



WALTER DUKE +PARTNERS

C O M M E R C I A L
REAL ESTATE VALUATION

REAL ESTATE APPRAISAL REPORT OF MIAMI BEACH MARINA

LOCATED AT

300 Alton Road
Miami Beach, Miami-Dade County, Florida 33139

FOR

City of Miami Beach
1700 Convention Center Drive
Miami Beach, Florida 33129
Attention: Mr. Mark M. Milisits, RPA

PREPARED BY

Walter B. Duke, III, MAI, CCIM
Albert D. Owler
Andrew Rolf, MAI
2860 W State Road 84, Suite 109
Fort Lauderdale, FL 33312-4804

WALTER DUKE + PARTNERS

COMMERCIAL REAL ESTATE VALUATION

Walter B. Duke, III, MAI, CCIM
State Certified General Appraiser 375

July 10, 2020

Mr. Mark M. Milisits, RPA
Division Director
City of Miami Beach
1700 Convention Center Drive
Miami Beach, Florida 33139

Re: Miami Beach Marina
300 Alton Road
Miami Beach, Miami-Dade County, Florida 33139

Dear Mr. Milisits:

As requested, Walter Duke + Partners has performed a real estate appraisal report of the above referenced property. This appraisal report is intended to comply with the reporting standards set forth under Standard Rule 2-2 of the Uniform Standards of Professional Appraisal Practice (USPAP).

The subject property of this appraisal is broken out into four distinct areas, which are as follows:

- **Area 1**
- Upland parcel consisting of approximately 152,981 square feet of land area, Folio#: 02-4203-009- 9210 at 125,200 square feet and Folio#: 02-4203-009-9250 at 30,000 square feet per Miami-Dade County Property Appraiser.
- **Area 2**
- Approximately 1,648,937 square feet of submerged land, pursuant to that certain Sovereignty Submerged Lands Lease between the City and the Board of Trustees of the Internal Improvement Trust Fund of the State of Florida (Lessor), recorded December 12, 2010.
- **Area 3**
- Ground floor of the parking garage at the Yacht Club at Portofino Condominium, 90 Alton Road, consisting of approximately 115 parking spaces, as well as permanent laundry, lavatory and shower facilities.
- Ground floor of the parking garage at the Murano at Portofino Condominium, 1000 South Pointe Drive, consisting of approximately 108 parking spaces, as well as permanent laundry, lavatory and shower facilities.
- **Area 4**
- Ground floor of the parking garage at the Murano Grande at Portofino Condominium, 400 Alton Road, consisting of approximately 142 parking spaces, as well as permanent laundry, lavatory and shower facilities, a trash room and a maintenance room.

- Ground floor of the parking garage at the Icon Condominium, 450 Alton Road, consisting of approximately 206 parking spaces, as well as permanent office space (approximately 4,769 square feet) and an electric room.

More specifically the subject property "As Is" is described as follows:

- Most of the property is comprised of the Miami Beach Marina.
- The leased area totals 41.36 acres which is made up of 37.85 acres of submerged area (marina) and 3.51 acres of upland area (Core Building-Existing).
- There are a total of 287 individual in-water boat slips, 825 linear feet of floating docks used by transients, and 92 boat elevators.
- Total available dock space is estimated at 20,075 linear feet.
- In addition to the marina, there are a reported 571 parking spaces located on the first floor of the two adjoining condominium towers to the north and south of the Core Building.
- The north building has a reported 368 spaces and the south building has a reported 227 spaces.
- These parking spaces are critical for the operation of the facility and are owned by the City of Miami Beach and used together with the marina.
- It should be noted that the parking spaces are considered a separate use and residents of the two condominiums located above the parking garages cannot park in these areas. The upper levels of the parking lots located within the buildings are used only by the residents which have a separate entrance and exit.

In addition, the subject property "As Proposed" is described as follows:

- The leased area totals 41.36 acres which is made up of 37.85 acres of submerged area (existing marina) and 3.51 acres of upland area as previously described.
- The proposed development of a parking garage with 270 spaces and 45,000 square feet of mixed-use space including restaurant, office and retail areas on three levels, located on the 4.17 acres of upland area where the Core building had been located.
- Above the parking garage and mixed uses space, a sixty-unit luxury condominium building will be developed.
- The city of Miami Beach will sell the air development rights to the developer located above the previously described area.
- The land located between the new development west ward to the shoreline will be developed as green space for public use.
- Zoning would be changed from GU to CPS-4.
- The existing marina lease would be extended to 99 years.
- The marina lessee will commit to making \$35 million of capital improvements to the marina over the lease term to enhance property operation and maintain its competitive position as a Class "A: marina facility.
- For purposes of this valuation analysis a Class "A" marina is defined as follows:
 - Greater than 200 slips whether dry or wet slips, or a combination of both.
 - Located near a downtown core district or near an inlet to a major body of water.
 - Best in class regarding infrastructure and management of the facility, relative to competition.
 - Modern infrastructure, preferably a floating dock system and or hurricane resistant storage building.
 - Modern utility services with voltage and amperage high enough to service the entire facility at 100% occupancy for class of vessels docking at the facility.
 - Quality and condition of infrastructure, at a minimum, in average condition for age.

- Florida Clean Marine designation.
- Management and personnel trained and certified, specifically the dockmaster.
- Comprehensive maintenance program keeping the facility in top working order with excellent curb appeal and with little or no deferred maintenance items.
- Rents and fuel sales at the top tier of market

The purpose of the report is to estimate:

1. The market value of the development rights associated with Area 1, to be sold/transferred to the developer, less approximately 45,000 square feet of retail/restaurant space to be owned by the City and included in the lease to the marina lessee. "Air Rights"
2. The fair market rental value of the marina lease, including items such as base rent, percentage rent, annual increases, public benefits, etc., taking into consideration the following:
 - The current marina lease shall be extended for a total term up to 99 years, including renewal options.
 - The marina lessee shall retain the right to operate the boat slips located on Area 2.
 - The marina lease shall include approximately 43,000 square feet of retail/restaurant space to be located on Area 1.
 - Revenue to marina lessee from all operations including, but not limited to, ancillary uses such as retail rent/income, fuel sales, parking, etc.
 - The marina lessee shall retain the right to operate and maintain the four (4) garage units located on Areas 3 & 4 (containing approximately 571 parking spaces).

The accompanying report describes in summary the neighborhood, site, improvements, approaches to value, and other pertinent data that was used to solve the appraisal problem. The appraisal is subject to the assumptions and contingent and limiting conditions set forth in the report. This appraisal report has been prepared in conformance with the appraisal regulations issued by the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation and the Code of Professional Ethics and Standards of Appraisal Practice of the Appraisal Institute.

This appraisal report was prepared for and submitted to City of Miami Beach and/or affiliates for the intended use of internal evaluation of a potential re-casting an existing ground lease and sale of fee simple air rights to a third party. as well as Air Rights Valuation for the City of Miami Beach and/or participants. Unless we consent in writing, this appraisal report cannot be used by any other person/entity or for any other purpose. If City of Miami Beach submits the appraisal report or directs Walter Duke + Partners to submit the appraisal report to a third party recipient with the prior approval of Walter Duke + Partners, such party should consider the appraisal report as one factor and should utilize such within its own independent investment considerations and underwriting criteria as part of its overall investment decision. Such third-party recipient is cautioned to understand all Extraordinary Assumptions and Hypothetical Conditions, General Assumptions and Limiting Conditions, and the agreed upon specific scope of work between Walter Duke + Partners and City of Miami Beach

As of the date of this report, the global outbreak of a "novel coronavirus" known as COVID-19 was officially declared a pandemic by the World Health Organization (WHO). The world economy is in a state of high volatility based on the uncertainty of the outcome of the impact of the virus. In the United States, the federal, state and local governments are taking steps to limit the spread of the virus that have negatively impacted several facets of the economy including travel, tourism and hospitality. Based on the results of historic pandemics of the 20th century (Swine Flu, Asian Flu, Hong Kong Flu, SARS, MERS, EBOLA and HIV/AIDS) it is anticipated the current pandemic will

pass in time; however, the extent of the economic damage remains to be seen. Our opinions and conclusions are based on information available and accounts for market perception as of the date of this appraisal report. Your attention is drawn to Basic Assumptions and Limiting Conditions #21, #22 and #23.

Extraordinary Assumptions – (1) It should be noted that the estimates of prospective value are the presumption of good quality construction, competent management, aggressive marketing and economic stability. The prospective value estimates are subject to unforeseeable events that could alter market conditions prior to the effective date of the opinion. (2) The appraisers have relied on factual data regarding the subject property supplied to us by the owner. While we have attempted to confirm this data where possible, we have prepared the appraisal assuming the information provided to us is factual, except where otherwise noted. (3) The forecast for income, expenses, and absorption of space included herein are not predictions of the future, rather our best estimate of current market thinking on future income expenses and demand. We make no warranty or representation that these forecasts materialize. (4) Walter Duke + Partners has been provided with proposed construction costs, and pro-forma income and expense statements. If there is a significant change in this information, the value of the physical real estate, a revision of the appraisal report and opinion of value may be required.

Hypothetical Conditions – None were employed.

FAIR MARKET RENT CONCLUSION				
Appraisal Premise	Interest Appraised	Date of Value	Asset	Market Rent
Fair Market Rent	Leased Fee	7-May-20	Area 1 & 4	10% Gross Revenues
				\$242,250

FAIR MARKET RENT CONCLUSION				
Appraisal Premise	Interest Appraised	Date of Value	Asset	Market Rent
Fair Market Rent	Leased Fee	7-May-20	Area 2	10% Gross Revenues
				\$1,487,920

FAIR MARKET RENT CONCLUSION				
Appraisal Premise	Interest Appraised	Date of Value	Asset	Market Rent
As Is	Leasehold	7-May-20	Area 2	\$1.66 Per Linear Foot
Fair Market Rent				
				\$1.66 Per Linear Foot

FAIR MARKET RENT CONCLUSION				
Appraisal Premise	Interest Appraised	Date of Value	Asset	Market Rent
As Is	Leasehold	7-May-20	Area 1 & 4	\$40.50 Per SF
Fair Market Rent			Office	\$40.00 Per SF
			Retail	\$60.00 Per SF
			Restaurant	\$75.00 Per SF

FAIR MARKET RENT CONCLUSION				
Appraisal Premise	Interest Appraised	Date of Value	Asset	Market Rent
As Is	Leased Fee	7-May-20	Fuel Flow	\$0.02 Per Gallon
Fair Market Rent				
				\$0.04 Per Gallon

NET PRESENT VALUE - Existing 32-Year Lease Including Air Rights Parcel (City's Position)				
Appraisal Premise	Interest Appraised	Date of Value	Asset	Net Present Value
As Is	Leased Fee	7-May-20	Areas 1, 2, & 4	\$95,000,000

NET PRESENT VALUE Proposed 99-Year Lease Including Air Rights Parcel (City's Position)				
Appraisal Premise	Interest Appraised	Date of Value	Asset	Net Present Value
Fair Market Value	Leased Fee	7-May-20	Areas 1, 2, & 4	\$158,000,000

FAIR MARKET VALUE CONCLUSION - Air Rights				
Appraisal Premise	Interest Appraised	Date of Value	Asset	Market Value
Fee Simple	Air Rights	7-May-20	Areas 1 & 4	\$70,000,000

Thank you for the opportunity to serve you.

Sincerely,

Walter Duke + Partners



Walter Bryan Duke, III, MAI, CCIM
State-Certified General Real Estate Appraiser RZ375



Albert D. Owler
State-Certified General Real Estate Appraiser RZ2114



Andrew Scott Rolf, MAI
State-Certified General Real Estate Appraiser RZ3092

Appraisal Summary

Walter Duke + Partners File Number	200421-M
USPAP Reporting Format	Appraisal Report
Property Name	Miami Beach Marina
Address	300 Alton Road Miami Beach, Miami-Dade County, Florida
Tax Folio Number	02-4203-009-9250 02-4203-009-9210 02-4203-000-0010
Property Type	Full-Service Marina/Retail Space (Existing) Luxury Condominium/New Retail (Proposed)
Site Size (Gross)	41.36 Acres
(Upland)	3.51 Acres
(Submerged)	37.85 Acres
Enclosed Building Area	72,474 Square Feet, Multi-use building 1,250 Square Feet, Dock Master's Office 5,312 Square Feet, ICON Building (North) 493,285 Square Feet, Proposed
Zoning	GU, Government Use (Currently) CPS-4 Marina Sub District (Proposed)
Year Built	1985 thru 2014, periodically expanded and renovated
Highest and Best Use	
As Vacant	Marine related usage
As Improved	Marine related usage modified to modern marina standards with vertical residential development and additional commercial space on upland portion of overall property.
Flood Zone	"A"
FEMA Map Panel Number	120860319L, dated September 11, 2009
Census Tract	0045.00
Interest Appraised	Leased Fee/Fee Simple

FAIR MARKET RENT CONCLUSION				
Appraisal Premise	Interest Appraised	Date of Value	Asset	Market Rent
Fair Market Rent	Leased Fee	7-May-20	Area 1 & 4	10% Gross Revenues
				\$242,250

FAIR MARKET RENT CONCLUSION				
Appraisal Premise	Interest Appraised	Date of Value	Asset	Market Rent
Fair Market Rent	Leased Fee	7-May-20	Area 2	10% Gross Revenues
				\$1,487,920

FAIR MARKET RENT CONCLUSION				
Appraisal Premise	Interest Appraised	Date of Value	Asset	Market Rent
As Is	Leasehold	7-May-20	Area 2	\$1.66 Per Linear Foot
Fair Market Rent				\$1.66 Per Linear Foot

FAIR MARKET RENT CONCLUSION				
Appraisal Premise	Interest Appraised	Date of Value	Asset	Market Rent
As Is	Leasehold	7-May-20	Area 1 & 4	\$40.50 Per SF
Fair Market Rent			Office	\$40.00 Per SF
			Retail	\$60.00 Per SF
			Restaurant	\$75.00 Per SF

FAIR MARKET RENT CONCLUSION				
Appraisal Premise	Interest Appraised	Date of Value	Asset	Market Rent
As Is	Leased Fee	7-May-20	Fuel Flow	\$0.02 Per Gallon
Fair Market Rent				\$0.04 Per Gallon

NET PRESENT VALUE - Existing 32-Year Lease Including Air Rights Parcel (City's Position)				
Appraisal Premise	Interest Appraised	Date of Value	Asset	Net Present Value
As Is	Leased Fee	7-May-20	Areas 1, 2, & 4	\$95,000,000

NET PRESENT VALUE Proposed 99-Year Lease Including Air Rights Parcel (City's Position)				
Appraisal Premise	Interest Appraised	Date of Value	Asset	Net Present Value
Fair Market Value	Leased Fee	7-May-20	Areas 1, 2, & 4	\$158,000,000

FAIR MARKET VALUE CONCLUSION - Air Rights				
Appraisal Premise	Interest Appraised	Date of Value	Asset	Market Value
Fee Simple	Air Rights	7-May-20	Areas 1 & 4	\$70,000,000

Extraordinary Assumptions

(1) It should be noted that the estimates of prospective value are the presumption of good quality construction, competent management, aggressive marketing and economic stability. The prospective value estimates are subject to unforeseeable events that could alter market conditions prior to the effective date of the opinion. (2) The appraisers have relied on factual data regarding the subject property supplied to us by the owner. While we have attempted to confirm this data where possible, we have prepared the appraisal assuming the information provided to us is factual, except where otherwise noted. (3) The forecast for income, expenses, and absorption of space

included herein are not predictions of the future, rather our best estimate of current market thinking on future income expenses and demand. We make no warranty or representation that these forecasts materialize.

(4) Walter Duke + Partners has been provided with proposed construction costs, and pro-forma income and expense statements. If there is a significant change in this information, the value of the physical real estate, a revision of the appraisal report and opinion of value may be required.

Hypothetical Conditions

None were employed.

Date of Appraisal

May 7, 2020

Date of Report

July 10, 2020

Appraiser(s)

Walter B. Duke, III, MAI, CCIM

Albert D. Owler

Andrew S. Rolf, MAI

2860 W State Road 84, Suite 109

Fort Lauderdale, FL 33312-4804

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Certification of Appraisal

I certify that, to the best of my knowledge and belief,

- the statements of facts contained in this appraisal report, upon which the analyses, opinions, and conclusions were based, are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- my compensation is not contingent upon a minimum valuation or an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.
- the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute, which includes the Uniform Standards of Professional Appraisal Practice (USPAP).
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- the use of this report is subject to the requirements of the State of Florida relating to review by the Real Estate Appraisal Subcommittee of the Florida Real Estate Commission.
- as of the date of this report, Walter B. Duke, III, MAI, CCIM has completed the continuing education program for Designated Members of the Appraisal Institute.
- as of the date of this report, Andrew S. Rolf, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.
- Andrew S. Rolf, MAI, Albert D. Owler and Walter B. Duke, III, MAI, CCIM made a personal inspection of the property that is the subject of this report on May 7, 2020.
- no one provided significant professional assistance to the person signing this report. The analyses, conclusions, and opinions contained in the report are the principal effort of the undersigned. However, certain functions, such as data collecting and verification, may have been performed by other members of the staff.
- Walter B. Duke, III, Andrew S. Rolf, and Albert D. Owler have not performed services as an appraiser or in any other capacity regarding the property that is the subject of this report within the past three-year period immediately preceding acceptance of this assignment.

Walter Duke + Partners



Walter Bryan Duke, III, MAI, CCIM
State-Certified General Real Estate Appraiser RZ375



Andrew Scott Rolf, MAI
State-Certified General Real Estate Appraiser RZ3092



Albert D. Owler
State-Certified General Real Estate Appraiser RZ2114

PHOTOGRAPHS

Aerial



Aerial Looking East
(Toward the Atlantic Ocean)

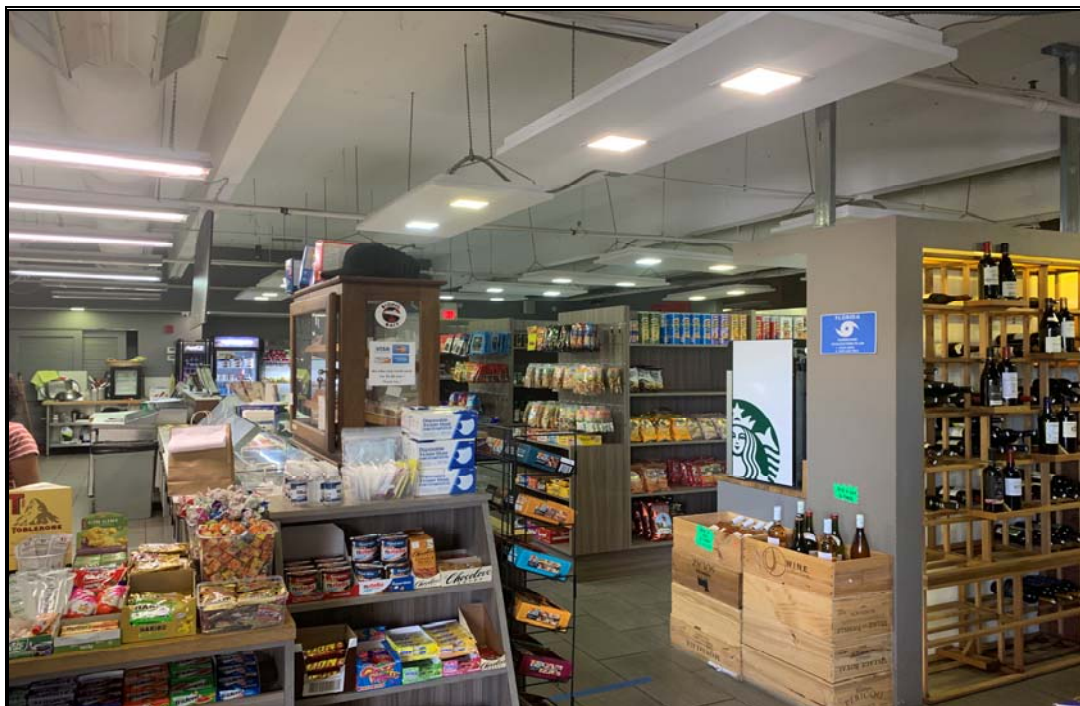




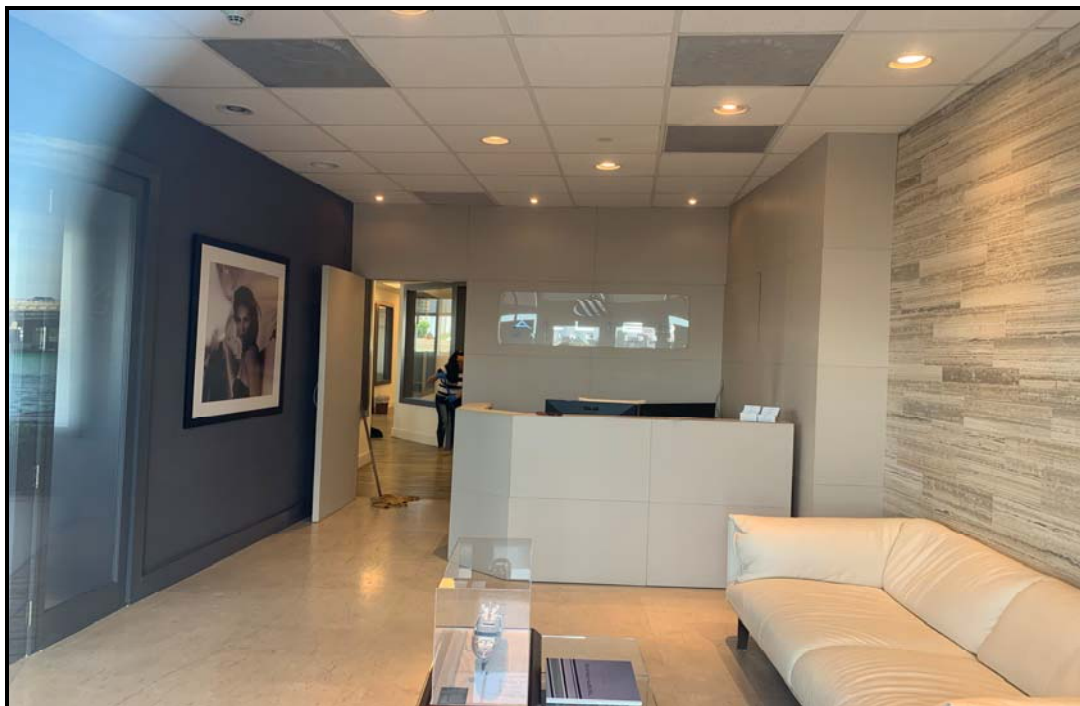
VIEW LOOKING SOUTHWEST AT THE CORE BUILDING



EXTERIOR VIEW WEST OF CORE BUILDING



INTERIOR VIEW OF DELI AREA



INTERIOR OF TYPICAL OFFICE STORE



VIEW OF DOCKS



DOCKMASTER'S OFFICE



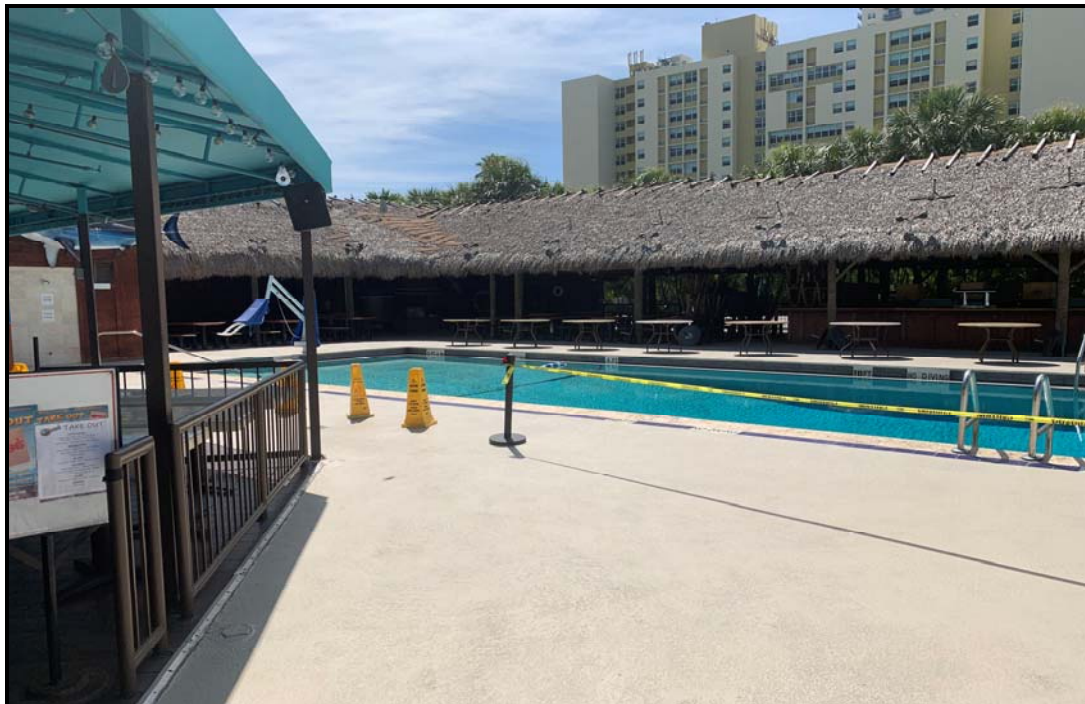
VIEW OF BASIN



VIEW OF BOARDWALK



INTERIOR VIEW OF MEN'S BATHROOM AND SHOWERS



POOL AND PATIO AREA



BOAT LIFT



BOAT ON A LIFT



NORTH PARKING GARAGE



SOUTH PARKING GARAGE



VIEW EAST OF ENTRANCE TO GOVERNMENT CUT



VIEW WEST TO PORT OF MIAMI



STREET SCENE – VIEW NORTH ALONG ALTON ROAD



STREET SCENE – VIEW SOUTH ALONG ALTON ROAD

PREMISES OF THE APPRAISAL

Appraisal Format

Per the prior agreement between Walter Duke + Partners and City of Miami Beach, this appraisal report conforms to the Uniform Standards of Professional Appraisal Practice (USPAP).

Type and Definition of Value

The value opinion developed within this analysis is that of Market Value as defined within the Addenda of this report.

Intended Use of the Appraisal

This appraisal report was prepared for and submitted to City of Miami Beach and/or affiliates for the intended use of internal evaluation of a potential re-casting an existing ground lease and sale of fee simple air rights to a third party as well as Air Rights Valuation for the City of Miami Beach and/or participants. Unless we consent in writing, this appraisal report cannot be used by any other person/entity or for any other purpose. If City of Miami Beach submits the appraisal report or directs Walter Duke + Partners to submit the appraisal report to a third party recipient with the prior approval of Walter Duke + Partners, such party should consider the appraisal report as one factor and should utilize such within its own independent investment considerations and underwriting criteria as part of its overall investment decision. Such third-party recipient is cautioned to understand all Extraordinary Assumptions and Hypothetical Conditions, General Assumptions and Limiting Conditions, and the agreed upon specific scope of work between Walter Duke + Partners and City of Miami Beach.

Terms and Definitions

Real Estate and Appraisal specific terms are defined within Addenda of this report.

Property Rights Appraised

The property rights appraised are all of those rights in *Leased Fee* interest.

Date of Appraisal

The effective date of the appraisal is May 7, 2020. This date coincides with the property inspection of the subject property, as well as when the subject was photographed.

Date of Report

The date of this report is July 10, 2020.

PRESENTATION OF DATA

Property Identification

The subject property is known as the Miami Beach Marina which is known throughout the entire yachting community as a “World Class” facility.

- The marina property is leased on a long-term basis from the City of Miami Beach. The current lease began on January 1, 1992 and ending on December 31, 2052 with extensions.
- The marina was only partially completed by the original developer, and the mixed use “Core” building was only a shell in 1992 when the property was leased to Mr. Robert Christoph of the RCI Group. The lessee completed the construction of both the marina and mixed use “Core” building.
- The majority of the property is comprised of the marina. The leased area totals 41.36 acres which is made up of 37.85 acres of submerged area (marina) and 3.51 acres of upland area (Core Building).
- There is a total of 287 individual in-water boat slips, 825 linear feet of floating docks used by transients, and 92 boat elevators. Total available dock space is estimated at 20,075 linear feet.
- In addition to the marina, there are a reported 571 parking spaces located on the first floor of the two adjoining condominium towers to the north and south of the Core Building.
- The north building has a reported 348 spaces and the south building has a reported 223 spaces.

These parking spaces are critical for the operation of the facility and are owned by the City of Miami Beach and used together with the marina. It should be noted that the parking spaces are considered a separate use and residents of the two condominiums cannot park in these areas. The upper levels of the parking lots located within the buildings are used only by the residents which have a separate entrance and exit.

The Core building which is located on the shoreline east of the marina is a mixed-use commercial development that has office, retail, and restaurant space. The gross building area is reported at 72,474 square feet and rentable area is calculated at 49,626 square feet.

The entire building is occupied with office and retail tenants, some having water views overlooking the marina and Government Cut to the west. To the south of the building is an open parking lot. The Core Building parking lot has a reported 120 spaces. The site of the subject property totals 3.51 acres is all upland area, and zoned GU, Government Use.

The ICON building is located at the northeast corner of the property and north of the Core Building. This portion of the property has office space for three tenants located on the first floor next to the covered parking garage used by the marina. This area is leased from the City of Miami and is part of the overall subject property. A total of 5,312 square feet of leasable space located in this area.

The subject site has numerous site improvements and building improvements which functions as one economic unit – a large full-service marina. These two properties, as combined, provide a unique blend of numerous uses that complement each other with a maritime motif as a full-service marina open to the public.

The property is located along the northeast bank of Government Cut within a neighborhood known as “South Beach.” The street address is 300 Alton Road, Miami Beach, Florida 33139.

Future Plans

The City of Miami Beach has been approached by Terra Group and the lessee of the Marina, Suntex, to re-cast the current ground lease, make certain improvements to the marina and redevelop the upland area where the existing core building is located.

The development features are as follows:

- The 3.51 acres of upland area will be developed with a sixty-unit luxury condominium building as an overbuild.
- The ground level will be developed with a below ground parking garage with 270 parking spaces. Of which 120 are slated for the condominium owners with the balance 150 space for the marina and mixed-use area.
- A mixed-use area above the parking garage will be developed with 45,000 square feet of restaurant, retail and office space.
- The mixed-use area will be leased, sublet, and maintained by Suntex the current marina lessee and operator. Suntex will commit to making \$35 million in improvements to the marina over the lease term.
- A green space area totaling 1.1 acres will be developed and maintained by the lessee and developer. This area runs westward from the building to the shoreline in front of the marina.
- The green space will be public access as well the mixed-use area of the new building.

- To the north of the new development will be an outdoor plaza that will total 25,880 square feet.
- Condominium owners would have a sperate entrance and private parking within the parking garage.
- Total building area is estimated at 493,285 square feet of which 220,000 SF will be sellable residential condominium area (3,667 SF unit average).

Scope of Work

The scope of work performed in a real estate appraisal is a description of the amount and type of information researched and the analysis applied in an assignment. Based upon the engagement letter dated April 1, 2020, the scope of work for this assignment is as follows:

Property Identification

The subject property was identified by street address, folio numbers, and legal description provided by the Miami Dade County Property Appraiser and the most recent public recorded deed.

Property Inspection

The subject property was visually inspected by Walter B. Duke, III, MAI, CCIM, Andrew Scott Rolf, MAI and Albert D. Owler on May 7, 2020, which included an exterior and interior tour or viewing of the property. They were accompanied by a representative of Suntex management. The property inspection was considered sufficient to identify the relevant property characteristics and included viewing a representative interior and exterior of the buildings and docks. The inspection by the appraisers was limited to items and characteristics readily observable without the use of special testing or equipment. The visual inspection conducted was not equivalent to the assessment of a site, building, structure or mechanical system performed by a professional engineer or general contractor. Based upon generally accepted appraisal practices within the South Florida submarket, the degree of inspection was considered adequate to develop a credible appraisal.

Type and Extent of Data Research

General:

- Data sources included CoStar.com, and Miami-Dade County Property Appraiser's web site, two (2) of the largest and most reliable on-line data-services available in South Florida, along with marketing/brokerage agents that are active in the market.

- The reported sale price was verified by examining the Florida Documentary Stamp Tax posted on the deed and by telephone verification with a party familiar with the transaction.
- The physical characteristics of the sales were ascertained by a combination of public records, physical inspection, appraiser's files, published public listing information, verification with parties to the transaction (buyers, sellers and/or brokers) and records contained in the Property Appraiser's Office.

Specific:

- Surveys of rental rates for in water marinas within the subject's neighborhood were utilized from previous appraisal assignments in our office as well as searches from our data-services and cross checked with public records.
 - The market area searched included the South Florida regional market, with an emphasis on data from Miami-Dade and Broward Counties. Personal conversations with owners of the marinas as well as dockmasters were performed as a source of rental and occupancy information.
 - The data search was focused on the Florida market with emphasis on South Florida. Every marina has unique characteristics, but the data was in enough quantity and quality to perform direct comparison to the subject property.
 - The most recent sales were used when possible. Most market participants agree that there could be a change in market conditions from the COVID-19 economic fallout. None of the sales have occurred since the national emergency was declared. However, these sales represent the most similar sale properties available and have been utilized and adjusted accordingly.
 - The parameters of the research are consistent with the investment market. The subject property is a well located wet-slip marina that caters to 30-foot vessels to mega and superyachts. As such, marina use sites and facilities which were similar to the highest and best use of the subject property were surveyed. There are numerous marinas and dry storage facilities in the area, however, only those that are considered most similar to the subject property and competitive in location were analyzed in this report.
 - Sales of development sites across South Florida were researched with emphasis on water-fronting areas of Miami-Dade County market.
 - Comparable condominium communities in the Miami Beach area were also researched in order to determine reasonable pricing for the subject condominium units.
 - It is simply too early in the pandemic, which has not yet peaked in the United States, to determine the impact on commercial real estate in either the near-term or the long-term. Overall there will likely be a negative impact on the greater
-

CRE market but the impacts on well-located marinas may not be as profound. The subject property type supports projected social distancing and hygiene practices versus other property types such as hotels or restaurants which is considered to be a key mitigating factor.

Analysis Applied to Arrive at Opinion or Conclusions

The subject property is a marina facility which is considered a special purpose property. Though unique, there are many like it in the south Florida market.

The appraisal analysis is achieved using the three traditional approaches to value: Cost Approach, the Direct Sales Comparison (Market) Approach and the Income Approach.

The Cost Approach to Value is considered to have little relevance in estimating the value of the subject property due to the age of the improvements.

The Direct Sales Comparison (Market) Approach is based upon the principle of substitution; that is, when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming no costly delay in making the substitution. The traditional appraisal technique used to estimate value through substitution involves the collection and analysis of sales and listing data on various properties having as many similar characteristics to the property being evaluated as possible. The validity of this appraisal is very much dependent on the availability or quantity of data and the relevance or quality of data.

In the Income Approach to Value, investment properties are normally valued in proportion to their ability to produce income. Therefore, analysis of the property in terms of its ability to provide a sufficient net annual return on investment capital is an important means of valuing a real estate asset. An estimate of value is derived by capitalizing the net income at a rate commensurate with the investment risk inherent in the fee ownership of the property.

The Income Approach, when properly applied, is generally considered the most accurate indicator of value for income-producing properties like the subject property.

Due to the unique leased fee position of the client, City of Miami Beach, only elements of the Income Approach to Value were utilized. For the estimation of the value of the air rights, elements of the cost and sales comparison approaches were utilized.

As requested by the client, the report is presented in a narrative format with full supporting documentation for analysis.

Property Information

Analysis of items relative to the subject property included general information as provided by the owner of the property during the inspection and included the following:

- Historical and budget statements provided by City of Miami Beach.
- Proposed development plans by Terra Group.
- Property surveys provided by the client.
- Current rent roll for marina.
- Leases in place at the Core Building
- Proposed development costs and sell out projections.
- Term sheet and existing lease for the Miami Beach Marina.
- Proposed rezoning information regarding a change from to CPS-4 Marina Sub District.

This information is assumed to be accurate, factual and correct and this forms the premise of one of the extraordinary assumptions in this appraisal. Unless provided by survey, measurements are approximate.

Extraordinary Assumptions – (1) It should be noted that the estimates of prospective value are the presumption of good quality construction, competent management, aggressive marketing and economic stability. The prospective value estimates are subject to unforeseeable events that could alter market conditions prior to the effective date of the opinion. (2) The appraisers have relied on factual data regarding the subject property supplied to us by the owner. While we have attempted to confirm this data where possible, we have prepared the appraisal assuming the information provided to us is factual, except where otherwise noted. (3) The forecast for income, expenses, and absorption of space included herein are not predictions of the future, rather our best estimate of current market thinking on future income expenses and demand. We make no warranty or representation that these forecasts materialize. (4) Walter Duke + Partners has been provided with proposed construction costs, and pro-forma income and expense statements. If there is a significant change in this information, the value of the physical real estate, a revision of the appraisal report and opinion of value may be required.

Hypothetical Conditions - None were employed.

Other

The appraiser was instructed to estimate the following:

- The market value of the development rights associated with Area 1, to be sold/transferred to the developer, less approximately 45,000 square feet of retail/restaurant space to be owned by the City and included in the lease to the marina lessee. "Air Rights"
- The fair market rental value of the marina lease, including items such as base rent, percentage rent, annual increases, public benefits, etc., taking into consideration the following:
 - The current marina lease shall be extended for a total term up to 99 years, including renewal options.
 - The marina lessee shall retain the right to operate the boat slips located on Area 2.
 - The marina lease shall include approximately 43,000 square feet of retail/restaurant space to be located on Area 1.
 - Revenue to marina lessee from all operations including, but not limited to, ancillary uses such as retail rent/income, fuel sales, parking, etc.
 - The marina lessee shall retain the right to operate and maintain the four (4) garage units located on Areas 3 & 4 (containing approximately 571 parking spaces).

Street Address

The property possesses a street address of 300 Alton Road, Miami Beach, Florida.

Legal Description

According to a copy of the survey provided to the appraisers drawn by Schwebke, Shiskin and Associates dated July 20, 2017 the following is the legal description for the subject property:

LEGAL DESCRIPTION**AREA 1: LEASEHOLD ESTATE PURSUANT TO:**

LEASE AGREEMENT BETWEEN THE CITY OF MIAMI BEACH, A MUNICIPAL CORPORATION THE STATE OF FLORIDA, AS LANDLORD, AND CARNE R-MASON ASSOCIATES, LTD., AS TENANT, DATED JUNE 24, 1983 (A SHORT FORM LEASE WHICH WAS FILED NOVEMBER 9, 1983 RECORDED IN OFFICIAL RECORDS BOOK 11963, PAGE 1143), AS MODIFIED BY FIRST AMENDMENT TO MARINA LEASE DATED AS OF OCTOBER 23, 1991 AND SECOND AMENDMENT TO MARINA LEASE DATED AS OF AUGUST 11, 1994 (A MEMORANDUM OF LEASE AMENDMENTS WHICH WAS FILED MAY 29, 1997, IN OFFICIAL RECORDS BOOK 17656, AT PAGE 4709) AS AFFECTED BY PARTIAL RELEASE OF LEASE DATED DECEMBER 27, 1995, RECORDED IN OFFICIAL RECORDS BOOK 17077, PAGE 1193, AS FURTHER MODIFIED BY THIRD AMENDMENT TO MARINA LEASE AGREEMENT DATED AS OF MAY 27, 1997, RECORDED IN OFFICIAL RECORDS BOOK 17673, AT PAGE 2846, AS ASSIGNED BY ASSIGNMENT AND ASSUMPTION AGREEMENT RECORDED JUNE 11, 1997, IN OFFICIAL RECORDS BOOK 17673, AT PAGE 2830, AS FURTHER MODIFIED BY FOURTH AMENDMENT TO MARINA LEASE AGREEMENT DATED AS OF APRIL 15, 1998, RECORDED DECEMBER 15, 1998 IN OFFICIAL RECORDS BOOK 18391, AT PAGE 4862, AS PARTIALLY RELEASED BY PARTIAL RELEASE OF MARINA LEASE AGREEMENT RECORDED IN OFFICIAL RECORDS BOOK 18626, PAGE 4354, AS FURTHER ASSIGNED TO SUNTEX MARINA INVESTORS, LLC, A DELAWARE LIMITED LIABILITY COMPANY, BY VIRTUE OF THAT CERTAIN ASSIGNMENT OF LEASE RECORDED IN OFFICIAL RECORDS BOOK PAGE (TO BE RECORDED), ALL OF THE PUBLIC RECORDS OF MIAMI-DADE COUNTY, FLORIDA, AS TO THE FOLLOWING DESCRIBED PROPERTY:

AREA 1:

ALL OF LOTS 22 THROUGH 29, INCLUSIVE, AND LOT 21, LESS THE SOUTHERLY 40.00 FEET THEREOF, IN BLOCK 111, OF OCEAN BEACH, FLORIDA ADDITION NO. 3, ACCORDING TO THE PLAT THEREOF, AS RECORDED IN PLAT BOOK 2, PAGE 81, OF THE PUBLIC RECORDS OF MIAMI-DADE COUNTY, FLORIDA, TOGETHER WITH A 40.00 FOOT RIGHT OF WAY ON THE BAY SIDE OF THE HOPE AND REBECCA TOWER PROPERTY, (BEING LOTS 15 THROUGH 20 AND THE SOUTHERLY 40.00 FEET OF LOT 21, BLOCK 111, OF OCEAN BEACH, FLORIDA ADDITION NO. 3; TOGETHER WITH AND EASEMENT OVER OR UNDER AND UPON THE WESTERLY 100.00 FEET OF LOTS 30 AND 31, ALL IN BLOCK 111, OCEAN BEACH, FLORIDA ADDITION NO. 3; AS RECORDED IN PLAT BOOK 2, PAGE 81, OF THE PUBLIC RECORDS OF MIAMI-DADE COUNTY, FLORIDA.

