

APPRAISAL REPORT

PREPARED FOR

Margaret Christopher, MAI
ABC Bank N.A.

Client ID:
Sample Appraisal Report - Industrial

REAL PROPERTY APPRAISED

Two-Bay Office Warehouse Condominium
1400 and 1410 SW 44th Avenue
Unincorporated Area of
Doral, Florida 33166-2607
Miami-Dade County

DATE OF THE REPORT & CERTIFICATION

July 15, 2016

DATE OF VALUE

As-Is market value of the fee simple interest
as of July 8, 2016

Please be advised that if this appraisal report was transmitted by e-mail it may have been necessary to reduce the file size and therefore images may not be as clear as the original.

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- Miami-Dade
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PREPARED BY

SOUTH FLORIDA REAL ESTATE APPRAISAL, LLC
1500 WESTON ROAD #200-28
WESTON, FLORIDA 33326

MICHAEL P. JACOBS, MA, MAI
[State-certified general real estate appraiser](#) RZ#2621

SFREAppraisal File No. 160712a



Two-Bay Office Warehouse Condominium

1400 and 1410 SW 44th Avenue

Unincorporated Area of
Doral, Florida 33166-2607

Miami-Dade County

Client ID: Sample Appraisal Report - Industrial

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1500 Weston Road #200-28
Weston, Florida 33326

July 15, 2016

Margaret Christopher, MAI
Chief Appraiser
ABC Bank N.A.
123 Some Place
Anywhere, US 00000

Re: Two-Bay Office Warehouse Condominium
1400 and 1410 SW 44th Avenue
Unincorporated area of Doral, FL 33166-2607
Miami-Dade County

Client ID: Sample Appraisal Report - Industrial

SFREA File No.: 160712a

Dear Ms. Christopher:

This **Appraisal Report** has been prepared at your request according to the engagement terms in Addendum, and under standards and reporting requirements of the Uniform Standards of Professional Appraisal Practice (“[USPAP](#)”) adopted by the Appraisal Standards Board of the Appraisal Foundation (www.appraisalfoundation.org).

This is an Appraisal Report as defined by the Uniform Standard of Professional Appraisal Practice under Standards Rule 2-2(a). This format provides a detailed and complete description of the appraisal process, subject data and valuation. The approaches employed in this appraisal report are considered within the industry to be sufficient to develop credible assignment results in solving the appraisal problem.

This report is intended for use by ABC Bank N.A., the client, and the intended use of this appraisal is for mortgage underwriting. ABC Bank N.A. affiliates, successors or assigns and participating financial institutions are also intended users. Under USPAP the appraiser requires written authorization to discuss assignment results or confidential information with anyone except the client. This report is also subject to review by duly authorized representatives of the Appraisal Institute, and the State of Florida real estate appraisal subcommittee of the Florida Real Estate Commission. Use of this report by others (“unauthorized user”) is not permitted. No one else, or any other entities, may rely on this appraisal.

This report has been prepared for the purposes of estimating the “As-Is” market value of the fee simple interest as of July 8, 2016. USPAP also implies that a bulk-sale scenario must be considered when analyzing multiple economic units. This term is defined in the *Definitions* section of this report. Although the appraised property is composed of two tax parcels, it operates as a single economic unit and a bulk-sale scenario value estimate is not relevant.

Appraisal of: Two-Bay Office Warehouse Condominium

Client: ABC Bank N.A.
Report Date: July 15, 2016

You will find a table of contents, a USPAP requirements checklist, a brief summary of salient facts and conclusions, exhibits, certification and general assumptions and limiting conditions in the next few pages. Acceptance of this report constitutes an agreement with these conditions and assumptions. A discussion of the parameters and scope of the appraisal follows.

This is a real estate appraisal only. The appraisal does not include any furniture, fixtures or equipment (“FF&E”) necessary to operate any business, or any business entities occupying the property.

The terms *Extraordinary Assumptions* and *Hypothetical Conditions* are defined within the Definitions Section of this report, and when used may have significant impact on appraisal observations and conclusions when present.

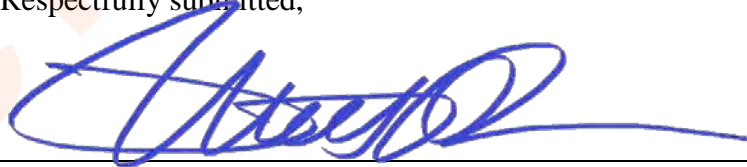
- This appraisal contains no extraordinary assumptions.
- This appraisal is not based on any hypothetical conditions.

As a result of my investigation my conclusions are as follows:

Value Parameter	Effective Date	Conclusion of Value	Improved \$/SqFt
Personal property, fixtures & intangibles:		None	
Current Market Value of the Fee Simple Interest As-Is:	July 8, 2016	\$1,895,000	\$172.27
<i>Market Exposure Time:</i>	<i>6 months</i>		

Please tell your peers about our appraisal report. If your experience with South Florida Real Estate Appraisal, LLC has been anything less than exceptional, or this is not one of the best certified commercial real estate **Appraisal Reports** you have read, I hope you will contact me with suggestions to improve our service.

Respectfully submitted,



Michael P. Jacobs, [MA](#), [MAI](#)
[State-certified general real estate appraiser RZ#2621](#)
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Appraisal of: Two-Bay Office Warehouse Condominium ♦ Table of Contents Section

Client: ABC Bank N.A.

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- A Qualifications & License
- B Miami-Dade County Regional Analysis
- C RealQuest Flood Map
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- E Miami-Dade County Assessor
- F Engagement Letter

MINIMUM USPAP REQUIREMENTS CHECKLIST

Note: some items may be simply stated rather than summarized for Restricted Appraisal Reports

Please let us know if we can customize this for your company: (954) 649-0666 or Mike@SFREAppraisal.com

Prominently state the USPAP report option used	Transmittal Letter, page 1
State the identity of the client	Transmittal Letter, page 1
State the identity of the intended users (by name or type)	Transmittal Letter, page 1
State the intended use of the appraisal	Transmittal Letter, page 1
Summarize information sufficient to identify the real estate, including relevant physical, legal, and economic characteristics	Pg. 40 and Addendum
State the real property interest appraised	Transmittal, page 1
State the type of value	Transmittal, page 1
State the definition of value	Definitions Pg. 32
Cite the source of the value definition	Definitions Pg. 32
State the effective date of the appraisal	Transmittal Letter, page 1
State the date of the report	Transmittal Letter, page 1
Summarize the scope of the work used to develop the appraisal	Scope Pg. 35 to 38
Properly disclose significant real property appraisal assistance (if any)	Certificate of Value pg. 25
Summarize the information analyzed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions and conclusions	Valuation Section pg. 82 and throughout approaches used.
Explain the exclusion of the sales comparison, cost, and/or income approaches	Pg. 82 - 83
Summarize the reconciliation process	Pg. 128
Summarize the results of analyzing the subject agreement, options, or listings, or prior sales history	Pg. 41
State the use of the real estate existing as of the date of value, and the use of the real estate reflected in the appraisal	Pg. 41
Summarize the support and rationale for the opinion of highest and best use (if developed)	Pg. 75
Clearly and conspicuously state all extraordinary assumptions and hypothetical conditions (if applicable)	Letter of Transmittal pg. 2
State that the use of extraordinary assumptions and/or hypothetical conditions might have affected the assignment results (if applicable)	Letter of Transmittal pg. 2
Include a signed certification in accordance with Standards Rule 2-3	Pg. 13
Does certification include statement regarding whether or not prior services were provided by the appraiser within the prior three years?	Certification pg. 13

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

APPRAISAL ASSIGNMENT

Report Type:	Appraisal Report
Client & Intended User(s):	ABC Bank N.A. ABC Bank N.A. affiliates, successors or assigns and participating financial institutions are also intended users. Under USPAP the appraiser requires written authorization to discuss assignment results or confidential information with anyone except the client.
Client ID:	Sample Appraisal Report - Industrial
SFREA ID:	160712a
Prior Services:	I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
Use:	Mortgage underwriting.
Purpose & Interests Appraised:	This report has been prepared for the purposes of estimating the “As-Is” market value of the fee simple interest as of July 8, 2016. USPAP also implies that a bulk-sale scenario must be considered when analyzing multiple economic units. This term is defined in the <i>Definitions</i> section of this report. Although the appraised property is composed of two tax parcels, it operates as a single economic unit and a bulk-sale scenario value estimate is not relevant.
Sale Status of the Property:	I have been informed by my client and principals to the transaction that the property is under contract for \$1,895,000 or \$172.27 per square foot. It is currently listed for \$2,500,000 or \$227.27 per square foot.
Most Likely Buyer:	The most likely buyer is an owner-user. The property is vacant. Because the dominant occupancy-profile for the facility is an owner-user, market participants give little or no weight to economic stabilization issues or the income capitalization approach. A leasehold estate does not exist, and therefore analysis of a leased fee estate is irrelevant. Only the fee simple estate is relevant.

INFORMATION REQUEST

The following items were requested from the borrower. Any deviation from the information supplied and assumptions used may result in a change of value. Income tax returns were not requested because income and expense allocations in tax returns can legally be reported or allocated for tax purposes differently than an investor would underwrite. It is assumed that information provided is representative of the property performance under the Limiting Conditions section of this report.

Information Request	Provided by borrower	Not Provided	Remarks
Purchase contract	x		<i>Retained in files.</i>
Title report		x	<i>Unavailable.</i>
Site plan		x	<i>Unavailable.</i>
Survey		x	<i>Unavailable.</i>
Building diagram with measurements	x		<i>Provided.</i>
Building interior floor plan	x		<i>Provided.</i>
Recent capital improvements	x		<i>None per borrower.</i>
Prospective capital improvements	x		<i>None per borrower.</i>
Current or pending tax changes	x		<i>None per borrower.</i>
Recent or pending land use issues	x		<i>None per borrower.</i>

Because of the property profile, most market participants would conclude that a credible appraisal could be completed without the information not provided within the context of the Scope and Limiting Conditions of this report.

IDENTIFICATION OF THE PROPERTY

Property Name: Two-Bay Office Warehouse Condominium

Address: 1400 and 1410 SW 44th Avenue
Unincorporated area of Doral, FL 33166-2607

Location: The subject property is located in an unincorporated area of Doral, within Miami-Dade County and the Miami - Fort Lauderdale - Pompano Beach MSA, in the Miami Airport North Industrial Submarket on the southeast corner of SW 14th Street at SW 44th Avenue between Jefferson and Whitewood street corridors.

Parcel Numbers: 00-0000-000-0000 and 00-0000-000-0000

Census Tract: 90.35

OVERALL PROPERTY SUMMARY

Property Type: Industrial (office warehouse).
Highest & Best Use Vacant: An office warehouse when warranted by demand.
Highest & Best Use Improved: An industrial use as improved.

The subject property consists of two bays of a four-bay dock-height industrial condominium that has been renovated and demised as a single-user facility. The appraised land area contains two tax-parcels with a total of 39,200 square feet (0.947 acres). The site is effectively 100% usable.

Size estimates are not always conclusive. Principals, brokers, rent rolls, official public records and other sources can all legitimately differ. A building diagram with measurements was provided. I took sample on-site and/or aerial photograph measurements, and my observations are discussed in relevant sections describing the property. The improvements consist of two buildings of 11,000 square feet, built in 1992 of average quality, and in good condition considering the market standard for the construction era and design-profile.

The property is vacant. Because the dominant occupancy-profile for the facility is an owner-user, market participants give little or no weight to economic stabilization issues or the income capitalization approach. Additional discussion of the property can be found within this appraisal report, and a detailed regional analysis is included in Addendum.

The most probable buyer of the property, considering its occupancy and financing-profile, is an owner-user. The property does not reflect investment-grade attributes and therefore would not be of interest to institutional investors.

The most compelling property attributes are:

- Positive attributes include favorable industrial location north of Doral, and the good interior renovations including roof, 100% HVAC and two-story office.
- Negative attributes include comingled front loading and parking, where trucks will occasionally block office parking spaces, although the facility has above-market loading capacity for its size and design.
- Special features with limited market appeal include the studio-buildout including a ceiling cage for prop-suspension, green-screen area, boxing of two loading doors and a sound booth. These have nominal impact on value because they are easily removed and have few potential users.

During the appraisal process I found:

- No material deferred maintenance or repairs threatening structural integrity that should be cured immediately, or evidence of environmental or health hazards for further investigation.
- No delinquent property taxes. Property taxes are low, and market participants would assume that they should not be appealed.
- No historical significance or special resource issues that should be investigated further.

Appraisal of: Two-Bay Office Warehouse Condominium ♦ Summary of Important Facts and Conclusions Section

Client: ABC Bank N.A.

Client ID: Sample Appraisal Report - Industrial

APPRAISED SITE SUMMARY

Zoning: IU-3 Unlimited Manufacturing Industrial District by Miami-Dade County, Florida.
 Flood: Zone X, Community Panel 000000 - 123456789A (May 1, 1998).
 Shape: Rectangular.
 Topography: Level.

Condominium Name	Location	Shape	Use	Zoning	Gross Area		Usable
					Sq.Ft.	Acres	Pct
Northstar Condominium	1400 and 1410 SW 44th Avenue, Unincorporated Doral, FL	Rectangular	Industrial	IU-3	39,200	0.90	100.0%

APPRAISED IMPROVEMENT SUMMARY

No.	Parcel Number	Location	Improvement Use	Class	Built	Renov.	Stories	Units	Appraised GLA
1	00-0000-000-0000	1400 SW 44th Avenue	Bay 1400 Industrial (office warehouse)	A/B	1992	2010	2	1	5,500
2	00-0000-000-0000	1410 SW 44th Avenue	Bay 1410 Industrial (office warehouse)	A/B	1992	2010	2	1	5,500
Total:								2	11,000
Total in the Condominium Complex:								4	28,000

APPRAISED BUILDINGSQUARE FOOT BREAKDOWN

Measured GLA	Ground	Second	Total	
Office	3,000	3,000	6,000	55%
Warehouse	4,500		4,500	
Included Mezzanine			0	
Total Measured GLA	7,500	3,000	10,500	
Compared to:				
Official Public Records			10,750	
Broker's Offering Memorandum			11,500	
Reconciled to:			11,000	
Excluded Mezzanine			0	

Appraisal of: Two-Bay Office Warehouse Condominium ♦ Summary of Important Facts and Conclusions Section

Client: ABC Bank N.A.

Client ID: Sample Appraisal Report - Industrial

Construction:	Concrete tilt	Buildings Appraised:	2
Year Built/Renovated:	1992/2010	Competitive Class:	A/B
Actual Age:	24 years	Floors:	2
Effective Age:	15 years	Quality:	Average
Remaining Economic Life:	45 years	Condition:	Good
Grade Level Doors:	2	Warehouse Clear Height:	20'
Dock Height Doors:	4	Column Spacing:	Market standard
Rail Loading:	0	Average Depth:	Market standard
Parking Ratio:	1.36 per 1,000 SqFt		
Land-to-Building Ratio:	1.47:1.0		
Surplus Land:	None		

VALUATION SUMMARY

The most likely buyer is an owner-user. The property is vacant. Because the dominant occupancy-profile for the facility is an owner-user, market participants give little or no weight to economic stabilization issues or the income capitalization approach. A leasehold estate does not exist, and therefore analysis of a leased fee estate is irrelevant. Only the fee simple estate is relevant.

Assumptions

Cost Approach

This approach was given 0% weight for reasons explained in the Valuation section.

Income Capitalization

This approach was given 0% weight.

Total Occupancy:

0%

Owner Occ.: 0.0% (0 spaces)

Vacancy:

100.0% (1 space)

Tenant Occ.: 0.0% (0 tenants)

Market Lease Terms:

Space Type	Market \$/Sqft	Est. Expenses	Expense Terms	Term Months	Ann. Increase
Office Warehouse	\$12.00	\$0.00	IG	36 mos.	CPI

Market Vacancy/Collection: 5.5%

Subject Capitalization Rate: 6.50%

Sales Comparison

This approach was given 100% weight. A sales comparison analysis was considered and was developed because it would be considered relevant by market participants.

6 sales were used	Unadjusted \$/SqFt	Net Adj.	Absolute Adj.	Adjusted \$/SqFt
Low	\$143.68	-15%	15%	\$146.59
Average	\$167.16	-3%	28%	\$167.21
Median	\$162.26	-5%	25%	\$167.10
High	\$209.97	10%	45%	\$183.83

CONCLUSIONS OF VALUE

	<i>Weight</i>	As-Is Market Value of the Fee Simple Interest
Interest Appraised:		<u>11,000 SqFt</u>
Improved Square Feet:		<u>July 8, 2016</u>
Effective Date:		
Cost Approach	<i>0%</i>	N/A
<i>Improved Price per Square Foot</i>		N/A
<i>Land Area Price per Square Foot</i>		N/A
Income Capitalization Approach	<i>0%</i>	\$1,260,000
<i>Improved Price per Square Foot</i>		\$114.55
Sales Comparison Approach	<i>100%</i>	\$1,895,000
<i>Improved Price per Square Foot</i>		\$172.27
Final Value Estimate		\$1,895,000
<i>Improved Price per Square Foot</i>		\$172.27
<i>Land Area Price per Square Foot</i>		\$45.94
<i>Current Listing</i>		\$2,500,000
<i>Improved Price per Square Foot</i>		\$227.27
<i>Current Contract</i>		\$1,895,000
<i>Improved Price per Square Foot</i>		\$172.27
<i>Personal property, fixtures & intangibles:</i>		None
Date of the report		July 15, 2016
Market Exposure Time		6 months
<i>Improved Sales Comparison Median:</i>		<i>11 months</i>
Marketing Period		6 months

Extraordinary Assumption(s): This appraisal contains no extraordinary assumptions.
 Hypothetical Condition(s): This appraisal is not based on any hypothetical conditions.

MAPS, DIAGRAMS AND PHOTOGRAPHS

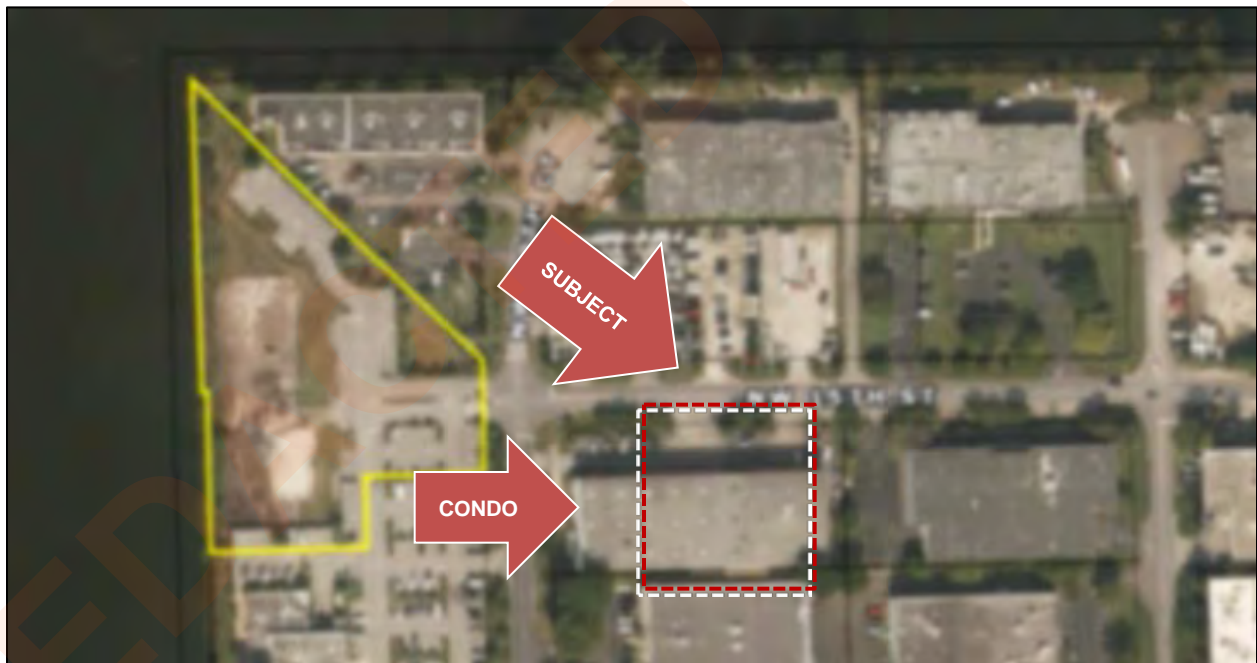
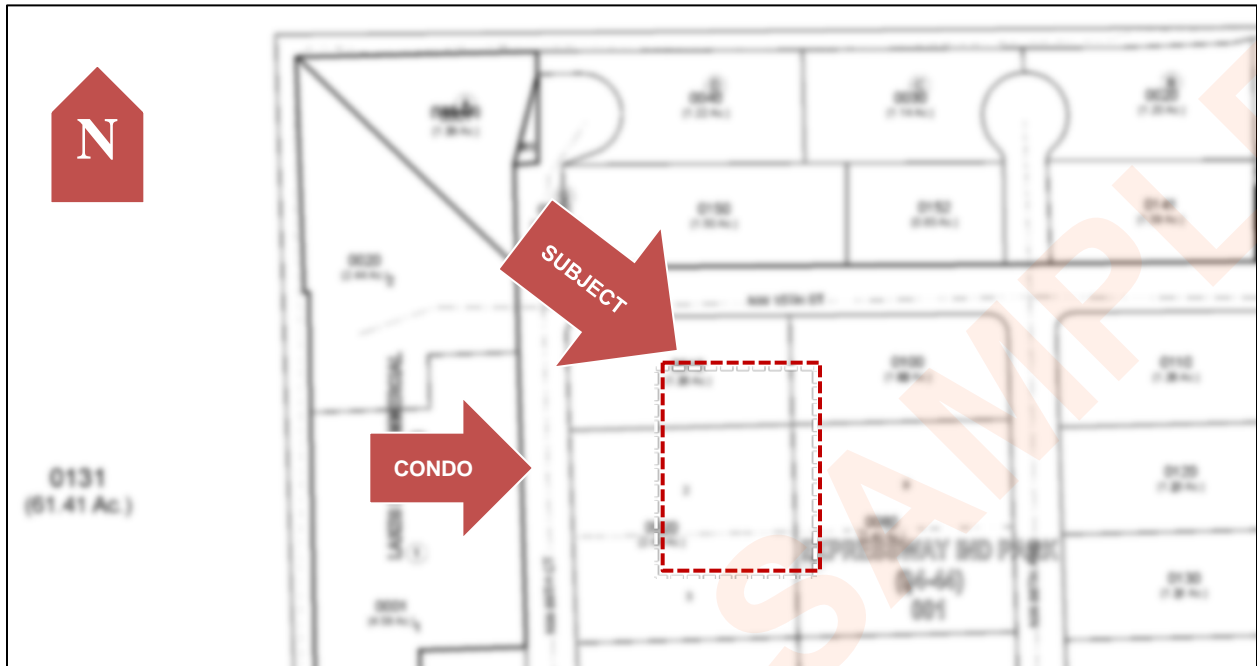
MIAMI-DADE COUNTY MAP



LOCAL AREA MAP



PARCEL MAP



FLOOR PLANS

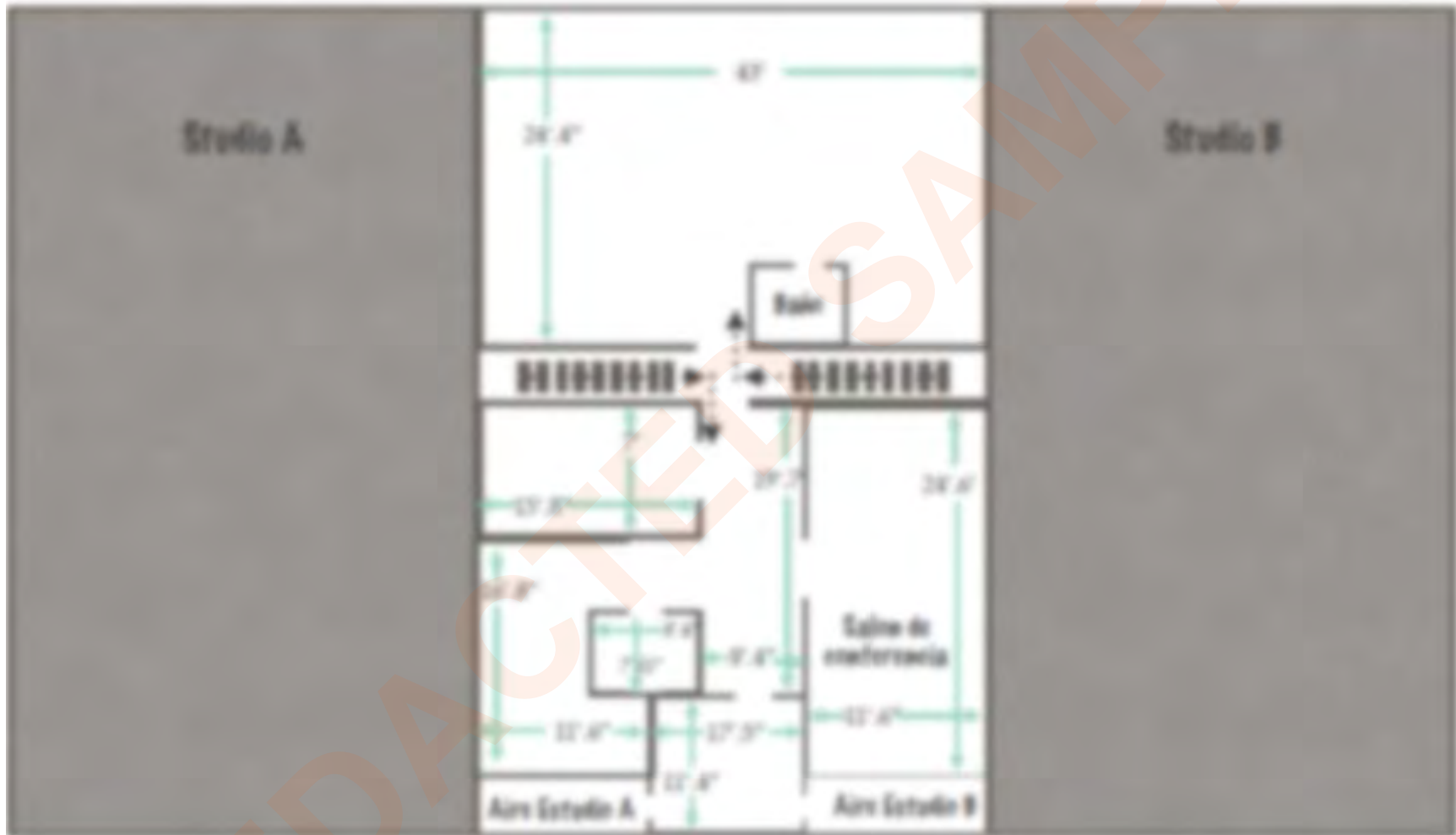


Appraisal of: Two-Bay Office Warehouse Condominium ♦ Maps, Diagrams and Photographs Section

Client: ABC Bank N.A.

Client ID: Sample Appraisal Report - Industrial

Nivel 2



AERIAL PHOTOGRAPHY (CoSTAR/BING)



Appraisal of: Two-Bay Office Warehouse Condominium ♦ Maps, Diagrams and Photographs Section

Client: ABC Bank N.A.

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SUBJECT PHOTOGRAPHS



SEC of subject (south curb cut)



NEC of subject (north curb cut)



South curb cut & loading/parking area



North curb cut & loading/parking area



Subject office frontage



Front court (south to north)

Appraisal of: Two-Bay Office Warehouse Condominium ♦ Maps, Diagrams and Photographs Section

Client: ABC Bank N.A.

