

Appraisal Report

Prepared for

**Mr. Leonard Roberts, Economic Development Department
Assistant Director
The City of Coral Gables**

Property Appraised

**Vacant Land
5151 University Drive
Coral Gables, FL 33146**

Date of Valuation

August 6, 2016

Prepared by

**Waronker & Rosen, Inc.
2260 NW 66th Avenue, Suite 215
Miami, Florida 33122**

JOSH L. ROSEN, MAI

ALEJANDRO C. PUENTE, APPRAISER

File # 8553

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Josh L. Rosen, MAI
josh@waronkerandrosen.com

January 16, 2017

Mr. Leonard Roberts
Economic Development Department
Assistant Director
The City of Coral Gables
2121 Ponce de Leon Boulevard, Suite 720
Coral Gables, FL 33134

Re: Vacant Land
5151 University Drive
Coral Gables, FL 33146
WRI File No. 8553

Dear Mr. Roberts:

We have prepared an appraisal report of the above referenced property for the purpose of estimating the market value of the fee simple interest as of August 6, 2016. ***This analysis is based on hypothetical conditions.*** The terms market value, hypothetical condition and fee simple interest are defined in the pages of this report. This report has been prepared based on the scope of work which is detailed on a following page. The reader of the appraisal is strongly advised to read the scope of work so as to understand the scope of this appraisal. This report is intended for use only by the client and intended users as noted herein. No additional intended users are identified or intended. Use of this report by others is not intended by the appraiser. No one else, or any other entities, should rely on this appraisal other than those noted herein.

At the clients' request, within the addenda, based on hypothetical conditions of use and parking accommodations, is an analysis of the subject property as an income producing parking lot.

The subject property is located along the east side of University Drive and northeast of Pisano Avenue in the City of Coral Gables, Miami-Dade County, FL. The site has waterway frontage along a partially navigable canal, with low bridge access. It is elongated and consists of two lots totaling 43,900 square foot (1.007 acres) site per a survey. Per the public records, the total area of the parcel is 16,500 square feet (0.38 acres) which is incorrect and only appears to possibly consider one of the lots. Lot 19 is the majority of the site and is long and narrow. Lot 20-A is rectangular. It is currently under lease until December 31, 2017 and has been for 30 years. The use is for parking for Baptist Health Systems Doctors Hospital across University Drive from the subject property. Zoning on this site is MF1, Multi-Family 1 Duplex District by the city of Coral Gables, FL. The maximum number of allowable units per zoning for the subject is four units or two per lot with the subject having two platted lots.

Mr. Leonard Roberts, Economic Development Department Assistant Director
The City of Coral Gables
January 16, 2017

This appraisal is based on hypothetical conditions. A hypothetical condition is defined in The Dictionary of Real Estate Appraisal, 6th Edition (2015) as "a condition directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic 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 analysis." The hypothetical conditions in this report are as follows:

Development of the lots with duplex structures could be accommodated (despite configuration and proximity to waterway);

Assumed is that the vegetation along the waterway could be removed, or at least cut to a sufficient amount so as to allow waterway access and a view;

Although the subject property is encumbered by a 30-year lease that is set to expire December 31, 2017 with an option for a 30-year extension, the value herein considers the fee simple interest and that the lease is not in place.

The hypothetical condition, if found to be false or different in any way, would alter the opinions and/or conclusions of value herein. The reader is strongly advised to be very familiar with this assumption and how it would affect value.

In order to prepare the analysis, we were supplied with the following items:

- A. Assumptions & hypotheticals for DH parking lot 24 prepared by the client
- B. Appraisal prepared by Blazejack & Company, Assignment No. 201116-1, dated August 17, 2011
- C. Car count per day and time
- D. Lease agreement between City of Coral Gables and Doctor's Hospital, dated December 30, 1987 for 30 years with one 30-year renewal option. Expires December 31, 2017.
- E. Amendment to lease dated January 31, 1992
- F. Survey of Parking Lot No. 24 prepared by Thomas D. Springer, P.E., job no. 2000-55, dated March 31, 1999
- G. UM Lot 24 Hypothetical Analysis prepared by the client
- H. UM Lot 24 Sale vs Lease 2011 Excel prepared by the client dated September 5, 2011
- I. Financial Analysis for Parking Pro Forma for Garage Site 1, prepared by Timothy Haahs & Associates, Inc. dated August 3, 2016
- J. Historical Parking Cash Flow for Garages 1 and 4 in the city of Coral Gables

Any deviation from the information supplied and assumptions used herein will likely result in a change of value.

Mr. Leonard Roberts, Economic Development Department Assistant Director
The City of Coral Gables
January 16, 2017

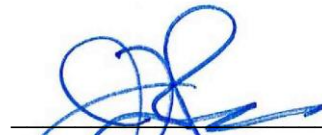
As a result of our investigation, it is our opinion that the market value of the fee simple interest ***subject to hypothetical conditions*** as of August 6, 2016, is in the amount of

**TWO MILLION TWO HUNDRED THOUSAND DOLLARS
(\$2,200,000)**

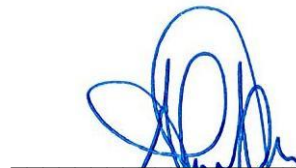
At the clients' request, within the addenda, based on hypothetical conditions of use and parking accommodations, is an analysis of the subject property as an income producing parking lot.

Following the table of contents is the scope of work and the certification. The reader is advised to review the assumptions and conditions which follow the certification to understand the limitations applicable to this appraisal.

Very truly yours,



Josh L. Rosen, MAI
State-Certified General Real Estate Appraiser
License No. RZ395



Alejandro C. Puente
State-Certified General Real Estate Appraiser
License No. RZ3697

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Scope of Work

The appraisal problem herein is to estimate the market value of the fee simple interest of the subject property.

This appraisal report contains hypothetical conditions. The reader is strongly advised to be familiar with the definition of a hypothetical condition because it is significant in understanding the premise of this appraisal. The definition and conditions are detailed on page 2 in the letter of transmittal, as well as in the Addenda for the alternate analysis. It is applicable to this appraisal because a change in the hypothetical conditions would cause a change in the opinions and conclusions herein.

All appraisals begin by identifying the appraisal problem. Data on the subject property can be derived from various sources including but not limited to, the property owner, the county property appraiser's office, recorded plats and surveys. When possible, more than one source is utilized to confirm data and the data sources are acknowledged. Land size is based on surveys (when available), public records and recorded plats. Land measurements are not performed.

Valued herein is vacant land which can be valued by the following methods:

1. Sales Comparison Approach
2. Market Extraction
3. Allocation
4. Land Residual
5. Ground Rent Capitalization
6. Subdivision Analysis

The sales comparison approach was used herein and was considered the most applicable method in the valuation of the subject property. A search was performed for the sale of properties considered comparable to the subject property. Research of comparable sales and market data include, but is not limited to using the following data sources:

CoStar
Imapp
Newspaper clippings
Board of Realtors' Multiple Listing Service
National Multiple Listing Service
Loopnet.com

Comparable sales are inspected and the transactional information is reported. Sale prices are from public records and are typically confirmed with a party to the transaction, i.e. buyer, seller, real estate agent, or closing attorney. All information is analyzed in processing the appraisal report and as support for the estimated value.

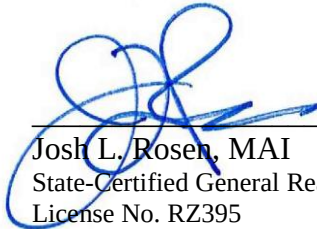
The scope of work for this assignment has been described above and is to be typical for an assignment of the nature of the subject appraisal problem.

Certification

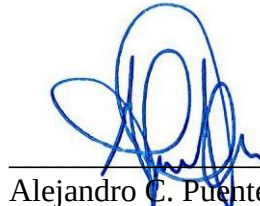
The undersigned does hereby certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the following requirements.
 - Uniform Standards of Professional Appraisal Practice (USPAP)
 - The Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute
 - The State of Florida requirements for state-certified appraisers
8. I have complied with the USPAP Competency Rule.
9. This appraisal report sets forth all of the limiting conditions imposed by the terms of this assignment or by the undersigned affecting the analyses, opinions and conclusions contained in this report.
10. No one provided significant real property appraisal assistance to the person signing this certification.
11. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. Additionally, it is subject to review by the state of Florida relating to review by the real estate appraisal subcommittee of the Florida Real Estate Commission.

12. As of the date of this report Josh L. Rosen, MAI has completed the continuing education program of the Appraisal Institute.
13. As of the date of this report, Alejandro C. Puente has completed the Standard and Ethics Education Requirements for Candidates of the Appraisal Institute.
14. I, Josh L. Rosen, MAI have made a personal inspection of the property that is the subject of this report.
15. I, Alejandro C. Puente have made a personal inspection of the property that is the subject of this report.
16. Neither the undersigned, nor Waronker & Rosen, Inc. have performed any valuation or professional services involving the subject property in any capacity, nor have we been involved with the management, leasing, disposition, nor any similar service regarding the subject property in the past three years.



Josh L. Rosen, MAI
State-Certified General Real Estate Appraiser
License No. RZ395



Alejandro C. Puente
State-Certified General Real Estate Appraiser
License No. RZ3697

Date of Report January 16, 2017

General Assumptions and Limiting Conditions

This appraisal report has been made with the following general assumptions:

1. No responsibility is assumed for the legal description or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable but, no warranty is given for its accuracy.
5. All engineering studies are assumed to be correct. Any plot plans or illustrative material in this report are included only to help the reader visualize the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering that may be required to discover them. The values estimated herein are subject to typical inspections such as roof, structural, and termite, if applicable.
7. It is assumed that the property is in full compliance with all applicable federal, state and local environmental regulations and laws unless the lack of compliance is stated, described and considered in the appraisal.
8. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless a non-conformity has been identified, described and considered in the appraisal.
9. It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in this report is based.
10. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and considered in the appraisal.
11. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presences of substances such as asbestos, ureaformaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The intended user is urged to retain an expert in this field, if desired.

12. The physical condition of the improvements, if any, described herein was based on visual inspection. No liability is assumed for the soundness of structural members, since no engineering tests were made of same.
13. Neither all nor any part of this appraisal report shall be disseminated to the general public using the appraiser's name or appraisal designation, without prior written consent of the appraisers signing this appraisal report.
14. Authorization is not allowed for the out-of-context quoting from, or partial reprinting of, this appraisal report.
15. By reason of the report, there is no requirement to testify with reference to the property herein appraised, unless arrangements have been previously made.
16. The reader should be advised that our employment was not contingent on the appraisal providing a minimum valuation, a specific calculation or the approval of a loan. Additionally, we have complied with the USPAP Competency Rule.

Limiting Conditions:

1. The allocation of total value between land and improvements applies only under the described utilization. The separate valuations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
2. The Americans with Disability Act (ADA) became effective January 26, 1992. The appraiser has not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the requirements of the ADA. It is possible that a compliance survey of the property and a detailed analyses of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the act. If so, this fact could have a negative impact upon the value of the property. Since the appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.

