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Roe Minor
REALTY CONSULTANTS

APPRAISAL REPORT

Las Olas Walk Pedestrian Bridge Air Rights

SE 2nd Street between N. Federal Highway and SE 8th Avenue
Fort Lauderdale, Broward County, FL 33301

As of 4/16/2018

City of Ft. Lauderdale
100 N. Andrews Avenue
Fort Lauderdale, FL 33301

RMRC File ID: 18-6458

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4/23/2018

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Bruce C. Roe, MAI
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City of Ft. Lauderdale
ATTN: Ryan Henderson,
Assistant to the City Manager
100 N. Andrews Avenue
Fort Lauderdale, FL 33301

Re: RMRC file ID #18-6458
Las Olas Walk Pedestrian Bridge
SE 2nd Street between N. Federal Highway and SE 8th Avenue
Fort Lauderdale, FL 33301

Dear Mr. Henderson:

As requested, Roe Minor Realty Consultants is delivering a current real property appraisal report on the property referenced above.

The purpose of this report is to form an opinion of the Market Value "As Is" and Fair Market Rent. The value opinions are formed on the basis of the Fee Simple interest subject to conditions prevailing as of 4/16/2018. The analyses, opinions, and conclusions were developed in conformance with interpretation of the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP) and the Code of Professional Ethics of the Appraisal Institute.

This report was prepared for and submitted to City of Ft. Lauderdale (the "client") for the intended use of fair market rent determination only. There are no other intended users and unless we consent in writing this report cannot be used by any other person/entity for any purpose. If City of Ft. Lauderdale submits the appraisal or directs RMRC to submit the appraisal to a third party recipient with the prior approval of RMRC, such party should consider the appraisal as one factor and should utilize such within its own independent investment considerations and underwriting criteria as part of its overall investment decision. Such third-party recipient is cautioned to understand all Extraordinary Assumptions and Hypothetical Conditions, General Assumptions and Limiting Conditions, and the agreed upon scope of work between RMRC and City of Ft. Lauderdale in the appraisal.

The value opinions are qualified by certain assumptions, limiting conditions, certifications, and definitions, which are set forth in the report. We particularly call your attention to the following extraordinary assumptions and hypothetical conditions, which if employed might have affected the assignment results:

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Extraordinary Assumptions:	1) This appraisal is not contingent on any extraordinary assumptions.
Hypothetical Conditions:	1) This appraisal is not contingent on any hypothetical conditions.

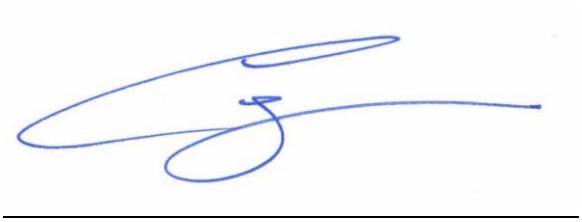
The essential data and analytical process used in estimating our final value estimate are included within the attached report. Please refer to the scope of work section of this report regarding reliability of information supplied to RMRC and its effect on value. This letter is invalid unless attached to the report in its entirety. Based on our analysis, the market value of the subject property, as set forth, documented and qualified in the attached report is:

Value Conclusions	
Value Premise	As Is
Date of Value	*4/16/2018*
Market Value	**$50,000**
Fair Market Rent - Annual	**$4,000**

Our intention in preparing the following report was to provide supporting detail as necessary for you to understand this appraisal per our agreement. Should you have any questions, comments, or require further assistance, please contact us.

Respectfully Submitted,

ROE MINOR REALTY CONSULTANTS, INC.



Charles E. Minor, MAI
State-Certified General Real Estate Appraiser RZ2252
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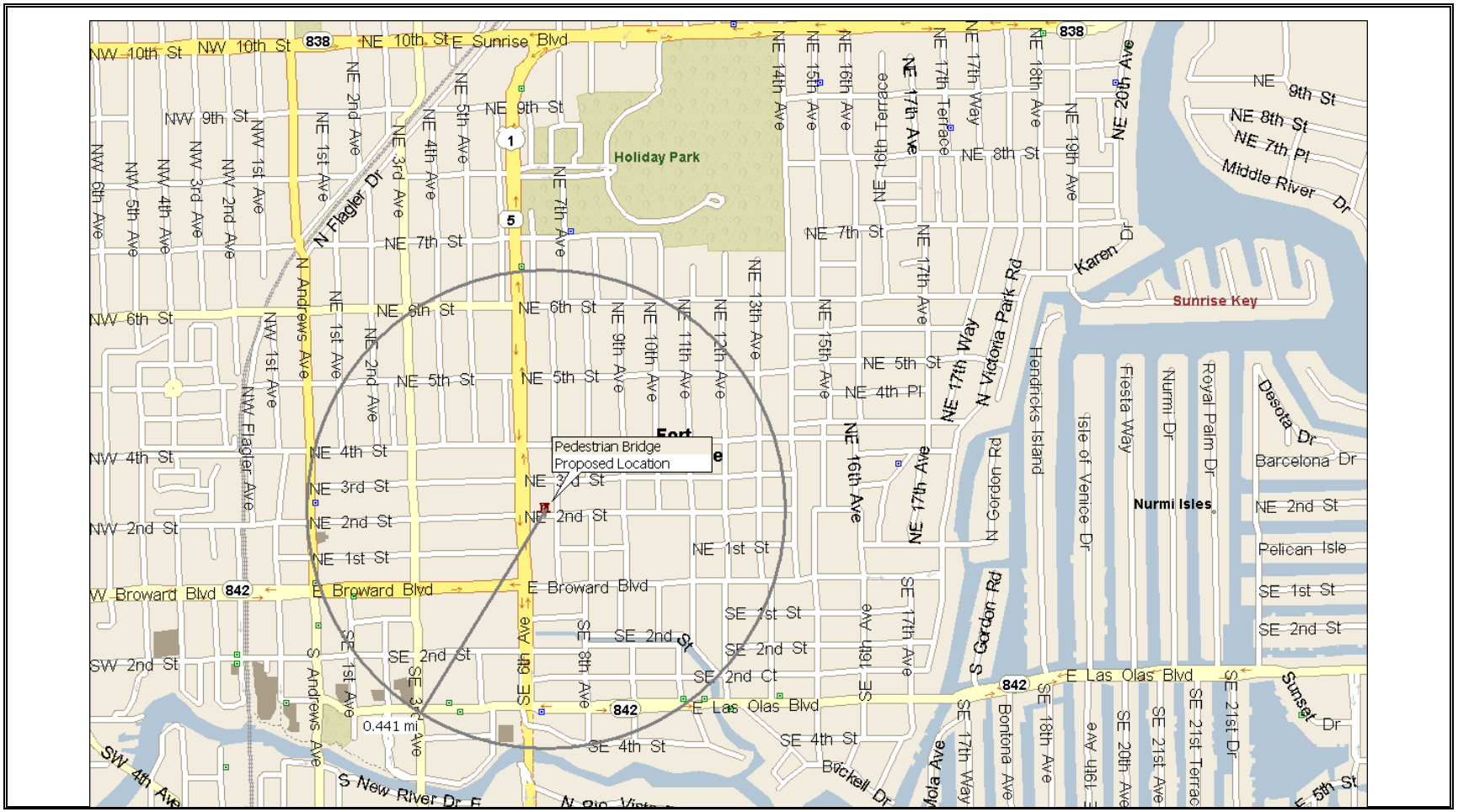
Addenda Contents

ADDENDUM A:	Comparable Land Sales
ADDENDUM B:	Fort Lauderdale Market Information
ADDENDUM C:	Regional Analysis
ADDENDUM D:	Definitions
ADDENDUM E:	Qualifications of Appraiser(s)

Location Maps

County Level View



City Level View

Executive Summary

Common Property Name:	Las Olas Walk Pedestrian Bridge
Location:	SE 2nd Street between N. Federal Highway and SE 8th Avenue, Fort Lauderdale, Broward County, FL 33301. The aerial rights property is located 2 blocks north of Las Olas Boulevard, just east of Federal Highway, between the proposed Las Olas Walk North and South parcels. Census Tract: 419.00
Property Description:	The property consists of 1,704 sf of buildable area in two pedestrian bridges at the 4th and the 8th Floors of The Walk North and South project. The Pedestrian Bridges will connect the buildings allowing better access to and from parking, amenties and the buildings for residents.
Pertinent Dates: Date of Inspection: Effective Date of Appraisal: Date of Report Transmittal:	 4/16/2018 4/16/2018 4/23/2018
Occupancy:	The property is currently a public right-of-way bounded on the north and south with lands proposed and approved for residential development.
Zoning:	RAC-EMU (Regional Activity Center - East Mixed Use District)
Assessor's Parcel Number:	N/A – currently assessed as a right-of-way
Interest Appraised:	Fee Simple
Ownership:	
Current: Proposed Tenant:	City of Fort Lauderdale Las Olas Walk Owner LP

VALUE AND ECONOMIC CONCLUSIONS

Value Conclusions	
Value Premise	As Is
Date of Value	*4/16/2018*
Market Value	**$50,000**
Fair Market Rent - Annual	**$4,000**

Assignment

Appraisal Purpose	Estimate Market Value "As Is" and Fair Market Rent.
Intended Use	This appraisal is intended for fair market rent determination and is not intended for any other use. This valuation assignment was developed consistent with the scope agreed upon with the client, City of Ft. Lauderdale.
Client/Intended User	The intended user of this report is the client, City of Ft. Lauderdale.
Other Intended User	There are no other intended users and unless we consent in writing this report cannot be used by any other person/entity for any purpose.
Previous Clients/Users	RMRC or the appraisers have not previously conducted an appraisal or other service in connection with the property being appraised within the three-year period immediately preceding acceptance of this assignment. The current client and/or users have been informed that the intended use of this assignment is not for a federally insured depository institution in a federally related transaction.
Report Option	Appraisal Report of Real Property
Interest Appraised	Fee Simple

Property Identification

Location:	SE 2nd Street between N. Federal Highway and SE 8th Avenue Fort Lauderdale, Broward County, FL 33301 The aerial rights property is located 2 blocks north of Las Olas Boulevard, just east of Federal Highway, between the proposed Las Olas Walk North and South parcels. Census Tract: 419.00
Assessor's Parcel Number:	N/A
Legal Description:	Not defined

Owner and Property History

Current Ownership:	City of Fort Lauderdale
Sale History:	According to research of the public record and discussion with parties involved, we are not aware of any arm's length transfers within the past three years. We have not conducted a title search.
Current Disposition:	The client is seeking to lease the air rights described herein for a 50 year term, with 5 year options thereafter. The purpose of this assignment is to determine the fair market rent.

Scope of Work

In the process of completing this appraisal, we have completed the following:

- Inspected the subject property and surrounding market on 4/16/2018, at which time we took notes and photographs as to occupancy and condition of the property. This was the date of our most thorough inspection. We inspected the exterior only of the property from its perimeter boundary without representatives to this assignment. Our inspection was of a visual nature without the use of special testing equipment and not equivalent to an inspection by a professional engineer or general contractor.

- Discussed with representatives of City of Fort Lauderdale or Las Olas Walk Owner LP the current and historical operation of the subject property. All data necessary to complete this assignment was provided.

- Gathered information on zoning, taxes, and other governmental regulations affecting the property. We investigated the general regional economy, as well as the specifics of the local area and property type to the extent relevant for the appraisal assignment.

- Researched the market for comparable land sales and economic data among other data relevant to the assignment and subject property. This involved gathering primary and secondary data from the public record and verifying it with various owners, agents, and property managers. The depth of analysis is intended to be relevant for the appraisal assignment. The data have been analyzed and confirmed with sources deemed reliable, whenever possible, leading to the value conclusions set forth in this appraisal. The accuracy of the representations cannot be warranted, despite our due care. Our final opinions are further patterned after overall marketplace conditions. Primary market research for this appraisal was gathered from numerous sources including, but not limited to the following:

• CoStar	• Multiple Listing Service and IMAPP	• Economy.com
• Brokers, National/Local Brokerage Firms, Property Managers, etc.	• LoopNet	• RMRC files and data plant dating to 1985.
• Broward County, FL Property Appraiser's Website and Clerk of Circuit Courts Website	• Newspaper Clippings from Daily Business Review, South Florida Business Journal, FREJ, Sun-Sentinel, and others	• Planning and Zoning Departments overseeing Fort Lauderdale and Broward County, FL.

- Attempted to effectively bracket the value of the subject property, seeking comparables that would not only be direct substitutes but also properties that would reflect the upper and lower limits of value.

  Time Range: We prefer to have the most recent market comparables available and limited our research to those occurring closest to the effective date(s) of this

appraisal. However, we also researched older sales that typical investors would consider relevant due to the subject's unique value parameters.

Geography: Market activity within the local area was given first priority, expanding to comparable areas until we obtained a sufficient sample. The parameters of our search are consistent with the market in which the subject competes.

Size: Though we also considered other value attributes, we focused our research on properties within about 30 percent of the subject's square footage for this assignment. This size range would reflect substitute utility, function, and similar market participants and correlate best with the subject property value indicators. However, to obtain sufficient quantity of data, we included vacant sites outside that range that still shared similar characteristics as described in this section and necessary for reliable comparison.

Criteria: Typically, the most challenging research parameter is identifying close substitutions for the subject property. We considered land use in context of highest and best use, tenancy and design characteristics as the most important criteria, in relation to economic profile.

- Estimated the value for the property under its highest and best use.

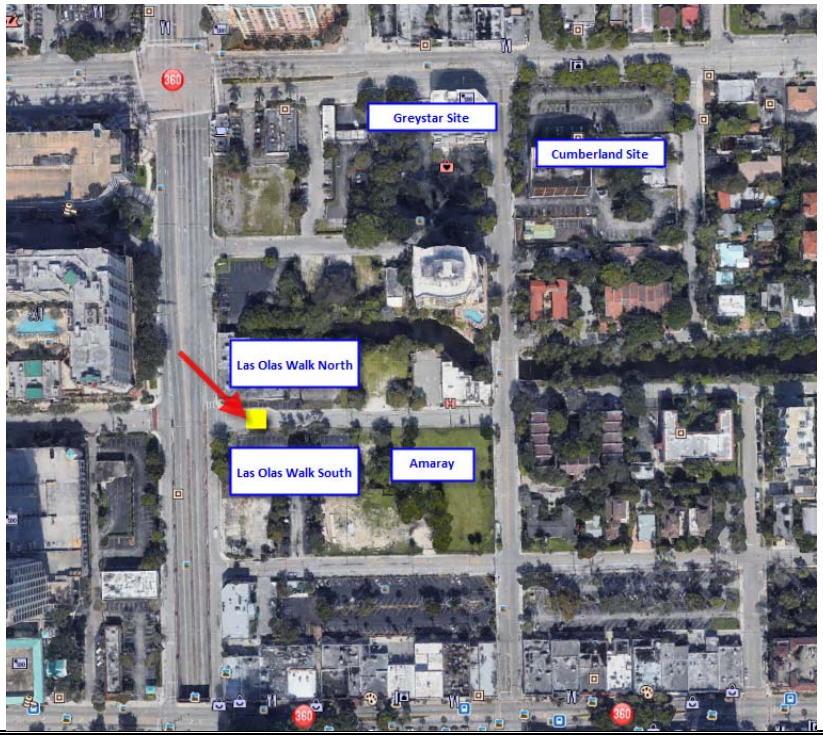
  The income approach was considered and was not developed because it is rarely used in the valuation of vacant land, and is not common for land with a highest and best use as estimated herein.

  The sales comparison approach was considered and was developed because the property is vacant land and the market strongly relies on this method. Market Rent was determined by applying an appropriate market rate factor to the estimated value.

  The cost approach was considered and was not developed because it not relevant for vacant land.

- We have appraised the market value "as is" and fair market rent of the fee simple interest in the real property identified herein.

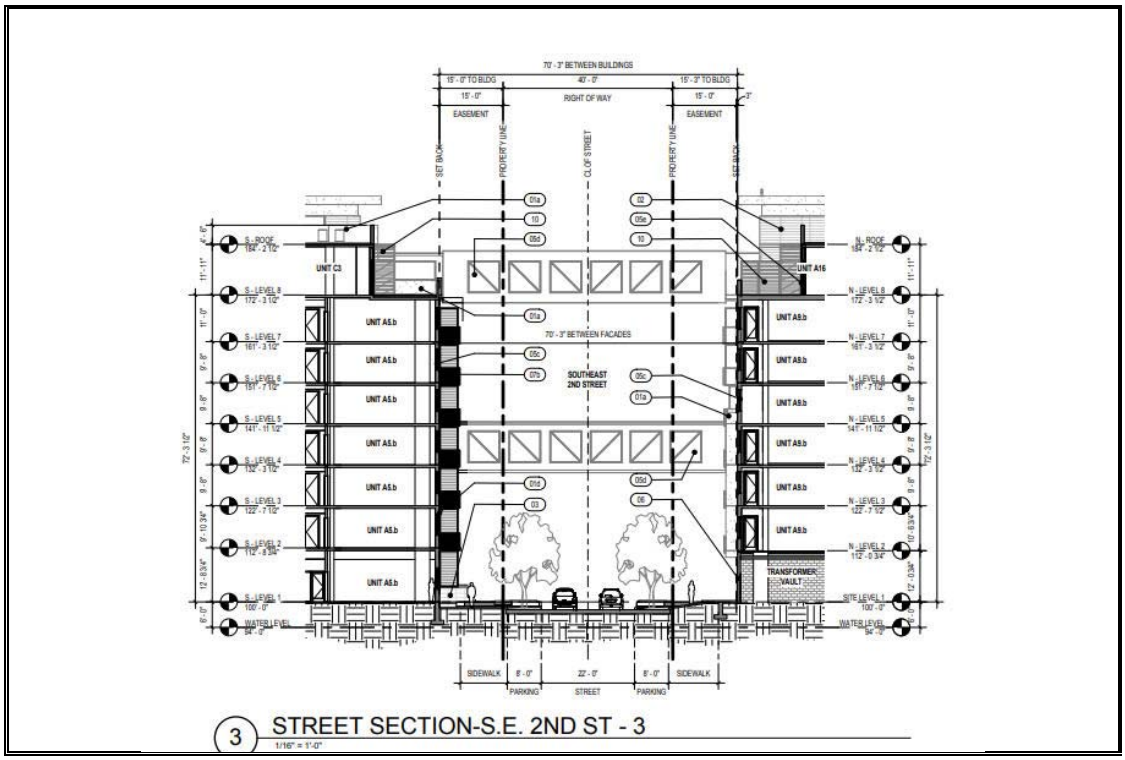
Subject Photographs

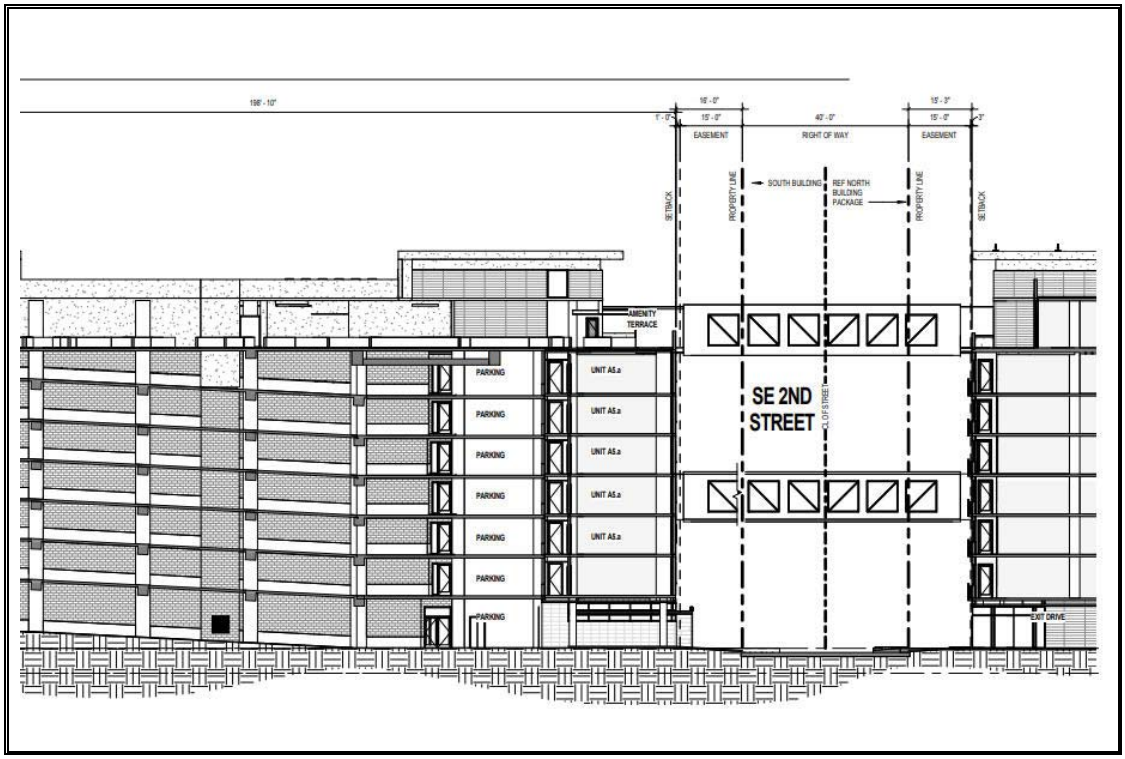


Aerial Photo – Subject is in yellow

Looking west down SE 2nd Street

Looking east from near Federal Highway down SE 2nd Street


70' - 3" BETWEEN BUILDINGS
15' - 0" TO BLDG
40' - 0"
15' - 3" TO BLDG
15' - 0"
RIGHT OF WAY
EASEMENT
SET BACK
PROPERTY LINE
CL OF STREET
UNIT C3
UNIT A16
UNIT A5.b
70' - 3" BETWEEN FACADES
SOUTHEAST 2ND STREET
TRANSFORMER VAULT
SIDEWALK
8' - 0"
22' - 0"
PARKING
STREET
3 STREET SECTION-S.E. 2ND ST - 3
1/16" = 1'-0"


198' - 10"
16' - 0"
15' - 0"
40' - 0"
15' - 3"
EASEMENT
RIGHT OF WAY
SETBACK
PROPERTY LINE
SOUTH BUILDING
REF NORTH BUILDING PACKAGE
AMENITY TERRACE
PARKING
UNIT A5.a
SE 2ND STREET
CL OF STREET
EXIT DRIVE

Property Description

Location:	The aerial rights property is located 2 blocks north of Las Olas Boulevard, just east of Federal Highway, between the proposed Las Olas Walk North and South parcels in Fort Lauderdale, FL 33301.
Description:	The lower pedestrian bridge will span SE 2nd Street at the fourth floor or approximately 32' from ground level. A second bridge will be at the eighth floor or approximately 72' from ground level. It will be constructed of steel and glass and of design and appeal similar to the projects it connects, on the north and south.
Easements:	We are not aware of any adverse easements from our inspection, any available surveys, or the client, that would affect the value or marketability of this aerial right.
Utilities:	All utilities including electric, phone, potable water and sanitary sewer are available to the area and assumed to be of sufficient capacity for reasonable development.
Flood Map:	National Flood Insurance Rate Map Number 12011C0557H dated 8/18/2014 indicates the property is within a Zone AH and X.