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NEC of subject



NWC-rear of subject (left); right is other condominium in the development.



North on SW 18th Avenue (subject left)



South on SW 18th Avenue (subject right)



West on SW 184th Street (subject left)



East on SW 184th Street (subject right)

Appraisal of: Two-Bay Office Warehouse Condominium ♦ Maps, Diagrams and Photographs Section

Client: ABC Bank N.A.

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Subject ground floor lobby/showroom



Showroom restroom



Step-up from showroom to dock floor level



Dock floor level office area (meeting area)



Typical dock level office



Typical dock level restroom

Appraisal of: Two-Bay Office Warehouse Condominium ♦ Maps, Diagrams and Photographs Section

Client: ABC Bank N.A.

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Stairway to second floor (one of two)



Second floor front office



Second floor front office



Second floor front office restroom



Second floor front office overlook



Second floor back office area

Appraisal of: Two-Bay Office Warehouse Condominium ♦ Maps, Diagrams and Photographs Section

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Sound booth in typical office



Dock-floor level rear connector (office right, studio B ahead, studio A to rear)



Studio A warehouse with boxed loading doors



Studio B warehouse with boxed loading doors



Single-wall studio B demising wall



Typical suspension cage throughout both studio ceilings, Twin-Ts, HVAC vent & sprinklers.

CERTIFICATE OF VALUE

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 performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. 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.
8. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the following requirements:
 - a. The Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.
 - b. Uniform Standards of Professional Appraisal Practice (USPAP).
 - c. The State of Florida requirements for state-certified appraisers.
 - d. The prevailing guidelines issued under Title XI of the Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA).
 - e. Office of the Comptroller of the Currency of the United States of America.
 - f. Federal Deposit Insurance Corporation (FDIC).
 - g. ABC Bank N.A. commercial appraisal reporting guidelines.
 - h. ABC Bank N.A. affiliates, successors or assigns and participating financial institutions are also intended users. Under USPAP the appraiser requires written authorization to discuss assignment results or confidential information with anyone except the client.
9. I have made a personal inspection of the property that is the subject of this report.
10. No one provided significant real property appraisal assistance to the person signing this certification.

11. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
12. 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.
13. As of the date of this report, Michael P. Jacobs, MA, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.
14. I have complied with the USPAP Competency Rule.
15. 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.
16. This appraisal report does not reflect the value of any furniture, fixtures or equipment necessary to operate any business, or businesses entities occupying the subject property.
17. Value conclusions are as follows:

Value Parameter	Effective Date	Conclusion of Value	Improved \$/SqFt
Personal property, fixtures & intangibles:		None	
Current Market Value of the Fee Simple Interest As-Is:	July 8, 2016	\$1,895,000	\$172.27
<i>Market Exposure Time:</i>	<i>6 months</i>		

Date of Report & Certification: July 15, 2016



Michael P. Jacobs, [MA](#), [MAI](#)
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GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

General Assumptions

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 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, urea formaldehyde 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 appearance only. 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. To the best of my ability, the analysis, opinions, and conclusions were developed in this report was prepared in accordance with the standards and reporting requirements of FIRREA of 1989-XI and its updates, the office of the Comptroller of the Currency of the United States of America (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards Board of the Appraisal Foundation.
17. The reader should be advised that my employment was not contingent on the appraisal providing a minimum valuation, a specific calculation or the approval of a loan. Additionally, I 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 analysis 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.

3. In addition extraordinary assumptions and hypothetical conditions are considered:

Extraordinary assumption(s):

- This appraisal contains no extraordinary assumptions.

Hypothetical condition(s):

- This appraisal is not based on any hypothetical conditions.

INTRODUCTION



- Miami-Dade
- Broward
- Palm Beach
- Collier/Lee
- Monroe

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PURPOSE OF THE APPRAISAL REPORT

This report has been prepared for the purposes of estimating the “As-Is” market value of the fee simple interest as of July 8, 2016. USPAP also implies that a bulk-sale scenario must be considered when analyzing multiple economic units. This term is defined in the *Definitions* section of this report. Although the appraised property is composed of two tax parcels, it operates as a single economic unit and a bulk-sale scenario value estimate is not relevant.

CLIENT, INTENDED USER AND USE OF THE APPRAISAL REPORT

This report is intended for use by ABC Bank N.A., the client, and the intended use is for mortgage underwriting. ABC Bank N.A. affiliates, successors or assigns and participating financial institutions are also intended users. Under USPAP the appraiser requires written authorization to discuss assignment results or confidential information with anyone except the client. Use of this report by others is not intended by the appraiser. No one else, or any other entities, may rely on this appraisal.

According to my client the intended use of this appraisal is for mortgage underwriting. The specific terms of the existing and prospective financing were not revealed in the engagement. Typical market financing terms are assumed.

DEFINITIONS

DEFINITION OF MARKET VALUE

The focus of the appraisal problem for this assignment is Market Value. Both economic and legal definitions of Market Value have been developed and refined by numerous entities for a number of different purposes. The economic definition agreed upon by federal financial institutions in the United States of America and intended in this appraisal is:

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

1. Buyer and seller are typically motivated
2. Both parties are well informed or well advised and acting in what they consider their own best interest
3. A reasonable time is allowed for exposure to the open market
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. Price represents a normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition is suggested by FIRREA of 1989- Title XI and its updates, the Uniform Standards of Professional Appraisal Practice (USPAP), the Appraisal Institute and the Federal Deposit Insurance Corporation, and was the basis of the valuation in this appraisal.

Source: [12 CFR 34.42](#)

Code of Federal Regulations: Title 12; - Bank and Banking Chapter I – Comptroller of the Currency,
Department of the Treasury;

Part 34 – Real Estate Lending and Appraisals – Subpart C – Appraisals, Section 34.42 Definitions;

Revised as of January 1, 2000

DEFINITIONS FROM THE DICTIONARY OF REAL ESTATE APPRAISAL

Source: Appraisal Institute, the Dictionary of Real Estate Appraisal, 5th ed., Chicago: Appraisal Institute, 2010).

"Market Value as-is" is an estimate of market value of the property in the condition observed upon inspection and as it physically and legally exists as of the date the appraisal is prepared. Most financial institutions will not accept hypothetical conditions, assumptions or qualifications in this value estimate.

"Market Value to a Single Purchaser" or "Bulk-Sale Value" - An estimate of value to a single purchaser as of the date of completion, wherein a portion of the overall real property rights or physical asset would typically be sold to its ultimate users over some future time period. This definition applies to "for sale" type development properties. Such valuation estimates must fully reflect all appropriate deductions and discounts as well as the anticipated cash flows to be derived from the disposition of the asset over time.

- The appraiser interprets this concept to apply whenever immediate absorption of the economic units appraised will be significantly altered by adding them simultaneously to the market. In cases where multiple-term absorption is necessary, as in a land subdivision, this analysis will be more relevant than for end-user properties (i.e. multiple condominium bays). Regardless, when absorption would exceed the typical marketing time for a single economic unit of the subject property profile, the analysis is necessary.
- It is not intended to be a liquidation or disposition value concept, and must not penalize market value unnecessarily. If an end-user can sell all economic units within an assemblage in a reasonable time period, this analysis is unnecessary.

Definition of Estate Interests - The value estimated is for the fee simple estate. The types of ownership estates are 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. Fee Simple is an inheritable estate.
- *Leased Fee Interest* is a freehold (ownership interest) where the possessory interest has been granted to another party by the creation of a contractual landlord-tenant relationship (i.e., a lease).

TERMS “EXTRAORDINARY ASSUMPTION” AND “HYPOTHETICAL CONDITION”

When used in an appraisal report, extraordinary assumptions and hypothetical conditions can have a profound impact on the appraisal observations and conclusions. It is essential to understand these terms to understand the appraisal report.

Extraordinary Assumption

Extraordinary assumptions and hypothetical conditions may affect the assignment results. Definitions of these terms are obtained from The Appraisal Foundations Uniform Standards of Professional Appraisal Practice (USPAP) 2014-2015 Edition on [page U-3](#).

Extraordinary assumptions may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact.

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

- This appraisal contains no extraordinary assumptions.

Hypothetical Condition

Hypothetical conditions may also affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

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.

- This appraisal is not based on any hypothetical conditions.

SCOPE OF WORK

Conditions of the Appraisal

This is an Appraisal Report as defined by the Uniform Standard of Professional Appraisal Practice under Standards Rule 2-2(a). This format provides a detailed and complete description of the appraisal process, subject data and valuation. The appraiser's workfile contains additional information.

All appraisals begin by identifying the appraisal problem. This report has been prepared for the purposes of estimating the "As-Is" market value of the fee simple interest as of July 8, 2016. USPAP also implies that a bulk-sale scenario must be considered when analyzing multiple economic units. This term is defined in the *Definitions* section of this report. Although the appraised property is composed of two tax parcels, it operates as a single economic unit and a bulk-sale scenario value estimate is not relevant.

Valuation Methodology Scope

The approaches employed in this appraisal report are sufficient to develop credible assignment results in solving the appraisal problem. For each assignment, all typical approaches to value are considered although only the most relevant are typically used in the report. These approaches to value are the cost approach, the sales comparison approach and the income capitalization approach. I also consider any market-standard approach for relevance based on specific assignment and property attributes.

Scope of the Property Description

Facts are not always clearly evident or interpreted the same by all. As a result an appraiser observes rather than determines fundamental property conditions to generate a credible analysis.

As noted in the Limiting Conditions section of this report, while I promulgate information requests through my client, I am not responsible for errors and omissions from data sources, my client, designated property contacts or their assigns, or field observations.

As a service appraisers rely on many sources to compile basic information, one of which is field-observations.

- Appraisers are not structural engineers and therefore cannot attest to the soundness of a structure or soil quality.
- I do not measure land. Land size is based on information provided by my client, designated contacts or assigns, surveys provided, public records and recorded plats. Occasionally it is necessary to use judgment where measurements are ambiguous, and these cases are identified as extraordinary assumptions when obvious or revealed to me.
- The scale and impact of easements and unusable land area are often ambiguous and will be noted as an extraordinary assumption where obvious or revealed to me, but their research and legal interpretation is beyond the scope of this appraisal report.

- Obstructions, obscured building elements and other factors limit an appraiser's ability to measure accurately, and the description of the improvements is based primarily on information provided by my client, their primary property contact or assigns. As a practical matter, I reconcile descriptions from multiple market-standard sources such as the property owner, other market participants, rent rolls, the County Property Appraiser, provided surveys and/or building plans. As a result, while when practical I confirm measurements, I accept no responsibility for my measurements and errors or omissions by others. This process is described within each appraisal report and flagged with an extraordinary assumption when potential discrepancies are obvious or revealed to me.
- Occupancy status is described to me by my client, their designated contacts and their assigns. As an appraiser I cannot tell whether the property is owner or tenant occupied. Properties may appear physically vacant but actually occupied or leased. I do not make any representations other than those provided through estoppel or other representations.
- Financials must be provided by my client, their designated contacts or assigns. I am often called upon to use judgment to reconcile between various sources and versions. I do not audit financial records or tax returns.

Market Data Scope

Like most market participants, I typically give considerable weight to the most relevant market era closest to the effective date(s) of this appraisal. However, I also research and consider older sales that market participants would consider relevant even though dated, especially under conditions where comparables are limited and/or very different from the subject property.

- Comparables were inspected from the exterior with interior inspections when practical, possible and appropriate considering their relevance and scope of the assignment.
- Photographs were obtained at the time of each comparable property inspection or obtained from commercial services when they provided a better representation of conditions at the time of sale.
- Sale prices, conditions of sale, financing and property attributes were obtained from as many sources as possible and practical including public records, parties to the transaction and third party data providers. I subscribe to and typically use CoStar, LoopNet and RealQuest to research listing and sale information from for every comparable, as well as Regional MLS when appropriate (typically smaller properties). Each data source provides unique insights on each comparable.
- As a practical matter it is sometimes necessary for an appraiser to "fill in the blanks" when something about a comparable is not evident and parties to the transaction cannot or will not provide confirmation. Often, two or more parties to a transaction will provide different information. In these cases appraisers consider the property and information source profile(s), their real estate sophistication, potential motivations, and what a typical buyer would consider reasonable.

Improvement Size Estimates of Comparable Properties

Every reasonable effort was made to be certain that the size of each comparable is consistent with the measurement method for the subject, although market participants do not always report measurements consistently or correctly. Even market participants in the same transaction can measure differently. For example, depending on the market and property profile space can be sold and/or leased on a usable, saleable, adjusted (from the Miami-Dade County Property Appraiser), net or gross rentable, gross building area or other basis. It is not uncommon to find a variety of measurements used for the same property depending on the source, and property measurement standards are often inconsistent depending on perspective.

- Square footage is often reported as gross area when vertical penetrations, common areas and restrooms are occupied by a single occupant. This may not be an error, but the measurement technique should be consistent between the subject property and comparables.
- Under BOMA market standards building measures exclude vertical penetrations. Owners and sales brokers frequently include them to cast the property in the best light – higher square footage or unit count results in a lower price per square foot and/or unit.
- Unconventional space such as a mezzanine is sometimes included, and while a facility may have more floor space as a result, there is a functional trade-off. Again, consistency is necessary.
- Errors sometimes become the market-standard for a property when carried through by a series market participants.

When information is not ideal, appraisers use judgment and experience to apply a consistent measurement. Generally, the difference in the rental rate should not be significant since in reality market participants rarely measure space, and any incremental variance will be within a reasonable range.

Data Sources

Market data research included, but was not limited to, using the following data sources:

CoStar
LoopNet Sales (premium service)
REIS
Regional MLS (MLXchange)
National Multiple Listing Service
Marshall and Swift Commercial Cost Estimator
CoreLogic RealQuest
Moody's Analytics Précis Metro
RealtyRates.com
PwC Real Estate Investor Survey™ of PricewaterhouseCoopers LLP
Miami-Dade County Property Appraiser's website
Newspaper clippings

I maintain training and the legal right to use the following valuation technology:

Microsoft Word and Excel
Templates I have developed over many years in the appraisal and real estate industry
Narrative1 Software providing the integration application between MS Word and Excel
Argus Financial Software
Adobe Acrobat
Dropbox, YouSendIt, Jfax, and other services as necessary

Real estate agents in the subject area are interviewed to supply up-to-date information and observations. All information is analyzed in processing the appraisal reports 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.

DESCRIPTION & ANALYSIS



- Miami-Dade
- Broward
- Palm Beach
- Collier/Lee
- Monroe

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IDENTIFICATION AND HISTORY OF THE SUBJECT PROPERTY

LOCATION AND ADDRESS

Property Name: Two-Bay Office Warehouse Condominium

Location: 1400 and 1410 SW 44th Avenue
Unincorporated area of Doral, FL
Miami-Dade County

Parcel Numbers: 00-0000-000-0000 and 00-0000-000-0000

Orientation: The subject property is located in the Miami Airport North Industrial Submarket on the southeast corner of SW 14th Street at SW 44th Avenue between Jefferson and Whitewood street corridors.

MSA: Miami - Fort Lauderdale - Pompano Beach

Legal Description

The appraised property legal description is in addenda within the Miami-Dade County Property Appraiser's tax card (an image of the website) and/or RealQuest Situs Report.

Owner of Record

See Addendum: The Miami-Dade County Property Appraiser shows the following as the current property owner per CoreLogic RealQuest.

CURRENT USE AND OCCUPANCY PROFILE

According to CoStar the subject for purposes of comparison is considered an industrial use as improved, specifically an office warehouse.

The property is presently vacant, being sold between end-users. To the best of my knowledge the status is not expected to change significantly in the foreseeable future.

The seller purchased and used the facility as a production studio. The buyer is Nova-Tech International, which provides high quality lab equipment and general lab supplies.

SALE AND LISTING HISTORY OF THE SUBJECT PROPERTY

Summary

USPAP requires a summary of the analysis of the subject sales, agreements of sale, options, and listings. There have been no market sales in the last five years. I have been informed by my client and principals to the transaction that the property is under contract for \$1,895,000 or \$172.27 per square foot. It is currently listed for \$2,500,000 or \$227.27 per square foot. I found no evidence and have not been informed of any other agreements of sale or options.

Based on my observations, most market participants would conclude that the last market sale was at market value at the time, widely believed to be the absolute bottom of the market following a market-wide real estate devaluation. Most sales in this era are substantially below current price levels, which began to recover in late 2012 and have seen significant gains.

The current purchase price appears to be reasonable under current market conditions based on the sales observations in the sales comparison approach.

Market and Appraisal History

The following table summarizes market activity and the appraisal conclusions.

MARKET AND APPRAISAL ACTIVITY

Condition	ORB	Buyer/Broker	Date	Price	\$/Sqft
Previous Market Sale	ORB 0000-0000	XYZ Corp.	9/14/2006	\$715,000	\$65.00
Last Market Sale	ORB 0000-0000	North Inc.	4/11/2011	\$650,000	\$59.09
Current Listing		Broker Fredrick Samuel Commercial	6/15/2015	\$2,500,000	\$227.27
Current Contract		Splinter Equities, Inc.	6/8/2016	\$1,895,000	\$172.27
<u>Appraisal Conclusions</u>					
As-Is Market Value			7/8/2016	\$1,895,000	\$172.27

Recent Listing History

Regional MLS and LoopNet, a commercial real estate listing and research service used extensively by market participants throughout the region, reveals that the subject property was last offered for sale and lease as follows.

MLS LISTING HISTORY

Property History View						
MLS #	Status	Price	Date	Agent	Broker	Area
1234567	C	\$ 1,475,000	10/16/14	1234567	1234567	1234567
1234567	C	\$ 1,475,000	10/16/14	1234567	1234567	1234567
1234567	A	\$ 1,475,000	10/17/14	1234567	1234567	1234567
1234567	A	\$ 1,475,000	10/17/14	1234567	1234567	1234567
1234567	A	\$ 1,475,000	10/17/14	1234567	1234567	1234567
1234567	A	\$ 1,475,000	10/17/14	1234567	1234567	1234567
1234567	A	\$ 1,475,000	10/17/14	1234567	1234567	1234567
1234567	A	\$ 1,475,000	10/17/14	1234567	1234567	1234567
1234567	A	\$ 1,475,000	10/17/14	1234567	1234567	1234567
1234567	A	\$ 1,475,000	10/17/14	1234567	1234567	1234567

MLS LISTING INFORMATION

ML: 1234567 **NO:** 1234567 **STATUS:** Active
AD: 1234567 **CD:** 1234567 **CP:** 1234567 **CR:** 1234567 **CS:** 1234567 **CT:** 1234567 **CU:** 1234567 **CV:** 1234567 **CX:** 1234567 **CY:** 1234567 **CZ:** 1234567
DA: 1234567 **DB:** 1234567 **DC:** 1234567 **DD:** 1234567 **DE:** 1234567 **DF:** 1234567 **DG:** 1234567 **DH:** 1234567 **DI:** 1234567 **DJ:** 1234567 **DK:** 1234567 **DL:** 1234567 **DM:** 1234567 **DN:** 1234567 **DO:** 1234567 **DP:** 1234567 **DQ:** 1234567 **DR:** 1234567 **DS:** 1234567 **DT:** 1234567 **DU:** 1234567 **DV:** 1234567 **DW:** 1234567 **DX:** 1234567 **DY:** 1234567 **DZ:** 1234567
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MA: 1234567 **MB:** 1234567 **MC:** 1234567 **MD:** 1234567 **ME:** 1234567 **MF:** 1234567 **MG:** 1234567 **MH:** 1234567 **MI:** 1234567 **MJ:** 1234567 **ML:** 1234567 **MM:** 1234567 **MN:** 1234567 **MO:** 1234567 **MP:** 1234567 **MQ:** 1234567 **MR:** 1234567 **MS:** 1234567 **MT:** 1234567 **MU:** 1234567 **MV:** 1234567 **MW:** 1234567 **MX:** 1234567 **MY:** 1234567 **MZ:** 1234567
NA: 1234567 **NB:** 1234567 **NC:** 1234567 **ND:** 1234567 **NE:** 1234567 **NF:** 1234567 **NG:** 1234567 **NH:** 1234567 **NI:** 1234567 **NJ:** 1234567 **NL:** 1234567 **NM:** 1234567 **NN:** 1234567 **NO:** 1234567 **NP:** 1234567 **NQ:** 1234567 **NR:** 1234567 **NS:** 1234567 **NT:** 1234567 **NU:** 1234567 **NV:** 1234567 **NW:** 1234567 **NX:** 1234567 **NY:** 1234567 **NZ:** 1234567
OA: 1234567 **OB:** 1234567 **OC:** 1234567 **OD:** 1234567 **OE:** 1234567 **OF:** 1234567 **OG:** 1234567 **OH:** 1234567 **OI:** 1234567 **OJ:** 1234567 **OL:** 1234567 **OM:** 1234567 **ON:** 1234567 **OO:** 1234567 **OP:** 1234567 **OQ:** 1234567 **OR:** 1234567 **OS:** 1234567 **OT:** 1234567 **OU:** 1234567 **OV:** 1234567 **OW:** 1234567 **OX:** 1234567 **OY:** 1234567 **OZ:** 1234567
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RA: 1234567 **RB:** 1234567 **RC:** 1234567 **RD:** 1234567 **RE:** 1234567 **RF:** 1234567 **RG:** 1234567 **RH:** 1234567 **RI:** 1234567 **RJ:** 1234567 **RL:** 1234567 **RM:** 1234567 **RN:** 1234567 **RO:** 1234567 **RP:** 1234567 **RQ:** 1234567 **RR:** 1234567 **RS:** 1234567 **RT:** 1234567 **RU:** 1234567 **RV:** 1234567 **RW:** 1234567 **RX:** 1234567 **RY:** 1234567 **RZ:** 1234567
SA: 1234567 **SB:** 1234567 **SC:** 1234567 **SD:** 1234567 **SE:** 1234567 **SF:** 1234567 **SG:** 1234567 **SH:** 1234567 **SI:** 1234567 **SJ:** 1234567 **SL:** 1234567 **SM:** 1234567 **SN:** 1234567 **SO:** 1234567 **SP:** 1234567 **SQ:** 1234567 **SR:** 1234567 **SS:** 1234567 **ST:** 1234567 **SU:** 1234567 **SV:** 1234567 **SW:** 1234567 **SX:** 1234567 **SY:** 1234567 **SZ:** 1234567
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WA: 1234567 **WB:** 1234567 **WC:** 1234567 **WD:** 1234567 **WE:** 1234567 **WF:** 1234567 **WG:** 1234567 **WH:** 1234567 **WI:** 1234567 **WJ:** 1234567 **WL:** 1234567 **WM:** 1234567 **WN:** 1234567 **WO:** 1234567 **WP:** 1234567 **WQ:** 1234567 **WR:** 1234567 **WS:** 1234567 **WT:** 1234567 **WU:** 1234567 **WV:** 1234567 **WW:** 1234567 **WX:** 1234567 **WY:** 1234567 **WZ:** 1234567
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ZA: 1234567 **ZB:** 1234567 **ZC:** 1234567 **ZD:** 1234567 **ZE:** 1234567 **ZF:** 1234567 **ZG:** 1234567 **ZH:** 1234567 **ZI:** 1234567 **ZJ:** 1234567 **ZL:** 1234567 **ZM:** 1234567 **ZN:** 1234567 **ZO:** 1234567 **ZP:** 1234567 **ZQ:** 1234567 **ZR:** 1234567 **ZS:** 1234567 **ZT:** 1234567 **ZU:** 1234567 **ZV:** 1234567 **ZW:** 1234567 **ZX:** 1234567 **ZY:** 1234567 **ZZ:** 1234567

LOOPNET LISTING

6392 - 6394 NW 14th Ave
 Miami, FL 33142 - 10,000 SF - Single Family Home

\$2,175,000



Industrial Property For Sale

Price	\$2,175,000	Property Use Type	Vacant/Owner-User
Building Size	11,000 SF	No. Stories	2
Price/SF	\$197.73	Clear Ceiling Height	25 ft.
Property Type	Industrial	No. Dock-High Doors/Loading	4
Property Sub-type	Warehouse	Parking Ratio	16 / 1,000 SF

Description

6392 - 6394 NW 14th Avenue, Miami, FL 33142
 Suitable for Industrial Use. This well-maintained building features a concrete floor, high ceilings, and large windows. The property is located in a prime industrial area with easy access to major highways and public transportation.

Physical Characteristics

- 11,000 SF of Total Building Area
- 10,000 SF of Total Building Area
- 10,000 SF of Total Building Area
- Total 11,000 SF of Building Area

Property is currently vacant. Previous industrial use permitted at a maximum of 100,000 sq. ft. of space.

The property is well-maintained and ready for immediate occupancy. The building features a concrete floor, high ceilings, and large windows. The property is located in a prime industrial area with easy access to major highways and public transportation.

BROKER'S OFFERING FLYER



SITE DESCRIPTION

A *site* is land made usable for a purpose and may have been improved with utilities, water and sewer, roads and/or street improvements, clearings, grading, fill, drainage and/or approvals. The legal description of the property is contained in the addendum of this report.

The site area is condominium association owned but essentially conforms well to the non-condominium industrial (office warehouse) market standard for similar properties in the local area because orientation of and access to the subject bays is independent of the other units in the development. There are no common areas.

The following analysis is somewhat academic since the owner of the subject building has little independent autonomy over past, present or future land use.

SITE SUMMARY

Condominium Name	Location	Shape	Use	Zoning	Gross Area		Usable
					Sq.Ft.	Acres	Pct
Northstar Condominium	1400 and 1410 SW 44th Avenue, Unincorporated Doral, FL	Rectangular	Industrial	IU-3	39,200	0.90	100.0%

Location: 1400 and 1410 SW 44th Avenue
 Unincorporated area of Doral, FL 33166-2607
 Miami-Dade County

According to CoStar the property is located on the southeast corner of SW 14th Street at SW 44th Avenue between Jefferson and Whitewood street corridors in the Miami Airport North Industrial Submarket.

Current land use: Industrial (office warehouse).

Shape: Rectangular.

Percent usable: For purposes of developing the lot to its highest and best use, the site is effectively 100% usable..

Off-Site Improvements:

- The site is on asphalt-paved public streets with one lane in each direction.
- The median is painted with no turn lanes.
- Curbs, gutters and sidewalks are not present.
- Overhead utilities.
- Truck-loading access and turning radius are sufficient for access by multiple industrial vehicles although somewhat tight. There does not appear to be any loading-interference from other properties.

Land Use Restrictions, Easements and/or Encroachments: A title report was requested but not provided and a survey was requested but not provided. No easements, encroachments, or restrictions that would adversely affect the site's use are known by the appraiser. However, a title search and review by a qualified attorney or land-use professional is necessary to determine whether any adverse conditions exist. Additionally, there is no evidence of a License to Use affecting the site.

Adjacent Uses

North: Single-user grade-level manufacturing building.

South: Conforming two-bay office warehouse.

East: Fontaine facility for truck maintenance; multi-tenant design manufacturing building.

West: New small-bay office warehouse development.

Functional Adequacy: The subject site conforms well to others throughout the district with average overall functionality and conforming relationship to adjoining properties.

Earthquake Hazard

The subject property is not located in an active seismic region or active FEMA Seismic Zone.

Flood Zone

According to FEMA Map Community Panel Number 000000 - 123456789A (FEMA Map dated May 1, 1998) the subject is located in an area mapped by the Federal Emergency Management Agency (FEMA). The subject is located in FEMA flood zone X, which represents moderate to low risk and available to all property owners and renters. According to FEMA, this is an area of moderate flood hazard, usually the area between the limits of the 100-year and 500-year floods. **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.** A copy of the flood zone map provided by CoreLogic RealQuest is in addenda.