Introduction

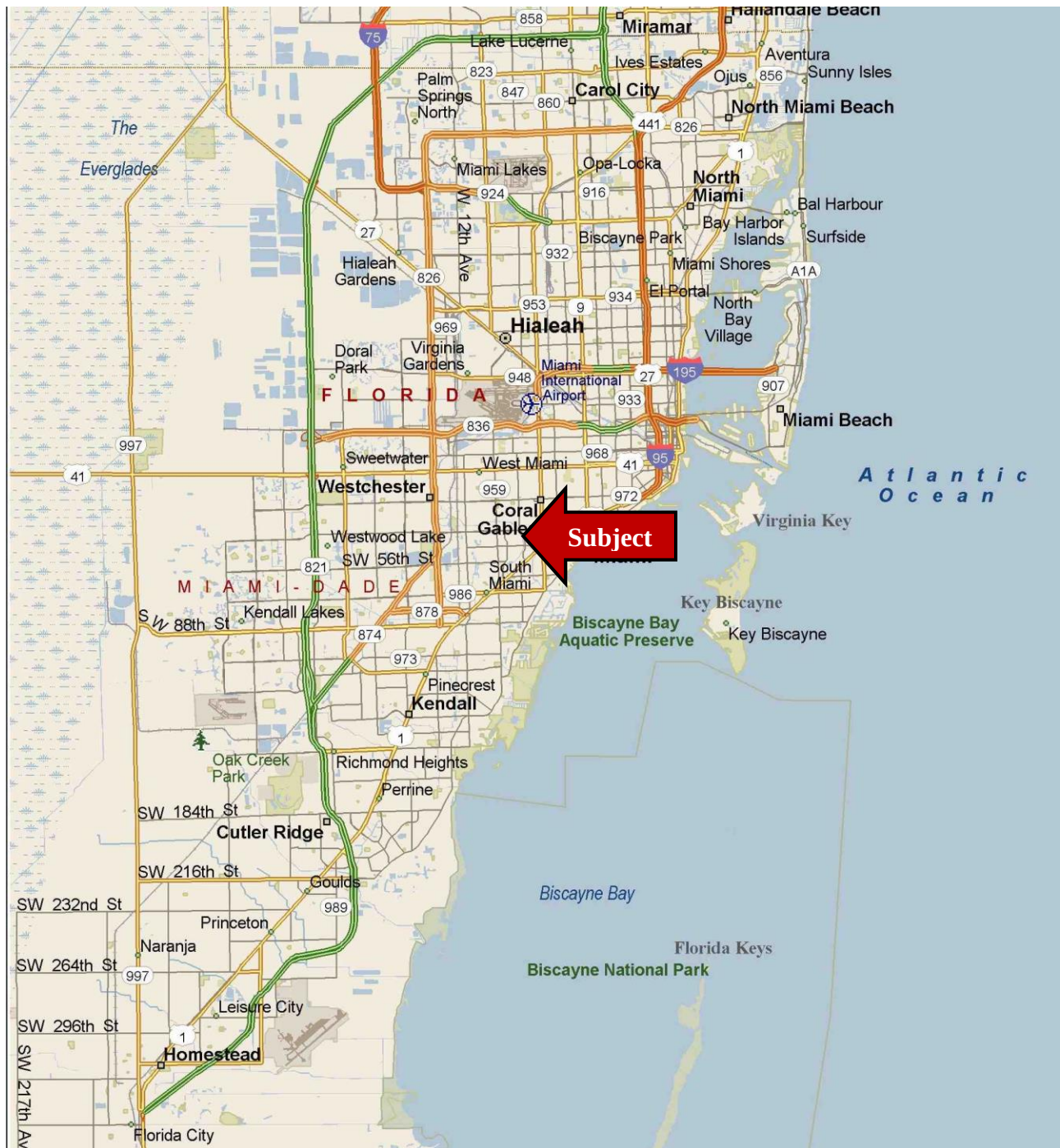


Summary of Pertinent Data

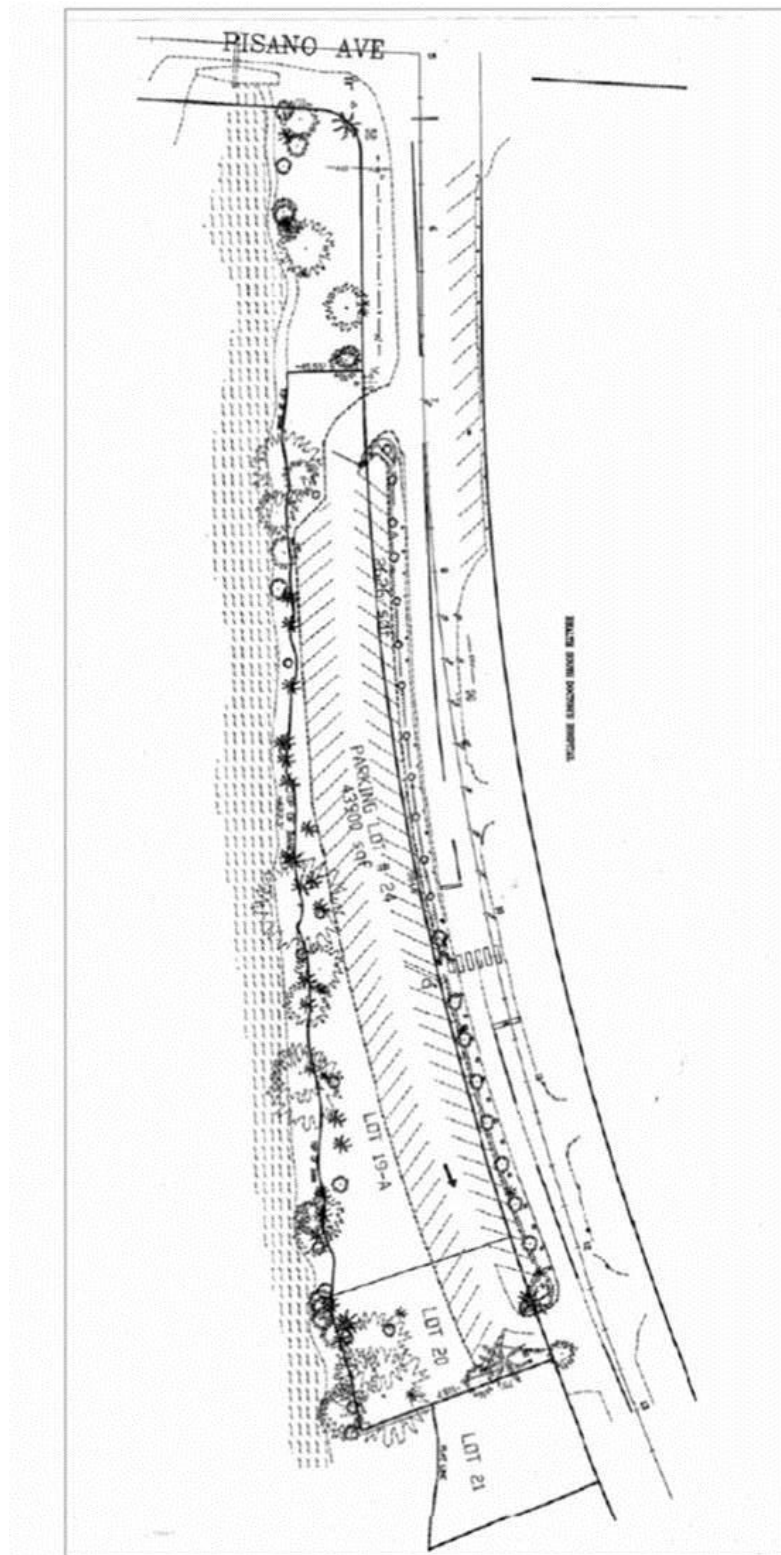
Location:	Along the east side of University Drive and northeast of Pisano Avenue, in the city of Coral Gables, Miami-Dade County, FL
Address:	5151 University Drive Coral Gables, FL 33146
Type of Use:	Vacant land used a parking lot. Zoned for duplex use.
Zoning:	MF1, Multi-Family 1 Duplex District by the city of Coral Gables, FL
Census Tract:	7.05
Flood Zone:	AH (Map 12086C0457L)
Land Area:	43,900 square feet (1.007 acres)
Land Value:	\$2,200,000 (\$50.00 per square foot)
Value by Cost Approach:	Not applicable
Value by Income Capitalization Approach:	Not applicable
Value by Sales Comparison Approach:	\$2,200,000
Market Value Estimate of the Fee Simple Interest:	\$2,200,000
Date of Valuation:	August 6, 2016
Date of Report:	January 16, 2017

This appraisal report contains hypothetical conditions. The reader is strongly advised to be familiar with the definition of a hypothetical condition because it is significant in understanding the premise of this appraisal. The definition and conditions are detailed on page 2 in the letter of transmittal, as well as in the Addenda for the alternate analysis. It is applicable to this appraisal because a change in the hypothetical conditions would cause a change in the opinions and conclusions herein.

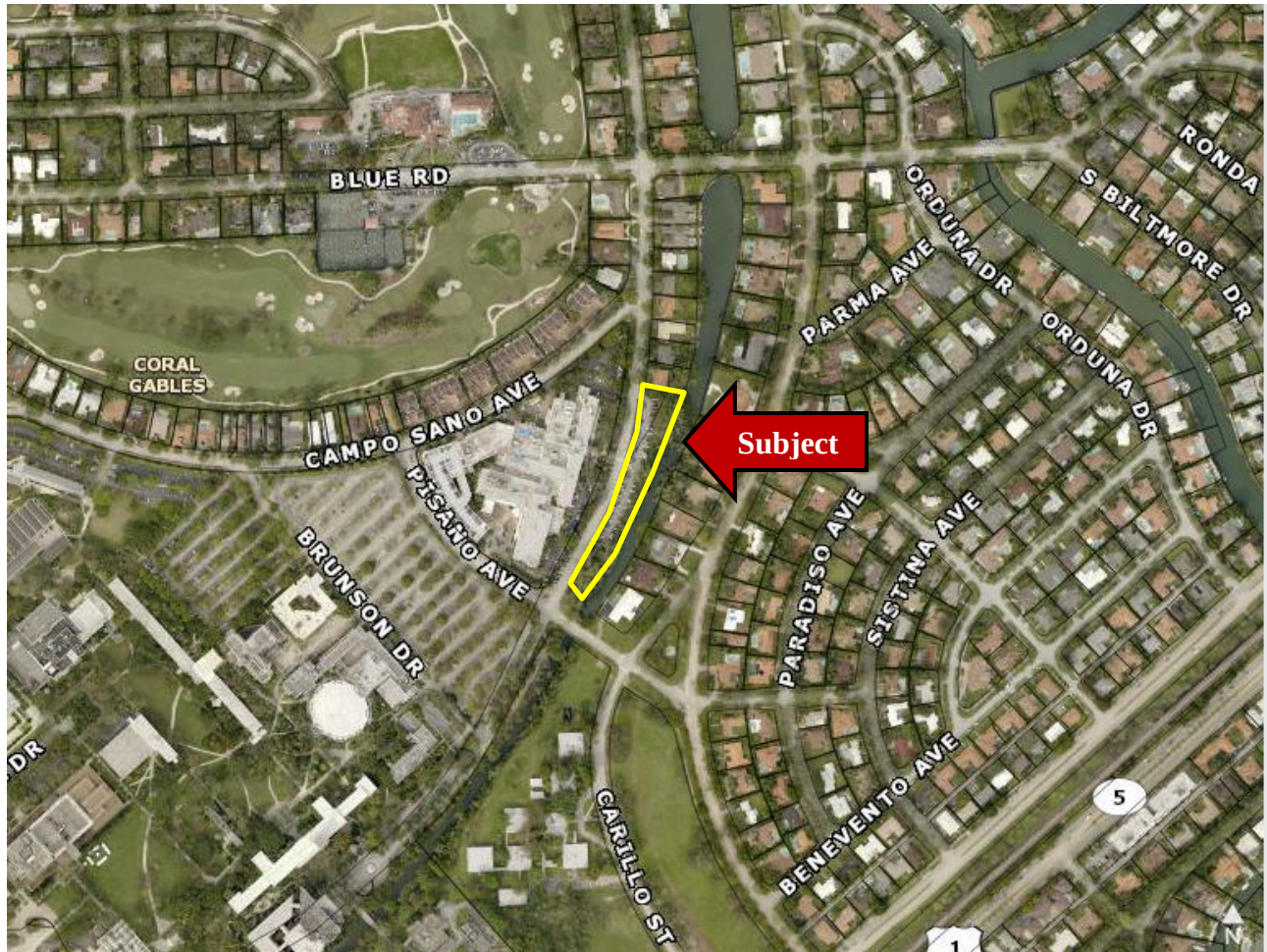
Miami-Dade County Map



Plat Map



Aerial Photograph



Subject Photographs



Looking north across the subject property



Looking south across the subject property



Looking easterly at the south entrance



Looking easterly at the north entrance



Looking south across the subject property



Looking north across the subject property



Looking northeast along University Drive.
The subject property is to the right.



Looking southwest along University Drive.
The subject property is to the left.

Appraiser Qualifications

JOSH L. ROSEN, MAI

Education: The University of Florida, Gainesville, Florida. School of Business Administration. Major in Real Estate and Urban Analysis. Awarded degree of Bachelor of Business Administration, May 1983.

Affiliations: MAI Designation (No. 11800) awarded by the Appraisal Institute in 2001. State-Certified General Real Estate Appraiser, State of Florida, License Number RZ395, May 1990.

Experience: Appraised various types of properties, including:

Office Buildings	Hotels and Motels	Office Condominiums
Warehouses	Amusement Park	Service Stations
Shopping Centers	Golf Courses	Marinas
Apartment Bldgs.	Industrial Buildings	Special Purpose Facilities
Restaurants	Vacant Land	Churches and Synagogues
Residences	Residential Condominiums	Dockominiums

Vice President/Principal, **Waronker & Rosen, Inc.**, Miami, Florida, from 1987 to present

Appraiser, **Property Consultants, Inc.**, Miami, Florida, from 1983 to 1987.