Zoning

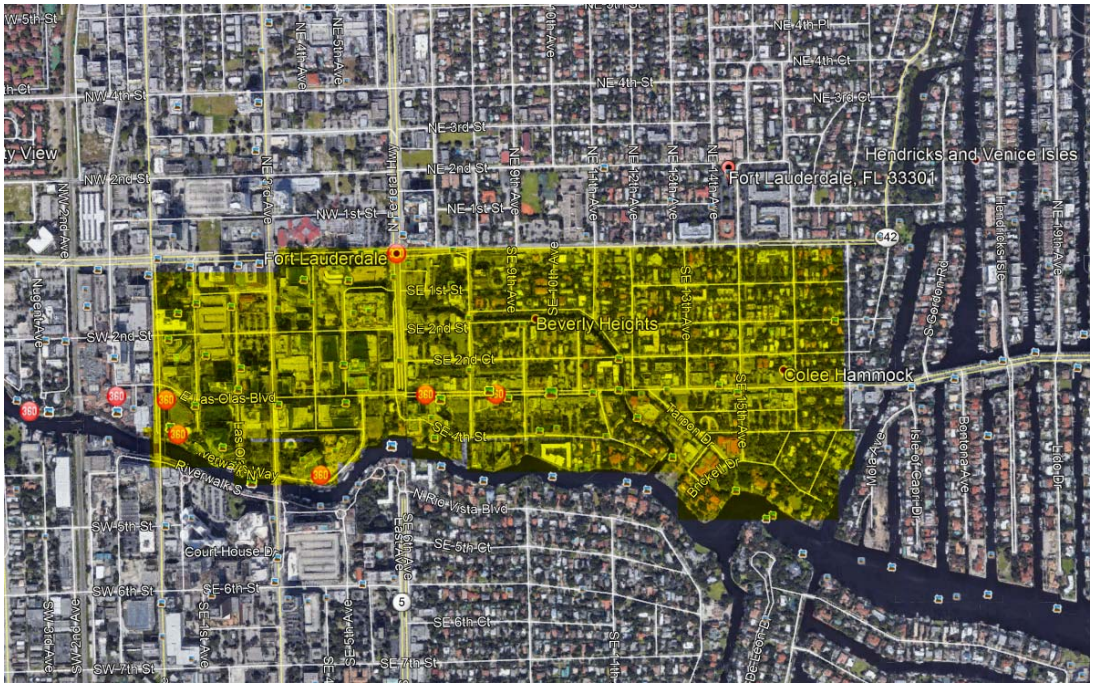
Jurisdiction:	Fort Lauderdale
Classification:	RAC-EMU (Regional Activity Center - East Mixed Use District)
Permitted Uses:	*RAC-TMU Transitional Mixed-Use District* is intended to provide three transition areas between the high intensity RAC-CC, district and the lower intensity residential neighborhoods which abut the RAC. The area is intended to support the city center by allowing a wide range of employment, shopping, service, cultural and higher density residential neighborhoods. This area includes the expansion area where the downtown's urban core was expanded so as to provide a transition area surrounding the central urban core in order to protect the adjacent areas. There are three (3) TMU areas identified along the perimeter of the higher intensity RAC districts. The *East Mixed Use (EMU)* is located east of the RAC-CC district and includes residential areas on either side of Las Olas Boulevard and commercial business uses along Federal Highway and Las Olas Boulevard. Regulations within the EMU are designed to provide for a transition from intense uses permitted within the RAC-CC district to those established neighborhoods east of the EMU.

Deed Restrictions:	We know of no deed restrictions, private or public, that further limit the subject property's use. The research required to determine whether or not such restrictions exist, however, is beyond the scope of this appraisal assignment. Deed restrictions are a legal matter and only a title examination by an attorney or Title Company can usually uncover such restrictive covenants. Thus, we recommend a title search to determine if any such restrictions do exist.
Land Use:	Regional Activity Center – Zoning and land use are consistent
Legal Conformity and Comments:	The existing properties were presumably built according to code in place at the time of construction or prior substantial renovation (if applicable). Based on our check into zoning, the subject are legally conforming uses. The Walk at Las Olas North and South projects that the proposed pedestrian bridges will connect have received approvals.

Local Area Analysis

In the Addenda Section of this report, there is a comprehensive overview of the Downtown Fort Lauderdale market recently published by Colliers International for the Fort Lauderdale Downtown Development Authority and provides an excellent current snapshot of the Downtown Fort Lauderdale.

The local area is in the incorporated city of Fort Lauderdale within the greater Fort Lauderdale MSA, which is within Broward County. The local area is in the growth stage of its life cycle and property values are generally increasing towards historically high levels. We do note that the immediate pocket where the subject is located there has been considerable market interest and investment activity for sites for luxury multifamily redevelopment, inspired to some degree by the success of the Amaray Las Olas luxury multifamily project along SE 8th Avenue just north of Las Olas Boulevard. The area is within the Fort Lauderdale Central Business District, as well as the Las Olas Retail and Entertainment district; 2 miles west of Fort Lauderdale Central Beach; and 3.00 miles north of the Fort Lauderdale-Hollywood International Airport.



PRIMARY BOUNDARIES

The approximate local area boundaries are as follows based on the pattern of uses, linkages and property values noted during our analysis.

North:	Broward Boulevard
South:	New River
East:	SE 17th Avenue
West:	Andrews Avenue

ACCESS

Access has historically been above average and the corridor terminates at the Victoria Park neighborhood to the east and in and thru downtown to the west. It can be reached from Broward Boulevard or other local collector roads in many ways. There are pedicabs, and street parking within certain hours, as well as off corridor public parking garages. The planned Wave Streetcar is slated to serve this area (of late, there has been discussions to scrap the project); as well as the Brightline high-speed rail line along the FEC line from Miami to Orlando, with the Fort Lauderdale station recently opened just north of Broward Boulevard with service currently between Fort Lauderdale and West Palm Beach, with service to Miami to commence soon.

The City of Fort Lauderdale is in the preliminary stages of a plan to redesign East Las Olas Boulevard from Federal Highway (tunnel) to SE 11th Avenue and would include making the corridor more pedestrian friendly with wider sidewalks; reducing vehicular traffic lanes; upgrading landscape and streetscape; improving the SE 15th Avenue cut-through from Broward Boulevard; and improving the stretch of Las Olas Boulevard from Andrews Avenue to Federal Highway (tunnel) for pedestrians and people with disabilities.

LOCAL AREA CHARACTERISTICS

Known as the place to Eat, Shop and Enjoy Fort Lauderdale, Las Olas started in the early 1900's as the road to the beach. Today there are over 30 bars, clubs and restaurants with both indoor and outdoor dining. More than 120 retail shops, art galleries, museums, salons, spas, offices, banking and even a pharmacy. The Riverside Hotel, an historic hotel, is at the western edge of where primary shopping begins overlooking downtown. Off the main stretch of the shopping road are older housing, some of which have been redeveloped with newer townhomes, but many of which remain. Towards Downtown, Las Olas is the prime address for most of the city's newest office towers with ground floor restaurants and bars. It terminates at the Riverfront, which is about to undergo its second redevelopment, and at Huizenga Park. Huizenga Park is the launching place for many corporate and city events including runs, fairs/events, etc. East of 17th Street the road is almost entirely higher end residential isles and communities.

The street itself is closed many times a year for various art fairs, Christmas On Las Olas, street parties and festivals. The road is primarily enjoyed by local residents, but also county and regionwide, and of course, from International travelers visiting the area.

Rents and Sales prices are amongst the highest in the City, but still do not even crack the top 20 in the US and are well below areas like Lincoln Road in Miami Beach or Worth Avenue in Palm Beach. Rents generally are from $30 at the lower end for office to asking rents upward of $70-$100 per square foot for retail, but those are likely asking, and not effective. A local investor recently purchased some buildings for $1,289 per square foot, but has not divulged plans that, at those prices, would almost have to be a redevelopment play. Those buildings are in the best part of the street and the buyer is known for aggressive above market purchases.

Along the western end of the Las Olas Boulevard corridor, the City of Fort Lauderdale has recently approved a 1,214-unit mixed-use development in the western half of the now-empty Las Olas Riverfront site. The 2.4-acre western portion of the Riverfront site was recently purchased by a developer for $29 million.

In late 2016, three of the major Las Olas Boulevard property owners – Las Olas Companies, Barron Real Estate and Hudson Capital Group, hired Comras Company, led by Michael Comras, to oversee leasing of their properties along the corridor. Comras, with experience along Lincoln Road and Coconut Grove, will look to reposition the corridor as a high-end luxury retail corridor and seek to achieve higher rents and stronger tenancy along the corridor.

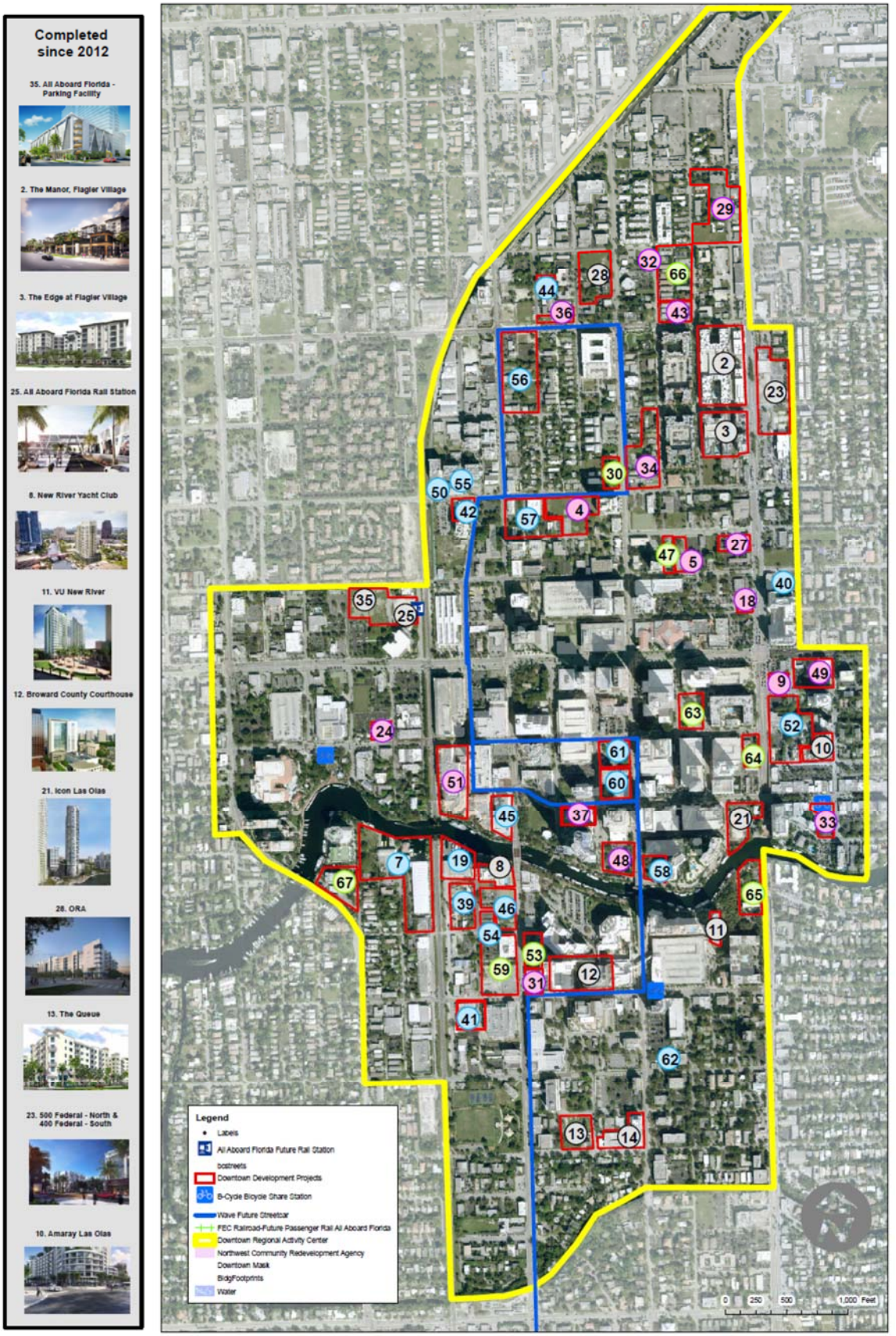
In addition to the residential and supportive commercial uses, the noteworthy influences on real estate values include the following:

- Downtown Fort Lauderdale core
- Local area beaches and waterways
- Fort Lauderdale-Hollywood International Airport
- Port Everglades
- Downtown, Las Olas areas and Flagler Village cultural facilities

GROWTH PATTERNS

The Downtown Fort Lauderdale area is in a midst of new growth and development, primarily multifamily residential, but also commercial office and retail uses. The following chart highlights the current development picture in the downtown area:

CITY OF FORT LAUDERDALE
Downtown Development Projects
Updated February 2018
Total Development (Built and Approved Projects)
Residential Units 17,471
Commercial Square Ft 2,828,704
Office Square Ft 4,338,391
Hotel Rooms 1,241
In Review
Residential Units - 2,384
Commercial Square Ft. - 81,341
Office Square Ft. - 207,000
Hotel Rooms - 529
Approved
Residential Units - 5,041
Retail Square Ft. - 420,227
Office Square Ft. - 572,379
Hotel Rooms - 195
Under Construction
Residential Units - 3,580
Retail Square Ft. - 162,072
Office Square Ft. - 78,537
Hotel Units - 796
30. URBN @ Flagler
65. AlexanTarpon River
55. Apache Lofts
54. 488 Residences
61. Southeast 2nd Ave
36. Sistrunk Townhouses
37. 100 Las Olas
29. Quantum at Flagler Village
47. Aloft Hotel
66. Alta Flagler Village Phase II
46. New River Yacht Club III
41. New River Central
44. Flagler 626
27. Tribute/Element Hotel
32. Flagler Townhomes
51. Riverfront
53. 550 Building - Parking Garage
7. Marina Lofts
45. 4 West Las Olas
60. 201 East Las Olas
24. New Restaurant/Bar
33. 788 East Las Olas
5. The Rise
59. Southside City Center
42. Flagler Village Hotel
56. Archo Metropolitan
52. Las Olas Walk
18. 105 North
48. The Residences of Las Olas
49. 790 East Broward
67. Sailboatbend Apartments
19. New River Yacht Club West
40. Las Olas Townhomes
9. Fairfield Inn
4. One20fourth
63. Next Las Olas
58. Riverwalk Residences
39. 1st Avenue Residences
34. Morgan on 3rd Avenue
31. Justice Building Restaurants
64. RD Las Olas
62. Fiori Financial Group
57. FAT City
43. Alta Flagler Village
50. Flagler Storage



Prepared by: City of Fort Lauderdale, Urban Design and Planning Division

The subject's immediate area – bordered by Las Olas Boulevard to the south; Federal Highway to the west; SE 8th Avenue to the east; and Broward Boulevard to the north has seen increased interest from the market in recent years for luxury multifamily development. The interest has been spurred by the recent development and sale of the Amaray Las Olas luxury residential project, a 30-story, 254-unit apartment building located one block south of the subject property. New York-based Rockefeller and Fort Lauderdale-based Stiles co-developed the project. The 1-3-bedroom unit building also includes amenities such as rooftop pool deck with hot tub and cabanas; entertainment pavilion with gas grills; large gym area; club room with catering kitchen, a dog run and dog wash. The completed project was put on the market in January 2017 and sold in June 2017 for $133.55 million, or nearly $526,000 per apartment. The reported cap rate on the sale was 4.25%. That price point put this project in a league with similar projects in markets such as Washington, D.C., Boston and Chicago and represented a major step for the Fort Lauderdale luxury multifamily market. The buyer is Boston-based GID, and there was some indication at the time of sale that the project could be converted to condominiums at a future date.

Along Las Olas Boulevard, just west of the subject, the Icon Las Olas apartment tower opened its doors in October 2017. The $200 million project, developed by the Related Group is a 45-story (455 feet high), 272-unit luxury project originally planned as a condominium project, but since changed to an apartment project with an asking rent range of between $2,500 and $7,000 per month. Further west of the Icon Las Olas, the Kolter Group is in the midst of developing their 100 Las Olas project, a 46-story mixed-use condominium/hotel/and restaurant & retail project. The project is slated for completion in 2020 and will include 121 luxury condominium units; a 238-room Hyatt-Centric hotel and street level restaurant and retail space.

North of the subject, we note the recent ground-breaking of Greystar's 790 East Broward Boulevard luxury multifamily project, a 25-story residential project on 1.91-acre site. The project will consist of 329 apartment units and nearly 7,000 square feet of street-level retail. Greystar has partnered with Stiles on the project, who was also the seller of the long-held site.

Olando-based ZOM Living purchased a 3.44-acre (non-contiguous) site with approvals for their planned Las Olas Walk project. The project will consist of two eight-story buildings connected by walkways with 456-apartment units; 14,000-sf of ground-floor amenities; a 20,000-sf rooftop deck and parking garage. The project is scheduled to break ground sometime in 2Q 2018.

Other nearby projects of note include the Riverwalk Residences of Las Olas at 333 North New River Drive East, which was approved for 42-stories with 401 units including 152 assisted living residences; 57 memory care units; hotel rooms and a full range of luxury senior living amenities. The developer estimates project cost at $175 to $200 million. Also, along the downtown waterfront, a Stiles-Prudential partnership has begun construction of the Residences of Las Olas project, a 42-story apartment tower which will include 380 apartments; 13,000-sf of commercial/retail space and a 663-space parking garage. Project completion is estimated for second quarter of 2020.

Finally, a partnership between EDEN Multifamily and Cypress Equity Investments recently closed on a 1.55-acre RAC-CC site in the downtown core and plan to develop the NEXT Las Olas project, a 32-story, 374-unit luxury apartment building with ground-floor retail space; a rooftop lounge; full luxury amenities and an adjacent parking.

We have not observed any unusual or adverse land use changes in the vicinity of the subject property.

Nearby and Adjacent Uses

Nearby properties are primarily residential with office as a secondary use. We note new multifamily residential construction underway just to the north and south of the subject and two other large sites purchased or in the process of being purchased for luxury multifamily residential development.

The current interest by luxury multifamily developers in the subject's immediate area has provided the subject sites to be considered by the market as a viable luxury multifamily redevelopment site in the current market.

Services

The area is served by all municipal services including, but not limited to fire, police, ambulatory, and utilities are available to the area. Hospitals are in close proximity and neighborhood services such as shopping, banking, gasoline, and restaurants are all present.

The local area's immediate proximity to the downtown Fort Lauderdale core, the Las Olas corridor, and Fort Lauderdale beaches provides enormous benefits for residents living there to both major employment; social/entertainment; as well as recreational centers East Broward.

RETAIL MARKET OVERVIEW

The subject is in the Downtown Fort Lauderdale retail submarket. Within this submarket there are a total of 421 retail buildings totaling 4,707,007 square feet of space. By retail property type there are 378 general retail properties totaling 2,637,249 square feet; 1 mall property totaling 978,568 square feet; and 29 shopping center properties totaling 1,091,190 square feet. There is currently a little over 77,000 square feet of new retail construction taking place in the submarket; notably Las Olas Place at 788 East Las Olas Boulevard and 701 North Federal Highway. The new BMW dealership at 1441 South Federal Highway was completed in 2017. Since 2014, there has only been approximately 60,000 square feet of new retail construction delivered to the submarket. Absorption has been generally positive in the submarket over the past four years, including positive 26,894 square feet in 4th Quarter 2017. Vacancy rates in the submarket have dropped to current levels of 3.2% from 8.6% since 2014. Quoted asking rents continue to rise in the submarket and are above $35 per square foot NNN on average. As new residential units come online in the downtown Fort Lauderdale area; particularly in sections of downtown and Flagler Village, we anticipate seeing greater demand in the submarket for supportive commercial retail uses.