Source: CoreLogic RealQuest Professional, FEMA Map Service Center ("FEMA Flood Zone Designations"). The following map/report was produced using multiple sources. It is provided for informational purposes only. This map/report should not be relied upon by any third parties. It is not intended to satisfy any regulatory guidelines and should not be used for this or any other purpose.

DESCRIPTION OF THE IMPROVEMENTS

Inspection and Information Sources

A building diagram with measurements was provided. I inspected the improvements on July 8, 2016. A building interior floor plan was provided, and all areas of the property were available to me.

Size estimates are not always conclusive. Principals, brokers, rent rolls, official public records and other sources can all legitimately differ. A building diagram with measurements was provided. I took sample on-site and/or aerial photograph measurements, but the appraiser's measurements are not a substitute for professional surveys, site plans and/or as-built diagrams. Factors such as irregular ground or floor areas, indirect access, dimensions that do not square, obstructions and other issues will almost always create a variance. The appraiser accepts no liability for measurements.

Overview

Property Name:	Two-Bay Office Warehouse Condominium
Property Use:	Industrial (office warehouse).
Competitive Class:	A/B
Year Built:	1992
Last Renovations:	2010
Proposed Changes:	To the best of my knowledge there are no proposals for significant changes or repositioning of the property other than probable removal of the temporary studio improvements (suspension cage, door boxes, green screen, etc.).
Personalty:	Personalty is excluded from this appraisal including FF&E, the occupant's trade fixtures even if attached, and all other non-realty components.
Business Value:	The contributory of the occupant's going-concern (if any) or business profile is not considered a factor. An appraisal assumes a market-sale to a non-affiliated third party.

Appraisal of: Two-Bay Office Warehouse Condominium ♦ Description of the Improvements Section

Client: ABC Bank N.A.

Client ID: Sample Appraisal Report - Industrial

APPRAISED BUILDING IMPROVEMENTS

No.	Parcel Number	Location	Improvement Use	Class	Built	Renov.	Stories	Units	Appraised GLA
1	00-0000-000-0000	1400 SW 44th Avenue	Bay 1400 Industrial (office warehouse)	A/B	1992	2010	2	1	5,500
2	00-0000-000-0000	1410 SW 44th Avenue	Bay 1410 Industrial (office warehouse)	A/B	1992	2010	2	1	5,500
Total:								2	11,000
Total in the Condominium Complex:								4	28,000

APPRAISED BUILDINGSQUARE FOOT BREAKDOWN

Measured GLA	Ground	Second	Total	
Office	3,000	3,000	6,000	55%
Warehouse	4,500		4,500	
Included Mezzanine			0	
Total Measured GLA	7,500	3,000	10,500	
Compared to:				
Official Public Records			10,750	
Broker's Offering Memorandum			11,500	
Reconciled to:				
			11,000	
Excluded Mezzanine			0	

Total Building Size and Site Relationship

Condominium Development

Number of Units:	4
Gross Building Area:	28,000 square feet. This includes all other units in the facility and common areas included in the condominium association's prorata share denominator.
Parking Ratio:	1.36 per 1,000 SqFt overall.
Land-to-Building Ratio:	1.47:1.0; the subject's ratio is compatible with the market standard.
Surplus Land SqFt:	None.

Surplus Land is the land area beyond what is necessary to support the highest and best use of the existing improvements but, because of physical limitations, building placement, or neighborhood norms cannot be sold off separately. Such land may or may not contribute positively to value and may or may not accommodate future expansion of an existing or anticipated improvement.

By contrast, excess land is not necessary to support the highest and best use of the improvements and can as a practical matter be sold separately.

Appraised Property

Gross Leasable Area:	11,000 square feet.
Add-On Factor:	0%
Common Area:	None.
Adjusted Area	10,750 square feet (per the Miami-Dade County Property Appraiser) which should not be relied upon without verification.

Structural Attributes

Floors:	2
Buildings Appraised:	2
Foundation:	Reinforced concrete footings.
Subfloors:	Heavy Twin-T office floor.
Exterior Walls:	Concrete tilt wall construction.
Roof Construction:	The roof was not inspected. It consists of concrete Twin-T assemblies.
Roof Cover:	Tar and gravel.
Power:	Standard industrial power assumed (two 400-amp 240-volt boxes with step-down panels located in Studio-B).
Plumbing:	Adequate industrial plumbing assumed.
Utility Metering:	Master metered; two panels but both panels located in Studio-B.
Pedestrian Access:	The main entrance is an impact glass double door in a glass storefront. The warehouse has metal door access.
Elevator:	None.
Windows:	Impact glass storefront in aluminum frames.
Security:	Proprietary.

Appraisal of: Two-Bay Office Warehouse Condominium ♦ Description of the Improvements Section

Client: ABC Bank N.A.

Client ID: Sample Appraisal Report - Industrial

Interior Finishing	<u>Office</u>	<u>Warehouse</u>
Size:	6,000 SqFt (55% of GLA) which lies in the upper range of the market standard for the district.	4,500 SqFt
Demising:	Functional showroom/open office on both levels with rear offices.	None; two rectangular bays.
Restrooms:	Multiple restrooms throughout.	None.
Sprinklers:	Yes.	Yes
Air Conditioning:	Package HVAC.	Package HVAC.
Flooring:	Tile office throughout.	Concrete.
Walls:	Drywall.	Concrete.
Ceilings:	Exposed to Twin-T and acoustic panels.	Exposed.
Dominant Lighting:	Fluorescent.	Fluorescent and LED.
Other Equipment:	None included.	None included.
Overall Condition:	General office.	Average.
Functional Utility:	Suitable for most business profiles.	Good rectangular.

Industrial Loading and Functional Attributes

Other Mezzanine Area:	None.		
Grade Level Doors:	2	Warehouse Clear Height:	20'
Dock Height Doors:	4	Column Spacing:	Market standard
Rail Loading:	0	Average Depth:	Market standard
Loading Configuration:	Front loading court comingled with office parking.		
Other Equipment:			
Warehouse Ventilation:	None (HVAC).		
Dock Shelters/Awnings:	None.		
Wall Protection:	Rubber bumpers.		
Trailer Restraints:	None.		
Load Levelers:	None.		

Overall Ratings

Quality:	Average based on the market-standard for buildings of this age and profile.
General Compatibility:	Average compared to surrounding industrial land uses.
Condition:	Good considering the property's construction era and design.
Deferred Maintenance:	Significant deferred maintenance issues necessary to maintain the property's market position were not revealed and not observed.
Capital Improvements:	Significant capital improvements necessary to maintain the property's market position were not revealed and not observed. The roof age and HVAC condition were not revealed.
Design/Functional Utility:	Average for typical users of the property profile.
Appeal/Appearance:	Average to good overall, considering the property market-standard and most likely buyer profile.
Effective Age:	15 years
Remaining Economic Life:	45 years; the subject improvements consist primarily of long-lived construction elements, capable of standing indefinitely with maintenance and located in a stable urbanized environment without compelling environmental catalysts suggesting absolute, compelling changes in land use patterns in the foreseeable future.

Americans with Disabilities Act

See the General Assumptions and Limiting Conditions section of this report.

Hazardous Substances

See the General Assumptions and Limiting Conditions section of this report.

Description of the Site Improvements

A site plan was requested but not provided. The site area is condominium association owned but essentially conforms well to the non-condominium industrial (office warehouse) market standard for similar properties in the local area because orientation of and access to the subject bays is independent of the other units in the development. There are no common areas.

On-Site Parking Spaces:	15 total, overall.
Parking Ratio:	1.36 per 1,000 SqFt.
Space Dimensions:	Most are approximately 9' or 10' x 20' (consistent with the preferred market standard).
Handicap Parking:	Appears to be adequate to code and the market standard, and accessible to entries and common areas.
Off-Site or Supplemental:	None.
Parking Surface:	Asphalt.
Curb Cuts:	Two.
Speed Bumps, Interrupts:	None.
Walks and Landings:	Concrete.
Yard Lighting:	Building LEDs.
Yard Fencing:	None.
Pylon Signage:	None.
Landscaping/Hardscape:	Low maintenance landscaping with typical hardscape.
Functional Utility:	The building placement is functional and conforming, and permits adequate on-site navigation and overall utility.

ZONING

The site area is condominium association owned but essentially conforms well to the non-condominium industrial (office warehouse) market standard for similar properties in the local area because orientation of and access to the subject bays is independent of the other units in the development. There are no common areas.

Zoning Code	IU-3 Unlimited Manufacturing Industrial District by Miami-Dade County, Florida.
Permitted Uses	A wide array of industrial including manufacturing and distribution, with some wholesale and office permitted as well.
Conformity to Code	The current use appears to be a legal, conforming use based on a brief review of general zoning information and observed conformity with surrounding land uses. A professional planner's assistance was not retained by the appraiser and therefore this is a general observation rather than a confirmed fact.
Variances Required:	Variances necessary to accommodate the current use are not apparent, and none were revealed. However, this issue was not researched with the Miami-Dade County zoning department.
Zoning Change:	Unlikely.

MIAMI-DADE COUNTY 2015 REAL ESTATE ASSESSMENT AND TAXES

Current Assessment

No.	Parcel Number	Street	Adjusted Sqft	Assessed Value			Rounded Tax Rate	Ad Valorem		Non Ad Valorem	Total
				Total	Ratio	Value		Tax	Valorem		
1	00-0000-000-0000	1400 SW 44th Avenue, Doral	5,900	\$460,000	87%	\$398,574	1.857%	\$7,400	\$0	\$7,400	
2	00-0000-000-0000	1410 SW 44th Avenue, Doral	4,850	\$460,000	87%	\$398,574	1.844%	\$7,350	\$0	\$7,350	
Total			10,750	\$920,000	87%	\$797,148	1.850%	\$14,750	\$0	\$14,750	
Early Payment Discount									4%	(\$590)	
Early Payment Tax Expense										\$14,160	
Rounded										\$14,000	

“Adjusted SqFt” is the improvement size recorded in the Miami-Dade Property Appraiser’s records. It is often inaccurate and should not be relied upon as a valuation basis.

A 4% discount is given for early (November) payment of taxes and typically budgeted by market participants. According to the Miami-Dade Property Appraiser’s website, paid tax status is as follows.

Current 2015 Taxes Due:	Paid
Past Due Taxes	
2014	Paid
2013	Paid
2012	Paid
Total Past Due	None
Total Taxes Due	Paid

Market participants do not consider tax comparables for the subject property profile. Tax comparables provide little or no credibility in determining the reasonableness of property taxes in Miami-Dade County because the Market Value is estimated specifically for each property. When a property has not sold or been renovated in some time, its assessment may be out of date. Investors realize that real estate is typically reassessed annually, with more likelihood of significant change following a sale or – although often lagging – substantial remodeling or renovations.

Reassessment Forecast

Market participants realize that property taxes are likely to change through the annual re-appraisal process, following construction or significant renovations, or a sale. Commonly, assessment is based on market-based price comparisons (sales comparison approach), ignoring existing economics (lease terms, expense levels and occupancy ratio, going-concern, etc.). Based on a variety of market observations (below) the subject property's real estate assessment would be regarded as low by most market participants, and therefore would assume that they should not be appealed. Based on a weighting of the actual assessment and the Market Value of the subject property, the following property taxes would be considered a reasonable forecast.

CURRENT AND FORECAST PROPERTY TAX ASSESSMENT

	<u>Amount</u>	<u>Adjusted \$/Sqft</u>
<u>Current Assessment</u>		
Total Assessed Value	\$915,000	\$85.12
Property taxes including non ad valorem taxes	\$14,750	\$1.37
Overall tax rate including non advalorem taxes	1.61%	
Current Tax Net the 4% Early Pay Discount	\$14,160	\$1.32
Rounded	\$14,000	\$1.30
<u>Estimated Reassessment Value</u>		
Market Sources of Value Estimates		
Sales Comparison Approach	\$1,895,000	\$176.28
Current Contract	\$1,895,000	\$176.28
Reconciled Market Value Basis	\$1,895,000	\$176.28
Assessment Ratio	x 85%	
Indicated Re-Assessment Value	\$1,610,750	\$149.84
<u>Estimated Reassessed Property Taxes</u>		
50% Weighting to the Reassessed Value	\$805,375	
50% Weighting to the Actual Assessed Value	\$457,500	
Total (Adjusted Reassessment Value)	\$1,262,875	\$117.48
Current Tax Rate	x 1.6120%	
Gross Adjusted Taxes	\$20,358	\$1.89
Less: 4% Early-Payment Discount	(814)	
Tax Projection Assuming Reassessment	\$19,544	\$1.82
Rounded	\$20,000	\$1.86

NEIGHBORHOOD DESCRIPTION

The subject is located in an unincorporated area of Doral in Miami-Dade County, Florida. Specifically, it is located on the southeast corner of SW 14th Street at SW 44th Avenue between Jefferson and Whitewood street corridors. According to CoStar, this area is part of the Miami Airport North Industrial Submarket. The subject's competitive boundaries extend throughout the County, but the neighborhood is generally delineated as follows:

North: SW 125th Street

South: SW 155th Street (north border of the City of Doral)

East: SW 122nd Avenue

West: SW 155th Avenue

ACCESS AND LINKAGES

The subject is located in a dense older industrial manufacturing district that was not included in the recent incorporation of Doral districts to the south, which reduces some services and the probability that street infrastructure will be improved, but also reduces the costs and zoning-requirements of City properties. However, overall, property values in Doral tend to be higher because of City amenities and controls on industrial activities.

The district is accessed by the Palmetto Expressway to the immediate east of the subject property via either NW 74th Street or NW 58th Street, typically 74th Street because of strong Doral peak traffic. Businesses and employees may also use the NW 74th Street ramp on Florida's Turnpike, a little farther west but still convenient.

Most commercial services, other than highway business along the Palmetto ramps, is in Doral to the south.

The district is exclusively industrial with an older mix of distribution and manufacturing but generally of good construction with Twin-T roofing and adequate loading courts. The number of multi-tenant and single-user facilities are approximately equal, although single-user facilities tend to be service-oriented with large lots and fenced lots. Outdoor storage is at a premium and the district is among the most preferred by service-businesses that maintain small fleets.

DEMAND GENERATORS

The dominant industrial demand catalysts for the local area include the property's proximity to beneficial local and regional resources. The most significant demand-generator bringing businesses to this location is permissive zoning allowing a wide array of service and manufacturing.

GENERAL AREA DESCRIPTION

Urban or Suburban Location:	Suburban.
Adverse Influences:	Unfavorable street infrastructure with occasional ponding during heavy rains, as well as trailer-congestion where properties have shallow street loading courts.
Advantages and Amenities:	Central access on the Palmetto Expressway in the favorable Airport North Industrial Submarket.
Built Up:	Fully developed.
<i>Change in Dominant Land Use:</i>	Not likely.
Dominant Land Uses in District:	95% Industrial. 5% Other including civic and government.
Utility Availabiltiy, Cost & Adequacy	Average.
Growth Rate:	Nominal or no growth.
Property Values:	Stabilizing after significant decreases, which followed significant increases.

LINKAGE

<u>Nearest Bus Stop:</u>	Municipal	2 blocks south/3 east.
<u>Expressway Access:</u>	Palmetto Expressway	¾-mile south (direct).
	Florida's Turnpike	3.25 miles north (direct).
<u>Housing:</u>	Good array of owner, management and employee housing.	Surrounding.
<u>Employment Centers:</u>	Downtown Miami.	10 miles SE (direct).
<u>Commercial Services:</u>	NW 58 th Street highway business.	1/3-mile east.
	Doral Boulevard	1.5 mile west.

Public Transportation

Commuter Rail

	Drive	Distance
Tri-Rail and Metrorail Transfer Station Commuter Rail...	17 min	6.3 mi
Hialeah Market Commuter Rail (Tri-County Commuter)	16 min	6.9 mi

Airport

	Drive	Distance
Miami International Airport	19 min	5.9 mi
Fort Lauderdale/Hollywood International Airport	40 min	27.5 mi

<u>Air Cargo:</u>	Miami International Airport (MIA).	direct.
<u>Port Cargo:</u>	Port of Miami.	direct.
<u>Rail Freight Cargo:</u>	Florida East Coast Railway (FEC).	direct.

MIAMI-DADE COUNTY FREIGHT INFRASTRUCTURE



DEMOGRAPHICS

The following demographics were obtained from ESRI (www.esri.com) through CoStar, an aggregator of market data deemed reliable by market participants. The most relevant demographics for the subject property are as follows.

Population Attributes

The following demographics illustrate a population of higher growth statistics with strong overall income levels compared to the immediate area.

Radius	1 Mile	3 Mile	5 Mile	Density/Sq. Mile		
				1 Mile	3 Mile	5 Mile
Population:						
2020 Projection	4,068	122,167	454,818	1,295	4,321	5,791
2015 Estimate	3,647	114,395	425,434	1,161	4,046	5,417
2010 Census	2,717	106,607	398,118	865	3,770	5,069
Growth 2015-2020	11.54%	6.79%	6.91%			
Growth 2010-2015	34.23%	7.31%	6.86%			
Households:						
2020 Projection	1,690	41,719	149,752	538	1,476	1,907
2015 Estimate	1,524	39,011	139,994	485	1,380	1,782
2010 Census	1,175	36,067	130,478	374	1,276	1,661
Growth 2015 - 2020	10.89%	6.94%	6.97%			
Growth 2010 - 2015	29.70%	8.16%	7.29%			
Owner Occupied	541	19,089	74,386	172	675	947
Renter Occupied	983	19,921	65,608	313	705	835
Income:						
2015 Avg Household Income	\$46,997	\$60,747	\$51,713			
2015 Med Household Income	\$46,945	\$41,624	\$37,309			
2015 Households by Household Inc:						
<\$25,000	410	12,028	48,533	131	425	618
\$25,000 - \$50,000	470	10,901	40,702	150	386	518
\$50,000 - \$75,000	440	6,262	22,558	140	221	287
\$75,000 - \$100,000	143	3,235	11,772	46	114	150
\$100,000 - \$125,000	60	2,736	7,601	19	97	97
\$125,000 - \$150,000	0	1,113	3,081	0	39	39
\$150,000 - \$200,000	0	1,357	3,072	0	48	39
\$200,000+	0	1,379	2,676	0	49	34

Daytime Employment

Daytime employment statistics reflect a relatively high activity in the following highlighted categories.

Business Employment Density By Type Radius	# Employees/Business			Businesses/Sq. Mile			Employees/Sq. Mile		
	1 Mile	3 Mile	5 Mile	1 Mile	3 Mile	5 Mile	1 Mile	3 Mile	5 Mile
Total Businesses	10	11	10	608	455	368	5,824	5,194	3,854
Retail	9	8	9	121	89	72	1,067	757	621
Wholesale	9	9	10	159	74	44	1,392	673	431
Hospitality & Food Service	12	18	18	12	18	17	138	335	312
Real Estate, Renting, Leasing	7	10	9	20	19	17	140	193	149
Finance & Insurance	7	7	7	21	27	24	155	192	177
Information	21	25	18	19	12	9	401	308	154
Scientific & Technology Services	6	10	9	61	48	38	376	478	329
Management of Companies	3	3	26	1	1	1	2	3	15
Health Care & Social Assistance	17	9	9	17	36	43	290	341	372
Education Services	13	23	27	3	5	5	40	124	148
Public Administration & Sales	72	92	65	6	4	3	414	392	201
Arts, Entertainment, Recreation	4	9	10	6	6	4	21	49	46
Utilities	0	8	14	0	0	0	0	3	4
Admin Support & Waste Management	11	20	14	28	22	17	318	442	243
Construction	8	8	8	34	26	22	263	215	169
Manufacturing	11	15	15	56	31	21	598	458	323
Agriculture, Mining, Fishing	0	25	21	0	1	0	0	17	9
Other Services	5	6	5	43	34	31	209	214	149

Consumer Spending

Average household consumer spending in the immediate area is lower than the surrounding area.

Annual Consumer Spending Radius	2015			2020		
	1 Mile	3 Mile	5 Mile	1 Mile	3 Mile	5 Mile
Total Specified Consumer Spending (\$)	\$19,668	\$24,069	\$22,990	\$19,670	\$24,614	\$23,451
Total Apparel	1,183	1,543	1,503	1,250	1,629	1,585
Total Entertainment, Hobbies & Pets	1,308	1,569	1,479	1,341	1,614	1,522
Total Food & Alcohol	5,732	6,721	6,503	6,259	7,323	7,082
Total Household	2,513	3,117	2,865	2,571	3,261	3,000
Total Transportation and Maintenance	5,989	6,962	6,792	4,939	6,189	6,020
Total Health Care	886	1,278	1,280	1,047	1,451	1,447
Total Education & Day Care	1,025	1,396	1,182	1,123	1,543	1,297

Demographic Summary and Observations

Generally, demographics are representative of current and future Miami-Dade County trends. The subject property design, and occupancy-profile are compatible with demographic observations and industrial land use fundamentals. As a result, most market participants would expect the subject property to attract and retain demand into the foreseeable future or at least until redevelopment is warranted.

SUMMARY RATINGS & CONCLUSIONS

Center of industrial activity:	Above Average.
General Appearance of Properties:	Average.
Overall Appeal to Market:	Above Average.
Property Compatibility:	Average.
Protection from Detrimental Condition:	Average.
Off-Site Infrastructure:	Below Average.
Adequacy of Utilities:	Average.
Police and Fire Protection:	Average.
Employment Opportunity:	Above Average.
Adequacy of Commercial Services:	Below Average
Controlled Access Highway Proximity:	Above Average.
Consumer Markets:	Above Average
Social Infrastructure and Services:	Below Average.

SUPPLY AND DEMAND

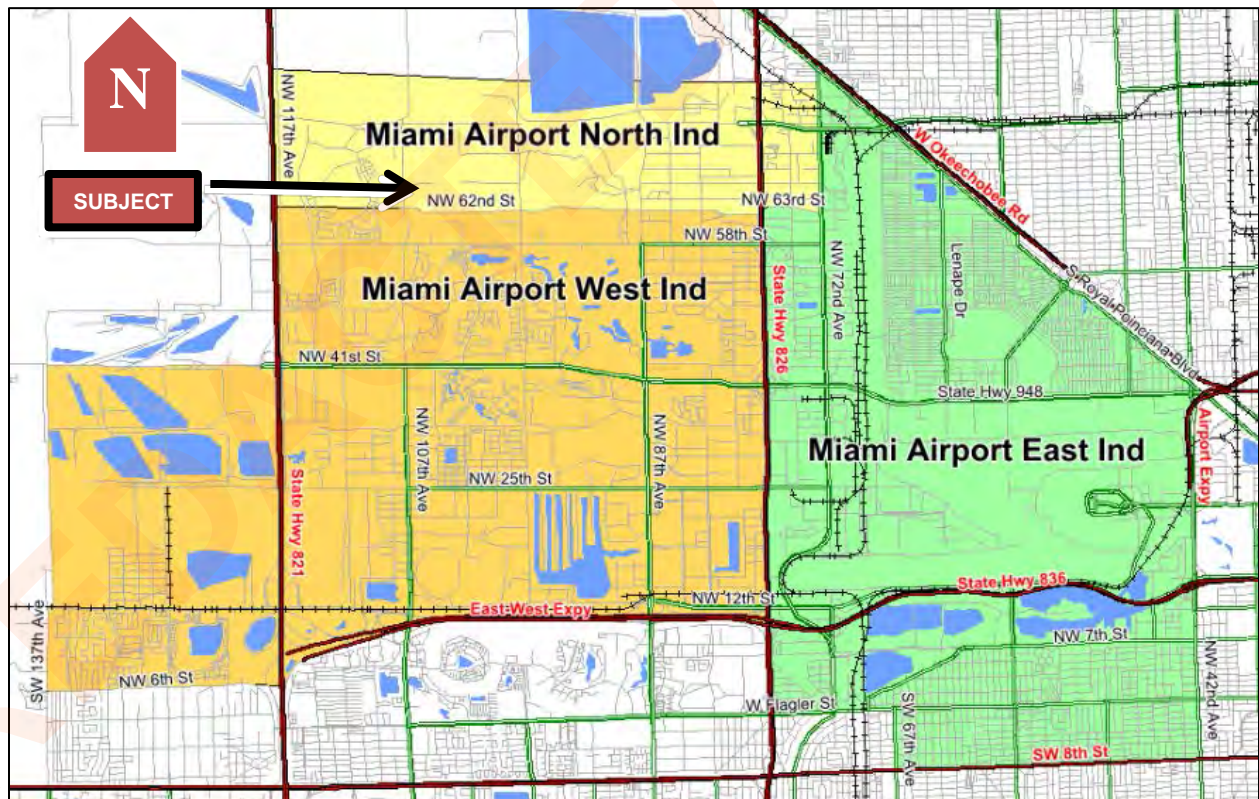
The following analysis was obtained from CoStar, which closely monitors leasing conditions in the Southeast Florida market by surveying property managers and acting as a listing service for owners and brokers. As a result of their coverage, they are regarded as the most credible source of commercial real estate market and submarket information.

The Miami-Dade County Industrial market ended the second quarter 2016 with a vacancy rate of 4.4%. The vacancy rate was up over the previous quarter, with net absorption totaling positive 537,437 square feet in the second quarter. Vacant sublease space increased in the quarter, ending the quarter at 352,355 square feet. Rental rates ended the second quarter at \$9.41, an increase over the previous quarter. A total of six buildings delivered to the market in the quarter totaling 727,024 square feet, with 2,397,088 square feet still under construction at the end of the quarter.

COSTAR SUBMARKET LEASING AND SALES TRENDS

According to CoStar the subject is located in the Miami Airport North Industrial Submarket and for purposes of comparison is considered an industrial use as improved, specifically office warehouse. The subject property's overall design, utility and marketability is highly compatible overall.

CoSTAR MARKET AREA MAP



Relative to Miami-Dade County overall, the Miami Airport North Industrial Submarket compares as follows, where the Miami Airport North Industrial Submarket reflects typical average vacancy rates and stronger asking rental rates.

CoSTAR MARKET AREAS

Warehouse Market Statistics

Mid-Year 2016

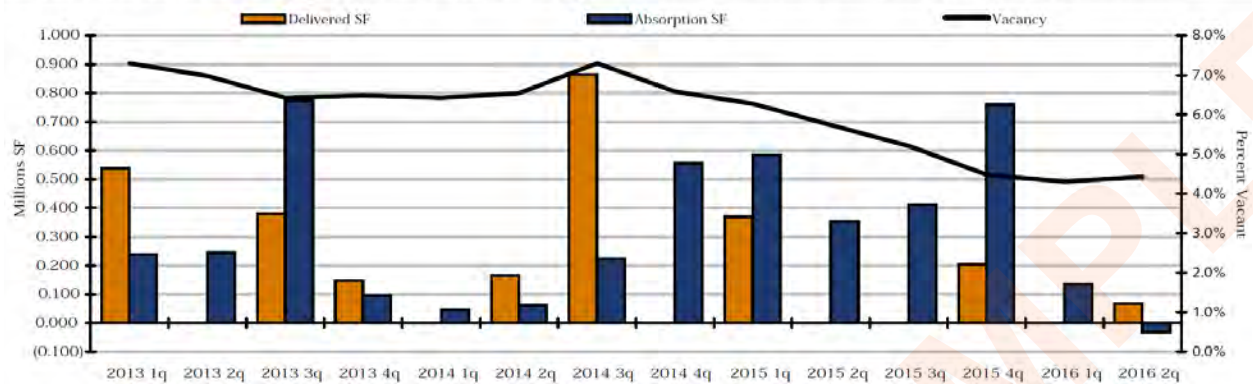
Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Central Miami Ind	190	3,220,273	87,272	92,272	2.9%	41,439	0	0	\$8.02
East Miami Ind	315	4,100,079	266,227	266,227	6.5%	(48,270)	5,045	0	\$15.62
Hialeah Ind	1,647	35,996,355	983,895	998,477	2.8%	304,010	25,624	764,088	\$6.90
Medley Ind	895	32,000,214	1,263,387	1,408,490	4.4%	636,832	1,058,479	808,773	\$8.35
Miami Airport Ind	1,837	68,962,501	2,992,804	3,103,000	4.5%	105,600	66,362	175,000	\$9.65
Miami Lakes Ind	220	10,822,959	719,496	726,496	6.7%	59,384	0	82,000	\$7.65
North Miami Beach Ind	908	29,353,920	1,100,741	1,136,266	3.9%	(168,961)	0	0	\$7.70
Outlying Miami-Dade Ind	14	210,177	0	0	0.0%	18,505	0	0	\$7.78
South Central Miami Ind	1,026	12,850,591	1,152,087	1,178,438	9.2%	19,726	0	39,612	\$18.72
South Dixie Hwy Ind	574	7,806,312	305,726	307,726	3.9%	60,821	0	527,615	\$10.30
Southwest Dade Ind	392	8,030,145	156,277	156,277	1.9%	48,837	0	0	\$9.60
West Miami/Coral Ter Ind	263	4,337,959	62,362	62,362	1.4%	26	0	0	\$14.53
Totals	8,281	217,691,485	9,090,274	9,436,143	4.3%	1,077,949	1,155,510	2,397,088	\$9.04

CoStar leasing surveys of the submarket reveal declining vacancy with increasing asking rates as follows. The following table contains all industrial property types, and the subject's specific overall profile generally outperforms the Miami Airport North Industrial Submarket overall because of its functional design and renovations resulting in above average to good overall condition.