Course Work: Appraisal Institute:

Course 1A-1	<i>Real Estate Appraisal Principles</i>
Course 1A-2	<i>Basic Valuation Procedures</i>
Course 1B-A	<i>Capitalization Theory and Techniques, Part A</i>
Course 1B-B	<i>Capitalization Theory and Techniques, Part B</i>
Course 2-1	<i>Case Studies in Real Estate Valuation</i>
Course 2-2	<i>Report Writing and Valuation Analysis</i>
Courses 410, 420 & 430	<i>Standards of Professional Practice, Parts A, B & C</i>
Litigation Valuation	
Appraising Non-Conforming Uses	
Partial Interest Valuation – Undivided	
Appraising Distressed Commercial Real Estate	
Hotel Appraising – New Techniques for Today’s Uncertain Times	
Fundamentals of Separating Real and Personal Property from Intangible Business Assets	
Evaluating Commercial Construction	
Redefining the Appraisal and its Role in an Evolving Banking Environment	

Other: Past Regional Representative for Region X of the Appraisal Institute
Past Director of the South Florida Chapter of the Appraisal Institute

Appraiser Qualifications

ALEJANDRO C. PUENTE

Education: Master of Business Administration, St. Thomas University, 2010
Bachelor of Arts Degree, Business Studies, St. Thomas University, 2007
Associate in Arts Degree, Miami-Dade Community College, 2003

Affiliations: State-Certified General Real Estate Appraiser, State of Florida, RZ3697

Experience: *Waronker & Rosen, Inc.* Staff Appraiser
April 2010 to present
Capital Mortgage, LLC Assistant
June 2004 to April 2008

Assisted in the appraisal and in the research of various types of properties, including:

- Apartment buildings
- Vacant land
- Office/industrial/commercial condominium units
- Warehouses
- Commercial property
- Industrial property
- Marinas
- Restaurants
- Hotels

Course Work: Gold Coast School of Real Estate

- Course *Basic Appraisal Principles*
- Course *Basic Appraisal Procedures*
- Course *Residential Report Writing*
- Course *State of Florida Law and Appraisers*
- Course *15 Hour National USPAP Course*

The Appraisal Institute

- 400: *General Appraiser Market Analysis and Highest & Best Use*
- 401: *General Appraiser Sales Comparison Approach*
- 402: *General Appraiser Site Valuation and Cost Approach*
- 403: *General Appraiser Income Approach/Part 1*
- 404: *General Appraiser Income Approach/Part 2*
- 405: *General Appraiser Report Writing and Case Studies*
- 500: *Advanced Market Analysis and Highest & Best Use*
- 501: *Advanced Income Capitalization*
- 503: *Advanced Concepts & Case Studies*

Partial Client List

LENDER		GOVERNMENT AGENCIES
1 st United Bank Amerasia Bank Apollo Bank BAC Bank BNY Mellon Bank BankUnited Bank of America Bank Leumi Bessemer Trust Branch Banking and Trust (BB&T) BridgeInvest, LLC CenterState Bank CNL Bank Capital Bank Cigna Investments, Inc. Citibank and Citicorp City National Bank of Florida Coconut Grove Bank Comerica Bank Credit Suisse First Boston Mortgage Capital, LLC Espirito Santo Bank of Florida Executive National Bank Fifth Third Bank First American Bank First Bank of Miami First National Bank of South Miami FirstBank Florida Florida Community Bank Gibraltar Private Bank and Trust HSBC Bank, N.A. Holliday Fenoglio Fowler, LP Intercredit Bank, N.A. International Finance Bank Israel Discount Bank of New York JP Morgan Chase Bank Live Oak Bank Lloyds Int'l. Bank (Lloyds of London) Lutheran Brotherhood Marquis Bank Morgan Stanley Mortgage Capital Northern Trust Bank Ocean Bank Optimum Bank Popular Community Bank Professional Bank Regions Bank Sabadell United Bank Space Coast Credit Union Stonegate Bank SunTrust Bank Terrabank, N.A.	TD Bank, N.A. Totalbank U.S. Century Bank Valley National Bank Wells Fargo Bank Zions First National Bank LIFE INSURANCE COMPANIES Allstate Insurance Company American General Life Insurance Co. Equitrust Life Insurance Co. Fortis Capital Corp. & Life Insurance Company Franklin Life Insurance Company General American Life Insurance Co. Independent Order of Foresters John Alden Life Insurance Company Kansas City Life Insurance Company Lumberman's Life Insurance Company Omaha Woodmen Life Ins. Society Standard Life Insurance Company State Farm Insurance Company Sun Life Insurance Co. of America CORPORATIONS AT&T Church of Jesus Christ of the Latter-Day Saints Costco Wholesale Florida Power and Light Corp. (FPL) JC Penny Corporation The Wendy's Company Chevron U.S.A., Inc. Johnson and Johnson Company DEVELOPERS AND INVESTORS Berkowitz Development Group Bristol Group, Inc. Fifteen Group, Inc. Franklin Street Properties Flagler Development Corporation Fort Partners Goldman Properties Hampshire Real Estate Companies Lennar Corporation MDM Development, Inc. Napolitano Realty and Harnap Corp. Noble House Resorts and Hotels Ocean Properties, Ltd. Panther Real Estate PLC Investments, LLC R.K. Associates, Inc. Shoma Group The Scott Robins Companies Wometco Enterprises, Inc.	Broward County School Board Broward County Public Works Dept. City of Coral Gables City of Miami Beach City of Miami General Services Administration Federal Deposit Insurance Corp. (FDIC) Federal Home Loan Mortgage Corp. (FHLMC) Florida Dept. of Environmental Protection Florida Department of Transportation Florida Keys Aqueduct Authority Miami-Dade Water and Sewer Authority Miami-Dade Co. - Aviation Authority Miami-Dade Co. - County Attorney's Office Miami-Dade Co. - General Serv. Admin. Miami-Dade Co. - Housing & Urban Dev. Miami-Dade Co. - Public Works Dept. Miami-Dade Co. - School Board Miami Parking Authority Nature Conservancy, Florida Chapter South Florida Water Management District United States Department of Justice United States General Serv. Admin. United States Postal Services Village of Pinecrest LAW FIRMS Akerman, Senterfitt & Eidson Arnstein & Lehr, LLP Barranco & Associates, P.A. Berger Singerman, LLP Berman, Wolfe Rennart Vogel & Mandler, P.A. Carlton Fields Colson Hicks Eidson, P.A. Greenberg Traurig, P.A. Holland & Knight Kirkpatrick and Lockhart Kutner and Associates Richman Greer Shutts & Bowen, LLP Stearns, Weaver, Miller, Weissler, Alhadeff & Sitterson, P.A. Steel Hector and Davis Tabas, Freedman, Soloff, Brown & Rigali, P.A. Tripp Scott Weiss Serota Helfman Pastoriza Cole & Boniske, P.A.

Notable Properties Appraised

Miami-Dade County

Miami Seaquarium	Virginia Key	Miami Free Zone – Global Trade Cntr	Miami
Miami International Airport	Miami	Metropolitan Hospital of Miami	Miami
City of Miami Correctional Facility	Miami	Spinnaker Marina	North Miami
Country Club of Miami Golf Course	Miami	Virginia Key & Rickenbacker Marinas	Key Biscayne
Mel Reese Golf Course	Miami	Waterways Yacht Basin	Miami
Burger King Headquarters – Waterford	Miami	Porto Vita Club and Spa	Aventura
Doctors Hospital	Coral Gables	Ocean Steps Entertainment Center	S. Miami Beach
Beacon Centre Development	Miami	Indian Creek Country Club	Indian Creek
FBI Headquarters	Miami	BIV Tower	Miami
Gables Waterway Executive Center	Coral Gables	Courthouse Tower	Miami
Joe's Stone Crab restaurant	Miami Beach	South Shore Hospital	Miami Beach
Doral Ocean Beach Resort (formerly)	Miami Beach	SouthCom Headquarters	Miami
Metro-Dade Bus Facility	Miami		

Fort Lauderdale/Broward County

Florida Medical Center (Hospital)	Ft. Lauderdale
Jackson Marine Center	Ft. Lauderdale
Las Olas Centre Office Building	Ft. Lauderdale
Martha's Restaurant	Hollywood
Various Luxury Single Family Homes	Fort Lauderdale
Seneca Industrial Park	Pembroke Park

Monroe County/Florida Keys

Marriott Key Largo Bay Beach Resort	Key Largo
Islander Resort	Islamorada
Hawk's Cay Resort, Marina and DRI	Duck Key
Westin, formerly Hilton Resort and Sunset Key Island	Key West
Little Palm Island	Little Torch Key
Louis' Backyard Restaurant	Key West
Ocean Key Resort	Key West
Sloppy Joe's Bar	Key West
Truman Annex - Navy Base	Key West

Other Florida Counties

Jupiter Beach Resort	Jupiter, Palm Beach County
La Playa Beach Resort	Naples, Collier County
Sheraton Four Points	Orlando, Orange County
Spring Hill Suites	Tampa, Hillsborough County
Hilton Carillon Park	St. Petersburg, Pinellas County

Outside of the United States

Various Single Family Homes	Cat Cay, Bahamas
Single Family Home	Casa de Campo, Dominican Republic
Sapphire Beach Resort	St. Thomas, U.S. Virgin Islands
Hotel Site	Grand Turks and Caicos Islands
Montego Beach Resort	Montego Bay, Jamaica
Botany Bay Subdivision (400 acres)	St. Thomas, U.S. Virgin Islands
Ocean Club Resort	Grand Turks and Caicos Islands
Land lease under Ritz Carlton	San Juan, Puerto Rico
Various Land Holdings	St. Croix, U.S. Virgin Islands
Vacant Land	West End, Grand Bahama Island
Buccaneer Hotel and Golf Course	St. Croix, U.S. Virgin Islands

Description & Analyses



Purpose of the Appraisal

The purpose of this appraisal is to estimate the market value of the fee simple interest as of August 6, 2016. ***This analysis is based on hypothetical conditions.*** The term fee simple interest is defined below and the term market value is defined on the following page.

Client, Intended User and Use of the Appraisal

The intended user of this appraisal is The City of Coral Gables (client). The intended use of this appraisal is for asset valuation. No purchaser or seller of the subject property, nor any borrower are intended users of this appraisal and no such parties should use or rely on this appraisal for any purpose. All such parties are advised to consult with appraisers or other professionals of their own choosing. No additional intended users are identified or intended.

Definition of Real Property Interest Appraised

The real property interest appraised herein is that of the fee simple interest, defined as follows:

Fee Simple Interest: an absolute fee without limitations to any particular class of heirs, but subject to the limitations of eminent domain, escheat, police power and taxation. An inheritable estate.

Definition of Market Value

Market Value is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined.¹ The Uniform Standards of Professional Appraisal Practice (USPAP) states Market Value is “a type of value, stated as an opinion, that presumes the transfer of property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in the appraisal”.² This requires the appraiser to identify the definition of market value and its authority.

The definition that follows is the basis of the valuation in this appraisal and the source is the Interagency Appraisal and Evaluation Guidelines; December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472.

Market Value is defined as “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:

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

This market value definition is referenced within the appraisal regulations of the following governmental agencies:

- Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989
- Department of the Treasury
- The Federal Reserve System (FRS)
- Federal Deposit Insurance Corporation (FDIC)
- Office of Comptroller of the Currency (OCC)

¹ *Appraisal of Real Estate*, 14th Edition, page 58

² USPAP 2014-2015, page U-3

³ Interagency Appraisal and Evaluation Guidelines; December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472

Location and Address

The subject property is located along the east side of University Drive and northeast of Pisano Avenue in the City of Coral Gables, Miami-Dade County, FL. The site has waterway frontage along a partially navigable canal, with low bridge access.

Address: 5151 University Drive
Coral Gables, FL 33146

Legal Description

Lots 19-A and 20, Block 56, CORAL GABLES RIVIERA SECTION PART 4, according to the plat thereof, as recorded in Plat Book 25, at Page 47, of the Public Records of Miami Dade County, Florida.

Source: www.miamidade.gov

Owner of Record

City of Coral Gables
5000 University Drive
Coral Gables, FL 33146

Source: www.miamidade.gov

History of the Subject Property

There have been no recorded sales of the subject property in the past five years.

The subject property is encumbered with a contract to lease to Doctors Hospital, Inc. that commenced January 1, 1988. The original term is for 30 years and is set to expire December 31, 2017 with an option for a 30-year extension. The hypothetical conditions noted herein do not consider this lease in place.

Source: www.miamidade.gov and lease

Site Data

The subject site is irregular and very elongated. There is frontage of approximately 549 feet along the east side of University Drive, a two lane asphalt paved road in average condition. There is also frontage of approximately 622 feet along the west side of a partially navigable canal. The total area of the parcel per the survey provided is 43,900 square feet (1.007 acres). Per the public records, the total area of the parcel is 16,500 square feet (0.38 acres) which is incorrect and only appears to possibly consider one of the lots. The subject property is accessible from the east side of University Drive. The site is level and at approximate street grade. Utilities available to the site are:

Electric:	Florida Power and Light
Telephone:	AT&T
Water:	Miami-Dade Water and Sewer
Sewer Disposal:	Miami-Dade Water and Sewer

Zoning

The subject property is zoned MF1, Multi-Family 1 Duplex District by the city of Coral Gables, FL. The Multi-Family 1 Duplex (MF1) District is intended to accommodate low density, duplex dwelling units with adequate yards and open space to characterize a residential environment. In an MF1 District no buildings or premises shall be used, nor shall any building or structure be erected, altered or enlarged which is arranged, intended or designed to be used, for a use other than uses permitted in the district. The maximum number of allowable units per zoning for the subject is four units or two per lot with the subject having two platted lots.

For a detailed listing of allowable uses and restrictions, refer to the zoning code of the city of Coral Gables, FL.

Flood Zone

The subject is within Flood Zone AH, areas subject to a one percent or greater annual chance of shallow flooding in any given year. Flooding is usually in the form of ponding with average depths between one and three feet. Base flood elevations are shown as derived from detailed hydraulic analyses. This flood zone requires mandatory purchase of flood insurance in participating communities. This identification was located on Flood Insurance Rate Map, Community Panel No. 12086C0457L, revised September 11, 2009. **For insurance purposes, a surveyor should be contacted to verify the exact zone by a flood elevation certificate, as well as its impact on insurance.**

Source: www.miamidade.gov and www.imapp.com

Real Estate Assessment and Taxes

Taxing Authority:	Miami-Dade County
Assessment Year:	2015
School Board Millage Rate:	07.6120
City, County, Region Millage Rate:	<u>11.847</u>
Total Millage Rate:	19.4590
Folio Number:	03-4119-006-0200

The Miami-Dade Property Appraiser reports two values; Assessed Value and Market (Just) Value, also referred to as Just Value. Millage rates are multiplied times the respective values to calculate real estate taxes.