AREA 2: RIGHT TO USE PURSUANT TO:

LEASE AGREEMENT BETWEEN THE CITY OF MIAMI BEACH, A MUNICIPAL CORPORATION THE STATE OF FLORIDA, AS LANDLORD, AND CARNE R-MASON ASSOCIATES, LTD., AS TENANT, DATED JUNE 24, 1983 (A SHORT FORM LEASE WHICH WAS FILED NOVEMBER 9, 1983 RECORDED IN OFFICIAL RECORDS BOOK 11963, PAGE 1143), AS MODIFIED BY FIRST AMENDMENT TO MARINA LEASE DATED AS OF OCTOBER 23, 1991 AND SECOND AMENDMENT TO MARINA LEASE DATED AS OF AUGUST 11, 1994 (A MEMORANDUM OF LEASE AMENDMENTS WHICH WAS FILED MAY 29, 1997, IN OFFICIAL RECORDS BOOK 17656, AT PAGE 4709) AS AFFECTED BY PARTIAL RELEASE OF LEASE DATED DECEMBER 27, 1995, RECORDED IN OFFICIAL RECORDS BOOK 17077, PAGE 1193, AS FURTHER MODIFIED BY THIRD AMENDMENT TO MARINA LEASE AGREEMENT DATED AS OF MAY 27, 1997, RECORDED IN OFFICIAL RECORDS BOOK 17673, AT PAGE 2846, AS ASSIGNED BY ASSIGNMENT AND ASSUMPTION AGREEMENT RECORDED JUNE 11, 1997, IN OFFICIAL RECORDS BOOK 17673, AT PAGE 2830, AS FURTHER MODIFIED BY FOURTH AMENDMENT TO MARINA LEASE AGREEMENT DATED AS OF APRIL 15, 1998, RECORDED DECEMBER 15, 1998 IN OFFICIAL RECORDS BOOK 18391, AT PAGE 4862, AS PARTIALLY RELEASED BY PARTIAL RELEASE OF MARINA LEASE AGREEMENT RECORDED IN OFFICIAL RECORDS BOOK 18626, PAGE 4354, AS FURTHER ASSIGNED TO SUNTEX MARINA INVESTORS, LLC, A DELAWARE LIMITED LIABILITY COMPANY, BY VIRTUE OF THAT CERTAIN ASSIGNMENT OF LEASE RECORDED IN OFFICIAL RECORDS BOOK PAGE (TO BE RECORDED), ALL OF THE PUBLIC RECORDS OF MIAMI-DADE COUNTY, FLORIDA, AS TO THE FOLLOWING DESCRIBED PROPERTY:

A PORTION OF LAND LYING WEST OF AND ADJACENT TO BLOCK 111, OF OCEAN BEACH, FLORIDA ADDITION NO. 3, ACCORDING TO THE PLAT THEREOF, AS RECORDED IN PLAT BOOK 2, AT PAGE 81, OF THE PUBLIC RECORDS OF MIAMI-DADE COUNTY, FLORIDA, MORE PARTICULARLY DESCRIBED AS FOLLOWS: COMMENCE AT THE NORTHWEST CORNER OF SECTION 3, TOWNSHIP 54 SOUTH, RANGE 42 EAST; THENCE RUN EASTERLY ALONG THE NORTH LINE OF SAID SECTION 3 FOR 1,350.00 FEET, MORE OR LESS, TO A POINT ON THE EAST LINE OF BLOCK 90 OF THE AFOREMENTIONED PLAT; THENCE RUN SOUTH 00 DEGREES 30'00" E ALONG THE EAST LINE OF BLOCKS 90, 89, 88, 87, 86, 85, 84, 83, 82, 81, 80, 79 AND A PORTION OF BLOCK 111 AND ALONG THEIR SOUTHERLY EXTENSIONS FOR 5,207.00 FEET TO THE SOUTHEAST CORNER OF LOT 1, BLOCK 111 OF SAID SUBDIVISION; THENCE RUN S 89 DEGREES 05'00" W, ALONG THE SOUTH LINE OF SAID LOT 1, BLOCK 111 FOR 260.00 FEET TO A POINT ON THE EAST WATER LINE OF BISCAYNE BAY, SAID POINT ALSO BEING THE POINT OF BEGINNING OF THE TRACT OF LAND HEREINAFTER DESCRIBED; THENCE RUN N 32 DEGREES 12'16" W, ALONG A LINE 300.00 FEET WEST OF AND PARALLEL WITH THE WESTERLY RIGHT OF WAY LINE OF ALTON ROAD FOR 2,159.28 FEET TO A POINT, THENCE RUN N 28 DEGREES 29'08" W FOR 323.93 FEET TO AN INTERSECTION WITH A LINE THAT IS 35.00 FEET NORTHERLY OF AND PARALLEL WITH THE NORTH LINE OF A LOT DESIGNATED 49 B AS SHOWN ON THE AMENDED PLAT OF LOTS 43 TO 50, BLOCK 111, OCEAN BEACH, FLA. ADDITION NO. 3, AS RECORDED IN PLAT BOOK 14, AT PAGE 70, OF THE PUBLIC RECORDS OF MIAMI-DADE COUNTY, FLORIDA; THENCE RUN N 88 DEGREES 07'28" W FOR 35.69 FEET; THENCE RUN S 57 DEGREES 47'44" W FOR 254.64 FEET; THENCE RUN N 32 DEGREES 12'16" W FOR 20.00 FEET; THENCE RUN S 57 DEGREES 47'44" W FOR 300.00 FEET TO A POINT; THENCE RUN S 32 DEGREES 12'16" E FOR 1,154.00 FEET TO A POINT; THENCE RUN S 57 DEGREES 47'44" W FOR 150.00 FEET TO A POINT; THENCE RUN S 32 DEGREES 12'16" E FOR 500.00 FEET TO A POINT; THENCE RUN N 57 DEGREES 47'44" E FOR 150.00 FEET TO A POINT; THENCE RUN S 32 DEGREES 12'16" E FOR 912.00 FEET TO A POINT; THENCE RUN S 67 DEGREES 48'22" E FOR 347.79 FEET TO A POINT; THENCE RUN N 57 DEGREES 47'44" E FOR 360.62 FEET, MORE OR LESS, TO OTHER LANDS OF THE CITY OF MIAMI BEACH; THENCE RUN N 32 DEGREES 11'37" W FOR 326.25 FEET, MORE OR LESS, BY OTHER LANDS OF THE CITY OF MIAMI BEACH, TO THE POINT OF BEGINNING.

AREA 3:

EASEMENT RIGHTS UNDER BAY WALK EASEMENTS RECORDED IN OFFICIAL RECORDS BOOK 17077, PAGE 1232, AS AMENDED AND RESTATED IN OFFICIAL RECORDS BOOK 18713, PAGE 133, BOTH OF THE PUBLIC RECORDS OF MIAMI-DADE COUNTY, FLORIDA.

AREA 4:

EASEMENT RIGHTS UNDER ACCESS EASEMENT RECORDED IN OFFICIAL RECORDS BOOK 17077, PAGE 1245, AS MODIFIED BY RELEASE AND MODIFICATION OF EASEMENT AGREEMENT RECORDED IN OFFICIAL RECORDS BOOK 18626, PAGE 4506, BOTH OF THE PUBLIC RECORDS OF MIAMI-DADE COUNTY, FLORIDA.

AREA 5:

RIGHTS UNDER PARKING AGREEMENT, RECORDED IN OFFICIAL RECORDS BOOK 17077, PAGE 1196, OF THE PUBLIC RECORDS OF MIAMI-DADE COUNTY, FLORIDA.

AREA 6:

RIGHTS UNDER PARKING AGREEMENT, RECORDED IN OFFICIAL RECORDS BOOK 12873, PAGE 2731, AS AMENDED IN OFFICIAL RECORDS BOOK 16313, PAGE 1077 AND OFFICIAL RECORDS BOOK 18626, PAGE 4822, ALL OF THE PUBLIC RECORDS OF MIAMI-DADE COUNTY, FLORIDA.

AREA 7:

EASEMENT RIGHTS UNDER GRANT OF EASEMENTS FOR SSDI SOUTH DROP-OFF PARKING AND ACCESS EASEMENT AGREEMENT RECORDED IN OFFICIAL RECORDS BOOK 18626, PAGE 4514, AS ASSIGNED IN OFFICIAL RECORDS BOOK 19073, PAGE 2258, BOTH OF THE PUBLIC RECORDS OF MIAMI-DADE COUNTY, FLORIDA.

AREA 8:

EASEMENT RIGHTS UNDER GRANT OF BAY WALK EASEMENT RECORDED IN OFFICIAL RECORDS BOOK 18626, PAGE 4400, OF THE PUBLIC RECORDS OF MIAMI-DADE COUNTY, FLORIDA.

AREA 9:

EASEMENT RIGHTS UNDER GRANT OF EASEMENTS (150 FOOT EASEMENT AREA) RECORDED IN OFFICIAL RECORDS BOOK 18626, PAGE 4425, OF THE PUBLIC RECORDS OF MIAMI-DADE COUNTY, FLORIDA.

Owner of Record

City of Miami Beach (Submerged Land of the Marina)
 Miami Beach Redevelopment AG (Core Building Area)
 1700 Convention Center Drive
 Miami Beach, Florida 33139-1819

Source: *Miami-Dade County Tax Roll*

Property History

Suntex purchased an equity interest in the Miami Beach Marina Leasehold Interest from the RCI Group in the beginning of 2018. Terms of the transaction were not provided.

No other transactions involving the subject property have occurred within the past three years.

The City of Miami is negotiating the sale of air rights to Terra to develop 60 luxury condominiums above the existing improvements. Presently the cost of the air rights is \$55 million plus \$15 in capital improvements to the site and neighborhood infrastructure.

Real Estate Tax Analysis

In Florida, the assessed values for real and commercial personal properties are established each year as of January 1, by each County Property Appraiser's Office. Under the Florida Constitution and Statutes, this value is to be the "Just Value" of the property. "Just Value" is considered to be synonymous with "Market Value." The tax due is computed by multiplying the annual millage rate with the assessed value of the property. Millage rates are the amounts paid to each taxing body for every \$1,000 of Assessed Value (25 mills equal \$25 per \$1,000 of Assessed Value). Millage rates are established by all of the various taxing bodies that exist within a given taxing district.

Schedule of Assessment and Taxation

Property taxes are paid in arrears with the assessment and taxation process spread out over the year, as follows:

January 1 to June 30	Assess all parcels in the county
July 1	Tax Roll certified to Department of Revenue
August 1	TRIM Notices are mailed to property owners
September 15	Deadline to apply for appeal of Assessed Value
November 1	Taxes payable with a 4% discount
December 1	Taxes payable with a 3% discount
January 1	Taxes payable with a 2% discount
February 1	Taxes payable with a 1% discount
March 1	Taxes are due
April 1	Taxes are past due

May 31
June 1

Two-month grace period ends
Tax Certificates sold at auction

Subject Property's Assessment and Taxation

The assessment and taxation information prepared by the Miami-Dade County Property Appraiser's Office is presented as follows:

Assessment and Taxation

Tax Year	2019
Classification	Government and Institution, Intensive Mixed –Use Phase Bayside
Folio Number	02-4203-009-9210 (Upland) 02-4203-009-9210 (Upland) 02-4203-000-0010 (Marina)
Overall Assessment	\$15,409,997 Upland (Core Building) \$ 2,029,920 Upland (Parking Lot) \$ 4,871,792 Leasehold Marina
Total Taxes – Gross	\$515,391.64
Total Taxes – Discounted	\$494,775.97 (Discounted for November Payment)
Proposed Millage Rate	19.3785

Source: *Miami-Dade County Tax Rolls and Real Estate Solutions, Inc.*;

Based upon this market information, the real estate taxes for the subject property appear to be similar when compared to other properties located in the Miami Beach area. In addition, based on the Market Value "As Is" and for the purposes of this analysis, a tax burden of \$494,776 for the Core Building and Marina was considered appropriate. This figure includes a four percent discount for early payment, which prudent market participants take advantage of.

Delinquent Real Estate Taxes

According to the Miami-Dade County Revenue Department there are no delinquent real estate taxes outstanding on the appraised property.

Working Waterfront Property

The following is the Classification and Assessment of Working Waterfront Property. On November 4, 2008, Florida voters approved Amendment 6 creating changes to Section 4 of Article VII of the State Constitution. This Amendment provides for classification and assessment of working waterfront property based on the following qualified uses:

- Predominantly used for commercial fishing
- Accessible to the public and used for vessel launches into navigable waters

- A marina or dry stack open to the public
- A water-dependent marine manufacturing facility
- A water-dependent commercial fishing facility
- A water-dependent marine vessel construction or repair facility and/or support facilities

Prior to the passage of this amendment, working waterfront properties were assessed based on the 'Highest and Best Use' resulting in properties being assessed at values higher than the actual businesses they housed.

The working water exemption will run with the property as long as the facility operates as a public use waterfront. Adjustments to the assessed value relate to the land assessment and not the improvements.

Florida's Economic Conditions

The Summary of Commentary on Current Economic Conditions is a regionalized economic report published by the Federal Reserve Board eight times a year. This report is informally referred to by economists as The Beige Book. The Atlanta Fed territory includes Alabama, Florida, Georgia, and portions of Louisiana, Mississippi, and Tennessee.

The most recent *Beige Book*, issued April 15, 2020, reported that economic activity deteriorated from mid-February to late March, and the outlook diminished as a result of the COVID-19 pandemic. Labor market conditions weakened significantly as businesses reported widespread layoffs and furloughs. Non-labor costs were stable. Retail contacts noted plunging sales of discretionary goods, and surges in spending on essential items. Hospitality and tourism contacts reported significant declines in activity as conventions were cancelled and attractions were temporarily shuttered. Activity in residential and commercial real estate slowed somewhat. Manufacturing activity deteriorated, but new orders held steady or increased as a result of changes in product demand. Overall transportation activity declined. District bankers reported mixed conditions.

Employment and Wages – District labor market conditions deteriorated over the reporting period as the spread of COVID-19 precipitated a sharp contraction in activity leading to layoffs and furloughs, especially in retail, tourism and hospitality. Grocery, home improvement, and discount stores, along with home delivery services, experienced a surge in demand resulting in a strong increase in hiring. Growing restrictions on public gatherings forced many restaurants to pivot to take-out and delivery services in an effort to stay in business and preserve some jobs. Manufacturing and distribution workforces remained largely intact and those producing high-demand products indicated working longer hours. Most firms with the ability to do so transitioned to remote working. In response to a sharp drop in demand, the region's energy sector experienced a contraction in employment. Some businesses noted actively working to connect laid-off or furloughed employees with firms that were hiring.

Some District firms reported cutting pay, eliminating bonuses, and reducing hours, in efforts to retain employees. However, high demand sectors, such as grocery, distribution, and warehousing announced increases in hourly wages or bonuses. Some companies still hiring have postponed pre-employment background checks like drug tests and finger printing, largely in an effort to reduce physical contact. Many contacts reported relaxing attendance policies

and increasing paid time off and leave allowances. Some noted an extension of premium pay to essential workers or employees who deal directly with the public.

Prices – Most contacts reported stable input costs over the reporting period with expectations that prices may drop as a result of lower overall demand due to the COVID-19 pandemic. With considerable uncertainty regarding supply chains and demand, most sectors reported an effort to avoid raising prices. Oil price declines benefitted businesses outside of the energy sector, helping defray the rising cost of freight. The Atlanta Fed's Business Inflation Expectations survey showed year-over-year unit costs were up 1.6 percent in March, virtually unchanged from February. Over the next twelve months survey respondents, on average, indicated they expect unit costs to rise 1.9 percent.

Consumer Spending and Tourism – District retailers reported sales growth of grocery and household products, office equipment, and home improvement goods, which partially offset some of the steep decline in discretionary consumer spending activity due to COVID-19. E-commerce activity accelerated as brick-and-mortar sales plummeted. There were some reports of supply chain bottlenecks as high-traffic retailers such as grocers, big box, and warehouse chains struggled to manage the influx of shipments to fill empty shelves.

Tourism and hospitality contacts reported a massive decline in activity across the District as a result of COVID-19. By mid-March, most major conferences and conventions had been cancelled or postponed, the majority of tourist attractions were temporarily shuttered, and hoteliers reported historically low occupancy rates. Several contacts noted that hotels with locations close to hospitals were being considered for conversion for medical use and shelters for COVID-19 patients or hospital staff.

Construction and Real Estate – After a strong start to the year, District housing activity was significantly disrupted by the COVID-19 pandemic. Contacts indicated that since their sales pipeline was strong prior to the outbreak, recent transactions were solid and cancellations were muted. However, market participants anticipate a contraction in second quarter sales as in-person traffic and new sales activity declined significantly since early March. Expectations for potential disruptions in functions such as permitting, appraisals, deed filings, and notarizations due to social distancing were noted, and some reports indicated a tightening of credit and lending standards. Construction and development activity slowed and builders began strengthening cash reserves and guarding balance sheets.

Commercial real estate (CRE) contacts reported a deceleration in new leasing inquiries amid the COVID-19 pandemic. However, leasing activity that was already in the pipeline appeared to be moving forward. Declining tourism and travel activity significantly impacted CRE in the hospitality and retail sectors. Investment property sales slowed markedly due to issues associated with the slowing of financing from commercial mortgage backed securities and non-bank lenders; however, contacts reported that capital was readily available at banks for the financing of CRE projects. Banks reported that originations continued in the CRE space. Reports of tenants seeking rent relief have begun to emerge.

Manufacturing – Manufacturing firms reported solid overall activity in late February, but indicated conditions rapidly deteriorated in early March due to the COVID-19 pandemic. Despite the decline in activity, some firms suggested that new orders were holding steady or even increasing due to changes in product demand. Supply delivery times were reported to be increasing.

Transportation – District transportation contacts continued to report varying levels of activity, and the majority noted some degree of negative impacts to business due to COVID-19. Activity for logistics, trucking, and freight brokerage firms held steady on average as consumer demand for discretionary products declined and demand for essential items increased. However, according to railroad contacts, overall rail traffic fell by near double digits as compared with year-earlier levels, driven by declines in the movement of grain, coal, aggregates and iron and steel scrap, and motor vehicles and parts. Intermodal traffic also fell. Air cargo contacts cited a continued deterioration in freight volumes over the reporting period. Sizeable declines in revenue and massive shifts in costs, including implementing pay cuts across the board to help offset some of the revenue losses, were mentioned. Ports saw year-over-year declines in container activity as imports from Asia slowed, and significant declines in overall freight activity for the foreseeable future are anticipated.

Banking and Finance – Financial institutions expressed concerns about the potential increase in delinquencies and the impact on both earnings and capital due to uncertainties around the COVID-19 outbreak. Slower loan growth was reported and some indicated they were being more careful about underwriting, especially with residential and some commercial real estate properties. Financial institutions reported contacting customers in industries most affected by the pandemic to determine borrowers' potential needs for accommodations. These industries included travel and hospitality, retailers, restaurants and their suppliers, transportation and logistics, and health care providers. Given declines

in market value of some institutions, goodwill impairments were being considered. Liquidity remained stable. Some financial institutions reported growth in deposits while others experienced large cash withdrawals.





Energy – Global demand for crude oil and liquefied natural gas fell over the reporting period primarily as a result of the COVID-19 pandemic, in spite of the fall in oil prices. As a result of price declines, broad cost-cutting measures, including reductions in major capital spending plans, suspension of share buybacks, delays of onsite scheduled maintenance, hiring freezes, and the dismissal of contractors were reported. Industrial plant and construction contacts reported delays in some petrochemical new build and expansion projects. Utilities firms noted that power usage declines among commercial business lines were nearly offset by a spike in residential power usage, as people spend more time at home. Utilities firms anticipate a further drop in power demand, particularly from the industrial segment, as budget cuts make their way through the sector.

Agriculture – Agricultural conditions remained mixed. Most of the District remained drought free, with the exception of much of Florida and other parts of the Gulf coastal region, which experienced abnormally dry conditions. On a month-over-month basis, the March production forecast for Florida's orange crop was down from both last month's forecast and last year's production while the grapefruit production forecast was down month-over-month but remained ahead of last year's production. Contacts reported the COVID-19 pandemic has resulted in recent significant price increases for corn, rice, soybeans, milk and eggs, and an increase in demand for Florida oranges. Contacts also reported that some District states modified trucking weight and hour requirements in response to COVID-19, which has had a positive effect on getting product to market more quickly.

Source: The Summary of Commentary on Current Economic Conditions (The Beige Book)

Florida Market

Snapshot

FLORIDA MARKET MSA SNAPSHOT						
MSA	<u>Population</u> Median Age	<u>Office SF</u> Vacancy	<u>Industrial SF</u> Vacancy	<u>SF Home Sales Inc.</u> Median SP Inc.	<u>Airport</u> Domestic/Int'l Flights	<u>Seaport</u> Tonnage
Orlando 	<u>2,440,000</u> 39.1	<u>43.27 million</u> 6.80%	<u>113.1 million</u> 6.30%	<u>+1.8%</u> <u>+3.6%</u>	<u>Orlando Int'l</u> 92/59 <u>Orlando Sanford Int'l</u> 74/13	<u>Port Canaveral</u> 4.63 million
Includes Orange, Seminole, Lake, and Osceola Counties						
South Florida 	<u>6,166,488</u> 39.7	<u>235.6 million</u> 8.90%	<u>447.10 million</u> 4.73%	<u>-4.2%</u> <u>+7.9%</u>	<u>Miami Int'l</u> 59/104 <u>Fort Lauderdale Int'l</u> 84/66 <u>Palm Beach Int'l</u> 31/3	<u>Port Miami</u> 9.16 million <u>Port Everglades</u> 25.30 million <u>Port of Palm Beach</u> 2.48 million
Includes Miami-Dade, Broward, and Palm Beach Counties						
Tampa Bay 	<u>4,582,512</u> 42.3	<u>66 million</u> 6.80%	<u>212.40 million</u> 5.70%	<u>+2.3%</u> <u>+9.2%</u>	<u>Tampa Int'l</u> 67/16 <u>St. Petersburg-Clearwater Int'l</u> 53/2 <u>Sarasota-Bradenton Int'l</u> 37/1	<u>Port Tampa Bay</u> 44.5 million
Includes Hillsboro, Pinellas, Hernando, and Pasco Counties						
Jacksonville 	<u>1,688,952</u> 38.8	<u>65.2 million</u> 8.40%	<u>143 million</u> 5.00%	<u>+9.6%</u> <u>+9.6%</u>	<u>Jax Int'l Airport</u> 32/0	<u>Port of Jacksonville</u> 10.9 million
Includes Baker, Clay, Duval, Flagler, Putnam, Nassau, and St. Johns Counties						

Source: CoStar, Florida Realtors, Census Bureau, South Florida Business Journal

COVID-19: IMPACTS ON COMMERCIAL REAL ESTATE

It currently remains impossible to quantify the likely impact on the property market with any reliability. Comparisons with the Financial Crisis of 2007-08 are not necessarily appropriate, given that central banks are working hard to avoid a repeat of the credit crunch that characterized the last downturn. Nevertheless, the speed with which the market adjusted to events a decade ago may represent a “downside scenario” against which to assess potential property market outcomes.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law on March 27, 2020. It provides economic support for American businesses and



individuals affected by the COVID-19 pandemic. The provisions of the Act, now known as the COVID-19 stimulus bill passed by Congress and will inject \$2.1 trillion (9% of U.S. GDP) directly into the U.S. economy. The spending measures are wide-ranging and involve relief for tenants and owners of commercial real estate.

- This round of stimulus is massive. The total value of the stimulus, including new credit facilities created by the law, is \$5.6 trillion—almost 25% of U.S. GDP.
- Recently Congress also approved an additional \$310 Billion to replenish the PPP, for small businesses and sets aside \$60 Billion for smaller community banks and credit unions that typically serve small businesses.
- Expedited Small Business Administration (SBA) loans will help small businesses retain employees.
- The CARES Act will aid every commercial real estate sector.
- Short-term deterioration in market fundamentals will be followed by a strong recovery starting later this year.
- Policymakers will deploy additional firepower to aid the U.S. economy if needed.

General Market Condition/Trends/Observations

- **It is difficult to assess the likely scale of impact on real estate transactions.** Following the collapse of Lehman Brothers in late 2008, global investment volumes were typically 60%-70% lower during the following four quarters than had been seen a year earlier. On this occasion, the impact is not expected to be as severe or as prolonged, but a fall in transactions of 25%-50% for one or two

quarters in those markets most severely affected cannot be ruled out. Overall, stock market movements give an early indication of expected levels and relativities of impact. Thus far, sectors such as real estate, which will see secondary impacts from reduced economic activity or are mainly impacted by “wait-and-see” disruption, are not viewed as particularly severely affected. As of March 13, in the U.K. the FTSE 350 REIT Index had fallen 24% since the start of the crisis, compared with the 29% decline recorded by the FTSE 350 overall. In the U.S., the S&P 500 overall was down 26% during the same period – marginally more than the 25% decline in the Office REIT index (although Retail and Industrial REIT indices saw declines of around 30%). In general, real estate stocks fared better than those in the hotel/leisure and financial sectors.



- **Some capital markets transactions will be delayed or jeopardized** due to practical constraints on completion (such as travel restrictions impacting on-site due diligence) or concerns over the outlook for the economy and occupier demand. Transaction volumes are likely to fall, probably quite sharply. At the same time, Q1 totals may be less affected, Q2 will be impacted by delays in completion, and Q3 will be hit because few new transactions are currently being initiated. “Long income” deals that are less sensitive to the short-term outlook are in high demand and will be less affected than those higher-risk transactions requiring more active management and asset repositioning to drive IRRs.
- **It seems likely that the extent of containment policies being implemented will have a material impact on investment transaction volumes for 2020.** The scale of impact depends on three factors that are extremely difficult to predict. First, how well investors who wish to transact are able to cope with the current disruption. Second, how effectively governments manage public and business confidence to minimize the impact on market sentiment. Third, how well governments and central banks can limit damage to the economy and prevent contagion into the financial system, which would materially affect pricing and investor demand for real estate.
- **Owner-occupants will be intensely focused on cashflow, particularly those that will see material loss of income due to social distancing and travel restrictions.** Landlords will receive some requests for rent deferrals or reductions and challenges around service charge levels in buildings that need to be kept secure and operational, but which tenants may be unable to occupy.

How landlords respond will, in part, depend on the wording of the lease concerned, but in most cases will be a matter of judgment as much as legality.

- **Across most sectors and markets, leasing activity will decline in volume compared with pre-crisis expectations.** While some transactions will be unaffected, many deals currently under consideration are likely to be delayed (though not yet canceled) as occupiers adopt a “wait-and-see” attitude. This disruption should prove temporary, and a bounce-back in deferred activity is expected during late 2020 and into early 2021. However, a heightened sense of uncertainty over the economic and business outlook will cause some deals to be withdrawn. Fewer new transactions will be initiated, and some expansion plans will be put on hold. Clearly, the extent of this slowdown will be highly variable across markets and will depend on how the economic impacts of the virus play out.
- **In the development market, it remains to be seen whether higher commodity prices will impact construction activity.** Construction costs are already elevated in the U.S., and in the U.K., where Brexit-related labor shortages are a further threat, such that development margins are reduced. Disruption to Chinese raw materials could delay or defer construction orders, particularly if local-sourced alternatives prove more expensive. Domestically, thirty-nine percent of contractors report that project owners have halted or canceled current construction projects amid deteriorating economic conditions – a jump from 28% in mid-March. 45% also noted delays in deliveries or supplies.
- **The impact on rents is impossible to quantify until there is a clearer view of the underlying economic impact of the current crisis.** Given that the disruption is expected to be severe but temporary – with activity returning to ‘normal’ more quickly than in previous ‘conventional’ recessions. Any impact on rents is expected to be similarly short-lived unless the downturn has done structural damage to particular areas of demand.



- **From a valuation perspective**, any impacts are expected to be relatively short-lived but – as with so many other aspects of the current crisis – this assumes that there will be a global recession, but not on the scale seen in late 2008. For comparison, office values in London fell 50%-70% during the Financial Crisis, and by 15%-20% in the single quarter following the collapse of Lehman Brothers. While such falls are well more than what is expected this year, they do highlight the potential scale of short-term impact that is possible when confidence in a highly priced market collapse. Even so, after a short period of sharp decline, values of good quality properties recovered rapidly in 2009, as investors quickly re-entered the market once the immediate sense of crisis had passed.

The Bottom Line

- A sharp drop in economic activity produced by necessary public health mandates has been met by a massive fiscal and monetary stimulus of unprecedented scale. By preserving the supply side of the economy, the CARES Act will enable a faster recovery.
- Although the U.S. economy will contract during the first half of 2020, the CARES Act will help ensure that economic activity can rebound more quickly.
- To be sure, severe economic dislocations are underway. However, the CARES Act will broadly ease financial pressures and lay the foundation for a healthy recovery.
- Though timing will vary somewhat particularly across property types commercial real estate market fundamentals will reflect the short-term weakening in the economy, followed by a strong recovery heading into 2021.
- Governments and central banks around the world are taking similarly robust measures. These responses will complement U.S. efforts by boosting the global economy and improving the medium-term outlook for domestic activity.

Source: Walter Duke + Partners, CBRE, Avison Young, Newmark Frank, Wall Street Journal, Cushman & Wakefield

Impact on Commercial Real Estate Varies by Property Type

Retail

- COVID-19 will exacerbate the challenges faced by the retail sector, and the consumer sector is likely to be more immediately affected. In developed markets, consumer spending typically accounts for around one-third of all economic activity, up to half of which is “discretionary.” Consumers are likely to delay or forego a material proportion of this expenditure due to illness, self-isolation, or uncertainty.

- Some tenants being hurt badly due to a lack of customers, while tenants in grocery, pharmacy, and essential goods and services categories are benefiting as consumers prepare for extended stays at home. Notably, several national and regional retailers have announced that they will not pay rent beginning as early as April 1.
- Retail tenants with large e-commerce footprints have best absorbed the economic impact from the current health crisis and stand to benefit from the relief provided to consumers by the CARES Act.
- Consumer discretionary retail, on the other hand, will be severely impacted. Retailers such as restaurants, wellness/fitness centers, or those located on urban high streets are experiencing sharply reduced demand due to mandated closures and drastically reduced foot traffic. Some restaurants with robust delivery and takeout services will be able to maintain moderate levels of business.
- Dense retail contained within regional malls, shopping centers, and food halls will feel more acute pain, as consumers remain at home and continue to avoid large gatherings of people.
- In contrast, on-line retailers and local high streets could benefit in relative or absolute terms. Some of the increase in on-line shopping will become permanent, accelerating the impact of internet retail on the physical market. In many countries, households stocking up (or panic buying) will boost Q1 sales data in the food sector.
- Food and restaurant trends worth watching: Ghost kitchens that support food delivery and takeout will continue to evolve. Food halls will need to be revisited with a focus on spatial needs and hygiene issues. The value of fast-casual and quick-service restaurants with strong drive-through business will outpace those without other factors being equal. Liquor sales are also up 55% year over year.

Office

- Office tenants at all levels, from large Fortune 500 companies to small businesses, stand to benefit from a combination of CARES Act relief and accommodative Federal Reserve policy. At the same time, considerable attention is directed to small businesses through the worst of the crisis.
- Office as a product type remains on sound footing, despite the increase in telework arrangements. Even before the COVID-19 crisis, many technology and financial services companies allowed flexible work arrangements. Still, they continued major office expansions, often including more flex and amenity spaces rather than pure office buildouts.

- Other components of office real estate stand to benefit, such as life sciences lab space and health-related users, particularly single-tenant, where hygiene can be more closely monitored. Pharmaceutical and biotech companies become even more critical components of the post COVID-19 economy.
- Data center properties have represented a growth opportunity for investors during the current cycle, even before the COVID-19 crisis. This trend will continue given the increased demand for data services across all segments of the economy and population—particularly if more employers expand their telework policies.
- In the office sector, rates of homeworking have already increased sharply. It remains to be seen what impact this will have on productivity and output, but it will accelerate the adoption of new technology and flexible working practices. In the immediate future, social distancing could provide a stress test for many co-working and flex office operators, with short license customers opting to work at home for weeks or even months.
- Office workers' pushback against open office environment is likely to intensify, and disruption in the co-working sectors will be exacerbated given the clustered nature of these working environments.
- There will probably be increased operating costs as management will be more focused than ever on sanitation and disinfection of office environments.

Multi-family

- Of all the major property types, the CARES Act likely will have the most significant direct impact on multi-family, both in terms of tenant relief for various age and income levels, and for asset owner relief in the form of tax credits and suspension of loan payments.
- Aid for tenants will come in the form of \$260 billion in additional unemployment benefits and insurance, which will help renters who were recently laid off or furloughed from their jobs remain in their units and pay their rent.
- Suspending payments through September for the federal government's student loan program will support renters, who tend to be younger and indebted by student loans.
- Tenants who have had a significant loss of income will also be able to apply for Housing Choice Vouchers (\$1.25 billion is earmarked), which will help them pay their rent in market-rate housing.
- For asset owners, the legislation will allow for certain forbearance periods for multi-family owners who have GSE loans (Fannie Mae and Freddie Mac).

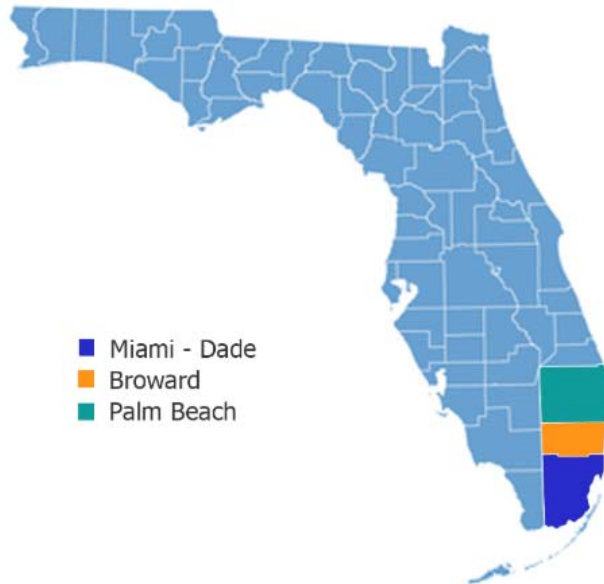
However, as a condition to this forbearance, multi-family owners cannot charge late fees and/or evict tenants.

- For multi-family developers who currently have PBS projects, \$1 billion has been earmarked to provide additional funds to help maintain and run operations of these properties.
- Though not included in the CARES Act, municipalities across the country have indicated that they too will enforce limits on rent increases and evictions, which could impact certain asset owners more acutely than others.
- Student housing may face headwinds with a sizable international enrollment decline in the fall, which will also negatively impact university system revenue.
- Seniors housing may have to adapt to new ways of protecting the older age cohort, as the COVID-19 crisis represents a greater threat to that demographic. The industry was facing pressures from a supply glut before the pandemic.
- LIHTC and other forms of subsidized multi-family housing stand to benefit while Class “A” and Class “C” market rate product may be at risk. Class “A” rents represent the highest rents while Class “C” product houses the most economically vulnerable residents.
- Co-living and micro-unit platforms that feature large community areas will need to be revisited as social distancing becomes the new normal.

South Florida Regional Analysis

Market Definition

The Miami-Fort Lauderdale-West Palm Beach Metropolitan Statistical Area comprises the area generally known as the South Florida Region (South Florida), which includes Miami-Dade, Broward and Palm Beach Counties.



With over 6 million residents, the South Florida metropolitan area is easily the most populous in Florida and the Southeastern United States. It is also eighth-most populous in the United States. It is part of the South Florida region and is partially synonymous with the Gold Coast.

The South Florida metropolitan area consists of three distinct metropolitan divisions, subdividing the region into three divisions according to the region's three counties:

- Miami-Dade County,
- Broward County, and
- Palm Beach County.



MIAMI



FORT LAUDERDALE



PALM BEACH

Metropolitan divisions include Miami, Fort Lauderdale, and Palm Beach.

The largest cities by population in the South Florida Region are noted on the following table:

South Florida MSA Largest Cities

CITY	POPULATION (2019)	COUNTY
Miami	490,947	Miami-Dade
Hialeah	239,722	Miami-Dade
Fort Lauderdale	186,220	Broward
Pembroke Pines	168,023	Broward
Hollywood	150,878	Broward
Miramar	138,837	Broward
Coral Springs	129,067	Broward
West Palm Beach	115,176	Palm Beach
Miami Gardens	114,284	Miami-Dade
Pompano Beach	112,058	Broward
Davie	104,249	Broward

Source: UF – BEBR

Current Trends

Prior to COVID-19 the South Florida economy was buoyed by strong job growth, a steady housing market, robust tourism, and increased construction activity. The South Florida's economy was in full gear with minimal headwinds outside of the potential for short term economic damage from the COVID-19 related measures.

- South Florida accounted for nearly 40,000 jobs out of the 220,000 added statewide in 2019 than a year earlier. At the same time, unemployment had been lower than it has been in over a decade, according to the state's final monthly unemployment and job creation report for 2019. The jobs report for 2Q20 will likely be extraordinarily weak due to fallout from the COVID-19 related economic shutdown.
- The housing market has nearly fully recovered and is generally in equilibrium except for the Miami condo market, which is overbuilt. The market took a slight pause due to COVID but is generally ok.
- Demand by foreign buyers and investors, mainly from South America, has slowed the Miami residential condominium market. Penthouse sales reflect the bulk of residential condo resale activity.
- Cruise and air travel are up year-over-year, but after six years of increases, the hotel occupancy in the region dropped slightly in the in 2019 mainly due to new supply. The South Florida hospitality industry will likely take a significant hit from the stoppage in passenger cruise lines and air travel.
- Gross regional economic output was also increasing but may stumble for a few quarter before regaining its footing.