MOST PROBABLE PURCHASER OR MARKET PARTICIPANTS

The subject asset, a proposed aerial easement spanning a public road, intended for construction of a pedestrian bridge that serve the buildings on both sides of the right of way that are under common ownership. As proposed, this easement would only have one user and purchaser; Las Olas Walk Owner LP who is constructing the Las Olas Walk North and Las Olas Walk South project.

EXPOSURE TIME/MARKETING TIME

Exposure Time is always presumed to precede the effective date of the appraisal. It is the estimated time that the property would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective appraisal date at market value. The estimated exposure time is a function of price/value, time, and use and is not an independent estimate of each variable, but rather an aggregate. Exposure time can vary with type of property and market location. Therefore, our exposure time estimate is correlated with the estimate of market value(s) in this report.

The proposed easement, if created, would have been created at the request of the adjoining owner for the specific purpose of unifying his north and south projects. The easement would not be salable on the open market, as it would have utility only to this adjoining user. Therefore, the concept of reasonable exposure does not apply.

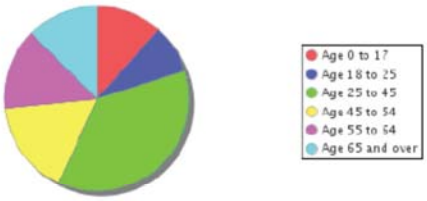
Marketing Time is that period immediately following the effective date of appraisal during which the subject property could sell at our appraised value(s). This assumes professional and competent marketing. A reasonable estimate of marketing time therefore involves some prediction into the foreseeable future and if conditions in the markets for the subject property warrant any deviation from normal periods of exposure in the market. It involves a forward-looking opinion of the same variables discussed above, as well as consideration for all in an estimated marketing time. Value and marketing time are interrelated and a change in one will likely result in a change in the other. Based on our research, we do not expect significant changes in supply/demand for the subject property and have therefore estimated a marketing time like the exposure time estimate above. Note that this is not intended to be a prediction of a date of sale.

Demographics

Demographic Overview For A 1 Mile Radius from Subject Property*

Persons	29,343	Families	5,338
Households	15,190	Persons Per Household	1.9
Percent Children	12.2 %		

Age Distribution

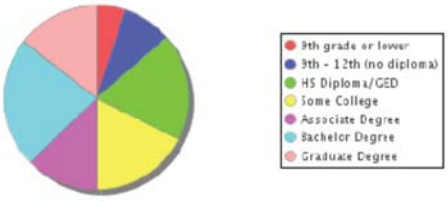


Occupancy - Rent vs Own

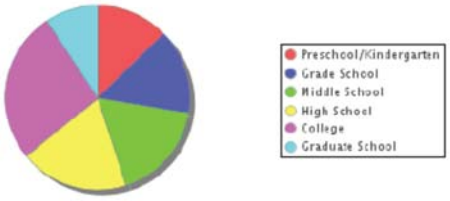
Source: 2010 Census / US Census Bureau

House Median Year Built	1975	Per Capita Income	$50,405
Average Home Value	$358,527	Average Household Income	$63,471
Average Rent	$1,143		

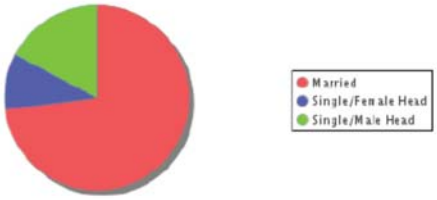
Education Attained



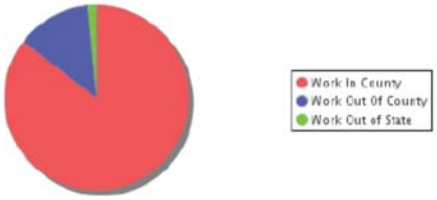
Education - Current Enrollment



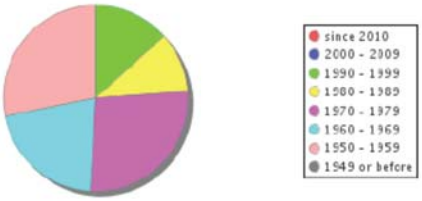
Family Type



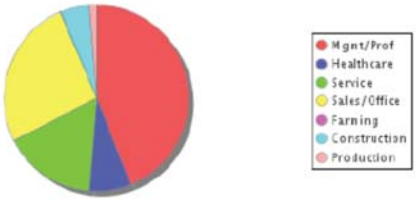
Place Of Employment



Year Built Distribution



Occupation



Source: 2013 American Community Survey, 5 year estimates / US Census Bureau

LOCAL AREA CONCLUSION

A well-known destination for shopping and entertainment, Las Olas and Downtown continue to see new development, but maintain its local charm. Rents and pricing should remain stable or rise in the near future.

Highest and Best Use

Highest and Best Use is the reasonably probable and legal use of either vacant land or an improved property that must meet the four following criteria: legal permissibility; physical possibility; financial feasibility; and maximum productivity. Highest and Best Use is the foundation on which value is based.

The proposed easement, if created, would have been created at the request of the adjoining owner for the specific purpose of unifying his north and south projects. The easement would not be salable on the open market, as it would have utility only to this adjoining user. Pedestrian Bridge is the only legally and possible use for the size of the easement, and would only have value and utility to the adjoining owner.

Valuation

The appraisal problem herein is to estmate the value of a proposed aerial easement over a public alley intended to allow construction of an elevated pedestrian bridge connecting the properties on either side of the easement, but not restricting continued use of the alley as a public roadway. A number of approaches have been used in the past for valuation of aerial easements or “air rights”, as well as subterranean easements.

1. Method 1 - starts with an estimate of the fee simple market value of the parcels directly adjoining the easement. This is also referred to as the "across the fence method", often used to estimate the value of corridors based on the value of abutting land. This value is then adjusted for the loss of utility due to the fact that the easement is over an alley and would therefore not allow construction as would the adjoining parcels. To this discounted value an additional discount is applied to reflect that only a partial interest is being acquired. As an example, in a recent transaction and appraisal in downtown Miami for subterranean rights, a discount of 50% was applied because the property was a street and then an additional discount of 25% was taken as subterranean rights representing a partial interest. The net result is a valuation for the subterranean rights of 37.5% of the fee simple value (100% fee simple value less 50%, less 25%). In this case, the estimated fee simple value was $150 per square foot. The value was estimated by taking 50% of the fee simple value ($150 x 50% = $75/SF) and then deducting an additional 25% ($75/SF less 25% = $56.25/SF). The result and value used was $56.25 per square foot which was 37.5% ($56.25 / $150/SF) of the fee simple value estimated.

   In cases where a temporary construction easement (TCE) is needed, a fee is separately calculated based on capitalization of a reasonable rental rate for the exclusive use of the land during construction. The TCE fee is typically added to the adjusted fee simple market value. In the recent City of Miami example above, the TCE was 17% of the fee simple value. Total compensation to the City of Miami was therefore 54.5% of the fee simple market value of the adjoining parcels (37.5% + 17%).

2. Method 2 starts with an estimate of the added value that would accrue to the adjoining parcels as a result of the easement. This method recognizes that the easement may have value to the adjoining owner above the market value of the land to a typical buyer. As an example, if acquiring easement rights would enable a developer to develop 50 more condominium units, the fee paid by the developer would be some reasonable portion of the value gained through the additional units.

3. Method 3 is based on the fee simple market value of the adjoining parcels (the “across the fence” value). In this approach, no deduction is made for loss of utility, but also no separate fee is charged for the TCE, which is assumed to be included in the value.

4. Method 4 is a method outlined by the City of Miami in its subdivision ordinances for situations where two privately owned parcels are to be connected via an easement over (or under) a public roadway. It is based on applying the fee simple market value of the adjoining parcels (calculated on a price per buildable square foot basis) to the square footage of the proposed passageway (including multiple levels). Note that, as long as the allowable density of all the

adjoining parcels is the same, this method is equivalent to valuing the easement at the fee simple market value of the adjoining parcels.

Our valuation is under Methods 3 and 4, and we did consider a utility loss as a burden of added construction to elevate the buildable space, but did not apply a TCE, as the City is in favor of promoting the project and street closures for such are considered normal as part of downtown construction.

We have analyzed recent land sales that are similar to what the land beneath the aerial rights would be best suited. That is, if the right-of-way were vacated, it could be absorbed by the adjacent projects and thus into its zoning, as consistent with the area. Such residential land is very active in the downtown core right now and we have excellent data. The unit of comparison for such land is normally on the price per planned unit and/or on a price per buildable foot to account for density. We are using the price per buildable square foot as a benchmark, primarily since the subject includes multiple levels of rights and bridges.

DISCUSSION OF SALES

The property consists of 1,704 sf of buildable area in two pedestrian bridges at the 4th and 8th Floors of The Walk North and South project. The Pedestrian Bridges will connect the buildings allowing better access to and from parking, amenties and the buildings for residents. The project would be within the RAC-EMU zoning and conducive to larger-scale multifamily development and in an immediate area of strong investor/developer interest. This is under the premise that the only likely user is the property owner to the north and south, which is approved and in progress to build a larger residential project.

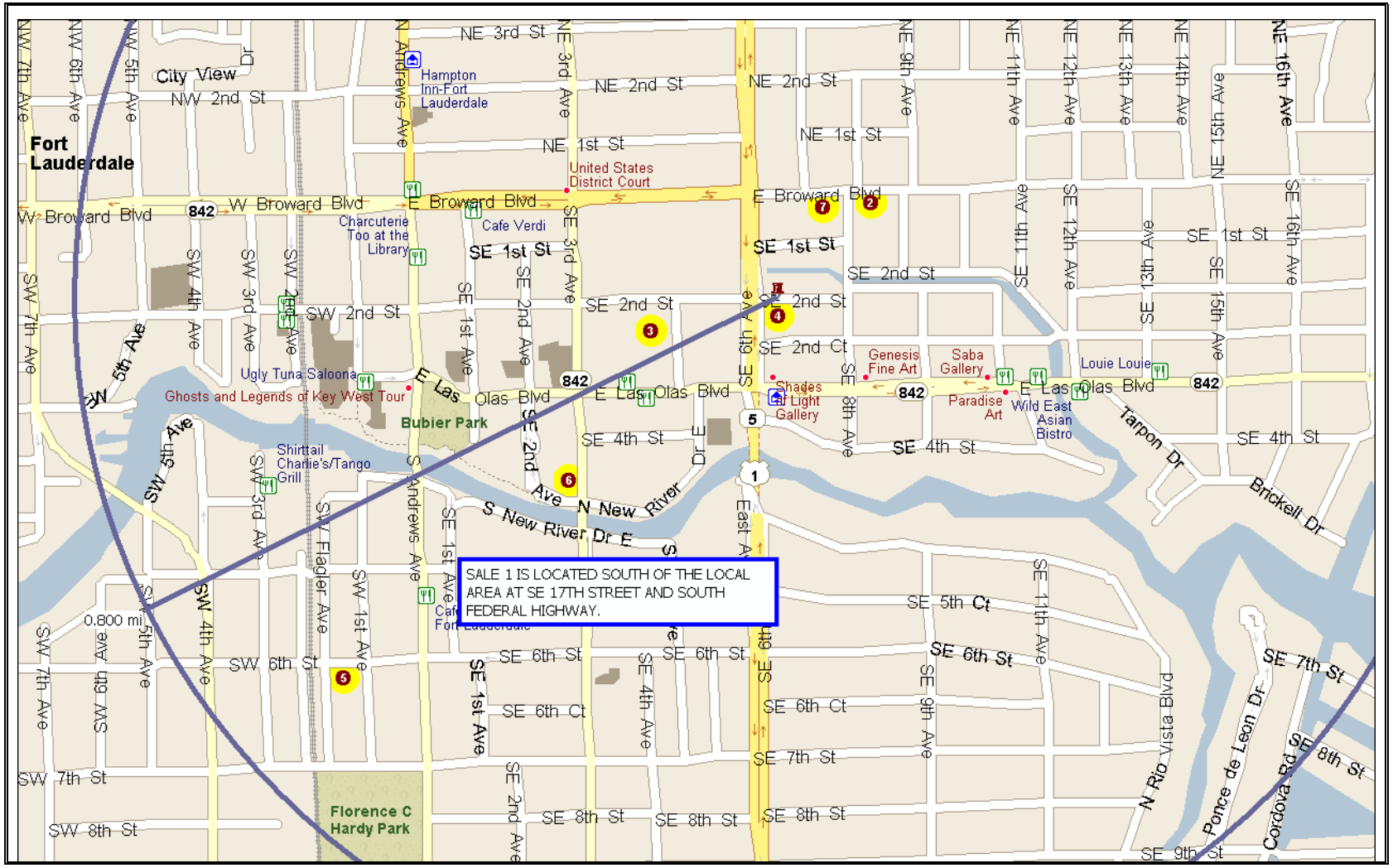
Given the strong investor/developer interest, there have been a number of recent sales in the local area, which provide a reliable basis of comparison to determine subject market land value. The emphasis of this analysis was to find the most recent sales of downtown area higher density multifamily land sites consistent with the proposed density for the subject site. Our analysis consists of seven sales, including two pending and five closed sales, which have taken place in the downtown Fort Lauderdale area since May 2017. In addition to the two pending sales, scheduled to close in April and May 2018, there are also two 2018 sales and two sales from December 2017. With the exception of Pending Sale 1, which is located at the south end of the downtown area, the remaining sales are located less than a mile from the subject with four sales located within a few blocks of the subject. Pending Sale 2 and Sale 7 are located a block or two from the subject.

Sale 4 is the prior land sale for which the proposed aerial rights and pedestrian bridges will serve. It is, thus, the best indicator of value, but does fit into the general profile of market sales.

LAND SALES SUMMARY

	Subject	Pending Sale 1	Pending Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7
Property	**Las Olas Walk Pedestrian Bridge - Air Rights**	**Whole Foods Anchored Mixed-Use**	**Cumberland Building Site**	**NEXT Las Olas Multifamily Site**	**Las Olas Walk Site**	**New River Central Site**	**The Residences of Las Olas**	**Greystar 790 East Broward Site**
Address/ Location	SE 2nd Street between N. Federal Highway and SE 8th Avenue The aerial rights property is located 2 blocks north of Las Olas Boulevard, just east of Federal Highway, between the proposed Las Olas Walk North and South parcels	1661 South Federal Highway, et al NWC of SE 17th Street and South Federal Highway	800 East Broward Boulevard SEC of East Broward Boulevard and SE 8th Avenue	419 SE 2nd Street N side of SE 2nd Street between SE 4th and SE 5th Avenues	1xx SE 6th Avenue E side of SE 6th Avenue between SE 1st Street and SE 2nd Court	100 SW 6th Street S side of SW 6th Street between SW 1st Street and SW Flagler Avenue	215 N. New River Drive E. N side of N. New River Drive E. across from New River	790 East Broward Boulevard SWC of East Broward Boulevard and SE 8th Avenue
City	Fort Lauderdale	Fort Lauderdale	Fort Lauderdale	Fort Lauderdale	Fort Lauderdale	Fort Lauderdale	Fort Lauderdale	Fort Lauderdale
County	Broward	Broward	Broward	Broward	Broward	Broward	Broward	Broward
Transaction Date	4/16/2018	4/1/2018	5/1/2018	3/6/2018	1/12/2018	12/28/2017	12/14/2017	5/1/2017
Useable Acres		3.24	1.72	1.55	3.44	1.04	1.41	1.91
Useable Land SF		141,134	75,000	67,667	150,017	45,124	61,297	83,267
Planned Buildable SF	1,704	660,876	n/a	650,749	727,643	588,346	769,998	602,213
Planned Units		244	n/a	374	456	401	380	329
Density		75	n/a	241	132	387	270	172
Zoning	Regional Activity Center - East Mixed Use District	B-1 & RO	RAC-EMU & RO	RAC-CC	RAC-EMU	RAC-CC	RAC-CC	RAC-EMU
Approvals		Seller	Buyer	Seller	Seller	Seller	Seller	Seller
Platted		Platted	Platted	Platted	Platted	Platted	Platted	Platted
Shape		Irregular	Irregular	Rectangular	Non-Contiguous - Rectangular	Irregular	Rectangular	Rectangular
Utilities		All available	All available	All available	All available	All available	All available	All available
Access/Exposure		Excellent corner, SE 17th Street and Federal Highway	East Broward Boulevard	Downtown Core	Federal Highway near Las Olas Blvd.	Interior RAC-CC	New River Waterfront	East Broward Boulevard
Topography		Level, demolition of restaurant and older home	Level, demolition of office building	Level, improved parking lot	Level,	Level, demolition of older buildings	Level, improved parking lot	Level, demolition of commercial buildings
Sales Price		**$20,000,000**	**$18,000,000**	**$12,000,000**	**$33,000,000**	**$12,000,000**	**$17,000,000**	**$19,500,000**
Price/Land SF		**$141.71**	**$240.00**	**$177.34**	**$219.98**	**$265.93**	**$277.34**	**$234.19**
Price/Buildable SF		**$30.26**	**n/a**	**$18.44**	**$45.35**	**$20.40**	**$22.08**	**$32.38**
Price/Unit		**$81,967**	**n/a**	**$32,086**	**$72,368**	**$29,925**	**$44,737**	**$59,271**
Comments		Large commercial site at the corner of SE 17th Street and South Federal Highway. Approved for larger mixed-use project including a ground level Whole Foods store.	Older office building site with some lower density zoning in parts, just north of subject currently under contract. Buyer has indicated no plans of yet other than demolishing current structure.	RAC-CC parcel located in downtown core long held by Crocker sold to joint venture group who plans 374-unit luxury residential project. Seller delays caused $1.8 million drop in sale price.	Las Olas Company sale of non-contiguous 3.44-acre site near Las Olas Boulevard. Sold with approvals for 456-unit development. ZOM Living is the buyer/developer.	Large-scale RAC-CC mixed-use project located just west of Courthouse. Sold with approvals for 401-units, parking garage, etc. $125 million project cost.	Stiles-Prudential joint venture on site along the New River. Project to include 380 units, street-level retail and parking garage.	Greystar purchase of long held site of Stiles. Stiles will construct. Sold with approvals for 329 units and street level retail.

LAND SALES MAP



ADJUSTMENT OF SALES

The sales presented herein are all residential and residential mixed use properties. Although the sales are comparable in many respects, the dissimilarities that exist between the sales and the subject property must be considered.

Property Rights, Conditions of Sale, and Financing

The sales warrant no adjustments for property rights as all involved fee simple or comparable interests. When the conditions of a sale are atypical, the result may be a price that is higher or lower than that of a normal transaction. When non-market conditions are noted, the sale should be analyzed with great care. Market based adjustments are difficult to apply and the only reliable adjustments come from inside knowledge or above average verification of the deal terms. These sales are "arm's length" transactions and provided a reasonable range of value for this type property, with buyers and sellers acting in their own self-interest. No adjustments for unusual financing are warranted, as these sales are all cash, or involved financing at market terms. Pending Sale 2 was adjusted down by $3 million to reflect likely buyer negotiation and Sale 3 was adjusted upwards by $1.8 million to reflect the difference in the final renegotiated sale price from the expected sale price, which was adjusted by the failure of the seller to meet contractual deadlines due to legal issues related to the property.

Buyer Expenditures

Every sale is adjusted up for the costs, as necessary, to demolish and make vacant. Such costs are verified with parties to the transaction or via comparable costs at other facilities in the instances where parties did not divulge or know of such costs. Estimated demolition costs for Pending Sales 1, 2, and Sales 4, 5, and 7 are indicated.

Market Conditions (Time)

Market conditions may change between a date of sale for comparables and the effective date of appraisal. In such cases, the price of the comparable would be different and requires adjustment to the current market. Time itself does not necessitate an adjustment, but rather a shift in market conditions over time. If market conditions are similar, no adjustment is necessary even over longer periods. Conversely, rapid run up in pricing can be seen in short periods. We discussed the need to go back in time to obtain sufficient quantity of representative data, and our prior market analysis and general understanding of the markets clearly indicates that prices have increased between the oldest sale and the effective date of this assignment.

No paired sales could be extracted from the market, but an adjustment will be applied which would recognize this upward influence in the South Florida real estate market for the past year. A time adjustment of 5.0% per year between the date of each transaction and the effective date of this appraisal is applied. Listings and contracts are not adjusted for time as they represent current market

transactions. This allows for recognition of the price appreciation expected by buyers and evident from recent sales.

Location

An adjustment for location is required when the location characteristics of a comparable property are different from those of the subject property. The subject property is considered a good location. Each comparable was adjusted accordingly based on factors such as overall supply/demand characteristics, real estate values in general, and anticipated growth or decline relative to the subject.

Physical

We adjusted for property size, shape, as well as topography to the subject property as shown on the chart below. Each sale was adjusted accordingly.

Zoning/Approvals/Platting

We adjusted for zoning, approvals, as well as platting, to the subject property as shown on the chart below. Each sale was adjusted accordingly. Sale 2 requires upward adjustment for the buyer taking through approvals whereas the subject and all other comparables sold with approvals in place. Sales 3, 5, and 7 sold with superior zoning.

Density

We adjusted for differences in densities between the subject and the comparables. The relationship is direct as we are using a per square foot method, whereas under a per unit method it would be an indirect relationship.