Nonresidential properties are subject to the Non-Homestead Cap which limits increases in the assessed value to 10% annually. Single family residences are subject to the Save Our Homes Amendment which limits the increase for a home to 3% annually, or the Consumer Price Index (CPI), whichever is less. A change in ownership resets the base year of the cap to the following year. When this occurs, the assessed value will be equal to the market (just) value. There is no cap on the increase in market value. Following is a summary of the reported market (just) and assessed values.

TYPE OF VALUE	VALUE	SQ.FT. SIZE ¹	VALUE PER SQ.FT.
Land Value	\$1,237,500	16,500	\$75.00
Extra Features Value	\$27,825		
Market (Just) Value	\$1,265,325	16,500	\$76.69
Assessed Value	\$913,158	16,500	\$55.34

To calculate real estate taxes, the school board millage rate is multiplied times the market (just) value. In addition, the county, city and regional millage rate is multiplied times the assessed value. The results of each are added together to indicate the total real estate taxes.

¹ This is the size per the Miami-Dade County Property Appraiser's records. Per the public records, the total area of the parcel is 16,500 square feet (0.38 acres) which is incorrect and only appears to possibly consider one of the lots.

The real estate taxes if not owned by a public entity are estimated as follows:

TAXING AUTHORITY	MILLAGE (A)	VALUE (B)	TAXES (A x B)
School Board	.0076120	\$1,265,325	\$9,632
City, County & Regional	.0118470	\$913,158	\$10,818
Estimated Real Estate Taxes			\$20,450
Taxes Per Square Foot			\$1.24

There is a 4% discount given for early (November) payment of taxes which would reduce the estimated real estate taxes to \$19,632, (\$20,450 minus 4%).

The subject property is owned by the city of Coral Gables and is not subject to taxes. Real estate taxes were not considered in the valuation and no analysis of expenses or income capitalization techniques was employed.

Florida Statutes require assessments to be at 100% of market (just) value with an allowable adjustment to indicate net proceeds that would be derived from a sale. This adjustment varies dependent on the taxing authority with the Miami-Dade County Property Appraiser's office typically designating in the range of 15%.

An assessment at 15% below the market value of \$2,200,000 estimated in this appraisal would be \$1,870,000, resulting in taxes of \$36,388.

Description of the Site Improvements

Parking:	There are 75 striped parking spaces
Paving:	Asphalt
Fencing:	Gate arm for entrance and exit
Landscaping:	Various hedges, sod and shade trees in average condition
Exterior Lighting:	Pole mounted

Neighborhood Overview

General Neighborhood Data

Location:	Urban
Built Up:	90% to 100%
Growth Rate:	Stable
Property Values:	Stable
Demand/Supply:	In balance
Present Land Use:	Residential, University of Miami and Doctors Hospital
Change in Present Land Use:	Likely
Predominant Use:	Residential, University of Miami and Doctors Hospital
Property Compatibility:	Average
General Appearance of Properties:	Average to very good
Appeal to Market:	Good

Adjacent Uses

East:	Single family residential
West:	Doctors Hospital
South:	School and single family residential
North:	Single family residential

Linkages	Distance	Access
Public Transportation:	Along University Drive	Excellent
Employment Centers:	Along University Drive	Excellent
Expressway Access:	Three to five miles	Average
Miami International Airport:	Five to seven miles	Average

City of Coral Gables

The relationship of the subject property with surrounding properties forms the basis of the neighborhood analysis. Influences on properties such as social, economic, governmental and environmental forces influence values in the vicinity of a property, which in turn, directly affects the value of property itself. Neighborhood analysis is a study of forces and factors which influence the value of the subject property. The subject property is located within the city of Coral Gables. The primary city boundaries are as follows:

North - Tamiami Trail (S.W. 8th Street)
South - Sunset Drive (S.W. 72nd Street) – along east portion down to SW 136th Street
East - Douglas Road (S.W. 37th Avenue)
West - Red Road (S.W. 57th Avenue)

Major thoroughfares include Douglas Road (S.W. 37th Avenue), Red Road (S.W. 57th Avenue), South Dixie Highway (U.S. Hwy. No. 1), Le Jeune Road (S.W. 42nd Avenue), Alhambra Circle, Miracle Mile, and Ponce de Leon Boulevard. Coral Gables is within ten to 20 minutes driving time to Miami International Airport (approximately 5 miles), downtown Miami and the Brickell financial district (approximately 6 miles), PortMiami (approximately 8 miles), Coconut Grove (approximately 2 miles) and other areas such as the Jackson Memorial Hospital/University of Miami Hospital area (Civic Center), the Dadeland area and the University of Miami.

The Palmetto Expressway is located two miles west and extends north-south and east-west through Miami-Dade County. Interstate 95 (I-95) is four miles east and extends north through Miami-Dade County and into Broward County. State Road 836 (the Dolphin Expressway) is located within one mile to the north and runs east-west connecting the Palmetto Expressway (State Road 826) with I-95.

Deemed “The City Beautiful,” Coral Gables is built in the Mediterranean Revival style. The city is characterized as a moderate to high priced urban market attracting branch banks, accounting and law firms, communications, advertising firms and national and international corporations focusing on American and Latin American business. Some of the largest employers include University of Miami, Bacardi U.S.A., The Biltmore Hotel, Del Monte Fresh Produce, and HBO Latin America. Coral Gables also caters to small and medium size businesses.

Demographics for the city of Coral Gables include:

Population: 49,411
Mean Household Income: \$114,926
Median Household Income: \$66,466
Median Owner-Occupied
Housing Value: \$525,380

Property taxes are comparable to other surrounding neighborhoods for the level of services provided; zoning, building, and housing codes are strictly enforced; there is very good fire and police protection and mass transit is sufficiently provided.

Supply and Demand / Market Trends

The real estate market in South Florida and most of the nation is still strong, albeit in some locations it is stabilizing due to a large amount of product of all types being constructed. There had been a resurgence in values and development, and most of the nation continues on that pace from the deepest recession in decades with some major markets surpassing the conditions prior to the recession. This bust followed a boom period of unprecedented construction and redevelopment that occurred during 2005 to 2007. The recession caused significant erosion in the fundamentals that drove demand for commercial real estate (in particular, employment and household income). At the same time, the boom in construction and redevelopment delivered large amounts of new product to the market, at a time when demand was sharply declining, leading to a significant oversupply of most property types.

These changes resulted in widespread uncertainty in the market for real estate, with most investors sharply modifying their assumptions about the risks of their real estate acquisitions. The residential market was the first to soften due to significant speculation in construction and purchasing for re-sales. However, by 2009 all sectors of commercial and industrial real estate, which had until then suffered less than the residential market from the downturn, were being hit hard by the overall economic decline. Sharp increases in vacancy rates were observed as the weak economy resulted in many business closings, and as businesses and consumers both scaled back their spending due to declining confidence. Many of the largest projects conceived and begun during the height of the boom reached completion precisely as demand had sharply dropped, resulting in widespread real estate failures, as many new residential, office, retail and industrial developments struggled to sell out or lease up.

Throughout most of 2009 and in 2010, the investment climate for most property types remained very gloomy. Beginning in 2011 and improving in 2012 through 2015, the market has experienced increased activity in purchases of improved property and parcels for development. This trend continued into 2016 with parcels in favorable locations selling quicker and at higher prices. As of late, and projected into 2017 is a stabilization of prices for many product types with possible decreases in prices for some residential, especially condominiums in certain areas.

The subject property is located along University Drive, across the street from Doctors Hospital and the University of Miami in the city of Coral Gables. It is very elongated with a less than favorable shape for construction, however, based on the *hypothetical conditions* noted herein, and the existing zoning it allow duplex construction. It is currently paved as a parking lot that is leased by the hospital and has been for the last 29 years. The homes in the surrounding areas in general have bounced back from the recession with prices near those of pre-recession. However, as of late, the market has slowed for purchases, albeit Coral Gables is still one of the more desirable and active markets. Vacant lots are being purchased and homes being constructed by both builders for sale, and owners who would occupy the properties when complete. Historically low interest rates, good demand, along with a scarcity of larger tracts of duplex zoned land to develop, especially in the Coral Gables location makes the subject land desirable. Given the location near two large demand generators; the University and the hospital, there is likely demand for the use allowed on the subject site.

Exposure Time

Exposure time is the “estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market”¹.

This analysis considers the exposure time at a market related price such as the estimated market value herein. In estimating exposure time, sales are analyzed, real estate brokers and property owners are interviewed and statistics from published surveys are considered. The value estimate herein is based on *hypothetical conditions*. Based on current market conditions, the location near the University of Miami and Doctors Hospital and a relative abundance of potential investors and developers seeking development sites in this type area, this parcel would likely achieve an exposure time of less than twelve months. This estimate considers that the property would have been properly marketed and priced. If the property were not to have been priced correctly or marketed through proper channels, then it is not likely that the estimated market value nor the estimated exposure time would have been achieved.

Typical Purchaser of the Subject

The subject is a vacant duplex zoned site in a good location. There is potential demand for construction in this area given the nearby demand generators. Therefore, the typical purchaser would be a developer with experience building new structures to completion to the highest and best use allowed by zoning.

¹ The Dictionary of Real Estate Appraisal, 6th Edition, page 83

Highest and Best Use

The site is valued for its highest and best use, which may be defined as follows:

That reasonable and probable use that will support value
as defined as of the effective date of the appraisal.

In analyzing the highest and best use, the following four questions are answered:

1. **Legally Permissible.** What uses are legally permitted on the subject site with respect to zoning ordinances and deed restrictions?
2. **Physically Possible.** What uses of those legally allowed are physically possible on the subject site?
3. **Financially Feasible.** Of those uses determined to be physically possible and legally permissible, which ones will produce a positive return?
4. **Maximally Productive.** Of those that are feasible, legally permissible, and physically possible, which will produce the highest rate of return or value?

As Vacant

The zoning on the subject property is MF1, Multi-Family 1 Duplex District by the city of Coral Gables, FL. The subject location is desirable. The current market is not strong enough to justify the cost of new construction. There is still some available product that would have to be absorbed prior to new construction being considered feasible. Therefore, the highest and best use as though vacant, would be to hold the property for future development and construct the maximum allowable of four units in two duplex buildings on the site.

As Improved

The subject property is vacant land used for parking and therefore an analysis of the highest and best use as improved is not applicable.

Appraisal Process

An analysis of three separate approaches to value; sales comparison approach, cost approach, and income capitalization approach, will be considered to estimate the value of the subject property. Although these three approaches to value are considered within every appraisal report, they may not be applicable to each and every property being appraised.

The cost approach is based on the principle of substitution which states that an informed purchaser would not pay more for a property than the cost of reproducing a property with the same utility. The cost approach can often yield reliable estimates of value for new construction. This approach entails estimating the cost of producing the improvements, deducting an estimate of depreciation, then adding the value of the site as if vacant. To this value an entrepreneurial incentive is added to arrive at the estimated value by the cost approach.

The income capitalization approach is based on the concept that value is created by the expectations of future benefits and higher earnings should result in higher values. Income producing real estate is purchased for the right to receive future income. The income capitalization approach consists of methods to analyze a property's capacity to generate income, and a reversion, and convert these monetary benefits into an estimate of value.

The sales comparison approach is based on the principle of substitution which suggests that, within competitive markets, similar products will realize similar prices. Inherent in this concept is the premise that a purchaser would not pay more for a property than the cost to acquire another property with the same amenities and utility.

The final steps in the appraisal process are review and reconciliation of the data and conclusions. In reaching a final conclusion of value, the entire process involving the approaches that were estimated must be reviewed for accuracy, completeness and consistency. After analysis, evaluation and reconciliation of the indications a value is estimated. The essence of this final reconciliation should be a defensible and rational conclusion of value.

The only approach used in this appraisal is the sales comparison approach. The income capitalization approach and the cost approach are not applicable to the valuation of the subject property.

Cost Approach

The basis of the cost approach is the principle of substitution. This principle suggests that a prudent buyer would not pay more for a property than the cost to acquire a similar site and construct comparable improvements.

Following are the procedures for preparing the cost approach.

1. Estimate the value of the land as though vacant and available to be developed to its highest and best use.
2. Determine which cost basis is most applicable to the assignment: reproduction cost or replacement cost.
3. Estimate the direct (hard) and indirect (soft) costs of the improvements as of the effective appraisal date.
4. Estimate an appropriate entrepreneurial profit or incentive from analysis of the market.
5. Add estimated direct costs, indirect costs, and the entrepreneurial profit or incentive to arrive at the total cost of the improvements.
6. Estimate the amount of depreciation in the structure and, if necessary, allocate it among the three major categories: physical deterioration, functional obsolescence, and external obsolescence.
7. Deduct the estimated depreciation from the total cost of the improvements to derive an estimate of their depreciated cost.
8. Estimate the contributory value of any site improvements that have not already been considered. (Site improvements are often appraised at their contributory value - i.e., directly on a depreciated-cost basis - but may be included in the overall cost calculated in Step 3 and depreciated, if necessary).
9. Add land value to the total depreciated cost of all the improvements to develop the market value of the property.
10. Adjust for personal property (e.g., furniture, fixtures, and equipment) or intangible assets that are included in the appraisal.
11. Adjust the value conclusion, which reflects the value of the fee simple estate, for the property interest being appraised to arrive at the indicated value of the specified interest in the property.