CoSTAR SUBMARKET STATISTICS

Deliveries, Absorption & Vacancy

Historical Analysis, Flex and Warehouse



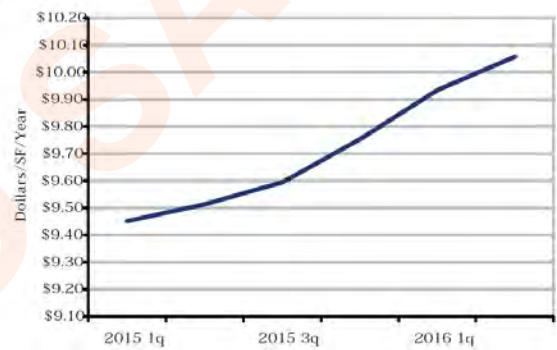
Vacant Space

Historical Analysis, Flex and Warehouse



Quoted Rental Rates

Historical Analysis, Flex and Warehouse



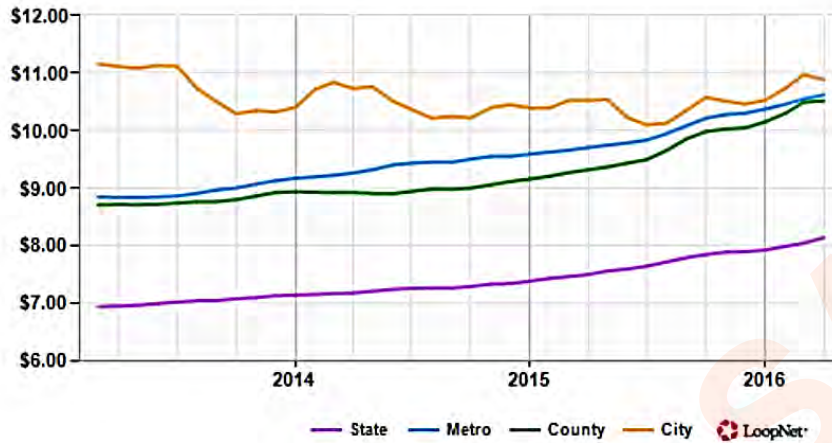
Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2016 2q	2,064	77,948,051	3,448,791	4.4%	(31,311)	1	66,362	1	175,000	\$10.06
2016 1q	2,063	77,881,689	3,351,118	4.3%	134,578	0	0	2	241,362	\$9.93
2015 4q	2,063	77,881,689	3,485,696	4.5%	760,126	1	203,540	1	66,362	\$9.75
2015 3q	2,062	77,678,149	4,042,282	5.2%	413,365	0	0	2	269,902	\$9.59
2015 2q	2,062	77,678,149	4,455,647	5.7%	352,605	0	0	2	269,902	\$9.51
2015 1q	2,063	77,746,903	4,877,006	6.3%	584,518	3	369,948	1	66,362	\$9.45
2014 4q	2,060	77,376,955	5,091,576	6.6%	555,440	0	0	3	369,948	\$9.35

LOOPNET LEASING AND SALES TRENDS

LoopNet Leasing Trend

LoopNet leasing statistics reveal the same general pattern. The following is based on listings reported by principals and brokers for marketing purposes.

Asking Rent Industrial for Lease Doral, FL (\$/SF/Year)



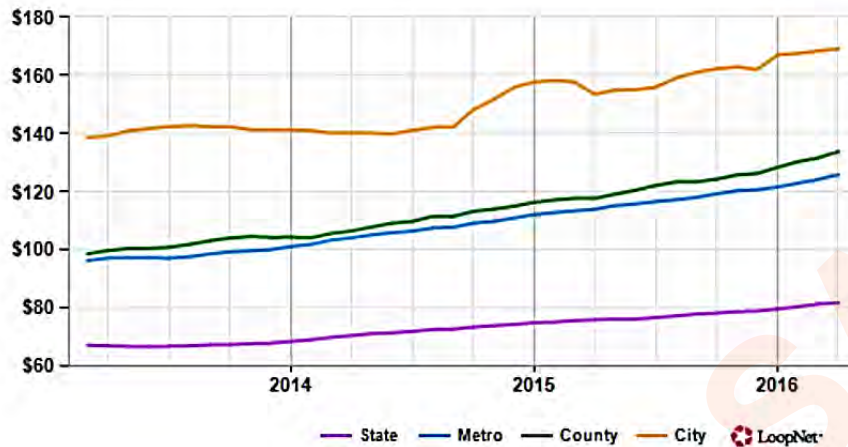
	Apr 16	vs. 3 mo. prior	Y-O-Y
State	\$8.14	+2.7%	+8.5%
Metro	\$10.62	+2.4%	+9.4%
County	\$10.52	+3.6%	+12.9%
City	\$10.89	+3.4%	+3.5%

The average asking rental rate per sq ft/year for Industrial properties in Doral, FL as of Apr 16 was \$10.89. This represents an increase of 3.4% compared to the prior 3 months, with an increase of +3.5% year-over-year. County-wide, average rental rates in Doral are +3.6% higher at \$10.52 per sq ft/year for Industrial properties currently for lease.

LoopNet Sale Trend

LoopNet for-sale trends are as follows, still recovering from a prolonged decline since the market’s peak in 2006. Most real estate submarkets are stabilizing under new supply and demand relationships. Market participants often note the absence of availabilities presently, suggesting “seller’s-market” conditions.

Asking Prices Industrial for Sale Doral, FL (\$/SF)



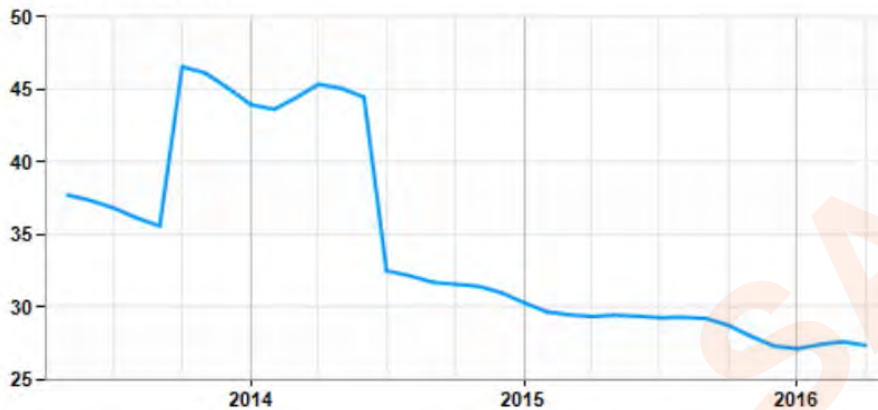
	Apr 16	vs. 3 mo. prior	Y-O-Y
State	\$81.81	+2.7%	+7.8%
Metro	\$125.85	+3.5%	+10.5%
County	\$133.79	+4.2%	+13.7%
City	\$169.06	+1.2%	+10.1%

Current Doral market trends data indicates an increase of +1.2% in the median asking price per sq ft for Industrial properties compared to the prior 3 months, with an increase of +10.1% compared to last year's prices. County-wide, asking prices for Industrial properties are 4.2% higher at \$134 per sq ft compared to the current median price of \$169 per sq ft for Industrial properties in Doral, FL.

The following charts illustrates what market participants are recognizing throughout most of Southeast Florida and across most property subtypes: declining supply (listing inventory) with simultaneous increasing demand (measured by web inquiries). Irregularities in the supply-line are regarded as a sign that seller-optimism is returning to the industrial market and suggests some correction of the preceding imbalances.

SUPPLY

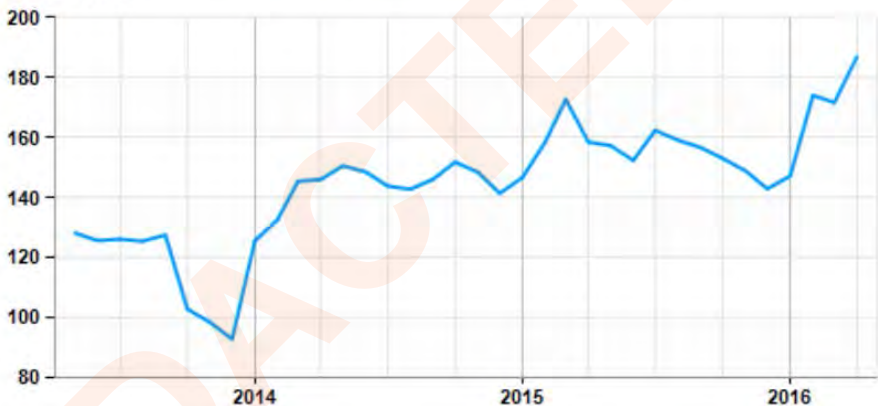
Index of Total No. of Listings Industrial for Sale Miami-Fort Lauderdale-Miami Beach, FL (May 08=100)



	Apr 16	vs. 3 mo. prior	Y-O-Y
Metro	27	+0.8%	-6.8%

DEMAND

Profile View Index Industrial for Sale Miami-Fort Lauderdale-Miami Beach, FL (Jan 08=100)



	Apr 16	vs. 3 mo. prior	Y-O-Y
Metro	187	+26.9%	+18.0%

These conditions tend to place upward pressure on prices. The pressure is somewhat mitigated by a latent supply of sellers holding for more favorable market conditions, ongoing yet much lower threat of OREO competition at lower prices, and relatively low pressure on buyers because the economic outlook remains somewhat weak in many sectors.

COMPETITIVE PEERS

Investors typically would not regard peering to have significance in analyzing the subject property profile. However, the following area analysis contains properties that compete directly with the subject property and illustrate competitive leasing parameters.

CoSTAR DISTRICT PEER REPORT

# Buildings:	450	% Vacant:	4.3 %	YTD Net Absorption:	(101,223)
RBA:	10,927,411	% Leased:	96.2 %	YTD Leasing Activity:	121,758
Avg Age (yrs):	35.1	% Available:	5.7 %	YTD Deliveries:	0

Absorption	YTD	2015	QTD	2015 3Q
Net Absorption	(101,223)	(1,702)	8,800	(48,477)
Gross Absorption	273,174	487,556	64,044	35,878
Leasing Activity	121,758	398,700	3,800	116,413
Deliveries	0	0	0	0

Vacancy	Direct		Sublet		Total	
	SF	%	SF	%	SF	%
Vacant	467,788	4.3 %	0	0.0 %	467,788	4.3 %
Vacant Available	416,344	3.8 %	0	0.0 %	416,344	3.8 %
Available	605,046	5.5 %	20,485	0.2 %	625,531	5.7 %

Asking Rent	Direct			Sublet			Total		
	# Spcs	Avg	Range	# Spcs	Avg	Range	# Spcs	Avg	Range
Industrial Gross	53	\$9.43	\$6.60-\$41.63	1	-	-	54	\$9.43	\$6.60-\$41.63
Modified Gross	5	\$9.54	\$9.00-\$10.13	1	\$18.00	\$18.00	6	\$11.31	\$9.00-\$18.00
Negotiable	16	\$18.61	\$18.61	0	-	-	16	\$18.61	\$18.61
Plus Electric	2	\$9.60	\$9.60	0	-	-	2	\$9.60	\$9.60
Triple Net	6	\$9.28	\$8.00-\$12.00	1	\$9.50	\$9.50	7	\$9.30	\$8.00-\$12.00

Availability	Survey	5-Year Avg
Rent Per SF	\$9.65	\$8.37
Vacancy Rate	4.3%	3.8%
Vacant SF	467,788	411,436
Availability Rate	5.7%	6.2%
Available SF	625,531	682,941
Sublet SF	20,485	9,446
Months on Market	8.4	14.1

Inventory	Survey	5-Year Avg
Existing Buildings	450	449
Existing SF	10,927,411	10,960,563
12 Mo. Const. Starts	0	3,415
Under Construction	0	1,708
12 Mo. Deliveries	0	3,903

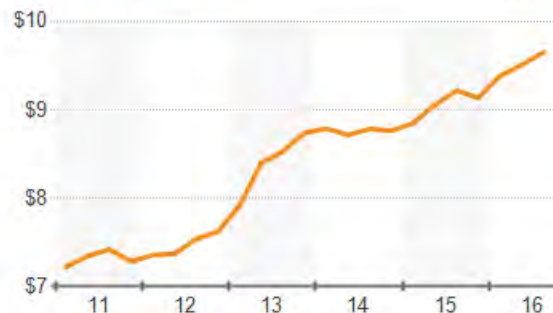
Demand	Survey	5-Year Avg
12 Mo. Absorption SF	52,171	42,160
12 Mo. Leasing SF	313,039	337,531

Sales	Past Year	5-Year Avg
Sale Price Per SF	\$90	\$72
Asking Price Per SF	\$117	\$104
Sales Volume (Mil.)	\$48	\$28
Cap Rate	5.3%	6.6%

Vacancy Rate



Asking Rent Per SF



ABSORPTION ANALYSIS

Absorption analysis is academic under the parameters of this appraisal report. Owner-user property profile absorption rates are essentially synonymous with the marketing term. As an interim rental property, market participants do not underwrite absorption. The market-standard methodology is to consider it nominal.

SUPPLY & DEMAND ANALYSIS OBSERVATIONS AND CONCLUSIONS

Overall market conditions have mostly stabilized after a period of decline and slow recovery, yet leasing fundamentals remain somewhat mixed as businesses continue to adapt. The subject property leasing profile is relatively superior to the market-standard and competing properties in the same general area.

Based on the market summary above, investors would regard a general vacancy factor in the 4.5% range reasonable under current market conditions. For purposes of the income capitalization approach 4.5% is used. Adding 1.0% credit loss results in a total vacancy and credit loss factor of 5.5%.

Sales trends suggest upward pressure on prices from an absence of supply with increasing demand. This is clear from discussions with brokers throughout the region and from commercial research services discussed above. The future is clouded by the OREO pipeline and latent supply of owners that wish to sell but are reluctant until prices improve. At the same time low prices are the dominant compelling purchase-justification for many buyers since the economy and market remain somewhat weak.

HIGHEST AND BEST USE

The highest and best use of the subject property was developed for this appraisal. Analysis of the subject property's highest and best use is essential because it defines its overall marketability with insights to the most probable buyer, what they expect, and how long it will take to sell (use, user and timing).

- Establishes the criteria for selecting comparable sales
- Establishes the elements of comparison
- Provides the basis for estimates of physical, functional and external obsolescence
- Provides the basis for forecasts required to apply the income capitalization approach
 - Occupancy
 - Timing (absorption)
 - Amount (capture)
 - Rents

The site area is condominium association owned but essentially conforms well to the non-condominium industrial (office warehouse) market standard for similar properties in the local area because orientation of and access to the subject bays is independent of the other units in the development. There are no common areas.

METHODOLOGY

The term *highest and best use* is defined by the Appraisal Institute's *Dictionary of Real Estate Appraisal* as the reasonable and probable use that supports the highest present value of vacant land or improved property, 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?

The term *legally permissible* primarily pertains to the zoning of the property and its restrictions, such as a deed restriction. For the most part, appraisers center their analysis on the various zoning aspects including but not limited to permitted uses, minimum lot size and maximum building size, height and capacity.

Another consideration is whether the existing structure is a legal non-conforming use. A legal non-conforming use may be "grandfathered," meaning that the structure is approved to remain as is but would not be allowed to be built under current zoning requirements.

2. **Physically Possible.** Which uses of those legally allowed are physically possible on the subject site?

Of the legal uses the appraiser must take into consideration the size, shape, topography and accessibility of the site to determine what is physically possible. This includes but is not limited to size (adequacy or superadequacy), topography, egress, soil capacity and ingress/egress.

An analysis of “physically possible” also examines current improvements, typically whether the conforming or non-conforming. A high land-to-building ratio may suggest excess saleable land, for example.

3. **Financially Feasible.** Of those uses determined to be physically possible and legally permissible, which ones will produce a positive return?

Feasible uses may be implied by the surrounding real estate environment considering the character and presence or absence of development activity, or suggested by market participants. The array of permissible and possible uses for a site are said to be *feasible* when they produce a positive return on the investment required for development. Alternatives that produce a loss are not feasible.

The analysis may go beyond simply identifying feasible land uses, suggesting justifiable physical attributes (design, finish, etc.) based on their incremental value. However, it is not usually practical to go to this level without specific design and cost proposals.

It is not always possible to measure or justify the financial feasibility of special-use properties where the rationalization for development costs are attributed to a going concern or non-economic utility. Owner-user, civic and government uses are sometimes difficult to justify financially yet still developed. These exceptions, among others, are said to be financially feasible for the intended user only. They are not feasible on a speculative or short-lived basis.

An as-is analysis considers the economic productivity of the current and adaptive re-uses of the property as-built, sometimes suggesting that the existing improvements are interim subject to redevelopment in the foreseeable future.

4. **Maximally Productive.** Of those that are feasible, legally permissible, and physically possible, which will produce the highest rate of return or value?

The bottom line for the appraiser is which feasible development profile would be most financially productive, typically measured by Market Value which can involve any or all of the approaches to value (cost, income capitalization and sales comparison).

The conclusion as though vacant as well as improved will indicate the overall marketability of the property including its most likely buyer, what they will pay for, and how long it will probably take to sell.

The above four questions are answered in order.

HIGHEST AND BEST USE ANALYSIS

Legally Permissible

The subject property is zoned IU-3 Unlimited Manufacturing Industrial District by Miami-Dade County, Florida. A title report was requested but not provided and a survey was requested but not provided. For the purposes of this appraisal the appraiser assumes that there are no deed restrictions, easements or encroachments legally limiting the allowable uses on the subject site. None were disclosed and this was not researched.

A detailed interpretation and analysis of entitlements was not provided, and should be obtained from a professional land planner working with Miami-Dade County.

As Vacant	As Improved
Legally permissible uses include a wide array of industrial including manufacturing and distribution, with some wholesale and office permitted as well..	The property currently consists of two bays of a four-bay dock-height industrial condominium that has been renovated and demised as a single-user facility which is consistent with legally permissible uses.

Physically Possible

The appraised property contains two parcels with a total of 39,200 square feet (0.947 acres). The site is effectively 100% usable. The size and rectangular shape are such that construction would not be hindered. No soil conditions are known that would restrict construction on the subject site.

As Vacant	As Improved
Therefore, any of the allowable uses would be physically possible on the subject property site.	The existing improvements are physically possible.

Financially Feasible

Of those uses which are legally permissible and physically possible, a determination must be made as to which uses are most financially feasible.

As Vacant	As Improved
<p>Based on my analysis of the market, there is limited demand for additional leased industrial development at the current time. It appears that a newly developed industrial use on the site would not have a value commensurate with its cost; therefore industrial use is not considered to be financially feasible.</p> <p>Nevertheless, an eventual recovery of the market accompanied by a rise in property values to a level that will justify the cost of new construction is expected. Thus, it is anticipated that industrial development will become financially feasible in the future.</p> <p>End-users including build-to-suit developers will operate under different criteria, but the decision to rent or build is still based on affordability.</p>	<p>The subject land use is industrial. Improvements are in a marketable condition and contribute value well above that of the land as though vacant. Until the value of the land as though vacant is in excess of the value of the land with the building, the current use is most financially feasible.</p> <p>The existing improvements provide positive ownership financial benefits that would be recognized by the market, and these are expected to continue. Therefore, a continuation of the current use is concluded to be financially feasible.</p>

Maximally Productive

This is the use of all those that meet the previous criteria which yields the highest rate of return or value.

As Vacant	As Improved
<p>There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than holding the property for future development. Accordingly, it is my opinion that holding the property for future industrial use, based on the normal market density level permitted by zoning, is the maximally productive use of the property.</p>	<p>The existing use is below that which would be maximally productive if the site were vacant. However, as improvements exist and are most financially feasible they are considered to be maximally productive as there is no need for additional construction at present.</p> <p>Based on my analysis, there does not appear to be any alternative use that could reasonably be expected to provide a higher present value than the current use, and the value of the existing improved property exceeds the value of the site, as though vacant. For these reasons, continued commercial use is concluded to be maximally productive and the highest and best use of the property as improved.</p>

Conclusion of the Highest and Best Use

As Vacant	As Improved
<p>The most likely use of the site as though vacant would be an office warehouse when warranted by demand. Therefore, it is concluded to be the highest and best use of the property as though vacant.</p>	<p>An industrial use as improved represents a reasonable land use for the subject property. The subject improvements consist of two bays of a four-bay dock-height industrial condominium that has been renovated and demised as a single-user facility, which is consistent with the highest and best use of the site as though it were vacant.</p>

MARKETING TIME AND EXPOSURE TIME

An estimate of exposure time preceding the current Market Value was required for this appraisal under the definition of Market Value, and is required under USPAP.

Overview

The Appraisal Institute’s Dictionary of Real Estate Appraisal and other sources have defined these terms. For the purposes of this appraisal:

- Reasonable exposure time is the estimated time the property would have been offered on the market prior to a hypothetical sale at Market Value on the effective date of the appraisal. Reasonable exposure time is always presumed to precede the effective date of the appraisal.
- By contrast, a marketing time is an opinion of the amount of time it might take to sell a real or personal property interest at the concluded Market Value level during the period immediately after the effective date of an appraisal.

Exposure and marketing time are affected by the property profile in-use on the effective date (and possibly likely alternative uses) and conditions of sale (terms including motivation, pricing, and marketing commitment).

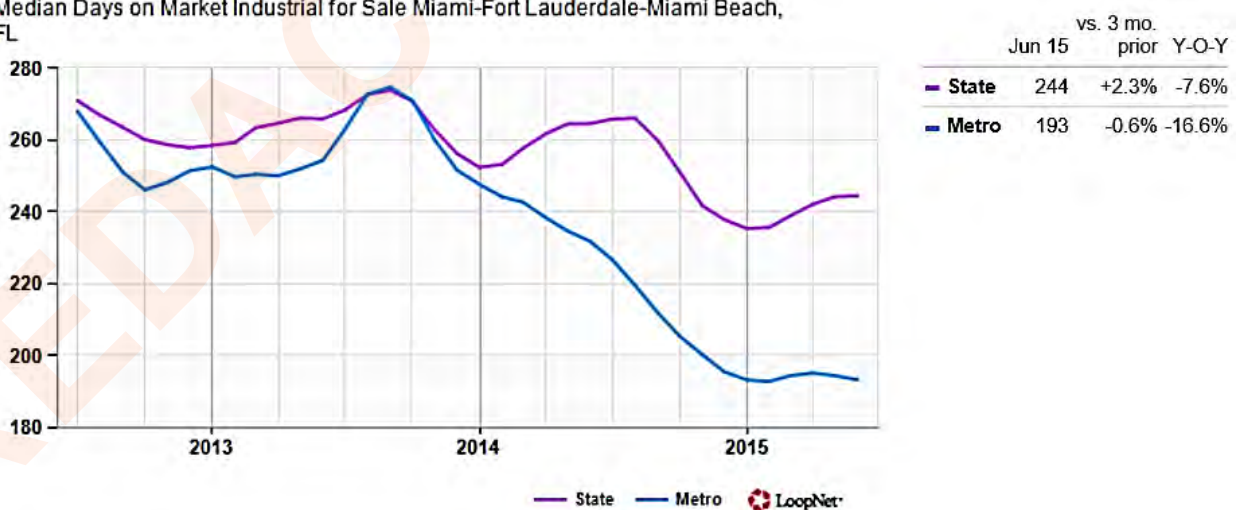
The actual exposure time may have differed from the reasonable exposure time. Reasonable exposure time varies by type of real estate. A property may require extended exposure if overpriced and/or is not marketed aggressively.

Market participants, commercial surveys and listing history provide insights to reasonable exposure time.

LoopNet Sale-Survey

The following graph illustrates aggregate listing term trends for the subject’s general property profile obtained through LoopNet based on listing and reported sale dates.

Median Days on Market Industrial for Sale Miami-Fort Lauderdale-Miami Beach, FL



PwC Real Estate Investor Survey™

The PwC Real Estate Investor Survey™ of PricewaterhouseCoopers LLP surveys mostly investment-grade market participants. The subject property is not considered investment grade, so this information is not as reliable as the LoopNet survey or parameters suggested by actual comparable sales data.

Table 26 NATIONAL WAREHOUSE MARKET Second Quarter 2016					
	CURRENT	LAST QUARTER	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
MARKETING TIME^c					
Range	1 – 12	1 – 12	1 – 12	2 – 12	2 – 18
Average	4.4	4.5	4.7	5.9	7.7
Change (▼, ▲, =)		▼	▼	▼	▼
a. Rate on unleveraged, all-cash transactions b. Initial rate of change c. In months					

Most Comparable Sales to the Subject Property

The range of exposure times of transactions recited in the sales comparison approach is as follows. While the subject property profile is not a commodity with exposure parameters that can be predicted with certainty, the following are more comparable to the subject property than the general LoopNet survey above.

SALES SUMMARY

	Price	Date	\$/SqFt Land	Building \$/SqFt	Listing \$/SqFt	Negotiating Margin	Exposure Time
Subject	\$1,895,000	6/16	Condo.	\$172.27	\$227.27	-24%	12 Months
Reporting	6	6	4	6	3	3	3
Minimum	\$1,250,000	9/15	\$42.37	\$143.68	\$164.47	-21%	8 Months
Average	\$1,908,500	1/16	\$62.17	\$167.16	\$205.13	-12%	10 Months
Median	\$1,608,000	1/16	\$66.46	\$162.26	\$184.96	-8%	11 Months
Maximum	\$3,500,000	4/16	\$73.39	\$209.97	\$265.96	-6%	12 Months

Conclusion

A reasonable exposure time, based upon the subject's location, size and design, would have been less than 6 months under recent market conditions. This assumes that the property would have been positioned close to Market Value and aggressively marketed.

A reasonable marketing time for the property, if professionally and aggressively marketed at the as-is Market Value conclusion of this report is 6 months, based on historical observations discussed above as well as anticipated market conditions over the next 6 months.