LAND SALES ANALYSIS

		Pending Sale 1	Pending Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7
		Whole Foods Anchored Mixed-Use	**Cumberland Building Site**	**NEXT Las Olas Multifamily Site**	**Las Olas Walk Site**	**New River Central Site**	**The Residences of Las Olas**	**Greystar 790 East Broward Site**
Sale Price		**$20,000,000**	**$18,000,000**	**$12,000,000**	**$33,000,000**	**$12,000,000**	**$17,000,000**	**$19,500,000**
Property Rights		0	0	0	0	0	0	0
		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjusted Price		**$20,000,000**	**$18,000,000**	**$12,000,000**	**$33,000,000**	**$12,000,000**	**$17,000,000**	**$19,500,000**
Financing		0	0	0	0	0	0	0
		None	None	None	None	None	None	None
Adjusted Price		**$20,000,000**	**$18,000,000**	**$12,000,000**	**$33,000,000**	**$12,000,000**	**$17,000,000**	**$19,500,000**
Conditions of Sale		0	(3,000,000)	1,800,000	0	0	0	0
		Arms-Length	Superior	Inferior	Arms-Length	Arms-Length	Arms-Length	Arms-Length
Buyer Expenditures		30,000	250,000	0	75,000	150,000	0	150,000
		Inferior	Inferior	None	Inferior	Inferior	None	Inferior
Adjusted Price		**$20,030,000**	**$15,250,000**	**$13,800,000**	**$33,075,000**	**$12,150,000**	**$17,000,000**	**$19,650,000**
Market Conditions	5%	0%	0%	1%	1%	1%	2%	5%
Adjusted forward to	4/16/2018	Inferior	Similar	Inferior	Inferior	Inferior	Inferior	Inferior
Adjusted Price		**$20,071,158**	**$15,250,000**	**$13,877,507**	**$33,500,897**	**$12,331,418**	**$17,286,438**	**$20,592,123**
Price per Land SF		**$142.21**	**$203.33**	**$205.09**	**$223.31**	**$273.28**	**$282.01**	**$247.30**
Price Buildable SF		**$30.37**	**N/A**	**$21.33**	**$46.04**	**$20.96**	**$22.45**	**$34.19**
Location		0%	0%	0%	0%	10%	0%	0%
		Similar	Similar	Similar	Similar	Inferior	Similar	Similar
Site Size		0%	0%	0%	0%	0%	0%	0%
		Similar	Similar	Similar	Similar	Similar	Similar	Similar
Zoning/Approvals/Platting		0%	35%	-10%	0%	-10%	-10%	0%
		Similar	Inferior	Superior	Similar	Superior	Superior	Similar
Shape		5%	5%	0%	0%	5%	0%	0%
		Inferior	Inferior	Similar	Similar	Inferior	Similar	Similar
Access/Exposure/Topography		0%	0%	0%	0%	0%	0%	0%
		Similar	Similar	Similar	Similar	Similar	Similar	Similar
Density		10%	0%	-10%	0%	-15%	-5%	0%
		Inferior	Similar	Superior	Similar	Superior	Superior	Similar
Net Adjustment		15%	40%	-20%	0%	-10%	-15%	0%
Overall Comparison		Inferior	Inferior	Superior	Similar	Superior	Superior	Similar
Final Price/Land SF		**$163.55**	**$284.67**	**$164.07**	**$223.31**	**$245.95**	**$239.71**	**$247.30**
Final Price/Buildable SF		**$34.93**	**N/A**	**$17.06**	**$46.04**	**$18.86**	**$19.08**	**$34.19**

Land Value Conclusion

The sales indicate an adjusted value range as shown below. Land Sale Comparables 4 and 7, both located adjacent or close to the subject, as well as having RAC-EMU zoning, were given the greatest reliance in our determination of indicated value per unit. Estimated cost to demolish the subject improvements is deducted from our indicated value to arrive at our reconciled values. Therefore, our estimate of value for the subject land, as vacant, is:

LAND VALUE CONCLUSION		
PRICE RANGE	Unadjusted	Adjusted
Low	$18	$17
Median	$26	$27
Average	$28	$28
High	$45	$46
Most Comparable - Sales 4 & 7	$39	$40
Indicated Land Value Per Buildable SF		$35
Buildable SF of Pedestrian Bridges		1,704
Indicated Value		$59,640
Factor for Added Cost of Construction	15%	($8,946)
Reconciled Value		$50,694
Rounded to nearest $2,500		**$50,000**
PSF of Buildable Area		**$29**
Fair Market Rent @	8.00%	$4,000

As shown, the rounded valuation of $50,000 is based on a $35 per buildable sf of land area. This is above average and medians, which it should be as some of the data is skewed lower by excessive parking or non livable areas. The final indication is just below the most comparable data. We deducted for a added cost or burden to construct at 15% and arrived at the final valuation.

To estimate the annual fair rent, we apply a market based rental factor to the value conclusion. Rent can be determined in a variety of ways. Most common is direct comparision with similar properties. However, there are few pedestrian bridges in the city and of those for private use, the data is not truly comparable. Given the premise of surrounding values, only those in the downtown core would be of use and only if they were completed recently. Thus, no comparables are available or of use for this purpose. Many times rent is determined as a return on cost or associated value. In this case, the rent is for the air rights, leased from the city to the developer. Such costs would be higher if it included a capture or return on the cost of the bridges themselves, but those are being paid for by the developer. So this is more like a ground rent on a very very small parcel of land with only one purpose that has value to only one person. Note that the City still retains rights to the ground level right of way, and will not have any apparent burden or loss of utility once the bridges are completed.

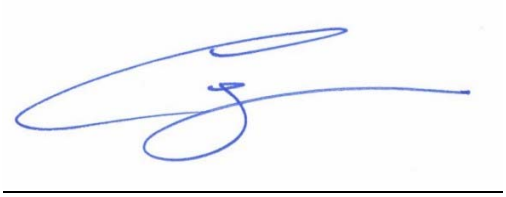
Often the market will seek a spread in achievable rent over a disposition capitalization rate. That is a premium over the return they expect to receive once the property is sold. This return is a moving target, and varies from within the market, but is typically 200-300 basis points for a normal deal. The lower end being for faster deals with strong markets or low risk. The upper end being for more difficult

and risky deals. As this deal is essentially off-market, with the tenant already in hand, and as the tenant developer is responsible for all costs of development, operation, and removal is required, the lower end is more appropriate. Additionally, it has term for 50 years, with options to renew, which lower the risk. Investor surveys show cap rates on average in the 5.0% to 5.25% range for properties like the Las Olas Walk, and those are confirmed by recent sales of projects in the area. Utilizing a 5% cap rate, with a 2% (200 basis point) spread, and then allowing an additional 1% for the special nature of the rights being given, would yield an 8% rental return requirement. As noted, this works out to a $4,000 per year rental rate.

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. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is our personal, impartial, and unbiased professional analyses, opinions and conclusions.
2. We have no present or prospective interest in the property that is the subject of this report and no personal interest or bias with respect to the parties involved.
3. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. 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.
6. Our analyses, opinions, and conclusions are developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice, the Code of Professional Ethics of the Appraisal Institute and the requirements of the State of Florida Certified Appraisers.
7. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives and the State of Florida relating to review by the Real Estate Appraisal Subcommittee of the Florida Real Estate Commission.
8. As of the date of this report, Charles E. Minor, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.
9. No one other than the undersigned provided significant professional assistance to the appraiser, unless otherwise noted in this report. The analyses, conclusions, and opinions are the effort of the undersigned. However, other professionals, companies, or members of our staff may have completed certain functions, such as data collection and verification.
10. Charles E. Minor, MAI made a personal on-site inspection of the property.
11. We have complied with the Competency Rule of the USPAP.
12. RMRC or the appraisers have not previously conducted an appraisal or other service in connection with the property being appraised within the three-year period immediately preceding acceptance of this assignment. The current client and/or users have been informed that the intended use of this assignment is not for a federally insured depository institution in a federally related transaction.



Charles E. Minor, MAI
State-Certified General Real Estate Appraiser RZ2252
cminor@roeminor.com

Assumptions and Limiting Conditions

"Report" means the appraisal or consulting report and conclusions stated therein, or a letter opinion, to which these Assumptions and Limiting Conditions are annexed.
"Property" means the subject of the Report.
"RMRC" means Roe Minor Realty Consultants.
"Appraiser(s)" means the employee(s) of RMRC who prepared and signed the Report.

The Report has been made subject to the following assumptions and limiting conditions:

General Assumptions and Limiting Conditions

1. The information identified in this report as being furnished by others is believed to be reliable, but no responsibility for its accuracy is assumed. Information from personal inspection and investigation is believed to be correct by us. The file relating to this report is in our office, 1131 S.E. Third Avenue, Ft. Lauderdale, Florida, and is available to person or persons to whom this certificate is issued.

2. Responsible and competent ownership, management and marketing are assumed.

3. It is assumed that title to said premises is good, and that there are no restrictions as to its use, and that the description of the premises correctly designates the boundary lines. No survey of said property has been inspected by the appraiser(s) unless mentioned in the report, or a copy of same is presented in the report, and the appraiser(s) have made no survey of the property and assume no responsibility in connection with such matter.

4. The appraisal is of the date specified and covers the premises described only.

5. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media, without the written consent and approval of the author, particularly as to the valuation conclusions, the identity of the appraiser(s) or firm with which they are connected, or any reference to the Appraisal Institute, or to the MAI designation.

6. The values for the land and improvements contained in this report are constituent parts of the total value reported, and neither is to be used in making a summation appraisal by combination or deduction of value created by another appraiser. The value of the land should not be extracted from value by any client or intended user to arrive at a depreciated or cost new as that is not appropriate and would be misleading. Either is invalidated if so used. The current purchasing power of the dollar is the basis for the value reported.

7. The appraiser(s) herein, by reason of this appraisal, shall not be required to give testimony or attendance in court or at any governmental hearing with reference to the property in question, except as agreed upon at least 30 days prior to such date. We reserve the right to consider and evaluate additional data that becomes available between the date of this report and the date of trial, if applicable, and make any adjustments to value that may be warranted. No testimony will be rendered unless the entire appraisal fee has been paid. Further, all testimony will be subject to expert witness fee previously approved by the appraiser(s).

8. This appraisal is presented as a complete, bound report, and may be considered valid only so long as it is presented in its entirety and all pages listed in the Table of Contents are present, and the appraiser(s) signature is/are present.

9. This valuation assumes that the property is unaffected by environmental issues. The existence of potentially hazardous materials used in construction of maintenance of the improvements, such as the presence of urea formaldehyde foam insulation, asbestos, and/or existence of toxic waste or radon, which may or may not be present on the property, was not observed by us, nor do we have any knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The existence of same may have an effect on the value of the property, which we may or may not be able to estimate. We urge the client to retain an expert in this field, if desired.

10. The appraiser(s) has not been furnished with soil or subsoil tests. In the absence of soil boring tests, it is assumed that there are no unusual subsoil conditions, or, if any do exist, they can be or have been corrected through the use of modern construction techniques at a reasonable cost.

11. The legal description used in this report was furnished to us by our client and is assumed to be correct. Legal counsel has not verified it, nor have we commissioned a survey of the parcel. Therefore, we suggest that this legal description be verified before being used in a legal document or conveyance.

12. We have not performed or reviewed a title search of the subject property. We assume that there are no liens against the property that would impact its value, unless otherwise noted in this report.

13. The appraiser shall retain ownership of all reports and all original documentation, field notes, memoranda, data and the like made, or assembled in and about the preparation of the report. No one other than the client may rely on or utilize the report without the appraiser's expressed written consent.

14. Any and all findings, predictions, assumptions, conclusions and the like contained in the report are the appraiser's professional opinion and are not assurances that future events or circumstances set forth herein will necessarily occur.

15. In this appraisal, we relied upon public information and staff interviews regarding zoning, land use and concurrency with growth management laws. However, we freely admit we are not zoning or concurrency experts and that final determinations can only be made by appropriate government authorities. Our valuation is subject to such determination.

16. The comparable sales data, if any, relied upon in this report is believed to be from reliable sources, however thorough inspection and firsthand knowledge are not available for all sales, and it was necessary to rely on information furnished by others as to physical and economic data. Should any of this information be misrepresented to our firm, or be in error, it may have an effect on value.

17. It is our recommendation that the client obtain a qualified engineer, architect or other American with Disabilities Act (ADA) expert to inspect the subject, determine the level of ADA compliance/non-compliance and estimate the cost to bring the property into compliance. Any non-conformity could have an effect on the Market Value conclusion. Unless otherwise stated, the value conclusion of this appraisal is based on the assumption the property is in ADA compliance.

Extraordinary Assumptions & Special Limiting Conditions

Extraordinary Assumptions

An extraordinary assumption is defined by the Uniform Standards of Professional Appraisal Practice as "an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis."

Extraordinary Assumptions:	1) This appraisal is not contingent on any extraordinary assumptions.

Hypothetical Conditions

A hypothetical condition is defined by the Uniform Standards of Professional Appraisal Practice as "that which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis."

Hypothetical Conditions:	1) This appraisal is not contingent on any hypothetical conditions.

Report Conditions and Acceptance of Assignment:

The acceptance of this report and its use by the client in any manner whatsoever or for any purpose is acknowledgement by the client that this report is satisfactory professional product and that the client has personally read the report and specifically agrees that the data herein is accurate to the best of the appraiser and firm's ability.

As a part of the appraiser-client employment agreement, the client agrees to notify the appraisers of any error, omission, or invalid data herein within 15 days of receipt and to return the original report(s) along with all copies to the appraiser for correction prior to any use or reliance whatsoever.

Appraiser and Client agree that the following mutual limitation of liability is agreed to in consideration of the fees to be charged and the nature of Appraiser's services under this Agreement. Appraiser and Client agree that to the fullest extent permitted by applicable law, each party's and its Personnel's maximum aggregate and joint liability to the other party for claims and causes of action relating to this Agreement or to appraisals or other services under this Agreement shall be limited to the higher of $25,000 or the total fees and costs charged by Appraiser for the services that are the subject of the claim(s) or causers) of action. This limitation of liability extends to all types of claims or causes of action, whether in breach of contract or tort, including without limitation claims/causes of action for negligence, professional negligence or negligent misrepresentation on the part of either party or its Personnel, but excluding claims/causes of action for intentionally fraudulent conduct, criminal conduct or intentionally caused injury. The Personnel of each party are intended third-party beneficiaries of this limitation of liability. "Personnel," as used in this paragraph, means the respective party's staff, employees, contractors, members, 'Partners and shareholders. Appraiser and Client agree that they each have been free to negotiate different terms than stated above or contract with other parties.

Roe Minor Realty Consultants warrants only that the value conclusion is the appraiser's best opinion as of the effective date of this report. Roe Minor Realty Consultants is not responsible for any events, which may occur subsequent to the effective date including their impact on the estimate of value herein.

Should Roe Minor Realty Consultants, Inc. and/or the appraiser(s) above be required to enforce the above assumptions, contingent and limiting conditions against any entity, person or persons claiming damages because of reliance upon or use of the appraisal report, that entity, person or persons shall be liable to the Roe Minor Realty Consultants or the appraiser(s) for all reasonable attorney's fees, costs, and expenses incurred by the appraiser(s) in enforcing this contract or defending the contingent conditions set forth in the appraisal report, including that incurred without suit, with suit, including all trials and appeals thereof.

Acceptance of delivery or the payment for services rendered constitutes acceptance of this condition and all other contingent conditions set forth herein.

Addenda Section - #18-6458

Addenda Contents

ADDENDUM A:	Comparable Land Sales
ADDENDUM B:	Fort Lauderdale Market Information
ADDENDUM C:	Regional Analysis
ADDENDUM D:	Definitions
ADDENDUM E:	Qualifications of Appraiser(s)

ADDENDUM A

Comparable Land Sales

Pending Land Sale No. 1

Property Identification	
Record ID	4032
Property Type	Commercial, Vacant Land
Property Name	Planned Whole Foods Anchored Mixed Use Project
Address	1661 South Federal Highway, et al, Fort Lauderdale, Broward County, Florida 33316
Location	NWC of SE 17th Street and South Federal Highway
Tax ID	50-42-15-10-5250; -5290; -5292; -5300; 50-42-15-13-0190
Lot/Block	Multiple Lots
Subdivision	CROISSANT PARK & CROISSANT PARK EAST AVENUE SECTION
Sale Data	
Grantor	HS 17 STREET, LLC
Grantee	CONFIDENTIAL
Closing Date	April 01, 2018
Recorded Plat	4-28 & 7-57
Property Rights	Fee Simple
Marketing Time	5+ years
Conditions of Sale	Arm's Length
Financing	Cash to seller
Verification	CONFIDENTIAL; Confirmed by Paul Turner
Contract Price	$20,000,000
Cash Equivalent	$20,000,000
Adjusted Price	$20,000,000
Land Data	
Zoning	B-1 and RO, Commercial
Topography	Level, restaurant and older home requiring demolition
Utilities	All available
Shape	Irregular
Exposure	Excellent corner, 17th Street and Federal
Impact Fees	Buyer
Platted	Platted
Land Size Information	
Gross Land Size	3.240 Acres or 141,134 SF
Planned Units	244
Front Footage	260 ft South Federal Highway;475 ft SE 17th Street;580 ft SE 16th Court
Actual/Planned Building SF	660,876
Indicators	
Sale Price/Gross Acre	$6,172,840
Sale Price/Gross SF	$141.71
Sale Price/Planned Unit	$81,967
Sale Price/Planned Bldg. SF	$30.26

Pending Land Sale No. 1 (Cont.)

Remarks

The property is a desirable corner location at the very active intersection of SE 17th Street and South Federal Highway. Property has been a long-term hold of the Hudson Group and was intent on holding the site until the market accepted his asking price. Asking price has been publicly cited at $21 million and this pending sale is confirmed at $20 million. Buyer plans to develop a Whole Foods anchored mixed use project with Whole Foods taking the entire ground floor space; 244 luxury apartments; and a 616-space multi-level parking garage. Sale is expected to close later in the year.

Pending Land Sale No. 2

Property Identification

Record ID	4200
Property Type	Commercial, Mixed Use
Property Name	Cumberland Building
Address	800 East Broward Boulevard, et al, Fort Lauderdale, Broward County, Florida 33301
Location	S side of East Broward Boulevard between SE 8th & SE 9th Avenues
Tax ID	50-42-11-07-0150; -0180; -0190; -0270
Lot/Block	Lots 1,2,3,5,6, 16 thru 20/Block 6
Subdivision	BEVERLY HEIGHTS

Sale Data

Grantor	CUM, Inc.
Grantee	CONFIDENTIAL
Closing Date	May 01, 2018
Recorded Plat	Bk 1/Pg. 30
Property Rights	Leased Fee
Marketing Time	12 months
Conditions of Sale	Arm's Length
Financing	Cash to seller
Verification	Confirmed by Paul Turner
Contract Price	$18,000,000
Cash Equivalent	$18,000,000
Downward Adjustment	$3,000,000 Buyer's negotiation
Adjusted Price	$15,000,000

Land Data

Zoning	RAC-EMU & RO, Residential Mixed Use
Topography	Level, older office building requiring demolition
Utilities	All available
Shape	Irregular
Exposure	East Broward Boulevard, E of Federal
Impact Fees	Buyer
Platted	Platted

Land Size Information

Gross Land Size	1.722 Acres or 75,000 SF
Front Footage	300 ft East Broward Boulevard;270 ft SE 8th Avenue;100 ft SE 9th Avenue

Indicators

Sale Price/Gross Acre	$10,454,401 Actual or $8,712,000 Adjusted
Sale Price/Gross SF	$240.00 Actual or $200.00 Adjusted

Pending Land Sale No. 2 (Cont.)

Remarks

The property is a four-parcel assemblage of irregular shape with good frontage along East Broward Boulevard and SE 8th Avenue in the middle of new luxury multifamily development. Property has been on the market for one year with very good interest according to broker. Broker would not reveal sale price citing confidentiality. Buyer has no current plans to redevelop; however, will look to demolish the Cumberland Office Building and then assess. Along SE 9th Avenue there is one lot between these parcels not part of sale; however, broker did indicate that parcel is also being purchased by buyer of this assemblage. RO zoned parcels along SE 9th Avenue does impact potential scale of any new project on the site.

Land Sale No. 3

Property Identification

Record ID	4201
Property Type	Commercial, Mixed Use
Property Name	NEXT Las Olas Multifamily Site
Address	419 SE 2nd Street, Fort Lauderdale, Broward County, Florida 33301
Location	N side of SE 2nd Street between SE 4th and SE 5th Avenues
Tax ID	50-42-10-89-0020
Lot/Block	West 205.20 Feet of Parcel A
Subdivision	CROCKER TOWER

Sale Data

Grantor	SE 2nd Street Owner, LLC (Crocker)
Grantee	Edengate Las Olas, LLC & Cypress Las Olas, LLC
Sale Date	March 09, 2018
Deed Book/Page	114940056
Recorded Plat	Bk 142/Pg 1
Property Rights	Fee Simple
Conditions of Sale	$1.8 million price reduction - missed seller deadline
Financing	Cash to seller
Verification	Confirmed by Paul Turner
Sale Price	$12,000,000 Final sale price
Cash Equivalent	$12,000,000
Upward Adjustment	$1,800,000 Seller Delay Discount
Adjusted Price	$13,800,000 Original contract price

Land Data

Zoning	RAC-CC, City Center District
Topography	Level, improved parking lot
Utilities	All available
Shape	Rectangular
Exposure	Interior, Downtown core
Impact Fees	Seller
Platted	Platted

Land Size Information

Gross Land Size	1.553 Acres or 67,667 SF
Actual Units	374
Front Footage	200 ft SE 2nd Street;335 ft SE 4th Avenue;335 ft SE 5th Avenue

Indicators

Sale Price/Gross Acre	$7,724,886
Sale Price/Gross SF	$177.34
Sale Price/Actual Unit	$32,086

Land Sale No. 3 (Cont.)

Remarks

The property is a 1.55-acre RAC-CC site located in an interior portion of the Fort Lauderdale Downtown Core. Long held by Boca-based Crocker Partners and sold with approvals for a 32-story, 374-unit luxury mixed-use residential project. Buyer is a joint venture between Coconut Grove based EDEN Multifamily and Los Angeles-based Cypress Equity Investments. Original contract price was $13.8 million but was reduced by $1.8 million as a result of seller having to extend closing as a result of legal action against the sale by a neighboring property owner.