As the subject property is vacant land and based on the *hypothetical condition* is valued as such, the cost approach is not applicable.

¹ *The Appraisal of Real Estate*, 14th Edition, 2013, Pages 568 and 569

Income Capitalization Approach

Income producing real estate is typically purchased as an investment, and from an investor's point of view earning power is the critical element affecting property value. One basic investment premise holds that the higher the earnings, the higher value, provided the amount of the risk remains constant. An investor who purchases income-producing real estate is essentially trading present dollars for the expectation of receiving future dollars. The income capitalization approach to value consists of methods, techniques, and mathematical procedures that an appraiser uses to analyze a property's capacity to generate benefits (i.e., usually the monetary benefits of income and reversion) and convert these benefits into an indication of present value.¹

In the income capitalization approach, an appraiser analyzes a property's capacity to generate future benefits and capitalizes the income into an indication of present value. The principle of anticipation is fundamental to the approach.²

An income capitalization approach was not applied as it was not within the scope of this appraisal, based on the *hypothetical conditions*. Since this approach is typically not considered by purchasers of this property type, not using it does not limit the reliability of the value estimated herein.

Within the addenda, an alternate analysis as a parking lot was prepared at the clients request.

¹ Appraisal of Real Estate, 14th Edition, 2013, Page 439

² Ibid., 439

Sales Comparison Approach

The *sales comparison approach* is based on the principle of substitution. *The principle of substitution holds that the value of property tends to be set by the cost of acquiring a substitute or alternative property of similar utility and desirability within a reasonable amount of time.*¹

In the Sales Comparison Approach, an opinion of market value is developed by comparing properties similar to the subject property that have recently sold, are listed for sale, or are under contract (i.e., for which purchase offers and a deposit have been recently submitted). A major premise of the sales comparison approach is that an opinion of the market value of a property can be supported by studying the market's reaction to comparable and competitive properties.

Qualitative analysis is a relative comparison process without mathematics. Sales are ranked based upon their desirability as compared to the subject. Comparisons can be expressed as plus or minus as opposed to dollar or percentage adjustments.

Quantitative analysis is the process of applying mathematical techniques. Sales are adjusted to the subject property on a dollar or a percentage basis. One method of supporting adjustments is through *paired data analysis*. This method analyzes two sales and attributes the difference in their sales prices to the characteristic which is different. This analysis requires an abundance of sales data which is frequently not available.

Qualitative analysis is used herein to estimate a value by the *sales comparison approach*. Characteristics of the sales considered superior to the subject are given a minus (-) adjustment. Those characteristics of the sales considered inferior to the subject are given a plus (+) adjustment. Each sale is given an overall adjustment indicating how it compares to the subject.

On the following page is a grid of the sales used for comparison to the subject property.

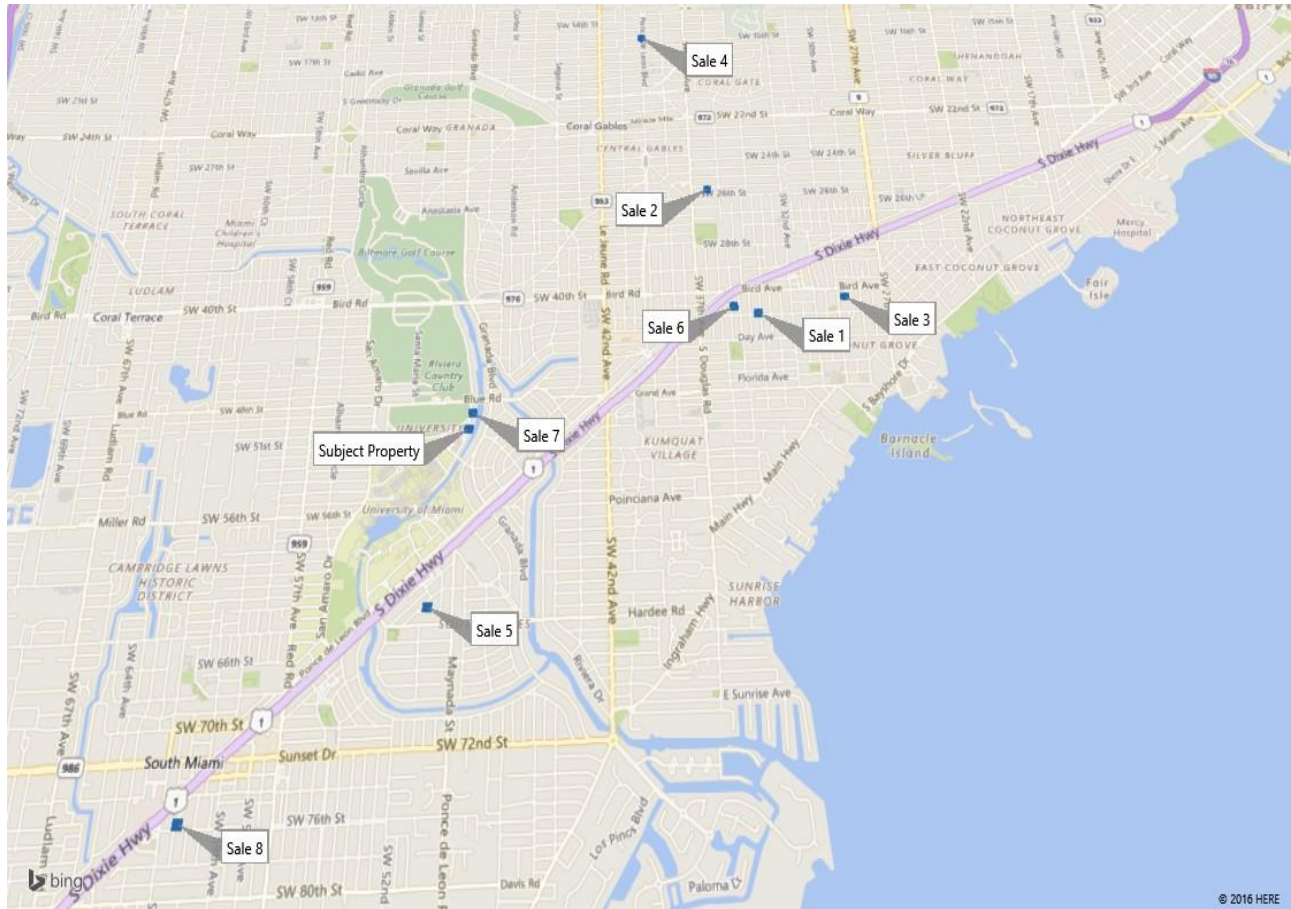
¹ The Appraisal of Real Estate 14th Edition, 2013, page 379

Vacant Land Sales Grid

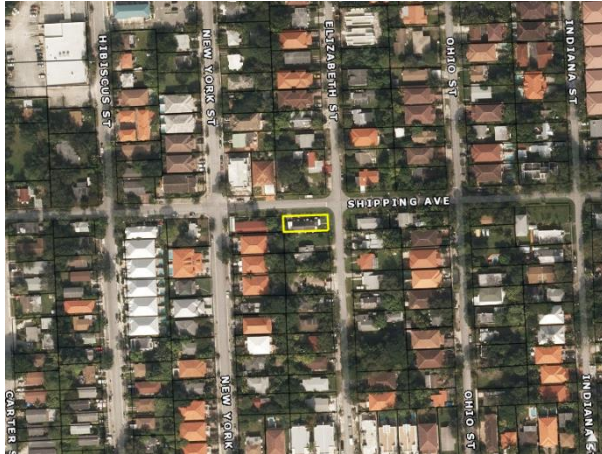
Following is a grid of the comparable sale properties used for comparison to the subject property.

Sale	Sale Date Grantor/ Grantee ORB/Page	Location	Zoning	Sale Price	Sq. Ft. Size	Price/ Sq.Ft.	Price/ Unit
1	July 2016 Sunshine Investments of Florida, LLC/ Oleas and Associates, Corp. 30165/4730	3100 Elizabeth Street Miami	T3-O	\$570,000	6,250	\$91	\$285,000
2	May 2016 Gables Edge Holdings, LLC/ Gables Edge Investments, LLC 30085/2664	3649-3655 SW 26 th Street Miami	T3-O	\$1,850,000	26,400	\$70	\$231,250
3	October 2015 David A. Swanson and Ruth S. Grimes/ Lincoln Grove Holdings, LLC 29829/390	2981 Jackson Avenue Miami	T3-O	\$1,025,000	13,701	\$75	\$146,429
4	October 2015 Alcoa Properties, LLC/ Mendoza Lot, LLC 29818/2813	South side of Mendoza Avenue, just west of Ponce de Leon Blvd. Coral Gables	MF2	\$600,000	5,750	\$104	\$120,000
5	July 2015 Ponce Davis Estates, Inc./ Gavane Group, LLC 29691/4781	1125 Cotorro Avenue Coral Gables	MF1	\$900,000	12,100	\$74	\$450,000
6	May 2015 First Steps Investments, LLC/ ICM Carter Street, LLC 29615/3677	3067 Carter Street Miami	T3-O	\$1,100,500	25,200	\$44	\$137,563
7	June 2014 & February 2015 Jose Garcia/Elba Aguilar & James Kevin Logue/ 4891 Homes, LLC 29288/4894 & 29506/2496	4851-4891 University Drive Coral Gables	MF1	\$2,350,000	22,793	\$103	\$587,500
8	October 2014 Douglas Robin Adams/ Censig Holdings, LLC 29347/513	6031 SW 76 th Street South Miami	RM-18	\$425,000	7,355	\$58	\$141,667
Subj		5151 University Drive Coral Gables	MF1		43,900		