Other Items of Note:

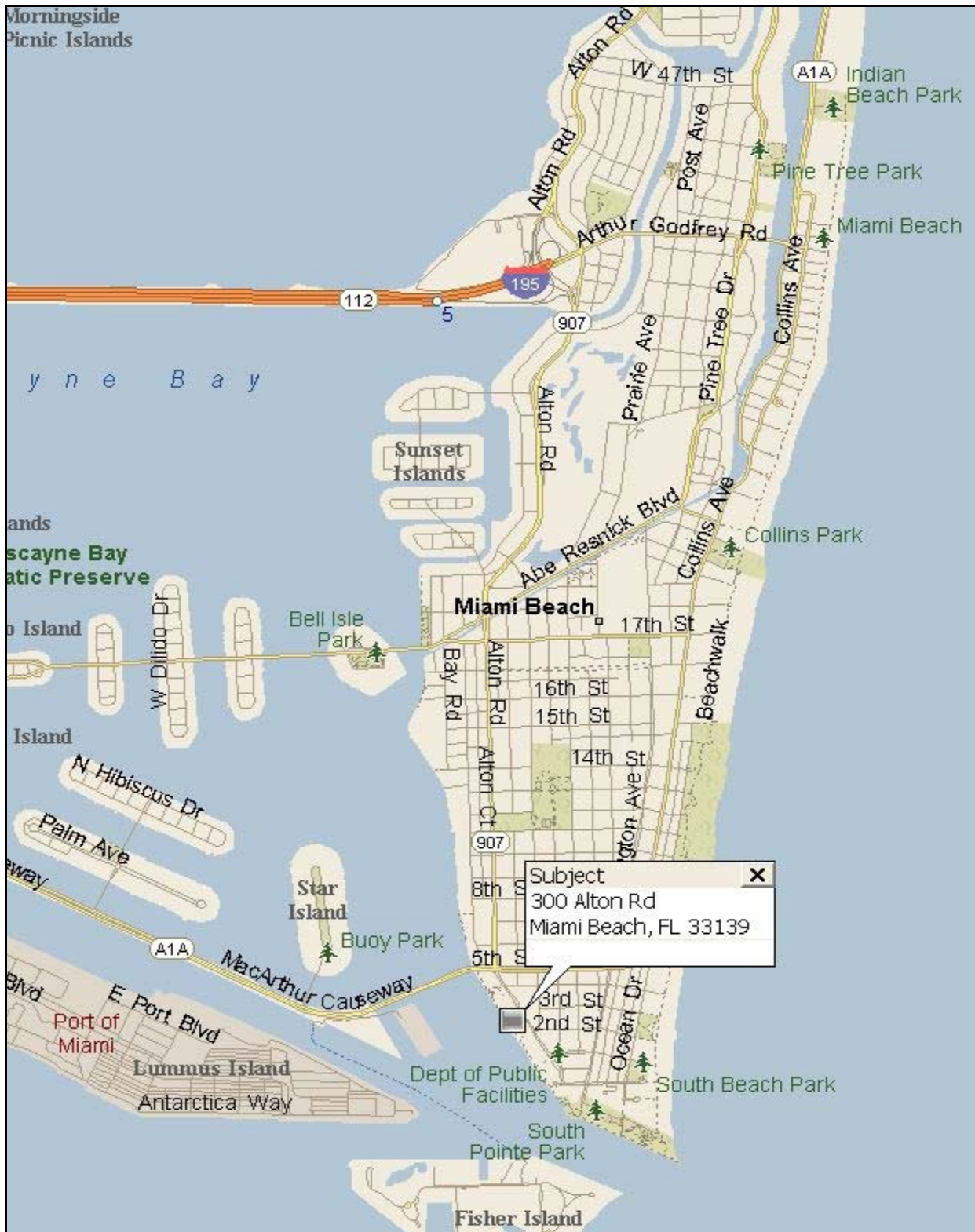
- Major transportation and infrastructure projects are planned or underway to improve the logistics of the region and, therefore, enable it to more effectively compete globally. Major improvements are underway at region airports and seaports. Passenger rail project Brightline opened the Fort Lauderdale–West Palm Beach segment in January 2018, followed by Fort Lauderdale–Miami in May 2018. An extension from West Palm Beach to Orlando via Cocoa is planned to open in late 2021 or early 2022, and more extensions are planned. The train service has been suspended due to COVID
- The Florida legislature has tabled the matter of expanded gambling in the State of Florida. The most recent bill proposed included two mega-casinos in South Florida.

Foreign investment from South America and Europe has slowed due to geopolitical unrest and a continued strong dollar, which in turn has slowed the Miami condominium market.

REGIONAL LOCATION MAP



Neighborhood Location Map



Area/Neighborhood Description

General Location & Boundaries

The subject property is located on the shoreline of Government Cut and the Miami Harbour and near the southern tip of South Beach. For purposes of this analysis, the subject neighborhood is defined as the area situated:

- East of Downtown Miami;
- West of the Atlantic Ocean, located approximately ½ mile east;
- South of the Arthur Godfrey Road; and
- North of the Fisher Island.

Location – The subject property is located within Miami Beach, a municipality which is situated on the barrier islands of Miami-Dade County between Biscayne Bay to the west and the Atlantic Ocean to the east. The bay separates Miami Beach from the city of Miami.



Miami Beach Viewing Southeast

Downtown Miami is located approximately three miles west of the subject. The immediate neighborhood is defined as the areas south of Dade Boulevard and north of Government Cut and are also known as the South Beach area of Miami Beach. Miami Beach comprises the county's barrier islands along the Atlantic Ocean from the South Beach area north to the Town of Surfside.

Access – Due to its island location, primary access to the neighborhood is provided by three causeways to the mainland areas of Miami-Dade County to the west. The Julia Tuttle Causeway/Interstate 195 at 41st Street in Miami Beach, runs west, and eventually connects to Interstate-95 and the Airport Expressway (State Road 112) in mainland areas of Miami. The Venetian Causeway connects to Dade Boulevard just north of 17th Street in Miami Beach, and the MacArthur Causeway/I-395 extends east/west from 5th Street to the north end of the Miami CBD.

Washington Avenue, Collins Avenue, and Alton Road are the primary north/south roadways through Miami Beach, while Dade Boulevard, 41st Street, 17th Street and 5th Street are the major east/west traffic arteries. Washington Avenue, Collins Avenue, and Alton Road are the primary north/south roadways through Miami Beach, while Dade Boulevard, 41st Street, 17th Street and 5th Street are the major east/west traffic arteries.



Collins Avenue

Description of Uses – Primarily developed since the 1920s, this neighborhood featured larger resort hotel properties along the oceanfront, with smaller apartment properties to the west of the community's oceanfront areas. By the 1960s, high-rise condominium development began to accompany the hotel projects, particularly on waterfront sites along Indian Creek and later spreading to oceanfront and bayfront properties throughout Miami Beach. Some single-family residential uses are noted in the western portions of the neighborhood, particularly in the area surrounding Alton Road, as well as the Sunset Islands and Venetian Islands in Biscayne Bay.

Supporting commercial uses such as strip retail buildings and freestanding stores and restaurants front the major thoroughfares including Collins Avenue, Washington Avenue, Alton Road and 5th Street. Mixed-use hotel and residential projects with ground-floor retail are prevalent along these thoroughfares as well. Office buildings are located near the heart of the city just north of Lincoln Road along 17th Street, which is also where the City Hall and the Miami Beach Convention Center can be found.

One of the most significant proposed developments in this area of Miami Beach over the past five years was a proposed pedestrian friendly, five-level parking structure and pedestrian plaza to be built by the City of Miami Beach to be located on the existing surface lots on the north side of the Miami City Ballet and the Miami Beach Regional Library. The project would span Liberty Avenue and include a retail and restaurant plaza. The project was designed by Zaha Hadid Architects, a firm out of London. Construction of the project was projected to begin in 2014 with a projected date of completion in 2015. The estimated cost of this project was \$18.5 million. However, as of December 2015, construction had not yet begun. In late 2015, the city commissioners asked for other development proposals for the garage. In March 2016, the architect died unexpectedly at age 65. Developers have proposed a public-private partnership with the city of Miami Beach to build the structure.



Zaha Hadid Parking Garage

However, the city preferred that the garage remain public with lower parking costs to the public. After soliciting new proposals for the project, Miami Beach awarded the contract to KVC Constructors in September 2017 for a guaranteed maximum price of \$22.47 million. The new architect is Shulman + Associates. The new seven story garage will total 180,064 square feet, with 513 parking spaces and 15,000 square feet of retail space along 23rd Street, Liberty Avenue and Park Avenue. Site work began in September of 2018 and the project is currently ongoing.

Lincoln Road, running east/west between 16th and 17th Street, is a famous pedestrian mall between Washington Avenue and Lenox Avenue that is lined with shops, sidewalk cafes, bars, restaurants and art galleries. In the 1960s, Miami Beach architect Morris Lapidus, well known for his work on the famous Fontainebleau and Eden Roc Hotels in Miami Beach, redesigned Lincoln Road to reflect the Mid-Century Modern architectural

(or “MiMo”) style, lining the road with gardens, streetscaping and fountains, and making the road one of the nation’s first pedestrian malls.



Today, Lincoln Road features some of the highest-priced retail space in the state, which is accompanied by a concert hall for the New World Symphony Orchestra, a state-of-the-art multiplex cinema, and the recently restored/renovated Colony Theatre, a 440-seat performance theater. The restoration of the theatre cost around \$6.5 million and took three years to complete.

In June 2012, a REIT paid \$132 million for the 166,500-square foot retail center at 1100 Lincoln Road. This property is the home to Regal Cinemas and Banana Republic and includes a 298-space parking garage. A retail/commercial property located at 530 Lincoln Road sold on December 13, 2013 and at that time set a record price of \$3,418 per square foot. The 8,776-square foot



property was previously approved for renovation. However, on May 7, 2014, the 8,375-square foot retail property located at 818 Lincoln Road sold for \$34,500,000 or \$4,119 per square foot. This price record didn’t last long as 718 Lincoln Road (6,943 square feet) sold for \$4,969 per square foot on May 14, 2014. On October 21, 2014, a new record was set by the sale of the ArtCenter Building at 800 Lincoln Road for \$4,999 per square foot. At the time, the biggest property sale on Lincoln Road occurred on August 18, 2014. Morgan Stanley Real Estate Investing paid \$342,000,000 for a six-building retail portfolio. The price equates to \$3,017 per square foot. It was one of the highest price deals in South Florida history. On March 25, 2016, Playa Retail Investments, LLC purchased a 74,887-square foot retail portfolio of buildings from 1001 to 1045 Lincoln Road for \$370,000,000 or \$4,941 per square foot. It was, at the time, the highest price

deal on Lincoln Road and the second largest real estate transaction ever in Miami Dade, second only to a 50% stake in the Fontainebleau Hotel that was purchased for \$375,000,000 in 2008. The buyer is an affiliate of Spanish billionaire Amancio Ortega. To date, the highest per square foot price paid on Lincoln Road was for the 5,000-square foot retail property located at 635-639 Lincoln Road for the recorded price of \$35,000,000 or \$7,000 per square foot.



In May 2018, a retail building at 947 Lincoln Road sold for \$25.65 million as a redevelopment property. The property last sold for \$301,000 in 1986. The property was purchased with an 8,625 square foot retail building build in 1925. In 2017, the city approved a plan to redevelop the building, with an expansion to 13,871 square feet and a

height increase from 24 feet to 36 feet. As part of the plan, the owner will renovate and restore the original Michigan Avenue façade and create a new modern building behind it, facing the popular Lincoln Road pedestrian strip.

In October 2015, Miami Beach Commissioners approved a final master plan for Lincoln Road that will overhaul the pedestrian only street. The plan includes enlarging sidewalks, adding extensive landscaping and turning some side streets and back alleys into pedestrian walkways that will serve as new retail and restaurant venues. The plan calls for creating 15-foot wide strips allowing for open air dining that will have new canopy structures built into the ground at regular intervals with central columns holding electrical outlets for lighting. The city's CRA allocated \$22 million for the pedestrian only part of Lincoln Road and \$12 million in additional funding to redesign and reconstruct side streets and back alleys. However, in 2017 the updated plans were revealed at a cost of \$43 million, nearly double the original budget. However, the city plans to cut costs by modifying designs when the budget is renegotiated in late 2017. As of late 2018, the design phase has not yet been completed and as of 2020 the project is underway.

After years of unprecedented increases in retail rents along Lincoln Road, many brokers and market participants reported that the market had peaked in late 2016/early 2017 as many owners dropped asking rents from a high of \$375 to \$450 per square foot to the current level of \$250 to \$265 per square foot. Many vacancies are taking longer to lease up. Despite the market correction, the shopping district remains healthy and is still

ranked among the top shopping, dining and entertainment district in the world because of the volume of visitors.

The largest land use within the subject's neighborhood is the Miami Beach Convention Center which is located along Washington Avenue just north of 17th Street. This center contains more than one million square feet of space for meetings. Located on the convention center property is the famous Jackie Gleason Theatre. The theatre, originally built in the 1960s, was renovated in 2007 and now managed by Live Nation featuring live concerts, productions, and special events. The Holocaust Memorial and the city's Botanical Gardens are adjacent to the convention center to the northwest.

Miami Beach has been one of America's pre-eminent beach resort communities for almost a century. The Fontainebleau Hotel is one of the most historically and architecturally significant hotels on Miami Beach. Built in 1954, it was considered the most luxurious hotel on Miami Beach. The Fontainebleau is situated on the oceanfront along Collins Avenue in the heart of "Millionaire's Row," fronting the Atlantic Ocean. The 1,504-room resort's most distinguishing features include two new towers, 11 restaurants and lounges, a 40,000-square-foot spa with mineral-rich water therapies and co-ed swimming pools, and a dramatic oceanfront pool. The hotel closed a large part of its property in 2006, when the hotel underwent a \$1 billion, two-year renovation and expansion. The renovated hotel re-opened in November 2008. Other major resorts along Miami Beach include the Eden Roc, the Ritz Carlton, the Loews Miami Beach Hotel, The Shore Club, The Setai, and the W South Beach, a 312-room luxury resort located at the corner of Collins Avenue and 23rd Street.

South Beach is one of the more popular areas of Miami Beach, which generally encompasses the beach area between the Government Cut ship channel at the south end of the city and 21st Street. As larger, new resort properties began spreading northward in Miami Beach by the 1960s, South Beach fell into a period of decline, with increasing vacant buildings, urban blight, and crime. Today, however, it is considered one of the most-valuable commercial areas in South Florida, after a pronounced renaissance that began in the late 1980s. In 1979, South Beach's Art Deco Historic District was listed on the National Register of Historic Places. The Art Deco District is the largest collection of Art Deco architecture in the world and comprises hundreds of hotels, apartments and other structures erected between the 1920s and 1940s. The Historic District is generally bound by the Atlantic Ocean to the east, Lenox Court to the west, 6th Street to the south, and Dade Boulevard to the north.

Miami Beach was in a redevelopment stage that began in the 1980s after investors and preservationists saved South Beach's Art Deco buildings from potential demolition. This

redevelopment gradually spread from the community's oceanfront areas westward into the mid-1990s as demand gained momentum. The success of designating and promoting the Art Deco District led preservationists and city leaders to designate additional areas in the city, including some of Miami Beach's neighborhoods that are outside of South Beach. The few remaining vacant sites along the oceanfront and Biscayne Bay were purchased for development of luxury hotels and condominiums. This was followed by the purchase of older, low-rise motel and hotel properties to the north and south of the Art Deco District that had outlived their economic viability. The pricing structure of these new luxury condo units typically ranges from over \$250,000 to well over \$1.0 million. This gentrification of the neighborhood; however, began to push out its older and original residents. The increased demand for living quarters in Miami Beach and South Beach resulted in strong increases in rental rates and property values. This trend caused the displacement of lower-income residents from many buildings, and the loss of retailers providing basic services to local residents. However, the housing crisis over the past several years had produced downward pressure on housing prices and rental rates, making the area slightly more affordable for the middle class.

The North Beach neighborhood has experienced recent speculative land sale activity for future redevelopment by several developers. The TC-1 zoning district was recently amended to allow for floor area ratio densities of 2.25 and building heights of 125 feet and 12 stories. Additionally, a boutique hotel was approved for North Beach. The Miami Beach Design Review Board approved Spider's 44 room boutique hotel on a 22,000-square foot site at 8011-8035 Harding Avenue.

Proximity to Supporting Facilities – The proximity to schools, medical facilities, parks, shopping and employment centers is considered to be adequate.

Health Care Facilities – Mount Sinai Medical Center is the nearest comprehensive medical hospital to the subject. Founded 1949, Mount Sinai is the largest private, independent, not-for-profit teaching hospital in South Florida, and contains 955 licensed beds and over 700 physicians and is located along Biscayne Bay just north of 41st Street in Miami Beach.

Employment – The subject property is approximately five miles east of the Central Business District (CBD) of Miami. This is the urban center of business activity within Miami-Dade County containing regional and national financial institutions, legal and accounting firms and governmental offices.

Schools – Schools include Miami Beach Senior High School, Nautilus Middle School and the South Pointe Elementary School. In addition to the schools above, Miami Beach and

Miami-Dade County have several private and religious schools, colleges and universities.

Parks and Recreation – There are adequate recreational facilities within the Miami Beach area. The Miami Beach Golf Club is a public golf facility situated along the east side of Alton Road, north of Dade Boulevard. Flamingo Park is located at the center of the South Beach neighborhood. This park, at 11th Street and Jefferson Avenue, contains 36.53 acres featuring a state-of-the-art football field, basketball courts, tennis courts, a pool, a dog park, and a new playground. The park also provides after-school and adult programs.

Retail/Shopping & Entertainment – Lincoln Road represents the heart of shopping in the subject's immediate area, featuring national retailers such as The Gap, Pottery Barn, The Apple Store, American Apparel, and Anthropologie, as well as local shops, restaurants, bars, and cafes. Just north of Lincoln Road at the corner of Meridian and 17th Street is a Macy's department store. A similar trend has occurred along Collins Avenue between 5th and 10th Streets, where older Art Deco buildings were gutted and remodeled for adaptive uses as freestanding retail stores. This drew national retailers to this location, including The Gap, Victoria's Secret, Banana Republic, Ralph Lauren, Sephora, Tommy Hilfiger, and Zara.

Publix Supermarkets are located at Dade Boulevard and Michigan Avenue, with a second store at West Avenue and 20th Street. Clusters of retail stores are located along Alton Road, Arthur Godfrey Road, Collins Avenue and Washington Avenue through Miami Beach. While stores along Collins Avenue and Washington Avenue tend to cater to tourists and visitors, Alton Road and Arthur Godfrey feature businesses catering to the local residential population.

An 180,000-square foot community center was completed in 2009 at Alton Road and 5th Street in Miami Beach, housing Best Buy, Publix, Ross, Staples and T.J. Maxx. This property was purchased by EDENS in late 2012 for an undisclosed price. Total Wine replaced Staples in the center in 2015. The store opened on October 15, 2015. The neighborhood's multi-screen cineplex is located in another vertical development along Alton Road at the west end of Lincoln Road Mall.

Summary – The subject's Miami Beach neighborhood features a broad mix of high-density land uses creating a unique urban neighborhood with excellent access to the Atlantic Ocean beaches. This mixture has proved popular with residents and visitors, with commercial zones along major roadways emerging as some of the region's most-popular retail/entertainment districts. The gentrification of the neighborhood's Art Deco

buildings spurred greater demand for housing, retail, office and hotel rooms in this market, illustrated by additional development activity. This has caused some issues with parking and development direction. Development is strictly controlled by preservation ordinances in order to protect the architectural integrity of its many Art Deco buildings. This factor, and the lack of available land for additional development, is a positive influence for investment in the market. Additionally, new development has slowed over the past year and the area now competes with the Wynwood neighborhood and downtown Miami for retail and restaurant patrons. Nonetheless, the long-term outlook for this neighborhood is quite positive for well-conceived and well-located commercial and residential properties.

Demographic Profile

Demographic profiles for the one-, three- and five-mile rings surrounding the subject are summarized in the addendum.

Marina Industry Overview

Since the subject property is an in-water marina, the health and status of the boating and marine industry of the nation in general and South Florida specifically has a direct effect on the subject property.

Boating Industry Magazine estimates there are approximately 10,000 waterfront facilities in the United States, of which 7,500 are marinas without extensive repair facilities. There are approximately 1,500 boatyards with the equipment and ability to handle hull and engine repairs and restoration. Of the total 9,000 marinas and boatyards, it is estimated that 3,000 are owned or associated with retail boat dealerships. According to a January 2019 study, figures reported by the National Marine Manufacturers Associations (NMMA), a Chicago based trade group, the U.S. recreational boating industry saw its seventh consecutive year of growth in 2018 and expects additional increase in 2019. The state of Florida ranked first in the nation in sales of boats and boating products with \$23.3 billion annually. California is a distant second with \$13 billion. Florida is also the home to 172 boat and ship manufacturers and 732 boat dealers. These businesses serve approximately 10,000 miles of inland and coastal waters and over three million acres of lakes. The study also notes that annual domestic sales of boats, marine products and services are estimated to be \$41 billion in 2018 up 5% from 2017.

The Murray study found the following:

The recreational boating industry is a significant sector of Florida's economy. Manufacturing, retailing, and service sectors comprising the industry have added significantly as the State's resident and tourist populations increased. This study is an update of earlier efforts to quantify the economic significance of the recreational marine and boating industry in Broward, Dade and Palm Beach Counties ("Tri-County") and Florida as a whole, based upon indicators of change within the industry.

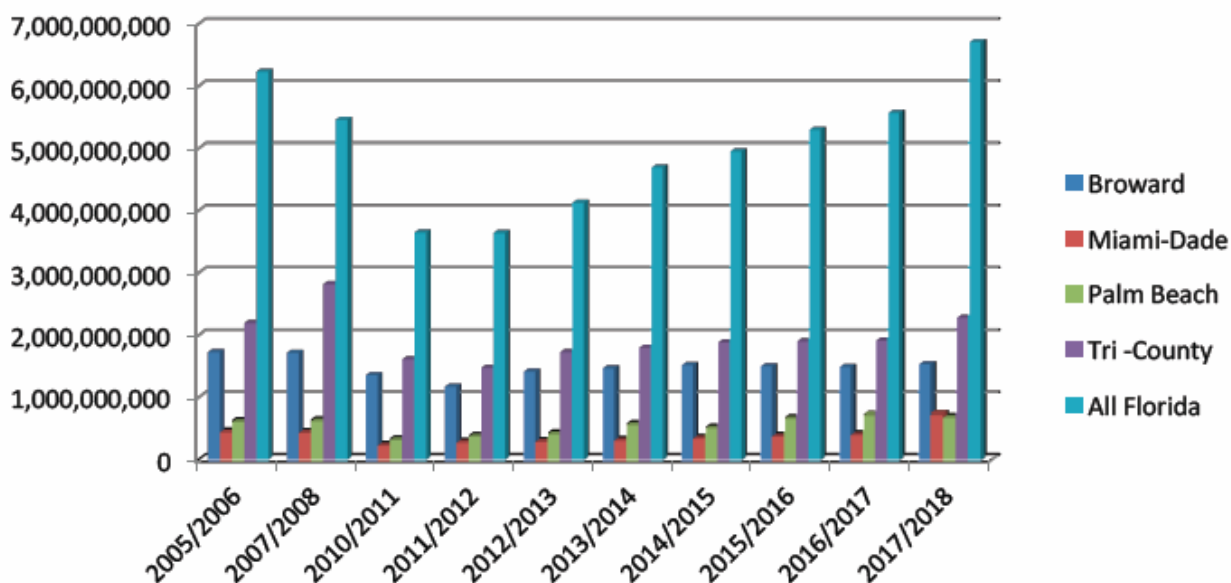
This study describes the trends in ownership and operation of recreational boats, and further estimates retail sales, employment, and industry output associated with the retail sale of new and used motorboats, supplies, and outboard motors by Florida's marine industry.

Between fiscal years 2014 and 2018, a consistent turn-around in the marine industry has occurred throughout the State and Tri-County areas. The overall increase in marine related sales in Broward County was 24.9%, Dade 124.6%, and Palm Beach 19.7% over

the period. Taken as a region the Tri-County marine industry sales grew an estimated 36.3% between 2014 and 2018. Statewide, gross marine sales grew by 31.3%. During the most recently completed fiscal year (2018), Broward County contributed to just over \$1.5 billion in sales for this sector, Miami-Dade County contributed \$746.7 million and Palm Beach County reported \$701.9 million. For fiscal year 2018, gross retail sales of boat and motor products equaled \$6.7 billion statewide – an increase of 43% since 2014

Combined as a region, the Tri-county area represented 44.4% (\$2.979 billion) of Florida's gross marine sales during the 2018 fiscal year.

**Gross Marine Sales
Florida and Tri-County
FY 2006-2018**



For FY 2018, the overall economic impact of the marine industry for the Tri-county area is estimated as follows:

Broward County's marine industry had an estimated economic impact of \$8.9 billion in gross output - an increase of \$100 million from \$8.8 billion in 2014; including \$3.1 billion in wages and earnings, up from \$3.0 billion in 2014, and 111,398 associated jobs compared to 110,470 in 2014.

TABLE I: Summary of Estimated Economic Impact of Marine Industry
Total Employment, Total Earnings, and Total Output
Broward County, Florida 2018

Sector	Total Employment (Jobs)	Total Earnings (\$)	Total Output (\$)
Manufacturing	22,519	\$342,906,067	\$1,413,329,239
Wholesale Trade	18,563	\$570,833,863	\$1,498,230,310
Retail Trade	35,097	\$1,362,090,168	\$3,323,031,208
Dockage	11,178	\$327,389,189	\$1,054,363,604
Marine Services	24,041	\$509,535,245	\$1,639,228,286
Total Marine Industry	111,398	\$3,112,754,532	\$8,928,182,647
<i>Source: (1), (4), (6), (11)</i>			

Miami-Dade County's marine industry had an estimated economic impact of \$914.2 million in gross output – an increase of \$146.2 million from \$768.0 million in 2014; including \$336.1 million in wages and earnings, up from \$278.2 million in 2014, and an associated 9,254 jobs compared to 7,776 in 2014.

Palm Beach County's marine industry had an estimated impact of \$1.883 billion in gross output – an increase of \$960.0 million from \$.923 billion in 2010; including \$682.1 million in wages and earnings compared to \$334.4 million in 2010, and an associated 18,220 jobs compared to 8,931 in 2010.

TABLE II: Summary of Estimated Economic Impact of Marine Industry
Total Employment, Total Earnings, and Total Output
Miami-Dade County, Florida 2018

Sector	Total Employment (Jobs)	Total Earnings (\$)	Total Output (\$)
Manufacturing	1,657	\$59,271,508	\$163,652,465
Wholesale Trade	1,592	\$56,953,628	\$157,252,648
Retail Trade	3,146	\$112,582,753	\$310,848,258
Dockage	1,119	\$40,066,215	\$110,625,409
Marine Services	1,740	\$62,251,640	\$171,880,801
Total Marine Industry	9,254	\$331,125,744	\$914,259,581
<i>Source: (4), (6), (11)</i>			

Palm Beach County's marine industry had an estimated impact of \$2.1 billion in gross output – an increase of \$306.9 million from \$1.883 billion in 2014; including \$791.3 million in wages and earnings compared to \$682.1 million in 2014, and an associated 21,135 jobs compared to 18,221 in 2014.

TABLE III: Summary of Estimated Economic Impact of Marine Industry
Total Employment, Total Earnings, and Total Output
Palm Beach County, Florida 2018

Sector	Total Employment (Jobs)	Total Earnings (\$)	Total Output (\$)
Manufacturing	1,972	\$73,863,817	\$203,942,774
Wholesale Trade	4,060	\$151,995,242	\$419,668,686
Retail Trade	6,301	\$235,920,169	\$651,390,831
Dockage	2,260	\$84,614,974	\$233,627,411
Marine Services	6,542	\$244,931,141	\$676,270,710
Total Marine Industry	21,135	\$791,325,342	\$2,184,900,415
<i>Source: (4), (6), (7), (11)</i>			

The Tri-county marine industry had an estimated economic impact of \$12.0 billion in gross output – an increase of \$500 million from \$11.5 billion in 2014; including \$4.2 billion in wages and earnings, up from \$4.0 billion in 2014, and an associated 141,787 jobs generated compared to 136,000 in 2014.

This increase in the marine industry has been mirrored by the moderate increases in registrations of boats in south Florida.

A total of 149,674 boats were registered in the South Florida market in 2017, up from 148,384 boats in 2016 that equates to a 1.0% gain. The following chart shows the number of licensed boats and yachts in the counties of Broward, Miami-Dade and Palm Beach.

TABLE IV: Summary of Estimated Economic Impact of Marine Industry Total Employment, Total Earnings, and Total Output Tri-County, Florida 2018			
Sector	Total Employment (Jobs)	Total Earnings (\$)	Total Output (\$)
Manufacturing	26,148	\$476,041,392	\$1,780,924,479
Wholesale Trade	24,215	\$779,782,733	\$2,075,151,645
Retail Trade	44,545	\$1,710,593,090	\$4,285,270,298
Dockage	14,557	\$452,070,378	\$1,398,616,424
Marine Services	32,323	\$816,718,027	\$2,487,379,797
Total Marine Industry	141,787	\$4,235,205,620	\$12,027,342,643
<i>Source: (4), (6), (7), (11)</i>			

Boats Registered

The most current available licensing statistics for FY 2017, as shown in Table 1 below, indicate the Tri- County region as a whole as home to 144,303 registered recreational water-craft – up from 136,091 in 2014, including nearly an 9.0% increase in Miami-Dade County (59,031 to 64,327). In the Tri-County, Miami-Dade County registered the most watercraft according to the "Florida Department of Highway Safety and Motor Vehicles." (5)4 While Palm Beach showed a slight decrease of 3.1% since 2014 (36,852 to 35,880), Broward County boat registrations increased by 9.7% – from 40,208 in 2014 to 44,096 in 2017.

TABLE 1 — Numbers of Recreational Watercraft Registered In Florida's Leading Marine Industry Counties FY 2013-2017

County	2013 (#)	2017 (#)	% Of State 2017	Change # 2013-2017
Broward	40,208	44,096	4.83%	9.67%
Palm Beach	37,028	35,880	3.93%	-3.10%
Miami-Dade	59,031	64,327	7.05%	8.97%
Pinellas	45,166	48,936	5.36%	8.35%
Manatee	16,592	18,757	2.06%	13.05%
Lee	42,320	46,354	5.08%	9.53%
Martin	14,871	17,320	1.90%	16.47%
Hillsborough	40,140	40,082	4.39%	-0.14%
Monroe	24,422	26,467	2.90%	8.37%
Duval	21,072	26,037	2.85%	23.56%
Top Ten Counties	346,724	368,256	40.36%	6.21%
All other Counties	517,949	544,136	59.64%	5.06%
Florida Total	973,868	912,392	N/A	-6.31%
<i>Source: Fla. Bureau of Titles and Registrations Florida Department of Highways and Motor Vehicle Safety. FY 2017 data is latest available as of date of this report.</i>				

These are figures from the Florida Department of Highway Safety and Motor Vehicles, which are the most recent figures available. They show that the total number of boats in the South Florida area make up 16.0% of the State's total. In 2013, the drop in registrations appears to have leveled out with a slight increase of 272 vessels. In 2014, there was a 1.3% gain with the addition of 1,833 vessels and in 2015, another gain of 3,098 or 2.2%. In 2016, again there was an increase of 2,115 vessels or 1.4%, with Miami-Dade County seeing the greatest increase of the three counties surveyed. This increase in the number of boats registered in the south Florida area is following the overall trend in the boating industry with modest gains as the economy steadily improves. The 2019 figures are expected to reflect this positive trend.

The Fort Lauderdale International Boat Show (FLIBS), the largest in the world, continues to flourish under the new producer, Informa. London-based Informa paid \$133 million in 2016 for the rights to produce the show. Since the purchase, Informa has invested over \$10 million in show enhancements, and it has resulted in record ticket sales and attendance and a vastly improved visitor experience.

Informa, one of the largest trade shows operators in the world, also produces the Monaco Yacht Show, the Palm Beach International Boat Show, and Miami Yachts Show. FLIBS is the biggest, though, pumping nearly \$900 million into the local economy every year.

Marine Industry Headwinds

The first is the impact of the Virgin Trains USA High-Speed Rail Project on local marine traffic. The \$3Billion project runs through downtown Fort Lauderdale over a low drawbridge at the New River. Its future projected annual ridership is reported to be 3.5 million passengers once a connection to Orlando is complete. MIAASF continues to work closely with the U.S. Coast Guard to protect the navigability of the New River against increased passenger rail on the FEC train bridge, and successfully lobbied the Florida Legislature in May 2019 to appropriate \$750,000 for the Florida Department of Transportation (FDOT) to study the impact and offer solutions to transportation infrastructure needs that will not negatively impact the \$8.9 billion marine industry in Broward County.

The second possible headwind to the local marine industry is the displacement of marine uses due to the development of high-rise residential uses similar to what has happened along the Miami River. Local leaders are aware of the importance of the industry and have discussed possible solutions to protect the marine industry. This will be a long-term concern as South Florida continues to be a desirable place to live, and developers seek out prime waterfront sites for the development of non-marine uses.

The third headwind is the lack of mega yacht dockage. As of 2016, there were 10,000 mega yachts with over 150 delivered every year. As such, global demand for mega yacht dockage is growing, and Fort Lauderdale currently lacks sufficient supply to meet the demand. There are several marina projects designed to support mega yacht dockage, Pier 66, Bahia Mar and Seahaven Superyacht, but given the desirability of Fort Lauderdale as a port of call for mega yacht repair and re-fit more dockage will have to be introduced. The primary challenge is the lack of suitable land due to tremendous growth in the region.

The Palm Beach International Boat Show was recently cancelled due to the COVID pandemic which will negatively impact the local marine industry for the short term, but it is not expected to have a negative long-term impact on the subject property.

The current boom in the South Florida marina and boatyard market is a nexus of lessons learned from the Great Recession and the continued expansion of the global yachting

market coupled with rising demand for recreational boating. Including projects in the pipeline, an investment of over a half-billion dollars will have been pumped into the local marine industry by boatyard owners, marine operators, and the producer of FLIBS in the decade since the Great Recession.

Recent Sales and or Transactions of Marine Facilities in South Florida

The sales and rental activity in the marina and boatyard market in south Florida have been increasing over the past several years.

Hidden Harbour, Marina Road Boat Yard and Hi-Lift – These three properties were sold by a local investors Andy Sturner. Hidden Harbour located in Pompano Beach is a multi-parcel property with dry storage, boat yard, retail buildings and vacant land. Plans call for the property to be redeveloped with a mixed-use mid-rise project. Marina Road Boat Yard is located furthest up the Middle River in Fort Lauderdale. The property improvements are near the end of their economic lives and are in need of redevelopment. Hi-Lift Marina located in Aventura is an older style dry storage building with some showroom space. The storage capacity of the building limits the size on the boats to less than 35 feet in length. Occupancy however has always remained high above 95%.



Hidden Harbour

Derecktors Fort Pierce – The Derecktor yard is building a boatyard to service yachts of over 200 ft. and 900 plus tons in Fort Pierce. Vessels of this size have a limited number of facilities in the south Florida market which presents a tremendous opportunity for Derecktor Fort Pierce, as the new yard will be known. The yard will include a 1,400-ton mobile hoist (along with a 3,500 ton or larger dry-dock) allowing the hauling and service of large sailing yachts. Once in full operation, Derecktor Fort Pierce will employ more than 200 people directly and hundreds more through subcontractors and suppliers.

Bradford Marine is an established full-service yacht repair and service facility that sold on January 1, 2019. The overall property consists of 14.646 acres of deep water/ocean access site containing 6.427 acres of upland area and 8.219 acres of submerged land along the south fork of the New River. Building improvements consist of six (6) buildings totaling 20,448 square feet of gross building area. Major site improvements consist of 30 large covered slips containing 252,707 square feet and 4,563 linear feet of concrete piers, 3,535 linear feet of shoreline/seawall and 9,398 linear feet of rentable covered dock facing. The property is located along the west side of the South Fork of the New River within a "pocket" of marine related uses within an industrial neighborhood. It possesses a street address of 3051 West State Road 84, Fort Lauderdale, Florida.

The property was purchased by a Father and Son investment company who has kept management in-place and for sees renovating the facility but keeping overall services similar to current operations. The sale price was \$34.8 million.



Bradford Marine

The **Old Port Cove** portfolio consisting of Old Port Cove, North Palm Beach Marina and the New Port Cove facility in Riviera Beach sold in February 2018. All three properties have been updated in the recent past and have strong operating histories. The buyer is Safe Harbour Marina out of Dallas Texas, the largest marina operator in the United States. The properties are made-up of two in water slip marinas and one dry storage facility. The properties were purchased for a reported amount of \$65 million however, not all of the deeds have been filed as of the date of this report.

In September 2017 all of the eleven **Loggerhead Marinas** sold to Suntex a marina investment firm out of Texas. The properties are located from Homestead up to Daytona Beach and one facility located in St. Petersburg on the west coast on Tamp Bay. Each property was unique with both dry storage and west slips configurations. All were purchased for their income capability and a few of the facilities looking to expand. The properties for the most part had stabilized occupancies with long term operating histories.

Haulover Marine Center located within the publicly owned Haulover Park was completed at the end of 2016. Westrec who currently leases and operates the open rack storage facility to the immediate south developed the property with a public private partnership with Miami-Dade County. After one year in operation the facility is reportedly nearing stabilization.

Fort Lauderdale Boatyard and Marina was sold to a marina developer in June 2016. The buyer is planning on redeveloping the property with a modern open dry rack boat storage facility for up to 812 vessels from 20 to 50 feet in length. In addition, there will be 2,912 linear feet of in-water rentable dock space located in the basin to the south of the upland area and parking for up to 184 vehicles to the north of the dry storage area. A fuel dock will be located along the southern boundary with a Tiki-hut along the north shoreline of the New River. The dockmaster's office will face the launching area and total 500 square feet. Compared to most new facilities developed in the south Florida market, amenities will be limited to vessel dockage and dry storage. With lower construction costs compared to an enclosed dry storage facility the developer will be able to lease slips at much lower rates. This proposed marina is located just west of South Fork Marina.

Lauderdale Boatyard, the former Art's Maine was purchased in June 2016 by local real estate investor based on an 8% cap rate. Tenant bays are small and upland area to work on boats is minimal. The SR 84 bridge needs 24-hour notice to open so access to the property is not considered as good as marinas located north of the bridge. Formally known as Art Marine it is an older marine-use facility with four metal buildings located on the west bank of the New River.

Seahaven Superyacht Marina is located on the south shoreline of Dania Cut-Off Canal recently opened in the beginning of 2019. The new development has 2,400 linear feet of dock space for vessels 100 to 250 feet in length and a draft of 15 feet. Based upon an average vessel length of 150 feet, a total of 16 vessels can be dock at the facility.

Merrill Stevens – 1270 N.W. 11th Street is the oldest shipyard business on the Miami River. The property was sold in December 2013 for \$7,687,500 to Turkish boat builder Rahmi M. Koç who is making significant investment to the property and the new boatyard facility is nearing completion.



Merrill Stevens

Island Gardens Marina has been completed and is in operation located on Watson Island and south of the MacArthur Causeway. This marina is a forty-six-slip facility with floating docks that can accommodate vessels up to 550 feet long and was developed to attract Mega and Super Yachts. The facility is part of a major development plan by Flagstone Property Group.



Island Garden Marina

Rickenbacker Marina is slated for redevelopment. Located on the north shoreline of Rickenbacker Causeway, this mixed-use facility will be redeveloped with a new dock system as well as boats storage facility. The city of Miami awarded RCI Marine operated by Robert Christoph, Jr. first place in the RFI proposals. The marinas infrastructure is dated, and redevelopment of the property will provide the boaters and

public a waterfront destination at the northern end of Biscayne Bay. The project has yet to move forward since the original lessee is fighting to retain its position.

Summary

The boating industry is one of the primary sources of jobs and revenue in Florida with a large portion of business done in the South Florida area. The condition of this industry has a profound effect on the local economy and equally affected by the national and world economy. The 60th Fort Lauderdale International Boat Show attracted more than 100,000 attendees from more than 52 countries, according to organizers. The five-day event, which celebrated its 60 anniversary this year, had more than 1,000 exhibitors and 1,300 boats.

Most of the boat dealers and yacht brokers reported their sales were similar to or better than the 2018 FLIBS event.

Over the long term, it is anticipated that this region will continue to attract new businesses and residents, with an accompanying increase in demand for goods and services. Based on the minimal amount of additional developable land for marina use and the current supply of boats in South Florida, which is now increasing, demand for dock space and boatyard services in South Florida is expected to continue its steady expansion the foreseeable future.

COVID-19 AND THE MARINE INDUSTRY

As of the date of this report, the global outbreak of a "novel coronavirus" known as COVID-19 was officially declared a pandemic by the World Health Organization (WHO). The world economy is in a state of high volatility based on the uncertainty of the outcome of the impact of the virus. In the United States, the federal, state and local governments are taking steps to limit the spread of the virus that have negatively impacted several facets of the economy including travel, tourism and hospitality. Based on the results of historic pandemics of the 20th century (Swine Flu, Asian Flu, Hong Kong Flu, SARS, MERS, EBOLA and HIV/AIDS) it is anticipated the current pandemic will pass in time; however, the extent of the economic damage remains to be seen. Our opinions and conclusions are based on information available and accounts for market perception as of the date of this appraisal report.

Regarding in-water marinas, the Covid-19 epidemic has driven occupancies higher. Larger mega and super yachts that tend to cruise the Bahamas and Caribbean during the winter months have been told by foreign governments that they are not allowed into their ports. This has stopped all chartering of vessels to private individuals and

corporations. Therefore, the vessels/yachts have returned to the United States and to south Florida in particular to shelter. The captains are being told to remain in port and the crews are to self-quarantine on the yachts.

Plans for the vessels to travel to the Mediterranean for the summer months have also been put on hold. Until the pandemic abates, it appears that the occupancies for dockage will remain high for the foreseeable future in the south Florida market. The summer months generally have the lowest occupancies. It appears currently this trend will reverse for this summer season.

Regarding dry storage facilities, as of May 1, 2020 South Florida has reopened dry storage and marina fuel docks. Also, public boat ramps have been reopened.

The hope is that once the pandemic has ended that there will be a quick resurgence to normal operational levels within the next two months. Unlike a natural disaster no infrastructure has been damaged and no repairs are needed to reopen business.

However, there will be a sector of boaters who were unemployed, or businesses of boat owners failed that with not be able to afford boating future. This includes both small and larger vessel owners and that there will most likely be an increase of pleasure boats listed for sale within the next twelve-month period.

