, Page 39 of the Public Records of Broward County, Florida, lying west of the west right-of-way line of Seabreeze Boulevard, EXCEPTING therefrom Parcel 1; also EXCEPTING therefrom the North eighty (80) feet of Parcel 34.

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EXHIBIT "B"

ENVIRONMENTAL DISCLOSURE TO
CITY OF FORT LAUDERDALE

SUBMITTED BY RAHN BAHIA, LTD. ON

OCTOBER 12, 1994

BK23168PE0385

C & I - COMMERCE AND INDUSTRY INSURANCE COMPANY
70 Pine Street, New York, N.Y. 10270

A Capital Stock Company
(herein called the "Company")

FLORIDA STORAGE TANK THIRD-PARTY LIABILITY
AND CORRECTIVE ACTION POLICY
DECLARATIONS

This is a Claims-Made and Reported Policy - It includes these
Declarations and the attached Application - Please Read Carefully.

POLICY NUMBER : FPL5876475

Item 1: NAMED INSURED RAHN BAHIA MAR, LTD
ADDRESS 801 SEABREEZE BLVD
FT LAUDERDALE, FL 33316

Item 2: POLICY PERIOD: From JUN 30, 1994 To JUN 30, 1995 12:01 AM Standard Time
at the address of the NAMED INSURED shown above.

Item 3: LIMIT OF LIABILITY: UP TO \$ 1,000,000 Each Incident
\$ 2,000,000 Aggregate

Item 4: DEDUCTIBLE:	IPTF :	ELIGIBLE	INELIGIBLE
Coverage A. Third-Party Liab	\$	500	\$ N/A
Coverage B. Corrective Action	\$	300,000	\$ N/A

Item 5: COVERED STORAGE TANK SYSTEM(S) See Attached ENDORSEMENT #1

Item 6: RETROACTIVE DATE:
Coverage A. Third-Party Liab JUN 30, 1994
Coverage B. Corrective Action JUN 30, 1994

Item 7: POLICY PREMIUM \$ 876

BROKER: Florida Petroleum Liability Insurance Program Administrators, Inc.
317 Riveredge Blvd, P O Box 1947, Cocoa, Florida, 32923

DATE: DEC 8, 1994

BY: *Wendell Harrison*
Authorized Representative

57612 (6/93)

BR23168PG0386

01589

ENDORSEMENT #1

Page 1

FPL5876475

RAHN BAHIA MAR, LTD

It is hereby understood and agreed that Item #5 of the Declarations, Covered Storage System(s), shall include only the following :

LOC# 1 BAHIA MAR YACHTING CENTER
(068501589)

801 SEABREEZE BLVD
FORT LAUDERDALE FL 333161629

UNIT#	GROUND INDIC	CAPACITY (# GALS)	TANK CONTENTS	INSTALL DATE	I.P.T.F. ELIGIBLE
1	UNDER	8,000	VEHICLE DIESEL	1981	YES
2	UNDER	8,000	UNLEADED GAS	1981	YES
3	UNDER	8,000	VEHICLE DIESEL	1981	YES

BK23168PG0387

EXHIBIT "D"

CAPITAL IMPROVEMENTS

1.	Exterior and sitework	\$ 359,000
2.	Docks	292,000
3.	Marina Building	35,000
4.	Retail Pool Building	75,000
5.	Tower - Back of House	75,000
6.	Waterfront Guestrooms	70,000
7.	Ballroom & Restrooms	603,000
8.	Lobby and Meeting Rooms	125,000
9.	Tower Elevators	220,000
10.	Restaurant	207,000
11.	Tower Guestrooms	185,000
12.	Mechanical Building	690,000
13.	Lease Space Improvements	25,000
14.	General Contractor	100,000
15.	Communication Equipment	473,000
16.	Laundry and Kitchen Equipment	250,000
17.	Room Supplies	150,000
18.	FF&E Rooms & Food & Beverage	1,346,000
19.	Architect and Engineer Fees	595,000
		<hr/>
		\$6,000,000

BK23168PG0388

RADISSON BAHIA MAR BEACH RESORT

1. Exterior & Sitework

The entry of the resort will be reconfigured to create a circular plaza and drop-off area with the paid parking entrance moving west of the hotel front door. Additionally, a wall system for signage will flank the revised entry. A pedestrian plaza will be constructed to entice the pedestrian traffic along Seabreeze Boulevard to enter the site and use the resort amenities.