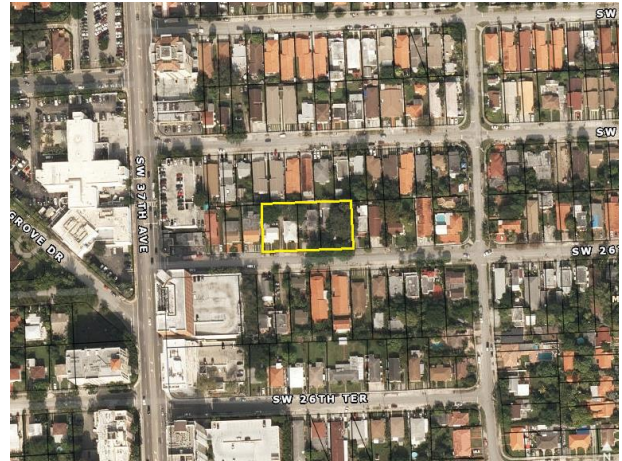
Vacant Land Sales Map



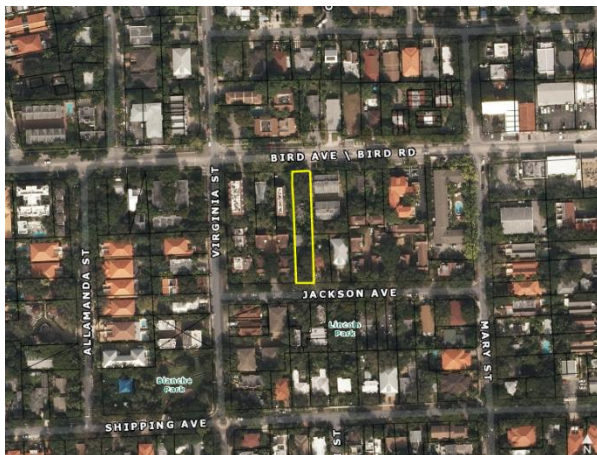
Land Sale Aerial Photographs



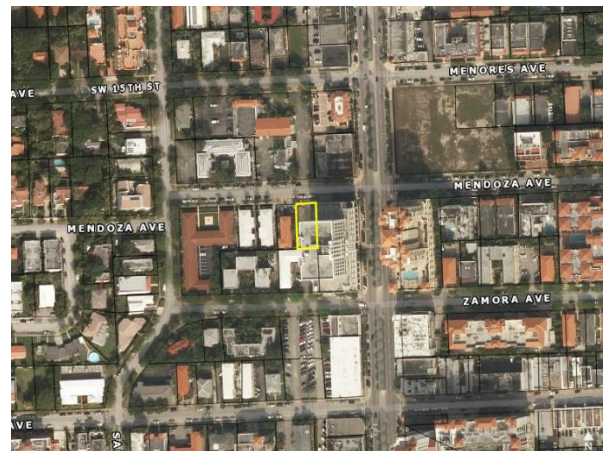
Sale 1



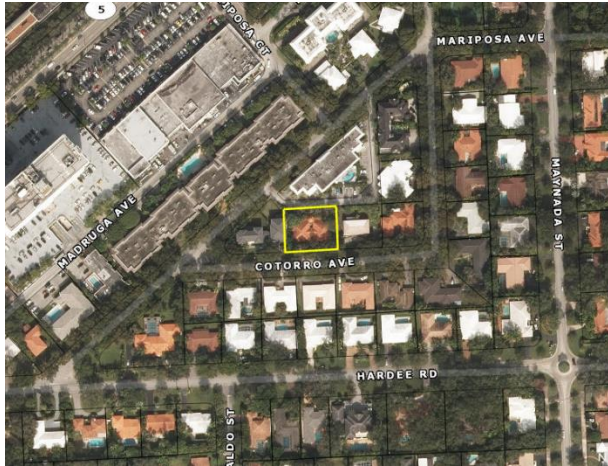
Sale 2



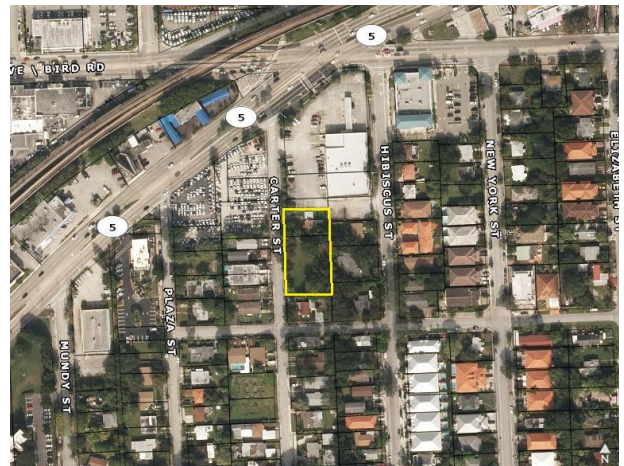
Sale 3



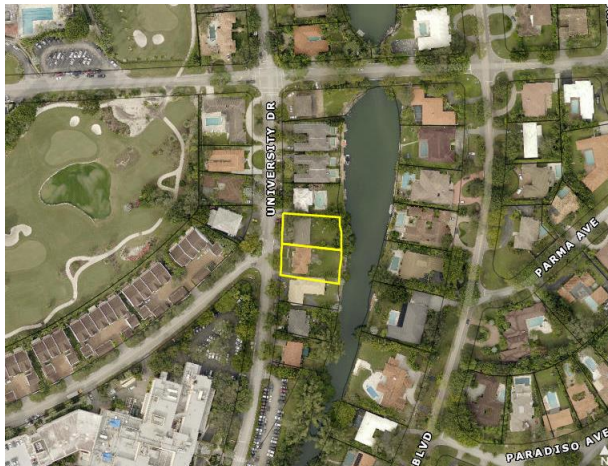
Sale 4



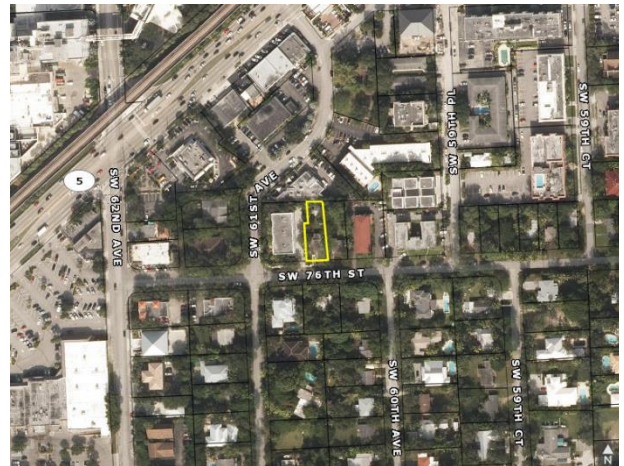
Sale 5



Sale 6



Sale 7



Sale 8

Adjustment Grid

Below is a grid which illustrates qualitative adjustments used to compare the comparable sales to the subject property. Percentage adjustments were not utilized. In order to utilize percentage adjustments, it would be necessary to pair (compare) sales to extract value differences. This is difficult as there is normally insufficient data to provide pairings for all value differences. Below is a grid which illustrates the adjustments made. A plus (+) sign indicates the unit of comparison of the sale must be adjusted upward as that characteristic is inferior to the subject. A minus (–) sign indicates the unit of comparison of the sale must be adjusted downward since the characteristic is superior to the subject. An equal (=) sign indicates the comparable sale characteristic is similar to the subject.

Sale	1	2	3	4	5	6	7	8
Price Per Square Foot	\$91	\$70	\$75	\$104	\$74	\$44	\$117	\$58
Property Rights Conveyed	=	=	=	=	=	=	=	=
Financing	=	=	=	=	=	=	=	=
Conditions of Sale	=	=	=	=	=	=	=	=
Market Conditions (Time)	=	=	=	=	=	=	=	=
Location	+	+	+	-	=	++++	--	+
Zoning/Density	-	-	-	-	=	-	=	-
Size	--	-	-	--	-	-	-	--
Shape	-	-	-	-	-	-	-	-
Overall Adjustment	--	-	-	-	-	+	-	-

After considering the individual differences, either a plus (+), minus (–) or equal (=) sign has been placed in the "Overall" column. This indicates the overall adjustment that the sale would require as compared to the subject property.

Conclusion of Land Value by the Sales Comparison Approach

The sales comparison approach compared similar properties to the subject property and adjustments were made for the pertinent characteristics. Based on these comparisons a value was estimated for the subject property. Sale prices per square foot range from \$44 to \$117 with a mean of \$79 per square foot and a median of \$74.50 per square foot.

After adjustment on a cumulative basis a cumulative basis Sales 1, 2, 3, 4, 5 and 7 (\$58 to \$117 per square foot) were considered superior and required (negative) downward adjustments, while Sale 6 (\$44 per square foot) was considered inferior and required a positive (upward) adjustment. Therefore, the subject property should have a value greater than \$44 per square foot and less than \$58 per square foot.

After considering the sales data available and the factors influencing value described, it is concluded that the subject land has a value, as if vacant, of \$50 per square foot. The estimated land value equals 43,900 square feet times \$50 per square foot, equal to \$2,200,000 (rounded).

In addition, shown and analyzed is the price per buildable unit. Sales prices per unit range from \$120,000 to \$587,500 with a mean of \$262,426 per unit and a median of \$188,840 per unit. The value of \$2,200,000 estimated herein, equates to \$550,000 per unit which is at the upper end of the range. This is appropriate given that the sales are smaller sites allowing a similar number to more units than the subject even though they have duplex zoning. Sale 7 (\$587,500 per unit) is the most comparable to the subject property being on the same block north of the subject property although it is superior in shape and location. The subject units would have significantly more land attributed to the buildings given its large size.

Reconciliation of Value

The reconciliation process considers the approaches which were utilized in this report. Each approach to value is analyzed as to its reliability and applicability. These approaches indicated the following values:

Cost Approach	Not applicable
Income Capitalization Approach	Not applicable
Sales Comparison Approach	\$2,200,000

The cost approach estimates the land value and adds the depreciated value of the improvements. As the land being appraised is vacant, this approach is not applicable and was not applied herein.

The income capitalization approach analyzes the projected income and expenses of a property and capitalizes the net income into a value estimate. Typically, vacant land is not purchased based on its ability to generate income. This approach is not applicable and was not applied herein.

The sales comparison approach compares sales of similar properties to the subject property and is the only applicable approach to value. These sales were analyzed for differences such as conditions of sale, financing, market conditions, location, zoning, shape/size, and other characteristics. The strength of this approach relies on the quality of the comparable sales. Sales which closely resemble and can be compared easily with the subject are most desirable. The sales utilized were considered comparable and make the sales comparison approach the only reliable indication of value.

As the subject property is vacant land total reliance was placed on the sales comparison approach. The subject property has an indicated market value of the fee simple interest as of August 6, 2016 in the amount of \$2,200,000.

This appraisal report contains hypothetical conditions. The reader is strongly advised to be familiar with the definition of a hypothetical condition because it is significant in understanding the premise of this appraisal. The definition and conditions are detailed on page 2 in the letter of transmittal, as well as in the Addenda for the alternate analysis. It is applicable to this appraisal because a change in the hypothetical conditions would cause a change in the opinions and conclusions herein.

Addenda



County Area Description

Miami-Dade County and Area Description

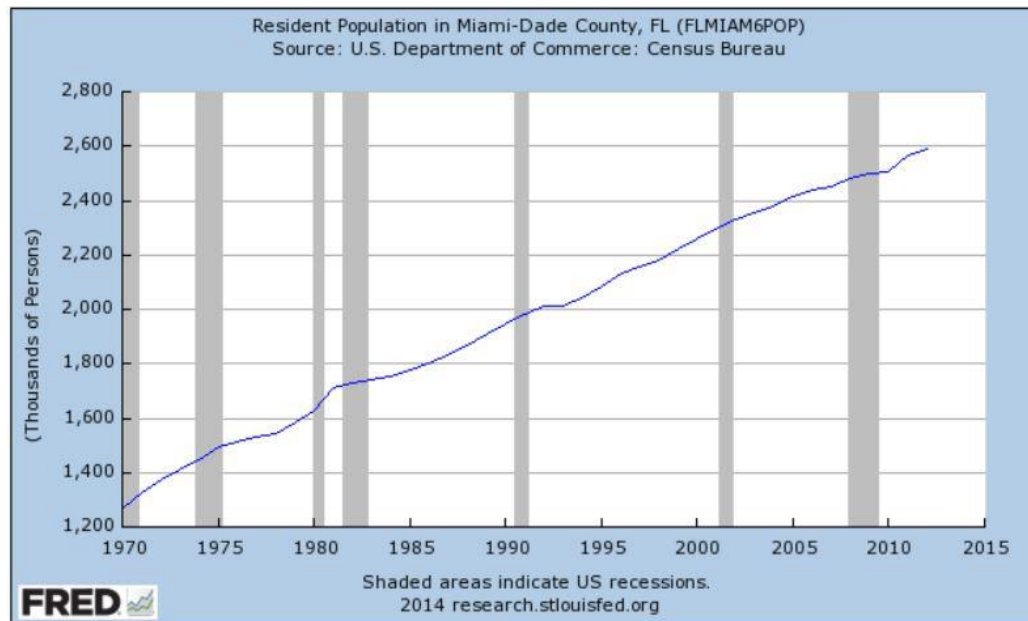
General Overview

Miami-Dade County, often referred to as “Miami” is known internationally for its weather, beaches, banking, fine art, shopping, and Latin culture. While many pass through the Cruise Capital of the World, 2.5 million people call it home.

Miami-Dade County is at the southeastern tip of Florida and is the south-easternmost state in the continental United States. Its land area is approximately 1,946 square miles and is bordered by Broward, Collier, and Monroe Counties to the north, southwest, and south, respectively. The county is bordered by the Atlantic Ocean to the East and Everglades National Park to the West.

Demographics

As of the 2013 Census report, Miami-Dade County has 2,496,435 residents. Over half of those were born outside the United States; 70 percent fall between the ages of 25 and 55. As depicted in the following graph, the county’s population has risen steadily since 1970.



Miami-Dade County Population Projections			
2015 Projection based on 2011 Estimate	Percentage change 2011 to 2015	2020 Projection based on 2011 Estimate	Percentage change 2011 to 2020
2,591,790	3.8%	2,717,631	4.9%

Miami has a positive reputation for international business, and developers are marketing their new projects to those individuals. Therefore, the county's population is expected to increase at an even greater rate approaching the year 2020.

Miami is the largest city in the County. Other populous municipalities include Hialeah, Miami Gardens, Miami Beach, and unincorporated land. Actively growing are some new cities since 2000 such as Cutler Bay and Doral.

Brief History

Miami was founded in 1866 after the end of Spanish rule in Florida. Before the turn of the century, prominent figures such as William and Mary Brickell and Henry Flagler established a community and connected the young city to the rest of the United States. Island people moved here for work.

In 1910, John Collins discovered fresh water on Miami Beach, and within a decade, the population soared, and businessmen bought up the land. The city quickly became a popular spot for tourists, but it crumbled under the hurricane of 1926. During the decades of war, parts of Miami-Dade County became training grounds for military. Residents then slowly built back up the tourism industry.

The early 1960's marked the beginning of the arrival of large numbers of Cuban Refugees into Miami-Dade County and South Florida. In the years following, significant numbers of immigrants have come from Haiti, Cuba and other Latin American countries.