MOST LIKELY BUYER AND TYPICAL USER OF THE SUBJECT

The subject is two bays of a four-bay dock-height industrial condominium that has been renovated and demised as a single-user facility. The most probable buyer of the property, considering its occupancy and financing-profile, is an owner-user. The property does not reflect investment-grade attributes and therefore would not be of interest to institutional investors.

REDACTED SAMPLE

VALUATION



- Miami-Dade
- Broward
- Palm Beach
- Collier/Lee
- Monroe

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VALUATION METHODOLOGY

THE THREE APPROACHES TO VALUE

To estimate Market Value, three separate approaches – cost, sales comparison and income capitalization – have been considered. Although these three approaches to value are always considered during every appraisal assignment, all three are rarely appropriate. The following summarizes the credibility of each and whether they are recited in this appraisal.

Cost Approach

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. It entails estimating the cost of producing the improvements, deducting an estimate of depreciation, and then adding the value of the site as though vacant. To this value an entrepreneurial incentive is added to arrive at the estimated value by the cost approach. The cost approach is most appropriate for newer construction and less reliable in cases of heavy depreciation.

- The cost approach is not relevant to this appraisal assignment because the property is a condominium unit and the market does not recognize replacement cost as a meaningful indicator of value. Allocation of common elements, depreciation and land cannot be accomplished with credibility.
- Additionally, the cost approach is not relevant to this appraisal assignment because the property improvements are older with extraordinary depreciation that cannot be estimated with sufficient credibility
- Market participants recognize these limitations and do not rely on the cost approach as a meaningful estimator of value.

Income Capitalization Approach

The income capitalization approach is based on the concept that value is created by the expectations of future benefits (economic productivity), and higher productivity 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.

- Market participants recognize that the dominant buyer-profile for the subject property is an owner-user, and therefore the income capitalization approach is not considered highly relevant.
- The subject is vacant but was seller-occupied and expected to be buyer-occupied following the purchase. As a result the income capitalization approach is less credible than other valuation methods and is often found to reflect the lower limits of value closer to liquidation prices seen under seller-distress conditions. This is because leased asset investors are at an economic disadvantage compared to end-users. While end-users regard most occupancy costs and return on equity as costs of doing business with lower perceived real estate risk, leased asset investors are challenged to reach a sufficient rate of return based on tenant as well as real estate risk.

For example, end-users would not budget vacancy, collection loss or management. Other occupancy costs including tenant-maintenance and utilities are usually paid directly by tenants anyway, or part of the rental rate (taxes, insurance, capital improvements, etc.). Finally, end-users typically perceive return on equity at a lower “safe” rate because of difficulties finding better returns at the same perceived level of risk in their own business, allocating profit to the going concern, while leased-asset investors require higher returns to justify additional risk.

This is recognized by the CCIM organization which notes in the following article that for end-users real estate is not the basis of wealth; company cash flow is. Real estate is a capital asset required by the business so that it can produce cash flow.

<http://www.ccim.com/cire-magazine/articles/lease-versus-own-decision>

A CCIM (Certified Commercial Investment Member) is a recognized expert in the commercial and investment real estate industry.

As a result the analysis is academic for the subject property. The income capitalization approach is provided in this report at the request of the client for risk analysis purposes but would not be regarded as a credible valuation method for the subject property.

Sales Comparison Approach

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 sales comparison approach is frequently used to estimate real estate value.

- Market participants consider sales comparison a primary approach for the subject property profile.

QUALITATIVE VS. QUANTITATIVE ADJUSTMENT METHODS

Qualitative analysis is a relative comparison process ranking sales based on comparative desirability to the subject, typically expressed as plus or minus signs. Most market participants – brokers, principals, etc. – rely on this method almost exclusively. However, in fact few appraisal consumers accept qualitative adjustments since they fail to address the magnitude of differences as intuitively as percentage or dollar adjustments.

Quantitative analysis is the process of adjusting sales to the subject property on a dollar or a percentage basis. Adjustment methods include: Matched Paired Analysis, Regression Analysis, Grouped Analysis, Allocation, Income Approach, Cost Approach and Depreciated Cost.

However, appraisers frequently use only judgment to apply adjustments which creates reliability issues. In Working RE Magazine's News Edition (Vol. 318 Published by OREP, E&O Insurance Experts, on 9/24/2014 found at <http://www.workingre.com/adjustments-opinion-doesnt-count/>) Richard Hagar, SRA makes the valid point that, "Regulations state that appraisal adjustments cannot be based upon an appraiser's opinion. According to federal and state law, adjustments must be based on support and evidence – proof if you will, and an appraiser's opinion is not considered to be support." Most consumers of appraisals prefer this as well.

The most common method, paired sales analysis, empirically extracts the incremental value of property differences by isolating them. Superior characteristics are given negative adjustments while inferior are given positive adjustments, ideally bracketing the value of the subject. This analysis requires an abundance of sales data, and can easily suggest false outcomes without a statistically significant sample. The other adjustment-methods are similarly challenged.

As a practical matter, most appraisers use (and prefer) percentage or dollar adjustments based on judgment. However, by definition this is still a qualitative analysis because adjustments are not based on empirical market-extraction methods. An appraiser's objective in this case is to "nudge" comparable sale prices toward the subject property, ideally bracketing its value, expressing both the direction and magnitude of the differences rather than just the plus/minus direction.

In this case paired-sales data is insufficient and this appraisal report employs qualitative analysis with percentage adjustments to suggest the direction and magnitude of value differences.

RECONCILIATION

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.

COST APPROACH – EXCLUDED

Method Exclusion

The justification and use of this approach is summarized in the preceding Valuation Methodology section.

As noted, the cost approach was considered but not reported.

INCOME CAPITALIZATION APPROACH

The justification and use of the income capitalization approach is summarized in the preceding Valuation Methodology section.

Income producing real estate is typically purchased as an investment, and from an investor's point of view economic productivity 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. Investors purchasing income-producing real estate are 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. The principle of anticipation is fundamental to the approach.¹

The following section considers in order:

- The leased status of the property,
- Space-specific market rental rates and terms,
- Projected potential gross income based on the leased status of the property and market terms that market participants would consider reasonable and appropriate,
- Market-based vacancy and collection loss,
- Operating expenses, and
- The proforma net operating income, including a stabilization adjustment when appropriate.

The two most common methods of converting net income into value are Direct Capitalization and Discounted Cash Flow. In direct capitalization, net operating income is divided by an overall capitalization rate to indicate an opinion of Market Value. In the discounted cash flow method, anticipated future cash flows and a reversionary value are discounted to an opinion of net present value at a chosen yield rate (internal rate of return).

In this analysis, a stabilized market capitalization rate is estimated first, and then is adjusted for the subject property attributes. As a result, the subject capitalization rate sometimes differs from the market capitalization rate for like properties in general.

As a result of the subject property's occupancy and leasing profile, considering the market-standard application of each, most market participants would concur that the direct capitalization method is appropriate in the scope and context of this approach.

Application

Market participants would simply capitalize net operating income in this case, without regard for lease-up costs (expenses including concessions and commissions) or absorption.

¹ Ibid., 445

Market Lease Terms

Market lease and expense reimbursement terms that may be relevant in this appraisal are as follows.

EXPLANATION OF MARKET LEASE TERMS

Net Lease	<p>A lease in which the tenant pays all expenses including structural maintenance and repairs; usually a long-term lease to a credit tenant.</p> <p><i>“Net” refers to one reimbursement of tax, insurance or CAM, while “Net-Net” refers to two. In most markets including Southeast Florida this is known as a “triple net” lease (or NNN) because it is “net” taxes, utilities and common area maintenance costs including insurance. Some property profiles are typically owner-managed and the cost is not passed through to tenants. Also, reserves for capital item replacement are excluded.</i></p>
Modified Net	<p><i>A lease where most expenses are reimbursed, but not all.</i></p>
Gross Lease	<p>A lease in which the landlord receives stipulated rent and is obligated to pay all or most of the property's operating expenses and real estate taxes.</p> <p><i>Separately metered tenants sometimes pay their own utilities, which may be seen as “Gross + TE”. This may also be defined as a net lease in some markets.</i></p>
Modified Gross Lease	<p>A lease in which the landlord receives stipulated rent and is obligated to pay most, but not all, of the property's operating expenses and real estate taxes is known as a “Modified Gross Lease” (“MG”).</p> <p><i>Depending on the balance of expenses paid by the landlord, this may also be known as a “Modified Net Lease.” Modified leases may be complicated by base-year reimbursement stops and other issues.</i></p> <p><i>Tenants in “Industrial Gross” leases typically pay rent plus metered utilities, property maintenance, and increases in taxes and insurance over a base year (usually the initial tax year). On short term leases market participants do not underwrite base year increases.</i></p>

Source: Appraisal Institute, the Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute, 2010). Appraiser's comments are italicized.

LEASED STATUS OF THE SUBJECT PROPERTY

Occupancy Profile

The property is vacant. Because the dominant occupancy-profile for the facility is an owner-user, market participants give little or no weight to economic stabilization issues or the income capitalization approach. The subject property is not leased and there has been no recent leasing activity.

MARKET RENTAL ANALYSIS

Selection of Rent Comparables

Research and Availability

The process of selecting the most applicable rent comparables and applying a market-based analysis is a complicated process. The most compelling property attributes are:

- Positive attributes include favorable industrial location north of Doral, and the good interior renovations including roof, 100% HVAC and two-story office.
- Negative attributes include comingled front loading and parking, where trucks will occasionally block office parking spaces, although the facility has above-market loading capacity for its size and design.
- Special features with limited market appeal include the studio-buildout including a ceiling cage for prop-suspension, green-screen area, boxing of two loading doors and a sound booth. These have nominal impact on value because they are easily removed and have few potential users.

Ideal comparables would be single-user facilities located in the same unincorporated area of Doral or in the City of Doral with compensating factors. Most properties of this profile in the competitive area are owner-occupied or long-term leased, so there is a limited number of comparables. Ideal market data is further limited by low turnover, highly proprietary information closely held by brokers, and complex terms that are rarely revealed and/or interpreted differently by market participants.

Office Warehouse Market Rental Analysis

The following rent comparables would be accessible and most meaningful to market participants because they reflect similar location, utility and appeal to the same general tenant-profile. They are therefore the closest alternatives to the subject's Office Warehouse space.

Appraisal of: Two-Bay Office Warehouse Condominium ♦ Income Capitalization Approach Section

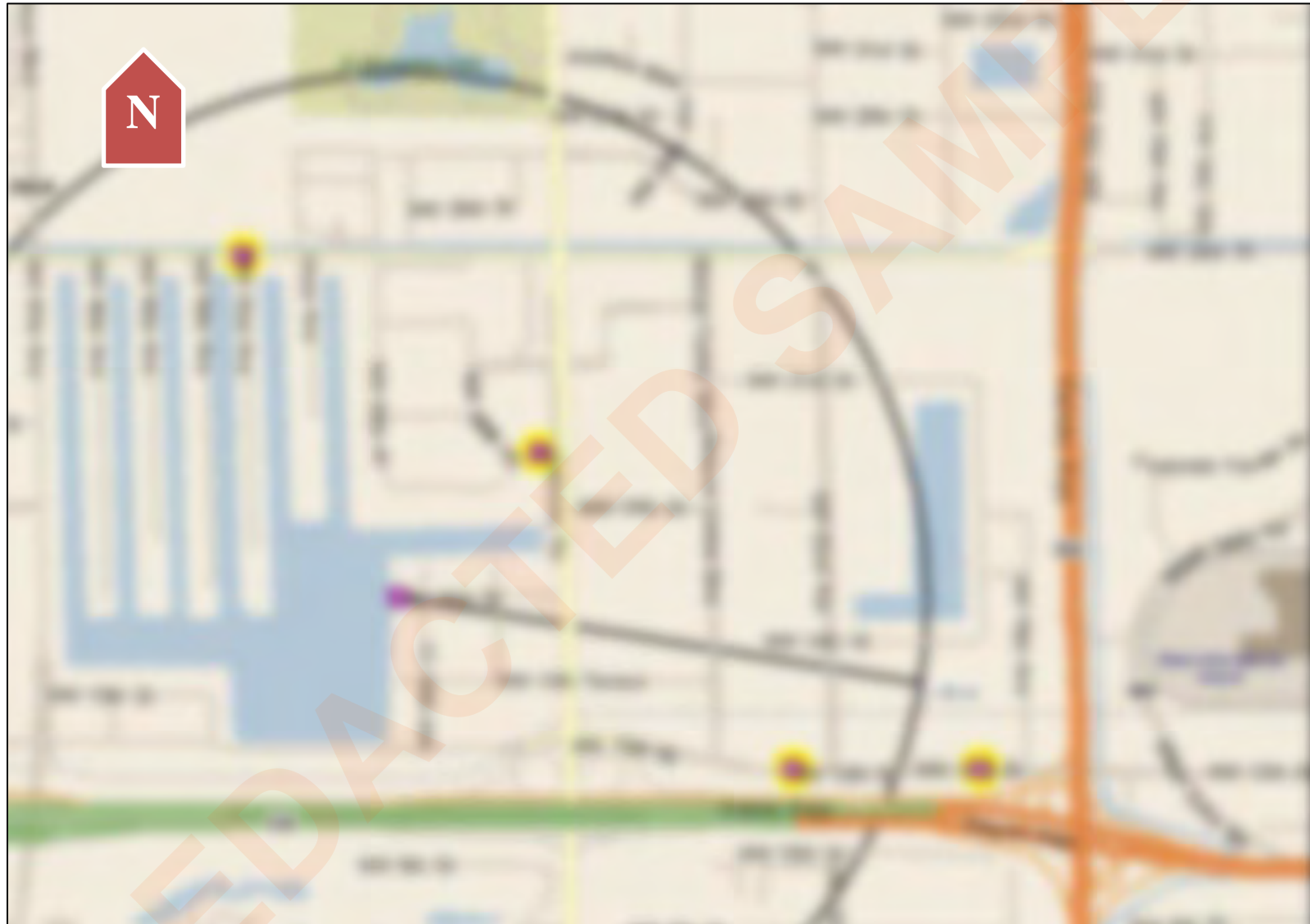
Client: ABC Bank N.A.

Client ID: Sample Appraisal Report - Industrial

OFFICE WAREHOUSE RENT COMPARABLES

Office Warehouse Rent Comparables			Date		Leased		%	Face	Tenant	Total			
No.	Building	Address	Tenant	Leased	Term	Parking	Built	SqFt	Office	Clear	Rate	+ Exp.	= Rent
A	Intersupply Trading Bay	8016 NW 68th St., Unincorporated Doral	Undisclosed	1/16	24 Months	1.81	1992	4,954	29%	20'	\$13.32	+ \$0.00	= \$13.32
B	70th Street Warehouses	6900 NW 84th Ave., Unincorporated Doral	Undisclosed	5/15	N/A	1.43	1992	4,200	24%	18'	\$9.86	+ \$0.00	= \$9.86
C	6950 Building	6950 NW 77th Ct., Unincorporated Doral	Perry Ellis America & More	4/15	60 Months	4.00	1998	4,000	45%	20'	\$20.00	+ \$0.00	= \$20.00
D	Sunset Palmetto Park	6812-6814 NW 77th Ct., Unincorporated Doral	Vacant	Asking	36 Months	0.90	1987	11,800	28%	20'	\$12.20	+ \$0.00	= \$12.20
	Subject	1400 and 1410 SW 44th Avenue, Unincorporated Doral, FL	Owner			1.36	1992	11,000	55%	20'			

OFFICE WAREHOUSE RENT COMPARABLES MAP



OFFICE WAREHOUSE RENT COMPARABLE PHOTOS



Rental A: Intersupply Trading Bay
8016 NW 68th St., Unincorporated Doral



Rental B: 70th Street Warehouses
6900 NW 84th Ave., Unincorporated Doral



Rental C: 6950 Building
6950 NW 77th Ct., Unincorporated Doral



Rental D: Sunset Palmetto Park
6812-6814 NW 77th Ct., Unincorporated Doral

Discussion of Office Warehouse Rent Comparables

The comparables selected represent the most similar to the subject property in the local area and would be considered most relevant by prospective investors. “Gross” face rates (rent plus all typical operating expense reimbursements for the subject property’s leasing profile) range from \$9.86 to \$20.00 and average \$13.85 per square foot. Comparable terms are generally industrial gross where tenants pay their own interior maintenance/janitorial and utilities.

Conclusion of Office Warehouse Market Rents

The following summarizes asking and market terms for office warehouse space.

OFFICE WAREHOUSE MARKET RENT OBSERVATIONS, SUMMARY AND CONCLUSIONS

No. Comparison	Date Leased	Base Rent	Tenant Exp.	Total \$/SqFt	
A Intersupply Trading Bay					
8016 NW 68th St., Unincorporated Doral					
(Inferior) Condo, 2DH & 1GL, inferior condition.					
	1/16	\$13.32/Asked	+ \$0.00	= \$13.32	
B 70th Street Warehouses					
6900 NW 84th Ave., Unincorporated Doral					
(Inferior) 2DH, inferior curb appeal.					
	5/15	\$9.86/Asked	+ \$0.00	= \$9.86	
C 6950 Building					
6950 NW 77th Ct., Unincorporated Doral					
(Superior) 1DH ramp, 100% AC, trade-free, gated. Superior curb appeal.					
	4/15	\$20.00/Asked	+ \$0.00	= \$20.00	
D Sunset Palmetto Park					
6812-6814 NW 77th Ct., Unincorporated Doral					
(Equal) 5DH & ramp, 2-story office with elevator, 4 restrooms, Showrooms.					
	Asking	\$12.20/Asked	+ \$0.00	= \$12.20	
		Minimum	\$9.86	\$0.00	\$9.86
		Average	\$13.85	\$0.00	\$13.85
		Median	\$12.76	\$0.00	\$12.76
		Maximum	\$20.00	\$0.00	\$20.00
		Last Asking Rate at the Subject (2013)	\$32.73	+ \$0.00	= \$32.73
		Indicated Total Asking Market Rental Rate			\$13.25
		Less: Negotiating Margin/Concessions		10%	(1.33)
		Less: Forecast Expense Reimbursements			0.00
		Indicated Market Rental Rate			\$11.93
		Rounded			\$12.00
		Expense reimbursement terms	Industrial Gross (IG)		
		Lease term (months)	36 Mo.		
		Annual increases	CPI		

End-User Property Profile Lease-Up Analysis

Market participants rarely budget for the delayed revenue, costs and risks associated with lease-up of a vacant building. These costs are simply not applicable to properties where the most likely buyer is an owner-user, even if vacant.

Other Income

There are no other significant sources of ongoing revenue that would be considered relevant by market participants.

VACANCY AND COLLECTION LOSS

Vacancy and collection loss is discussed in the Supply and Demand section of this report, where it was concluded that investors would consider a vacancy and credit loss of 5.5% percent reasonable.

PROJECTED STABILIZED EFFECTIVE GROSS INCOME

The following summarizes stabilized effective gross income. Note that calculations involve rounding and complex circular references, so that as a result insignificant variances may be present.

PROJECTED STABILIZED EFFECTIVE GROSS INCOME

		Year-1	\$/Sqft
Potential Gross Revenue			
Base Rent	11,000 SF x \$12.00/SF =	\$132,000	\$12.00
Expense Reimbursement Revenue		0	0.00
Total Potential Gross Revenue		\$132,000	\$12.00
Vacancy & Collection Loss	5.5%	(7,260)	(0.66)
Effective Gross Income		\$124,740	\$11.34

OPERATING EXPENSE ANALYSIS

Borrower's Going-Concern (Owner-User) Operating Expenses

The subject property is operated as a business asset by the owner-occupant, and operating expenses are considered part of the going concern expense. As a result they are not recorded or reported as a leased asset would be, and information provided is generally insufficient for purposes of the income capitalization approach.

The subject is a condominium unit, and although the association fee was unavailable in this case a complete budget is estimated since the development is small and only one exterior wall is shared in common. In these cases owners allocate expenses individually.

Operating Expense Analysis

Operating expenses are generally based on property performance. In this case expenses were based on the following.

Real Estate Tax Proforma real estate taxes of \$20,000 or \$1.82 per square foot are based on the tax analysis section of this report, and reflect the most likely stabilized property taxes assuming a sale under Miami-Dade County Property Appraiser policies.

Insurance Insurance costs, underwritten at \$8,250 per year (stabilized) or \$0.75 per square foot, are normally property-specific and based on physical attributes, historical insurance claims activity and the anticipated use of a facility.

Often, when a major insurance claim has been made in the past, quotes continue to be higher than similar surrounding facilities for some time even when the issue has been effectively cured.

Association fees include common area maintenance costs including insurance, association management (duplicating some property management functions), and most replacement reserves.

In this case the current cost was unavailable and estimated from within a reasonable market range considering the subject's most likely occupancy profile upon sale.

Management Third party management is nominal for properties of the subject's profile, and often not budgeted because they are usually self-managed. However, if management is not included in the proforma an investor would load the capitalization rate. Still, management needs to be sufficient to provide incentive to experienced property managers, and is not simply a percentage of EGI. In this case market participants would consider a management fee of \$2,495 or \$208 per month reasonable.

The association fee includes some property management functions and as a result the budget may be slightly lower than market-standard for condominiums.

- Administrative** Administrative costs are limited to professional services such as tax preparation. In this case \$1,000 would be sufficient (\$0.09 per square foot).
- Maintenance** Tenants typically maintain interiors, including janitorial. Landlords typically maintain exteriors and interior equipment. Proforma expenses should be in the \$0.50 per square foot range based on the property profile.
- Utilities** Tenants pay all utilities. Vacancy-term utilities are reflected in capitalization rate assumptions.
- Reserves** Replacement reserves can be estimated by an engineer or contractor, but in this case a study was unavailable. Many market participants ignore reserves, with some preferring to include a more robust maintenance budget and others to ignore future maintenance obligations to market an investment in the most favorable way. The more knowledgeable and conscientious brokers and advisors typically estimate replacement reserves from a market-standard range rather than invest in an estimator.
- Reserves of \$0.40 per square foot reflect maintenance and replacement for long-lived items and are based on improvement age as well as the expected remaining economic life. The guidelines considered in the reserves estimate follow.
- Where association fees include unit-exterior reserves and/or assessments, interior-unit reserve budgets are frequently omitted or very low.

REPLACEMENT RESERVE SURVEY GUIDELINES

RealtyRates.com INVESTOR SURVEY - 2nd Quarter 2016*									
SURVEYED RESERVE REQUIREMENTS									
Property Type	Per SF			Per Unit			% of EGI		
	Min.	Max.	Typical	Min.	Max.	Typical	Min.	Max.	Typical
Apartments				\$155	\$390	\$362			
Golf				\$1,250	\$7,200	\$3,320	2.0%	4.0%	3.0%
Health Care/Senior Housing				\$255	\$695	\$388			
Industrial	\$0.22	\$0.62	\$0.42						
Lodging							4.0%	8.0%	4.5%
Mobile Home/RV Park				\$28	\$282	\$156	2.0%	5.0%	4.0%
Office	\$0.28	\$0.72	\$0.52						
Restaurants							2.0%	5.0%	3.0%
Retail	\$0.28	\$0.88	\$0.57						
Self-Storage	\$0.22	\$0.55	\$0.51	\$28	\$185	\$116			
Special Purpose	\$0.24	\$0.78	\$0.56						

*1st Quarter 2016 Data

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UNDERWRITTEN NET OPERATING INCOME

Subtracting operating expenses including reserves from effective gross income reveals the property's underwritten net operating income. Note that calculations involve rounding and complex circular references, so that as a result insignificant variances may be present.

STABILIZED PROFORMA

		Year-1	\$/Sqft
Potential Gross Revenue			
Base Rent	11,000 SF x \$12.00/SF =	\$132,000	\$12.00
Expense Reimbursement Revenue		0	0.00
Total Potential Gross Revenue		\$132,000	\$12.00
Vacancy & Collection Loss	5.5%	(7,260)	(0.66)
Effective Gross Income		\$124,740	\$11.34
Operating Expenses			
Real Estate Tax		\$20,000	\$1.82
Insurance		8,250	0.75
Management	2.0%	2,495	0.23
Administrative		1,000	0.09
Maintenance		5,500	0.50
Utilities		1,210	0.11
Reserves		4,400	0.40
Total Operating Expenses	34%	(\$42,855)	(\$3.90)
Net Operating Income		\$81,885	\$7.44

OVERALL CAPITALIZATION RATE ESTIMATION

Three methods will be used to estimate the overall capitalization rate in this section: debt coverage ratio (DCR), band-of-investment and market transactions.

Market overall capitalization rates (“OAR”) may be derived from several sources: market transactions, band-of-investment or weighted average techniques based on allocations to mortgage and equity components (R_M and R_E) or land and building components (R_L and R_E), debt coverage ratios (DCRs), and yield capitalization techniques. Dividing NOI by the capitalization rate indicates value.

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

The following analysis reflects a *typical* financing-profile for the subject property based on the most likely buyer, and may differ significantly from the actual terms of any current or prospective financing that may be modified for specific borrower or non-realty related issues. Specific parameters for any proposed financing were not provided.

A great deal of effort is spent in estimating a market capitalization rate first, which is then then adjusted to the unique attributes of the subject property to produce its specific appropriate capitalization rate.

Band of Investment and Debt Coverage Ratio Methods

The Band of Investment (Mortgage/Equity) and Debt Service Coverage (Underwriter’s Method) are market-standard capitalization-building techniques based on risk-adjusted debt and equity returns required by market participants. The variables utilized in this approach are summarized in the following tables and based on typical financing terms and investor requirements indicated by our most recent research.

- **Mortgage/Equity or Band of Investment Technique** - Because most properties are purchased with debt and equity capital, the overall capitalization rate must satisfy the market return requirements of both of these investment positions, or bands of investment. In this technique, the capitalization rates attributable to the debt and equity components of invested capital are weighted and combined to derive a weighted average rate attributable to the overall investment.
- **Debt Service Coverage or the Underwriter’s Technique** - The availability of debt financing may have a substantial impact on real estate values due to the fact that investors desire to maximize the impact of leverage, and lenders typically constrain mortgage size based on debt service coverage ratio (DCR). Therefore, the amount of debt that a property can service with a satisfactory multiple serves to indirectly limit the amount investors are willing to pay in order to minimize their equity injection. Applying the formula $DCR \times R_M \times LTV$ yields an implied overall capitalization rate (OAR).

In estimating 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.

Lending Survey Parameters

The following national survey provides the low, high and average range for lending and equity parameters most closely resembling the subject property profile, as well as overall rates. The subject property remaining economic life is estimated to be 45 years and the capitalization rate would most likely be in the middle of the range because of its general profile.

NATIONAL MARKET-LENDING PARAMETER SURVEY

RealtyRates.com INVESTOR SURVEY - 2nd Quarter 2016*						
INDUSTRIAL - WAREHOUSES & DISTRIBUTION CENTERS						
Item	Input					OAR
Minimum						
Spread Over 10-Year Treasury	1.11%	DCR Technique	1.15	0.042201	0.90	4.37
Debt Coverage Ratio	1.15	Band of Investment Technique				
Interest Rate	2.89%	Mortgage	90%	0.042201	0.037981	
Amortization	40	Equity	10%	0.074044	0.007404	
Mortgage Constant	0.042201	OAR				4.54
Loan-to-Value Ratio	90%	Surveyed Rates				4.31
Equity Dividend Rate	7.40%					
Maximum						
Spread Over 10-Year Treasury	4.45%	DCR Technique	1.90	0.102760	0.60	11.71
Debt Coverage Ratio	1.90	Band of Investment Technique				
Interest Rate	6.23%	Mortgage	60%	0.102760	0.061656	
Amortization	15	Equity	40%	0.154116	0.061646	
Mortgage Constant	0.102760	OAR				12.33
Loan-to-Value Ratio	60%	Surveyed Rates				11.71
Equity Dividend Rate	15.41%					
Average						
Spread Over 10-Year Treasury	2.78%	DCR Technique	1.39	0.063869	0.75	6.63
Debt Coverage Ratio	1.39	Band of Investment Technique				
Interest Rate	4.56%	Mortgage	75%	0.063869	0.047902	
Amortization	28	Equity	25%	0.110077	0.027519	
Mortgage Constant	0.063869	OAR				7.54
Loan-to-Value Ratio	75%	Surveyed Rates				8.42
Equity Dividend Rate	11.01%					

*1st Quarter 2016 Data

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Equity Capitalization Rate

Within the band-of-investment method of estimating the overall capitalization rate, the equity capitalization rate (R_E) is an important variable. 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.