Sources: Walter Duke + Partners, Florida Dept. of Revenue, Broward Review Miami Herald, Natl. Marine Manufacturing Assoc., Marine Industries Assoc. of S.F., Fla. Dept. of Natural Resources, Showboats International, The Triton, Miami Herald, Sun-Sentinel, Power and Motor Yacht Magazine, Fla. Bureau of Labor & Employment, Boating Industry Magazine, DredgingToady.com, and Florida Statistic Abstract 2010, Thomas J. Murry and Associates 2019.

Condominium Market Analysis

Miami-Dade County Condominium Market Data

The following analysis provides additional background information into the state of the condominium market in Miami-Dade County. From 1998 through 2001, new condominium unit sales formed a narrow range of approximately 2,848 to 3,730 units per year according to Reinhold P. Wolff Economic Research. From 2002 to 2004, however, this number jumped to 4,753 to 7,789 units as the wave of new construction produced increasing inventories that were transferred to buyers in the market. In 2005, new condominium construction reached a whopping 24,501 units, or more than the previous six years combined. By 2007 however, the slowdown that began to affect the market in late 2005 had begun to reduce new condo construction completions to an annual total of 13,516 units. As the pipeline of development has slowed, 9,602 new condo units were completed and transferred to buyers in 2008, followed by 4,556 in 2009 and 3,701 in 2010. This number continues to decline, with just 2,246 units completed and sold in 2011 down to 1,332 units completed and sold in 2012 and down to 577 units completed and sold in 2013. However, a number of new projects came online in 2014 and 2015 and the figures increased to 827 and 1,786 respectively.

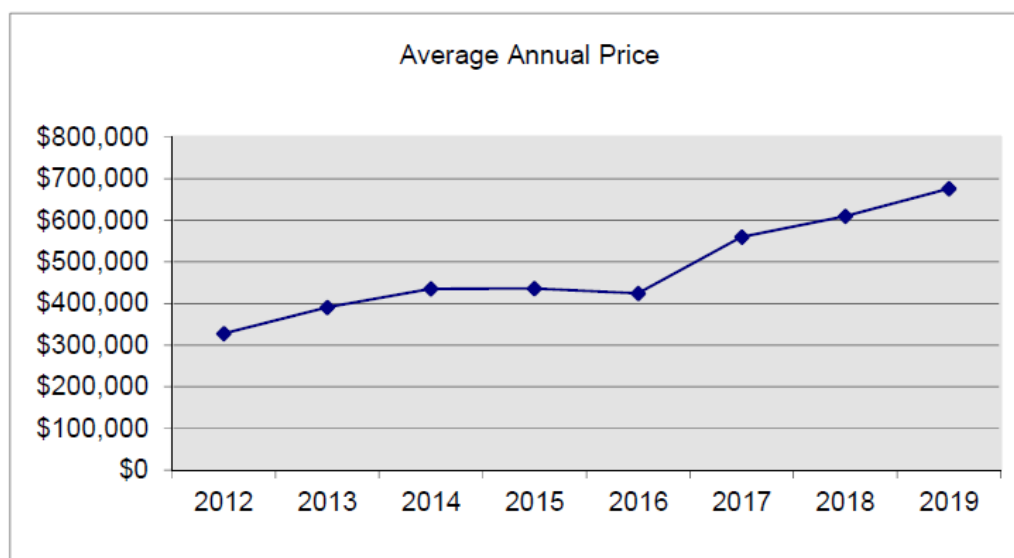
The trend in median prices for new and pre-owned (used) condo units sold in Miami-Dade County is exhibited in the following table.

Year	Median Price – New	Median Price – Used
2002	\$163,641	\$102,732
2003	\$177,455	\$123,074
2004	\$173,968	\$154,572
2005	\$216,244	\$204,301
2006	\$233,484	\$234,959
2007	\$273,900	\$255,934
2008	\$365,927	\$244,332
2009	\$336,608	\$144,358
2010	\$328,798	\$104,506
2011	\$347,380	\$152,895
2012	\$327,557	\$183,700
2013	\$390,448	\$186,351
2014	\$402,196	\$189,978
2015	\$435,748	\$209,085
2016	\$424,447	\$212,820
2017	\$559,488	\$239,481
2018	\$609,676	\$240,822

2019	\$675,901	\$228,704
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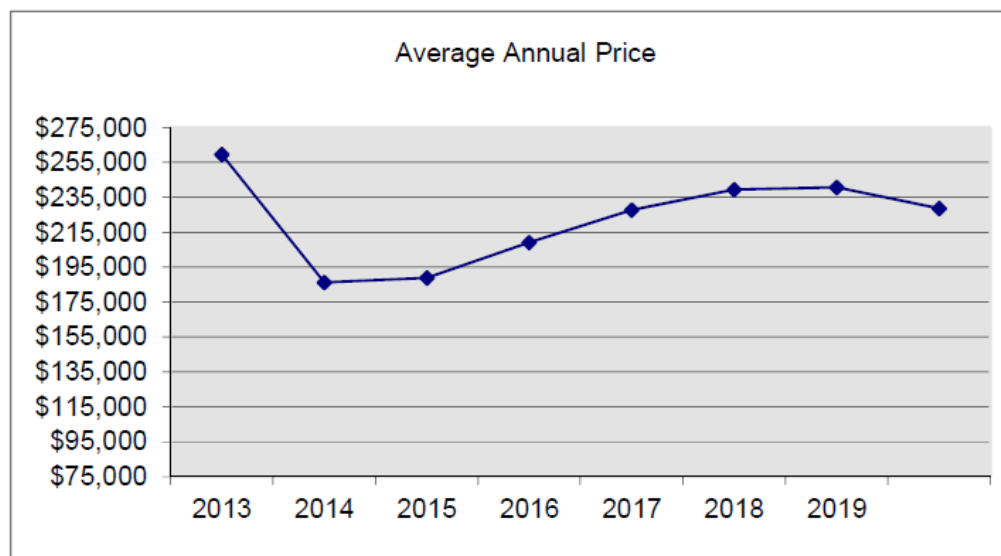
Reinhold P. Wolff Economic Research

The rising prices for condominiums that occurred in this market since the early part of this decade illustrate the economics that attracted investors and speculators. This encouraged those buyers to purchase for short-term price appreciation rather than for long-term investment. Prices for new projects continue to be volatile. Prices climbed to just over \$360,000 in the first quarter of 2011, down to \$271,000 by the third quarter of 2011, up again to \$385,000 by the first quarter of 2012 and down again to just over \$290,000 as of the third quarter 2012 but has since risen above \$400,000 and touched \$500,000 in 2015 and above \$600,000 in the first quarter of 2018 and over \$700,000 in the third quarter 2018. 2019 started off just over \$500,000 in the first quarter, then jumping over \$700,000 for the remaining three quarters, averaging just under \$700,000 for the year. The chart below summarizes median prices of new condo unit sales in Miami-Dade County.



Source: *Reinhold Wolff Economic Research*

Condo pricing for existing units in Miami-Dade County have also seen increased pricing:



Source: *Reinhold Wolff Economic Research*

Used condo unit sale prices fell to a low of \$81,571 in the third quarter of 2010. Since that time, the median price has rebounded over 260% after touching a high of \$299,744 in the second quarter of 2018 and over 190% after reaching \$239,638 in the fourth quarter of 2019.

Condo data compiled from the local MLS is presented below regarding active listings and sales in Miami-Dade County:

Month	Listings 2013	Listings 2014	Listings 2015	Listings 2016	Listings 2017	Listings 2018	Listings 2019	Listings 2020
Jan	13,454	16,417	16,621	17,123	15,961	16,519	17,716	16,239
Feb	13,819	17,103	17,072	18,109	16,280	16,937	17,883	16,268
Mar	13,655	17,235	17,559	18,307	16,485	16,779	17,666	16,104
Apr	13,871	17,394	17,632	18,161	16,210	16,709	17,521	15,328
May	13,750	16,999	17,219	18,238	16,247	16,514	17,285	
Jun	13,579	17,050	17,157	17,929	16,078	16,279	16,905	
Jul	13,748	16,816	16,833	17,431	16,134	16,283	16,762	
Aug	13,489	16,708	16,686	17,146	16,164	16,218	16,464	
Sep	13,797	16,867	16,608	16,892	15,824	16,409	16,500	
Oct	14,002	16,867	16,492	16,391	16,237	17,024	16,531	
Nov	13,994	16,757	16,889	15,938	16,444	17,269	16,475	
Dec	13,716	16,394	16,558	15,504	16,104	17,172	16,082	
Average	13,740	16,884	16,944	17,264	16,181	16,676	16,983	15,985

Source: *MLS*

Month	Sales 2013	Sales 2014	Sales 2015	Sales 2016	Sales 2017	Sales 2018	Sales 2019
Jan	1,268	1,377	1,202	1,053	950	1,030	906
Feb	1,360	1,297	1,312	1,159	1,058	1,090	1,012
Mar	1,607	1,557	1,620	1,417	1,427	1,312	1,299
Apr	1,795	1,690	1,651	1,394	1,182	1,493	1,465
May	1,875	1,688	1,604	1,367	1,447	1,477	1,543
Jun	1,688	1,589	1,655	1,461	1,434	1,397	1,317
Jul	1,734	1,555	1,655	1,240	1,214	1,329	1,325
Aug	1,777	1,416	1,485	1,283	1,275	1,368	1,317
Sep	1,573	1,595	1,434	1,200	887	1,116	1,231
Oct	1,620	1,673	1,520	1,058	1,121	1,309	1,292
Nov	1,432	1,285	1,221	1,072	1,042	1,145	1,143
Dec	1,518	1,576	1,364	1,178	1,258	1,154	1,352
Average	1,604	1,525	1,477	1,240	1,191	1,268	1,267

Source: *MLS*

According to this source, there was over a three-year supply of new, unsold condominiums and townhomes in Miami-Dade County in 2010. Unit sales were barely over 1,000 units per month, with more than 15,000 units available for sale. The sharp reduction in prices noted in 2010 began to attract homeowners waiting on the sidelines for prices to bottom as well as investors. After prices bottomed in the summer of 2010, inventory has shrunk dramatically with only a one-year supply of condo units available based in 2012 with 2013 noting less than a one-year supply of units. As market conditions have continued to improve over the past few years, listings have become more prevalent as unit owners that were underwater feel the time is right to sell. Further, new condo units have also been relisted for sale by international investors. As of year-end 2019, a 13-month supply of condo and townhouse units was on the market in Miami-Dade County. The data is summarized below:

	Sales 2013	Sales 2014	Sales 2015	Sales 2016	Sales 2017	Sales 2018	Sales 2019
Units Sold	1,604	1,525	1,477	1,240	1,191	1,268	1,267
Units Listed	13,740	16,884	16,944	17,264	16,181	16,676	16,983
Months Supply	8.6	11.1	11.5	13.9	13.6	13.1	13.4

Since 2016 the number of listing as compared to the number of sales has remained in very tight range of 13.1 to 13.9. Although a reduction in the inventory of new unsold condo units in Miami-Dade County has been noted through 2011 into 2018, a shadow inventory of rented units remains. However, the fear that the shadow inventory of rented condos units will saturate the for-sale market has never materialized and it appears that a normal pool of condominium units will likely remain as rentals going forward despite a large number of conventional style rental apartment communities coming online over the past few years.

The balance of new deliveries in 2018 marked the high point of all downtown deliveries since the commencement of the market recovery in 2012. During 2019, fewer than 600 new units were delivered, with over 1,300 under construction. Based on the current contract pipeline, there will be little competition for new projects by 2020.

Despite speculation in the media over the past 24 to 36 months that the downtown market was being overbuilt, continued strength in the U.S. economy coupled with a recovering global economy has provided the stability lacking during prior cycles. The 2013-2019 pipeline of construction also represented a significantly smaller delivery profile than the prior cycle 2004-2009 with Q2-2016 being the high-point in units under construction at 7,500 units. Since mid-2016, more inventory has been delivered than has entered the construction pipeline.

South Florida Macro

- As of May 2019, ISG Miami Report indicated that 4 projects in the Greater Downtown Miami submarket sold-out in 2018.
- Of the projects under construction or marketing, just 1,331 units remain unsold or 30% of the 4,454 units that have commenced construction during the current cycle.
- As of May 2019, the most recent ISG Miami Report indicated that of the 19,868 condo units that were developed in the current condo cycle dating back to 2012, 89% have been sold, leaving just 2,101 new developer units available for sale across South Florida, from Coconut Grove to Fort Lauderdale, east of Interstate 95.
- The remaining inventory is expected to be absorbed into the market over the next 24 months.

Submarket Micro

- ISG Miami reported that 85% (3,656 units) of the total units in “The Beaches” submarket have been sold. Only 669 units remain unsold.
- Of the 16 projects located on Miami Beach/South Beach, 12 are 100% sold out. Of the 4 projects with availabilities, 135 units remain unsold.

The difference between the supply and demand of new condo units in Miami-Dade County appears to be approaching equilibrium, a sustained improvement in demand for housing in this market from “organic” sources such as increasing household incomes may remain elusive until the economy improves further. The new wave of condo development in Miami-Dade County continues to be fueled by foreign buyers and

capital, especially from Argentina and Venezuela where political issues or problems can arise any day. These buyers are primarily investors which is very similar to the most recent condo boom in South Florida. Many of the units will be utilized as rentals which appears to be the norm in the market and should assist with keeping rental rates more affordable. ISG Miami expects the next condo cycle to commence by 2020 with marketing of new projects. Those units are expected to deliver between 2024 and 2025.

Considering the sudden onset of the COVID-19 pandemic, the luxury condo market in Miami got off to a good start in the first quarter of 2020. However, prices have begun a slight downward trend, allowing buyers opportunities for discounts in the older section of Miami's condo market. The overall luxury condo market has been in favor of buyers for the past several years, which has continued into the first quarter of 2020.

There is no doubt that buyer hesitation has peaked given the current economic unsteadiness granted by COVID-19, the full impact of which is expected to come through in the second quarter of 2020. However, it is too soon to predict the short- and long-term impacts on the real estate market, specifically the luxury condo market in Miami. Election years have also historically resulted in some buyer hesitation. A combination of the current economic state as well as a presidential election have increased projected higher levels of hesitation in the remainder of 2020. Regardless, the luxury condo market is still inventory-heavy in Miami.

Site Description

Physical Characteristics	
Site Area Leased	41.36 Acres
Upland Area	1.10 Acres (Green Space/Park) 2.41 Acres (New Building Pad) 3.51 Total Acres
Submerged (Basin)	37.85 Acres
Shape	Irregular
Topography	Level at Street Grade
Primary Street Frontage	Four lane access from Alton Road
Secondary Street Frontage	None
Zoning Classification	GU, Government Use (Existing) CPS-4 Marina Sub District Commercial performance standard, intensive phased bayside (Proposed)
Zoning Authority	City of Miami Beach
Flood Zone	"A"
Flood Map Panel Number	1208060319-L, dated 9/11/2009
Census Tract	0045.00
Adjacent Land Uses - North	Residential Condominium
Adjacent Land Uses - South	Residential Condominium
Adjacent Land Uses - East	Alton Road
Adjacent Land Uses - West	Government Cut

Comparative Analysis of Site	Evaluation/Rating
Vehicular Access	Good for property type. Direct frontage along Alton Road, allowing access from both directions of traffic.
Riparian Access	Excellent
Vehicular Exposure/Visibility	Excellent
Traffic Volume	Local road, volume not provided
Drainage	Adequate

Utilities	Provider
Water, Sewer, Trash	City of Miami Beach, Private Contractor
Sewer	City Sewer
Natural Gas	Private Service
Electricity	Florida Power and Light
Telephone	Private contractor

Other	
Easements	There is an access easement located along the north boundary of the site and contiguous to the Core Building property which allows vehicular access to the Core Building and parking garages to the

Other	
	north. In addition, typical utility easements border the property which are commonly found in the south Florida area and do not have any detrimental effect on the use and or value of the subject property.
Encroachments	None Noted
Deed Restrictions	None Noted
Reciprocal Parking Agreements	None Noted
Common Ingress/Egress	The subject property is contiguous to a Miami Beach City owned easement described previously. This easement allows both directions of traffic ingress/egress to the site and is considered a required feature for the subject property.
Land Lease	The subject property has long-term land lease with the City of Miami Beach which has an expiration date of December 31, 2052. Terms are triple net and rent is based upon 10% of revenues made from the marina, ICOM Building, and Core Building. In addition, fuel sales are charged a rate of \$0.02 per gallon as well as 10% of net revenues from costs of goods sold.

Zoning & Land Use	
Current Zoning	The site is zoned G-U, Government Use by the City of Miami Beach. Any land or air rights owned by or leased to the city or other governmental agency for no less than an initial term of 20 years shall automatically convert to a GU government use district. Private or joint government/private uses in the GU government use district, including air rights, shall be reviewed by the planning board prior to approval by the city commission. Accessory uses in the GU government use district are as required in section 142-903. The zoning designation does not specifically address marine uses. But approvals for this use are made by the city commission on a case by case basis. The marina and office use have been granted to the subject property which runs with the term of the land lease. a special exception has been granted contained in Resolution 2015-095 with the City of Dania Beach to allow the development of a marina. The development is compliant with local zoning regulations.
Proposed Zoning	The City of Miami Beach is desirous of changing the zoning to CPS-4 Marina Sub District Commercial performance standard, intensive phased bayside. If the change is made the zoning would be similar to the adjoining properties to the north and south of the subject property. The Marina Sub District would address the marina component while the CPS-4 would be compliant with the proposed development of the luxury condominium building to be developed by the Terra Group.
Future Land Use Planning	High Density 60 to 125 units per acres.
Platting	The subject property is adequately platted.
Zoning Summary	The current use is allowable by law. The current improvements were developed in compliance with the zoning regulations.

The following is the proposed zoning analysis that was provided to Walter Duke + Partners by the client:

ZONING ANALYSIS - 344 Alton Road
City of Miami Beach, Florida
Client: Terra Group



Zoning Districts		CPS-4 Marina Sub-District		
		Required	Provided	Compliance
Lot:				
400 Alton Road	Folio: 02-4203-009-0250	CPS-4 Marina Sub-District	Record	Record
344 Alton Road	Folio: 02-4203-009-0210	CPS-4 Marina Sub-District	Record	Record
Lot Area Summary				
Net Lot Area				
Lot area, net: The total area within the lot lines excluding any street rights-of-way or other required dedications.				
344 (400 Alton Road (Lots 15-31)	Folio: 02-4203-009-0250 02-4203-009-0210	152,981.00 SF - Net Lot Area		Record
Half of Alton Road R.O.W.	Folio:	25,500.00 SF - Net Lot Area		Record
Upland Area Adjacent to Parcel	Folio:	5,231.00 SF - Net Lot Area		Record
40'-0" R.O.W. South	Folio:	13,602.00 SF - Net Lot Area		Record
Total Net Lot Area (SF) - All Parcels (Per Surveyor)		197,314.00 SF - Net Lot Area		Record
Total Net Lot Area (Acres) - All Parcels (Per Surveyor)		4.55 Acres - Net Lot Area		Record
General Lot Requirements (Sec. 142-690(b))				
		Required		
Lot Size		6,000 Square Feet	152,981 SF	Compliant
Lot Width		50 ft min	510 Ft	Compliant
Floor Area Ratio (Maximum) - Sec. 142-698		2.50		Compliant
		453,285 GSF	Compliant	Compliant
		174,000 GSF		Compliant
		515,285 GSF		Compliant
Residential and/or hotel development	Excess FAR used by Murano Total Usable FAR		316,000 GSF Piazza - 59,970 SF Park - 47,700 SF Sealed Area - 13,004 SF Elevated - 9,000 SF TOTAL - 89,674 SF	Compliant
	Pursuant to all RPB4 district regulations, except maximum floor area ratio shall be 2.5, and open space ratio 0.60 measured at or above grade	Open Space Ratio at 0.60 measured at or above grade		Compliant
		51,739 GSF		
Minimum Unit Standards (Sec. 142-696)				
Minimum Unit Size (SF)		New Construction 550 SF	Compliant	Compliant
		Rehabilitated building 400 SF	Not Applicable	Not Applicable
		Non-elderly and elderly low and moderate income housing 400 SF	Not Applicable	Not Applicable
		Workforce housing 400 SF	Not Applicable	Not Applicable
Average Unit Size (SF)		New Construction 800 SF	Compliant	Compliant
		Rehabilitated building 550 SF	Not Applicable	Not Applicable
		Non-elderly and elderly low and moderate income housing 400 SF	Not Applicable	Not Applicable
		Workforce housing 400 SF	Not Applicable	Not Applicable
Minimum floor area per hotel unit (square feet)		15% = 300-335 square feet; 85% = 335 + square feet in all districts	Not Applicable	Not Applicable
Building Height (Sec. 142-693)				
Maximum Building Height (Feet)	Notwithstanding the above, the design review board or historic preservation board, in accordance with the applicable review criteria, may allow up to an additional five feet of height, as measured from the base flood elevation plus maximum floodward, to the top of the second floor slab.	See Sec. 142-705 Amendment - 225 Feet - DAVID VERIFY	225 Feet	Compliant
Maximum Number of Stories		NA	18 Stories - DAVID VERIFY	Not Applicable
Building Setback (Sec. 142-699)				

Front	Subterranean Pedestal Tower	This is a Minimum and Maximum Requirement Per Section 142-497	0 feet	N/A	Compliant
			0 feet	20'-0"	Compliant
			50 Feet	50'-0"	Compliant
	Side, Interior				
	Subterranean At-Grade Parking Lot (below building)		0 feet	N/A	Compliant
			5 feet	N/A	Compliant
	Pedestal		7.5 feet when abutting a residential district, otherwise none The required pedestal setback plus 10% the height of the building	89'-11" North 150'-0" South 55'-0" Podium + (10% of 225' = 22'-0") = 77'-0" Required 155'-0" Provided	Compliant
	Tower				Compliant
	Side, Facing a Street				
	Subterranean At-Grade Parking Lot (below building)		0 feet	N/A	Compliant
Pedestal Tower	5 feet	N/A	Compliant		
		The required pedestal setback plus 10% the height of the building	N/A	Compliant	
Rear	Subterranean Pedestal	Non-Oceanfront	5 feet	N/A	Compliant
			5 feet	54'-0"	Compliant
			15% of lot depth, 75 feet minimum	300'-0" Lot Depth x 15% = 45'-0" Required 160'-0" Provided	Compliant
	Tower	Non-Oceanfront			Compliant
Note: For lots greater than 100 feet in width the front setback shall be extended to include at least one open court with a minimum area of three square feet for every linear foot of lot frontage, except for those properties located in the C-PS1					
Density					
Dwelling Units per Acre Total Dwelling Units Allowed			125 du/acre max. 566 Dwelling Units	17 du/acre 80 Dwelling Units	Compliant
	Note: Density Limits per 2025 Comprehensive Plan				
Parking Requirements (Municode Sec. 103-31 - 130-33)			Proposed		
Parking District			Parking District no. 1		
Residential and Lodging (Hotel) Parking			Minimum of 1.5 parking spaces per Dwelling Unit (Units 550-999 SF) Minimum of 1.75 parking spaces per Dwelling Unit (Units 1,000-1,200 SF) Minimum of 2 parking spaces per Dwelling Unit (Units 1,200+ SF) Minimum of 1.0 visitor parking space for every 10 DUs (developments with 20+ Units)		
	Total Residential Required Parking =	0 Dwelling Units x 1.5 = 0 Dwelling Units x 1.75 = 60 Dwelling Units x 2 = 120 Total Required Parking / 10 =	0 Spaces 0 Spaces 120 Spaces 12 Spaces 132 Spaces		
Office Parking			Minimum of 1 parking spaces for every 400 square feet of Office Uses		
Total Office Required Parking =	15000 NSF / 400 x 1 =	38 Spaces 38 Spaces			
Commercial Parking			Minimum of 1 parking spaces for every 300 square feet of Commercial Uses		
Total Commercial Required Parking =	30000 NSF / 300 x 1 =	100 Spaces 100 Spaces			
Total Parking Required =			270 Spaces		
Allocated in Existing Adjacent Structured Parking Allocated in Existing Development (Valet) - 143 Space Available			232 Spaces 38 Spaces	232 Structured Parking 38 Off-Site	Compliant
Note: On-Street Parking available on Frontage Lines shall be counted towards Parking Requirement					

Improvement Description (Existing)

The improvements consist of two buildings which total 73,724 square feet of enclosed gross building area, a 379-slip marina, pool with sun deck area next to restaurant and 667 parking spaces.

A breakdown of the building sizes, uses and descriptions is provided in the following chart. This information was based on the physical inspection of the property by the appraisers, and data from a site plan for the property completed by Schwebke, Shiskin and Associates, Inc.

Building Breakdown

Building	Gross Building Area (S.F.)	Existing
Core Building	72,474	Three story concrete building located at the entrance to the property along Alton Road.
Dockmaster Building	<u>1,250</u>	Three story concrete building located on the end of Pier "E"
Total	73,724	Enclosed Building Area

Physical Characteristics	Core Building
Building Type	This building is made of concrete construction and is a mixed-use design with office, retail and restaurant space.
Building Class/Category	B Class
Size	72,474 Square Feet (Gross Building Area)
Stories	Three
Buildings	One
Exterior Walls	Painted stucco
Interior Walls	Painted drywall
Foundation	Monolithic concrete slab.
Floors	Ceramic tile, carpet, marble, slate, and finished concrete
Roof System	Flat deck
Roof Covering Material	Partial standing seam metal and flat deck
Ceiling Height	Up to 15'
HVAC	Central
Windows	Fixed pane in anodized aluminum frame
Pedestrian Doors	Metal frame
Overhead Doors	Metal roll-up loading areas
Loading Facilities	Street level
Electrical Service	Adequate
Lighting	Fluorescent, top hat incandescent
Fire Sprinklers	Yes
Interior	Condition of the interior is average to excellent depending on tenant and use

Physical Characteristics	Dockmaster's Building
Building Type	This building is made of concrete construction and is used as office and retail space for the marina operations.
Building Class/Category	C Class
Size	1,250 Square Feet
Stories	Three, first two stories have useable area and the third is a decorative spire
Buildings	One
Exterior Walls	Painted stucco over concrete
Interior Walls	Painted drywall
Foundation	Monolithic concrete slab.
Floors	Carpet and tile
Roof System	Steel truss system
Roof Covering Material	Painted standing metal seam
Ceiling Height	Up to 12'
HVAC	Central
Windows	Fixed pane aluminum frame
Pedestrian Doors	Metal
Overhead Doors	None

Physical Characteristics	Dockmaster's Building
Loading Facilities	None
Electrical Service	Adequate
Lighting	Fluorescent
Fire Sprinklers	Yes
Interior	Condition of the interior is very good

Physical Characteristics	Docks and Seawall
Seawall	Concrete cap formed over concrete plates retained by concrete pilings as well as rip rap.
Boat Dock Construction	Concrete decking supported by concrete pilings. All docks have water and electrical. The design/layout is a total of 2,485 linear feet of seawall, with 7,386 linear feet of piers, and 20,075 linear feet of rentable dock facing made up of 287 slips. Along the seawall and the docks are shore power hookups at power pedestals which provide 120, 240, 480, volt, 100-amp electrical service, and fresh water available.
Boat Lifts	A total of 92 boat lifts with a lifting capacity of 24,000 or 40,000 lbs.
Boat Dock Condition	Overall the docks and seawalls are considered in good condition for their age
Water Depth at Docks "Draft"	14 feet depending on tide

Site Improvements	
Site Improvements	Asphalt parking lot chain link fencing surrounds the property. To the south of the Core Building. Swimming Pool and Deck located to the west of the Core Building.
Parking Facility	Open parking located near the Core Building which totals 96 space and a total of 571 spaces located on the first floor of the adjacent condominium buildings which are part of the marina lease for a total of 667 parking spaces.
Underground Fuel Tanks	Two 9,450 Gallon Diesel Tanks and Two 5,745 Gallon Gasoline Tanks
Security	Electronic Gates at each dock entrance

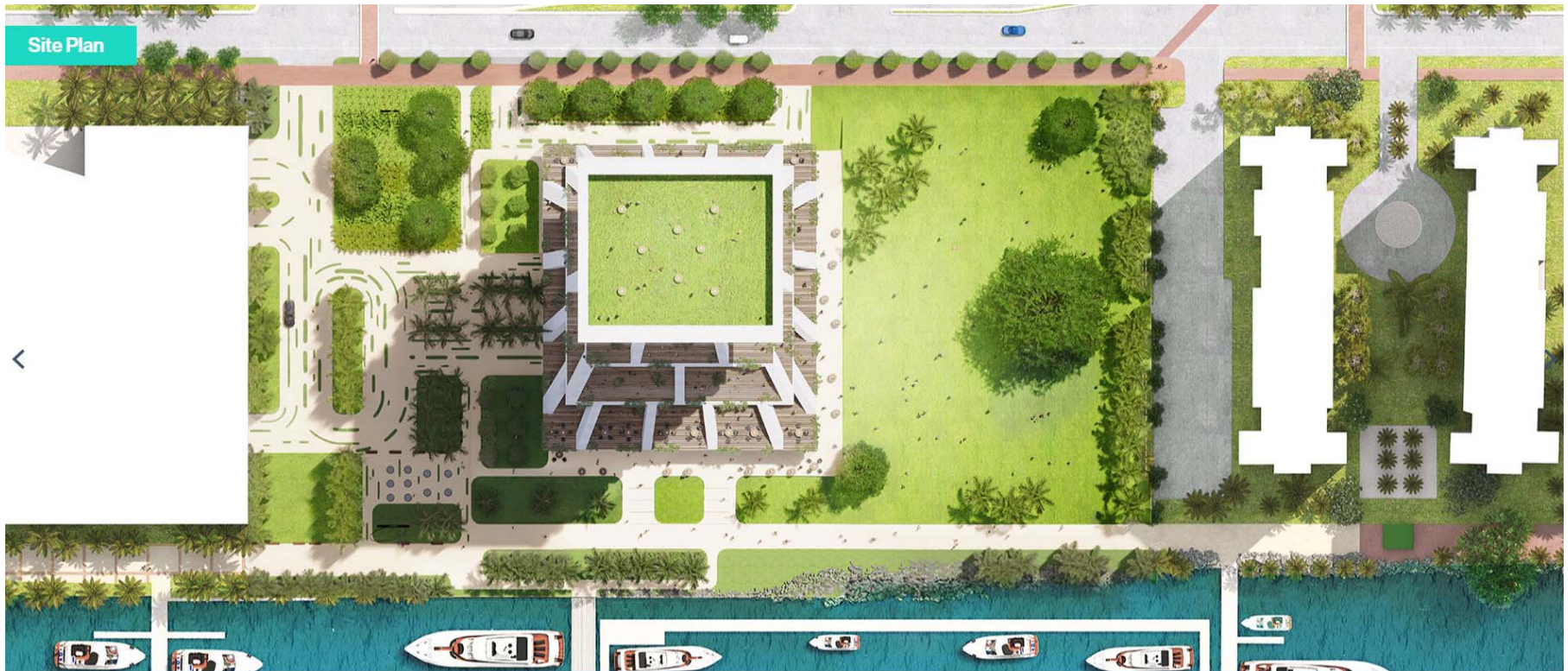
Age/Condition	
Chronological Age	35 Years
Effective Age	20 Years
Total Economic Life	45 Years
Remaining Economic Life	25 Years
Condition	The subject facility has been used exclusively as a marina and mixed-use commercial property for the past 35 years. The property has been

Age/Condition	
	periodically expanded and renovated over the years of service. These items included plumbing, electrical service, dock repair, dock additions, renovation of office space, signage and paving. The buildings for their age and use have been adequately maintained. Therefore, the improvements reflect a physical condition which is representative of a property with a lower chronological age. However, it is recommended the marina be updated to maintain its competitive position in the market as a contemporary full-service world-class marina facility.

Proposed Building Breakdown

Building	Gross Building Area (S.F.)	Proposed
Condominium Building	275,000	Twelve story concrete building located at the entrance to the property along Alton Road. The building will have a total of 60 residential units and 220,000 SF of sellable area. The pedestal condo tower will start on floor 78' feet in the air and rise to 385' with rooftop pool deck.
Mixed Use Area	45,000	Three level area above the parking garage which will include retail, office and restaurant space.
Parking Garage	173,285	Parking garage will have a total of 270 self-contained parking spaces. A portion of the multi-level garage will be below ground and will support the mixed-use area and the condominium building.
Total	493,285	Enclosed Building Area

Site Plan Rendering - Upland Area



East Elevation Facing West



Market Participants/Most Probable Purchaser

Marina

The subject property is a special use marina for larger luxury yachts with a relatively unique deep waterfront location with zoning allowing marine use. Location is good for a marine-related business due to obstructed deep-water access for privately owned vessels. The site is adequate in size and has significant site improvements in the form of office building, docks, seawall and paving. The subject should continue its use as a high-quality marina with mixed use component in the upland area and luxury condominium. The buyers and their profiles of recent marina sales are as follows:

Sale	Buyer	Buyer Type	Buyer Profile
1	Atlantic Marina Holdings	Investor	Regional Investor
2	Suntex	Investor	National Investor
3	Suntex	Investor	National Investor
4	Suntex	Investor	National Investor
5	Aqua Marine Partners	Investor	Local Investor

Of the sale activity Walter Duke + Partners has examined, all were purchased by investors. Based upon this information, the most probable purchaser for the subject property would be an investor.

During the course of business Walter Duke + Partners has been involved with a number of buyers and sellers in the current marine market over the past decade. In addition, many lenders have also been consulted with in regard to property listings, marketing, refinancing and disposition.

- Since the economic recovery, the current trend continues with investors looking for “best in class” properties in the south Florida market.
- New development is occurring in the south Florida market, notwithstanding gaining approvals from the numerous governmental agencies that control development of waterfront properties in Florida can be difficult to navigate. Recently completed marina projects within the past few years include Haulover Marina Center, Atlantic Holdings site of the old Jackson Marina facility, and the Seahaven Super Yacht marina. In addition, a few facilities in the Florida Keys to the south and the Rybovich boatyard in Riviera Beach to the north have been recently developed. Derecktors is in the process of opening a new facility if Fort Pierce.
- Operators of boatyards and marinas that have been through the past cycle are seeing increases in revenue streams and therefore have taken the opportunity to divest.

- Demand has been seen in the investment market from both traditional marina operators looking to expand market share and other Wall Street firms interested in diversifying their portfolios.

Due to the Covid-19 Virus Walter Duke + Partners has had additional recent discussions with active real estate brokers in the marine industry. They have indicated that prospective buyers are still interested in investing and that they don't perceive that the negative impact by the pandemic will be long lasting. Their thoughts are as follows:

1. Currently, banks are most likely going to take more time closing loans.
2. Rental marinas will see occupancy levels remain above seasonal drops normally seen in the summer.
3. Boatyards may see a slow-down in business do to supplies for parts becoming scares due to slowed manufacturing and limits on personnel working on vessels with "social distancing" requirements.
4. The timeline of the pandemic will be paramount in the recovery time for the marine industry and the overall economy.
5. Conversely lower gas prices will allow more budget minded boats on the water due to lower operating costs.

As indicated in the marina market overview, well located properties with good quality infrastructure has seen the greatest benefit in the market with second and third-class properties following.

Air Rights/Condominium Units

- The subject interacts within the southeast Florida real estate market and Miami Beach in particular. The concept of Market Value relates to the price a typically motivated buyer would pay for a property.
- The purchaser of the comparable sales are developers of vertical multi-family and mixed-use developments of significant intensity.
- The most probably purchaser of the air rights would be a strong developer with experience in very high-end residential product.
- For the condo units, the target market includes both domestic buyers and foreign buyers, predominantly from Central and South America as well as Europe and Russia.
- Buyers will likely be required to leave a 10% deposit at reservation and up to 40% to 50% total by the time the tower is topped off. Therefore, buyers at the proposed condominium will likely be required to have 40% to 50% of the purchase price deposited with the developer prior to closing.

- This deposit schedule is similar of other recent condo projects developed in Miami-Dade County.

(SWOT Analysis)

Strengths

- Excellent location with deep-water access to the Atlantic Ocean.
- Located near luxury hotels, airport, downtown and the beaches.
- Ample dock space for yachts and parking for vehicles.
- Government Cut corridor has positive influences with similar use properties located along the shoreline to the north and west.
- Long time established area known throughout the yachting community.
- Significant barriers to entry exist for new facilities.
- Close proximity and boating access to the Florida Keys to the south and Bahamas to the east.
- Excellent location for condominium high-rise with unobstructed views of Downtown Miami.
 - Unique and highly desired neighborhood
 - Good demographic profile
 - Walkable neighborhood with numerous restaurants, shops and nightlife within blocks of the subject.
- High density maximizes use of the site along with developable bonuses to the site.

Weaknesses

- Marina improvements will need to be updated over the near term to maintain its competitive position.

Opportunities

- South Florida continues to support and promote the importance of the marine industry.
- Significant barriers to entry exist for new facilities
- Marinas have evolved as a more widely accepted asset class. Natural social distancing nature of marinas may result in additional investment demand post COVID-19 pandemic.
- Miami Beach is one of the most desirable condominium submarkets in all of South Florida achieving peak pricing per square foot.
- Vertical development potential on upland area
- Recasting lease to maximize return on city owned property

Threats

- Most experts agree the Covid-19 will negatively impact the domestic economy but to what extent is unknown until it fully plays out.
- Current condominium cycle has wound down and with the onset of Covid-19 could delay the start of the next condominium cycle.

Typical Financing

Monetary Rates	May-20	Nov-19	May-19
Prime Lending Rate	3.25%	4.75%	5.50%
Fed Funds Rate	0.04%	1.55%	2.40%
Three Month Libor	0.54%	1.89%	2.58%

U.S. Treasury Rates	May-20	Nov-19	May-19
Three Month T-Bill	0.12%	1.52%	2.43%
Six Month T-Bill	0.12%	1.55%	2.44%
10 Year Note	0.64%	1.73%	2.52%
30 Year Bond	1.27%	2.21%	2.92%

Source: Bloomberg, Treasury.gov, Global-Rates.com

Exposure Time

Exposure time is a historical event, which according to the definition of Market Value, precedes the effective date of the appraisal. Based upon the information from interviews with market participants, Walter Duke + Partners believes a reasonable exposure time for the subject to be between six months to one year. Therefore, the market value estimate set forth in this report represents our estimate of value, as of the appraisal date, based upon this precedent exposure to the open market.

For the condo sellout, given the current conditions affecting the market, **it is the appraisers' opinion that a reasonable sellout time for the unsold subject units would be no more than 36 months from of the Spring 2021 selling season.** Pre-sale buyers will likely be required to make a 40% to 50% deposit which should eliminate price speculators and investors and prevent fallout of pre-sale buyers at completion.

Reasonable Marketing Time

The reasonable marketing time represents the most probable time required to expose the subject property on the open market to consummate a sale at a market level price. Based upon interviews with market participants, marketing time is a difficult variable to estimate. Participants interviewed within the course of this report indicated that marketing time is a direct function of price and exposure. These variables are interconnected and cannot be estimated independently. Fundamental economic theory

indicates that value and marketing time are directly related and must be estimated simultaneously in order to be meaningful.

As indicated, the major property types of commercial real estate currently reflect typical marketing periods from between six and 12 months, with an overall average of eight months. The Reasonable Marketing Period for the subject property is projected to be within the range established by the survey. The marketing periods of the Comparable Improved Sales ranged from 0 to 12 months. Based upon this information, the **Reasonable Marketing Period for the subject property is projected to be between six and 12 months.** In accordance with Advisory Opinion AO-7 issued by the Appraisal Standards Board of the Appraisal Foundation, the estimate of marketing time is not intended to be a prediction of a date of sale.

ANALYSIS OF DATA

The Appraisal Process

The appraisal process normally gives consideration to the “*three approaches*” as they are typically referred to. They include the Cost Approach, the Sales Comparison Approach and the Income Approach. The Appraisal of Real Estate, 14th ed., 2013, outlines the mechanics of each approach as follows:

Cost Approach

In this approach, an estimate reproduction or replacement cost of the building and land improvements as of the date of the appraisal is developed together with an estimate of the losses in value that have taken place due to wear and tear, design and plan, or neighborhood influences. To the depreciated building cost estimate, the estimated value of the land is added. The total represents the value indicated by the Cost Approach.

Sales Comparison Approach

The Direct Sales Comparison (Market) Approach is based upon the principle of substitution; that is, when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming no costly delay in making the substitution. The traditional appraisal technique used to estimate value through substitution involves the collection and analysis of sales and listing data on various properties having as many similar characteristics to the property being evaluated as possible. The validity of this appraisal is very much dependent on the availability or quantity of data and the relevance or quality of data.

Income Capitalization Approach

In this approach, the current rental income to the property is calculated with deductions for vacancy and collection loss and expenses. The prospective net operating income of the property is then estimated. To support this estimate, operating statements for the subject property in previous years and for comparable properties are reviewed along with available operating cost estimates. An applicable capitalization method and appropriate capitalization rates are developed and used in computations that lead to an indication of value.

Elements of all three approaches to value were utilized in this appraisal.