A signage program will be developed in order to identify the Radisson Bahia Mar Beach Resort and general pedestrian and vehicular directional signage will be added.

2. Docks

The 350 slip marina shall receive upgrading of facilities to include utility upgrades and distribution. Electrical, cable t.v., telephone and water systems shall be evaluated and repaired or upgraded as needed. Additionally, the structural condition of the docks shall be determined, and repaired as necessary, to include pilings, decks and finger piers.

3. Marina Building

The administration area of the Bahia Mar Marina shall be renovated to consolidate the functions of marina check-in, fuel dock and marina administration into a concise area providing the marina guest with an efficient location for marina activities.

4. Retail / Pool Building

The renovation shall include the marina service functions such as marina coin laundry and marina showers. Additionally, the employee cafeteria shall be reconfigured and expanded along with a fitting out of additional meeting space in what is currently the General Store.

5. Tower - Back Of House

The employee service area and support space shall be renovated to provide better facilities.

DK23168PG0389

6. Waterfront Guestrooms

The 115 Marina Wing guestrooms shall be renovated to include new plumbing and air conditioning equipment for each room & corridors. The guestroom baths shall receive new tile, wall surface applied using a duraplex coating and painting of all trim. All new carpet, furniture and lighting fixtures for the rooms and corridors shall be provided.

7. Ballroom & Restrooms

This work will involve the upgrade of lighting, wall finishes, doors and hardware in the main ballroom. Additionally, the two large sets of restrooms will be renovated and equipped to provide an ADA accessible and equipped bathroom.

8. Lobby & Meeting Rooms

A lobby redo will be accomplished to include upgrade of all finishes and lighting along with new furniture. The lobby front desk will be reconfigured to allow for three terminal locations for check-in / check-out. A major element will be the removal of the lowest level bridge system to open up the lobby and increase efficiency in circulation. A second floor meeting room shall be created by renovating the Harbor Lights Lounge into a meeting and catering room suitable for receptions, conferences or audio / visual presentations.

9. Tower Elevators

The program will be to replace the generator equipment with current state of the art solid state microprocessor equipment for the two tower passenger cars. Additionally, one swing car will be designated as a service car with elimination of all front door openings. The elevators will be modernized to include the ADA required equipment and locations.

DK23168P60390

EXHIBIT 5"

10. Restaurant Redo

The Seaview Restaurant will be renovated to create a +/- 130 seat restaurant and +/- 50 seat bar/lounge. The existing kitchen will serve the renovated dining room. Additionally, a buffet line will be added to the restaurant to allow for buffet style dining to be offered. A new circulation stair shall be constructed to allow the public to circulate from the newly created pedestrian plaza up to the second floor restaurant.

11. Tower Guestrooms

A similar program to the Marina Wing Guestrooms will be undertaken in the 183 Tower Rooms. New thru wall A/C units, new plumbing fixtures, vanities, lighting, wall finishes along with a complete new furniture, fixture and equipment package will be installed.

12. Mechanical

Upgrades to mechanical equipment will be performed in order to obtain the maximum efficiency out of each piece of equipment.

13. Lease Space Improvements

The retail space on the property will be renovated to create a logo shop with normal resort sundries in addition to logo type apparel. Also, the retail corridor of the main building will be improved to create a retail arcade to showcase the existing resort retail in addition to attracting new tenants.

14. General Contractor

This item of the budget is to cover the cost of general conditions, overhead and fee for the general contractor for the project. We expect to engage two (2) major general contractors which shall divide the major work into site and public space versus the guestroom renovation.

Exhibit "A"

DK23168PC0391

15. Communication Equipment

This budget category includes the upgraded telephone switch, new phone sets, relocation of PBX to front desk area, Property Management System, Point of Sale system and the interior signage and graphics package.

16. Laundry & Kitchen Equipment

The replacement and purchase of new equipment along with the repair, adjustment, calibration and cleaning of the existing kitchen equipment makes up the majority of this budget item.

The laundry equipment will be evaluated and replaced as necessary.

17. Room Supplies

The equipping of the guestrooms and front office supplies are included in this item. Purchases such as linen, hangers, printed material, guest amenities, in-room supplies are all a part of the guestroom supplies.

The cost for front office forms, folios and the like are also part of this budget item.