However, this is sometimes not a true cash-on-cash return because rates are calculated differently throughout the real estate industry. For example, it is not unusual for credit NNN-leased investors or investors that self-manage properties to ignore management, replacement allowance and other miscellaneous expenses. Equity capitalization rates without allowing for management and reserves are higher than rates where management and reserves are budgeted. Investments in areas that expect greater than typical appreciation will have lower equity capitalization rates while those investments in areas that are expected to depreciate will have higher equity capitalization rates.

NATIONAL INVESTOR EQUITY CAPITALIZATION REQUIREMENTS

RealtyRates.com INVESTOR SURVEY - 2nd Quarter 2016*			
EQUITY DIVIDEND RATES			
Property Type	Min.	Max.	Avg.
Industrial	7.40%	16.61%	12.47%
Warehouse/Distribution	7.40%	15.41%	11.01%
R&D/Flex	7.60%	16.61%	11.66%
Climate Controlled/Manufacturing	7.50%	16.01%	11.33%
All Properties	6.49%	22.13%	12.79%

*1st Quarter 2016 Data

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Today's investor is looking for an equity return between 7.40% and 15.41%. Leased asset investors will require an appropriate market return. Within the band-of-investment method of estimating the overall capitalization rate, an equity capitalization rate of 11.01% was utilized.

Current Permanent Financing Parameters

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

NATIONAL INTEREST RATE SURVEY

RealtyRates.com INVESTOR SURVEY - 2nd Quarter 2016*											
PERMANENT FINANCING											
	Apt.	Golf	Health Senior Housing	Ind.	Lodging	RV/Camp Mfg Hsg MH Park	Office	Restaurant	Retail	Self Storage	Special Purpose
Spread Over Base**											
Minimum	0.80%	1.26%	1.35%	1.11%	1.26%	1.05%	1.11%	2.30%	0.81%	1.11%	1.81%
Maximum	6.38%	12.09%	8.25%	6.95%	11.59%	8.81%	6.95%	11.52%	8.32%	6.95%	12.60%
Average	2.66%	5.56%	3.47%	3.07%	3.73%	4.04%	3.53%	4.75%	3.21%	4.18%	4.93%
Interest Rate											
Minimum	2.58%	3.04%	3.28%	2.89%	3.04%	2.83%	2.89%	4.08%	2.59%	2.59%	3.59%
Maximum	8.16%	13.87%	10.03%	8.73%	13.37%	10.59%	8.73%	13.30%	10.10%	10.10%	14.38%
Average	4.44%	7.34%	5.25%	4.85%	5.51%	5.82%	5.31%	6.53%	4.99%	4.99%	6.71%
Debt Coverage Ratio											
Minimum	1.10	1.20	1.12	1.15	1.00	1.15	1.15	1.15	1.05	1.15	1.15
Maximum	1.96	2.25	2.30	2.15	2.95	2.05	2.25	2.25	2.25	2.55	2.10
Average	1.43	1.59	1.56	1.49	1.58	1.41	1.70	1.66	1.41	1.65	1.70
Loan-to-Value Ratio											
Minimum	50%	50%	50%	50%	50%	50%	50%	50%	50%	90%	50%
Maximum	90%	80%	90%	90%	80%	90%	90%	75%	90%	50%	80%
Average	73%	66%	71%	70%	67%	70%	73%	64%	71%	69%	64%
Amortization (Yrs.)											
Minimum	15	15	15	15	15	15	15	15	15	40	15
Maximum	40	40	40	40	40	40	40	30	40	15	40
Average	26	21	25	24	22	25	30	21	25	28	22
Term (Yrs.)											
Minimum	3	5	3	3	5	5	3	3	3	3	3
Maximum	40	30	25	30	30	30	30	15	10	10	20
Average	20.50	9.00	13.65	11.46	7.80	9.15	8.00	7.45	6.20	6.10	7.85
** 10-Year Treasury											

*1st Quarter 2016 Data

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Conclusion of Current Lending Parameters

Based on the surveys and analysis above, the following parameters are used to estimate an overall rate by DCR and Band of Investment methods.

MORTGAGE & EQUITY VARIABLES

Survey Variable:	Low	High	Avg.	Estimate
Debt Coverage Ratio (DCR)	1.15	1.90	1.39	1.39
Mortgage Interest Rate (I)	2.89%	6.23%	4.56%	4.56%
Mortgage Term (monthly)	40 Years	15 Years	28 Years	28 Years
Mortgage Constant (RM)	0.04220	0.10276	0.06330	0.06330
Loan-to-Value Ratio (LTV)	90%	60%	75%	75%
Equity Capitalization Rate (RE)	7.40%	15.41%	11.01%	11.01%

Estimates of an Overall Capitalization Rate

DCR AND MORTGAGE-EQUITY CAPITALIZATION RATE CALCULATIONS

Overall Capitalization Rate by Debt Coverage Ratio

Calculations:

Debt Coverage Ratio	x	Mortgage (I)	x	Mortgage Constant	=	Overall Capitalization Rate
1.39		75%		0.06330		6.60%
				<i>Rounded to</i>		6.50%

Overall Capitalization Rate by Band of Investment

Calculations:

Capital	x	Ratio	x	Rate	=	Weighted Rate
Mortgage (VM)		75%		0.06330		0.04748
Equity (VE)		25%		0.11010		0.02753
Overall Capitalization Rate (RO)						0.07500
				<i>Rounded to</i>		7.50%

Overall Capitalization Rate by Market Participant Surveys and Transactions

Market Participant Survey

Under current market conditions, local market participants are not good sources for capitalization rate estimates.

- As discussed, the subject property is an end-user profile property, and capitalization rates are not often used to underwrite prices. Institutional investors typically buy a combination of property and tenant, so that their rates will not be directly comparable.
- Market capitalization rates are not well defined because low sales volume, distress or low-occupancy conditions and unreported capitalization rates have resulted in inefficient market information.
- Broker calculations often vary, some dropping management for single-user properties assuming landlords will self-manage. They also rarely budget reserves or administrative costs.

National Investor Surveys

Investor surveys such as PwC Real Estate Investor Survey™ of PricewaterhouseCoopers LLP or The RealtyRates Investor Survey are not highly relevant because they do not reflect credible survey-data for the subject property profile.

Following is a summary of going-in capitalization rates from PwC Real Estate Investor Survey™ of PricewaterhouseCoopers LLP and the RealtyRates Investor Survey.

PWC REAL ESTATE INVESTOR SURVEY™ OF PRICEWATERHOUSECOOPERS LLP

Table 26 NATIONAL WAREHOUSE MARKET Second Quarter 2016					
	CURRENT	LAST QUARTER	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
OVERALL CAP RATE (OAR)^a					
Range	3.00% – 7.00%	3.00% – 7.00%	4.00% – 7.00%	5.00% – 8.25%	6.00% – 12.00%
Average	5.38%	5.52%	5.65%	6.40%	7.49%
Change (Basis Points)		- 14	- 27	- 102	- 211
a. Rate on unleveraged, all-cash transactions	b. Initial rate of change	c. In months			

REALTYRATES INVESTOR SURVEY

Note: RealtyRates does not subtract reserves, which can affect the overall rate by as much as 50 to 100 basis points. As a result, RealtyRates brackets the upper limits of the range compared to South Florida Real Estate Appraisal LLC underwriting.

RealtyRates.com INVESTOR SURVEY - 2nd Quarter 2016*																								
CURRENT & HISTORICAL CAP RATE INDICES																								
Method-Weighted* Property Category Indices																								
Year	Apts		Golf		Healthcare Senior Housing		Industrial		Lodging		MH/RV Park		Office		Retail		Restaurant		Self Storage		Special Purpose		Weighted* Composite Indices	
	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg
2016	7.96	-18	11.71	2	8.79	8.94	1	10.13	-9	9.00	1	9.02	2	9.16	1	11.52	-15	9.48	-4	11.11	-1	9.36	-4	
1st Qtr.	7.96	-25	11.71	-7	8.79	-9	8.94	-6	10.13	-5	9.00	-6	9.02	-7	9.16	-6	11.52	-21	9.48	-6	11.11	-10	9.36	-10
2015	8.15	-9	11.69	-14	8.80	-9	8.93	-10	10.22	-20	8.99	-18	9.00	-6	9.15	-11	11.66	-13	9.52	-22	11.11	-12	9.40	-12
4th Qtr.	8.21	6	11.77	3	8.88	8	9.00	8	10.18	-7	9.06	5	9.09	8	9.22	8	11.72	5	9.54	7	11.20	5	9.46	6
2014	8.24	-15	11.83	-9	8.89	-1	9.03	-4	10.43	-17	9.17	-5	9.06	-22	9.26	15	11.79	-6	9.75	-20	11.24	14	9.52	-7
2013	8.39	14	11.92	-14	8.90	5	9.07	-2	10.60	3	9.22	14	9.28	-19	9.11	-4	11.86	9	9.95	-24	11.10	1	9.58	-2
2012	8.25	-35	12.07	6	8.85	-36	9.09	-40	10.57	-24	9.08	-39	9.47	3	9.15	-13	11.77	6	10.19	-49	11.09	-4	9.60	-21
2011	8.60	-29	12.00	-22	9.21	-40	9.49	-11	10.81	-24	9.48	-8	9.44	-10	9.28	-26	11.70	-14	10.69	-3	11.12	-17	9.81	-19
2010	8.89	4	12.22	5	9.62	15	9.60	12	11.05	7	9.55	22	9.54	16	9.54	25	11.84	12	10.72	21	11.30	0	10.00	13
2009	8.85	8	12.17	16	9.47	10	9.48	10	10.98	-7	9.33	1	9.38	29	9.29	20	11.72	15	10.50	37	11.30	8	9.87	14
2008	8.77	-4	12.01	29	9.37	-16	9.38	-14	11.05	56	9.32	-5	9.09	-16	9.09	-11	11.57	-28	10.13	20	11.22	-7	9.74	-1
2007	8.81	-45	11.72	-21	9.53	-65	9.52	-25	10.49	-28	9.37	-26	9.25	-47	9.20	-12	11.85	61	9.93	-38	11.29	-24	9.75	-28
2006	9.26	12	11.93	47	10.18	15	9.77	35	10.77	27	9.63	41	9.72	26	9.32	30	11.24	18	10.31	27	11.53	9	10.03	26
2005	9.14	14	11.46	80	10.03	-16	9.42	-30	10.50	-21	9.22	19	9.46	6	9.02	16	11.06	5	10.04	13	11.44	-30	9.77	2
2004	9.00	-19	10.66	28	10.19	-37	9.72	19	10.71	-98	9.03	-48	9.40	-4	8.86	-19	11.01	-15	9.91	-13	11.74	-30	9.75	-19
2003	9.19	-2	10.38	-32	10.56	64	9.53	33	11.69	56	9.51	-11	9.44	1	9.05	-18	11.16	8	10.04	-53	12.04	105	9.94	12
2002	9.21	-40	10.70	18	9.92	-39	9.20	-61	11.13	26	9.62	-60	9.43	-35	9.23	-62	11.08	-3	10.57	-12	10.99	-177	9.82	-41
2001	9.61	64	10.52	133	10.31	90	9.81	16	10.87	98	10.22	-68	9.78	-35	9.85	-53	11.11	47	10.69	13	12.76	32	10.23	21
2000	8.97		9.19		9.41		9.65		9.89		10.90		10.13		10.38		10.64		10.56		12.44		10.01	

* Weighted by methodology: Band-of-Investment, DCR Technique, Sales Survey

^ Further weighted by property category

*1st Quarter 2016 Data

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Market Derived Rates

Capitalization Rates from Comparable Sales

It is not surprising that comparables in the sales comparison approach are not based on capitalization rates. End-user purchases are not underwritten on the income capitalization approach. Comparable one was a sale-leaseback, which can be affected by a number of factors making it unreliable in estimating a market capitalization rate.

CoStar Reported Capitalization Rates

Capitalization rates reported by market participants to CoStar for the subject property's general profile are as follows. While the properties are not ideal comparables for purposes of the sales comparison approach, investment parameters are similar enough to derive capitalization rate expectations within the market.

Typically, CoStar capitalization rate data is not highly reliable for the subject property profile because properties are often self-managed and NOI calculations are inconsistent. Capitalization rates would tend to overstate capitalization rates underwritten on all operating expenses and reserves (lowering expenses increases NOI, increasing the calculated OAR).

Conclusion of the Market Overall Capitalization Rate

The surveys referenced on the prior page are for all types and qualities of properties. These surveys indicate that overall capitalization rates for the subject property type range from 4.31% to 11.71%. The methods used to estimate the overall capitalization rate specifically for the subject property conclude to the following.

CAPITALIZATION RATE FORECAST RECONCILIATION

Debt Coverage Ratio	6.50%
Band of Investment	7.50%
Market Transaction	4.31% to 11.71%
<i>Historical Investor Range</i>	8.42%
Reconciled Market OAR	8.00%

Adjustment to Reflect the Subject Capitalization Rate

The market capitalization rate analysis above suggests that most investors would begin with a stabilized 8.00% overall rate for the subject property profile. However, each property is unique and property-specific positive or negative attributes (risk factors) can have significant impact on the capitalization rate market participants would apply to the subject property.

The following table summarizes the impact of major risk factors on the subject's capitalization rate, indicating that market participants would expect the capitalization rate for the subject property to be lower than the market OAR of 8.00%. The analysis is not empirical. An OAR estimate of 6.50% is reasonable for the subject property under current market conditions.

MARKET CAPITALIZATION RATE ADJUSTMENTS FOR THE SUBJECT PROPERTY

ESTIMATED "MARKET" CAPITALIZATION RATE			8.00%
CAPITALIZATION RATE ESTIMATE FOR THE SUBJECT PROPERTY			
Risk Factor	Issues	Impact on Subject	Adjustment
Buyer Profile	End user or investor (value added, long-term hold, speculator, etc.)	End-user user-profile.	-100 bp
Income Characteristics	Rollover, escalation pattern, above/below market rents, tenant credit strength.	None	0 bp
Competitive Market Position	Construction, design & curb appeal, condition, effective age, functional utility.	Buildout & curb appeal.	-50 bp
Location	Environment, demographics, proximity issues, access and support infrastructure.	None	0 bp
Market	Occupancy and rental rate trends, supply & demand.	None	0 bp
Highest & Best Use	Upside from redevelopment, adaptation and expansion potential.	None	0 bp
TOTAL ADJUSTMENT			-150 bp -1.50%
INDICATED CAPITALIZATION RATE FOR THE SUBJECT PROPERTY			6.50%

DIRECT CAPITALIZATION

The 6.50% capitalization rate estimated above specifically for the subject property's unique attributes is divided into the stabilized net operating income estimated previously to indicate a value by the income capitalization approach. Note that calculations involve rounding and complex circular references, so that as a result insignificant variances may be present.

DIRECT CAPITALIZATION ANALYSIS AND CONCLUSIONS

Projected Net Operating Income	\$81,885
Divided by	÷ 6.50%
Indicated Market Value As Is	<u>\$1,259,769</u>
Rounded to nearest \$5,000 as of July 8, 2016	\$1,260,000
Per Square Foot	\$114.55

The implied capitalization rate is 4.32% based on stabilized net operating income of \$81,885 and value of \$1,895,000. The subject property is considered an owner-user product. It is also being purchased by an owner user to occupy the entire building. Although this approach has been provided, market participants regard it to be of little to no relevance to owner-user properties. Owner-users typically purchase property to support a going concern rather than as an investment in isolation as leased-asset investors do. This implied capitalization rate is below what would be typical of leased-asset investors, but not unusual for owner-users that do not have a return on the real estate as their primary concern.

Assuming market terms NOI would be expected to change steadily over a typical holding period. Therefore, if properly applied, a discounted cash flow analysis would indicate a value very similar to the direct capitalization method.

CONCLUSION OF VALUE BY THE INCOME CAPITALIZATION APPROACH

Direct capitalization and discounted cash flow methods were considered for this appraisal. As a result of the subject property's occupancy and leasing profile, considering the market-standard application of each, most market participants would concur that the direct capitalization method is appropriate in the scope and context of this approach.

INCOME CAPITALIZATION APPROACH SUMMARY & CONCLUSIONS

Method	Weight	As-Is Market Value of the Fee Simple Interest 7/8/16
Direct Capitalization	100%	\$1,260,000
<i>Per Square Foot</i>		\$114.55
Discounted Cash Flow	0%	N/A
<i>Per Square Foot</i>		N/A
Final Estimate		\$1,260,000
<i>Per Square Foot</i>		\$114.55
Current Listing		\$2,500,000
<i>Per Square Foot</i>		\$227.27
Current Contract		\$1,895,000
<i>Per Square Foot</i>		\$172.27
<i>Compared to</i>		
Sales Comparison Approach		\$1,895,000
Per Square Foot		\$172.27
Implied Capitalization Rate		4.3%

SALES COMPARISON APPROACH

The justification and use of this approach is summarized in the preceding Valuation Methodology section. A sales comparison analysis was considered and was developed because it would be considered relevant by market participants.

The sales comparison approach is based on the principle of substitution. The principle of substitution holds that the value of a property tends to be set by the price that would be paid to acquire a substitute property of similar utility and desirability within a reasonable amount of time.²

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.

The adjustment process is qualitative despite the use of percentage adjustments because they are based on the appraiser's judgment and opinion. Justification for this procedure is outlined at the end of the Valuation Methodology section.

SELECTION OF COMPARABLES

Research Parameters

In appraisal practice the sales comparison approach is regarded as more reliable when comparables are ideal, reflecting highly correlated locational, physical and economic attributes.

The most compelling property attributes are:

- Positive attributes include favorable industrial location north of Doral, and the good interior renovations including roof, 100% HVAC and two-story office.
- Negative attributes include comingled front loading and parking, where trucks will occasionally block office parking spaces, although the facility has above-market loading capacity for its size and design.
- Special features with limited market appeal include the studio-buildout including a ceiling cage for prop-suspension, green-screen area, boxing of two loading doors and a sound booth. These have nominal impact on value because they are easily removed and have few potential users.

These represent somewhat unique property attributes and as a result comparable sales are less frequent. Ideal sales comparables have not occurred.

The selection of comparables is therefore an attempt to bracket a reasonable value range considering the most likely buyer and each property characteristic – while all cannot be ideal alternatives each comparable has some relationship to the demand profile of the subject property.

² The Appraisal of Real Estate 13th Addition, 2008, page 298-299

Unit of Comparison

Considering the data profile available for comparison to the subject property, comparables are analyzed on a price per square foot basis. This is consistent with the market standard for the subject property type and most market participants recognize it intuitively.

All building area measurements are consistent between the subject property and improved sales. In this case the local market standard for the subject property profile is gross leasable area (“GLA”).

Inspection and Verification of Comparables

Comparables were inspected from the street. In each case, principal motivations and conditions of sale were confirmed with parties to the transaction. Sometimes, but rarely, only public record confirmation is available. In these cases the rationale for reliance and the possibility of unusual conditions of sale or other issues affecting the price are considered in the final reconciliation.

IMPROVED SALES GRID

Comparables were selected for their date of sale, location, occupancy profile, buyer motives and physical attributes including design, appeal and utility. A summary table, map, data sheets containing detailed descriptions as well as recent sale and marketing histories for each comparable follow. In the following table comparables marked with a percentage (“%”) are given most weight in the final analysis.

On a price per square foot basis, the unadjusted values of the comparable properties range from \$143.68 to \$209.97 with an average of \$167.16 and median of \$162.26 per square foot. The comparable summary grid, bracketing-summary, location map and data-sheets follow.

Appraisal of: Two-Bay Office Warehouse Condominium ♦ Sales Comparison Approach Section

Client: ABC Bank N.A.

Client ID: Sample Appraisal Report - Industrial

IMPROVED SALES SUMMARY GRID

No.	Most Property Weight	Location	Price	Conditions of Sale	Net Site SqFt	Quality	Pkg Ratio /1,000 SF	A/C Office	Warehouse HVAC	DOORS: Dock/Well	Car/Truck Separation	Land:Bl Ratio	Building \$/SqFt
			Date	Financing	GLA	Condition	Built	Clear/Mezz.	Loading	Grade Lvl.	Truck Ct.	Zoning	Occ%
		SUBJECT	\$1,895,000		Condo.	Average	1.4	55%	100%	4	Fair	Condo.	\$172.27
			6/16		11,000	Good	1992	20'	Front	2	60'	IU-3	0%
1	30%	Pharmed Industrial Park 3063-3065 NW 107th Avenue, Doral Fl 33172-2134	\$2,200,000	Leaseback Professional	25,264 14,592	Average Good	1.4 1996	31% 20'	0% Front	2 0	Good 40'	1.7 I	\$150.77 100%
Better corporate environment, better separation of loading and office parking.													
2	30%	Palmetto West Park 7865 NW 46th Street, Doral Fl	\$1,285,000	None Cash	Condo. 7,396	Average Good	Condo. 2001	35% 20'/600 SF	0% Rear	2 1	Good 100'	Condo. I	\$173.74 0%
Better corporate environment, better separation of loading and office parking with a very good rear distribution court.													
3	40%	Freestanding Warehouse with Yard 8040 NW 64th Street, Miami Fl	\$1,500,000	None Cash	35,401 7,144	Average Average	1.7 1983	5% 20'	0% Rear	0 2	Adequate 140'	5.0 IU-3	\$209.97 0%
Close to subject, but inferior in design and condition with grade loading. Large yard, typical of the unincorporated district.													
4		Cantel West 10405 NW 37th Terrace, Doral Fl	\$1,716,000	None Professional	27,277 11,454	Average Good	1.7 1999	28% 20'	0% Side	1 1	Good 55'	2.4 I	\$149.82 0%
Better corporate environment, good loading and office parking separation.													
5		Bath Trends Office Warehouse 7760 NW 32nd Street, Doral Fl	\$1,250,000	None Wells Fargo	17,855 8,700	Average Average	1.6 2002	21% 22'	0% Front	1 1	Adequate 60'	2.1 I	\$143.68 0%
Not a condominium but attached sharing a front court. Better Doral location but inferior facility overall with comingled parking and loading.													
6		Master Freight-Logistics 8920 NW 27th Street, Doral	\$3,500,000	Expansion Seller	47,693 20,000	Good Good	2.9 2001	55% 24'/10,000 SF	0% Front	3 1	Comingled 50'	2.4 IC	\$175.00 0%
Better office and extensive mezzanine buildout, better Doral location with similar loading configuration. Purchased by nearby user for expansion.													

Appraisal of: Two-Bay Office Warehouse Condominium ♦ Sales Comparison Approach Section

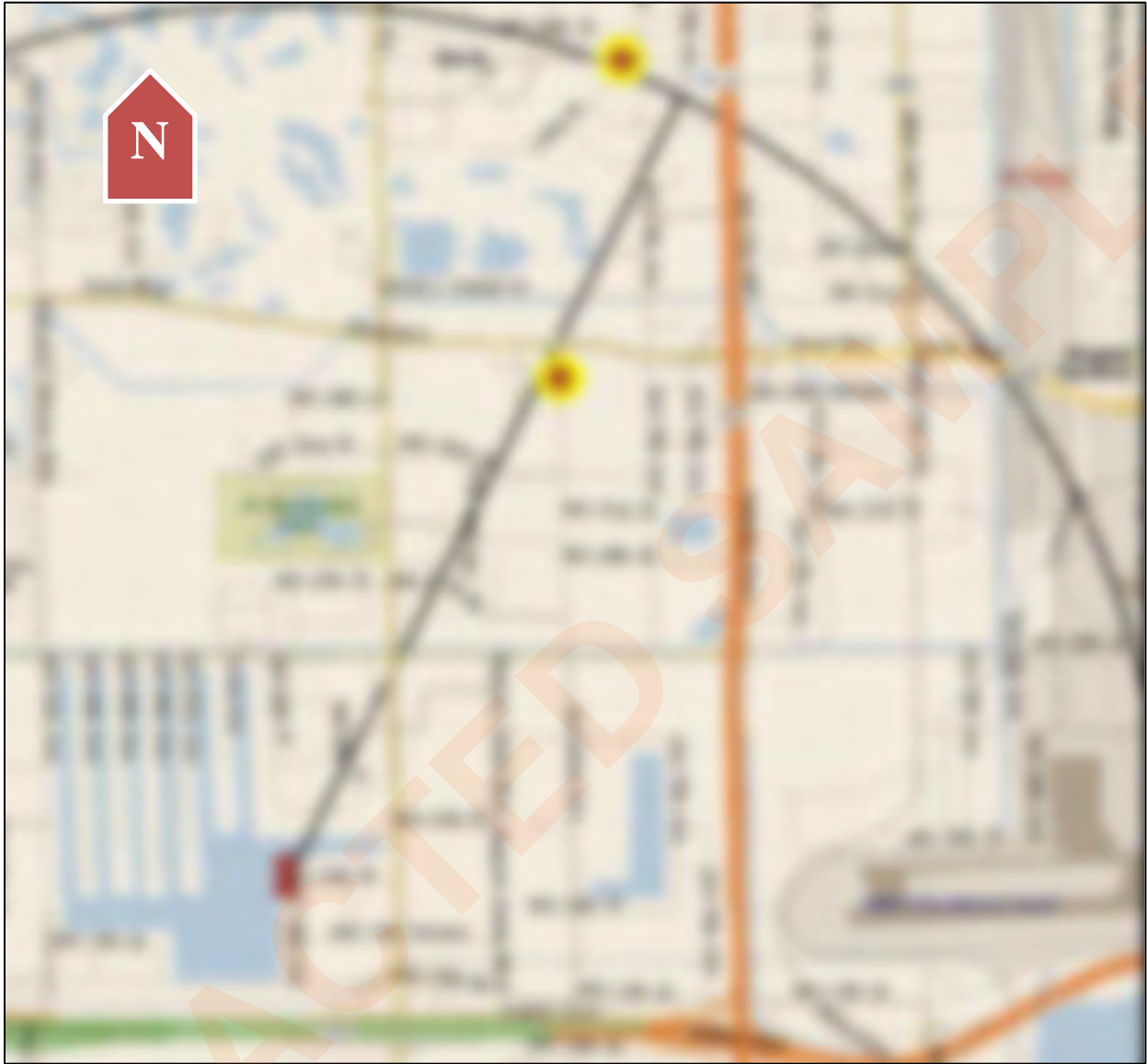
Client: ABC Bank N.A.

Client ID: Sample Appraisal Report - Industrial

IMPROVED MARKET DATA BRACKETING STATISTICS

	Price	Date	\$/SqFt Land	Building \$/SqFt	Listing \$/SqFt	Negotiating Margin	Exposure Time	Building SqFt	Built	Office	Clear	Pkg Ratio /1,000 SF
Subject	\$1,895,000	6/16	Condo.	\$172.27	\$227.27	-24%	12 Months	11,000	1992	55%	20'	1.4
Reporting	6	6	4	6	3	3	3	6	6	6	4	5
Minimum	\$1,250,000	9/15	\$42.37	\$143.68	\$164.47	-21%	8 Months	7,144	1983	5%	20'	1.4
Average	\$1,908,500	1/16	\$62.17	\$167.16	\$205.13	-12%	10 Months	11,548	1997	29%	21'	1.9
Median	\$1,608,000	1/16	\$66.46	\$162.26	\$184.96	-8%	11 Months	10,077	2000	30%	20'	1.7
Maximum	\$3,500,000	4/16	\$73.39	\$209.97	\$265.96	-6%	12 Months	20,000	2002	55%	22'	2.9

IMPROVED SALE COMPARABLES MAP



Appraisal of: Two-Bay Office Warehouse Condominium ♦ Sales Comparison Approach Section

Client: ABC Bank N.A.