Highest and Best Use

The definition of highest and best use (*see glossary in Addendum*) implies recognition of the contribution of specific use to the community environment or to community development goals, in addition to wealth maximization of individual property owners. In appraisal practice, the concept of highest and best use represents the premise upon which value is based. In the context of most probable selling price (Market Value), another appropriate term to reflect highest and best use would be most probable use. In the context of investment value, an alternative term would be most profitable use.

Highest and Best Use as Though Vacant

Highest and best use must meet four criteria: Legally Permissible, Physically Possible, Financial Feasibility and Maximum Profitability. Walter Duke + Partners has analyzed the criteria with regard to the subject site as follows:

- *Legally Permissible*

The most significant legal constraint to land use is zoning which specifies the type and intensity of land use. Zoning laws are designed to allow for the orderly development of communities rather than permitting a disorganized sprawl. The goal in general terms is to provide for comparable neighboring land uses, coordinate the development of primary infrastructure, and reduce the overall cost of providing the necessary services to the community.

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The site is zoned G-U, Government Use by the City of Miami Beach. Any land or air rights owned by or leased to the city or other governmental agency for no less than an initial term of 20 years shall automatically convert to a GU government use district. Private or joint government/private uses in the GU government use district, including air rights, shall be reviewed by the planning board prior to approval by the city commission. Accessory uses in the GU government use district are as required in section 142-903.

As summarized previously, the zoning designation does not specifically address marine uses. But approvals for this use are made by the city commission on a case

by case basis. The marina and office use have been granted to the subject property which runs with the term of the land lease.

A proposed zoning code change will be required as follows per the Term Sheet:

The development regulations (setbacks, floor area ratio, signs, parking, etc.) in the GU government use district shall be the average of the requirements contained in the surrounding zoning districts as determined by the planning and zoning director, which shall be approved by the city commission. Notwithstanding the above, public-private marina mixed-use redevelopments incorporating City-owned marina property and including residential dwelling units and significant publicly accessible green open-space, in the City's Public Facility (PF) comprehensive plan designation may be developed as follows:

- Floor Area Ratio: Maximum of 2.5
- Maximum building height: 225 feet. Notwithstanding the above, the design review board or historic preservation board, in accordance with the applicable review criteria, may allow additional height, as measured from the base flood elevation plus maximum freeboard, to the top of the second-floor slab. As mentioned previously the current proposed height is 385' t the top of the residential slab.

▪ *Physically Possible*

The subject site's size, shape, frontage and access are considered suitable to accommodate most, if not all, legally permissible uses. Soil conditions are assumed to be adequate based on existing development on the site. Utilities are adequate and typical of the subject use. The most important physical feature of the site is its location along Government Cut to the south which accommodates deep-water access. This is a critical element for most marine related businesses, particularly those catering to large commercial boats and mega yachts.

Based on the surrounding development and locational attributes of the neighborhood, the subject is likely to be developed with a use or combination of uses that would cater to and benefit from the unobstructed, deep waterfront location of the property. The upland area is also suitable to support vertical multifamily development with supporting commercial uses.

▪ *Financially Feasible*

Financially feasible uses are the logical uses which are physically possible and legally permissible that will produce any net return to the owner of the site. Based

upon the pattern of development observed within the neighborhood and our survey of the submarket, rental marina and commercial uses have been developed in the neighborhood and are considered financially feasible. However, due to the waterfront location, the subject site would most likely be purchased for development with a marine oriented facility. Feasibility of such facilities would depend on the owner's resources and abilities. However, it appears that the local marine economy would support most of the feasible site uses for the marina component and the location is also well suited for vertical residential development with supporting commercial uses.

▪ Maximally Productive

Maximum productivity (profitability) deals with the use that will produce the greatest net return to the owner of the site over a given period of time; it is also the highest and best use of the site as if vacant. Among the financially feasible uses previously outlined, a marine-related facility is considered the maximally optimum use of the site. Most sites of similar utility have been purchased by users to operate their facilities. Based upon the information and analysis presented, Walter Duke + Partners believes the highest and best use of the subject site, as though vacant and available for use, would be a special use marine facility. This includes a full-service marina with yacht brokerage, dockage, and services as well as other ancillary marine oriented operations.

Further, as mentioned below the existing uses of the upland area are considered to be under utilization of the subject site area based on surrounding high-rise residential development. Therefore, in order to maximize the use of the subject site area, the air rights above any necessary marina related improvements should be developed with residential condominium uses consistent with the current plans for the subject property.

Highest and Best Use as Improved

Once a parcel of land is improved with a building, the two parts form an integral unit and, for all practical purposes, they are all inseparable. However, when the market value of the land alone, if vacant and available for use, exceeds the value of the property as improved, the improvements are no longer a viable contribution to the property and a new use must be adopted. In analyzing the highest and best use of the property as improved, several principles of real estate values must be considered. They include conformity, supply and demand, change and balance.

For a full-service marina, the subject's improvements are considered adequate considering the deep-water access and the large submerged area requirement for

dockage. This significant submerged area with docks in place supports the marine use of the subject property.

As mentioned above the existing improvements are an underutilization of the subject upland area and while needed to support the existing marina, the improvements do not maximize the use of the subject site area. As such the existing upland improvements should be razed to make way for new marina related improvements including retail, restaurant and office areas to support the current marina operation as well as developing the air rights above such marina related facilities consistent with surrounding uses.

Market Rent Analysis - Marina

Income Components

The subject property is unique in that it has four different income generating components. The categories include rent from the marina dockage, rents from the tenants in the upland area (mainly the Core Building), parking income, and income from the sale of fuel.

The income from the submerged area where the marina is located is known as Area 2 and according to the audit provided by the client includes the following categories:

Slip rentals: Annual subtenant rent
 Monthly subtenant rent
 Transient (daily) charges

Other receipts: Dock services
 Landing fees
 Pump-out fees
 Live-aboard fees

Income from this category is charged at a rate of 10% to the lessor.

The income from the upland area known as Areas 1 and 4 includes the following categories:

Gross receipts, net of Subtenant Exclusions:

Concessions rentals: Retail sales
 Upland rent, as reported to the Tenant

Other receipts: Vending commissions
 Other income

Income from this category is charged at a rate of 10% to the lessor.

Total Gross parking fees are charged a rate of 35%.

Gallons of fuel sold are charged at a rate of \$0.02 per gallon.

Historical Income

The past four years of historical income for the City of Miami Beach from the Miami Beach Marina as per the annual audits is presented as follows:

UPLAND RENT MIAMI BEACH MARINA 300 ALTON ROAD MIAMI BEACH, FLORIDA							
Year	Areas	Size SF	Annual Reported Rent	Rent Per SF	Percentage	Rent to City	% Change
2016	1 & 4	54,843	\$1,665,985	\$30.38	10.0%	\$166,599	N/A
2017	1 & 4	54,843	\$1,772,355	\$32.32	10.0%	\$177,236	6.4%
2018	1 & 4	54,843	\$1,845,445	\$33.65	10.0%	\$184,545	4.1%
2019	1 & 4	54,843	\$2,221,110	\$40.50	10.0%	\$222,111	20.4%

DOCKAGE RENT MIAMI BEACH MARINA 300 ALTON ROAD MIAMI BEACH, FLORIDA							
Year	Area	Total LF	Annual Reported Rent	Rent Per LF	Percentage	Rent to City	% Change
2016	2	20,509	\$11,447,617	\$1.53	10.0%	\$1,144,762	N/A
2017	2	20,509	\$13,059,148	\$1.74	10.0%	\$1,305,915	14.1%
2018	2	20,509	\$14,482,816	\$1.93	10.0%	\$1,448,282	10.9%
2019	2	20,509	\$14,879,198	\$1.99	10.0%	\$1,487,920	2.7%

FUEL SALES MIAMI BEACH MARINA 300 ALTON ROAD MIAMI BEACH, FLORIDA						
Year	Area	Gallons Sold	Rate Per Gallon	Rent to City	% Change	
2016	2	1,165,584	\$0.02	\$23,312	N/A	
2017	2	1,219,260	\$0.02	\$24,385	4.6%	
2018	2	1,258,061	\$0.02	\$25,161	3.2%	
2019	2	1,220,750	\$0.02	\$24,415	-3.0%	

PARKING LOT REVENUE MIAMI BEACH MARINA 300 ALTON ROAD MIAMI BEACH, FLORIDA					
Year	Area	Revenues	Percentage	Rent to City	% Change
2016		\$17,400	35.0%	\$6,090	N/A
2017		\$15,550	35.0%	\$5,443	-10.6%
2018		\$24,649	35.0%	\$8,627	58.5%
2019		\$23,046	35.0%	\$8,066	-6.5%

TOTAL REVENUES MIAMI BEACH MARINA 300 ALTON ROAD MIAMI BEACH, FLORIDA		
Year	Rent to City	% Change
2016	\$1,174,163	N/A
2017	\$1,335,743	13.8%
2018	\$1,482,070	11.0%
2019	\$1,520,401	2.6%

Per the scope of the assignment Walter Duke + Partners has been requested to analyze the current rental structure at the subject property. In addition, as proposed with the removal of the existing Core Building and replaced with a parking garage, 45,000 square foot mixed use area and luxury condominium building.

Analysis of Leases In-Place Upland Rents Area 1 & 4






Upland Rent- The individual leases for Area 1 and 4 were reviewed. The current rent roll from the lessee Suntex was not provided, however the annual total gross income from which the percentage rent is calculated was provided, in audit form, for the past four years.

The lease brief is as follows:

- Generally, the leases are structured based upon varying lengths of time.
- Increases in rent range from 3% to 4% fixed or CPI whichever is greater.
- There are eighteen tenants of which two are large restaurants Monty Trainers and Texas de Brazil as well as a deli. Per the leases supplied.
- The balance of tenants is yachting oriented business including boat brokers, yacht managers, concierge services, scuba diving center, real estate brokerage, and event ticket sales.
- Yacht brokerage offices may be allotted dock slips to display the yachts for sale at the marina as part of the base rent.
- Tenants pay for common area maintenance CAM, utilities, trash removal, and share of real estate taxes. These additional passthrough expenses are not counted toward the revenues to the City of Miami Beach.
- The base rent charged to sublessee is a net rent to the lessee Suntex.

The average rent for the rentable building area of 54,843 square feet as of 2019 was \$40.50 per square foot





The following is a survey of local retail space in the Miami Beach Area:

COMPARABLE RENTAL SUMMARY TABLE NEIGHBORHOOD/COMMUNITY RETAIL SHOPPING CENTERS MIAMI BEACH, MIAMI-DADE COUNTY, FLORIDA							
No.	Name/Location	Year Built Condition	GLA (SF)	Base Rental Rate	Lease Type	Typical Term	Occup.
1	Bldg at Lenox 1045 5th Street Miami Beach, FL 	2019 Excellent	67,000	\$49.00 - \$70.00	NNN	3-5 years	62%
2	Anglers Hotel Retail 600 Washington Avenue Miami Beach, FL 	2018 Excellent	60,000	\$70.00 - \$70.00	NNN	3-5 years	96%
3	Retail 515-541 Jefferson Avenue Miami Beach, FL 	1971/2016 Good	3,200	\$73.50 - \$73.50	NNN	1-3 years	73%
4	Retail 749-755 Washington Avenue Miami Beach, FL 	1989 Good	17,500	\$55.00 - \$55.00	NNN	3-5 years	72%
5	Retail 816 Commerce Street Miami Beach, FL 	1924/2008 Average	4,824	\$69.65 - \$69.65	NNN	3-5 years	50%
--	Miami Beach Marina 300 Alton Road Miami Beach, FL	1985 Average	54,843	\$40.50	NNN	3-5 years	100%

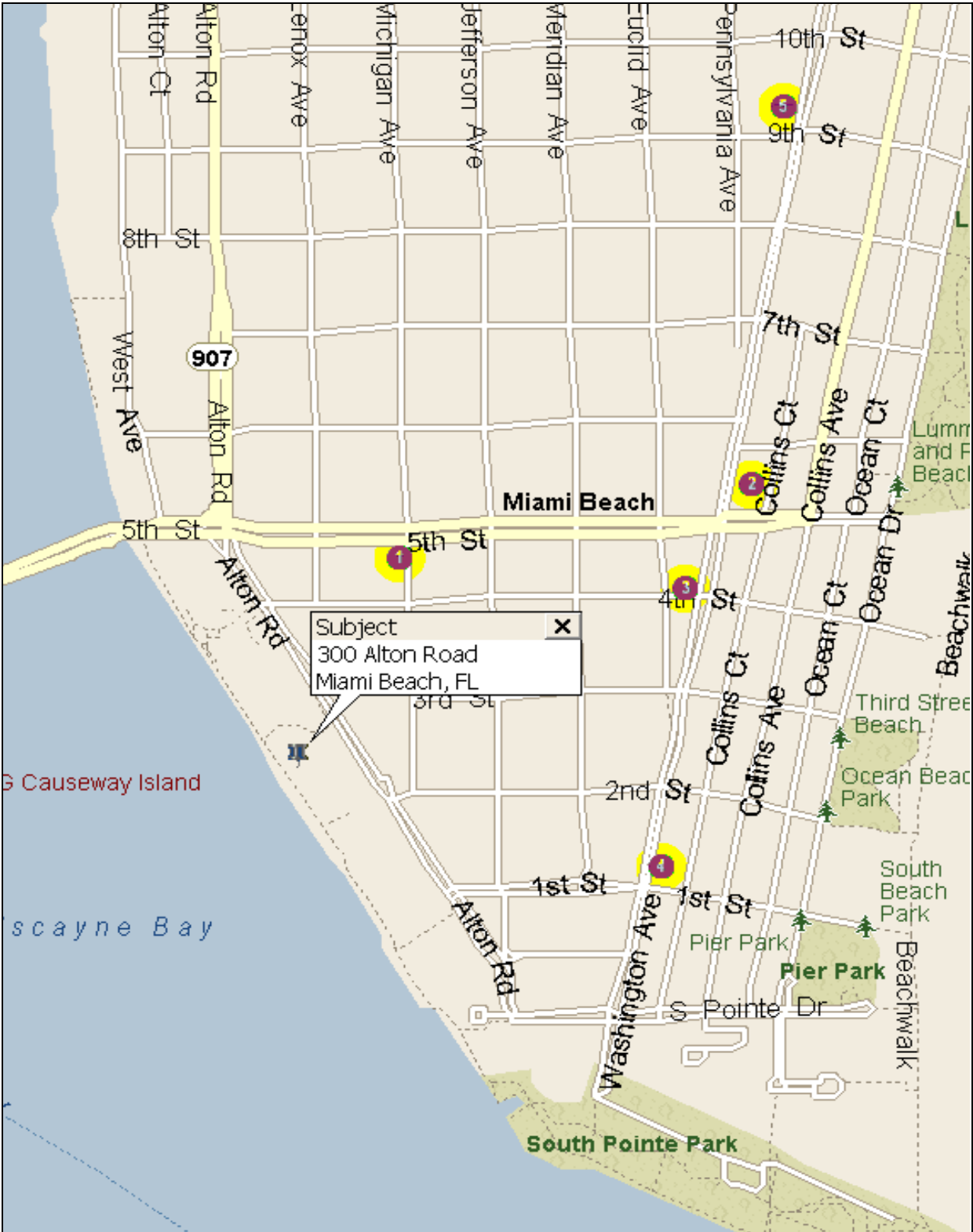
Comparable Retail Rent Location Map – Miami Beach








Comparable Rental Summary Table
Office Space
Miami Beach, Florida

	SUBJECT	RENTAL 1	RENTAL 2	RENTAL 3	RENTAL 4	RENTAL 5
						
Building Name	Miami Beach Marina	Thyssen Building	555 Washington	Office	Yukon Building	Bank of America Building
Location	300 Alton Road	1000 5th Street	555 Washington Avenue	404 Washington Avenue	119 Washington Avenue	930 Washington Avenue
	Miami Beach	Miami Beach	Miami Beach	Miami Beach	Miami Beach	Miami Beach
Property Data						
Class	B	B	A	B	A	C
Rentable SF	54,843	36,500	64,617	159,887	43,140	25,906
Year Built	1985	2004	2001 / 2015	1995	2002	1967 / 1994
No. of Floors	3	4	4	8	6	5
Parking/Ratio	Garage/12.6	Garage/3.0	Garage/4.0	Garage/1.2	Surface/2.5	Surface/1.6
Rental Data						
Base Office Rent/SF	\$40.50	\$44.00	\$45.00	\$50.00	\$78.00	\$35.00
Rental Basis	Triple Net	+Elecetric	+Elecetric	Modified Gross	Full Service	Full Service
Escalation	3%-4%	3%	3%	3%	3%	3%
Lease Term	3 to 5 Years	3 to 5 Years	3 to 5 Years	3 to 5 years	3 to 5 Years	1 to 3 years
Finish Allowance	Negotiable	Negotiable	Negotiable	Negotiable	Negotiable	Negotiable
Concessions (months)	Negotiable	Negotiable	Negotiable	Negotiable	Negotiable	Negotiable
Direct Space Available	0	15,184	15,214	6,293	2,227	430
Occupancy Rate	100.0%	58.4%	76.5%	96.1%	94.8%	98.3%

Comparable Office Rent Location Map – Miami Beach



The following is a survey of local restaurant space in the Miami Beach Area:

COMPARABLE RENTAL SUMMARY TABLE RESTAURANT SPACE MIAMI BEACH, MIAMI-DADE COUNTY, FLORIDA							
No.	Name/Location	Year Built Condition	GLA (SF)	Base Rental Rate	Lease Type	Typical Term	Occup.
1	Marea 801 S Pointe Drive Miami Beach, FL 	2015 Good	30,240	\$89.00 - \$120.00	NNN	5-25 years	8%
2	Lynmar Retail Building 735 Collins Avenue Miami Beach, FL 	2016 Good	12,966	\$75.00 - \$75.00	NNN	3-5 years	56%
3	Retail Restaurant 909 Collins Avenue Miami Beach, FL 	1925/2016 Good	6,047	\$75.00 - \$75.00	NNN	1-3 years	0%
4	Retail Restaurant 955 Alton Road Miami Beach, FL 	1950/2017 Good	16,440	\$55.00 - \$55.00	NNN	3-5 years	0%
5	The Skylark 865 Collins Avenue Miami Beach, FL 	1954 Good	16,070	\$69.65 - \$69.65	NNN	3-5 years	89%
--	Miami Beach Marina 300 Alton Road Miami Beach, FL	1985 Average	5,483	\$40.50 - \$40.50		3-5 years	100%

Comparable Restaurant Rent Location Map – Miami Beach



It appears in each category whether retail, office and or restaurant space that the rental rates at the subject property are currently below rental rates for each category in the South Beach district. It, however, was noted that during the inspection a few tenants have vacated the property and that future plans may preclude Suntex in the short term with securing credit tenants for this space coupled with the challenges of the COVID-19 pandemic.

In the future, with the proposed new development of the property with 45,000 square feet of mixed-use space the projected rental rates of \$40.00 per square foot for office, \$60.00 per square foot for retail and \$75.00 per square foot for restaurant space with water-views should be reasonably attainable and that the proposed rents are considered at market levels.

Analysis of Leases In-Place Marina Area 2

The marina component will be analysed “as is”. Plans call for capital improvements of \$35,000,000 over the 99-year proposed lease. However, the configuration and the total amount of rentable linear feet of rentable dock space is assumed to remain similar to the ‘As Is’ configuration for our analysis. The timing of the capital improvements is unknown at this time.

The real estate income category is for dockage only. Utility charges are not addressed in the lease and therefore are not an income category.

The dockage includes in-water boat storage for dock slips and the boat lifts. Similar “docking” marinas in south Florida were surveyed and included in this analysis. In the following analysis Walter Duke + Partners will address each category separately.

Dock Rent

Management has indicated due to the seasonal nature of this marina facility that the docks has an occupancy that fluctuates during the different seasons, currently it was reported that the facility was at 90% occupancy. This is typical for marinas that handle larger vessels in the south Florida market, since yachts move up north or over to the Mediterranean during the summer months.

Therefore, occupancies fluctuate during the seasons and marinas that have higher stabilized occupancy near 90% are generally utilized by the local boating population and cater to yacht brokers with boats-for-sale that need to be displayed.

Scheduled Dock Rent

The dock space totals 20,509 linear feet according to data provided by management. Management has indicated that the following are the current rental rates for 2020. Rates are based on cost per linear foot per day of the boat length, not dock/slip length. The rent schedule for the subject property is as follows:

Current Dock Rates**Rates**

Length of Stay	Rates
Transient	From \$5.00 to \$8.00 Depending on Slip Location*
Monthly	From \$80/ft per Month Depending on Slip Location*
Seasonal	From \$70/ft per Month Depending on Slip Location*
Annual	From \$36/ft per Month Depending on Slip Location*

*Excluding Electrical Service Charges

On a per day basis the rates equate to:

Annual	\$1.18 Per LF per Day
Seasonal	\$2.30 Per LF Per Day
Monthly	\$2.63 Per LF Per Day
Transient	\$5.00 to \$8.00 Per LF Per Day

We have analyzed the rent roll provided by the lessee and the current rent based upon slip length not boat length.

According to this rent roll the average rent per liner foot per day for the 354 slips reported is \$1.66 per liner foot per day. This is located between the annual rent and seasonal rent quote. In addition, the average slip length is calculated at 57.94 feet and the total rental dock facing is 20,509 liner feet.

The site plan located in their web site indicates 379 slips with 287 slip in water and 92 slips with boat lifts. The discrepancy in number of slips however does not affect the market rent analysis.

Occupancy was reported at 90% but this figure changes daily due to transients as well as season with the winter the highest and summer the lowest occupancies.

Market Rent

The second step in this analysis is to establish the market rent for the subject. In order to determine a proper and reasonable market rent for the subject, the appraisers have conducted a survey of competitive marina properties within the subject submarket. Of the properties analyzed, six rent comparables were selected in Broward County and five Comparables in Miami Dade County as being representative of this submarket and most similar to the subject property. Details regarding these rental comparables are summarized on the following Comparable Rental Rent Analysis Table.

Comparable Rental Summary Table
Marinas
Broward County, Florida

Map Key	Name Location	Total Slips	# Slips Over 80'	% Slips Over 80'	Max	Depth	Annual Rate \$/ft./day	Transient Rate In Season	In-Season Occupancy	Electric	Comments
1	Harbor Towne Marina 801 N.E. 3rd Street Dania Cutoff Canal Dania Beach	165	9	5.5%	200'	5' - 12'	\$1.60 - \$2.95	\$2.35 - \$3.85	98%	\$10.00 - \$60.00 Per Day	Large marina two miles south of Port Everglades. Located on the Dania Cut Off Canal. Good Location.
2	Pier 66 2301 SE 17th Street Intracoastal Waterway Fort Lauderdale	164	145	50.0%	350'	17'	\$2.50 - \$5.25	\$3.75 - \$9.00	95%	\$10.00 - \$180.00 Per Day	Premier resort and marina, near Port Everglades and the Atlantic Ocean. Recently renovated. Excellent Location.
3	Fort Lauderdale Grande 1875 SE 17th Street Intracoastal Waterway Fort Lauderdale	33	8	24.6%	250'+	15'	\$2.50 - \$5.25	\$3.75 - \$9.00	90%	Metered at \$0.15 per KWH	Slips #1-#8 along the 800' face dock + 25 interior slips = 33 total. Located due west of Pier 66. Excellent location.
4	Bahia Mar Yachting Ctr. 801 Seabreeze Blvd Intracoastal Waterway Fort Lauderdale	250	100	40.0%	300'	13'	\$2.25 - \$5.00	\$3.50 - \$8.25	90%	Metered at \$0.15 per KWH	Premier resort and marina, 2 miles from Port Everglades on the ICW. Across A1A from beach. Renovated in 2002 with floating docks and larger slips. Good Location.
5	Sunrise Harbor 1030 Seminole Drive Intracoastal Waterway Fort Lauderdale	22	22	100.0%	200'	8'	\$1.75 - \$3.00	\$4.75 - \$5.00	90%	Metered at \$0.12 per KWH	New marina designed specifically for mega yachts. North of Sunrise Bridge. Average location.
6	Lauderdale Marine Ctr. 2001 S.W. 20th Street New River	96	49	51.0%	200'	8'	\$1.25 - \$4.75	\$1.25 - \$4.75	90%	Metered \$0.12 per KW	Large marina with boat yard, due east of Marina Bay. Expanded facility in January 2009. Average location.
7	Seahaven Superyacht 301 NE 5th Avenue Dania Beach	24	24	100.0%	250'	15'	\$2.70 - \$3.75	\$4.00 - \$4.75	77%	Metered at \$0.15 per KWH	Newest marina in Broward County. Caterers to vessels over 100 feet in length. Docks are in excellent condition. Marina was completed in February 2019. Good location.

Source: Walter Duke and Partners

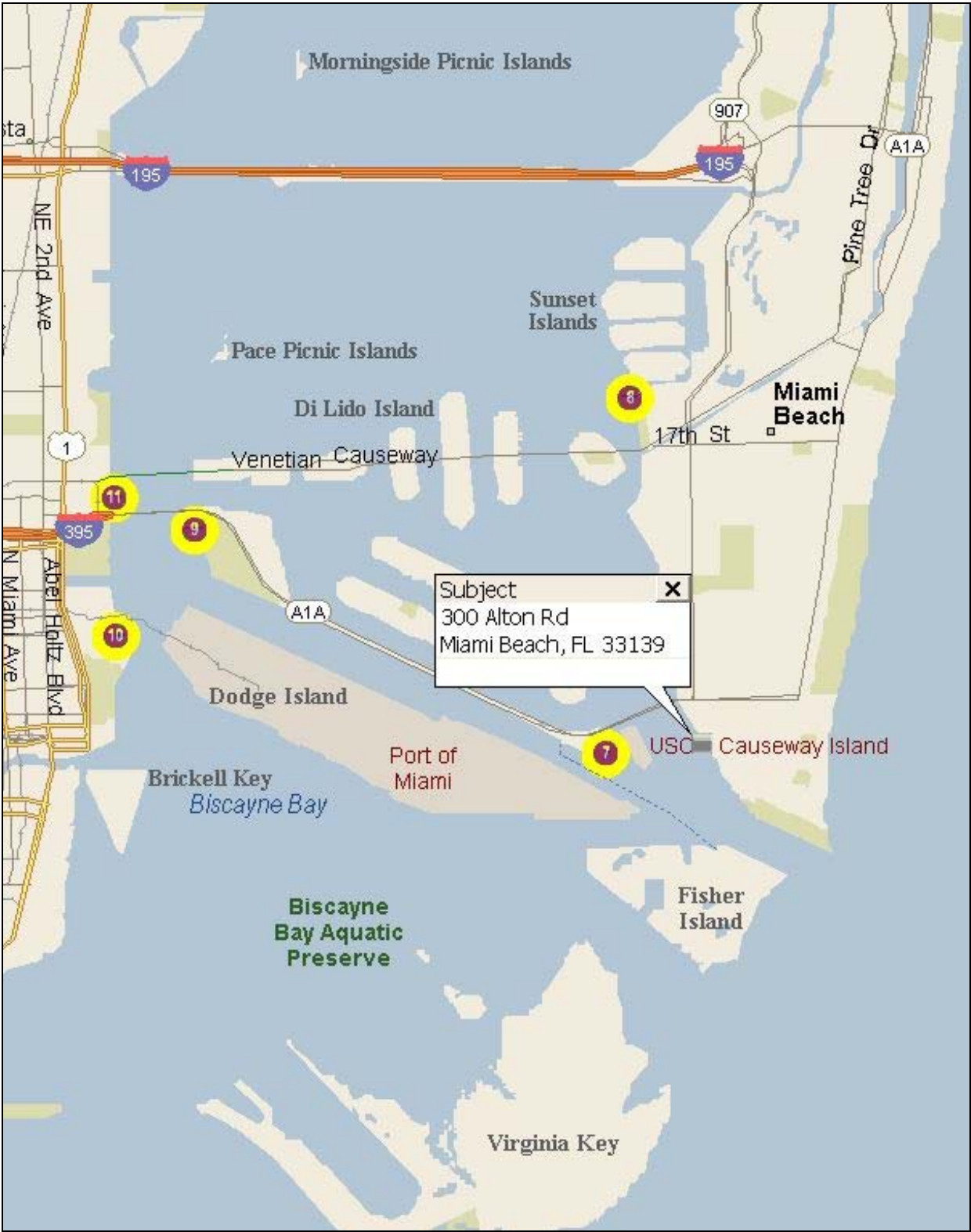
Comparable Rental Location Map – Broward County Marinas



Comparable Rental Summary Table
Marinas
Miami Dade County, Florida

Number	Name Location	Total Slips	Boat Length L.F. Average	Max	Draft	Dock Rates Per Day	Average Occupancy	Electric	Services	Comments	
7	One Island Park Marina 120 MacArthur Causeway Miami Beach	8	250'	800'	40'	Annual Seasonal Monthly Transient	\$2.40 - \$4.00 \$4.20 - \$7.00 \$4.80 - \$8.00 \$6.00 - \$10.00	85% Estimated	Metered	Crew Lounge with Wifi, fitness classes, dockmasters office.	Small marina located on a point location within Watson Island. Developed for the largest private vessels in the world. Dockage is fixed with along-side tie-up.
8	Sunset Harbour Y.C. 1928 Sunset Harbour Dr. Miami Beach	125	75'	150'	10'	Annual 6 Months Monthly Transient	\$1.32 - \$3.29 \$1.80 - \$4.27 \$1.97 - \$4.93 \$6.00 - \$10.00	100%	\$15.00 - \$20.00 Per Day	Finger piers and linear docks. Fitness center, pool, nearby shopping. Property located on upper Biscayne Bay, part of residential condominium.	Large marina modern facility. Slips are owned by individuals who allow the dockmaster to lease slips that are not occupied by owner. 6.6 miles to Government Cut with no fixed bridges.
9	Island Gardens Marina 888 MacArthur Causeway Miami	25	217'	500'	27'	Annual 6 Months Monthly Transient	N/A \$7.75 \$8.10 \$8.50	75%	Metered	Lounge, restrooms, restaurant, laundry services, BBQ area, WI-FI, pump out, and proposed hotel.	Premier marina at the western end of Government Cut. Marina newly completed with floating docks. 100 foot minimum vessels allowed.
10	Miamarina at Bayside 401 Biscayne Blvd. Miami	130	55'	150'	12'	Annual 6 Months Monthly Transient	\$0.76 - \$0.82 N/A \$1.32 \$5.00	100%	Included in dockage rates.	Restrooms, showers, laundromat, pump out, fuel dock, restaurants, shops at Bayside.	This is a city owned and operated marina next to downtown Miami. The facility is located within the Bayside complex that provides shops and waterfront restaurants.
11	Sea Isle Marina 1635 N. Bayshore Drive Miami	174	40'	170'	10'	Annual Seasonal Monthly Transient	\$0.65 - \$0.70 \$0.82 \$1.15 \$3.50	85%	\$50.00 - \$60.00 Per Month	Restrooms, showers, laundromat, phones, ship's store, restaurant.	Large marina located just north of Downtown Miami. The facility is located adjacent to the Omni. The facilities infrastructure is dated and
Subject	Miami Beach Marina 300 Alton Road Miami Beach	354	60'	250'	14'	Annual Seasonal Monthly Transient	\$1.18 \$2.30 \$2.63 \$5.00 - \$8.00	90%	\$2.00 - \$170.00 Per Day	Finger piers, floating linear docks, pool, boat elevators. Fuel, showers, water, restaurants, ships store, market, boat rentals, and South Beach area.	Large marina modern facility. World- renowned facility, excellent location next to Government Cut and the Atlantic Ocean only five minutes away.

Comparable Rental Location Map – Miami Dade County Marinas



(1) Harbor Towne Marina

Westrec operates this large marina complex (33 acres), along with several others in south Florida. It is located on the Dania Cutoff Canal, close to the ICW with no bridges between the marina and the Port Everglades inlet. Harbour Towne is popular for sailboats and large power vessels, with 165 wet slips for boats up to 150 feet long.

Only 9 of the 165 wet slips can hold a boat 80' or more in length. Occupancy has been high since the Covid-19 pandemic. A majority of the vessels at the facility are broker boats for sale. Management expects near full occupancy in the winter season until the pandemic passes. There are over 30 marine-oriented business tenants in the 80,000 sq. ft. office building; there are also fuel dock, marine store, restaurant, and full repair and maintenance services. The docks are a fixed design and becoming dated. The marina has no plans for expansion or upgrading of the wet slips. The marina is one of several south Florida properties managed by Westrec.

(2) Pier 66 Marina

Pier 66 is a 164-slip landmark marina located directly on the Intracoastal Waterway (ICW) just north and east of the SE 17th Street drawbridge. The marina currently has a total of about 5,000 linear feet of dockage that accommodate vessels 80' or more in length. Assuming an average boat length of 80' indicates that about 145 of the 164 total slips are capable of mega yacht dockage. The redeveloped the marina facility now accommodates larger yachts up to 350 feet in length within the yacht basin which has attracted more mega yachts since completion. Currently the upland area north of the iconic hotel is being redeveloped with high end amenities like multiple pools, sun decks and additional hotel rooms. The property is operated as a luxury hotel and marina in conjunction with other Tavistock properties in the area.

(3) Fort Lauderdale Grande Marina

This is a 33-slip landmark marina located directly on the Intracoastal Waterway (ICW) just north and west of the SE 17th Street drawbridge located across the ICW from Pier 66. The marina currently has a total of about 800 linear feet of dockage that accommodate vessels 80' or more in length. This is parallel dockage along the ICW face dock. There are 25 wet slips in the yacht basin (60' maximum boat length). The total number of slips is 33. Assuming an average boat length of 100' indicates a dockage capacity of 8 mega yachts.

(4) Bahia Mar Yachting Center

Bahia Mar is a Fort Lauderdale landmark marina located directly on the Intracoastal Waterway (ICW) and just across Highway A1A from Fort Lauderdale Beach. This property was recently purchase by the owners of Miami Beach Marina, the RCI Group. The marina docks were completely redeveloped into a configuration that replaced 350 aging fixed slips with 250 larger state-of-the-art floating dock wet slips. This was intended to provide more capacity for mega yachts. The marina currently has about 100 slips out of the 250 total that accommodate vessels 80' or more in length. This is a combination of parallel dockage and wet slips in the yacht basin.

(5) Sunrise Harbor Marina

This is a mega yacht marina directly on the ICW just north of the Sunrise Boulevard drawbridge. The facility has 2,500 linear feet of parallel dockage, which has been configured as 22 slips for yachts 80' or more in length. The marina is part of a luxury apartment and retail complex, and boat owners, guests, and crew have access to full amenities. The marina is close to Fort Lauderdale Beach, Galleria Shopping Mall, the Coral Ridge Yacht Club, and Hugh Birch State Park. The marina is operated by Westrec.

(6) Lauderdale Marine Center

These are privately owned docks are located on the New River five miles from the Intracoastal Waterway. The facility offers an excellent number of amenities including repairs, showers, and pump out. This is largest repair facility in the south Florida market with the expansion of the east-yard in January 2009. This privately-owned facility is a boat yard and marina. The floating docks are in excellent condition and are a modern designed and are primarily for vessels 40 feet to 200 feet in length. Of the 9,600 linear feet of both floating and fixed dock facing, 49 are capable of holding a yacht 100' or more in length. This facility caters to brokerage boats as well as vessels in for repairs.

(7) One Island Park Marina

These are recently developed docks which are located on Government Cut. The facility is located on a point of Watson island and has a "V" shape to the facility. The property was developed with only superyachts dockage in mind. The property has 8 designated slips but can handle vessels up-to 800 feet in length. This marina by far can handle the largest vessels in the area but is countered by the limited amount of dock facing at 1,235 linear feet. The depth at the facility is 40' due to the location on Government Cut. Docking is only along the shoreline with fixed pilings. IGY Marinas manages the facility.

(8) Sunset Harbour

Large marina modern facility with 125 slips. The slips are owned by individuals who allow the dockmaster to lease slips that are not occupied by owner. The distance is 6.6 miles to Government Cut with no fixed bridges. The property is located next to a Sunset Harbour residential condominium towers. The facility has similarities to Miami Beach Marina handling similar sized vessels. The location however is considered inferior due to the additional time and distance to Government Cut to the south. According to the dockmaster there is a waiting list for dock slips currently.

(9) Island Gardens Marina

The Island Gardens Marina has been recently completed and is in operation located on Watson Island and south of the MacArthur Causeway. This marina is a forty-six-slip facility with floating docks that can accommodate vessels up to 500 feet long and was developed to attract Mega and Super Yachts. The facility is part of a major development plan by Flagstone Property Group. Rental rates are the highest in the area. IGY Marinas is the operator and there is a 100-foot minimum requirement to dock at the facility. There is a problem with larger vessels that cannot clear the Dodge Island Bridge to the south must request clearance by the Coast Guard with a four-day notice to travel up Government Cut due to security reasons for the docked cruise ships.

(10) Miamarina at Bayside

Miamarina at Bayside is a city owned and operated marina next to downtown Miami. The facility is located within the Bayside complex that provides shops and waterfront restaurants. The facility has floating docks that were redeveloped in 1997. The property is located within the Bayside complex that surrounds the harbor area. Rental rates are lower than market levels due to being owned and operated by the City of Miami. These rates are similar to the rates at the dinner Key Marina located next to Coconut Grove. The government has kept the rates lower so that local residents can have dockage that is more affordable than privately operated facilities which usually have a resort component associated with the marina. In addition, the facility is oriented toward smaller vessels with an average length of 40 feet.

(11) Sea Isles Marina

Large marina located just north of Downtown Miami. The facility is located adjacent to the Omni. The facilities infrastructure is dated and was developed for smaller vessels. 4 miles to Atlantic Ocean. This is an older facility located next to the Riverpark Hotel and Suites and the Miami Marriot Biscayne Bay Hotel. The facility has fixed docks and a unique design as a half circle. The property has numerous amenities, but the older age of the facility has kept rental rates at the lower end of the spectrum.

The comparable rental marinas were analyzed based on size, condition, quality, age, location, dock improvements, and amenities provided. In addition to the comparable rentals examined, the appraisers are familiar with current rental trends in the south Florida marina market as well as those in competing submarkets.

Based upon the examination of the rent comparables a market rent for the subject property should be within the range indicated by the surrounding marinas. The world class marinas in Fort Lauderdale namely Pier 66, Bahia Mar, and Fort Lauderdale Grande command a premium due to the located adjacent to luxury hotels. These are the largest slips 300+ feet in length at \$8.00 to \$9.00 per day per foot at high season/transient rates. These facilities are also located closest to entrance to the ocean though Port Everglades. In addition, both Island Gardens Marina and One Island Park Marina cater to largest vessels, and in turn charge the highest rates in the area.

The typical boat lengths at the subject property range from 40' to 100' and average near 60' in length. In addition, it appears that most of the tenants at Miami Beach Marina are on annual leases with rental rates in the \$1.20 to \$2.00 per liner foot per day.

Conclusion

Based upon the examination of the rent comparables, as well as the current subject rent roll and dock age rates, the current rent schedule is considered at market with an average daily rental rate of \$1.66 per linear foot and is considered reasonable.

The reader should note, with the proposed redevelopment of the marina in the future, the developer would most likely increase the average slip size to accommodate larger vessels. Due to site area constraints the number of slips would obviously decrease but revenues on a per linear foot basis would increase. Once the slips lengths increase to over 100 feet vessels seasonal dockage becomes a more challenging.

These larger vessels tend to move to either the northern waters of the United States or the vessels are taken over to the Mediterranean to cruise during the summer months. This increases vacancy at marinas that cater to larger vessels. It was noted by the operator at Island Gardens that occupancy decreases to 20% to 30% during off season.

Analysis of Fuel Sales and Rate per Gallon

The current lease in place indicated that the lessee (Suntex) will pay to the lessor (City of Miami Beach) a charge of \$0.02 per gallon of fuel sold whether gasoline or diesel fuel. The historical sale of fuel is as follows:

FUEL SALES MIAMI BEACH MARINA 300 ALTON ROAD MIAMI BEACH, FLORIDA					
Year	Area	Gallons Sold	Rate Per Gallon	Rent to City	% Change
2016	2	1,165,584	\$0.02	\$23,312	N/A
2017	2	1,219,260	\$0.02	\$24,385	4.6%
2018	2	1,258,061	\$0.02	\$25,161	3.2%
2019	2	1,220,750	\$0.02	\$24,415	-3.0%

Fuel sales have ranged from a low of 1,165,584 in 2016 to 1,258,061 in 2018. The difference in the range can be attributed to a number of factors including the economy, cost of the fuel at the gas pump, and weather.

As of late the cost of fuel nation-wide has decreased due to the pandemic as well as influence by other nations increasing their respective outputs. That said, Walter Duke + Partners has surveyed five marinas in the area regarding current fuel prices charged to boaters as of May 11, 2020.