Land Sale No. 4

Property Identification

Record ID	4202
Property Type	Commercial, Mixed Use
Property Name	Las Olas Walk Site
Address	1xx SE 6th Avenue, Fort Lauderdale, Broward County, Florida 33301
Location	E side of SE 6th Avenue between SE 1st Street and SE 2nd Court
Tax ID	50-42-11-11-0040 thru -0250
Lot/Block	Multiple Lots
Subdivision	EDGEWATER ADDITION

Sale Data

Grantor	The Las Olas Holding Company, Inc. (The Las Olas Company)
Grantee	Las Olas Walk Owner, LP (ZOM Living)
Sale Date	January 12, 2018
Deed Book/Page	114835093
Recorded Plat	Bk 1/Pg. 123
Property Rights	Fee Simple
Conditions of Sale	Arm's Length - Assemblage
Financing	Cash to seller
Verification	Confirmed by Paul Turner
Sale Price	$33,000,000
Cash Equivalent	$33,000,000
Adjusted Price	$33,000,000

Land Data

Zoning	RAC-EMU, Residential Mixed Use
Topography	Level, demolition of older building required
Utilities	All available
Shape	Rectangular - Non-Contiguous
Exposure	SE 6th Avenue/South Federal
Impact Fees	Seller
Platted	Platted

Land Size Information

Gross Land Size	3.444 Acres or 150,017 SF
Actual Units	456
Front Footage	550 ft SE 6th Avenue;370 ft SE 1st & SE 2nd Streets

Indicators

Sale Price/Gross Acre	$9,582,115
Sale Price/Gross SF	$219.98
Sale Price/Actual Unit	$72,368

Land Sale No. 4 (Cont.)

Remarks

The property is a 17-parcel assemblage of RAC-EMU zoned parcels long held by the Las Olas Company with extensive frontage along SE 6th Avenue/South Federal Highway just north of Las Olas Boulevard. Property sold with approvals for 456-unit mixed-use development. Orlando-based ZOM Living is the buyer and plans to construct two 8-story apartment buildings connected by walkways as assemblage spans three blocks in length. ZOM recently received a $91 million construction loan for the project.

Land Sale No. 5

Property Identification

Record ID	4203
Property Type	Commercial, Mixed Use
Property Name	New River Central Site
Address	100 SW 6th Street, Fort Lauderdale, Broward County, Florida 33301
Location	S side of SW 6th Street between SW 1st Street and SW Flagler Avenue
Tax ID	50-42-10-01-5280; -5290; -5300; 5310; 5320; 5440
Lot/Block	Multiple Lots
Subdivision	FORT LAUDERDALE

Sale Data

Grantor	New River Central, LLC
Grantee	New River Property Owner, LLC
Sale Date	December 28, 2017
Deed Book/Page	114820298
Recorded Plat	Bk B/Pg 40 Dade
Property Rights	Fee Simple
Conditions of Sale	Arm's Length - Assemblage
Financing	Cash to seller
Sale History	$7.15 million - 2016
Verification	Confirmed by Paul Turner
Sale Price	$12,000,000
Cash Equivalent	$12,000,000
Adjusted Price	$12,000,000

Land Data

Zoning	RAC-CC, City Center District
Topography	Level, older small warehouse buildings requiring demolition
Utilities	All available
Shape	Irregular
Exposure	Interior - RAC-CC
Impact Fees	Seller
Platted	Platted

Land Size Information

Gross Land Size	1.036 Acres or 45,124 SF
Actual Units	401
Front Footage	180 ft SW 6th Street;200 ft SW 1st Avenue;400 ft SW Flagler Avenue

Indicators

Sale Price/Gross Acre	$11,584,085
Sale Price/Gross SF	$265.93
Sale Price/Actual Unit	$29,925

Land Sale No. 5 (Cont.)

Remarks

The property is a 6-parcel assemblage totaling a little over one acre located in an interior portion of the RAC-CC district just to the west of the new Broward County Courthouse. Seller had assembled the parcels in 2016 for a total of $7.15 million and then received approvals for a 35-story, 401-unit mixed-use project with retail and a 477-space parking garage. Buyers are a partnership of NY-based Silverback Development and Italian developer Bizzi and Partners.

Land Sale No. 6

Property Identification	
Record ID	4204
Property Type	Commercial, Mixed Use
Property Name	The Residences of Las Olas
Address	215 North New River Drive East, Fort Lauderdale, Broward County, Florida 33301
Location	N side of North New River Drive East across from New River
Tax ID	50-42-10-94-0030
Lot/Block	Parcel C
Subdivision	NEW RIVER CENTER
Sale Data	
Grantor	TREH 200 E. Las Olas Holdco, LLC
Grantee	PR II/Stiles Rolo Apartments Owner, LLC
Sale Date	December 14, 2017
Deed Book/Page	114787705
Recorded Plat	Bk 151/Pg 15
Property Rights	Fee Simple
Conditions of Sale	Arm's Length
Financing	Cash to seller
Verification	Other sources: Published reports, Confirmed by Paul Turner
Sale Price	$17,000,000
Cash Equivalent	$17,000,000
Adjusted Price	$17,000,000
Land Data	
Zoning	RAC-CC, City Center District
Topography	Level, improved parking lot
Utilities	All available
Shape	Rectangular
Exposure	New River Waterfront
Impact Fees	Seller
Platted	Platted
Land Size Information	
Gross Land Size	1.407 Acres or 61,297 SF
Actual Units	380
Front Footage	250 ft North New River Drive East;255 ft Las Olas Way
Indicators	
Sale Price/Gross Acre	$12,080,856
Sale Price/Gross SF	$277.34
Sale Price/Actual Unit	$44,737

Land Sale No. 6 (Cont.)

Remarks

The property is a 1.41-acre RAC-CC zoned waterfront site along the New River one block south of Las Olas Boulevard in the Downtown Fort Lauderdale core. The site has long been used for overflow parking for the New River Center office building at 200 East Las Olas Boulevard and was owned by the real estate arm of Tribune Media. Site was sold with approvals for 380 apartments, 13,000 sf of retail space and a 663-space parking garage. Buyer was Fort Lauderdale-based Stiles Corp. in partnership with the real estate arm of Prudential, PGIM Real Estate. The group recently received a $100 million construction loan and has commenced construction with an estimated completion date of 2Q 2020.

Land Sale No. 7

Property Identification

Record ID	4205
Property Type	Commercial, Mixed Use
Property Name	Greystar 790 East Broward Site
Address	790 East Broward Boulevard, Fort Lauderdale, Broward County, Florida 33301
Location	SWC of East Broward Boulevard and SE 8th Avenue
Tax ID	50-42-11-07-0080; 50-42-11-11-0270; -0360
Lot/Block	Multiple Lots
Subdivision	BEVERLY HEIGHTS & EDGEWATER ADDITION

Sale Data

Grantor	Griffiths Center Partnership (Stiles)
Grantee	GUGV 790 Broward Property Owning, LLC
Sale Date	May 01, 2017
Deed Book/Page	114364845
Recorded Plat	1-30 & 1-123 Dade
Property Rights	Fee Simple
Conditions of Sale	Arm's Length
Financing	Cash to seller
Verification	Confirmed by Paul Turner
Sale Price	$19,500,000
Cash Equivalent	$19,500,000
Adjusted Price	$19,500,000

Land Data

Zoning	RAC-EMU, Residential Mixed Use
Topography	Level, older buildings requiring demolition
Utilities	All available
Shape	Rectangular
Exposure	East Broward Boulevard, E of Federal
Impact Fees	Seller
Platted	Platted

Land Size Information

Gross Land Size	1.912 Acres or 83,267 SF
Actual Units	329
Front Footage	315 ft East Broward Blvd. & SE 1st Street;270 ft SE 8th Avenue

Indicators

Sale Price/Gross Acre	$10,201,146
Sale Price/Gross SF	$234.19
Sale Price/Actual Unit	$59,271

Land Sale No. 7 (Cont.)

Remarks

The property is a three-parcel assemblage which contains an older Chase Bank office building with drive thru and parking lot area and sat just east of Federal Highway along East Broward Boulevard. Property was a long-term hold of a partnership affiliated with Stiles Corporation and sold with approvals for a 25-story, 329 unit with retail mixed-use project. Buyer is Charleston, S.C.-based multifamily developer Greystar, who is active in the Fort Lauderdale market.

ADDENDUM B

Fort Lauderdale Market Information

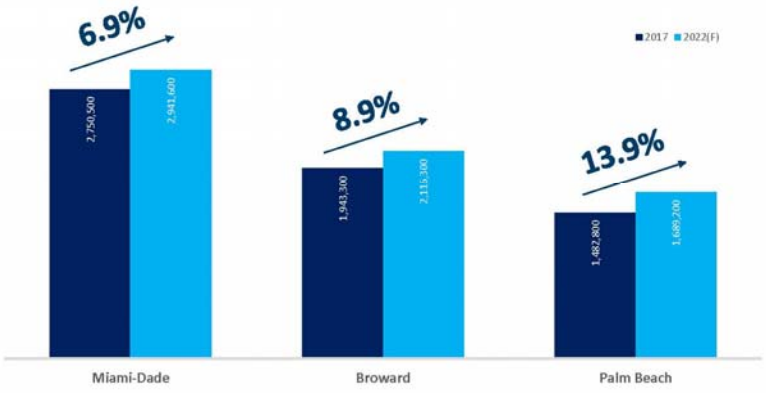
FORT LAUDERDALE
MARKET PULSE
Q1 2018 | OVERVIEW
PREPARED FOR
FTL
DDA
Colliers
INTERNATIONAL
February 8, 2018

FORT LAUDERDALE MARKET INSIGHTS
Transformative Developments
> BRIGHTLINE
> DALMAR HOTEL
> FORT LAUDERDALE BEACH
> URBANIZATION
> RIVERFRONT PMG
> WAVE STREETCAR
> 201 E LAS OLAS
> FAT VILLAGE
amazon?

SOUTH FLORIDA MARKET INSIGHTS

Follow the People

Florida is the Nation's 5th Fastest-Growing State with the 2nd Largest Population Gain in 2017. South Florida is the most populous MSA in Florida with 6.2 million residents, accounting for more than 30% of the state's residents, and is the 8th most populous MSA nationally



South Florida population is expected to grow by **9.9%** over the next five years to **6.7 MILLION**

SOUTH FLORIDA MARKET INSIGHTS

Rapid Job Growth

The South Florida MSA is Florida's largest employment center

West Palm Beach | 621,700 Total Employment
Unemployment Rate: 4.2%
Annual Job Growth (2012-2017): 3.3%
Forecasted Job Creation (2017-2022): 55,500

Broward | 845,200 Total Employment
Unemployment Rate: 4.0%
Annual Job Growth (2012-2017): 2.8%
Forecasted Job Creation (2017-2022): 52,600

Miami-Dade | 1.2 Million Total Employment
Unemployment Rate: 4.9%
Annual Job Growth (2012-2017): 2.7%
Forecasted Job Creation (2017-2022): 70,900

Approx. **179,000 jobs** expected to be added to South Florida in the next five years

SOUTH FLORIDA MARKET INSIGHTS

Top 10 U.S. Market to Watch

Fort Lauderdale jumped into the top ten for the first time in the ULI/PWC study history, as investors look to replicate the success of Miami with their competitive living costs and high quality of life.

Source: ULI/PWC Emerging Trends Report 2018

EMERGING MULTIFAMILY TRENDS

South Florida Market Overview

MARKET INDICATORS	MIAMI-DADE	BROWARD	PALM BEACH	FORT LAUDERDALE
Inventory (Units)	208,447	144,733	84,677	38,840
Vacancy Rate	3.8%	5.3%	6.2%	5.7%
EFFECTIVE RENTS				
Per Square Foot	$1.69	$1.51	$1.45	$1.89
5 Year Rent Growth	+24%	+27%	+30%	+36%
Forecasted Annual Rent Growth	+1.5%	+3.2%	+3.2%	+2.7%
DELIVERIES				
Units (2017)	5,578	4,445	4,078	1,242
UNDER CONSTRUCTION				
Units	12,317	3,428	1,783	1,515

Source: MPF Research, Axiometrics, Costar, Colliers International, Q4 2017

Supply volumes remain elevated across the tri-county region. Meanwhile, the condo market is in a period of turbulence as sales activity slows and construction is canceled/postponed making South Florida well-positioned to absorb new supply as population growth continues.

A wave of new development is driven by a population unable to enter the property ladder due to housing prices and a strained supply.

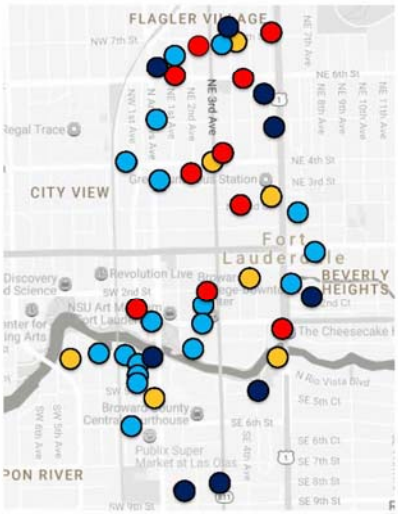
Soaring rents over the past five years and strong occupancy rates despite new construction.

South Florida is sensitive to global economic conditions, as well as the tourism industry.

The pace of rent growth is expected to remain strong between 2 and 3% annually.

EMERGING MULTIFAMILY TRENDS

New Development Map



	Development	Units
	URBN @ Flagler	217
	Southside City Center	879
	Sailboatbend Apartments	110
	Next Las Olas	374
	RD Las Olas	352
	Alexan Tarpon River	181
	Alta Flagler Village – Phase II	271
	Apache Lofts	33
	New River Yacht Club III	190
	Marina Lofts	856
	New River Yacht Club West	349
	Riverwalk Residences	297
	488 Residences	362
	New River Central	407
	4 West Las Olas	260
	790 East Broward	328
	Las Olas Townhomes	7
	1st Avenue Residences	380
	FAT City	612
	The Residences of Las Olas	419
	Flagler 626	99
	Flagler Townhomes	5
	Las Olas Walk	456
	Archo Metropolitan	385
	Southeast 2nd Avenue	348

	Development	Units
	Sistrunk Townhouses	24
	Icon Las Olas	312
	Morgan on 3rd Avenue	350
	Alta Flagler Village	214
	100 Las Olas	121
	ORA Flagler Village	292
	One20fourth	386
	Quantum at Flagler Village	328
	Riverfront	1,214
	The Rise	191
	The Manor, Flagler Village	382
	The Edge at Flagler Village	327
	New River Yacht Club	248
	VU New River	215
	Wisdom Village Crossing	105
	Amaray Las Olas	262
	Village Place	112
	Pinnacle at Tarpon River	112
	The Queue	202

In Review: 2,384 Units
Approved: 5,793 Units
Under Construction: 3,432 Units
Completed Since 2012: 1,965 Units

Source: City of Fort Lauderdale, Colliers International, November 2017

THE NORTHERN SHIFT OF THE FORT LAUDERDALE CBD
The revitalization of Flagler Village and Brightline have created the emergence of a new, thriving neighborhood north of Broward Blvd – "NoBro."

EMERGING MULTIFAMILY TRENDS

Fort Lauderdale Market Overview

Source: MPF Research, Colliers International, Q4 2017

EMERGING MULTIFAMILY TRENDS

South Florida Market Overview (2017)

MIAMI-DADE

Signature at Kendall
Sale Date: Dec 2017
Units: 546
Sale Price: $138,930,000
$254,451/Unit
Buyer: Blackstone

BROWARD

Amaray Las Olas
Sale Date: June 2017
Units: 254
Sale Price: $133,500,000
$525,787/Unit
Buyer: GID

PALM BEACH

850 Boca
Sale Date: Dec 2017
Units: 370
Sale Price: $138,000,000
$372,973/Unit
Buyer: Avalon Bay

Source: Real Capital Analytics, Colliers International

EMERGING MULTIFAMILY TRENDS

An Outlook for 2018

Multifamily market fundamentals remain strong

- The multifamily sector continues to post historically **robust fundamentals**.
- As **construction peaks and rent levels reach record highs**, this restrains new demand and further rent gains.
- Zillow reports that rent takes a **larger share of household income** now than it did historically.
- **Affordability** is becoming increasingly problematic.
- **Occupancy rates** will remain at 2017's elevated levels. Further rent gains will be moderate, particularly in urban core submarkets witnessing significant deliveries.
- But downside demand risks are moderated by the still diminished (though rising) home buying by **millennials** unable to get a foot on the homeownership rung.

EMERGING OFFICE TRENDS

South Florida Market Overview

MARKET INDICATORS (Class A/B/C, 10,000+ SF)	MIAMI-DADE	BROWARD	PALM BEACH	DOWNTOWN FORT LAUDERDALE
Inventory	94 million SF	60 million SF	48 million SF	**7 million SF**
Under Construction	1.7 million SF	0.5 million SF	0.2 million SF	**27,388 SF**
Net Absorption	1.2 million SF	1.4 million SF	0.3 million SF	**-78,973 SF**
Vacancy Rate	9.1% *Declined 50 bps YOY*	9.1% *Declined 130 bps YOY*	11.6% *Declined 40 bps YOY*	**9.8% *Declined 140 bps YOY***
Full Service Rents				
Full Service Rents	$34.18	$27.10	$29.52	**$37.00**
5-Year Growth	*+17%*	*+14%*	*+16%*	***+26%***
Class A Rents	$41.51	$32.11	$33.90	**$38.18**
5-Year Growth	*+16%*	*+16%*	*+12%*	***+22%***

Source: CoStar, Colliers International, Q4 2017

> MARKET HIGHLIGHTS & OUTLOOK

Miami-Dade

- High land and labor costs.
- Rise in co-working spaces demand.
- Tenant movement from CBD to micro-markets and TOD expected.

Broward

- Strongest absorption in SoFla and steady compression of vacancy rates.
- Lack of new inventory, particularly in downtown Fort Lauderdale. New development proposed.

Palm Beach

- Medical hub developing and growing fin-tech sector.
- Increasing investor demand for quality assets with strong tenants and favorable parking ratios.
- "SALT" effect

EMERGING OFFICE TRENDS

South Florida Market Insights

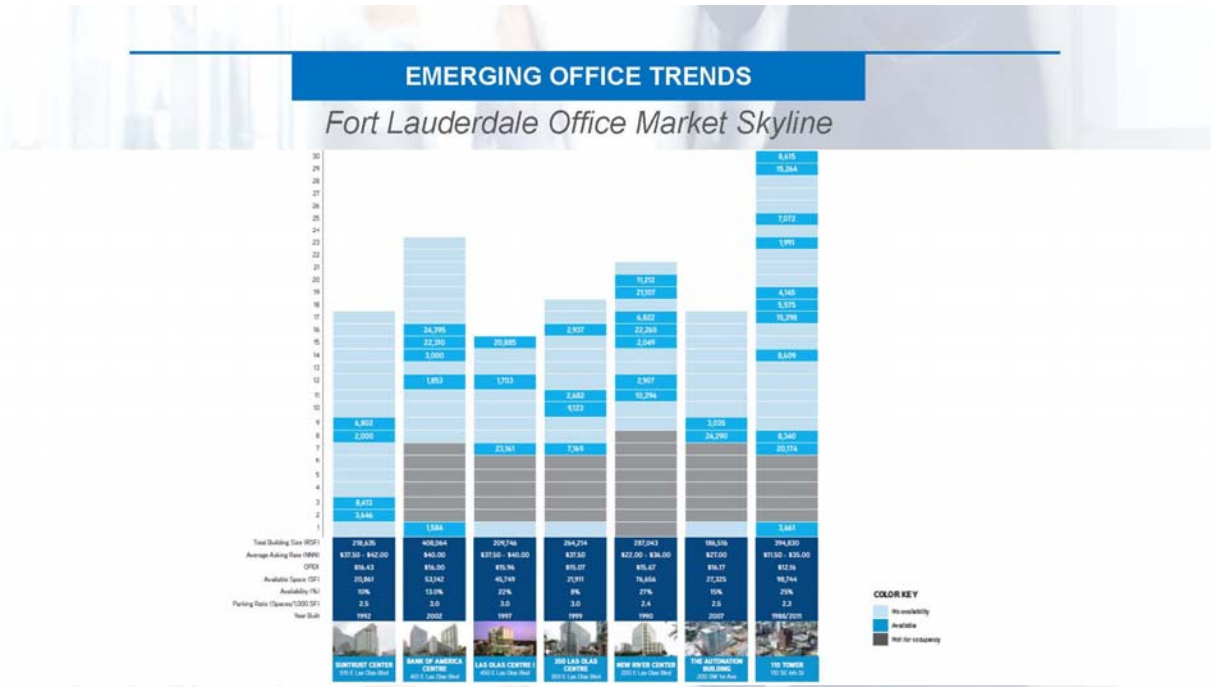
SUPPLY CONSTRAINTS
Limited available office supply and lack of new product delivered to the market in downtown markets. Pre-leasing of proposed new office buildings is critical to future growth.