Client ID: Sample Appraisal Report - Industrial

Improved Sale Comparable 1



Pharmed Industrial Park

3063-3065 NW 107th Avenue, Doral Fl 33172-2134

Grantor ENHOLD REAL ESTATE INC
 Grantee EWE WAREHOUSE INVS IX LTD
 Document No. 30044-1230
 Parcel Number(s) 35-3029-097-0010, 35-3029-097-0020
 Verification: State Street Realty broker George Pino (305) 447-3390

Last Market Sale	N/A	Last Listing	\$2,400,000	NOTE: There has been no market sale activity in the previous five years.	
Date	N/A	Date	5/15		
\$/SqFt	N/A	\$/SqFt	\$164.47		
Mkt. Conditions	N/A	Negotiating Margin	-8%		
Cond. of Sale	N/A	Conditions	None Known		
% Change	N/A	On Market	12 Months		

Price	\$2,200,000	Date	4/16	\$/SqFt	\$150.77
Conditions of Sale	Leaseback	Financing	Professional	\$/SqFt Land	Condo.
Property Rights	Leased Fee	Buyer	Investor	Occ%	100%
Expense Ratio	N/A	GIM	15.1	Cap Rate	5.30%

SITE

Net Land SqFt	25,264	Acres	0.6	Zoning	I
Traffic Count	N/A	Street Profile	N/A		

IMPROVEMENTS

Building Size	14,592	Quality	Average	Built	1996
Land:Bldg	1.73	Condition	Good	Parking Ratio	1.44

INDUSTRIAL ATTRIBUTES:

Docks/Wells	2	Office	31%
Loading	Front	Ramps/Grade Lvl.	0
Truck Ct.	40'	Rail	Good
		HVAC	0%
		Height	20'

The property consists of an attached office warehouse with two tax parcels (one economic unit) in gated Westport, located on the NW 107th Ave. commuter corridor in Doral. The subdivision was developed with conforming good production-quality office warehouses with a relatively tight cul-de-sac street loading configuration, and the location is considered convenient by Doral traffic standards since 107th is a divided multi-lane road with direct linkage to Palmetto ramps nearby. The interior is described as Class-A with two floors of office and a showroom and most office parking is separated from the loading court. This was a sale leaseback with a 10 year lease at \$10/NNN and \$2.00/SqFt CAM resulting in NOI of \$116,736 and a cap rate of 5.3% according to the listing broker. The seller is not regarded as a credit tenant.

Appraisal of: Two-Bay Office Warehouse Condominium ♦ Sales Comparison Approach Section

Client: ABC Bank N.A.

Client ID: Sample Appraisal Report - Industrial

Improved Sale Comparable 2



Palmetto West Park

7865 NW 46th Street, Doral Fl

Grantor OT INVESTMENTS LLC
 Grantee QUINTANA GROUP LLC
 Document No. 30010-1198
 Parcel Number(s) 35-3022-026-0440
 Verification: NAI Miami Commercial broker Lucia Custer (786) 433-0308

Last Market Sale	\$1,275,000	Last Listing	\$1,368,000	NOTE: There has been no market sale activity in the previous five years.
Date	01/26/2005	Date	5/15	
\$/SqFt	\$172.39	\$/SqFt	\$184.96	
Mkt. Conditions	Inferior	Negotiating Margin	-6%	
Cond. of Sale	None Known	Conditions	None Known	
% Change	1%	On Market	11 Months	

Price	\$1,285,000	Date	3/16	\$/SqFt	\$173.74
Conditions of Sale	None	Financing	Cash	\$/SqFt Land	Condo.
Property Rights	Fee Simple	Buyer	Owner-User	Occ%	0%
Expense Ratio	N/A	GIM	N/A	Cap Rate	N/A

SITE

Net Land SqFt	Condo.	Acres	N/A	Zoning	I
Traffic Count	N/A	Street Profile	N/A		

IMPROVEMENTS

Building Size	7,396	Quality	Average	Built	2001
Land:Bldg	Condo.	Condition	Good	Parking Ratio	Condo.

INDUSTRIAL ATTRIBUTES:

Docks/Wells	2	Office	35%
Ramps/Grade Lvl.	1	HVAC	0%
Rail	Good	Height	20'/600 SF
Loading	Rear		
Truck Ct.	100'		

The property consists of a "class-A" Doral office condominium, divided from a double-bay for sale to different buyers. The property is located in a high-end mixed office, warehouse and flex development on the NW 79th Corridor just north of the Doral Boulevard ramp on the Palmetto Expressway, and just south of the Downtown Doral office district. The office warehouse bays originally include a load bearing mezzanine (excluded from GLA), frequently converted to office. Loading includes dock and ramp doors on a very deep court which is separated from front office parking. The listing broker revealed no unusual conditions of sale.

Appraisal of: Two-Bay Office Warehouse Condominium ♦ Sales Comparison Approach Section

Client: ABC Bank N.A.

Client ID: Sample Appraisal Report - Industrial

Improved Sale Comparable 3



Freestanding Warehouse with Yard
8040 NW 64th Street, Miami FL

Grantor ROCK ASPHALT MACHINERY CORP
Grantee MASTER CONSTRUCTION OF SOUTH
Document No. 29943-568
Parcel Number(s) 30-3015-001-0714
Verification: The Katsikos Group principal Lee Katsikos 305-717-1880

Last Market Sale	N/A	Last Listing	\$1,900,000	NOTE: There has been no market sale activity in the previous five years.	
Date	N/A	Date	6/15		
\$/SqFt	N/A	\$/SqFt	\$265.96		
Mkt. Conditions	N/A	Negotiating Margin	-21%		
Cond. of Sale	N/A	Conditions	None Known		
% Change	N/A	On Market	8 Months		

Price	\$1,500,000	Date	1/16	\$/SqFt	\$209.97
Conditions of Sale	None	Financing	Cash	\$/SqFt Land	\$42.37
Property Rights	Fee Simple	Buyer	Owner-User	Occ%	0%
Expense Ratio	N/A	GIM	N/A	Cap Rate	N/A

SITE

Net Land SqFt	35,401	Acres	0.8	Zoning	IU-3
Traffic Count	N/A	Street Profile	N/A		

IMPROVEMENTS

Building Size	7,144	Quality	Average	Built	1983
Land:Bldg	4.96	Condition	Average	Parking Ratio	1.68

INDUSTRIAL ATTRIBUTES:

Docks/Wells	0	Office	5%
Loading	Rear	HVAC	0%
Truck Ct.	140'	Rails	Adequate
		Height	20'

The property consists of a grade-level manufacturing warehouse with fenced outdoor storage in an unincorporated heavy-industrial zoning (IU-3) district just north of the City of Doral. Industrial street infrastructure is lacking without curbs, gutters and with occasional ponding as well as trailer congestion. The lot has a single curb cut and was not paved. Interior buildout was minimal at the time, seller-occupied by an asphalt paving machinery company, and the building was completely buyer-renovated following the purchase by for their construction company. The broker revealed no unusual conditions of sale.

Appraisal of: Two-Bay Office Warehouse Condominium ♦ Sales Comparison Approach Section

Client: ABC Bank N.A.

Client ID: Sample Appraisal Report - Industrial

Improved Sale Comparable 4



Cantel West

10405 NW 37th Terrace, Doral Fl

Grantor USG SUPPLY INC
 Grantee MAGIS PROPERTIES LLC
 Document No. 29943-411
 Parcel Number(s) 35-3029-104-0033
 Verification: KW Commercial broker Oscar Valdes 305-595-2844

Last Market Sale	\$1,550,000	Last Listing	N/A	NOTE: There has been no market sale activity in the previous five years.
Date	10/08/2009	Date	N/A	
\$/SqFt	\$135.32	\$/SqFt	N/A	
Mkt. Conditions	Inferior	Negotiating Margin	N/A	
Cond. of Sale	None Known	Conditions	N/A	
% Change	11%	On Market	N/A	

Price	\$1,716,000	Date	1/16	\$/SqFt	\$149.82
Conditions of Sale	None	Financing	Professional	\$/SqFt Land	\$62.91
Property Rights	Fee Simple	Buyer	Owner-User	Occ%	0%
Expense Ratio	N/A	GIM	N/A	Cap Rate	N/A

SITE

Net Land SqFt	27,277	Acres	0.6	Zoning	I
Traffic Count	N/A	Street Profile	N/A		

IMPROVEMENTS

Building Size	11,454	Quality	Average	Built	1999
Land:Bldg	2.38	Condition	Good	Parking Ratio	1.75
INDUSTRIAL ATTRIBUTES:		Docks/Wells	1	Office	28%
Loading	Side	Ramps/Grade Lvl.	1	HVAC	0%
Truck Ct.	55'	Rail	Good	Height	20'

The property consists of an attached Class-A office warehouse in Doral's Cantel West Development on NW 107th Avenue, one mile from the Florida Turnpike's Doral Boulevard ramp in a favorable corporate environment. The NW 104th Avenue frontage is a commuter and business-to-business corridor but has nominal commercial viability. The site has two 37th Terrace curb cuts, one for front office parking and the other for a separate loading court. Interior buildout was good industrial quality with ground floor showroom space. This was a pocket-listing narrowly marketed without a great deal of exposure, the buyer and seller are end-users and the broker revealed no unusual conditions of sale.

Appraisal of: Two-Bay Office Warehouse Condominium ♦ Sales Comparison Approach Section

Client: ABC Bank N.A.

Client ID: Sample Appraisal Report - Industrial

Improved Sale Comparable 5



Bath Trends Office Warehouse
7760 NW 32nd Street, Doral Fl

Grantor RISER LLC
Grantee P5 CAPITAL LLC
Document No. 28021-2498
Parcel Number(s) 35-3027-007-0057
Verification: Buyer Guy Alexandre 305-219-1500

Last Market Sale	N/A	Last Listing	N/A	NOTE: The property was purchased last in February 2012 for \$795,000 just after what most market participants would say was the bottom of the recession market. Market conditions have improved significantly since that time.
Date	N/A	Date	N/A	
\$/SqFt	N/A	\$/SqFt	N/A	
Mkt. Conditions	N/A	Negotiating Margin	N/A	
Cond. of Sale	N/A	Conditions	N/A	
% Change	N/A	On Market	N/A	

Price	\$1,250,000	Date	1/16	\$/SqFt	\$143.68
Conditions of Sale	None	Financing	Wells Fargo	\$/SqFt Land	\$70.01
Property Rights	Fee Simple	Buyer	Owner-User	Occ%	0%
Expense Ratio	N/A	GIM	N/A	Cap Rate	N/A

SITE

Net Land SqFt	17,855	Acres	0.4	Zoning	I
Traffic Count	N/A	Street Profile	N/A		

IMPROVEMENTS

Building Size	8,700	Quality	Average	Built	2002
Land:Bldg	2.05	Condition	Average	Parking Ratio	1.61

INDUSTRIAL ATTRIBUTES:

Loading	Front	Docks/Wells	1	Office	21%
Truck Ct.	60'	Ramps/Grade Lvl.	1	HVAC	0%
		Rail	Adequate	Height	22'

The property consists of an attached office warehouse sharing a divided front-loading court with one neighbor. It is located in a semi-corporate environment between NW 25th and 36th street ramps on the Palmetto Expressway and just southeast of Downtown Doral. The site has one curb cut with comingled loading and parking, and the building is slightly elevated with a low-ramp and a dock well door. Interior office buildout was reportedly average overall, occupied by the seller's home improvement showroom, offices and warehouse. The buyer confirmed that the sale was arm's length, financed by Wells Fargo Bank.

Appraisal of: Two-Bay Office Warehouse Condominium ♦ Sales Comparison Approach Section

Client: ABC Bank N.A.

Client ID: Sample Appraisal Report - Industrial

Improved Sale Comparable 6



Master Freight-Logistics
8920 NW 27th Street, Doral

Grantor H & S REAL ESTATE INC
Grantee PMESQUITA LLC
Document No. 29792-1232
Parcel Number(s) 35-3028-023-0090
Verification: Seller Frank Puentes 305-321-6069

Last Market Sale	N/A	Last Listing	N/A	NOTE: There has been no market sale activity in the previous five years.
Date	N/A	Date	N/A	
\$/SqFt	N/A	\$/SqFt	N/A	
Mkt. Conditions	N/A	Negotiating Margin	N/A	
Cond. of Sale	N/A	Conditions	N/A	
% Change	N/A	On Market	N/A	

Price	\$3,500,000	Date	9/15	\$/SqFt	\$175.00
Conditions of Sale	Expansion	Financing	Seller	\$/SqFt Land	\$73.39
Property Rights	Fee Simple	Buyer	Owner-User	Occ%	0%
Expense Ratio	N/A	GIM	N/A	Cap Rate	N/A

SITE

Net Land SqFt	47,693	Acres	1.1	Zoning	IC
Traffic Count	N/A	Street Profile	N/A		

IMPROVEMENTS

Building Size	20,000	Quality	Good	Built	2001
Land:Bldg	2.38	Condition	Good	Parking Ratio	2.85
INDUSTRIAL ATTRIBUTES:		Docks/Wells	3	Office	55%
Loading	Front	Ramps/Grade Lvl.	1	HVAC	0%
Truck Ct.	50'	Rail	Comingled	Height	24'/10,000 SF

The property consists of an attached single-user Class-A industrial warehouse located in central Doral in the NW quadrant of NW 25th Street Galloway Road heavy-traffic corridors, and just west of the Palmetto Expressway proceeding to MIA cargo gates. The site has corner parking and loading (front and side doors). Building attributes shown are from direct observation during a 2013 appraisal. It has two floors of office totaling 11,000 SqFt, a 6,000 SqFt air conditioned mezzanine workshop (functional obsolescence) and an open 4,000 SqFt mezzanine (both excluded from GLA). Interior buildout is consistent with corporate design and well maintained. The property had been leased to an electronics firm with the attached building, but sold to a contiguous neighbor without market exposure when offered for lease. The seller financed the purchase at undisclosed terms, but in the low interest rate environment most market participants would assume cash equivalency.

ADJUSTMENT GRID

Characteristics of the sales were compared to the subject and summarized in the following Sales Adjustment Grid. Percentage adjustments were utilized. In the strictest interpretation of appraisal standards this methodology requires an empirical pairing of sales to extract value differences.

However, insufficient data exists to provide pairings for value differences in this case and as a result the use of *qualitative* percentage adjustments is justified (see the end of the Valuation Methodology section for a more thorough discussion).

The following grid contains adjustments based upon the data presented in preceding pages. A positive adjustment indicates the price per square foot of the sale was adjusted upward because the characteristic is inferior to the subject. A negative adjustment indicates the price per square foot of the sale was adjusted downward since the characteristic is superior to the subject.

Percentage adjustments are very subjective without the availability of paired sales. However, market participants recognize that judgment based solely on experience produces reasonable adjustments that, ideally, bracket a value range and produce a credible indication of value.

In the following table comparables marked with a percentage (“%”) are given most weight in the final analysis.

Appraisal of: Two-Bay Office Warehouse Condominium ♦ Sales Comparison Approach Section

Client: ABC Bank N.A.

Client ID: Sample Appraisal Report - Industrial

SALES ADJUSTMENT GRID

No.	Economic Adjustments (Cumulative)					Property Characteristic Adjustments (Additive)							Adj. \$/SqFt Net Adj.	Overall Absolute Gross Adj.	
	Most Weight	\$/SqFt Date	Property Rights Financing	Conditions of Sale Mkt. Conditions	Subtotal	Location	GLA	Utility & Quality	Age & Condition	Loading, Land:Bldg, Parking	Office & Warehouse HVAC	Mezzanine & Clear Height			
SUBJECT PROPERTY						\$172.27	Unincorporated	11,000	Average	1992/Good	Comingled	55%/100%	20'	\$172.27	
<u>1</u>	\$150.77	<u>Pharmed Industrial Park</u>				Doral	14,592	Average	1996/Good	Good	31%/0%	20'			
30%	4/16	Leased Fee Professional	10% Leaseback Inferior	1.0%	\$167.50	Superior	Larger	Similar	Similar	Superior	Inferior	Similar	\$175.88	Inferior	
					11.1%	-5.0%	10.0%			-5.0%	5.0%		5%	25%	
						-\$8.38	\$16.75			-\$8.38	\$8.38		\$8.38		
<u>2</u>	\$173.74	<u>Palmetto West Park</u>				Doral	7,396	Average	2001/Good	Good	35%/0%	20'/600 SF			
30%	3/16	Fee Simple Cash	None Inferior	2.0%	\$177.22	Superior	Smaller	Inferior	Similar	Superior	Inferior	Similar	\$168.36	Superior	
					2.0%	-5.0%	-5.0%	5.0%		-5.0%	5.0%		-5%	25%	
						-\$8.86	-\$8.86	\$8.86		-\$8.86	\$8.86		-\$8.86		
<u>3</u>	\$209.97	<u>Freestanding Warehouse with Yard</u>				Unincorporated	7,144	Average	1983/Average	Large Yard	5%/0%	20'			
40%	1/16	Fee Simple Cash	None Inferior	3.0%	\$216.27	Similar	Smaller	Inferior	Inferior	Superior	Inferior	Similar	\$183.83	Superior	
					3.0%	-5.0%	5.0%	5.0%		-25.0%	5.0%		-15%	45%	
						-\$10.81	\$10.81	\$10.81		-\$54.07	\$10.81		-\$32.44		
<u>4</u>	\$149.82	<u>Cantel West</u>				Doral	11,454	Average	1999/Good	Good	28%/0%	20'			
	1/16	Fee Simple Professional	None Inferior	3.0%	\$154.31	Superior	Similar	Similar	Similar	Superior	Inferior	Similar	\$146.59	Superior	
					3.0%	-5.0%				-5.0%	5.0%		-5%	15%	
						-\$7.72				-\$7.72	\$7.72		-\$7.72		
<u>5</u>	\$143.68	<u>Bath Trends Office Warehouse</u>				Doral	8,700	Average	2002/Average	Adequate	21%/0%	22'			
	1/16	Fee Simple Wells Fargo	None Inferior	3.0%	\$147.99	Superior	Smaller	Inferior	Similar	Similar	Inferior	Similar	\$162.79	Inferior	
					3.0%	-5.0%	-5.0%	10.0%			10.0%		10%	30%	
						-\$7.40	-\$7.40	\$14.80			\$14.80		\$14.80		
<u>6</u>	\$175.00	<u>Master Freight-Logistics</u>				Doral	20,000	Good	2001/Good	Comingled	55%/0%	24'/10,000 SF			
	9/15	Fee Simple Seller	Expansion Inferior	-5.0% 5.0%	\$174.56	Superior	Larger	Superior	Superior	Similar	Similar	Similar	\$165.83	Superior	
					-0.3%	-5.0%	10.0%	-5.0%	-5.0%				-5%	25%	
						-\$8.73	\$17.46	-\$8.73	-\$8.73				-\$8.73		

(*) Most Weight is given to these comparables.

Comparable Sale Adjustments

Cumulative adjustments are applied incrementally in a certain order depending on the priority of market and sales conditions. Property characteristics are adjusted in an additive fashion without regard to priority.

Cumulative Economic Adjustments

Property Rights: The subject property is appraised as a fee simple estate. Most sales involved fee simple estates as well.

However, comparable one is a sale-leaseback which in this case was created as a financing mechanism for the seller. Sale-Leaseback arrangements are frequently non-market sales done for tax purposes. However, even in these cases sale prices are typically based on the fee simple Market Value and somewhat reliable indicators of Market Value as long as the lease is relatively short. In practice, since the buyer will eventually revert the property through a sale at the end of the lease, for capital gains tax purposes the price cannot be too far from market. A prudent sale-leaseback buyer would not “lend” more than the property is worth, either. While the quality of the resulting bond-lease is a factor, most transactions do not involve credit tenants.

A positive adjustment is made in this case since leased-asset investors in the Doral market area are unable to justify prices paid by end-users. While there is some due diligence implied by the purchase price, most market participants would expect the sale to reflect the lower limits of the value range and therefore a positive adjustment is justifiable.

Financing: Comparable six involved Seller financing. Within the current low interest rate environment, seller financing is generally regarded as cash equivalent by market participants.

The financing of the other sales did not indicate any adjustments of their sale prices are warranted for favorable financing. The sales were all financed with loans at or near market rates, or purchased for all cash.

Conditions of Sale: The buyer's Expansion issues affected the sale price of comparable six, warranting an adjustment of -5.0%.

Purchases for expansion by contiguous or nearby property owners frequently reflect price-premiums because of stronger buyer-motivation, even when a property has been listed and exposed to the market where the expansion-buyer only needs to out-bid the otherwise normally motivated "marginal" buyer.

All of the other sales were arm's length transactions. No evidence was found that would suggest that any of the sales were not a fair sale. An arm's length sale means that the buyer and seller are each acting prudently, knowledgeably, and under no necessity to buy or sell, i.e., a sale that is other than in a forced or liquidation sale. In addition, none of the sales were purchased by adjoining owners, whereby a premium was paid for assemblage. Therefore, no adjustments were made to any of the sales.

Market Conditions (Time): This adjustment considers current market conditions as compared to market conditions in place at the time of the respective sale. The market has appreciated throughout the period covered by the comparable sales to the effective date of the appraisal.

An average annual adjustment of 6% was applied to the date of July 8, 2016. It is reasonable to assume that investors are expecting prices to continue to increase at a moderate rate.

Additive Property Characteristic Adjustments

Location: The subject is located in an unincorporated area north of the City of Doral. While it has many of the same benefits and shares strong marketability with Doral properties, land values tend to be a little lower because of some infrastructure and service issues. However, many owners claim that the added cost of these services and planning department friction result in less favorable Doral marketability over the unincorporated areas.

In this case an adjustment of -5.0% is made, recognizing that Doral sales normally reflect a slight premium, while also recognizing that the subject property is not adversely affected by inadequate street infrastructure (ponding, potholes, etc.) or trailer congestion from shallow street-court setbacks.

GLA Sold: The subject consists of 11,000 square feet. The inverse size adjustment is based on the principle of economies of scale whereby larger properties tend to sell for less per square foot.

Comparables one and six are significantly larger than the subject justifying 10.0% adjustments while comparables two, three and five are slightly smaller warranting -5.0% adjustments to each.

Quality: The subject reflects relatively good concrete tilt-up wall construction with Twin-T roofing, and has been modernized by prior studio users. It has a good curb appeal with a functional layout.

Comparable two is of relatively good quality but is designed in a tight row which is superior to the subject's more favorable frontage-design, independent of other condominium units. It is adjusted 5.0%.

Comparable three is a grade-level building with mostly shell interior buildout and adjusted 5.0%.

Comparable five is significantly inferior, sharing a common wall and although separated, front court reducing curb appeal and general quality, and is also a lower dock-height with both a ramp and dock well for loading. This property is adjusted 10.0%.

Comparable six reflects better corporate quality and in this case an adjustment of -5.0% is warranted.

Age & Condition: The subject property was built in 1992 but has an overall effective age of 15 years because of its heavy concrete construction and recent renovation of equipment and power systems.

It therefore compares well against newer buildings. Comparable three reflects inferior overall condition and is adjusted 5.0%, while comparable six is adjusted -5.0% for better maintenance and age.

Loading, Land-to-Building Ratio & Parking: The subject has a land-to-building ratio of 1.47:1.0 and a parking ratio of 1.36:1,000 SqFt. The land-to-building ratio (land size divided by improvement size) indicates the relationship of the land size to the improvement size. The higher this ratio, the more land is available for parking, landscaping and open areas.

Land-to-Building ratios, loading capacity and site configuration, and parking ratios are therefore all correlated. Sales with higher site efficiency than the subject property were adjusted downward as they are superior and sales with lower efficiency were adjusted upward as they are inferior.

In the subject market area, dock height loading is not considered a significant amenity over grade level loading for the subject's building profile.

Comparables one, two and four have better loading and parking configurations and each is adjusted -5.0% while comparable three is adjusted -25.0% because of its large fenced outdoor storage yard.

Office & HVAC: The incremental value of industrial buildout, which includes office and/or warehouse HVAC, is not usually significant.

- Most buyers renovate and many remodel office space (sometimes adding or removing square footage) depending on their business needs. Improvements in place are therefore somewhat flexible and in many cases differences in value are difficult for market participants to discern.
- A small percentage of warehouses are equipped with HVAC, and an even smaller percentage of these are actually used. The cost of air conditioning a warehouse is often prohibitive, and therefore it has limited demand in the marketplace.

Comparables one, two and four are adjusted 5.0% because of lower office capacity and less functional layouts without warehouse HVAC, while comparables three and five are adjusted 5.0% because their office spaces are significantly inferior in size and functionality.

Warehouse
Mezzanines &
Height:

All comparables are generally similar in clear-height, within the same market-standard for the district.

Mezzanine space is not considered a strong amenity because the primary user – particularly of comparable six – do not show a need or preference for mezzanine storage areas that help make use of areas above, production, assembly or shop areas. The most probable users are interested in warehouse as storage and loading only.

Adjustments are unwarranted.

Adjustment Process

The adjustment process was effective in reducing the indicated range of value from sales data. On a price per square foot basis, the adjusted values of the comparable properties range from \$146.59 to \$183.83 with an average of \$167.21 and median of \$167.10 per square foot.

This is in favorable contrast with the wider unadjusted values from \$143.68 to \$209.97 with an average of \$167.16 and median of \$162.26 per square foot of building area. The adjusted range and magnitude of adjustments are high but within reasonable parameters considering current market conditions for the subject property profile. While the net adjustments ranged from -15% to 10% with an average of -3% and median of -5%, absolute adjustments were from 15% to 45% with an average of 28% and median of 25%.

Comparables one and two are the most recent and therefore very relevant in an appreciating market, but are located in the City of Doral with some market advantage. Comparable three is representative of sales within the subject district, but typical of single-user facilities (non-condominium design) has a large outdoor storage yard. Comparables four, five and six are more dated and add little to the overall reliability of the analysis.

LISTINGS

There are presently no listings that compete directly with the subject property. Most listings in the unincorporated district have large lots with older, less functional buildings, peaking in the \$166/SqFt range. Corporate office warehouse listings in the City of Doral reach just below the \$200/SqFt level.

CONCLUSION OF VALUE BY THE SALES COMPARISON APPROACH

All comparables have been given consideration as all are located in the same general market area and share similar economic amenities with the subject property.

However, while the sample size in commercial real estate analysis is too small to make statistical analysis reliable, statistics can provide some valuable insights to the level of variance between the most relevant comparables and their reliability.

Considering the objectives of the most likely buyer-profile, most weight is given to comparables one, two, and three (marked with “%” in the grids). The overall standard deviation of indicated values before adjustment is \$24.73, while the adjusted overall standard deviation is \$12.64. The comparables given most weight reflect a standard deviation of \$7.74, which suggests more reliability.

The Coefficient of Variation, which helps to put the standard deviation in context, is 15% before adjustment and 7.6% after adjustments. Since most weight is given to comparables one, two, and three, the CofV is reduced to 4.4% which suggests a better level of reliability.