FUEL PRICES SOUTH FLORIDA MARINAS MAY, 2020		
Marina	Gasoline	Diesel
Harbor Towne	\$3.59	\$2.69
Pier 66	\$3.04	\$2.38
Lauderdale Marina	\$2.99	\$2.38
Haulover	\$3.59	\$2.39
Sea Island Marina	\$3.50	\$2.50
Miami Beach Marina	\$4.25	\$3.74

The **term sheet** indicated that the rate charged per gallon of fuel would be increased from \$0.02 per gallon to \$0.04 per gallon.

Walter Duke + Partners surveyed the marinas that were open and found that the Miami Beach Marina on average sells gasoline 27% higher than the average of the five comparables and diesel is 52% higher than the five comparables surveyed.

Conversations with two marina operators in the south Florida market discussed their operating margins.

The first indicated that they sold fuel at a 27% profit margin for gasoline and 22% profit margin for diesel. This would indicate a profit of \$0.71 per gallon for gasoline and \$0.45 per gallon for diesel, based on the average sale price of \$3.34 and \$2.47 per gallon respectively.

The second represents a Superyacht facility who generally makes a 13% profit on diesel fuel only. Superyachts can fuel at commercial ports and purchase a large amount of fuel at one time. Therefore, the margins are generally smaller.

The cost of fuel delivered by tanker truck is generally similar for each marina, though there might be slight variances due to the marina location and local taxes.

Miami Beach Marina appears to sell gasoline for \$0.91 per gallon and diesel \$1.27 per gallon above the average of our survey. This is due to its prime location at Government Cut.

Conclusion

It appears that an increase from \$0.02 to \$0.04 per gallon would be a reasonable increase based upon this previous analysis, and that the profit from fuel sales to the tenant would be nominally affected by an increase of \$0.02 per gallon.

Analysis of Percentage Rent for Submerged (Area 2) and Upland Areas (Area 1&4)

Walter Duke + Partners has analyzed long term leases for marinas in the south Florida market. These leases are generally between local governments and developers and or operators that manage marina facilities. Eight marinas that are located on leased land were found to be comparable to the Miami Beach Marina. They are presented as follows:

Summary Table - Land Leased Marinas - South Florida

Map Key	Name Location	Site Area	Number of Slips	Lessor	Lessee	Terms of Lease	Length of Lease	Renewals	Rent Based On	Fuel Flowage Charge	Increases	Comments
1	Suntex Homestead 24777 SW 87th Avenue Homestead, FL	2.78 Acres	306	Miami Dade County	33032 Partners, LTD	NNN	46 Years	None Remaining	5% of Revenues	\$0.05 Per Gallon	Reviewed every 5 Years	This marina is a dry storage facility located in southeastern Homestead on Biscayne Bay. An older facility which caters to smaller boats. Average Condition.
2	Bayshore Landing 2560 South Bayshore Dr. Coconut Grove, FL	6.69 Acres	111	City of Miami	Bayshore Partners	Tenant Pays RE Taxes	50 Years	None Remaining	15% Marina Revenues 10% Office Revenues 10% Restaurant Revenues	None	None	Home of Monty's Restaurant and Bar located in Coconut Grove and on the west shore of Biscayne Bay. Facility caters to medium sized boats with in-water slips and boat lifts. Average Condition
3	Harbour Towne Marina 801 NE 3rd Street Dania Beach, FL	23.4 Acres	684	City of Dania Beach	Harbour Towne Associates	Tenant Pays RE Taxes	36 Years	None	Base Rent Plus 8% of all Revenues	None	Base Rent Increases every 5 Years by CPI	This large marina is located on the Dania Cut Off Canal. In-water and dry storage slips plus boatyard, office, and repair shop space. Average Condition.
4	Palm Harbour Marina 400 N. Flagler Drive West Palm Beach	28.15 Acres	192	City of West Palm Beach	Leisure Resorts, LLC	Tenant Pays RE Taxes	141 Years	3 - 25 Year Options	8% of all revenues not including pass through expenses, retail sales or shore power	None	None	Premier marina located on Lake Worth next to downtown West Palm Beach, recently built floating docks with larger slips up to 250 feet. Good Condition.
5	Haulover Marina Center 15500 Collins Avenue Miami Beach	3.33 Acres	480	Miami Dade County	Westrec Equites	NNN	25 Years	None	Fixed steps or 18% of Revenues, which ever is greater, with \$1,000,000 Cap	None	None	Newly completed dry storage marina designed specifically for large center consoles. North of Haulover Inlet. Excellent location and condition of property.
6	Bahia Mar 801 Seabreeze Blvd. Fort Lauderdale	39 Acres	250	City of Fort Lauderdale	Suntex	Tenant Pays RE Taxes	44 Years Remaining	None	4.5% of all revenues	N/A	None	Iconic world class mixed use marina facility, with 44 years remaining on lease. Developer has approvals in place for redevelopment with new hotel and 651 residential units but will need lease extension to make it feasible.
7	Non-disclosed Fort Lauderdale	4 Acres	40	Private Owner	Local Investor	Tenant Pays RE Taxes & Submerged Land Lease	52 Years	None	Nominal base rent plus 10% revenues, plus submerged land lease 3.6% of revenues with State of Florida	None	None	Located on the Intercoastal Waterway
8	Las Olas Marina 150 Las Olas Circle Fort Lauderdale	7 Acres	70	City of Fort Lauderdale	Suntex	NNN	50 Years	None	12% of all revenues plus base rent of \$1.2M	N/A	None	Proposed Marina located on the Intra Coastal Waterway just west of the beach in Fort Lauderdale. Being developed with new floating docks to handle larger vessels. Upland area will have restaurants and offices. Pool for tenants.
Subject	Miami Beach Marina 300 Alton Road Miami Beach Florida	41.36 Acres	379 As Developed	City of Miami Beach	Suntex	Tenant Pays RE Taxes	44 Years Remaining	Yes	10% revenues from Marina and Core Building 35% from valet parking	\$0.02 per gallon of fuel sold	None	Mixed use marina facility known through out the world. Dock design is dated with fixed structures and smaller slips on average. Upland building is mixed use with restaurants and retail.

Source: Walter Duke and Partners

Comparable Location Map – Land Leased Marinas



(1) Suntex Homestead

The property consists of a full-service marina with indoor dry storage and attached two story dock master's office there is a small amount of outdoor dry storage racks located next to the launch area. In addition, there is a small subleased restaurant building located to the north with extensive outdoor dining called Black Pointe Ocean Grill which is subleased to a restaurateur.

The property is remotely located in southernmost Miami-Dade County being situated along the west bank southern Biscayne Bay in a County owned park known as Black Point Park and Marina which is approximately 46 acres in size. Waterborne access is via a canal that travels eastward to the Bay and access via local roads along SW 248th Street.

The total site area is made-up of ±121,259 square feet of area, all of which is upland area. The north parcel (restaurant) is 13,107 square feet, and the south parcel (dry storage) is 108,152 square feet in size. The site is improved with a dry storage building with attached dock master's office that totals 53,850 square feet in size. There are a total of 306 dry storage racks with 7,701 linear feet of rentable space. The Ocean Grill restaurant a small building located to the north of the boat barn. The enclosed gross building area totals 1,407 square feet.

This is an older lease which began in 1988 and will expire in 2034. Older leases tend to have lower percentage rates. This lease is currently at 5% of gross revenues and \$0.05 per gallon of fuel sold.

(2) Bayshore Landing

The property is known as Bayshore Landing which is comprised of a two-story office and retail building, Monty's restaurant and a 111-slip Class "A" wet slip marina located on the western shoreline of Biscayne Bay in Coconut Grove, Miami-Dade County, Florida. This multi-purpose property including the marina and restaurant are known throughout the yachting community in south Florida for its excellent location and good quality facilities. The underlying land is leased on a long-term basis from the City of Miami.

The majority of the property is comprised of the marina component. The leased area for the entire project totals 6.69 acres which is made up of 4.55 acres of submerged area and 2.14 acres of upland area. The marina is made up of 111 boat slips and 4,995 linear feet of rentable dock space as per the matrix provided by the owner/operators. Vessels docked at the marina range in size from 27 to 85 feet, with an average length of 50 feet. Most tenants are on annual leases, with the balance made up of transients as well as seasonal boaters.

The commercial building, which is located on the upland shoreline west of the marina, comprises office, retail and restaurant space. The gross building area is reported at 47,246 square feet and rentable area is calculated at 38,908 square feet. The outside covered dining area located adjacent and east of the restaurant totals 11,173 square feet. A few of the tenants have water-views overlooking the marina and Biscayne Bay to the east. The easternmost portion of the upland area is made up of a one-story restaurant known as Monty's Raw Bar. The establishment has both indoor and outdoor seating available. This very popular waterfront eatery includes a large chickee huts for covered outdoor dining with views of the marina and Biscayne Bay to the east. To the south of the building is an open parking lot with a total of 48 parking spaces. Additional public metered parking is located along the south boundary of the site as well as further south at the Dinner Key Marina property across Aviation Avenue. The entire site is zoned CS, Civic Space, and is operated according to the master lease with essential services requirements in-place that includes restaurant, retail and marina uses.

The facility is a smaller version of Miami Beach Marina. The lease with the City of Miami is also like the subject property with percentage rents from 10% for office and restaurant and a slightly higher 15% for marina revenue.

(3) Harbor Towne Marina

Westrec operates this large marina complex (33 acres), along with several others in south Florida. It is located on the Dania Cutoff Canal, close to the ICW with no bridges between the marina and the Port Everglades inlet. Harbour Towne is popular for sailboats and large power vessels, with 165 wet slips for boats up to 150 feet long.

Only 9 of the 165 wet slips can hold a boat 80' or more in length. Occupancy has been high since the Covid-19 pandemic. A majority of the vessels at the facility are broker boats for sale. Management expects near full occupancy in the winter season until the pandemic passes. There are over 30 marine-oriented business tenants in the 80,000 sq. ft. office building; there are also fuel dock, marine store, restaurant, and full repair and maintenance services. The docks are a fixed design and becoming dated. The marina has no plans for expansion or upgrading of the wet slips. The marina is one of several south Florida properties managed by Westrec.

This lease is for the eastern portion of the facility that is owned by the City of Dania Beach. Revenues from the marina are at 8% with increases to the base rent very 5 years. The base rent is a nominal portion of the lease at \$181,000. Fuel is not included.

(4) Palm Harbour Marina

The property is known as Palm Harbor Marina which is comprised of a small one-story office building and a 192-slip Class "A" wet slip marina located on the western shoreline of Lake Worth in West Palm Beach, Palm Beach County, Florida. The marina was totally redeveloped and completed in late 2009 and additional dockage was developed in 2015. The marina is built of excellent quality materials and is in excellent condition. The location is next to downtown West Palm Beach and four miles south of the Lake Worth Inlet and the Atlantic Ocean. The underlying land is leased on a long-term basis from the City of West Palm Beach. The property is comprised of a marina and small office building. The leased area for the entire project totals 28.15 acres, CC2, City Center Lake Front zoned site of which represents 27.957 acres of submerged area and 0.193 acres of upland area.

The land lease rate is 8% of all revenues including fuel sales. This is very long lease that was for 141 years. The property is considered similar to Miami Beach Marina, but the docks are a newer floating design and the average slip length is greater.

(5) Haulover Marina Center

The property is known as Haulover Marine Center and is located within the publicly owned Haulover Park. The park is located between the affluent coastal cities of Sunny Isles Beach to the north and Bal Harbour to the south in an unincorporated area of Miami-Dade County. The park itself comprises 232 acres and provides public parking for beach goers to access the beach directly east across A1A. In addition to parking, the park has large open field areas for outdoor sports such as kite flying, executive golf, and tennis. The surrounding area caters to the recreational boating and fishing community and is predominated by marine related facilities. The property is made-up of two separate, non-contiguous parcels. The north parcel is a 3.331-acre site which was recently improved with a new dry storage facility which opened for business on September 14, 2016. The development is a Class "A" 480-rack, 165 mile per hour hurricane resistant boat storage building comprising of 112,738 square feet of gross building area. Maximum storage length is 50 feet in the rack and 60 feet on the floor. The site is currently leased by Westrec from Miami-Dade County along with the site to the north that has the new dry storage facility for a twenty-five-year term.

Terms of the lease are unique in that the percentage rent is high compared to the other comparables at 18%. However, there are no real estate taxes paid by the tenant and there is a \$1,000,000 cap on the rent, which is close to being met by the lessee at this time.

(6) Bahia Mar

This is a world class facility located near the Fort Lauderdale Beach on the Intercoastal Waterway. The property has a lease that is in its 55th year meaning that it is considered to have been negotiated in the mid-sixties at 4.5% of gross revenue and is not reflective of current lease terms made for marinas in the south Florida Market. Comparability is limited due to these conditions.

(7) Non-Disclosed

This marina is partially owned by a local investor who leases the upland area to a marina operator for 10% of the dock revenues. In addition, the lessee is responsible for 3.6% of marina revenues to the State of Florida. The effective rate to the lessee is 13.6% of revenues are paid to lessors of both the upland and submerged land.

This comparable represents what a private investor has negotiated as compared to a government entity which represent the remaining seven comparables and subject property.

(8) Las Olas Marina (Proposed)

The lease for this proposed facility located in Fort Lauderdale is based upon the lessee developing the project at their cost. Terms are 12% of all revenues with a base of \$1,200,000. This lease is considered to represent the most recent negotiation for a marina land lease in the south Florida marina market.

COMPARABLE MARINA LAND LEASE RATES

1	5.0%
2	12.5%
3	8%
4	8%
5	18%
6	4.5%
7	13.6%
8	12%
Average	10.2%

Conclusion

From the data presented we have concluded that the older leases for marina from government agencies were written at much lower percentage rates to the 4% to 5% range. Most recently there have been two leases that have just been negotiated with rates above 10%. However, as noted, the Haulover facility at 18% has no real estate taxes associated with the rent and there is a cap of \$1,000,000 annual rent.

The most recent lease is at 12%, with the lessee making a significant capital investment which will take a significant amount of time to complete. The average rate of 10.2% supports the current term sheet rate of 10% which is identical to the current lease rate in-place. In addition, the proposed \$35,000,000 of capital expenditure by Suntex for the redevelopment of the marina with modern dockage that will accommodate larger vessels has also been considered.

Based upon this information, it is Walter Duke + Partners conclusion that the current and proposed percentage rates for the Areas 1, 2, and 4 at 10% of revenues for the marina and Core Building as well as the proposed redeveloped area is considered to be at market levels as of May 7, 2020.

CONDOMINIUM AIR RIGHTS VALUATION

Estimate of Air Rights Value

The valuation of similar properties is generally accomplished by searching for sales of properties with a similar highest and best use as the subject, examining the motivations behind the purchase, reducing the sale prices into value indicators, comparing each sale with the appraised property and reconciling the comparisons into a final value estimate. In the previous Highest and Best Use section of this report, the appraisers have determined that the property's Highest and Best Use As If Vacant is for the development of high-rise ultra-luxury condo project.

Ownership of vacant Air Rights, such as that which comprises the subject, is common in Miami but typically occurs when transferring development rights. The sale of fee simple air rights for the purposes of developing the air rights on site is less frequent. The subject property has a common highest and best use for similar development with other multifamily development sites in this market. For this reason, these sales with a similar highest and best use were used to estimate the fee simple value of the subject site.






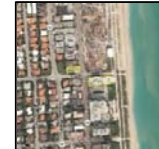
According to brokers, developers and market participants, the proper value indicator of land with a similar highest and best use in this region is the sale price per dwelling unit along with the sale price per building area. This unit of comparison allows potential developers (buyers) of these properties to analyze the total cost of development per planned dwelling unit, based on the density of potential development. In this analysis, projects with wide variances in potential density will exhibit a wide range of site prices per square foot, which is skewed by the potential development density. Conversely, if the total cost per unit threshold (including land) exceeds the rents that may be obtained in the market, then a prospective buyer/developer will not be motivated to purchase a given property for its development potential.

For purposes of this analysis, Walter Duke + Partners examined numerous sales of multifamily development sites in urban and suburban infill locations throughout the South Florida region. These included sites that encompass the range of development densities similar to the subject and were purchased for similar uses that are presented as follows:

Brickell / Miami CBD Site Sales	Sale Date	Lot SF	No. Units	Price	Price/SF Site	Price/Unit	Units/Acre	Waterfront
400 Biscayne Blvd.	1/18/2018	50,244	941	\$55,000,000	\$1,094.66	\$58,448	815.8	No
15 SE 10th Street	9/28/2017	5,956	N/A	\$16,180,200	\$2,716.62	N/A	N/A	No
1399 SW 1st Avenue	8/11/2017	44,575	N/A	\$31,750,000	\$712.28	N/A	N/A	No
90 SW 8th Street	7/19/2017	21,210	N/A	\$29,450,000	\$1,388.50	N/A	N/A	No
700 N Miami Avenue	3/3/2017	204,732	1,700	\$45,000,000	\$219.80	\$26,471	361.7	No
1428 Brickell Avenue	1/19/2017	49,983	N/A	\$50,000,000	\$1,000.34	N/A	N/A	No
115 SW 8th Street	1/19/2017	28,866	132	\$18,400,000	\$637.43	\$139,394	199.2	No
1021 SW 1st Avenue	2/23/2015	22,770	445	\$26,000,000	\$1,141.85	\$58,426.97	851.3	No
1420 S. Miami Avenue	12/26/2014	121,259	1,390	\$74,740,000	\$616.37	\$53,770	499.3	No
300 Biscayne Blvd.	11/8/2014	103,791	1,557	\$80,000,000	\$770.78	\$51,381	653.5	No
255 SW 11th Street	11/5/2014	81,146	372	\$20,225,000	\$249.24	\$54,368	199.7	No
300 Biscayne Boulevard Way	7/14/2014	54,450	1,250	\$125,000,000	\$2,295.68	\$100,000	1000.0	Yes
86 SW 8th Street	3/15/2014	28,000	438	\$16,750,000	\$598.21	\$38,242	681.4	No
1451 Brickell Avenue	7/12/2013	26,180	180	\$25,000,000	\$954.93	\$138,889	299.5	No
850 S. Miami Avenue	6/3/2013	60,000	690	\$32,000,000	\$533.33	\$46,377	500.9	No
1300 S. Miami Avenue	10/24/2012	55,919	583	\$18,500,000	\$330.84	\$31,732	454.1	No
1080 Brickell Avenue	5/22/2012	42,290	328	\$17,370,000	\$410.74	\$52,957	337.9	No
Edgewater Site Sales	Sale Date	Lot SF	No. Units	Price	Price/SF Site	Price/Unit	Units/Acre	Waterfront
SEC 29th Terr & 4th Ave	5/20/2019	50,965	174	\$13,650,000	\$267.83	\$78,448	148.7	No
412/436 NE 22nd Street	2/4/2019	88,295	296	\$29,600,000	\$335.24	\$100,000	146.0	Yes
459 NE 24th Street	5/6/2017	86,684	297	\$21,700,000	\$250.33	\$73,064	149.2	Yes
2701 Biscayne Blvd	5/5/2016	89,873	330	\$30,000,000	\$333.80	\$90,909	159.9	Yes
475 NE 32nd Street	4/26/2013	88,917	299	\$22,500,000	\$253.04	\$75,251	146.5	Yes
601 NE 30th Terrace	4/4/2013	197,257	678	\$29,000,000	\$147.02	\$42,773	149.7	Yes
Miami Waterfront Site Sales	Sale Date	Lot SF	No. Units	Price	Price/SF Site	Price/Unit	Units/Acre	Waterfront
8995 Collins Avenue	12/1/2015	26,500	58	\$55,000,000	\$2,075.47	\$948,276	95.3	Yes
6747 Collins Avenue	10/15/2015	41,624	13	\$38,500,000	\$924.95	\$2,961,538	13.6	Yes
8955 Collins Avenue	8/4/2015	31,533	50	\$40,000,000	\$1,268.51	\$800,000	69.1	Yes
18801 Collins Avenue	11/6/2014	200,376	490	\$124,250,000	\$620.08	\$253,571	106.5	Yes
6901 Collins Avenue	4/9/2014	40,651	27	\$26,000,000	\$639.59	\$962,963	28.9	Yes
18975 Collins Avenue	4/7/2014	139,392	300	\$82,000,000	\$588.27	\$273,333	93.8	Yes
6747 Collins Avenue	1/31/2014	41,624	13	\$21,000,000	\$504.52	\$1,615,385	13.6	Yes
6800 Indian Creek Drive	1/13/2014	46,275	80	\$11,250,000	\$243.11	\$140,625	75.3	Yes
17141 Collins Avenue	9/4/2013	32,000	68	\$30,000,000	\$937.50	\$441,176	92.6	Yes
6610 Indian Creek Drive	8/21/2012	79,050	115	\$9,154,000	\$115.80	\$79,600	63.4	Yes
3425 Collins Avenue	8/9/2013	55,200	63	\$100,000,000	\$1,811.59	\$1,587,302	49.7	Yes
10201 Collins Avenue	6/11/2012	240,887	239	\$220,000,000	\$913.29	\$920,502	43.2	Yes
16901 Collins Avenue	4/16/2012	108,317	192	\$65,000,000	\$600.09	\$338,542	77.2	Yes
17141 Collins Avenue	3/12/2012	32,000	64	\$20,000,000	\$625.00	\$312,500	87.1	Yes
19505 Collins Avenue	3/22/2011	49,830	39	\$24,000,000	\$481.64	\$615,385	34.1	Yes
Ft. Lauderdale Site Sales	Sale Date	Lot SF	No. Units	Price	Price/SF Site	Price/Unit	Units/Acre	Waterfront
200 S Federal Highway	1/16/2018	137,650	456	\$33,000,000	\$239.74	\$72,368	144.3	No
200 E Las Olas	12/14/2017	61,298	380	\$17,000,000	\$277.33	\$44,737	270.0	River
725 N Ft Lauderdale Beach Blvd	9/27/2017	70,575	N/A	\$23,600,000	\$334.40	N/A	N/A	Yes
1350 S Ocean Boulevard	8/10/2017	155,509	211	\$15,825,000	\$101.76	\$75,000	59.1	Yes
2150 SE 17th Street	7/11/2017	456,711	N/A	\$48,000,000	\$105.10	N/A	N/A	Yes
790 E Broward Boulevard	5/3/2017	83,200	329	\$19,500,000	\$234.38	\$59,271	172.3	No
435 Bayshore Drive	8/11/2015	33,984	31	\$13,470,000	\$396.36	\$434,516	39.7	Yes
315 N. Birch Road	5/5/2015	27,443	22	\$10,000,000	\$364.39	\$454,545	34.9	Yes
2000 S. Ocean Blvd.	10/24/2014	56,705	64	\$38,000,000	\$670.13	\$593,750	49.2	Yes
730 N. Ocean Boulevard	5/16/2014	91,067	79	\$10,500,000	\$115.30	\$132,911	37.8	Yes
700 Briny Avenue	3/17/2014	30,170	13	\$3,690,000	\$122.31	\$283,846	18.8	Yes
700 N. A-1-A	4/5/2013	85,860	95	\$20,000,000	\$232.94	\$210,526	48.2	Yes
Palm Beach Site Sales	Sale Date	Lot SF	No. Units	Price	Price/SF Site	Price/Unit	Units/Acre	Waterfront
456 S Ocean Boulevard	4/8/2018	36,312	4	\$26,300,000	\$724.29	\$6,575,000	4.8	Yes
419 Lakeview Avenue	11/20/2015	139,961	475	\$24,000,000	\$171.48	\$50,526	147.8	No
2121 Flagler Drive	5/19/2015	314,503	N/A	\$31,000,000	\$98.57	N/A	N/A	Yes
1101 Flagler Drive	7/31/2014	139,883	69	\$21,000,000	\$150.13	\$304,348	21.5	Yes
550 Quadrille Boulevard	3/11/2014	148,975	N/A	\$15,000,000	\$100.69	N/A	N/A	No
5750 Flagler Drive	11/8/2013	236,631	153	\$7,650,000	\$32.33	\$50,000	28.2	Yes
MINIMUM	--	5,956	4	\$3,690,000	\$32.33	\$26,471	4.8	--
MAXIMUM	--	456,711	1,700	\$220,000,000	\$2,716.62	\$6,575,000	1,000.0	--
AVERAGE	--	90,626	339	\$36,991,146	\$608.57	\$477,145	203.6	--
MEDIAN	--	58,353	202	\$25,500,000	\$446.19	\$116,456	100.9	--
SUBJECT		104,980	60					

Of the verified “arm’s length” transactions examined, five (5) properties were considered similar to the subject site with regard to their intended use as residential development sites in this market. These sales reflect unadjusted value indicators ranging from \$320,455 to \$1,617,647 per planned unit. A Comparable Vacant Land Sales Summary Table is presented below, with a location map on the subsequent page. Profiles of the comparables are presented in the addenda to this report.

Comparable Vacant Land Sales Summary Table

	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4	SALE 5
						
Prop. ID No.		2812	3005	3004	2944	2566
LOCATION:	300 Alton Road Miami	304 Ocean Drive Miami Beach	18320 Collins Avenue Sunny Isles	550 9th Street Miami Beach	1135 103rd Street Bay Harbor	8995 Collins Avenue Surfside
AREA:						
SALE DATA:						
Cash Equiv. Sale Price	---	\$10,000,000	\$31,700,000	\$17,625,000	\$20,500,000	\$55,000,000
Sale Date	---	Dec-18	Oct-18	Jan-18	Nov-17	Jun-16
Financing	---	Cash Sale	Cash Sale	Cash Sale	Cash Sale	Cash Sale
Sale Price/SF	---	\$869.57	\$855.51	\$844.39	\$389.25	\$2,075.47
Sale Price/Acre	---	\$37,878,261	\$37,265,936	\$36,781,728	\$16,955,531	\$90,407,547
Sale Price/Unit	---	\$1,000,000	\$466,176	\$320,455	\$706,897	\$1,617,647
Sale Price/Bldg Area	---	\$490	\$248	\$641	\$169	N/A
Planned Use	Future Condos	Future Condos	Future Development	Future Hotel	Future Condos	Future Condos
PHYSICAL DATA:						
Net Size - Acres	2.41	0.26	0.85	0.48	1.21	0.61
Net Size - SF	104,980	11,500	37,054	20,873	52,666	26,500
No. Potential Units	60	10	68	55 *	29	34
Saleable Bld Area	220,000	20,400	127,836	27,500	121,000	N/A
Grade	Road Grade	Road Grade	Road Grade	Road Grade	Road Grade	Road Grade
Site Conditions	Vacant	Vacant	Vacant	Vacant	Vacant	Improved
Frontage/View	Biscayne Bay	Landlocked	Intracoastal	Landlocked	Intracoastal	Oceanfront
Frontage Feet'	336' - 373'	N/A	350'	N/A	350'	70'
Zoning	Buyer	RPS-3	B-1	CD-2	RM-3	HR-120
Platted/Approvals	Yes/Yes	Yes/No	Yes/No	Yes/Yes	Yes/No	Yes/No
ERCs	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
Impact Fees	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
Utilities	All to Site	All to Site	All to Site	All to Site	All to Site	All to Site
Density (Units/Acre)	24.9	37.9	79.9	114.8	24.0	55.9

*Adjusted. 1 hotel unit=1/2 condo unit

The most appropriate method to value the subject property is direct comparison with like property sales. However, a comparative analysis is necessary to extract differences, if any, in the features and attributes that differentiate the sales from the subject. In the following pages, comparable sales are summarized and a discussion of the various factors that may affect value is set forth.

Comparable Land Sales Location Map



Property Rights Conveyed

The utility of the subject air rights are in essence similar to the Fee Simple and should not impact the proposed pricing of the subject condo units. Nevertheless, the subject air rights do not represent the full bundle of rights equivalent to the Fee Simple Estate. Each of the Comparable Sales represent transfers of the Fee Simple Estate and as such each sale is adjusted downwards to account for superior Property Rights.

Financing (Cash Equivalency)

No adjustments necessary.

Conditions of Sale (Motivation)

No adjustments necessary.

Market Conditions (Time)

No adjustments necessary. Walter Duke + Partners acknowledges the current onset of the COVID-19 virus. However, the sale of the subject's air rights would not occur during a downturn in the global economy and thus no adjustment is warranted for market conditions.

Location

The subject property is located within the City of Miami beach with direct frontage on Biscayne Bay. The location in the South of Fifth neighborhood is excellent. Regarding achievable pricing for future condo units, Comparable Sale 1 and 5 are like the subject. The remaining sales are in neighborhoods or locations that cannot achieve peak pricing and thus are deemed inferior to the subject and adjusted upwards.

Zoning, Platting and Development Approvals

All the comparable properties and the subject are zoned for similar uses, with a highest and best use for development of a condo project. No adjustments for zoning were necessary.

As of the appraisal date, the subject property does not possess approvals for development, but sale of the subject is contingent upon approval. Therefore, Sales 1, 2, 3 and 5 are adjusted upwards to account for the time, cost and risk in securing development approvals.

Site Conditions

As of the appraisal date, the subject site is improved with older improvements that will be razed for future development. Sale 3 was improved at sale, but the building shell will

remain and thus the sale is deemed like the subject. Only Sale 5 was improved at sale and deemed inferior to the subject with regards to site conditions.

Site Frontage and Configuration

The subject site is generally rectangular shaped with $\pm 373'$ of frontage along the Biscayne Bay. Comparable Sales 2, 4 and 5 are also generally rectangular shaped with water frontages ranging from $\pm 70'$ to $\pm 350'$. Sales 2 and 4 possess frontage on Biscayne Bay similar to the subject and require minimal upward adjustment. Sale 4 is further adjusted for the irregular shape of the site.

Sale 5 possesses less frontage on Biscayne Bay but possesses direct Atlantic Ocean frontage which offsets the subject's larger water frontage. Sale 5 is also bisected by Collins Avenue. The developer plans to construct the residential/hotel component on the oceanfront site and construct a parking deck with recreational amenity on the non-oceanfront site. While it could be argued that a bisected site could have less utility than a non-bisected site, in this instance it did not result in any lack of utility and is therefore not adjusted.

The remaining sales are landlocked with no water frontage. Both sales require upward adjustments for lack of frontage though Sale 1 will have some view amenity and is adjusted upward less than Sale 3.

Size & Density

The subject site over which the air rights will exist comprises ± 2.41 acres, which is above the range of site sizes exhibited among the Comparable Sales (from 0.26 to 1.21 acres). Normally, an inverse relationship exists between the price per unit of a property and its size. However, in the case of valuable waterfront sites such as the subject and the Comparable Sales the inverse relationship can be negated due to building height restrictions. No adjustments for size or density were deemed necessary.

Reconciliation of Land Value

Comparable site sales from the subject's South Florida market were analyzed. Differences between the comparable sales, including location, market conditions and site conditions permitted the extraction of percentage or dollar-amount adjustments that could be applied in order to derive an indication of Market Value for the subject.

Comparable Land Sale Adjustment Grid

Land Sale No.	1	2	3	4	5
Location:	304 Ocean Drive	18320 Collins Avenue	550 9th Street	1135 103rd Street	8995 Collins Avenue
Area:	Miami Beach	Sunny Isles	Miami Beach	Bay Harbor	Surfside
Sale Data:					
Date of Sale	Dec-18	Oct-18	Jan-18	Nov-17	Jun-16
Cash Equiv. Sale Price	\$10,000,000	\$31,700,000	\$17,625,000	\$20,500,000	\$55,000,000
Sale Price/SF	\$869.57	\$855.51	\$844.39	\$389.25	\$2,075.47
Sale Price/Acre	\$37,878,261	\$37,265,936	\$36,781,728	\$16,955,531	\$90,407,547
Sale Price/Planned Unit	\$1,000,000	\$466,176	\$320,455	\$706,897	\$1,617,647
ADJUSTMENTS:					
Property Rights	-5%	-5%	-5%	-5%	-5%
Adj. Price/Sq.Ft. of Site	\$826.09	\$812.73	\$802.17	\$369.78	\$1,971.70
Adj. Price/Planned Unit	\$950,000	\$442,868	\$304,432	\$671,552	\$1,536,765
Location	0%	10%	25%	20%	0%
Water Frontage	10%	5%	25%	5%	0%
Configuration	0%	0%	0%	10%	0%
Site Condition	0%	0%	0%	0%	1%
Size	0%	0%	0%	0%	0%
Development Approvals	15%	15%	0%	15%	15%
Additional Adjustment	25%	30%	50%	50%	16%
Adjusted Price/SF	\$1,032.61	\$1,056.55	\$1,203.26	\$554.67	\$2,287.17
Adjusted Price/ Unit	\$1,187,500	\$575,728	\$456,648	\$1,007,328	\$1,782,647

Reconciliation of Market Value "As Is" – Fee Simple Interest

- For purposes of this valuation analysis, comparison is made on a price per unit, and per square foot of site area.
- After applying these adjustments, the comparable sales provide a range of value indications from \$456,648 to \$1,782,647 per unit. The median indication was \$1,007,328 per unit, with a mean of \$1,001,970 per unit.
- The comparable sales provide a range of value indications per square foot of site area from \$555 to \$2,287 per square foot, with a median of \$1,057 per square foot and a mean of \$1,227 per square foot.
- The subject's potential development of 60 units, at its highest and best use, provides a net development density of 37.9 units per net acre (based on 2.41-acres). The five primary sales are arrayed by density to determine if a pattern exists. In general, the ratio of adjusted price per unit to the adjusted price per square foot of site area decreases proportionally as the planned density (units per acre) increases. This trend is evident from the following table:

Adjusted Price Per Sq.Ft. of Site vs. Density (Units/Acre)

Sale No.	Density Units/Acre	Adjusted Price/SF	Adjusted Price/Unit	Price/Unit Over Price/SF
3	114.8	\$1,203	\$456,648	380
2	79.9	\$1,057	\$575,728	545
5	55.9	\$2,287	\$1,782,647	779
1	37.9	\$1,033	\$1,187,500	1,150
SUBJ.	24.9	---		
4	24.0	\$555	\$1,007,328	1,816

Overall, a pattern is reflected whereby value indications are impacted by density. The planned density of the subject of 24.9 units per acre is nearest to that of Sale 4 and between Sales 1 and 4.

Value Per Unit – Sale 4 at a density of 24 reflects an adjusted value per unit of \$1,007,328. Sales 1 and 4 bracket the subject density and produce per unit indicators of \$1,007,328 and \$1,187,500 respectively. Therefore, primary emphasis is given to Sales 1 and 4. Given this information, a value indication of \$1,175,000 per unit is considered reasonable and supportable and a value of \$70,500,000 is calculated as follows on a per unit basis:

Calculation of Value Using Value per Unit

Value/Unit	x	Potential Units	=	Total
\$1,175,000	x	60	=	\$70,500,000

Value Per Square Foot of Site Area – Sale 4 at a density of 24 reflects an adjusted value per square foot of \$555. Sales 1 and 4 bracket the subject density and produce per square foot indicators of \$555 and \$1,033 respectively. The subject site is largest in the competitive set and is closest in size to Sale 4. Sale 1 is the smallest site in the competitive set. Nevertheless, Walter Duke + Partners believes some emphasis must be given to Sales 1 and 3 which are located on Miami Beach and indicative of the value per SF of site area for the subject property. Thus, emphasis is also given to the adjusted value indicator per square foot of site area of Sale 4.

Given this information, a value indication of \$650 per square foot of site area is considered reasonable and supportable and a value of \$68,200,000 is calculated as follows on a per square foot basis:

Calculation of Value Using Value per Square Foot of Site

Value/Sq.Ft.	x	Net Sq.Ft. of Site	=	Total
\$650.00	x	104,980	=	\$68,236,740
ROUNDED				\$68,200,000

Value Per Square Foot of Saleable Area – The subject is proposed for 220,000 SF of saleable building area. The Comparable Sales report unadjusted sale prices of \$169 to \$641 per SF of saleable building area with a median of \$369 per SF and an average of \$387 per SF.

The estimate of Market Value for the subject from the value per unit (\$70.5 million) and value per SF (\$68.2 million) results in value indicators of \$328 to \$321 per square foot of saleable building area. Both figures fall well within the range of the Comparable Sales and seem reasonable based on the proposed building area of the subject and number of proposed units. Therefore, a value indication of \$325 per square foot of saleable building area is considered reasonable and supportable and a value of \$69,875,000 is calculated as follows on a per square foot basis:

Calculation of Value Using Value per Square Foot of Saleable Bldg. Area

Value/Sq.Ft.	x	Net Sq.Ft.	=	Total
\$325	x	215,000	=	\$69,875,000

Reconciliation - The three methodologies produced the following value indications.

Reconciliation	
Sale Price Per Unit	\$70,500,000
Sale Price Per SF Site Area	\$68,200,000
Sale Price Per Bldg Area	\$69,875,000

The three methodologies formed a relatively tight range. Primary emphasis is given to value per SF of building area and the value per unit. Based on this range of value indications, the estimated Fee Simple Market Value "As Is" Air Rights as of the appraisal date estimated to be **\$70,000,000**.

Typically, site values range from 10% to 15% of an estimated condo sellout up to 20% in markets with increasing values and pricing. In the subject market pricing can average or exceed \$2,000 per SF of saleable building area. The subject developer estimated average pricing of \$2,050 per SF of saleable building area or \$451,000,000.

The estimated market value of the subject air rights reflected above equates to 15.5% of the estimated sellout, which falls within the accepted range and towards the middle the of the range. As discussed previously in the appraisal, condominium developers are starting to plan for the next condominium cycle with marketing efforts expected to commence next year for new projects. If the next condo cycle was well underway with increasing pricing and demand, a higher % of sellout might seem more reasonable. On the other hand, if the potential for the next condo market was not likely for an extended period of time and demand was limited, a lower % of sellout would seem more reasonable. Thus, the estimated value at 15.5% of total sellout seems reasonable based on current and near-term market conditions (12 months) and provides additional support for our final value conclusion. The estimated market value recognizes that the market for condos in Miami appears to be entering a potentially new development cycle as of appraisal date despite the COVID-19 virus.

Comparison of Existing and Proposed Land Lease

At the request of the client a comparative analysis is undertaken that reflects the net present value to the City of Miami Beach under both the existing and proposed leases. According to the following calculations the net present value to the city under the proposed lease structure, based on our estimates of rent and underlying city owned land value is \$158,000,000. This figure exceeds the present value to the city under the existing lease structure by \$95,000,000 and is as such is considered a positive financial event for the City of Miami Beach.