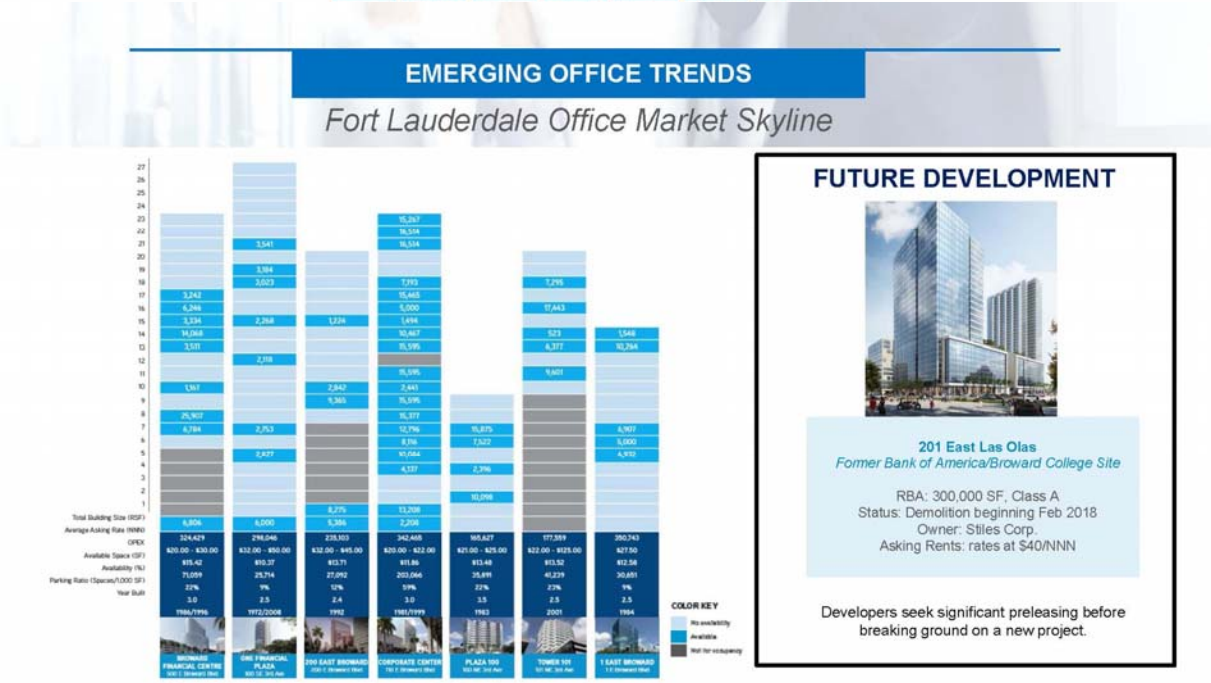
INVESTMENT ACTIVITY
A mix of capital sources, investors and many new groups are active; particularly "spin-off" mid-cap institutional investors and foreign capital. Investors are now looking for value-add opportunities in office.

RENT GROWTH
New ownership at recently traded assets have been pushing rents after trading at a premium.

MORE RENT GROWTH?
Owners of Class B/C buildings that have invested in capital improvements are also pushing rents.

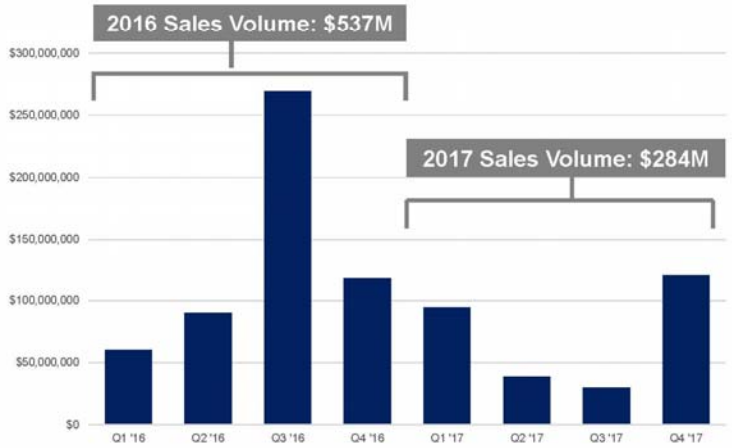
ACTIVE TENANTS
Healthcare, Wealth Management, Law Firms and Technology Companies are among some of the most active tenants.


EMERGING OFFICE TRENDS
Fort Lauderdale Office Market Skyline
COLOR KEY


EMERGING OFFICE TRENDS
Fort Lauderdale Office Market Skyline
COLOR KEY
FUTURE DEVELOPMENT
201 East Las Olas
Former Bank of America/Broward College Site
RBA: 300,000 SF, Class A
Status: Demolition beginning Feb 2018
Owner: Stiles Corp.
Asking Rents: rates at $40/NNN
Developers seek significant preleasing before breaking ground on a new project.

EMERGING OFFICE TRENDS

Downtown Fort Lauderdale Office Sales Volume



- Much of the downtown Class A office product has already traded leaving investors seeking new opportunities.
- A mix of capital sources, investors and many new groups are active; particularly "spin-off" mid-cap institutional investors and foreign capital.
- Investors are now looking for value-add opportunities in office.
- Many investors are shifting their investments toward suburban property or industrial product.

EMERGING OFFICE TRENDS

Fort Lauderdale Recent Office Sales

1 **Bank of America Plaza at Las Olas City Centre**
Sale Date: September 2016
Size (SF): 408,064
Sale Price: $220,000,000 **($539/SF)**
Buyer: Deutsche Asset & Wealth Management
Seller: JP Morgan

2 **110 Tower**
Sale Date: October 2016
Size (SF): 394,830
Sale Price: $112,900,000 **($286/SF)**
Buyer: IP Capital Partners
Seller: The GenCap Group

3 **SunTrust Center**
Sale Date: June 2016
Size (SF): 270,000
Sale Price: $90,000,000 **($333/SF)**
Buyer: Steelbridge Capital
Seller: SunTrust Bank

4 **Tower 101**
Sale Date: January 2016
Size (SF): 444,326
Sale Price: $56,300,000 **($248/SF)**
Buyer: Ivy Equities
Seller: Banyan Street Capital
Note: Previously sold for $28.7 million in 2012

5 **Plaza 100**
Sale Date: August 2016
Size (SF): 165,627
Sale Price: $46,500,000 **($280/SF)**
Buyer: Zurich Asset Management
Seller: Brookwood Financial Partners

6 **One Financial Plaza**
Sale Date: February 2017
Size (SF): 298,046
Sale Price: $86,750,000 **($291/SF)**
Buyer: JV Crocker/Walton Street Capital
Seller: JV Crocker/Westcity Realty

200 East Broward
Sale Date: October 2017
Sale Price: $81,500,000 ($362/SF)
Note: Previously sold for $66.4 million ($295/SF) in 2014
Size (SF): 225,761
Seller: TA Realty
Buyer: Banyan

Highest Price Per Square Foot ($362) in Fort Lauderdale in the past 12-months.

Corporate Center, 110 E Broward
Auction Date: Nov 2017 / Sale Date: Jan 2018
Sale Price: $41,000,000 ($110/SF)
Special Servicer/Seller: LNR Partners
Size (SF): 368,791
Buyer: Stockbridge

Sold at Auction
Approx 60% vacant

Source: CoStar, Real Capital Analytics, Colliers International

EMERGING OFFICE TRENDS

South Florida Recent Sales (2017)

MIAMI-DADE

1221 Brickell
Sale Date: April 2017
Size (SF): 395,395
Sale Price: $155,000,000 **($392/SF)**
Buyer: Rockpoint Group
Seller: JV Blackstone/LaSalle

One Park Square at Doral
Sale Date: August 2017
Size (SF): 281,623
Sale Price: $96,000,000
($341/SF)
Buyer: TA Realty
Seller: Shoma Development, New Boston Fund

BROWARD

One Financial Plaza
Sale Date: February 2017
Size (SF): 298,046
Sale Price: $86,750,000 **($291/SF)**
Buyer: JV Crocker/Walton Street Capital
Seller: JV Crocker/WestcityRealty

200 East Broward
Sale Date: October 2017
Size (SF): 225,761
Sale Price: $81,500,000 ($362/SF)
Buyer: Banyan
Seller: TA Realty

110 E Broward
Sale Date: November 2017
Size (SF): 368,791
Sale Price: $39.1 million ($106/SF)
Buyer: Stockbridge
Special Servicer/Seller: LNR Partners

PALM BEACH

Golden Bear Plaza
Sale Date: July 2017
Size (SF): 247,610
Sale Price: $62,300,000 **($252/SF)**
Buyer: Alliance Partnership
Seller: Equus Capital Partners, JP Morgan

Peninsula Executive Center
Sale Date: June 2017
Size (SF): 187,713
Sale Price: $59,750,000 **($318/SF)**
Buyer: C Talanian Realty Co Inc
Seller: Carl DeSantis, CDR Realty

Source: CoStar, Real Capital Analytics, Colliers International

EMERGING OFFICE TRENDS

An Outlook for 2018

Stability in the Office Sector Expected to Persist in 2018:

- Supply and demand dynamics in the office sector should remain broadly in tandem in 2018.
- An uptick in GDP, and potentially job growth, should spur more need for office space.
- Though property markets likely peaked for this cycle in 2015, both leasing and sales transaction activity remain robust and pricing firm.
- Expect a shift of sales and leasing volumes from CBDs into suburban submarkets and from primary into secondary markets in 2018, as investment volumes tick down.
- Investors continue to shift their focus to suburban assets in search of more attractive yields, while suburban offices also see an uptick in its share of leasing as CBDs offer tenants fewer options.
- Occupancy and rent growth potential will be held in check by the continued drive for space efficiency, footprint reduction and shared services
- A shifting investor appetite away from trophy CBD assets could drive some price corrections.

EMERGING RETAIL TRENDS

South Florida Market Overview

MARKET DATA (10,000+ SF)	Miami-Dade	Broward	Palm Beach	Downtown Fort Lauderdale
Inventory	102 million SF	85 million SF	66 million SF	3.3 million SF
Under Construction	2.3 million SF	0.6 million SF	0.6 million SF	77,645 SF
Net Absorption (2017)	1.2 million SF	1.2 million SF	0.5 million SF	-27,086 SF
Vacancy Rate	3.5% *Declined 20 bps YOY*	3.5% *Declined 150 bps YOY*	4.3% *Declined 30 bps YOY*	3.2% *Declined 460 bps YOY*
Rental Rates (NNN)				
Asking Rents	$38.70	$19.95	$20.85	$35.24
5-Year Growth	*+42%*	*+15%*	*+23%*	*+48%*

Source: Costar, Colliers International, Q4 2017

> MARKET HIGHLIGHTS & OUTLOOK

Miami-Dade

- Delivery of new product expected to marginally normalize rental rates.
- Strongest five-year rent growth in SoFla.

Broward

- Strongest net absorption in past ten years and highest in South Florida.
- Limited new supply, growing population and increasing disposable income are all factors driving strong growth in Broward.

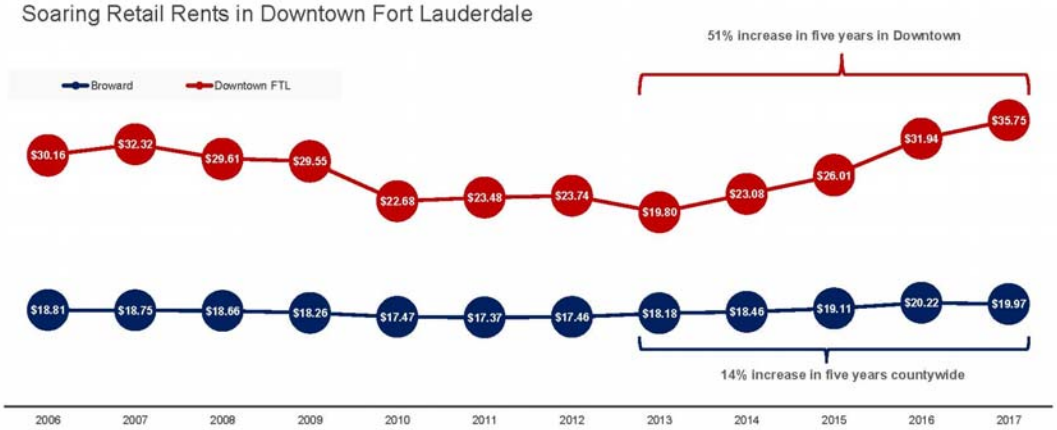
Palm Beach

- Booming housing market in Palm Beach is attracting investors and retail tenants.
- Vacancy rates compressing year-over-year.

EMERGING RETAIL TRENDS

Fort Lauderdale Market Overview

Soaring Retail Rents in Downtown Fort Lauderdale



Source: Colliers International, CoStar

PAGE 20 | Colliers International

EMERGING RETAIL TRENDS

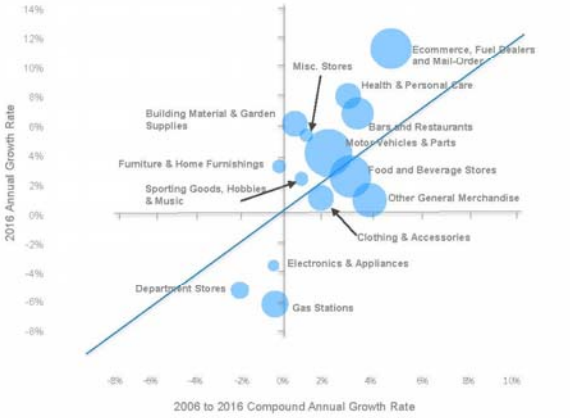
The New World

3,000 store closings since **January 2017**

- Natural selection appears to be taking place
- Closing stores that don't fit new models
- Fewer development projects
- New & existing projects facing loan to value hurdles
- Curation, Community & Convening (the 3 C's)

EMERGING RETAIL TRENDS

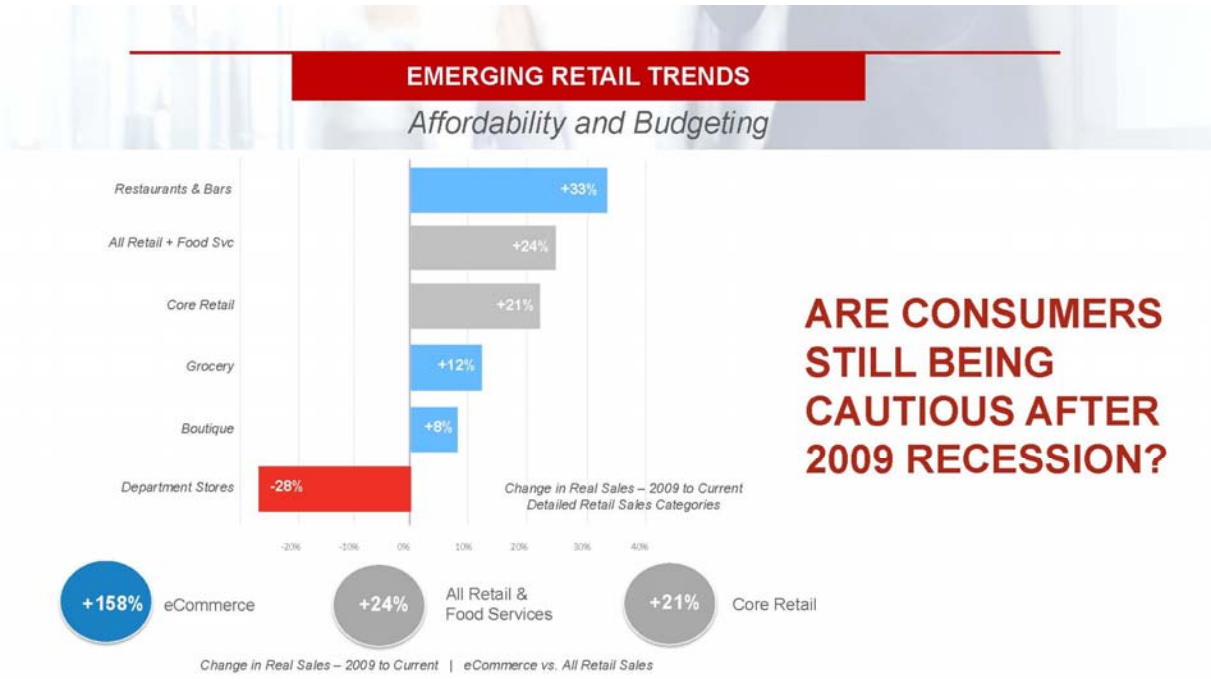
Painting the Picture



Note: Bubble size reflects 2016 sales

Source: U.S. Census Bureau

WHAT'S GROWING?
WHAT'S NOT? WHY?

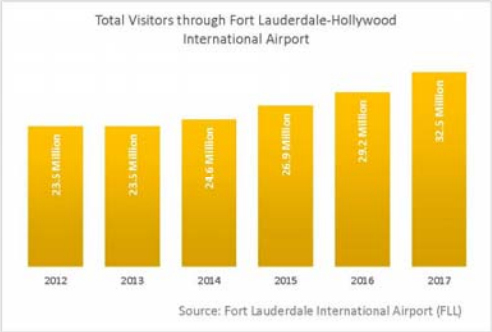

EMERGING RETAIL TRENDS
Affordability and Budgeting
Restaurants & Bars
+33%
All Retail + Food Svc
+24%
Core Retail
+21%
Grocery
+12%
Boutique
+8%
Department Stores
-28%
Change in Real Sales – 2009 to Current
Detailed Retail Sales Categories
ARE CONSUMERS STILL BEING CAUTIOUS AFTER 2009 RECESSION?
+158%
eCommerce
+24%
All Retail & Food Services
+21%
Core Retail
Change in Real Sales – 2009 to Current | eCommerce vs. All Retail Sales

EMERGING RETAIL TRENDS
Forecasting Tomorrow
BEAUTY
31.7%
HOME
19.8%
ELECTRICALS
16.2%
GROCERY
15.0%
APPAREL
12.8%
OTHER
15.6%
WHAT CATEGORIES WILL OUTPACE OTHERS?
Retail spending growth by sector

EMERGING HOSPITALITY TRENDS

Fort Lauderdale Market Overview

South Florida is positioned as a key gateway market serving as the primary link between the U.S. and Latin America.



Source: Fort Lauderdale-Hollywood International Airport

Demand Drivers

Fort Lauderdale-Hollywood International Airport (FLL):

- Total traffic through FLL jumped to **32.5 million** in 2017, up by 11.3 percent over 2016.
- Fastest growing large hub airport (Jan-Nov 2017).
- Ranked 12th in international traffic (Jan-Nov 2017).
- Ranked 2nd large hub airport for growth in scheduled available seats from Jan-Jun 2018 (8.5% growth rate).
- 27 new routes added in 2017, including British Airways service to London-Gatwick.
- SFL has TWO airports ranked in the U.S. top 20 by passenger count.

Port Everglades:

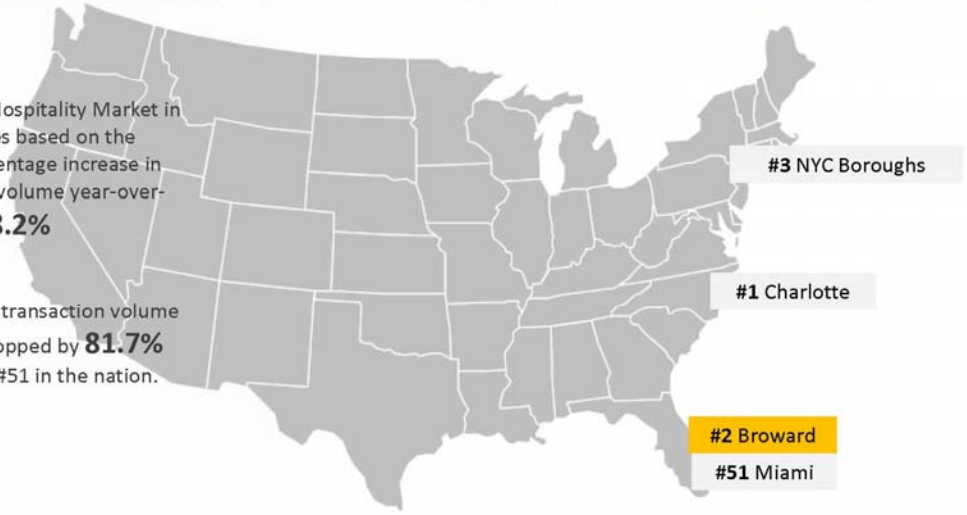
- The second busiest cruise port in the world with over **3.8 million guests** in FY2017.
- Port Everglades is currently home to two of the largest cruise ships in the world: Allure of the Seas and Harmony of the Seas.
- A number of capital and improvements in the Port's Five Year Master Plan position the port to expand operations to 5.6 million passengers in 2033.

EMERGING HOSPITALITY TRENDS

Top 2017 Rankings

BROWARD
Ranked #2 Hospitality Market in United States based on the largest percentage increase in transaction volume year-over-year at **418.2%**

MIAMI
Meanwhile, transaction volume in Miami dropped by **81.7%** and ranked #51 in the nation.



EMERGING HOSPITALITY TRENDS

Top Fort Lauderdale Hospitality Sales in 2017

Courtyard by Marriott
Sale Date: May 2017
Rooms: 261
Sale Price: $85 million
($325,700/Room)
Buyer: Summit Hotel Properties
Seller: Fillmore Capital

Hollywood Beach Marriott
Sale Date: Sept 2017
Rooms: 225
Sale Price: $61 million
($270,000/Room)
Buyer: Ocean Properties Ltd
Seller: Rockwood Capital

Link Hotel
Sale Date: May 2017
Rooms: 145
Sale Price: $13 Million
($95,800 /Room)
Buyer: Stambul
Seller: Equity Mgmt Partners

EMERGING HOSPITALITY TRENDS

Fort Lauderdale Outlook for 2018

OCCUPANCY

77.2%

Occupancy rates are expected to remain stable at 77.2 percent heading into 2018

RevPAR

+1.6%

RevPAR is projected to grow by 1.6 percent over the next twelve months due to the increases in average daily room rates.