18. Furniture, Fixtures & Equipment Rooms & Food & Beverage

All of the new furnishings to include complete guestroom package of case goods, seating, lighting, carpet, t.v.'s, clock radios and luggage racks make up this item.

In the food, beverage and the lobby areas, the FF&E shall include seating, tables and bases, banquettes, artwork, planters, plants and artifacts.

EXHIBIT 3

DK23168PG0392

19. Architectural & Engineering Fees

The entire cost of design of the renovated facilities is carried in this line item. Additionally, the project management cost to administer the project is included.

Some of the design discipline are architect, structural engineer, civil engineer, mechanical engineer, electrical engineer, geotechnical engineer, vertical transportation study, survey, interior design, landscape architect, environmental engineer, site signage survey and lenders inspection.

20. Contingency

This budget item is included to cover the cost of unforeseen conditions in the work. The contingency could also be used to upgrade an area which due to market analysis, we may want to add to the scope of the renovations.

EXHIBIT "J"

DK23168PG0393

<u>Legend</u>	<u>Current Tenant</u>	<u>Sq. Ft.</u>	<u>Annual Rent</u>
1	Carrazza, Inc.	1,796	\$ 61,064
2	Feadship America, Inc.	1,959	58,776
3	Frank Gordon Yacht Sales, Inc.	936	18,720
4	Charles P. Irwin Yacht Brokers, Inc.	2,503	55,748
5	Prof. Diving Charters of Florida, Inc. & Prof. Diving Schools of Florida, Inc.	2,460	54,120
6	Deep Sea Charters, Inc. D/B/A Windridge Yacht Charters	2,472	59,328
8	Richard Bertram, Inc.	3,557	64,026
9	Curtlin Corporation (Arella Salon)	730	12,000
10	Yachting Bliss	360	6,300
11	Water Taxi of Fort Lauderdale, Inc.	3,250	90,000
13	Jangles, Inc.	345	12,075
14	Omni Properties, Inc.	493	17,255
		<u>20,861</u>	<u>\$ 509,412</u>

BK23168PG0394

EXHIBIT "E"

EXHIBIT "F"

Mortgage executed by Bahia Mar Hotel and Yachting Center, Inc., a Delaware corporation, to Citibank, N.A., dated August 11, 1980, recorded August 14, 1980 at Official Records Book 9066, Page 490, as modified by Future Advance Agreement dated as of June 30, 1981, and recorded in Official Records Book 9827, Page 256; Future Advance Agreement dated May 12, 1982 and recorded in Official Records Book 10239, Page 129; Mortgage Modification Agreement dated as of March 9, 1992 and recorded in Official Records Book 19380, Page 878; Mortgage Modification Agreement dated as of June 30, 1993 and recorded in Official Records Book 20932, Page 10, as affected by Agreement of Assumption recorded in Official Records Book 10209, Page 888, as affected by Transfer and Assignment by Citibank, N.A. to Citicorp Real Estate, Inc., dated June 30, 1994, recorded July 1, 1994 in Official Records Book 22333, Page 897; and as modified by Modification of Leasehold Mortgage dated June 30, 1994, recorded July 1, 1994 in Official Records Book 22333, Page 901, all of the Public Records of Broward County, Florida.

RECORDED IN THE OFFICIAL RECORDS BOOK
OF BROWARD COUNTY, FLORIDA
DEPUTY ADMINISTRATOR

BK23168PG0395

Rahn Bahia Mar L.L.C.

1175 Northeast 125th Street · Suite 102
North Miami, Florida 33161
(305) 891-1107 ext. 211 · Facsimile (305) 891-2577
Steve@TateCapital.com

Via Federal Express

December 17, 2015

Lee Feldman, City Manager
City of Fort Lauderdale
100 North Andrews Avenue, Floor 7
Fort Lauderdale, FL 33301

CITY MANAGER
2015 DEC 21 AM 10:39

Re: Lease Agreement with the City of Fort Lauderdale

Dear Mr. Feldman:

Attached please find the Audited Schedule of Gross Operating Revenues as per the Amended and Restated Lease Agreement dated January 4, 1995 between the City of Fort Lauderdale, as Lessor, and Rahn Bahia Mar, LLC, as Lessee, for the year ended September 30, 2015.

Arrangements have been made for the final balance due payment to be wired directly from our lender's escrow account to the same account that we have been wiring your payments previously.