Remaining 32-Year Lease Schedule May 2020				
PV of Fixed Rent Payments				
INPUTS				
Annual Ground Rent		\$1,742,512		
Growth Rate		Varies		
Discount Rate		4.00%		
Year	Rent	Times	PV Factor @ 4.00%	= PV
2020	\$1,742,512	x	0.96153846	\$1,675,492
2021	\$1,787,710	x	0.92455621	\$1,652,838
2022	\$1,834,115	x	0.88899636	\$1,630,522
2023	\$1,881,760	x	0.85480419	\$1,608,536
2024	\$1,930,678	x	0.82192711	\$1,586,877
2025	\$1,980,907	x	0.79031453	\$1,565,540
2026	\$2,032,479	x	0.75991781	\$1,544,517
2027	\$2,085,432	x	0.73069021	\$1,523,805
2028	\$2,139,805	x	0.70258674	\$1,503,399
2029	\$2,195,635	x	0.67556417	\$1,483,292
2039	\$2,843,459	x	0.45638695	\$1,297,718
2049	\$3,688,877	x	0.30831867	\$1,137,350
2050	\$3,786,519	x	0.29646026	\$1,122,552
2051	\$3,886,812	x	0.28505794	\$1,107,967
TOTAL		\$85,560,452		\$43,871,073
PV of Reversion				
ASSUMPTIONS				
Current Value		\$70,000,000		
Growth Rate		3.00%		
Discount Rate for Reversion		4.00%		
Current Value		Times	Growth Rate Factor @ 3%	= FV (rounded)
\$70,000,000		x	2.575082756	\$180,260,000
Estimated Future Value		Times	Discount Rate Factor @ 4%	= PV (rounded)
\$180,260,000		x	0.28505794	\$51,380,000
PV of Leased Fee Interest				
PV of Fixed Rent Payments				\$43,871,073
PV of Reversion				\$51,380,000
Equals: Probable Value of Leased Fee Interest				\$95,251,073
ROUNDED				\$95,000,000

Estimated 99-Year Lease Schedule May 2020				
PV of Fixed Rent Payments				
INPUTS				
Annual Ground Rent	\$1,787,066			
Growth Rate	Varies			
Discount Rate	4.00%			
Year	Rent	Times	PV Factor @ 4.00%	= PV
2020	\$1,787,066	x	0.96153846	\$1,718,333
2021	\$1,832,994	x	0.92455621	\$1,694,706
2022	\$1,880,154	x	0.88899636	\$1,671,450
2023	\$1,928,579	x	0.85480419	\$1,648,557
2024	\$1,978,304	x	0.82192711	\$1,626,022
2025	\$2,029,366	x	0.79031453	\$1,603,837
2026	\$2,081,799	x	0.75991781	\$1,581,996
2027	\$2,135,643	x	0.73069021	\$1,560,493
2028	\$2,190,936	x	0.70258674	\$1,539,323
2029	\$2,247,718	x	0.67556417	\$1,518,478
2039	\$2,907,056	x	0.45638695	\$1,326,742
2049	\$3,768,625	x	0.30831867	\$1,161,937
2059	\$4,896,326	x	0.20828904	\$1,019,851
2069	\$6,374,952	x	0.14071262	\$897,036
2079	\$8,317,238	x	0.09506040	\$790,640
2089	\$10,873,443	x	0.06421940	\$698,286
2099	\$14,244,274	x	0.04338433	\$617,978
2109	\$18,698,469	x	0.02930890	\$548,031
2118	\$23,929,223	x	0.02059204	\$492,752
TOTAL	\$836,593,158			\$95,669,363
PV of Reversion				
ASSUMPTIONS				
Current Value	\$70,000,000			
Growth Rate	3.00%			
Discount Rate for Reversion	4.00%			
Current Value		Times	Growth Rate Factor @ 3%	= FV (rounded)
\$70,000,000		x	18.658866	\$1,306,120,000
Estimated Future Value		Times	Discount Rate Factor @ 4%	= PV (rounded)
\$1,306,120,000		x	0.020592042	\$26,900,000
PV of Leased Fee Interest				
PV of Fixed Rent Payments				\$95,669,363
PV of Reversion				\$26,900,000
Proposed Suntex Capital Improvements				\$35,000,000
Equals: Probable Value of Leased Fee Interest				\$157,569,363
ROUNDED				\$158,000,000

ADDENDA

ASSUMPTIONS, CONTINGENT AND LIMITING CONDITIONS

Basic Assumptions, Contingent and Limiting Conditions

1. This appraisal report is made expressly subject to the following assumptions and limiting conditions and any special limiting conditions contained in the report which are incorporated herein by reference.
2. This appraisal represents the best opinion of the appraiser(s) as to Market Value of the property as of the appraisal date. The term "Market Value" is defined in the appraisal report.
3. The legal description furnished is assumed to be correct. The appraiser(s) assumes no responsibility for matters legal in character, nor does he/she render any opinion as to the title, which is assumed to be good. All existing liens and encumbrances, if any, have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management.
4. Any sketch in this report is included to assist the reader in visualizing the property. The appraiser(s) has made no survey of the property and assumes no responsibility in connection with such matters.
5. The appraiser(s) believes to be reliable the information, which was furnished by others, but he/she assumes no responsibility for its accuracy.
6. Possession of this report, or a copy thereof, does not carry with it the right of publication, nor may it be used for any purpose by any but the client, without the previous written consent of the appraiser(s) or the client, and then, only with proper qualification.
7. The appraiser(s) is not required to give testimony in deposition or in court, or give testimony at a governmental hearing by reason of this appraisal with reference to the property in question, unless arrangements have been previously made with the approval of the appraiser(s). Said arrangements must be prior to 30 days of the anticipated date. Further, the appraiser(s) reserves the right to consider and evaluate additional data that becomes available between the date of this report and the date of trial, if applicable, and to make any adjustments to the value opinions that may be required.
8. No testimony will be rendered unless the entire appraisal fee has been paid. Further, all testimony will be subject to expert witness fees previously approved by the appraiser(s).
9. The distribution of the total value of this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.
10. The land, and particularly the soil, of the area under appraisement appear firm and solid. Subsidence in the area is unknown or uncommon, but this appraiser(s) does not warrant against this condition or occurrence. Subsurface rights (mineral and oils) were not considered in making this appraisal.
11. The appraiser(s) carefully inspected the buildings involved in this appraisal report and damage, if any, by termites, dry rot, wet rot, or other infestations, was reported as a matter of information by the appraiser(s), but he/she does not guarantee the amount or degree of damage, if any.

12. All furnishings and equipment, except those specifically indicated and typically considered as a part of real estate, have been disregarded by the appraiser(s). Only the real estate has been considered.
13. The comparable sales data relied upon in this appraisal is believed to be from reliable sources; however, it was not possible to inspect the interiors of all of the comparable, and it was necessary to rely on information furnished by others as to physical and economic data.
14. The appraiser(s) has inspected, as far as possible, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural components within the improvements; therefore, no representations are made herein as to these matters and, unless specifically considered in the report, the value estimate is subject to any such conditions that could cause loss in value. Conditions of heating, cooling, ventilating, electrical, and plumbing equipment is considered to be commensurate with the conditions of the balance of the improvements, unless otherwise stated.
15. Disclosure of the contents of this appraisal report is governed by the Bylaws and Regulations of the Appraisal Institute.
16. Unless otherwise stated in the report, the existence of hazardous substances including, without limitation, asbestos, radon gas, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to the attention of the appraiser(s), nor did the appraiser(s) become aware of such during the appraiser's inspection. The appraiser(s) has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser(s), however, is not qualified to test such substances or conditions. If the presence of such substances, such as asbestos, urea formaldehyde foam insulation, or other hazardous substances or environmental conditions, may affect the value of the property, the value estimated is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them.
17. The appraisal is as of the date specified and covers the legally described property only. The current purchasing power of the U.S. Dollar is the basis for the value reported. The appraiser(s) assumes no responsibility for economic or physical factors occurring at some later date, which may affect the opinions herein stated.
18. This appraisal is presented as a complete, bound report, and may be considered valid only so long as it is presented in its entirety. Further, all pages listed in the Table of Contents must be present and the appraiser's signature accompanied by the raised seal.
19. Neither all, nor any part of the content of the report, or copy thereof, [including conclusions as to the property value, the identity of the appraiser(s), or the firm with which the appraiser(s) is connected], shall be used for any purposes by anyone but the client specified in the report, the mortgagee or its successors and assigns, mortgage insurer, consultants, professional appraisal organizations, any state or federally approved financial institution, any department, agency or instrumentality of the United States or any State, or the District of Columbia, without the previous written consent of the appraiser(s); nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales or other media, without the written consent and approval of the appraiser(s).

20. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. The appraiser(s) 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 ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since the appraiser(s) has no direct evidence relating to this issue, the appraiser(s) did not consider possible non-compliance with the requirements of ADA in estimating the value of the property. The appraiser(s) recommends that the entities affected by the Act conduct an "ADA Audit" of the facilities. The ADA Audit should be performed by competent legal professionals who are familiar with the detail and specificity of the Act, in conjunction with architects and engineers versed in its technical requirements. The cost to cure any non-compliant item(s) may serve to reduce the value estimate contained in this report and the appraiser(s) assumes no responsibility for any such condition, nor for any expertise or engineering knowledge required to discover them.
21. Any projected cash flows included in the analysis are forecasts of estimated future operating characteristics and are predicated on the information and assumptions contained within this report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future. Rather, they are estimates of market expectations of future income and expenses. The achievement of any financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may vary from the projections considered herein. There is no warranty or assurances that these forecasts will occur. Projections may be affected by circumstances beyond anyone's knowledge or control. Any income and expense estimates contained in this report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
22. The analyses contained in this report may necessarily incorporate numerous estimates and assumptions regarding Property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by the analysis will vary from estimates, and the variations may be material.
23. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraphs, several events may occur that could substantially alter the outcome of the estimates such as, but not limited to changes in the economy, interest rates, capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. In making prospective estimates and forecasts, it is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.
24. Acceptance of delivery or the payment for this report constitutes acceptance of this condition and all other contingent conditions set forth herein.

DEFINITIONS

APPRAISAL DEFINITIONS

Absolute net (bond) lease. A lease in which the tenant is responsible for payment of all expenses including but not limited to real estate taxes, insurance, maintenance, utilities, janitorial and structural repairs. The intent of this lease type is that the landlord absorbs no expenses relating to the operation or repair of the leased space.

Aggregate of retail values (ARV). The sum of the appraised values of the individual units in a subdivision, as if all of the units were completed and available for retail sale, as of the date of the appraisal. The sum of the retail sales includes an allowance for lot premiums, if applicable, but excludes all allowances for carrying costs.

Appraisal. (Noun) The act or process of developing an opinion of value. (Adjective) Of or pertaining to appraising and related functions such as appraisal practice or appraisal services.

Client. The party or parties who engages an appraiser (by employment or contract) in a specific assignment.

Discounted cash flow (DCF) analysis. The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams as well as the quantity and timing of the reversion and discounts each to its present value at a specified yield rate. DCF analysis can be applied with any yield capitalization technique and may be performed on either a lease-by-lease or aggregate basis.

Effective rent. The rental rate net of financial concessions such as periods of no rent during the lease term; may be calculated on a discounted basis, reflecting the time value of money, or on a simple, straight-line basis.

Extraordinary assumption. 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. An extraordinary assumption may be used in an assignment only if:

- It is required to properly develop credible opinions and conclusions;
- The appraiser has a reasonable basis for the extraordinary assumption;
- Use of the extraordinary assumption results in a credible analysis; and
- The appraiser complies with the disclosure requirements set forth in USPAP for extraordinary assumptions.

Fee simple estate. Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

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

Full service lease. A lease in which the landlord is responsible for payment of all expenses pertaining to real estate taxes, insurance, maintenance, all utilities and janitorial.

Going-concern value.

1. The market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; also called value of the going concern.
2. Tangible and intangible elements of value in a business enterprise resulting from factors such as having a trained work force, an operational plant, and the necessary licenses, systems, and procedures in place.
3. The value of an operating business enterprise. Goodwill may be separately measured but is an integral component of going-concern value.

Gross lease. A lease in which the landlord is responsible for payment of all expenses pertaining to real estate taxes, insurance, and maintenance, but not tenant utilities and janitorial.

Highest and best use. The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.

Hypothetical condition. That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. A hypothetical condition may be used in an assignment only if:

- Use of the hypothetical condition is clearly required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison;
- Use of the hypothetical condition results in a credible analysis; and
- The appraiser complies with the disclosure requirements set forth in USPAP for hypothetical conditions.

Industrial gross lease. A lease in which the landlord is responsible for all payment of all expenses pertaining to base year real estate taxes, base year insurance, and maintenance, but not tenant utilities and janitorial. Tenant is responsible for any increases over base year (first lease year) real estate taxes and insurance.

Inspection, property inspection. In accordance with generally accepted appraisal standards an inspection is the act of touring or viewing a property. It is a cursory or superficial visual observation of the property which is not intended to be confused with an assessment of a building, structure or mechanical systems performed by a professional engineer or general contractor.

Intended use. The use or uses of an appraiser's reported appraisal, consulting, or review assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment.

Intended user. The client and any other party as identified, by name or type, as users of the appraisal, consulting, or review report, by the appraiser based on communication with the client at the time of the assignment.

Investment value. The value of a property interest to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market.

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

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

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

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

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

Net lease. A lease in which the tenant is responsible for expenses payment of all expenses pertaining to real estate taxes, insurance, maintenance, utilities and janitorial. The landlord is responsible only for expenses relating to structural repairs.

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

Personal property. Identifiable portable and tangible objects which are considered by the general public as being "person", e.g. furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment; all property that is not classified as real estate.

Prospective value estimate. A forecast of the value expected at a specified future date. A prospective value estimate is most frequently sought in connection with real estate projects that are proposed, under construction, or under conversion to a new use, or those that have not achieved sellout or a stabilized level of long-term occupancy at the time the appraisal report is written.

Retrospective value opinion. An opinion of value that is likely to have applied as of a specified historic date. A retrospective value opinion is most frequently sought in connection with appraisals for estate tax, condemnation, inheritance tax, and similar purposes.

Scope of work. The type and extent of research and analyses in an assignment.

Shell space. Space in which no interior finishing has been installed, including even basic improvements such as ceilings, interior walls and floor coverings.

Use value.

1. In economics, the attribution of value to goods and services based upon their usefulness to those who consume them.
2. In real estate appraisal, the value a specific property has for a specific use; may be the highest and best use of the property or some other use specified as a condition of the appraisal; may be used where legislation has been enacted to preserve farmland, timberland, or other open space land on urban fringes.

Vacancy and collection loss. An allowance for reductions in potential income attributable to vacancies, tenant turnover, and nonpayment of rent; also called *vacancy and credit loss* or *vacancy and contingency loss*.

Variable expenses. Operating expenses that generally vary with the level of occupancy or the extent of services provided.

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

Yield rate (Y). A rate of return on capital, usually expressed as a compound annual percentage rate. A yield rate considers all expected property benefits, including the proceeds from sale at the termination of the investment. Yield rates include the interest rate, discount rate, internal rate of return (*IRR*), overall yield rate (Y_O) and equity yield rate (Y_E).

SUBJECT PROPERTY DATA

TERM SHEET SETTLEMENT AGREEMENT

DISCUSSION DRAFT 5/6/2020

Miami Beach Marina

Proposed Lease Amendment, Air Rights Sale, and Development Agreement with City of Miami Beach

I. Background.

- a. The property at issue is as follows: (1) the property known as the “Miami Beach Marina site” consisting of (y) an uplands area located at 300 - 344 Alton Road, Miami Beach, Florida, folios # 02-4203-000-0010, 02-4203-009-9210 and 02-4203-009-9250 (“Area 1”) and (z) a submerged land area immediately adjacent to Area 1 and leased by the Board of Trustees of the Internal Improvement Trust Fund of the State of Florida (“TIIF”) to the City of Miami Beach and the Miami Beach Redevelopment Agency (“Area 2;” collectively with Area 1, the “Existing Leased Premises”); (2) Lots 30 and 31 directly north of Area 1 (“Lots 30/31”); and (3) the Alton Road right of way adjacent to Area 1 and Lots 30/31 (the “ROW;” collectively with the Existing Leased Premises and Lots 30/31, the “Property”).¹
- b. Area 1 and Lots 30/31 are designated for “Public Facility” use under the City’s Comprehensive Plan.
- c. Area 1 and Lots 30/31 are zoned “GU” Civic and Government use.
- d. The parcels assigned Folios # 02-4203-000-0010 and 02-4203-009-9210 are owned by the Miami Beach Redevelopment Agency. The parcel assigned Folio # 02-4203-009-9250 is owned by the City of Miami Beach.
- e. Miami Beach Marina Associates, Ltd. (MBM) is the long-term lessee of the Existing Leased Premises under a lease document originally executed June 24, 1983, and subsequently amended through April 15, 1998 (the “Marina Lease”). MBM contemplates assigning the lease (as amended and restated²) to an entity (together with its successors in interest, the “Marina Lessee”) affiliated with MBM and Alton Road Mixed Use Investment, LLC (“ARMUI”), as such Marina Lease (as amended and restated) may after the City-wide referendum referenced in Section III.c. below be subleased to an affiliated entity solely with respect to the Upland Premises (as such term is hereafter defined) excluding storage,

¹ Developer/GLG to provide copy of deed search report to confirm ownership of parcels.

² Parties to discuss new lease arrangement, including effective date of new lease and termination of existing lease.

administrative and other spaces within the Upland Premises used in connection with the marina operations, to redevelop portions of Area 1, Lots 30/31 and such portions of the ROW, if any, that are to be included within the premises demised under the Marina Lease (as amended and restated).

- f. Marina Lessee has requested an extension of the current term of the Marina Lease, the initial term of which expires on January 1, 2022, to extend from date of the closing of the purchase and sale of the Air Rights Parcel (as such term is hereafter defined) pursuant to the Air Rights PSA (as such term is hereafter defined) and continue for a period of 60 years thereafter. (See Section II below).
- g. ARMUI has requested that the City of Miami Beach (City) convey to ARMUI or an affiliate approved by the City (hereinafter, the “Air Rights Purchaser”) a portion of the air space over Area 1 (the “Air Rights Parcel”), subject to the matters set forth in this term sheet.
- h. Marina Lessee and Air Rights Purchaser³ intend to develop and construct a mixed-use development on the Property, to include the following elements:
 - 1. Approximately 60 residential units, constructed within approximately 275,000 gross square feet of residential building development within the Air Rights Parcel,
 - 2. Improvements to the Expanded Leased Premises (as such term is hereinafter defined), consisting of:
 - a. Approximately 45,000 square feet of commercial/retail and office use uses, with all required parking spaces for the commercial/retail areas, within Revised Area 1 (as such term is hereinafter defined) (the “Upland Premises”), and
 - b. Approximately 2 acres of publicly accessible open green space, including a 1 acre at grade park, as described in section IV.c. below, within Revised Area 1 (collectively, the “Green Space”).

(hereinafter, the “Project”). The Project shall be further described through a series of actions and documents described below, including an amendment and restatement of the Marina Lease relating to the Property (Section II); the agreement for purchase and sale of the Air Rights Parcel to be negotiated between the City and Air Rights Purchaser (Section III); applicable land use approvals (Section IV); and a Chapter 163, Florida Statutes development agreement, to be negotiated between the City, [Marina Lessee and the Air Rights Purchaser] (Section V).

³ Developer to confirm if Marina Lessee and Air Rights Purchaser will be jointly and severally the Developer under the Development Agreement.

II. Lease Amendment.

Marina Lessee has requested that the City of Miami Beach (City) agree to an amendment and restatement of the Marina Lease as set forth herein (the Marina Lease, as so amended and restated, is hereinafter the "A/R Marina Lease").

a. *Lease Term.*

The Initial Term for Area 1 and the right to use Area 2 shall be modified to begin upon the date of the closing of the purchase and sale of the Air Rights Parcel pursuant to the Air Rights PSA and shall continue for a period of 60 years thereafter. The City cannot guaranty that the submerged lands lease with TILF regarding Area 2 (the "Submerged Lands Lease") shall be extended, but the City shall use its diligent, good faith efforts to cause the term of the Submerged Land Lease to be extended periodically to coincide with the extended term of the A/R Marina Lease.

b. *Rental Payment.* The rent shall be the greater of:⁴

1. Base Rent of \$[1,640,890], as adjusted annually based on CPI, or
2. Annual Percentage Rent of:
 - A. \$0.04 cents per gallon of gasoline or diesel;
 - B. 35% of all revenues received from any parking facilities serving the Expanded Leased Premises, including without limitation the Parking Garages and the Replacement Parking Facility.
 - C. [10] % of all other Gross Receipts during each Lease Year throughout the Term of the A/R Marina Lease and any extensions thereof that exceed the then applicable thresholds for applicability of percentage rent. "Gross Receipts" means all revenues received by Marina Lessee or any affiliates from any operations of or at the leased premises less Operating Expenses (as such term is hereafter defined) [and certain specified "allowable deductions" currently contemplated by the Marina Lease]⁵. "Operating Expenses" means, on an annual basis all rent under the Submerged Lands Lease, all rent under those certain parking garage leases with each of Murano Grande at Portofino Master Association, Inc., Murano Grande at Portofino Condominium Association, Inc., Icon

⁴ Subject to appraisals.

⁵ Subject to appraisals.

Condominium Association, Inc., Yacht Club at Portofino Master Association, Inc. and TRG-SSDI, Ltd., as each has been amended (collectively, the “Parking Agreements” and the parking garages described therein, the “Parking Garages”) and real estate taxes, stormwater fees and assessments for capital improvements payable by the City pursuant to the Parking Agreements. With respect to areas that are subleased, the rent paid by subtenants to the Marina Lessee (and not gross revenues of the subtenants) shall be the “Gross Receipts.” Marina Lessee shall submit periodic reports to the City with respect to Gross Receipts and Operating Expenses, and the A/R Marina Lease will include the City’s mandatory Inspector General audit rights.

c. Capital Improvements

As additional consideration for the A/R Marina Lease Marina Lessee will commit to a capital improvement program of \$35 Million over [30 years (current lease term)⁶] [to implement scheduled capital improvements [not to exceed \$ _____]]⁷⁸, improve the resiliency of Area 2, modernize the appearance and infrastructure of Area 2, improve way finding and signage and otherwise retain market attractiveness to maximize the percentage rent return to the City with respect to the activities on Area 2, as further described in the A/R Marina Lease. All such improvements and the phasing thereof shall be subject to the City’s approval in accordance with the A/R Marina Lease and TIIF’s approval to the extent such approval is required under the then applicable submerged lands lease between TIIF and the City regarding Area 2. Marina Lessee shall deliver to the City, as co-obligee, payment and performance bonds in form and substance acceptable to the City in connection with such improvements.

d. Expanded Leased Premises.

The Existing Leased Premises shall be contracted to exclude the Air Rights Parcel and shall be expanded to the north to include Lots 30/ 31 and potentially to the east to include some or all of the ROW⁹ (the “Expanded Leased Premises”).

e. Redevelopment.

⁶ City is requesting shorter period of time, with phases and outside dates. Developer to provide proposal, including phasing, for the City’s review.

⁷ Revision requested by Suntex

⁸ City understood that \$35,000,000 is independent of Marina Lessee’s scheduled improvements during the lease term.

⁹ Expansion of leased premises to include the ROW is under discussion

1. As part of the redevelopment of Area 1, as contracted to exclude the Air Rights Parcel and expanded to include Lots 30/31 and potentially some or all of the the ROW (Area 1, as so contracted and expanded, "Revised Area 1"), the Marina Lessee shall be authorized to demolish the existing improvements on Revised Area 1, subject to the Marina Lessee agreeing to pay to the City not less than \$[1,640,890]¹⁰, as adjusted annually based on CPI, throughout the construction period for the redevelopment of Revised Area 1 until the Certificate of Occupancy for the Replacement Facilities as described below is issued. It is intended that operations of the marina in Area 2 will continue during the period of redevelopment of Area 1, but may be disrupted or otherwise impacted in the ordinary course as the result of the development and construction operations on Area 1; provided, however, at all times during such construction, Marina Lessee shall cause access to the baywalk to remain open to and safe for use by the public.
2. Redevelopment of Revised Area 1 shall be approximately 45,000 SF of replacement, revenue producing, upland facilities containing a mix of uses that may include marina and or neighborhood oriented retail uses, cafes and/or restaurants, office and similar uses, but shall not include any free-standing outdoor bars, night clubs or other uses prohibited by the Marina Lease and the new Green Space (the "Replacement Facilities"). Nothing in the A/R Marina Lease will prohibit or limit a restaurant from having a full-service bar within its [indoor] leased space¹¹.
3. The Replacement Facilities shall also include approximately [140]¹² parking spaces for use by the marina to replace the existing spaces and shall include appropriate drop off and valet and service facilities necessary to serve Area 2 (the "Replacement Parking Facility"). All parking for office and retail tenants of the Upland Premises shall be subject to charges at prevailing rates at City parking garages in the region.
4. The Marina Lessee shall remain and/or become responsible for the maintenance and operation of the parking facilities serving Revised

¹⁰ Subject to appraisals.

¹¹ The City has asked for clarification regarding whether the full service bar would be indoors or outdoors. If the leased premises include outdoor areas, then it is intended that bars may be included within such outdoor areas. Planning Director to confirm.

¹² Developer to provide clarity regarding total parking spaces to be available for all of the uses of the Project, e.g., marina, commercial/office, retail, residential.

Area 1, including without limitation, the Parking Garages and the Replacement Parking Facility, the baywalk extending from MacArthur Causeway to the north and [_____] ¹³ to the south, and the Replacement Facilities to be developed on Revised Area 1 including but not limited to the Green Space and access ways, in each case, in accordance with City-prescribed standards to be set forth in the A/R Marina Lease. If Marina Lessee fails to satisfy such standards, in lieu of declaring a default, the City shall have the right to levy and the Marina Lessee shall pay a fine to the City for each such failure or continuance of such failure. The A/R Marina Lease shall obligate the Marina Lessee to pay all Operating Expenses and to reimburse the City in the amount of \$787,381 for amounts previously paid by the City pursuant to the Parking Agreements.¹⁴

5. The Marina Lessee shall be solely responsible for all costs and work associated with the Green Space improvements (including, without limitation, the design, permitting and construction), which improvements shall include, but not be limited to, resurfacing, drainage, landscaping, hardscaping, sidewalks, irrigation, signage, and lighting, and the design of such improvements shall be subject to the prior written approval of the City Manager or its designee.
6. The Marina Lessee shall be responsible for the safety, security and maintenance of the Green Space in accordance with City-prescribed standards to be set forth in the A/R Marina Lease. If Marina Lessee fails to satisfy such standards, in lieu of declaring a default, the City shall have the right to levy and the Marina Lessee shall pay a fine to the City for each such failure or continuance of such failure.
7. The City, the Marina Lessee and Air Rights Purchaser shall enter into the REA (as such term is hereafter defined) concurrently with closing of the transactions under the Air Rights PSA.
8. Marina Lessee shall fully cooperate with the City in connection with the City's or Miami-Dade County's operation and maintenance of a future water taxi/ferry and landing area within the leased premises at a location north of Pier A or such other location as determined by the City and/or Miami-Dade County, which landing area may include, without limitation, [public restrooms, a bike station, a ticket booth and vehicular parking to serve the water taxi/ferry]¹⁵.

¹³ City to confirm.

¹⁴ To be discussed.

¹⁵ To be discussed.

9. The A/R Marina Lease shall define the first class marina standard and include updated maintenance and public appearance/cleanliness standards, including parking maintenance standards for striping. If Marina Lessee fails to satisfy such standards, in lieu of declaring a default, the City shall have the right to levy and the Marina Lessee shall pay a fine to the City for each such failure or continuance of such failure. Parties to discuss Parking Facility Management and Operation Agreement, as amended, and incorporating obligations with respect thereto in an exhibit to the A/R Marina Lease.

10. The Green Space shall be subject to a perpetual public access easement and the City shall have the right to approve and designate the use and programming of the one-acre at grade portion of the Green Space adjacent to the baywalk.

11. The Marina Lessee shall be required to commence and complete construction of the Replacement Facilities in accordance with deadlines reasonably determined by the City and further described in the A/R Marina Lease.

12. The Marina Lessee shall deliver to the City, as co-obligee, payment and performance bonds in form and substance acceptable to the City in connection with the completion of the Replacement Facilities.

13. Marina Lessee shall fully cooperate with the City in connection with the City's operation and maintenance of a mooring field in the general vicinity of the marina and landing area within the leased premises, which landing area may include, without limitation, public restrooms, bike station and docking location for dinghies.

14. The Replacement Facilities shall also include public restrooms independent of the public restrooms located within the Parking Garages.

15. The Replacement Facilities shall also include replacement of the existing underground fuel storage tanks.

f. Security Deposit.

City shall retain the existing security deposit under the Marina Lease and notwithstanding anything to the contrary set forth in the Marina Lease, all interest accrued on the security deposit shall become part of the security deposit.

g. City Boat Slips and Parking Spaces.

Marina Lessee, at no cost to the City, shall provide four (4) boat slips of not less than forty (40) feet, as chosen by the City for public purposes (e.g., police department, fire department) and four (4) parking spaces to accompany the use such boat slips within the nearest available parking facility.

h. City Resident Discounts.

Annual fees for wet slips for boats of less than 50 feet charged to City residents shall not increase by more than five percent (5%) over the prior year's annual fees.

i. Transfers.

Marina Lessee's rights to sublease, assign or otherwise transfer the A/R Marina Lease or its rights thereunder will be subject to specified criteria as further described in the A/R Marina Lease.

III. Air Rights Purchase.¹⁶

- a. ARMUI has proposed a purchase price to the City in connection with the purchase and sale of the Air Rights Parcel at full Fair Market Value (hereinafter the "Purchase Price"), which shall be not less than \$50 Million.
- b. The City shall obtain two (2) independent appraisals of the Fair Market Value of the Air Rights Parcel, with such appraisers to be selected by the City Manager or his designee, at his sole and reasonable discretion, and paid for by Air Rights Purchaser, to determine the Purchase Price of the Air Rights Parcel based on its development potential as a 275,000 gross square feet residential building with approximately 60 dwelling units and other factors reasonably determined by the City.¹⁷
- c. Concurrently with the execution and delivery of the Development Agreement, the City and Air Rights Purchaser shall enter into a purchase and sale agreement regarding the Air Rights Parcel (the "Air Rights PSA"), but acknowledge and agree that the Air Rights PSA will be subject to approval of a Ballot Question(s) by a majority vote of the voters in a City-wide referendum. The "Ballot Question(s)" are the following: amendment and extension of the Marina Lease, the sale of the Air Rights Parcel, and, if necessary, any clarification of the site FAR. The Air Rights PSA shall provide for an escrow deposit in the amount of \$5,000,000 to be paid to the City at signing ("PSA Deposit"), which shall become non-refundable upon

¹⁶ To be further revised based on the appraisal working group discussions

¹⁷ Insert provisions regarding determination of purchase price if the appraisals reflect different amounts

approval of the Ballot Questions pursuant to the City-wide referendum and shall be subject to return to the Air Rights Purchaser solely in the event of a termination by the City as set forth in Section V.c.1. below. The Air Rights PSA will include as exhibits thereto the forms of A/R Marina Lease and of the REA.

- d. The sale of Air Rights Parcel shall be subject to, and comply with, Ch. 82, Article II, Sections 82-36 through 82-40, of the City Code (entitled "Sale or Lease of Public Property").
- e. City will convey fee simple interest to the Air Rights Parcel to Air Rights Purchaser upon Closing, at which time Air Rights Purchaser will pay to the City the Purchase Price for the Air Rights Parcel. The A/R Marina Lease and REA shall be executed and delivered concurrently with closing under the Air Rights PSA.
- f. The Closing will occur within ninety (90) days following satisfaction of the following conditions: (i) the issuance of all necessary final, non-appealable approvals for the Project from the City's Design Review Board and Planning Board; and (ii) the City Commission's adoption of the Comprehensive Plan and Zoning Code Changes described in Section IV below. If Closing has not occurred on or before thirty-six (36) months after the effective date of the Development Agreement and approval of the Ballot Questions pursuant to the City-wide referendum for any reason other than a termination by the City as set forth in Section V.c.1. below, then the City shall have the right to terminate the Air Rights PSA and retain the PSA Deposit.
- g. Since the improvements to be constructed within the Air Rights Parcel shall not be located at ground level and instead shall be located above a portion of the retail components of the Project, at Closing a vertical subdivision shall be created and City, the Marina Lessee and Air Rights Purchaser shall enter into a reciprocal easement and operating agreement (the "REA") granting reciprocal easements, imposing covenants addressing the respective needs of the City, the Marina Lessee and Air Rights Purchaser, and, for avoidance of doubt, acknowledging that the following rights with respect to the Air Rights Parcel shall survive termination/expiration of the A/R Marina Lease:
 - 1. Access, ingress and egress easements, including, without limitation, pedestrian, vehicular and service;
 - 2. Parking easements;
 - 3. Easements of structural support and foundation easements;
 - 4. Utility easements;

5. Easements for all required back of house support facilities for each party; and
 6. Covenants for the long-term operation, maintenance and cost sharing of all applicable areas, and creation of association(s) or other entity through which such operation, maintenance and cost sharing shall occur.
- h. Air Rights Purchaser will pay all Closing costs (including, without limitation, the City's outside counsel fees for the transaction, which shall be paid on a monthly basis) related to the Air Rights PSA.
 - i. Except for transfers to affiliates of the Air Rights Purchaser approved by the City, Air Rights Purchaser shall not be entitled to assign or transfer its rights under the Air Rights PSA until the issuance of a certificate of occupancy for the Project. Any such approved transferee of the Air Rights PSA shall assume all remaining obligations of the Air Rights Purchaser under the Air Rights PSA; provided, however, the Air Rights Purchaser shall not be released from its obligations thereunder. For avoidance of doubt, upon issuance of a certificate of occupancy for the Project, the Air Rights Purchaser may freely transfer all or any portion of the Air Rights Parcel and may assign (both collaterally and absolutely) any or all surviving provisions under the Air Rights PSA; provided, however, that in no event shall any such transferee be a "prohibited person" to be defined in the Air Rights PSA.
 - j. The City shall not be a party to or have any obligation to join in or consent to any declaration of condominium, declaration of covenants or other regime subdividing the Air Rights Parcel.
 - k. Air Rights Purchaser shall be required to commence and complete construction of the improvements on the Air Rights Parcel in accordance with deadlines reasonably determined by the City and further described in the Development Agreement.

IV. City Actions.¹⁸

- a. The parties acknowledge and agree that, as a condition to the Closing of the Air Rights Parcel purchase and execution and delivery of the A/R Marina Lease and REA, the City Commission, acting in its regulatory capacity, shall, at its discretion, consider certain actions to accommodate the proposed development plan and design for the Project (collectively, the "Project Approvals"). The Project Approvals include the following:

¹⁸ Under review by City.

1. Comprehensive Plan Changes.

A. An amendment to the 2040 Comprehensive Plan to modify the text of the Public Facility: Governmental Use (PF) designation.

B. The following changes would be made to Policy RLU 1.1.17 of the Comprehensive Plan Resilient Land Use and Development Element:

Policy RLU 1.1.17 Public facility: Governmental uses (PF)

Purpose: To provide development opportunities for existing and new government uses, as well as public-private redevelopments.

Uses which may be permitted: Government uses, parking facilities, affordable or workforce housing, various types of commercial uses including business and professional offices, retail sales and service establishments, and eating and drinking establishments, and public-private marina redevelopments.

Public-private marina redevelopments shall include significant publicly accessible green open space and may permit the following uses: Retail sales and service establishments; commercial uses, including business and professional offices; eating and drinking establishments; apartment residential uses; and recreational uses.

Intensity Limits: Intensity may be limited by such set back, height, floor area ratio and/or other restrictions as the City Commission acting in a legislative capacity determines can effectuate the purpose of this land use category and otherwise implement complementary public policy. However, in no case shall the intensity exceed a floor area ratio of 3.5.¹⁹

2. Zoning Code Change.

An amendment to Section 142-698 and 142-699 of the Land Development Regulations to read as follows: ²⁰

¹⁹ FAR under discussion

²⁰ Proposed changes to CPS-4 height, setbacks and rooftop use to be provided

- b. The City's Design Review Board shall consider certain actions to accommodate the proposed development plan and design for the Project. Such actions include the following:
 - 1. Approval of the Project and the Green Space.
 - 2. Any associated variances for the Project and the Green Space.
- c. The application to the Design Review Board for Project approval shall include design plans for the Green Space. The Green Space shall consist of landscaping and hardscape improvements; lighting; irrigation for landscaping; outdoor seating and other outdoor furniture (if requested by the City); baywalk improvements; upgraded City-approved wayfinding and signage such as directional signage, access signage and similar signs (excluding private signage); and other accessory facilities. The Green Space shall be open to the public no later than the date a CO is issued for the Project.
- d. The City's Planning Board, shall consider approval of a conditional use for new construction of structures 50,000 square feet and over, as well as any other conditional uses necessary for the Project. Planning Board review is the first step in the process before Design Review Board review.
- e. The City Commission, Design Review Board and the Planning Board shall have no obligation to take any (or all) of the above stated actions; provided, however, that if the above stated City actions are not taken, then:
 - 1. Marina Lessee may, at its discretion, elect to terminate the Development Agreement (as defined in Section V, below), without liability to Marina Lessee. In the event of such termination, however, Marina Lessee shall be responsible for any attorney's fees incurred by the City with respect to the Development Agreement up to the date of termination; and
 - 2. Air Rights Purchaser may, at its discretion, elect to terminate the Air Rights PSA, without liability to Air Rights Purchaser. In the event of such termination, however, Air Rights Purchaser shall be responsible for any attorney's fees incurred by the City with respect to the Air Rights PSA, up to the date of termination and shall be entitled to the return of its PSA Deposit, less the amount of the City's reimbursable costs and expenses, which shall be disbursed to the City, to the extent not previously paid by Air Rights Purchaser.

Any such Termination of the Air Rights PSA shall automatically terminate the Development Agreement, and any such termination of the Development

Agreement shall automatically terminate the Air Rights PSA. In such event the Marina Lease shall remain in effect, unmodified.

- f. Marina Lessee and Air Rights Purchaser will be responsible for submitting any required applications for development approvals, with City as co-applicant, if and as necessary, for the Project (i.e., City Commission, Design Review Board, and Planning Board approvals), and for securing any and all final, non-appealable development approvals and permits for the Project.

V. **Development Agreement.** The above terms and other matters will be incorporated into a Development Agreement (the “Development Agreement”), which will include as an exhibit thereto the form of the Air Rights PSA (which, in turn, will include as exhibits thereto the forms of A/R Marina Lease and the REA), and which will provide for development of the Replacement Facilities, conveyance of the Air Rights Parcel and an amendment and restatement of the Marina Lease, to include, at a minimum, the following additional terms:

- a. Marina Lessee and Air Rights Purchaser will be responsible for submitting and obtaining any and all final, non-appealable development approvals for the Project (e.g., City Commission, Design Review Board, and Planning Board). Marina Lessee and Air Rights Purchaser acknowledge and agree that any such development approvals are subject to, and conditioned upon, approval by applicable development boards, in their sole and reasonable discretion.
- b. Except as to (i) involuntary transfers (as shall be defined in the Development Agreement and which will include, without limitation, foreclosure transfers and transfers in lieu of foreclosure), (ii) mortgages and pledges in favor of senior and mezzanine lenders that are “Institutional Lenders” (as shall be defined in the Development Agreement), (iii) transfers of direct/indirect ownership provided the principals of Marina Lessee and/or Air Rights Purchaser, in the aggregate, maintain control and majority ownership of the Marina Lessee and Air Rights Purchaser, as applicable, and (iv) transfers for estate planning purposes or as the result of death provided the transferor (or the applicable heir) retains control of the transferred interest, [Marina Lessee and Air Rights Purchaser]²¹ shall not be entitled to assign or transfer their respective rights under the Development Agreement until after the issuance of a CO for the Project. Any transferee shall assume all remaining obligations of Marina Lessee under the Development Agreement, including without limitation, Marina Lessee’s obligation to improve the Green Space as set forth in Section III, above.

²¹ Parties to Development Agreement to be discussed.

c. The term of the Development Agreement shall be for [_____] years.²² Time periods will be tolled due to force majeure (strikes, lockouts, acts of God, and other causes beyond the control of either party); appeals or other judicial or administrative challenges to Project approvals; and delays in obtaining permits from other governmental agencies. Notwithstanding the foregoing, in the event that a third party (unrelated or unaffiliated with the City, Air Rights Purchaser or the Marina Lessee) files any lawsuit, action or proceeding challenging the validity, issuance or execution, as applicable, of the sale of the Air Rights Parcel, the Air Rights PSA, the **Project Approvals** or the Development Agreement (each, a "Lawsuit"), then Air Rights Purchaser shall defend any such Lawsuit at its sole cost and expense using legal counsel reasonably acceptable to the City. Air Rights Purchaser shall further indemnify and hold the City harmless from and against all actual damages, losses, liabilities, fees, cost and expense (including attorneys' fees, costs and expenses) of any and every kind arising out of or relating to any such Lawsuit. The foregoing indemnity shall survive the expiration of earlier termination of the Air Rights PSA and the Development Agreement. Further, while any Lawsuit is pending, then Air Rights Purchaser shall not be required to close under the Air Rights PSA; and the City shall not be required to effectuate the Air Rights Parcel transfer, nor shall the terms of the Development Agreement become effective, until thirty (30) days after the Lawsuit has been completed and finally disposed of in a manner that sustains the validity of the challenged actions. If the Lawsuit is still pending for more than thirty (30) months after approval of the Development Agreement²³, Air Rights Parcel transfer, Air Rights PSA, and the Project Approvals, then:

1. any party to the Development Agreement or the Air Rights PSA, at its option, may elect to terminate the Development Agreement or the Air Rights PSA, without cause;
2. If the City elects to terminate the Development Agreement, City shall return to Air Rights Purchaser PSA Deposit;
3. the Air Rights Parcel transfer shall not be effectuated; and
4. the City and Air Rights Purchaser shall have no further obligation and/or liability to each other, and the City and the Marina Lessee shall have no further obligation and/or liability to each other.

Any such Termination of the Air Rights PSA shall automatically terminate the Development Agreement, and any such termination of the Development

²² Parties to discuss term. City proposes aligning term with outside dates for closing.

²³ Discuss baseline from which tolling will commence (item 18 on the white paper)

Agreement shall automatically terminate the Air Rights PSA. In such event the Marina Lease shall remain in effect, unmodified.

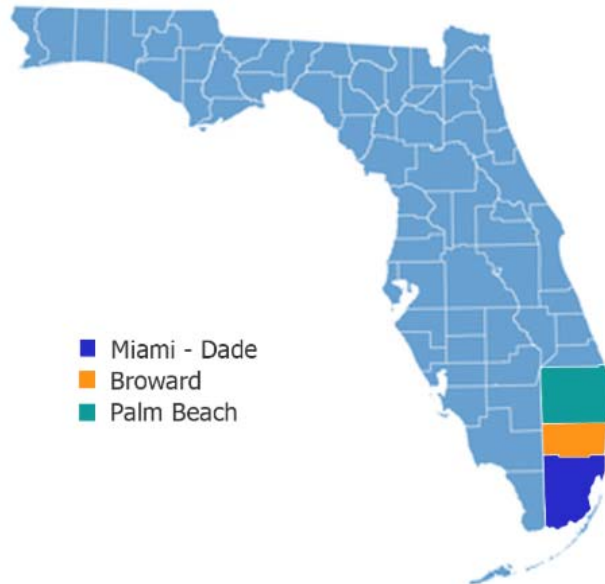
- VI. **Outside Counsel Review.** Marina Lessee and Air Rights Purchaser agree to reimburse the City for, or at City's option, pay directly, on a monthly basis, any attorney's fees incurred by the City for outside counsel's review and negotiation of the Development Agreement, the Air Rights PSA, and related agreements, not to exceed reasonable amounts, as mutually agreed upon by the Parties (which counsel shall be selected and approved by the City Attorney).