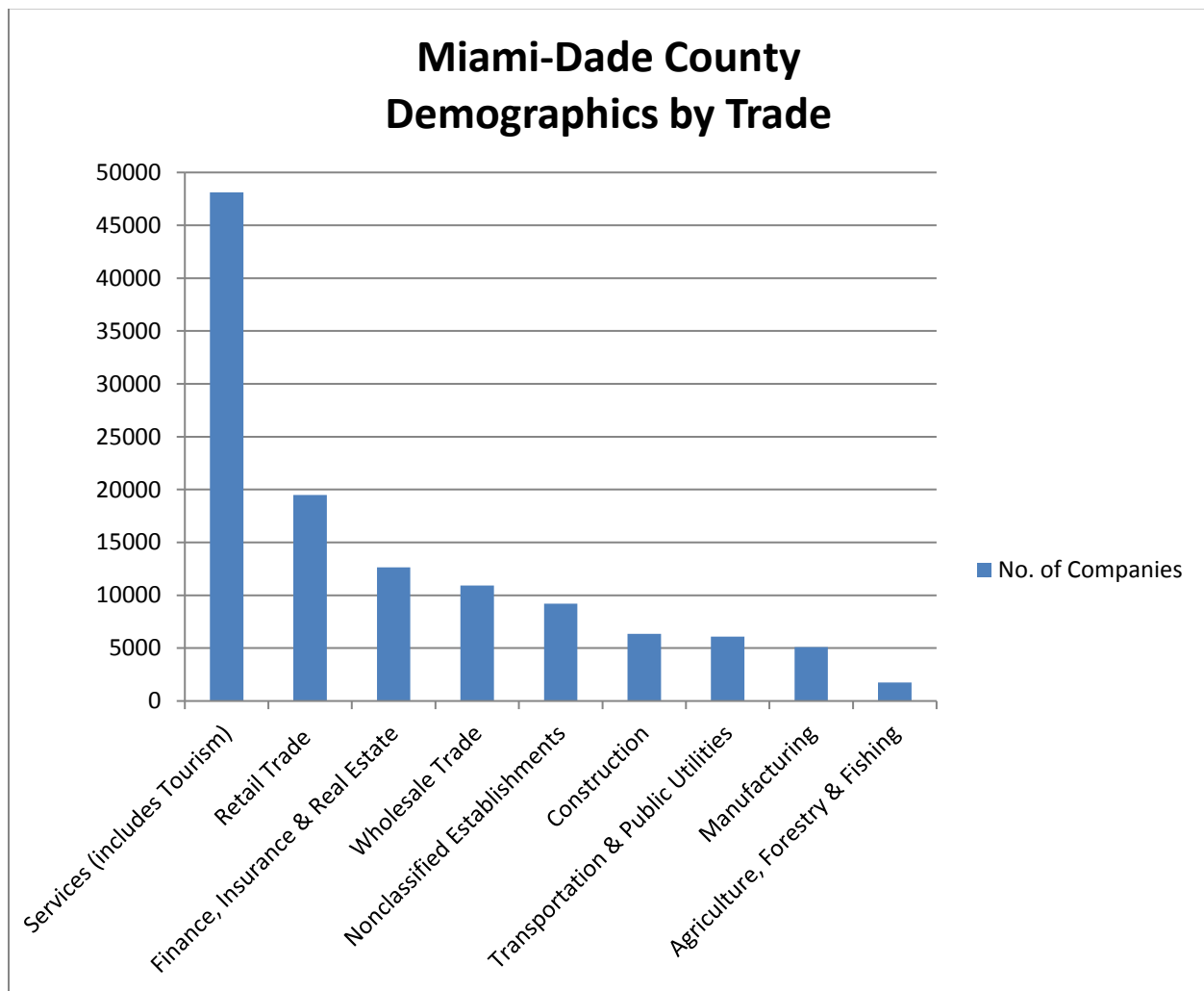
Government

Miami-Dade County has a strong mayor form of government, with nine elected individuals (one mayor and eight commissioners) making up the Miami-Dade County Board of Commissioners. The mayor appoints a professional administrator to manage the daily activities of the county government and a county attorney to handle its legal matters.

Some governmental activities, services and functions previously handled by individual municipalities are now handled by the county. Among these are real property assessment and valuation, health and welfare, most water and sewers, traffic engineering, public libraries, public transportation, public housing, urban renewal, seaport, airport, regional parks and air and water pollution control. In addition to these, Miami-Dade County provides services to the unincorporated areas of the county such as: police and fire protection, building and zoning regulation, trash and garbage collection and disposal, parks and recreation, consumer protection and corrections and rehabilitation of adults and youth offenders.

Economic Base

The primary industries that support Miami-Dade County's economy through employment are trade, transportation and utilities, followed by education/health services and government. The most known is tourism, a major industry for Miami-Dade County. The following chart reflects the county's demographics by trade, with tourism ranking the highest number of companies, followed by retail and finance, insurance and real estate.



Source: The Beacon Council

A year-round growing season allows the agricultural industry to be the top vegetable supplier and producer in the country. The industry employs more than 20,000 people and produces more than \$2.7 billion in economic benefits each year. As a result, agritourism has sprouted an industry throughout the agricultural area where visitors can sample and purchase locally grown products.

Transportation

Miami International Airport (MIA) and its linkages are considered to be the driving force for growth behind its surrounding area. Airport traffic in 2013 included over 40 million passengers, 2 million tons of freight, and 2 million tons of cargo. Other airports within the county include Kendall-Tamiami Airport and Opa-locka Executive Airport. The aviation industry directly and indirectly contributes \$26.7 billion and 282,043 jobs to the local economy.

PortMiami annual activity includes 4.3 million cruise passengers and 7.4 millions of tons of cargo. The port contributes more than \$27 billion annually to the South Florida economy and helps provide direct and indirect employment for more than 207,000 individuals. It had been undergoing construction for a two-way underwater tunnel between the port and downtown Miami. The Deep Dredge Project, set to deepen the channel from its current 42-foot depth to minus 50 feet in order to accommodate super cargo ships has been completed in 2015.

Within Miami-Dade County, major roads include the *Palmetto Expressway* (State Road No. 826), a major north/south expressway; the *Dolphin Expressway* (State Road No. 836), a major east/west expressway; *Interstate 95* and the *Florida Turnpike*. All of these represent Miami's expressway network and make almost any destination in Miami-Dade County within 30 to 45 minutes driving time.

Transportation systems include a Busway in south Miami-Dade County linking to Metrorail, an elevated rail rapid transit system connecting portions of Miami-Dade County. In July 2012, a new Metrorail station in MIA links south Miami-Dade County, downtown Miami and the entire elevated rail line. The enables seamless connections to the Metromover systems and to a web of transportation arteries in neighboring counties leading to the rest of Florida.

The Miami Intermodal Center (MIC) links the airport, East/West Rail, Amtrak, Tri-Rail, Airport/Seaport Connector and Metrorail mainline rail. Located near the State Road No. 836/State Road 112 Connector, it presently contains the bulk of the rental car agencies. East of the airport in the future it will contain retail, commercial, residential and tourist-designed development.

The Metromover automated people mover system is located in downtown Miami and is an off-shoot of the Metrorail system. There are also Metrobus buses, most of which are in service daily throughout the county. The Metromover system includes the Brickell Avenue financial district and also runs north to the Omni area. Other transportation services in Miami-Dade County include Tri-Rail, railroads and taxicabs. Railroad service by Amtrak is accessible in northwest Miami-Dade. Tri-Rail is South Florida's commuter train system which services Miami-Dade, Broward and Palm Beach Counties.

Education

Based upon student population, the Miami-Dade County School system is the fourth largest public school system in the nation with 415 institutions including elementary, middle, high, K-8, charter, alternative and magnet schools. Many private institutions exist as well.

Several colleges and universities located in the county are University of Miami, Barry University, Florida International University, Miami-Dade Community College, St. Thomas University, Florida Memorial College and Johnson & Wales University.

Medical

Miami-Dade County has the largest concentration of medical facilities in Florida. The largest institution is Jackson Memorial Medical Center, the second largest public hospital in the nation which shares many teaching, treatment and research capacities with the University of Miami. Private hospitals include Baptist Health System, Mercy, Miami Children's, and Mount Sinai.

Sports

Professional, college and even local neighborhood sports draw spectators, participants and investors to a high degree and create a positive atmosphere. Professional football (Miami Dolphins), basketball (Miami Heat), baseball (Miami Marlins) and ice hockey (Florida Panthers) are continual draws. As of January 2014, business negotiations are currently underway to bring Major League Soccer to Miami. There are two horse tracks and a dog track. Several of these tracks have been approved for slot gambling or table gambling, depending upon location in a municipality or Indian reservation. Also offered are golf, tennis, as well as the numerous water sports, given the significant bodies of water.

Arts and Culture

Known for the wealth of ethnic diversity and heritage, Miami-Dade County has a cultural mix of festivals, concerts, theater, and dance performances. Adrienne Arsht for the Performing Arts of Miami-Dade County opened in 2006 and is home to the Concert Association of Florida, Florida Grand Opera, Miami City Ballet, and the New World Symphony. The county is also home to several museums and wildlife attractions.

Summary

During its history, Miami-Dade County and the Greater Miami area have experienced significant changes and growth. Trends indicate that the growth will continue with Miami-Dade County rapidly becoming an international city with a diverse culture. The economic base and the bilingual population should continue to attract new residents and businesses into Greater Miami.

Sources including, but not limited to:

United States Census Bureau (Jan. 2014). <http://quickfacts.census.gov/qfd/states/12/12086.html>

Miami-Dade County Portal (Jan. 2014). www.miamidade.gov

The Beacon Council (Jan. 2014). www.beaconcouncil.com

Federal Reserve Economic Data (Jan. 2014). <http://research.stlouisfed.org/fred2/>

Miami Herald (various articles). <http://www.miamiherald.com/>

Supplemental Analysis

Introduction

As a supplemental valuation, it was requested by the client that the subject property be analyzed as a parking lot accommodating 150 cars. The reader should note that a significant amount of information relating to the subject property is in the body of this report. The reader should be thoroughly familiar with this so as to understand this supplemental analysis.

This analysis is based on extraordinary assumptions. An extraordinary assumption is defined in The Dictionary of Real Estate Appraisal, 6th Edition (2015) as “an assumption, directly related to a specific assignment, as of the effective date of the assignment results, 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”. The extraordinary assumptions in this analysis are as follows:

Considered is the site can accommodate 150 parking spaces although the site currently has 75 marked parking spaces;

Assumed is that the property is ready to accommodate the 150 parking spaces and no consideration was given to any potential expenses for repaving, striping, etc.

The extraordinary assumptions, if found to be false or different in any way, could alter the opinions and/or conclusions of value, herein. The reader is strongly advised to be very familiar with this assumption and how it could affect value.

Discussion and Analysis

The subject property is a surface parking lot along the east side of University Drive and northeast of Pisano Avenue, across the street from Doctor's Hospital in the city of Coral Gables. Based on the information provided by the client to be used in this analysis, the parking lot is to be analyzed as if it can accommodate 150 income generating parking spaces. In order to value the subject on this premises, we have analyzed the potential income stream based on a net income per parking space. For comparables to be used in the analysis the net revenue figure per parking space for comparable parking lots and/or garages was considered as well as the existing lease in place for the 75 spaces as a check, even though the lease is old and is at the current level due to annual increases above prior years.

The city of Miami Department of Off-Street Parking has the following historic average revenue per parking space for the past 10 years including parking garages, parking lots and on-street parking meters. The second line reflects the annual increases.

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Average Per Space	\$830.91	\$816.66	\$820.93	\$855.23	\$1,161.05	\$1,246.26	\$1,177.96	\$1,234.57	\$1,408.65	\$1,520.32
% Increase per Year		-1.71%	0.52%	4.18%	35.76%	7.34%	-5.48%	4.81%	14.10%	7.93%

An annual 5% (rounded) increase is shown from 2010 to 2015. Imputing that 5% increase to the 2015 figure reflects \$1,600, rounded ($\$1,520.32 + 5\%$) average revenue per parking space for the city of Miami in the year-2016. The average net revenue purely per parking lot space for the city of Miami in the year-2015 was \$1,428.

Also, provided by the client is information on two parking garages; Garages 1 and 4. Garage 1 has 282 parking spaces with \$2,325 gross revenue per space and \$1,124 in expenses per space bringing the net revenue per space to \$1,201. Garage 4 has 349 parking spaces with \$1,461 gross revenue per space and \$938 in expenses per space bringing the net revenue per space to \$523. The following tables is the average net price per parking space per year for each garage.

Garage 1

Year	2012	2013	2014	2015
Average Per Space	\$1,178.92	\$1,427.48	\$1,382.97	\$1,201.24
% Increase per Year		21.08%	-3.12%	-13.14%

Garage 4

Year	2012	2013	2014	2015
Average Per Space	\$649.66	\$782.54	\$465.39	\$523.50
% Increase per Year		20.45%	-40.53%	12.49%

The net revenue per parking space for the two comparable parking garages in Coral Gables are \$1,201 and \$523 per space. Per the city of Coral Gables the low income for Garage 4 was caused by the temporary transfer of valet services into that Garage whereby lower rates are paid with limited

turnover. Applying a 5% increase to the 2015 figures would indicate \$1,260, rounded ($\$1,201.24 + 5\%$) and \$550, rounded ($\$523.50 + 5\%$) average revenue per parking space for Garages 1 and 4 in the city of Coral Gables in the year 2016. Based on the current lease for the 75 parking spaces and the annual income of \$103,103 is equivalent to net revenue of \$1,375 per parking space ($\$103,103/75$).

Additionally, we are aware of a lease on Aragon Avenue in the CBD accommodating 47 parking spaces at the time of the lease. Terms are \$210,000 triple net or \$4,469 per space net. This lot is sandwiched in between two city owned lots where the intent was to combine all. This is considered to be very superior to that of the subject in all aspects.

Finally, the subject existing lease at \$103,103 triple net for the current 75 spaces reflects a net income of \$1,375 per space. Using 150 spaces, reflects \$688 per space on this lease that began 29 years ago.

Summary and Conclusion

The various indications from the comparables reflect \$1,520/\$1,600, \$523/\$550, \$1,201/\$1,260 and \$1,375 per space.

Considering the subject extraordinary assumptions that there are 150 available parking spaces, a net revenue rate for each space was estimated at \$1,200 indicating a net operating income of \$180,000.