Should you have any questions or need additional copies of this report, please do not hesitate to let us know.

Very truly yours,

Rahn Bahia Mar L.L.C.



Stevan D. Lieberman
Controller

SDL:kmg

Attachment: as noted

cc: J. Kenneth Tate – via e-mail Kenny@TateCapital.com (w/out attachment)
James D. Tate – via e-mail Jimmy@TateCapital.com (w/out attachment)
Teresa Pacin – via e-mail Teresa@TateCapital.com (w/out attachment)

RAHN BAHIA MAR, L.L.C.

**SCHEDULE OF GROSS OPERATING
REVENUES**

**FOR THE YEAR ENDED
September 30, 2015**

RAHN BAHIA MAR, L.L.C.

SCHEDULE OF GROSS OPERATING REVENUES

For The Year Ended September 30, 2015

INDEX TO SCHEDULE OF GROSS OPERATING REVENUES

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Independent Auditor's Report.....	2-3
Schedule of Gross Operating Revenues.....	4
Notes to the Schedule of Gross Operating Revenues.....	5-7

INDEPENDENT AUDITOR'S REPORT

To the Members of Rahn Bahia Mar, L.L.C.:

We have audited the accompanying schedule of gross operating revenues (as defined in the amended and restated lease agreement dated January 4, 1995, between the City of Fort Lauderdale, as lessor, and Rahn Bahia Mar, L.L.C., as lessee), for the year ended September 30, 2015, and the related notes to the schedule.

Management's Responsibility for the Schedule

Management is responsible for the preparation and fair presentation of this schedule in accordance with the financial reporting provisions of the amended and restated lease agreement dated January 4, 1995, between the City of Fort Lauderdale and Rahn Bahia Mar, L.L.C.; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedule that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the schedule based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Rahn Bahia Mar, L.L.C.'s preparation and fair presentation of the schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Rahn Bahia Mar, L.L.C.'s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the schedule of gross operating revenues referred to above presents fairly, in all material respects, the gross operating revenues of Rahn Bahia Mar, L.L.C., for the year ended September 30, 2015, on the basis of accounting specified in the amended and restated lease agreement as described in Note B.

Basis of Accounting

We draw attention to Note B to the schedule, which describes the basis of accounting. The schedule of gross operating revenues was prepared by Rahn Bahia Mar, L.L.C. on the basis of the financial reporting provisions of Article 26 Section 4 of the amended and restated lease agreement dated January 4, 1995, between the City of Fort Lauderdale and Rahn Bahia Mar, L.L.C., which is a basis of accounting



other than accounting principles generally accepted in the United States of America, to comply with the provisions of the amended and restated lease agreement referred to above. Our opinion is not modified with respect to that matter.

Restriction on Use

This report is intended solely for the information and use of the members and managements of Rahn Bahia Mar, L.L.C. and the City of Fort Lauderdale and is not intended to be and should not be used by anyone other than these specified parties.

Berkowitz Pollack & Biant

Fort Lauderdale, Florida
December 15, 2015

RAHN BAHIA MAR, L.L.C.

SCHEDULE OF GROSS OPERATING REVENUES

For The Year Ended September 30, 2015

REVENUES:	
Rooms	\$ 15,134,043
Marina	19,750,849
Telephone	6,714
Other	<u>3,109,133</u>
TOTAL REVENUES	<u>38,000,739</u>
Less:	
Cost of fuel dock sales	(2,260,465)
Sales tax allowance and credits	<u>(360)</u>
GROSS OPERATING REVENUES - As defined	<u>\$ 35,739,914</u>

See notes to the schedule of gross operating revenues.

RAHN BAHIA MAR, L.L.C.

NOTES TO THE SCHEDULE OF GROSS OPERATING REVENUES

For The Year Ended September 30, 2015

NOTE A--ORGANIZATION AND GROUND LEASE AGREEMENT

On January 4, 1995, an amended and restated lease agreement (the "Agreement") was entered into between the City of Fort Lauderdale ("Lessor") and Rahn Bahia Mar, Ltd., and subsequently through assignment, Rahn Bahia Mar, L.L.C. ("Lessee" or "Rahn Bahia Mar"), which consolidated all previous amendments to the lease. The Agreement expires on August 31, 2062.