- In the final analysis comparables one and two are given 30% weight while comparable three, closest to the subject, is given 40% weight.
- The current sale price of the subject property was also given considerable weight, since the sales data is not ideal and the price appears to lie within a reasonable range under current market conditions.

The summary of observations and conclusion by the sales comparison approach are as follows.

SUMMARY OF OBSERVATIONS AND CONCLUSION OF VALUE

6 sales were used	Unadjusted	Net	Absolute	Adjusted
Price Range	\$/SqFt	Adj.	Adj.	\$/SqFt
Low	\$143.68	-15%	15%	\$146.59
Average	\$167.16	-3%	28%	\$167.21
Median	\$162.26	-5%	25%	\$167.10
High	\$209.97	10%	45%	\$183.83
Standard Deviation	\$24.73			\$12.64
Coefficient of Variation	15%			7.6%
Most Weight^(*)				
Weighted Average				\$176.80
Low	\$150.77			\$168.36
Average	\$178.16			\$176.02
Median	\$173.74			\$175.88
High	\$209.97			\$183.83
Standard Deviation	\$29.85			\$7.74
Coefficient of Variation	17%			4.4%
Current Listing		\$2,500,000		\$227.27
Current Contract		\$1,895,000		\$172.27
VALUE CONCLUSION				\$/SqFt
Indicated Value				\$172.27
Square Feet				x 11,000
Indicated Market Value As Is				\$1,895,000
Rounded to nearest \$5,000 as of July 8, 2016				\$1,895,000
Price Per Square Foot				\$172.27

REVIEW AND RECONCILIATION OF VALUE

REVIEW OF EXTRAORDINARY ASSUMPTIONS & HYPOTHETICAL CONDITIONS

Extraordinary assumptions may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, the right to modify the observations and conclusions is reserved.

- This appraisal contains no extraordinary assumptions.

Hypothetical conditions may also affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

- This appraisal is not based on any hypothetical conditions.

RECONCILIATION

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

Cost Approach

The cost approach estimates the land value and adds the depreciated value of the improvements. An estimate of entrepreneurial incentive is typically added to this amount. The cost approach is normally considered most relevant for newer construction where depreciation is not a significant issue, and for unique special-use properties that are often valued by potential users on a replacement cost basis.

- The cost approach is not relevant to this appraisal assignment because the property is a condominium unit and the market does not recognize replacement cost as a meaningful indicator of value. Allocation of common elements, depreciation and land cannot be accomplished with credibility.
- Additionally, the cost approach is not relevant to this appraisal assignment because the property improvements are older with extraordinary depreciation that cannot be estimated with sufficient credibility.
- Market participants recognize these limitations and do not rely on the cost approach as a meaningful estimator of value.

Income Capitalization Approach

The income capitalization approach analyzes the actual and projected income and expenses of a property and capitalizes the net income into a value estimate. Two methods are considered, direct capitalization and discounted cash flow analysis. Direct capitalization assumes stabilized net operating income into perpetuity. It is the process of dividing the overall capitalization rate into the net operating income to indicate value. A discounted cash flow analysis projects increases and decreases in income over a holding period. Assumptions for these projections are based on those of typical investors. When appropriate, costs to reach economic stabilization are deducted from the stabilized value estimate to yield an as-is value estimate. Income-producing properties are purchased based on their projected future income.

- Market participants recognize that the dominant buyer-profile for the subject property is an owner-user, and therefore the income capitalization approach is not considered highly relevant.
- The subject is vacant but was seller-occupied and expected to be buyer-occupied following the purchase. As a result the income capitalization approach is less credible than other valuation methods and is often found to reflect the lower limits of value closer to liquidation prices seen under seller-distress conditions. This is because leased asset investors are at an economic disadvantage compared to end-users. While end-users regard most occupancy costs and return on equity as costs of doing business with lower perceived real estate risk, leased asset investors are challenged to reach a sufficient rate of return based on tenant as well as real estate risk.

Sales Comparison Approach

The sales comparison approach compares sales of similar properties to the subject property. Sales are analyzed for differences such as conditions of sale, market conditions, location, design, size, age and condition, and land-to-building ratio/parking. Based on these comparisons, a value is then estimated for the subject property. 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 more comparable the sales, the more reliable the sales comparison approach.

- Market participants consider sales comparison a primary approach for the subject property profile.

CONCLUSION OF VALUE

The most likely buyer is an owner-user. The property is vacant. Because the dominant occupancy-profile for the facility is an owner-user, market participants give little or no weight to economic stabilization issues or the income capitalization approach. A leasehold estate does not exist, and therefore analysis of a leased fee estate is irrelevant. Only the fee simple estate is relevant.

The following conclusions are based on the market-standard methodology for the subject property, weighted appropriately based on relevance and the quality of market data available and used within each approach.

SUMMARY OF OBSERVATIONS AND RECONCILIATION OF VALUE

		As-Is Market Value of the Fee Simple Interest
Interest Appraised:		<u>Interest</u>
Improved Square Feet:		11,000 SqFt
Effective Date:	<i>Weight</i>	<u>July 8, 2016</u>
Cost Approach	0%	N/A
<i>Improved Price per Square Foot</i>		N/A
<i>Land Area Price per Square Foot</i>		N/A
Income Capitalization Approach	0%	\$1,260,000
<i>Improved Price per Square Foot</i>		\$114.55
Sales Comparison Approach	100%	\$1,895,000
<i>Improved Price per Square Foot</i>		\$172.27
Final Value Estimate		\$1,895,000
<i>Improved Price per Square Foot</i>		\$172.27
<i>Land Area Price per Square Foot</i>		\$45.94
<i>Current Listing</i>		\$2,500,000
<i>Improved Price per Square Foot</i>		\$227.27
<i>Current Contract</i>		\$1,895,000
<i>Improved Price per Square Foot</i>		\$172.27
<i>Personal property, fixtures & intangibles:</i>		None
Date of the report		July 15, 2016
Market Exposure Time		6 months
<i>Improved Sales Comparison Median:</i>		11 months
Marketing Period		6 months

ADDENDA

- A Qualifications & License
- B Miami-Dade County Regional Analysis
- C RealQuest Flood Map
- D RealQuest Situs Report
- E Miami-Dade County Assessor
- F Engagement Letter

**ADDENDUM A
QUALIFICATIONS & LICENSE**

www.SFREAppraisal.com



Qualifications of the Appraiser

Michael P. Jacobs, MA, MAI

Mike@SFREAppraisal.com
(954) 649-0666 DIRECT
(954) 649-0666 FAX

Weston Park of Commerce
1500 Weston Road #200-28
Weston, FL 33326

Education: Appraisal Institute Accredited Master of Arts (MA) in Real Estate and Urban Land Analysis at The University of Florida, Gainesville, Florida (1994).

Bachelor of Science in Business Administration, California State University at Long Beach.

Continuing education for Florida State Certification and Appraisal Institute Designation including ongoing law, principles and practices, financial analysis, and specializations including litigation support and mediation, environmental, appraisal of individual property types, and others.

Experience: More than 30 years in local appraisal, nationwide appraisal & management, and high-profile valuation and commercial real estate technology development throughout the United States.

- Present: Principal, South Florida Real Estate Appraisal, LLC
2009-2011: Senior Commercial Appraiser, Integra Realty Resources (Miami, FL)
2004-2009: Senior Commercial Appraiser, Roe Minor Realty Consultants (Fort Lauderdale, FL)
1998-2004: Director of Valuation Technology, Cushman & Wakefield Valuation Advisory (NYC)
1997-1998: Consultant, Commercial Real Estate Mortgage REIT pipeline database
1996-1997: Dow Jones/Aegon Teleres Commercial Real Estate Product Developer
1994-1996: Commercial Real Estate Appraiser, CB Richard Ellis/CBRE (Atlanta, GA)
1993-1994: Arthur Andersen & Co. (MAI program internship, Atlanta, GA)
1982-1992: Principal, Appraisal & Research Services (Southern California)

Recent Assignments Completed: 2015 - 88 2014 - 80
2013 - 128 2012 - 131
Older - typically 75 to 110 assignments annually.

Services: Certified Appraisals of all property types (except single-unit residential):

- Commercial Office/Retail Hospitality Automotive - Sales & Service
Industrial Charter Schools Aviation & Airport Related
Apartments Daycare/Preschool Service Stations
Subdivision Analysis Special Use (unique) All Proposed Contraction

Feasibility Analysis and Market Studies for development and all levels of government.

Affiliations: Designated Member of the Appraisal Institute (MAI).
Urban Land Institute (ULI) - Technical Advisory Panel Volunteer for better urban planning.
Florida State-certified general real estate appraiser RZ#2621.

Resources: CoStar (full system including Tenant), LoopNet (Premium), Reis Reports, MLS, PwC/Korpacz, Marshall & Swift, RealQuest CoreLogic, RealtyRates, Narrative1, Argus Financial Software, Moody's Précis Metro, MapWise & the South Florida Business Journal.

Other: United States Marine Corps (Reserve) Honorable Discharge as a Sergeant of Marines, 1976-1984.
Boy Scouts of America - active Tiger Scout dad.



STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION

FLORIDA REAL ESTATE APPRAISAL BD
1940 N. MONROE ST.
TALLAHASSEE FL 32399-0783

850-487-1395

JACOBS, MICHAEL PATRICK
1500 WESTON ROAD
SOUTH FLORIDA REAL ESTATE APPRAISAL, LLC
WESTON FL 33326

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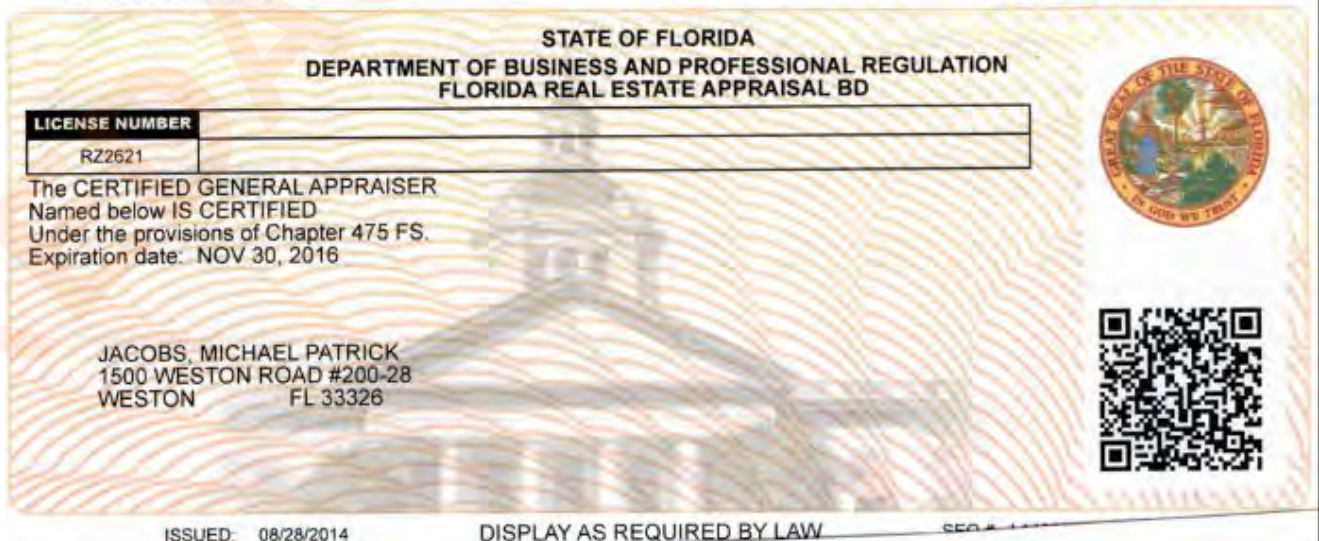
Our mission at the Department is: License Efficiently, Regulate Fairly. We constantly strive to serve you better so that you can serve your customers. Thank you for doing business in Florida, and congratulations on your new license!



DETACH HERE

RICK SCOTT, GOVERNOR

KEN LAWSON, SECRETARY

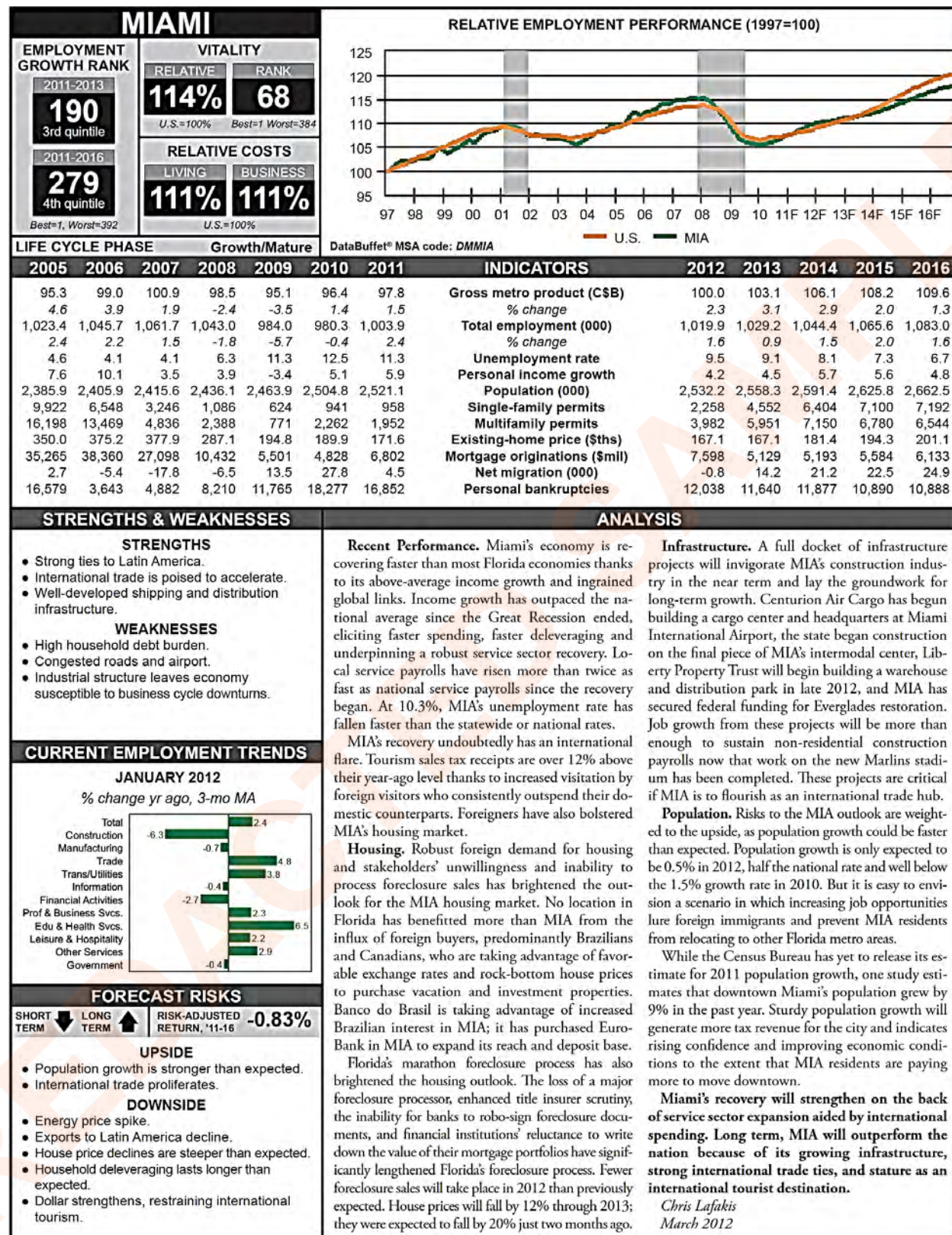


ADDENDUM B

MIAMI-DADE COUNTY REGIONAL ANALYSIS

Additional Miami-Dade County Regional Information:

<http://www.miamidade.gov/business/reports-real-estate.asp>



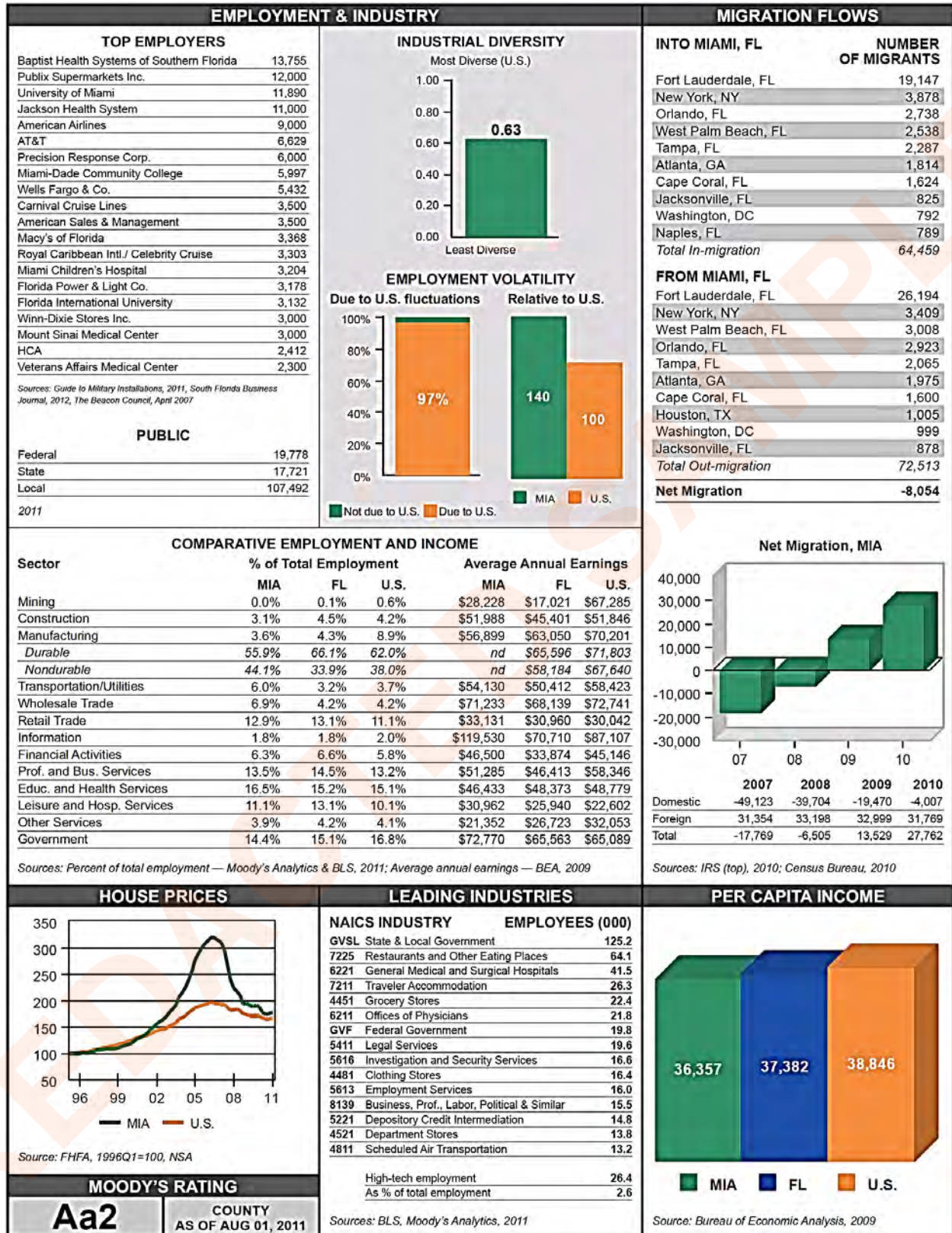
Infrastructure. A full docket of infrastructure projects will invigorate MIA's construction industry in the near term and lay the groundwork for long-term growth. Centurion Air Cargo has begun building a cargo center and headquarters at Miami International Airport, the state began construction on the final piece of MIA's intermodal center, Liberty Property Trust will begin building a warehouse and distribution park in late 2012, and MIA has secured federal funding for Everglades restoration. Job growth from these projects will be more than enough to sustain non-residential construction payrolls now that work on the new Marlins stadium has been completed. These projects are critical if MIA is to flourish as an international trade hub.

Population. Risks to the MIA outlook are weighted to the upside, as population growth could be faster than expected. Population growth is only expected to be 0.5% in 2012, half the national rate and well below the 1.5% growth rate in 2010. But it is easy to envision a scenario in which increasing job opportunities lure foreign immigrants and prevent MIA residents from relocating to other Florida metro areas.

While the Census Bureau has yet to release its estimate for 2011 population growth, one study estimates that downtown Miami's population grew by 9% in the past year. Sturdy population growth will generate more tax revenue for the city and indicates rising confidence and improving economic conditions to the extent that MIA residents are paying more to move downtown.

Miami's recovery will strengthen on the back of service sector expansion aided by international spending. Long term, MIA will outperform the nation because of its growing infrastructure, strong international trade ties, and stature as an international tourist destination.

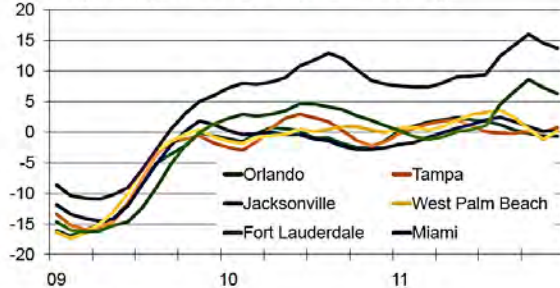
Chris Lafakis
March 2012



MIAMI

Services Enable Miami to Outshine Neighbors

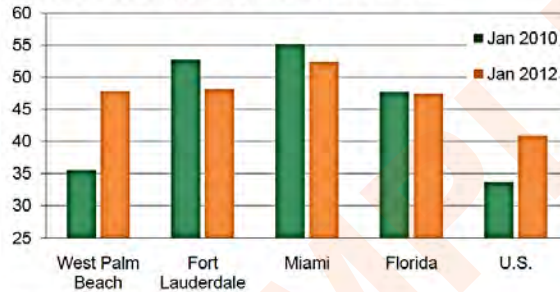
Adversity index, over 6 mo, annualized % change



Source: Moody's Analytics

Distress Sales Cloud the Outlook...

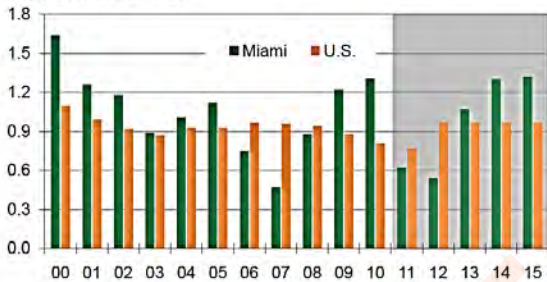
Distress share of single-family home sales, %, 3-mo MA



Sources: CoreLogic, Moody's Analytics

...But Faster Population Growth Is an Upside Risk

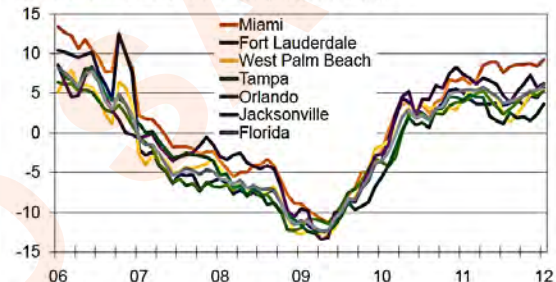
Population, % change



Sources: Census Bureau, Moody's Analytics

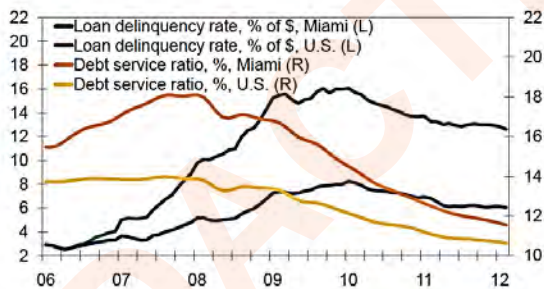
Strong Consumption Growth...

Taxable retail sales, % change yr ago, 3-mo MA



Sources: Florida Office of Economic and Demographic Research, Moody's Analytics

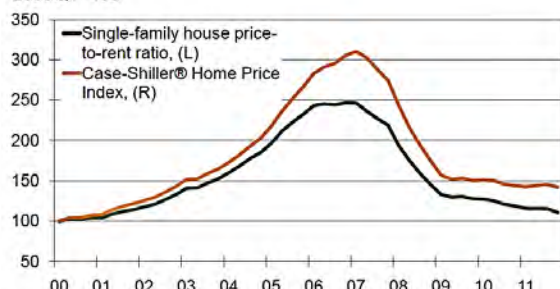
...Reflects Improving Household Finances



Sources: Equifax, Moody's Analytics

Cheap Rents Still an Obstacle to Higher Prices

2000Q1=100



Sources: BLS, Census Bureau, Moody's Analytics

Strong international tourism and healthcare expansion have lifted local incomes, enabling MIA's debt-service ratio to fall more quickly than that of the nation. The debt-service ratio is lower than it has been at any point in the last six years, and it is expected to continue falling until the end of the year. By early 2013, the deleveraging process will be complete; households will have repaired their balance sheets and begin to regain their appetite for credit. The economy cannot recover while outstanding household debt continues to fall.

Although single-family house prices have already fallen by 60%, it is still nearly 20% more expensive to buy than it has been to rent over the past 20 years. And with economic uncertainty still high, household formation is low, and households are still opting to rent rather than take on a mortgage. Only higher rents or lower house prices can bring balance to the markets. The silver lining is that rock-bottom rents are enticing investors to purchase multifamily real estate and convert purchase units to rentals. International investors have especially shown interest in rental properties.

About Moody's Analytics Economic & Consumer Credit Analytics

Moody's Analytics helps capital markets and credit risk management professionals worldwide respond to an evolving marketplace with confidence. Through its team of economists, Moody's Analytics is a leading independent provider of data, analysis, modeling and forecasts on national and regional economies, financial markets, and credit risk.

Moody's Analytics tracks and analyzes trends in consumer credit and spending, output and income, mortgage activity, population, central bank behavior, and prices. Our customized models, concise and timely reports, and one of the largest assembled financial, economic and demographic databases support firms and policymakers in strategic planning, product and sales forecasting, credit risk and sensitivity management, and investment research. Our customers include multinational corporations, governments at all levels, central banks and financial regulators, retailers, mutual funds, financial institutions, utilities, residential and commercial real estate firms, insurance companies, and professional investors.

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Moody's Analytics added Economy.com to its portfolio in 2005. Its economics and consumer credit analytics arm is based in West Chester PA, a suburb of Philadelphia, with offices in London and Sydney. More information is available at www.economy.com.

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ADDENDUM C
REALQUEST FLOOD MAP

[Faint, illegible text, likely a table or list of items]



ADDENDUM D
REALQUEST SITUS REPORT

For Property Located At:
8200 SW 24TH AVE, MIAMI, FL 33149-2007



Property Information					
Property Address	8200 SW 24TH AVE, MIAMI, FL 33149-2007				
Legal Description	[Illegible]				
Parcel ID	[Illegible]				
Location Information					
County	[Illegible]	City	[Illegible]	State	[Illegible]
Latitude	[Illegible]	Longitude	[Illegible]	[Illegible]	
Market Data Information					
Market Type	[Illegible]	Market Segment	[Illegible]	[Illegible]	
Financial Data Information					
Year Built	[Illegible]	Year Renovated	[Illegible]	[Illegible]	
Estimated Value	[Illegible]	Market Value	[Illegible]	[Illegible]	
Notes					
[Illegible]					

ADDENDUM E
MIAMI-DADE COUNTY ASSESSOR

ADDENDUM F
ENGAGEMENT LETTER

Engagement Letter will be Placed Here

REDACTED SAMPLE