On the following pages is a discussion of the overall capitalization rate which will be used to value the subject based on the extraordinary assumptions.

Discussion of the Overall Capitalization Rate

Any interest in real estate that is capable of generating income can be valued by direct capitalization. For owner-occupied properties or properties not subject to a lease, it is most common to appraise the fee simple interest. However, if a property is subject to a lease, then the appropriate interest to appraise may be the leased fee interest.¹ The direct capitalization formula that applies to these types of valuation assignments is

$$\text{Value} = \frac{\text{Net Operating Income}}{\text{Overall Capitalization Rate}}$$

Overall capitalization rates may be derived from comparable sales, effective gross income multipliers and net income ratios, band-of-investment or weighted average techniques based on mortgage and equity components with (R_M) and (R_E) or land and building components with (R_L) and (R_E), debt coverage ratios (DCRs) and yield capitalization techniques.

In formulating the overall capitalization rate by band-of-investment, the debt and equity portion of the investment are summed to yield the overall capitalization rate (R_O). If the data utilized for the assumptions within the band-of-investment is sufficient from the market, the band-of-investment is considered an excellent indication of an overall capitalization rate.

Beginning on the following page is a discussion of equity capitalization rates and lending rates used to estimate the overall capitalization rate by the band-of-investment and by the debt coverage ratio methods.

¹ There are specific exceptions to appraisals of leased fee interests, such as assignments relating to real estate taxes and many litigation appraisal assignments. The property interest to be appraised is determined based on the intended use and intended user.

Equity Capitalization Rate

Within the band-of-investment method of estimating the overall capitalization rate, the equity capitalization rate (R_E) composes a portion of the equation. The equity capitalization rate is the "cash on cash" return. This is calculated by dividing the cash investment into the available cash after expenses and debt service is paid. Discussion with investors and real estate agents typically indicates a desire for an 8% to 10% equity capitalization rate. This is not a true cash-on-cash return. This return is normally based on expenses which do not include management, replacement allowance and other miscellaneous expenses. Below is an example investment which calculates the R_E with all expenses considered (Example 1) and then without management and replacement allowance (Example 2).

	Example 1	Example 2
Purchase Price	\$800,000	\$800,000
Mortgage (75%)	<u>(600,000)</u>	<u>(600,000)</u>
Equity	\$200,000	\$200,000
Gross Income	110,000	110,000
Vacancy (5%)	<u>(5,500)</u>	<u>(5,500)</u>
Effective Gross Income (A)	\$104,500	\$104,500
Less: Management (5%)	(5,225)	N/A
Less: All other expenses	(38,000)	(38,000)
Replacement Allowance	<u>(2,000)</u>	<u>N/A</u>
Total Expenses (B)	\$45,225	\$38,000
Net Income (A-B)	59,275	66,500
Debt Service (\$600,000 at 6.5%/25 years)	<u>48,615</u>	<u>48,615</u>
Cash-on Cash Return (cash throw off)	\$10,660	\$17,885
Equity (Divided by)	<u>200,000</u>	<u>200,000</u>
Indicated R_E (Equity Capitalization Rate)	5%	9%

This example demonstrates that an investor requiring a 9% equity capitalization rate without allowing for management and reserves in reality is receiving a 5% equity capitalization rate. Investments in areas that expect greater than typical appreciation will have lower equity capitalization rates. Those investments in areas that are expected to depreciate will have higher equity capitalization rates.

Today's investor is looking for a 5% to 10% equity return. The estimated equity capitalization rate applied in the band of investment method is 5%.

Current Lending Rates

Interest rates quoted by commercial lenders fluctuate on a daily basis. Rates are available on both a fixed and an adjustable schedule.

Prime Rate

Below is a summary of the prime rate over the past few years.

Date	Prime Rate (Monthly Average)
Current Rate (since 12/16)	3.75%
12/15	3.50%
12/08	3.25%
11/08	4.00%
5/08	5.00%
3/08	5.25%
3/08	5.00%
2/08	6.00%
1/08	6.50%
12/07	7.25%
10/07	7.50%
9/07	7.75%
1/07	8.25%

Source: www.bankrate.com

Discussions with local lenders indicate a belief that the prime rate will increase slightly by the first quarter of 2017.

Wells Fargo Bank

Terms for commercial loans are being quoted within a range which depends upon the property and the sponsorship. Rates range from 3.75% to 5%+, with the lower rates being those loans having shorter repayment schedules. Loan-to-value ratios do not exceed 90% for investment real estate and can be up to 75% for SBA loans on owner-occupied product. The debt coverage ratios can range from 1.25 to 1.35 depending on the product. Floating interest rates are quoted at a spread of 150 to 200 basis points over the one month LIBOR. Outliers could exist depending on credit strength and bank appetite. Loan terms typically range from three to five years and can be 7 to 10 years. Owner occupied real estate can range from a 5-year balloon with 25-year amortization to 15 years straight, and investment real estate can be from a 5-year balloon with 15-year amortization to 7-year balloon and 25-year amortization. Commitment fees are usually .5% to 1%, depending on term, property and sponsorship.

Regions Bank

Commercial real estate term loans are being quoted at 4% to 6% (generally via interest rate swaps). Terms are fixed for up to five years. Loan origination fees are .5% to 1%. Loan-to-value ratios are 65% to 75% and amortization periods are 15 to 30 years. Debt coverage ratios range from 1.20 to 1.50. Loan size is \$1,000,000 to \$30,000,000 and generally requires borrower recourse.

Sabadell United Bank

Rates range from 4.00% to 5.00%. Debt coverage ratios are a minimum of 1.20. Loans with lower loan-to-value ratios, shorter balloon payments and higher debt coverage are priced at the lower end of the range. Loan origination fees are generally in the .5% to 1.0% range. Floating rates based on the 30-day LIBOR are generally priced at 275 basis points to 300 basis points over depending on leverage, quality of product type and quality of sponsorship with floors of 4.00% to 4.25%. Balloons are 3 to 5 years or 7 to 10 years with higher pricing being for longer terms. While the market is 25 years for amortization, a loan could be 20 years based on leases, maturities, age of property and loan-to-value. Recourse loans are at 50% up to 75% loan-to-value ratios in most cases with non-recourse being at a maximum of 65%. Sabadell provides construction financing for well-located properties with evidence of market demand and terms.

CapitalQuest Group

Rates range from 4.2% to 5.25%. Debt coverage ratios range from 1.25x to 1.40x. Loan amortization ranges from 25 to 30 years. Loans with lower loan-to-value ratios and higher debt coverage are priced at the lower end of the range scale. Typical loans for most product types have a floor of 4% to 4.5%. However, multi-family can have a floor of just under 3.85% on a fixed rate or floating rate basis. Loan sizes vary from \$2,000,000 to \$75,000,000. Loan origination fees are generally in the ½% to 2% range. This firm provides loan origination, real estate sales and financial consultations for National and International clients and over 45 institutional investors.

JPMorgan Chase

Terms range from 5 to 15 years, typically amortized over 20 to 25 years. Rates can be fixed using the five or ten year US Treasury bill plus a spread that can range from 250 basis points to 350 basis points. A floating rate option is also available using the 30-day LIBOR plus a spread of 250 basis points to 350 basis points with no floor. Fees are negotiable ranging from .25% to 1.00%. Rates and spreads depend on the quality of the transaction and cash flow. The loan-to-value ratios range from 50% to 80%. Financing is not available for land, hotels or income producing projects such as apartment buildings and office buildings.

Conclusion of Current Lending Rates and Terms

The quoted lending rates range from approximately 2.5% to 7.0% with loan-to-value ratios up to 80%. Debt coverage ratios range from 1.20 to 1.60 and amortization periods range from 10 to 30 years. The debt coverage ratio tends to be lower for owner-user product.

Estimate of Overall Capitalization Rate

Three methods will be used to estimate the overall capitalization rate; debt coverage ratio (DCR), band-of-investment and market transactions. These methods are discussed below and on the following pages. On the previous pages was a discussion of lending rates and based on that discussion the following rates were estimated and applied in calculating the overall capitalization rate by the debt coverage method and by band-of-investment.

Mortgage Interest Rate (I)	4.00%
Mortgage Term (monthly)	25 Years
Loan-to-Value Ratio (LTV)	75%
Debt Coverage Ratio (DCR)	1.20
Mortgage Constant (R_M)	0.06334
Equity Capitalization Rate (R_E)	5.00%

Overall Capitalization Rate by Debt Coverage Ratio

Calculations:

Debt Coverage Ratio	x	Mortgage %	x	Mortgage Constant	=	Overall Capitalization Rate
1.20		0.75		0.06334		0.0570
				<i>Rounded to</i>		5.75%

Overall Capitalization Rate by Band of Investment

Calculations:

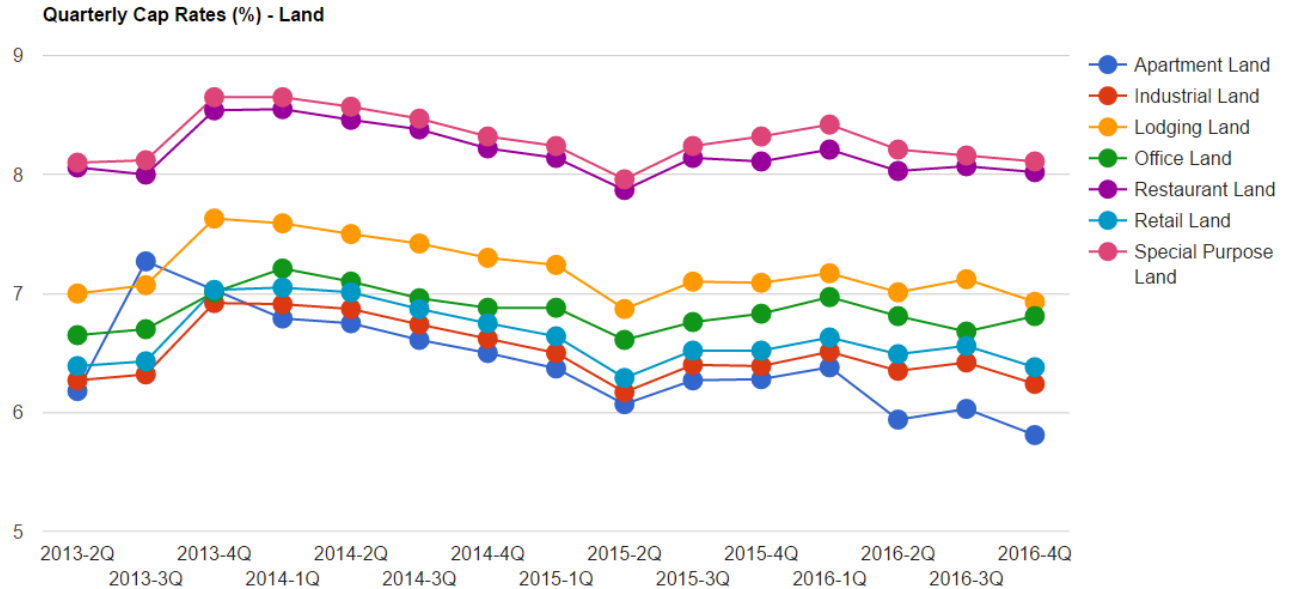
Capital	Ratio	x	Rate	=	Weighted Rate
Mortgage (V_M)	0.75		0.06334		0.0475
Equity (V_E)	0.25		0.05000		0.0125
Overall Capitalization Rate (R_O)					0.0600
			<i>Rounded to</i>		6.00%

Overall Capitalization Rate by Market Transaction

Survey	Period	Property Type	Average R_o	Low R_o	High R_o
RealtyRates	2016-4Q	Retail Land	6.38%	1.72%	11.87%
RealtyRates	2016-4Q	Restaurant Land	8.02%	3.15%	15.09%
RealtyRates	2016-4Q	Office Land	6.81%	2.02%	11.00%
RealtyRates	2016-4Q	Lodging Land	6.93%	2.23%	15.16%
RealtyRates	2016-4Q	Industrial Land	6.24%	2.02%	11.00%
RealtyRates	2016-4Q	Apartment Land	5.81%	1.67%	10.50%

R_o = Going-in Capitalization Rate
 R_n = Terminal Capitalization Rate

Below is a chart showing recent historic trends for capitalization rates from the same investor surveys shown in the grid above.



Conclusion of Market Derived Rate

The surveys referenced are for all types of vacant land properties. They include apartment land, industrial land, lodging land, office land, restaurant land and retail land. Based upon the surveys, an overall capitalization rate of 3% to 6% from the market has been correlated.

Conclusion of Overall Capitalization Rate

The three methods used to estimate the overall capitalization rate indicated the following.

Debt Coverage Ratio	5.75%
Band-of-Investment	6.0%
Market Transactions	3.0% to 6.0%

Correlating between these rates, an overall capitalization rate of 5.0% was estimated.

Direct Capitalization

On the previous pages an overall capitalization rate was estimated. This rate is divided into the net operating income to indicate a value by the income capitalization approach.

\$180,000	Projected Net Operating Income
Divided by <u> .05 </u>	Overall Capitalization Rate
\$3,600,000	Indicated Value by the Income Capitalization Approach using Direct Capitalization (Rounded)