Rahn Bahia Mar, a Delaware limited liability company, was formed on November 17, 2004. Rahn Bahia Mar operates the Bahia Mar Beach Resort and Yachting Center (the "Resort"), a 296-room resort and marina located in the City of Fort Lauderdale, Florida.

Rent is to be paid to the Lessor based upon gross operating revenues as defined in the Agreement as follows:

Gross Operating Revenues: Gross operating revenue ("GOR") means all revenues, rents, income and receipts received from or by any person(s) (less any refunds to non-affiliated persons) of every kind derived directly or indirectly from operation of the property, including, without limitation, income (from both cash and credit transactions and before commissions) from (1) the rental of rooms, convention and meeting room facilities, banquet or other facilities (including facilities for "The Boat Show", which is annually held on the premises), exhibits, sales displays, or advertising space of every kind, provided that as to the rental of convention meeting and banquet room facilities for The Boat Show, where such facilities are rented to non-affiliated persons, where such non-affiliated persons also conduct sales in conjunction with the rental of the aforementioned facilities, the GOR shall be limited to the rental fee paid for the rental of the aforementioned facilities and shall not include the sales of such non-affiliated persons renting the aforementioned facilities; (2) boat slip and dockage fees, together with all revenues ancillary thereto, except fuel, which shall be included as set forth below; (3) food, beverage, convention and banquet sales, including room service, provided that in room mini-bars shall be calculated on a net basis, wherein net mini-bar revenues shall be defined as gross mini-bar revenue, less any lease payment made by the lessee to a non-affiliated person, with such net basis being subject to the limitation on net income rule; (4) net income received from concessions, subject to the limitation on net income rule; (5) net income from telephone and telecommunication services and movie rentals, such net income being subject to the limitation on net income rule; and gross revenues from cable television services, laundry services, personal services,

RAHN BAHIA MAR, L.L.C.

NOTES TO THE SCHEDULE OF GROSS OPERATING REVENUES--Continued

NOTE A--ORGANIZATION AND GROUND LEASE AGREEMENT--Continued

Gross Operating Revenues--Continued: audio-visual services and parking; (6) wholesale and/or retail sales of goods or services, including merchandise or fuel (provided that the percentage of annual GOR shall be calculated only against "net fuel sales", which shall be the gross fuel sales, less the cost of fuel and applicable taxes on such fuel, where the cost of the fuel is no greater than the cost in a good faith arm's length purchase from a wholesale distributor and where such "net fuel sales" formula shall be subject to the limitations on net income rule; (7) proceeds, if any, from business interruption or other loss of income insurance; (8) net casino gambling income, if any; (9) lessee's portion of any eminent domain awards not reinvested in property within one year of receipt thereof; and (10) commissions from fuel vendors coming upon the property to fuel vessels.

GOR shall not include (1) gratuities received by employees; (2) allowances (rebates and overcharges not known at time of sale); (3) federal, state or municipal excise, sales, use, occupancy or similar taxes collected directly from patrons or guests, provided such taxes are separately stated; (4) insurance proceeds (other than business interruption or other loss of income insurance); (5) proceeds from the disposition of personal property no longer necessary for operation of the property; and (6) interest income, if any.

Limitation on net income rule means that where annual GOR are predicated on a net income formula for any given function, that the allowable deductible expenses under such formula shall in no event exceed the gross revenues from that function and that no deficit of expenses over gross revenues shall be carried over from one lease year to another.

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The Lessee prepares the schedule of gross operating revenues on the accrual basis of accounting in accordance with the Agreement. Under this basis of accounting, revenues are recognized when earned and costs are recognized when incurred. The schedule of gross operating revenues is presented on an annual basis based on the lease year-end of September 30th.

RAHN BAHIA MAR, L.L.C.

NOTES TO THE SCHEDULE OF GROSS OPERATING REVENUES--Continued

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Revenue Recognition: Revenue associated with room rentals, concessionary leases, marina and use of recreational amenities at the Lessee's property is recognized when services are rendered.

Sales, Excise and Other Taxes: The Lessee collects and remits sales, excise and other taxes to state and local taxing authorities, that are both imposed on and concurrent with revenue-producing transactions between Rahn Bahia Mar and its guests. The Lessee reports the collection of these taxes on a net basis (excluded from revenues).

Subsequent Events: The Lessee has evaluated subsequent events and transactions for potential recognition or disclosure in the schedule of gross operating revenues through December 15, 2015, the date the schedule of gross operating revenues is available to be issued.