ADR

+1.7%

The ADR growth trend is expected to continue rising with a 1.7 percent growth in 2018.

SUPPLY

+4.7%

After years of limited new supply, Fort Lauderdale supply is growing at a rate of 4.7 percent.

DEMAND

+5%

With projected visitor statistics growing year-over-year, demand for hotels is climbing at a positive rate of 5 percent annually.

EMERGING HOSPITALITY TRENDS

Trends to Watch in 2018

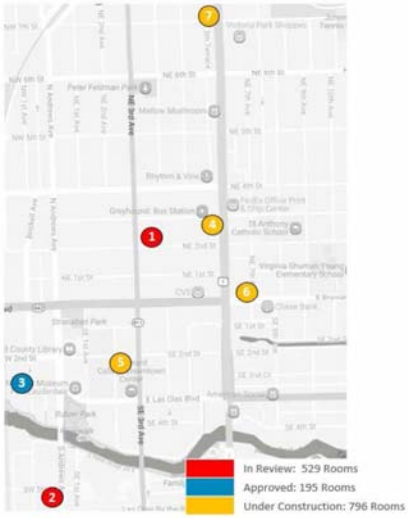
INFRASTRUCTURE
Investment continues in tourism-related infrastructure and offerings, including new restaurants, retail, air routes, high-speed rail, cruise lines and other attractions.

INVESTORS
Investors are increasingly seeking investments in noncore assets including development projects and hotels that require repositioning in gateway and secondary or tertiary markets.

ECONOMIC EXPANSION
An extended U.S. economic expansion has supported strong hotel market fundamentals.

EMERGING HOSPITALITY TRENDS

Hotel Development Map



	Development	Hotel	Other Amenities	Developer
1	315 NE 3rd St (Aloft)	199 Rooms	6,208 SF Retail	-
2	Southside City Center	330 Rooms	207,000 SF Office 52,000 SF Retail 879 Residential Units	Ocita Properties
3	Flagler Village Hotel	195 Rooms	2,227 SF Retail	Groupe Pacific
4	Tribute/Element Hotel – The Dalmar	323 Rooms	10,897 SF Retail	Wurzak Hotel Group
5	100 Las Olas	228 Rooms	6,983 SF Retail 120 Residential Units	Kolter Group
6	Fairfield Inn	108 Rooms	-	LM Hotels
7	Quantum at Flagler Village	137 Rooms	7,572 SF Retail 328 Residential Units	Prime Hospitality Group (FV Land Trust)

Source: City of Fort Lauderdale

The Fort Lauderdale Hotel Boom

- Brand-name hospitality offerings ranging from **economy or "value"** brand to **luxury, upscale boutique** and **mixed-use hotel developments.**
- Previously, there were only **two downtown hotels** until this wave of development (Riverside Inn and the Hampton Inn).
- Demand is driven by **residential growth in the CBD, a saturated office market** and a **booming tourism industry.**

EMERGING INDUSTRIAL TRENDS

An Outlook for 2018

The industrial sector has emerged as the strongest property sector in South Florida.

Industrial real estate will continue to prosper in 2018:

- The **new favorite** among investors due to robust fundamentals including record occupancy and rents, as well as net absorption and construction.
- **Surging business confidence**, fueling a significant pickup in business investment, even as consumer spending slows.
- Anticipations of **tax relief and regulatory reform** have played a major role.
- **Synchronized global growth**, as all major regions of the world are growing simultaneously for the first time in over a decade, supporting U.S. exports and corporate profits.
- **Demand from retailers will remain robust.**
- We expect the biggest increases in space requirements from **wholesalers and third-party logistics (3PL)** which must expand the size and locations of their distribution centers to keep pace with increasing demand from e-commerce and a strong overall economy.

EMERGING INDUSTRIAL TRENDS

Supply Chain Optimization

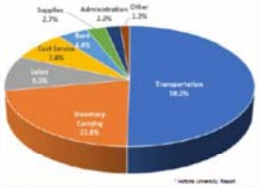
Why Supply Chain Is Increasingly More Important To A Company's Success

Consumerization of the supply chain

amazon

Regardless of product type, fulfilment expectations are instantaneous

Outsized portion of transportation costs in supply chain



Minimizing transportation costs will have an out-size impact on profitability

Acceleration of the optimized supply chain

Chasing lowest production costs makes way to optimizing fulfillment

Complexity of bilateral trade agreements

Bilateral trade agreements are under increased scrutiny and pressure

Supply Chain optimization is about managing trade-offs between cost and service

TAX CUTS & REFORM

Both direct & indirect benefits to CRE sector

› ***Key terms***

- Primary benefits go to businesses due to lower corporate income tax rate
- Moderate and temporary gains for most (but not all) households
- Standard deduction doubled but some itemized deductions capped (property taxes, mortgage interest)
- Limits residential mortgage-interest deductions to debt up to $750K and excluded home equity

› ***Key benefits for real estate sector***

- Preserves 1031 tax-free exchanges, carried interest, and commercial interest deductions
- Effectively reduces tax rates on most pass-through income and entities including REITs
- More generous depreciation provisions

› ***Impacts for real estate sector***

- Tax liabilities reduced for commercial property owners (about average for all industries)
- Should spur greater leasing via (marginally) faster economic growth
- May encourage more leasing by key occupiers whose sectors benefit disproportionately from tax bill: retailers, hotels and restaurants, warehousing, and wholesaling
- Retail and industrial property sectors should be biggest winners
- Multifamily sector should gain from hit to some homeowners, esp. in high-tax states
- Office sector gains more neutral as key tenant groups are disadvantaged: finance, professional services, and tech

SUMMARY

Headwinds to Watch in 2018

FEDERAL INTEREST RATES
Tax bill is likely to prompt the Fed to more rapidly shift from dovish (pro-growth) to hawkish (anti-inflation) policies that raise interest rates and slow wage growth.

TRADE
The possibility of trade wars with our trading partners in response to more protectionist U.S. trade policies is perhaps the greatest near-term risk for the economy.

$1.5 TRILLION INFRASTRUCTURE SHORTFALL
ASCE estimated that through 2025, the nation needs to spend $3.32 trillion to keep its ports, highways, bridges, trains, water and electric facilities up to date but has funded only $1.88 trillion of that. $800 billion is required just to shore up the nation's roads and bridges.

But overall, near-term risks seem slanted to the upside.

Are PPP's the solution?

SUMMARY

What Typically Ends CRE Cycle?

	Yes	Maybe	No
Over Supply			✓
Over Leverage			✓
Banking Crisis			✓
Global Financial Crisis			✓
Material Recession			✓

SUMMARY | CRE Year in Review

- A need to deploy capital in scale continues to be at all-time high
  - Major pension and Life Co's are still significantly underinvested
- While deal volume has come down in 2017, deal pipeline growth remains robust
  - Widening gap between buyers and sellers' expectation.
  - Which side will win out?
- As "lower for longer" yield environment persists, credit becomes critical in ascertaining CRE values
- "Relative Value" more relevant than ever before
  - Contrasting the perception of rich pricing in CRE against the valuations of other investment types e.g. public equity and debt markets
  - Overall stable CRE supply/demand dynamics to provide additional pricing support
- Growing demand in non-traditional sectors and disrupted markets (retail) in search for yield

SUMMARY | New Life in 2018 For an Aging Economic Expansion?

Moderate economic growth continues: By mid-2018 this economic recovery will be the second longest in U.S. history.

2017 economic growth slightly outpaced that in 2016, and 2018 should be stronger still.

Job growth continues yet we near full employment.

Courtesy of the **strengthening global economy, a tax cut stimulus and infrastructure spending**, the economy is getting new life

Wage growth continues to **underwhelm** – it has yet to reach 3%, its long term average during expansions since the 1980's until this cycle.

Synchronized global growth is fueling a significant pickup in business investment and offshore demand

(exports account for 12% of GDP)

Florida braces for an **influx of Puerto Ricans** as thousands flee humanitarian crisis

Overall, property market drivers continue to be strong, but we can expect future gains in market fundamentals to stabilize over time.

Who is Colliers International?

16,000
PROFESSIONALS

66
COUNTRIES

$2.5
billion in annual revenue

2
billion square feet under management

Colliers INTERNATIONAL

Accelerating success.

ADDENDUM C

Regional Analysis

Moody's Analytics

FORT LAUDERDALE-POMPANO BEACH-DEERFIELD BEACH FL

Data Buffet® MSA code: IUSA_DMFOT

ECONOMIC DRIVERS

HIGH TECH | TOURIST DESTINATION | LOGISTICS

EMPLOYMENT GROWTH RANK

2015-2017	2015-2020
16	24
1st quintile	1st quintile

Best=1, Worst=408

RELATIVE COSTS

LIVING	BUSINESS
111%	102%

U.S.=100%

VITALITY

RELATIVE	RANK
104%	116

U.S.=100% Best=1, Worst=401

BUSINESS CYCLE STATUS

- Expansion
- » RECOVERY «
- At Risk
- Moderating Recession
- In Recession

STRENGTHS & WEAKNESSES

STRENGTHS

- Strong ties to international trade via Latin America.
- Spillover from Miami tourism and trade.
- Home to a handful of high-tech medical firms.
- Attractive tourist destination.

WEAKNESSES

- Westward expansion limited by Everglades.
- Weak housing market.
- Highly volatile employment base.
- Incomes are low, cost of living is high.

FORECAST RISKS

SHORT TERM ↓ | LONG TERM ↑

RISK EXPOSURE 2016-2021 **26** 1st quintile *Highest=1 Lowest=401*

UPSIDE

- Infrastructure improvements benefit trade flows and airport by more than expected.
- Stronger dollar does less harm to tourism.
- A new casino is built in Hollywood.

DOWNSIDE

- Business confidence is slower to recover, weighing on investment.
- Foreclosures weigh more heavily on house prices and construction.
- Rising insurance premiums boost living costs.

MOODY'S RATING

Aaa COUNTY AS OF FEB 23, 2012

ANALYSIS

Recent Performance. The economy in Fort Lauderdale-Pompano Beach-Deerfield Beach is sending mixed signals. Joblessness has increased in three of the last four months and is now the highest since February. However, some of the increase in unemployment can be explained by hopeful job hunters who have been drawn into the labor market by record high wages. According to the local association of Realtors, the median sale price for a single-family home was up 12% from a year earlier in October, but the number of closed sales fell by 13%. Other indicators suggest that the drop-off in sales was because of a lack of housing supply, not demand.

Tourism. Jobs in leisure and hospitality, which make up 12% of the FOT workforce, are contributing positively to growth in the forecast, but warning signs have emerged that the pace of additions will be slower than in the rest of the state and nation over the next several years. Economic turmoil in Europe, political upheaval in Latin America, a strong dollar, and warmer winters in the U.S. and Canada represent threats to tourism in South Florida, which includes FOT, Miami, and West Palm Beach. The industry may already be feeling the impact of these developments. According to Smith Travel Research, hotel occupancy and average room rates in South Florida have fallen to their lowest levels in three years.

Despite these struggles, cruises out of FOT's Port Everglades are an ongoing success story for the metro division's leisure and hospitality industry. The port, which is the second busiest in the world behind nearby PortMiami, will enjoy passenger increases in 2017. In the last month, a Holland America ship with a capacity of 2,650 passengers and Royal Caribbean cruise liner with a capacity of 6,780 launched regular service from FOT. Each ship is the largest vessel in its parent company's fleet.

Information technology. The historical performance of IT locally is brighter than its forecast. The metro division, which is the birthplace of IBM's personal computer and the smartphone, has Florida's highest concentration of jobs in information. But the share is one-third less than in competing southern metro areas such as Raleigh NC and Atlanta, the South's biggest hubs for jobs in the industry. FOT will increase the number of IT jobs, but these other metro areas will experience even faster growth because Georgia Tech and the universities in the Research Triangle supply local employers with high-quality technology research and graduates. FOT does not feature a comparable institution of advanced technical education.

No road funding. FOT missed an opportunity to brighten its short-term forecast for construction jobs and its long-term outlook for income growth. In the November election, voters rejected a 1-cent sales tax that was intended to fund a county-wide transportation system and local infrastructure projects. This funding is needed in a metro division that is starting to strain; since the start of the decade among counties in Florida, only Miami-Dade has added more residents than Broward, which is coextensive with FOT. The election outcome puts transportation initiatives and infrastructure improvements in FOT at a disadvantage to those in West Palm Beach, where voters approved a similar measure in November, and Miami, which has been using sales taxes to fund transportation since 2002.

Because of challenges in key industries, growth in Fort Lauderdale-Pompano Beach-Deerfield Beach will underperform that in the state but lead that of the nation in the near term. However, FOT's location in the heart of South Florida will be an asset long term, as will increasing trade and travel through the airport and Port Everglades.

Kwame Donaldson *1-866-275-3266*
November 2016 *help@economy.com*

2010	2011	2012	2013	2014	2015	INDICATORS	2016	2017	2018	2019	2020	2021
73.6	72.9	74.8	76.3	78.1	80.5	Gross metro product (C09$ bil)	82.9	86.8	91.1	95.0	98.5	102.0
0.6	*-1.0*	*2.5*	*2.1*	*2.3*	*3.1*	*% change*	*2.9*	*4.8*	*4.9*	*4.3*	*3.6*	*3.6*
705.0	715.6	732.1	751.4	774.9	798.4	Total employment (ths)	829.9	851.9	869.2	886.2	898.3	903.5
-1.1	*1.5*	*2.3*	*2.6*	*3.1*	*3.0*	*% change*	*4.0*	*2.6*	*2.0*	*2.0*	*1.4*	*0.6*
10.0	9.2	7.8	6.6	5.8	5.0	Unemployment rate (%)	4.4	4.0	3.5	3.2	3.2	3.5
4.8	5.3	2.6	0.1	6.9	5.6	Personal income growth (%)	4.3	6.5	7.8	7.5	6.3	5.7
48.9	49.1	49.8	50.7	52.1	53.9	Median household income ($ ths)	56.0	58.0	60.5	63.0	65.0	66.8
1,753.3	1,787.6	1,818.5	1,843.6	1,869.7	1,896.4	Population (ths)	1,928.3	1,962.8	1,998.7	2,035.2	2,071.9	2,107.6
1.2	*2.0*	*1.7*	*1.4*	*1.4*	*1.4*	*% change*	*1.7*	*1.8*	*1.8*	*1.8*	*1.8*	*1.7*
13.0	28.1	23.8	17.9	19.4	19.2	Net migration (ths)	25.1	27.8	29.2	29.9	30.2	29.3
979	1,446	1,023	1,434	1,181	1,494	Single-family permits (#)	1,608	3,645	5,118	5,728	5,338	5,196
189	998	2,533	3,036	1,281	3,958	Multifamily permits (#)	2,663	3,123	3,449	3,124	2,644	2,791
182.2	171.6	173.8	193.1	218.1	237.9	FHFA house price (1995Q1=100)	258.0	272.5	273.6	263.6	254.2	250.1

PRÉCIS® U.S. METRO SOUTH » Fort Lauderdale-Pompano Beach-Deerfield Beach FL

ECONOMIC HEALTH CHECK

3-MO MA

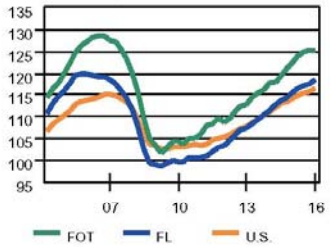
	May 16	Jun 16	Jul 16	Aug 16	Sep 16	Oct 16
Employment, change, ths	2.2	3.3	3.8	4.4	3.2	1.7
Unemployment rate, %	4.4	4.3	4.3	4.3	4.4	4.4
Labor force participation rate, %	65.5	65.3	65.1	64.9	64.8	64.7
Employment-to-population ratio, %	62.6	62.5	62.3	62.1	61.9	61.8
Average weekly hours, #	34.3	34.4	34.4	34.4	34.4	34.3
Industrial production, 2007=100	102.8	102.9	103.0	103.1	103.1	103.0
Residential permits, single-family, #	1,412	1,284	1,231	1,358	1,519	1,980
Residential permits, multifamily, #	1,574	1,174	1,463	1,861	1,750	1,753

Better than prior 3-mo MA | Unchanged from prior 3-mo MA | Worse than prior 3-mo MA

Sources: BLS, Census Bureau, Moody's Analytics

BUSINESS CYCLE INDEX

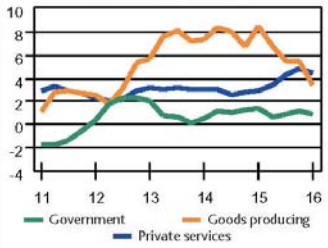
JAN 2002=100



Source: Moody's Analytics

CURRENT EMPLOYMENT TRENDS

% CHANGE YR AGO



Sources: BLS, Moody's Analytics

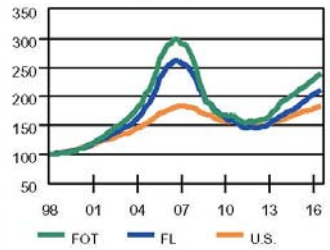
% CHANGE YR AGO, 3-MO MA

	Feb 16	Jun 16	Oct 16
Total	3.3	4.0	3.9
Mining	-0.0	-0.2	0.0
Construction	11.0	6.2	5.2
Manufacturing	4.2	4.4	4.6
Trade	2.1	4.3	3.8
Trans/Utilities	5.6	7.0	8.5
Information	2.2	1.6	-0.5
Financial Activities	4.4	5.7	6.7
Prof & Business Svcs.	3.9	4.8	4.6
Edu & Health Svcs.	2.6	1.9	4.0
Leisure & Hospitality	3.7	6.4	4.7
Other Services	3.0	2.8	0.4
Government	1.0	0.9	1.2

Sources: BLS, Moody's Analytics

HOUSE PRICE

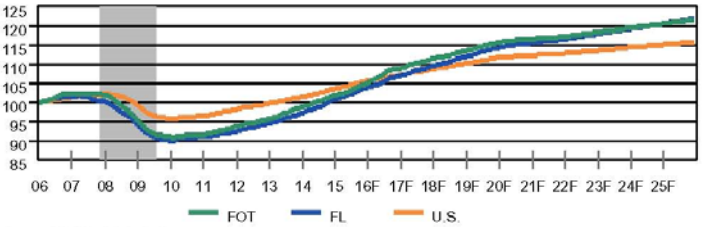
1998Q1=100, NSA



Sources: FHFA, Moody's Analytics

RELATIVE EMPLOYMENT PERFORMANCE

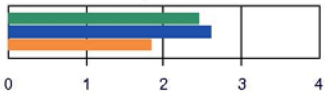
JAN 2006=100



Sources: BLS, Moody's Analytics

VACANCY RATES

HOMEOWNER, % HOUSES FOR SALE

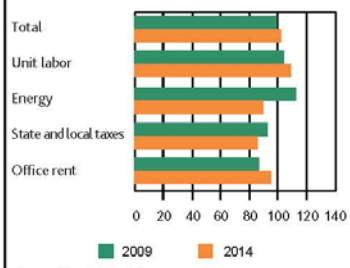


RENTAL, % INVENTORY FOR RENT

Sources: Census Bureau, ACS, Moody's Analytics, 2015

BUSINESS COSTS

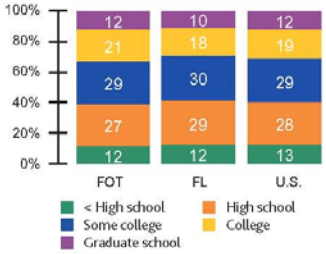
U.S.=100



Source: Moody's Analytics

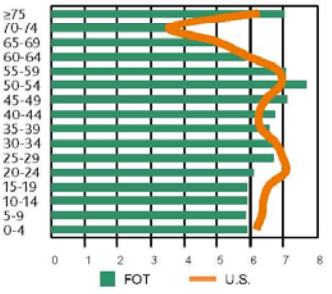
EDUCATIONAL ATTAINMENT

% OF ADULTS 25 AND OLDER



Sources: Census Bureau, Moody's Analytics, 2015

POPULATION BY AGE, %



Sources: Census Bureau, Moody's Analytics, 2015

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EMPLOYMENT & INDUSTRY

TOP EMPLOYERS

Tenet Healthcare Corp.	18,000
HCA East Florida Division Office	15,000
Memorial Healthcare System	11,500
Broward Health	8,234
Nova Southeastern University	7,610
Comcast	4,000
The Continental Group	3,900
American Express	3,500
AutoNation	3,381
Florida Power & Light	3,178
Winn-Dixie Stores	3,000
Holy Cross Hospital	3,000
The Answer Group	2,800
Ultimate Software	2,550
Interbond Corp. of America dba BrandsMart USA	2,400
MBF Healthcare Partners LP	2,228
Maxim Integrated Products Inc.	2,000
Alorica	2,000
Precision Response Corp.	2,000
Spirit Airlines	1,800

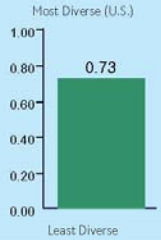
Sources: Greater Fort Lauderdale Alliance, 2015, South Florida Business Journal, 2014

PUBLIC

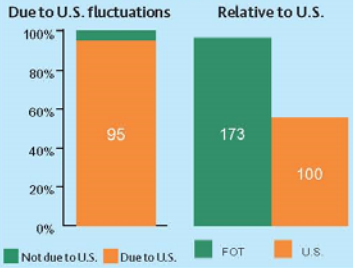
Federal	6,823
State	5,580
Local	88,878

2015

INDUSTRIAL DIVERSITY



EMPLOYMENT VOLATILITY



MIGRATION FLOWS

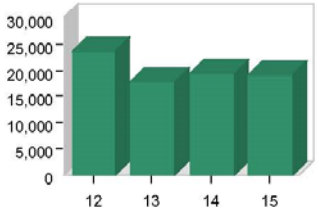
INTO FORT LAUDERDALE FL

	Number of Migrants
Miami FL	29,394
West Palm Beach FL	9,393
New York NY	5,478
Orlando FL	2,622
Atlanta GA	1,968
Tampa FL	1,718
Nassau County NY	1,083
Port St. Lucie FL	1,011
Jacksonville FL	974
Washington DC	950
Total in-migration	*88,863*

FROM FORT LAUDERDALE FL

Miami FL	19,270
West Palm Beach FL	12,689
Orlando FL	3,844
Austin TX	3,741
New York NY	3,322
Atlanta GA	2,532
Tampa FL	2,260
Port St. Lucie FL	1,789
Jacksonville FL	1,286
Cape Coral FL	1,172
Total out-migration	*87,287*
Net migration	**1,576**

NET MIGRATION,



	2012	2013	2014	2015
Domestic	9,869	2,848	2,188	2,019
Foreign	13,884	15,037	17,189	17,156
Total	23,753	17,885	19,377	19,175

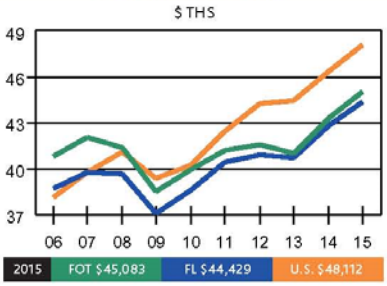
Sources: IRS (top), 2014, Census Bureau, Moody's Analytics

COMPARATIVE EMPLOYMENT AND INCOME

Sector	% of Total Employment			Average Annual Earnings		
	FOT	FL	U.S.	FOT	FL	U.S.
Mining	0.0%	0.1%	0.5%	$3,063	$7,023	$110,528
Construction	5.1%	5.3%	4.5%	$57,765	$50,987	$64,354
Manufacturing	3.5%	4.2%	8.7%	$62,646	$68,746	$80,667
Durable	*65.7%*	*67.9%*	*63.0%*	*nd*	*$72,931*	*$82,450*
Nondurable	*34.3%*	*32.1%*	*37.0%*	*nd*	*$60,466*	*$77,689*
Transportation/Utilities	3.1%	3.3%	3.8%	$55,876	$58,935	$67,456
Wholesale Trade	6.0%	4.1%	4.1%	$82,971	$76,500	$82,548
Retail Trade	13.6%	13.4%	11.0%	$37,488	$33,779	$34,289
Information	2.4%	1.7%	1.9%	$94,155	$88,771	$110,216
Financial Activities	7.1%	6.6%	5.7%	$36,008	$37,441	$54,785
Prof. and Bus. Services	17.5%	15.1%	13.9%	$52,299	$52,409	$67,615
Educ. and Health Services	12.8%	14.8%	15.5%	$49,903	$52,875	$53,853
Leisure and Hosp. Services	11.4%	14.0%	10.7%	$25,808	$28,369	$27,201
Other Services	4.7%	4.1%	4.0%	$31,631	$32,615	$36,830
Government	12.7%	13.4%	15.5%	$75,184	$71,992	$75,980

Sources: Percent of total employment — BLS, Moody's Analytics, 2015, Average annual earnings — BEA, Moody's Analytics, 2014

PER CAPITA INCOME



Sources: BEA, Moody's Analytics

HIGH-TECH EMPLOYMENT

	Ths	% of total
FOT	35.6	4.5
U.S.	6,767.6	4.8

HOUSING-RELATED EMPLOYMENT

	Ths	% of total
FOT	93.2	11.7
U.S.	13,151.2	9.3

Source: Moody's Analytics, 2015

LEADING INDUSTRIES BY WAGE TIER

	NAICS	Industry	Location Quotient	Employees (ths)
HIGH	6211	Offices of physicians	1.4	18.6
	5411	Legal services	2.4	14.5
	5416	Mgmnt., scientific & technical consult. srvcs.	1.4	9.6
	5242	Agencies, brokerages & other insur. rel. acts.	1.6	9.0
	GVL	Local Government	1.1	88.1
MID	5614	Business support services	3.3	15.9
	2382	Building equipment contractors	1.3	13.0
	7211	Traveler accommodation	1.2	11.6
LOW	7225	Restaurants and other eating places	1.1	60.9
	5613	Employment services	1.0	19.9
	4451	Grocery stores	1.3	19.3
	5617	Services to buildings and dwellings	1.6	17.3

Source: Moody's Analytics, 2015

ADDENDUM D

Definitions

Value

market value

Market value is one of the central concepts of the appraisal practice. Market value is differentiated from other types of value in that it is created by the collective patterns of the market. A current economic definition agreed upon by agencies that regulate federal financial institutions in the United States of America follows, as defined in the Agencies' appraisal regulations:

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 are 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 US 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. †

market value "as if complete" on the appraisal date

Market value as if complete on the appraisal date is an estimate of the market value of a property with all construction, conversion, or rehabilitation hypothetically completed, or under other specified hypothetical conditions as of the date of the appraisal. With regard to properties wherein anticipated market conditions indicate that stabilized occupancy is not likely as of the date of completion, this estimate of value should reflect the market value of the property as if complete and prepared for occupancy by tenants.

market value "as is" on the appraisal date

Market value "as is" on the appraisal date is an estimate of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date of appraisal.

prospective future value "upon completion of construction"

Prospective future value "upon completion of construction" is the prospective value of a property on the future date that construction is completed, based upon market conditions forecast to exist, as of that completion date.

prospective future value "upon reaching stabilized occupancy"

Prospective future value "upon reaching stabilized occupancy" is the prospective value of a property at a future point in time when all improvements have been physically constructed and the property has been leased to its optimum level of long-term occupancy.

assessed value

Assessed value applies in ad valorem taxation and refers to the value of a property according to the tax rolls. Assessed value may not conform to market value, but it is usually calculated in relation to a market value base.

going concern value

Going concern value is the value of a proven property operation. It includes the incremental value associated with the business concern, which is distinct from the value of the real estate only. Going concern value includes an intangible enhancement of the value of an operating business enterprise which is produced by the assemblage of the land, building, labor, equipment, and marketing operation. This process creates an economically viable business that is expected to continue. Going concern value refers to the total value of a property, including both real property and intangible personal property attributed to the business value.

insurable value

Insurable Value is based on the replacement and/or reproduction cost of physical items that are subject to loss from hazards. Insurable value is that portion of the value of an asset or asset group that is acknowledged or recognized under the provisions of an applicable loss insurance policy. This value is often controlled by state law and varies from state to state.

investment value

Investment value is the value of an investment to a particular investor based on his or her investment requirements. In contrast to market value, investment value is value to an individual, not value in the marketplace. Investment value reflects the subjective relationship between a particular investor and a given investment. When measured in dollars, investment value is the price an investor would pay for an investment in light of its perceived capacity to satisfy his or her desires, needs, or investment goals. To estimate investment value, specific investment criteria must be known. Criteria to evaluate a real estate investment are not necessarily set down by the individual investor; they may be established by an expert on real estate and its value, that is, an appraiser.

use value

Use value is a concept based on the

productivity of an economic good. Use value is the value a specific property has for a specific use. Use value focuses on the value the real estate contributes to the enterprise of which it is a part, without regard to the property's highest and best use or the monetary amount that might be realized upon its sale.

value appraised

During the real estate development process, a property typically progresses from a state of unimproved land to construction of improvements to stabilized occupancy. In general, the market value associated with the property increases during these stages of development. After reaching stabilized occupancy, ongoing forces affect the property during its life, including a physical wear and tear, changing market conditions, etc. These factors continually influence the property's market value at any given point in time.

See also

market value "as is" on the appraisal date

market value "as if complete" on the appraisal date

prospective future value "upon completion of construction"

prospective future value "upon reaching stabilized occupancy"

Methodology

cost approach

"A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of, or replacement for, the existing structure; deducting accrued depreciation from the reproduction or replacement cost; and adding the estimated land value plus an entrepreneurial profit. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised."

income capitalization approach

"A set of procedures through which an appraiser derives a value indication for an income-producing property by converting its anticipated benefits (cash flows and reversions) into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market-derived capitalization rate or at a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate."

sales comparison approach

"A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison, and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as

though vacant; it is the most common and preferred method of land valuation when comparable sales data are available."

subdivision analysis
aka subdivision development method
A method of estimating land value when subdivision and development are the highest and best use of the parcel of land being appraised. When all direct and indirect costs and entrepreneurial incentive are deducted from an estimate of the anticipated gross sales price of the finished lots, the resultant net sales proceeds are then discounted to present value at a market-derived rate over the development and absorption period to indicate the value of the raw land.

sellout method
See subdivision analysis

General

1031 exchange
A provision of the tax code that allows the seller of an investment property to defer capital gains taxes by exchanging the sale proceeds for an investment in a similar property or properties within 180 days of the original closing.

cash equivalency
The procedure in which the sale prices of comparable properties sold with atypical financing are adjusted to reflect typical market terms.

contract, coupon, face, or nominal rent
The nominal rent payment specified in the lease contract. It does not reflect any offsets for free rent, unusual tenant improvement conditions, or other factors that may modify the effective rent payment.

coupon rent
See Contract, Coupon, Face, or Nominal Rent

discount rate
An interest rate used to convert future payments or receipts into present value. The discount rate may or may not be the same as the internal rate of return (IRR) or yield rate depending on how it is extracted from the market and/or used in the analysis. See also yield rate.

effective rent
1) The rental rate net of financial concessions such as periods of no rent during a lease term; may be calculated on a discounted basis, reflecting the time value of money, or on a simple, straight-line basis. 2) The economic rent paid by the lessee when normalized to account for financial concessions, such as escalation clauses, and other factors. Contract, or normal, rents must be converted to effective rents to form a consistent basis of comparison between comparables.

extraordinary assumptions
An extraordinary assumption is defined by the Uniform Standards of Professional Appraisal Practice as "an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis."

face rent
See Contract, Coupon, Face, or Nominal Rent

floor area ratio (FAR)
The relationship between the above-ground floor area of a building, as described by the building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area; also called building-to-land ratio.

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.

full service lease
A lease in which rent covers all operating expenses. Typically, full service leases are combined with an expense stop, the expense level covered by the contract lease payment. Increases in expenses above the expense stop level are passed through to the tenant and are known as expense pass-throughs.

gross building area (GBA)
The sum of all areas at each floor as measured to the exterior walls.

hypothetical conditions
A hypothetical condition is defined by the Uniform Standards of Professional Appraisal Practice as "that which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis."

institutional grade real estate
Real property investments that are sought out by institutional buyers and have the capacity to meet generally prevalent institutional investment criteria.

land to building ratio
The proportion of land area to gross building area; typical land to building ratios for properties combine land and building components into a functional economic unit.

leased fee
See leased fee estate

leased fee estate
An ownership interest held by a landlord with the right of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease.

leasehold
See leasehold estate

leasehold estate
The interest held by the lessee (the tenant or renter) through a lease conveying the rights of use and occupancy for a stated term under certain conditions.

load factor
The amount added to usable area to calculate the rentable area. It is also referred to as a "rentable add-on factor" which, according to BOMA, "is computed by dividing the difference between the usable square footage and rentable square footage by the amount of the usable area. Convert the figure into a percentage by multiplying by 100.

marketing period
The time it takes an interest in real property to sell on the market subsequent to the date of an appraisal.

net lease
Lease in which all or some of the operating expenses are paid directly by the tenant. The landlord never takes possession of the expense payment. In a Triple Net Lease all operating expenses are the responsibility of the tenant, including property taxes, insurance, interior maintenance, and other miscellaneous expenses. However, management fees and exterior maintenance may or may not be the responsibility of the lessor in a triple net lease. A modified net lease is one in which some expenses are paid separately by the tenant and some are included in the rent.

net rentable area (NRA)
1) The area on which rent is computed. 2) The Rentable Area of a floor shall be computed by measuring to the inside finished surface of the dominant portion of the permanent outer building walls, excluding any major vertical penetrations of the floor. No deductions shall be made for columns and projections necessary to the building. Include space such as mechanical room, janitorial room, restrooms, and lobby of the floor.

nominal rent
See Contract, Coupon, Face, or Nominal Rent

overall capitalization rate (OAR)
An income rate for a total real property interest that reflects the relationship between a single year's net operating income expectancy and the total property price or value; used to convert net operating income into an indication of overall property value.

reasonable exposure time
The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market.

rent
See

full service lease

net lease

contract, coupon, face, or nominal rent, effective rent

reserve for replacement
An allowance that provides for the periodic replacement of building components, and furniture, fixtures, and equipment, which deteriorate and must be replaced during the building's economic life.

rent spike
An increase in market rent that is markedly higher than the general rate of inflation.

residual
Estimated total price at conclusion of forecast period.

sale-leaseback
A transaction in which an owner sells a property that it fully occupies to a third party then leases the space back from the new owner.

shell space
Space which has not had any interior finishing installed, including even basic improvements such as ceilings and interior walls, as well as partitions, floor coverings, wall coverings, etc.

usable area
1.) The area actually used by individual tenants. 2) The Usable Area of an office building is computed by measuring to the finished surface of the office side of corridor and other permanent walls, to the center of partitions that separate the office from adjoining usable areas, and to the inside finished surface of the dominant portion of the permanent outer building walls. Excludes areas such as mechanical rooms, janitorial room, restrooms, lobby, and any major vertical penetrations of a multi-tenant floor.

yield rate
A rate of return on capital, usually expressed as a compound annual percentage rate. A yield rate considers all expected property benefits, including the proceeds from sale at the termination of the investment. See also discount rate.

Space Use/Availability

available space
The total amount of space that is currently being marketed as available for lease in a given time period. It includes space that is available, regardless of whether the space is vacant, occupied, available for sublease, or available at a future date. Available Space excludes shadow space. If sub-tenant space is excluded from the calculation, the term direct leased space is recommended.

leased space
Leased space includes all space under contract, regardless of whether the space is currently occupied by a tenant. Leased space need not be physically occupied; it also includes space being offered for sublease. If sub-tenant space is excluded from the calculation, the term direct leased space is recommended.

occupied space
Space that is occupied by a tenant, sub-tenant or owner. The total amount of occupied space is calculated by subtracting the amount of vacant space from the amount of inventory. If sub-tenant space is excluded from the calculation the term direct occupied space is recommended.

pre-leased space
The total amount of space in a building that has been leased prior to its construction completion date, or certificate of occupancy (COO or CO) date.

shadow space
That portion of the leased space which is vacant but not available space, i.e., space that is not currently utilized by a tenant and is also not being marketed for subleasing. Shadow space is difficult to measure and is also known as *phantom space*.

vacant space
Inventory that is not currently occupied. If sub-tenant space is excluded from the calculation, the term direct vacant space is recommended.

vacancy rate
A measurement expressed as a percentage of the total amount of vacant space divided by the total amount of inventory. If sub-tenant space is excluded from the calculation, the term direct vacancy rate is recommended.

Office

office building types
Low Rise: fewer than seven stories above ground level.

Mid Rise: Between seven and 25 stories above ground level

High Rise: Higher than 25 stories above ground level.

Class A: asking gross rents in the top 30-40% of the market; excellent location; building systems meet current and future needs; high quality design competitive with new construction; efficient layout, above average maintenance and management.

Class B: asking gross rents between Class A and Class C; average to good location; building systems have adequate capacity to serve current tenant needs; average quality design and materials; good to fair interior trim; average to good maintenance and management.

Class C: asking gross rents between the bottom 10-20% of the market; less desirable location; lower price is main attraction for tenants; building systems may not meet current tenant needs; dated appearance; functional but no frills tenant improvements; below average maintenance and management.

government office building
A building which is owned and/or at least 90% leased by public sector agencies.

medical office building
A building which consists of 90% or greater medical tenancy.

multi-tenant office building
A building for which there are multiple lease obligations and less than 90% of which may be owner occupied.

owner occupied office building
A building which is at least 90% occupied by its owner.

single tenant office building
A building for which there is a single lease obligation or is 100% owner occupied.

Retail

strip shopping center
An open row of stores either with or without anchor stores that offer convenience (neighborhood centers) and general merchandise (community centers).

neighborhood shopping center
The smallest type of shopping center, generally with a gross leasable area of less than 100,000 square feet. Typical anchors include supermarkets and pharmacies. Neighborhood shopping centers offer convenience goods and personal services and usually depend on the market support of more than 1,000 households.

community shopping center
A shopping center of 100,000 to 300,000 square feet that usually contains one junior department store, a variety store or discount department store, a supermarket, and specialty stores. A community shopping center generally has between 20 and 70 retail tenants and the market support of more than 5,000 households.

power center
1.) An open center dominated by at least 75% large big-box anchors, including discount stores, warehouse clubs, and value-oriented category stores; a minimal amount of inline store space. 2.) A large community shopping center with more than 250,000 square feet of space anchored by three or more tenants that occupy 60% to

90% of the space; the number of specialty stores is kept to a minimum. See also shopping center.

regional mall

1.) An enclosed shopping center that contains at least two department stores and has climate-controlled walkways that are lined with smaller retail shops. 2.) A shopping center that offers a variety of general merchandise, apparel, furniture, home furnishings, services, and recreational facilities and is built around one or more full department stores of at least 100,000 square feet each. Regional shopping centers generally have between 400,000 and 750,000 square feet of gross leasable area.

Industrial

flex space

Industrial space designed to allow flexible conversion of warehouse or manufacturing space to a higher percentage of office space. Alternatively known as a service center or tech space. See also research and development (R&D) space.

warehouse

A structure that is designed and used for the storage and distribution of wares, goods, and merchandise; usually classified as industrial.

research and development (R&D)

Space that is designed and equipped to meet the specific research and development needs of a high technology industry. See also flex space.

Various sources for these definitions include:

The Appraisal of Real Estate, Twelfth Edition, Appraisal Institute, 2001.

The Dictionary of Real Estate Appraisal, Fourth Edition, 2002.

†Department of the Treasury, Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Office of Thrift Supervision and National Credit Union Administration under 12 CFR Part 34, Real Estate Appraisals and Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("FIRREA"); and the Interagency Appraisal and Evaluation Guidelines, Federal Register, Volume 75, No. 237, December 10, 2010.

NAIOP, Terms and Definitions for the US Office Market, July 2004

Price Waterhouse Coopers Investor Survey, PriceWaterhouse Coopers.

ADDENDUM E

Qualifications of Appraiser(s)

Charles E. Minor, MAI

President

Roe Minor
REALTY CONSULTANTS

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Fort Lauderdale, FL 33316

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E-mail cminor@roeminor.com

Mr. Minor's diverse practice covers valuation, counseling, and brokerage on an extensive range of real property. This experience provides him with the ability to meet a wide range of business needs for the Firm's clients.

Assignments have been executed for banks, insurance companies, governmental agencies, developers, corporations, real estate trusts, attorneys, and private clients.

Mr. Minor holds the MAI designation from the Appraisal Institute and is active within this organization holding various offices and positions.

He maintains a firm tradition of serving the community and participates on committees and boards for a variety of local and charitable organizations.

Education

- Florida Atlantic University-Master of Business Administration (MBA), 1997
- Florida State University-Bachelor of Science- Finance & Real Estate, 1992
- Certified by Appraisal Institute for Continuing Education

Experience

- 2002-Present *President*
  Roe Minor Realty Consultants Inc.
  Fort Lauderdale, FL
- 1998-2001 *Vice President*
  Roe Research, Inc.
  Fort Lauderdale, FL
- 1992-1998 *Senior Appraiser*
  Roe Research, Inc.
  Roe Westberry & Associates
  Fort Lauderdale, FL
- Qualified as expert witness in Broward, Miami-Dade and Palm Beach Counties

Professional Memberships & Affiliations

- Member of Appraisal Institute (MAI) No. 11473
  - South Florida Chapter
    - President, 2008
    - Vice President, 2007
    - Secretary, 2006
    - Treasurer, 2004-2005
    - Region X, Regional Rep., 2004-2007
    - Board of Directors 2000-2005
    - Public Relations Chair, 2002-2005
    - Grievance Committee Chair, 2001
    - Candidate Guidance Committee
  - National
    - Young Advisory Council, 1999
- State-Certified General Real Estate Appraiser RZ2252 (FL)
- Society of Commercial Realtors, Greater Ft. Lauderdale
- Licensed Florida Real Estate Broker No. BK-0597617
- CCIM - Candidate

Community Involvement

- Holiday Park Baseball Board of Directors, 2005-2013
- Island Nation, Inc.–Indian Guides, President, 2011-Current
- Downtown Council – Chamber of Commerce, 2009, 2010
- Citizens Property Insurance Corporation Market Accountability Advisory Committee, 2006
- City of Fort Lauderdale, Unsafe Structures & Housing Appeals Advisory Board, 2005-2007
- Board of Directors, Riverwalk Fort Lauderdale Trust, 2003-2005
- Alzheimer's Association-Broward County, 1999-2000
- Museum of Art-Fort Lauderdale, 1999-2002
- City of Fort Lauderdale-Youth Athletics Coach

RICK SCOTT, GOVERNOR

KEN LAWSON, SECRETARY

STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION
FLORIDA REAL ESTATE APPRAISAL BD

LICENSE NUMBER
RZ2252

The CERTIFIED GENERAL APPRAISER
Named below IS CERTIFIED
Under the provisions of Chapter 475 FS.
Expiration date: NOV 30, 2018

MINOR, CHARLES E
1131 SE THIRD AVENUE
FT LAUDERDALE FL 33316

ISSUED: 11/06/2016

DISPLAY AS REQUIRED BY LAW

SEQ # L1611060002161