SOUTH FLORIDA REGIONAL OVERVIEW

South Florida Regional Analysis

Market Definition

The Miami-Fort Lauderdale-West Palm Beach Metropolitan Statistical Area comprises the area generally known as the South Florida Region (South Florida), which includes Miami-Dade, Broward and Palm Beach Counties.



With over 6 million residents, the South Florida metropolitan area is easily the most populous in Florida and the Southeastern United States. It is also eighth-most populous in the United States. It is part of the South Florida region and is partially synonymous with the Gold Coast.

The South Florida metropolitan area consists of three distinct metropolitan divisions, subdividing the region into three divisions according to the region's three counties:

- Miami-Dade County,
- Broward County, and
- Palm Beach County.



MIAMI



FORT LAUDERDALE



PALM BEACH

Metropolitan divisions include Miami, Fort Lauderdale, and Palm Beach.

The largest cities by population in the South Florida Region are noted on the following table:

South Florida MSA Largest Cities

CITY	POPULATION (2019)	COUNTY
Miami	490,947	Miami-Dade
Hialeah	239,722	Miami-Dade
Fort Lauderdale	186,220	Broward
Pembroke Pines	168,023	Broward
Hollywood	150,878	Broward
Miramar	138,837	Broward
Coral Springs	129,067	Broward
West Palm Beach	115,176	Palm Beach
Miami Gardens	114,284	Miami-Dade
Pompano Beach	112,058	Broward
Davie	104,249	Broward

Source: UF – BEBR

Current Trends

Prior to COVID-19 the South Florida economy was buoyed by strong job growth, a steady housing market, robust tourism, and increased construction activity. The South Florida's economy was in full gear with minimal headwinds outside of the potential for short term economic damage from the COVID-19 related measures.

- South Florida accounted for nearly 40,000 jobs out of the 220,000 added statewide in 2019 than a year earlier. At the same time, unemployment had been lower than it has been in over a decade, according to the state's final monthly unemployment and job creation report for 2019. The jobs report for 2Q20 will likely be extraordinarily weak due to fallout from the COVID-19 related economic shutdown.
- The housing market has nearly fully recovered and is generally in equilibrium except for the Miami condo market, which is overbuilt. The market took a slight pause due to COVID but is generally ok.
- Demand by foreign buyers and investors, mainly from South America, has slowed the Miami residential condominium market. Penthouse sales reflect the bulk of residential condo resale activity.
- Cruise and air travel are up year-over-year, but after six years of increases, the hotel occupancy in the region dropped slightly in the in 2019 mainly due to new supply. The South Florida hospitality industry will likely take a significant hit from the stoppage in passenger cruise lines and air travel.
- Gross regional economic output was also increasing but may stumble for a few quarter before regaining its footing.

Other Items of Note:

- Major transportation and infrastructure projects are planned or underway to improve the logistics of the region and, therefore, enable it to more effectively compete globally. Major improvements are underway at region airports and seaports. Passenger rail project Brightline opened the Fort Lauderdale–West Palm Beach segment in January 2018, followed by Fort Lauderdale–Miami in May 2018. An extension from West Palm Beach to Orlando via Cocoa is planned to open in late 2021 or early 2022, and more extensions are planned. The train service has been suspended due to COVID
- The Florida legislature has tabled the matter of expanded gambling in the State of Florida. The most recent bill proposed included two mega-casinos in South Florida.
- Foreign investment from South America and Europe has slowed due to geopolitical unrest and a continued strong dollar, which in turn has slowed the Miami condominium market.

Demographic Characteristics and Trends

Due to its temperate weather and relatively low taxes, South Florida has long been a popular retirement destination. As a result, South Florida's median age of 41 years is approximately the same as that of Florida, and four years older than the national average. Overall, South Florida's level of affluence and educational attainment is consistent with national averages. Within the South Florida market, however, there are notable differences between counties with regard to income and educational attainment levels with Palm Beach County having the area's highest levels and Miami-Dade County having the lowest. Overall, nearly 30% of the region's population holds a Bachelor's degree or better, and approximately 18% of its households have annual incomes of greater than \$100,000.

Other items of note:

- The South Florida population is slightly younger than the state average but older than the national average. Palm Beach County is the oldest with a median age of 43.8 years. Miami-Dade and Broward Counties' median ages are 38.8 years and 39.9 years, respectively. Florida has a median age of 38.7 years compared to the national average of 35.3 years.
- According to the US Census Bureau South Florida's median household income tumbled more than 14% in five years, although the decline appears to be slowing. In 2011, the median household income fell to \$48,880 in Broward County; \$40,552 in Miami-Dade County; and \$48,953 in Palm Beach County. The current median family income for Florida is \$54,777. Real median family income peaked in 2007 at \$63,084 and is now \$8,307 (13.17%) lower.
- The Census Bureau found that the number of South Floridians living below the poverty level has also increased over the past five years. Last year, 11.1% of Broward families and 11.6% of Palm Beach County families were in poverty. Approximately 15.6% of Miami-Dade residents live below the poverty level versus 15.6% for overall Florida.

Demographic Characteristics – South Florida vs. United States

Characteristic	South Florida	U.S.
Median Age (years)	39.8	37.4
Average Annual Household Income	\$64,767	\$69,636
Median Annual HH Income	\$43,311	\$49,231
<i>by Annual Income Level:</i>		
< \$25,000	29.4%	25.4%
\$25,000 to \$49,999	26.8%	25.3%
\$50,000 to \$74,999	16.9%	18.1%
\$75,000 to \$99,999	10.2%	11.7%
\$100,000 plus	16.8%	19.5%

Characteristic	South Florida	U.S.
<i>Education breakdown:</i>		
< High School	17.3%	14.6%
High School Graduate	27.6%	28.4%
College < Bachelor Degree	26.8%	28.9%
Bachelor Degree	17.9%	17.7%
Advanced Degree	10.4%	10.4%

Source: Claritas, Inc.

Population

According to the 2018 U.S. Census Bureau estimation, Florida's population is nearing 21.5 million during the past year and added more residents than every state but Texas. No. 1 remains California, with a population of 39.5 million, and No. 2 is Texas, with 28.9 million. The overall U.S. population is 328.2 million. Florida added 233,420 residents from July 1, 2018, to July 1, 2019. That ranked Florida second in number of new residents, as well as ninth in percentage gain, with a 1.10 percent year-over-year increase.

With an estimated population of 21.5 million, the migration rate into Florida from other states and other countries was the highest in the country in the past year. More of Florida's population gain was the result of people moving into Florida, rather than babies born here. The relatively narrow difference between Florida's birth rate and death rate kept the state's overall population from growing even faster. This trend has increase as residents continue to emigrate from high tax states Illinois, New York and New Jersey.

During the past year, there was a net domestic migration of 132,612 people moving to Florida from other states and a net migration of 129,525 people moving to Florida from other countries.

South Florida Population – 2019 Estimates

County	1990	2000	2010	2019	% Change 2010-2019
Miami-Dade	1,937,194	2,253,786	2,496,457	2,812,130	12.64%
Broward	1,255,531	1,623,016	1,748,066	1,919,644	9.82%
Palm Beach	863,503	1,131,190	1,320,134	1,447,857	9.68%
South Florida	4,056,228	5,007,992	5,564,635	6,179,631	11.05%
Florida	12,938,071	15,982,813	18,810,310	21,208,589	12.75%

Source: State of Florida - EDR

Miami-Dade County is the most populous among the South Florida counties, with just over 45% of the region's population, followed by Broward and Palm Beach Counties with 31.1% and 23.4%, respectively. Population projections are depicted in the following table.

Population Projections by County – South Florida MSA – 2015 – 2025

Population (000's)	2015	2020	2025	Compound Annual Growth Rate 15-20	Compound Annual Growth Rate 15-25
United States	321,369	334,503	347,335	1.0%	0.9%
South Florida	5,859.7	6,219.1	6,540.6	1.2%	1.2%
Miami-Dade County	2,653.9	2,832.0	2,995.9	1.3%	1.3%
Broward County	1,827.4	1,914.5	1,989.8	1.0%	0.9%
Palm Beach County	1,378.4	1,472.6	1,554.9	1.4%	1.3%

Source: *Florida Research and Economic Database (BEER)*

While sources vary slightly, the consensus is that Florida is growing at a healthy pace and is now the third-largest state in the country based on population.

Other population highlights:

- Population growth is the state's primary engine of economic growth, fueling both employment and income growth, and helping various sectors of the local economy, including housing, retailing, and health care. That trend is expected to continue, given Florida's favorable climate and low tax environment.
- Florida's population growth is expected to remain above 1.5 percent over the next few years. In the near-term, Florida is expected to grow by an average of 1.52% annually between 2015 and 2020. Most of Florida's population growth through 2030 will be from net migration (92.9%). Nationally, average annual growth will be about 0.75% between 2015 and 2030.
- The future will be different than the past; Florida's long-term growth rate between 1970 and 1995 was over 3%.
- Between 2010 and 2030, Florida's population is forecast to grow by over 5.2 million persons.
- Florida's older population (age 60 and older) will account for most of Florida's population growth, representing 55.8 percent of the gains.
- Florida's younger population (age 0-17) will account for 14.3 percent of the gains, while the young working-age group (25-39) will account for 18.3 percent of the growth.

Labor Market

Employment Distribution – With nearly 2.73 million in the labor force, South Florida represents nearly one-third of the total labor force in the State of Florida, which is primarily a service-based economy. The number can balloon during peak tourism times due to seasonal staffing. Service jobs represent more than 38% of non-agricultural employment. Trade is the most important industry in South Florida followed by tourism. Employment distribution in the Miami MSA is presented on the following table.

Employment Industries – South Florida Region

Industry	Percentage
Trade, Transportation & Utilities	22.57%
Professional & Business Services	16.64%
Education and Health Services	15.31%
Leisure & Hospitality	12.12%
Government	11.65%
Financial Activities	6.82%
Construction	5.23%
Other Services	4.59%
Manufacturing	3.22%
Information	1.85%

Source: Bureau of Labor Statistics, Southeastern Regional Office, November 2019

Major Employers – The Miami Area MSA is home to nine Fortune 500 companies – World Fuel Services (83), Publix Supermarkets (91), AutoNation (145), Lennar (154), NextEra Energy (184), Office Depot (285), Rockwell Collins (350), Ryder System (363), and MasTec (436) and a number of Fortune 1000 companies. The region's employers include national and international corporations that encompass a variety of industries including retail, biotechnology, and health care. The ten largest private sector employers in the region are ranked as follows:

South Florida MSA – Largest Employers

Rank	Employer	Employees	Product/Service
1	Publix Super Markets	39,240	Super Market
2	Baptist Health South Florida	23,000	Health Care
3	University of Miami	16,188	Private College
4	Memorial Healthcare System	13,841	Health Care
5	American Airlines	13,500	Airline
6	Jackson Health System	12,623	Health Care
7	Florida International University	10,499	Public College
8	Broward Health	8,447	Public Hospital
9	Comcast Cable Communications	8,000	Cable Provider
10	Miami Dade College	6,673	Public College

South Florida MSA – Top Public Sector Employers

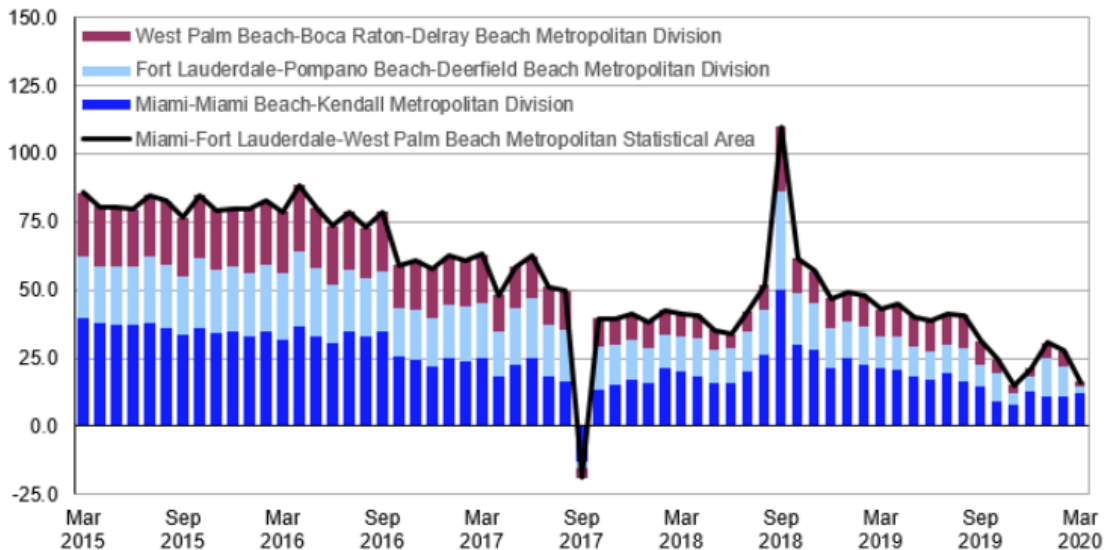
Rank	Employer	Employees
1	Miami Dade Public Schools	38,324
2	Broward County Public Schools	32,899
3	Miami Dade County	28,290
4	Palm Beach County Schools	22,051
5	State of Florida	17,929
6	Broward County	6,312
7	Palm Beach County	6,000

Source: South Florida Business Journal, Book of Lists, 2019

Employment – Total nonfarm employment for the Miami-Fort Lauderdale-West Palm Beach Metropolitan Statistical Area stood at 2,741,500 in March 2020, up 16,400, or 0.6 percent, over the year, the U.S. Bureau of Labor Statistics reported today. During the same period, the national job count increased 1.0 percent. Regional Commissioner Janet S. Rankin noted that the Miami area has had over-the-year employment gains exceeding 27,500 each month since February 2020.

Chart 1. Total nonfarm employment, over-the-year net change in the Miami metropolitan area and its divisions, March 2015–March 2020

Net change (in thousands)



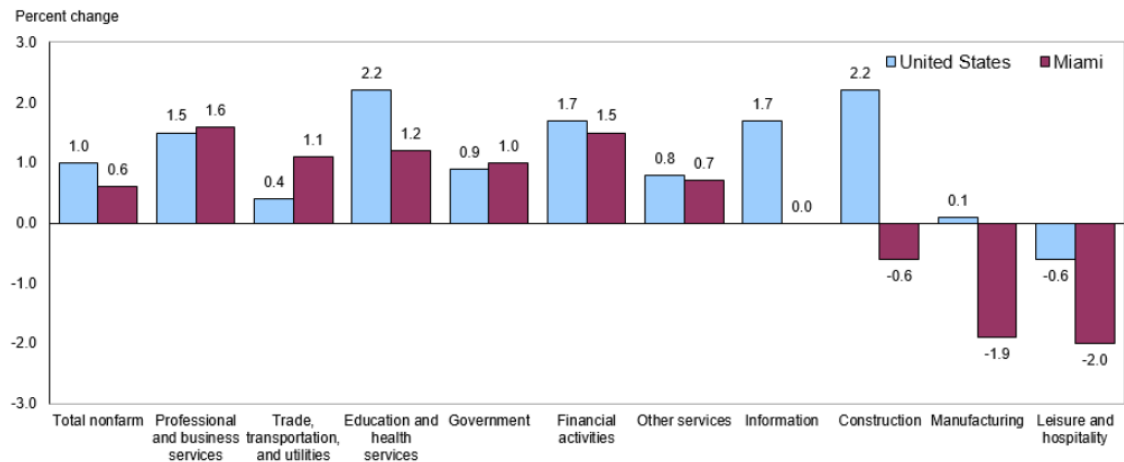
Source: U.S. Bureau of Labor Statistics.

The Miami area is made up of three metropolitan divisions—separately identifiable employment centers within the larger metropolitan area. All three divisions gained jobs over the year. Miami-Miami Beach-Kendall, the largest of the three divisions with 45 percent of the area’s employment, added 12,300 jobs from March a year ago. The

Fort Lauderdale-Pompano Beach-Deerfield Beach Division, which accounted for 32 percent of Miami area's workforce, gained 2,500 jobs, while the West Palm Beach-Boca Raton-Delray Beach Division, with 23 percent of the workforce, added 1,600 jobs over the 12-month period. It is anticipated that local employment numbers will suffer over the short term in the remainder of 2020 due to the financial impact of the Covid virus business shutdown.

Industry Employment – Miami's professional and business services had the largest over-the-year increase in the local area in March 2020, adding 7,100 jobs, a 1.6-percent rate of job growth compared to 1.5-percent nationally. All three metropolitan divisions gained jobs in this industry from March 2019 to March 2020, Fort Lauderdale metropolitan area having the largest increase (4,900+).

Chart 2. Total nonfarm and selected industry supersector employment, over-the-year percent change, United States and the Miami metropolitan area, March 2020



The trade, transportation, and utilities sector in the Miami area added 6,700 jobs, a 1.1-percent increase over the year. The Fort Lauderdale (+4,500) and Miami (+4,400) metropolitan divisions added jobs in this sector. Nationally, employment in trade, transportation, and utilities was up 0.4 percent since March 2019.

Miami's education and health services sector added 5,100 jobs, a 1.2-percent gain over the 12-month period. Job growth in this sector was primarily in the Miami metropolitan division (+5,500). Nationally, the rate of job growth in education and health services was up 2.2 percent over the year.

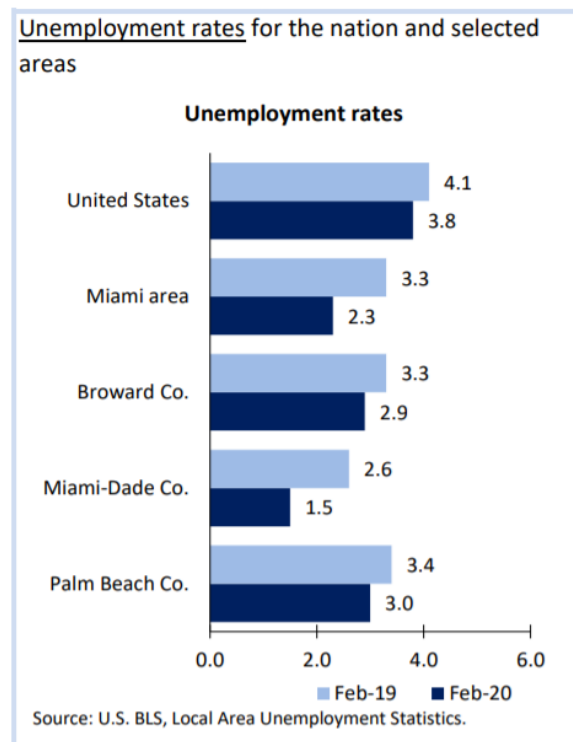
Miami's leisure and hospitality sector had the largest over-the-year decrease, losing 6,900 jobs, down 2.0 percent from March 2019. Job loss in this sector was focused in the Fort Lauderdale metropolitan division (-8,500). Nationally, employment in leisure

and hospitality was down 0.6 percent. It is anticipated that local employment numbers will suffer over the short term in 2020 due to the financial impact of the Covid virus business shutdown.

Unemployment – According to the most recent released report from the Bureau of Labor Statistics, the Florida's seasonally adjusted unemployment rate was 2.3% in February 2020. This information was gathered prior to the Covid virus business shutdown, which skyrocketed unemployment numbers nationally.

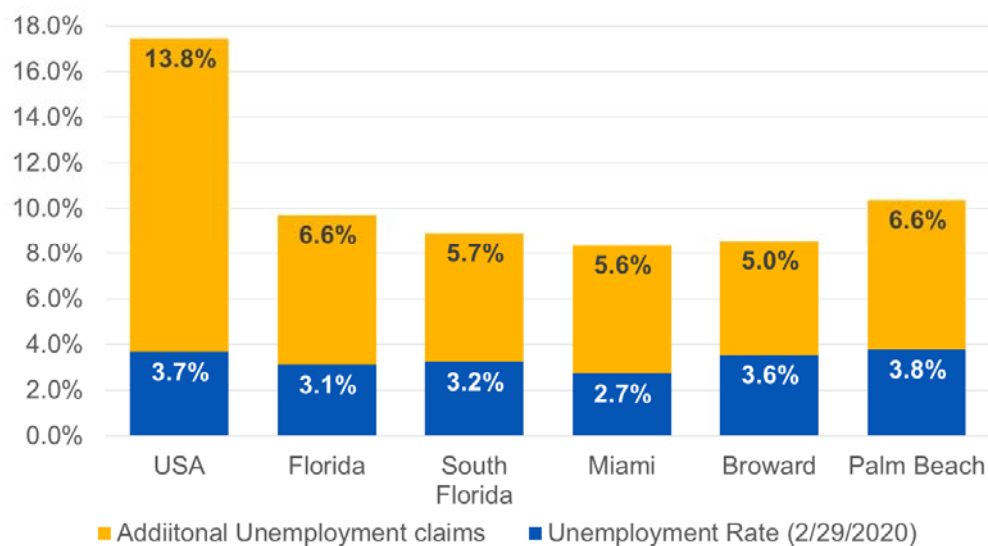
Southeastern Florida – Unemployment Rate Trends

- Miami-Dade's unemployment dropped from 2.6% to 1.5% from February 2019 to February 2020.
- Broward County's unemployment dropped from 3.3% to 2.9% from February 2019 to February 2020.
- During that time, unemployment also dropped in Palm Beach County, from 3.4% to 3.0%.
- Nationwide, unemployment rates improved from 4.1% to 3.8%.



As of the end of February, Florida has reported roughly half the unemployment claims, relative to its labor market size, when compared to the national average. Florida reported close to 670,000 unemployment claims from March 1 to April 4, with a total labor market of 10 million. Compared to total U.S. unemployment claims over the same period, where close to 22.5 million out of a total labor market of close to 163.5 million have filed claims, Florida is reporting roughly half of the national average.

Estimated Unemployment Rate Based on Filed Claims



Source: CoStar, BLS



As many states begin to ponder how to gradually re-open their economies, the return to some degree of economic normalcy could hinge on figuring out the extent of the damage to the local labor market, as well as putting a support mechanism in place to get money into the hands of those who have lost their jobs.

According to Oxford Economics, Florida is the country's fourth-most vulnerable economy following the onset of the coronavirus pandemic. Its ranking is driven by a high exposure to industries that depend on consumer discretionary spending, such as the retail and leisure and hospitality sectors, as well as its higher-than-average number of residents aged 65 and older and the high percentage of self-employed individuals and small businesses operating across the state.

However, adjusting the national 3.7% unemployment rate, pre-crisis, with the new jobless claims filed over the past month provides an unemployment rate of just over 17%. Performing a similar calculation for the 3.1% pre-pandemic unemployment rate across the Florida markets with new jobless claims results in a figure that is closer to a more manageable 10%.

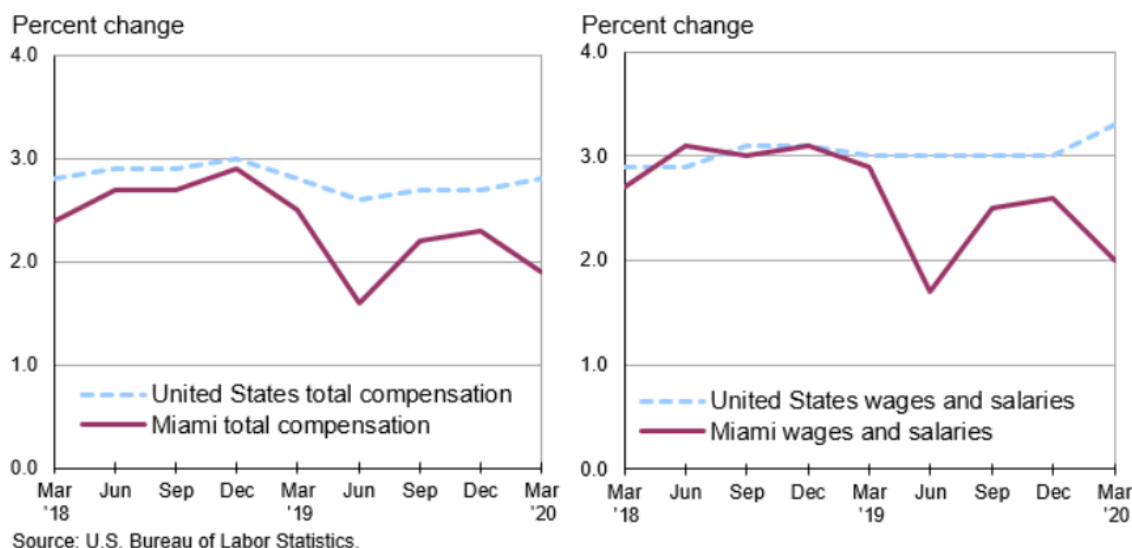
Retail tenants and apartment dwellers still remain the most vulnerable, as they make up the majority of those seeing significant loss of business activity or financial hardship caused by job losses. Potential delays in getting federal support checks or small-business loans will exacerbate the cash flow stress that many of those at risk are already facing, and will likely have a compounding negative impact on Florida's commercial real estate sector. Sole proprietors and small retail businesses are especially vulnerable as loss of income, even for a short period of time, can easily push a small company under.

While Florida has a similar share of its labor markets in the retail and leisure and hospitality sectors to the national breakdown, the spending drivers are different. Florida depends more on consumer's discretionary recreational spending at places like Disney World, while many other states depend on large corporations and business travel to drive spending.

In addition, many in Florida identified difficulties applying for unemployment benefits in March due to reported crashing of Florida's online application for reemployment assistance website because of high traffic volumes. Given the technical difficulties and Florida's exposure to recreational discretionary spending, it is likely that jobless claims reported since the onset of the pandemic do not fully reflect the extent of the true damage to the state's economy and jobs market.

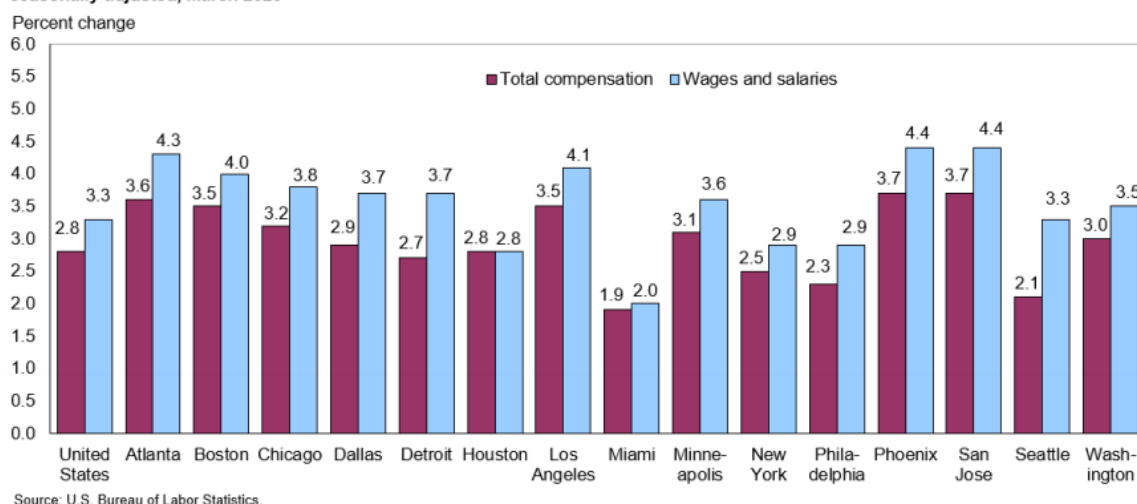
Compensation Costs for Wages and Salaries – Total compensation costs for private industry workers increased 1.9 percent in the Miami-Fort Lauderdale-Port St. Lucie, FL metropolitan area for the 12-month period ended March 2020. Regional Commissioner Janet S. Rankin noted that one year ago, Miami experienced an annual gain of 2.5 percent in compensation costs. Locally, wages and salaries, the largest component of compensation costs, advanced at a 2.0-percent pace for the 12-month period ended March 2020. Nationwide, total compensation costs increased 2.8 percent and wages and salaries rose 3.3 percent from March 2019 to March 2020.

Chart 1. Twelve-month percent changes in the Employment Cost Index, private industry workers, United States and the Miami area, not seasonally adjusted, March 2018–March 2020



Miami is 1 of 15 metropolitan areas in the United States and 1 of 5 areas in the South region of the country for which locality compensation cost data are available. Among these 15 largest areas, over-the-year percentage changes in the cost of compensation ranged 3.7 percent in both Phoenix and San Jose to 1.9 percent in Miami in March 2020; for wages and salaries, annual changes ranged from 4.4 percent in Phoenix and San Jose to 2.0 percent Miami.

Chart 2. Twelve-month percent change in the Employment Cost Index, private industry workers, United States and localities, not seasonally adjusted, March 2020



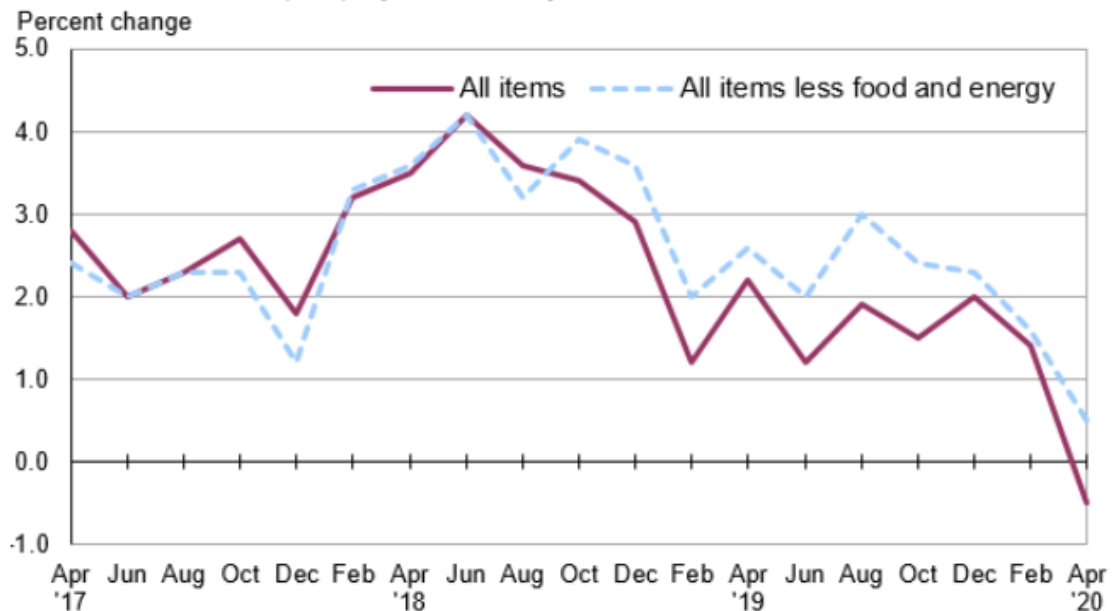
Miami's 1.9-percent increase in compensation costs in the 12-month period ended March 2020 was below the 2.8 to 3.6 percent increase among the South's five metropolitan areas (Atlanta, Dallas, Houston, and Washington). Miami's 2.0-percent

gain in wages and salaries over this 12-month period was also the smallest compared to rates ranging from 2.8-percent to 4.3-percent among the South's five metropolitan areas.

Consumer Price Index – The Consumer Price Index for All Urban Consumers (CPI-U) for Miami-Fort Lauderdale-West Palm Beach declined 1.0-percent over the February – April pricing period, the U.S. Bureau of Labor Statistics reported in May. Regional Commissioner Janet S. Rankin noted that the all items less food and energy index declined 1.0-percent since February and the food index was up 5.0-percent over the two-month pricing period. The energy index fell 11.0-percent over the two months.

From April 2019 to April 2020, the all items CPI-U fell 0.5 percent. The all items less food and energy index moved up 0.5 percent and the food index rose 5.1 percent over the year. The energy index also dropped 18.6 percent since April 2019.

Chart 1. Over-the-year percent change in CPI-U, Miami-Fort Lauderdale-West Palm Beach, FL, April 2017–April 2020



Source: U.S. Bureau of Labor Statistics.

- The food index increased 5.0 percent from February to April, led by a 7.9-percent jump in the food at home index. The food away from home index also increased over the bi-monthly period, up 1.2 percent. The food index advanced 5.1 percent from April 2019 to April 2020, reflecting increases in the food at home (6.7 percent) and food away from home (2.9 percent) indexes.

- The energy index declined 11.0 percent from February to April, reflecting a 20.0-percent drop in the gasoline index. The electricity and the utility (piped) gas service indexes were unchanged over the bi-monthly period. The energy index fell 18.6 percent from April 2019 to April 2020, led by a 29.4-percent fall in the gasoline index. The electricity index also declined, down 4.6 percent over the past 12 months.
- The index for all items less food and energy fell 1.0 percent from February to April, led by declines in the motor vehicle insurance (-17.2 percent) and apparel (-11.0 percent) indexes. In contrast, the medical care index rose 1.3 percent over the bi-monthly period. The index for all items less food and energy increased 0.5 percent from April 2019 to April 2020. Several indexes increased over the year, including shelter (1.2 percent) and medical care (4.6 percent). Motor vehicle insurance (-15.8 percent) and apparel (-7.7 percent) were among the indexes to decline over the past year.

Housing Market

Home sales volume took a nosedive across South Florida housing market in May, but there were signs the market is improving amid the Covid-19 pandemic.

Single-family home sales plunged 48% to 2,539 in the tri-county area, compared to the same month a year ago. The median sales price increased 2.1% to \$372,500. Sales of single-family homes fell 36.2% statewide while the median sales price inched up 1.5% to \$270,000. For condos/townhouses, sales dropped 59.3% to 1,875 in South Florida. The median sales price increased 5% to \$210,000. Throughout the state, sales of condos/townhouses declined 50.3% while the median sales price grew 3.3% to \$201,472. South Florida had the largest percentage drop in sales volume among metro area in both categories.

"New pending condo and townhouse sales are clearly on a recovery trajectory right now, but are simply being surpassed by the more substantial recovery in single-family home new pending sales," said Florida Realtors Chief Economic Brad O'Connor. "The volume of closed sales could recover in a month or two, so the worst of it has likely passed," he said. Low mortgage rates and pent-up demand could make June a strong months for sales.

"Most of the official economic forecasts from both public- and private-sector economists as of late bake in an assumption that there will be major resurgence of the virus this year, which means we should consider those figures cautiously," O'Connor said. "A large second wave of this pandemic is the greatest threat to the housing market and greater economy right now, so it's important that we all continue

to do our part to limit the spread – especially as we continue to try to reopen the economy."

Home listings were down in May 2020. Some buyers pulled their houses off the market, while the number of new listings declined. New sales contracts written also declined by about half. Below is a snapshot of the market from May as compared to the same time frame in April:

- Listings of single-family homes in Miami-Dade were down 16%, along with sales which plummeted 46%.
- Listings of condos in Miami-Dade were also down 8%, while sales fell 61%.
- Similar cases happened in Broward, pending sales of single-family homes decreased 58%, and listings fell 18%.
- Listings of condos in were also down 1%, while sales fell 58%.
- Most would assume that the market would be derailed after the past few months. With the reopening of Broward County, the market is expected to begin to normalize as summer progresses.

Hospitality and Tourism Market

Visit Florida, the state's official tourism marketing corporation, announced that 131.4 million out-of-state visitors came to Florida in 2019, a record number as compared to 126.1 million in 2018. That is the ninth consecutive record-breaking year for Florida tourism. Visit Florida has concluded that in Q1 of 2020, over 31.9 million visitors have come to Florida. However, due to COVID-19, numbers are expected to fall severely.



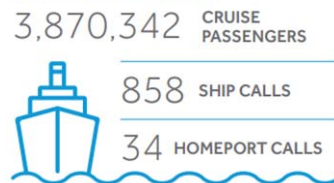
Visit Florida also estimated:

- Florida has seen 10.93 million overseas visitors and 3.63 million Canadians in 2019, in addition to 116.88 million domestic visitors.
- So far in 2020, Florida has seen 2.18 million overseas visitors and 1.23 million Canadians in addition to 28.54 million domestic visitors.
- Total enplanements at 18 Florida airports during 2018 increased 7.6 percent over the previous year, with a record 93.9 million airline passengers.
- Florida's average daily room rate rose 3 percent throughout 2019.

Hospitality/Tourism trends in the South Florida market are as follows:

- The sharing economy continues to threaten the hospitality market. A study from the American Hotel & Lodging Education Foundation found that the practice of frequently listing multiple properties on Airbnb was more prevalent in South Florida than in the nation's other largest metropolitan areas. Currently, less than 1 percent of the 15.4 million people who visited Miami-Dade County last year used Airbnb. That portion is expected to grow coincident with Airbnb's explosive growth, but attempts at regulation are well underway in many South Florida cities. The City of Miami Beach is currently in litigation with Airbnb.
- Global warming is also a potential challenge to South Florida's hospitality sector. Last year due to the extremely warm winters, less people traveled south.
- Airport and cruise travel have significantly been impacted due to Covid-19.
- The South Florida hospitality and tourism market is expected to take a major financial hit during the balance of 2020 due to the federally imposed restrictions on cruise and airline travel stemming from the Covid virus fight.
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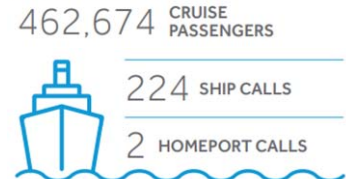
2018 CRUISE ACHIEVEMENTS



2018 CRUISE ACHIEVEMENTS



2018 CRUISE ACHIEVEMENTS



Household Formation

During the real estate crisis, housing formation dropped by over half in the region. The following table compares historical and projected growth trends in household formation in South Florida and Florida overall.

Household Formation by County – South Florida – 2000 - 2019

Households (000's)	2000	2010	2019	Percent Change 00-10	Percent Change 10-19
Florida	6,338.1	7,420.8	8,427.7	17.1%	13.6%
South Florida	1,905.5	2,107.6	2,336.3	10.4%	10.9%
Miami-Dade County	776.9	867.4	986.2	11.6%	13.7%
Broward County	654.4	686.0	751.8	4.8%	9.6%
Palm Beach County	474.2	554.2	598.3	14.8%	7.9%

Source: UF - BEBR

Miami-Dade County had the largest increase in households state-wide between 2010 and 2019, growing by 118,801, followed by Broward increasing by 65,769, and Palm Beach increasing by 54,064. The recovery of sustained household formation is a concern for the region but a recent surge of millennials has entered the workforce and the housing market has recovered, so it is likely that these trends will help household formation.

South Florida Banking

Nearly all South Florida-based banks observed profit decreases during Q1 2020, according to the Federal Deposit Insurance Corp, represents a slowing economy amidst the COVID-19 pandemic.

Miami Lakes-based BankUnited was South Florida's most profitable financial institution – and the second-most profitable in the state – during the fourth quarter of 2019, with a year-end net income of \$96.6 million. BankUnited reported a loss of \$22.2 million in first quarter of the year.

Although most South Florida banks earned a profit, it was far below what they generated in recent quarters, according to FDIC data. The most profitable local banks include:

- Miami-based City National Bank of Florida, with net income of \$32.8 million. That's down from the \$42.4 million it earned in Q4 of 2019.
- Coral Gables-based BAC Florida Bank, with \$6.2 million, down from \$7.4 million in Q4.
- Miami-based Ocean Bank with \$6.06 million, a decline from \$9.4 million in Q4.
- Coral Gables-based Amerant Bank (Nasdaq: AMTB) with \$4.8 million, a third of the \$15.3 million it earned in Q4.

- Coral Gables-based Banesco USA with \$2.07 million. The bank lost \$1.9 million in Q4.
- Eight South Florida banks, including BankUnited, had first quarter losses. They include:
 - Miami-based Eastern National Bank with a loss of \$1.2 million. The bank lost \$1.58 million in the fourth quarter of 2019.
 - Miami-based Intercredit Bank, with a loss of \$467,000. The bank earned \$575,000 in Q4.
 - Hallandale-based Home Federal Bank of Hollywood with a loss of \$332,000. It lost \$218,000 in Q4.
 - Miami-based Pacific National Bank with a loss of \$230,000. The bank earned \$486,000 in Q4.

The state's 102 federally-insured banks had a combined net income of (-\$281,000) during the first quarter, according to FDIC data. In comparison, Florida banks earned \$560 million in Q4, when there were 104 banks. Florida lost 13 banks from March 2019 to March 2020, down from 115 initially.

While net income was down, Florida banks increased loans by a combined \$2.4 billion, the FDIC reports.

The non-current loan ratio, representing loan balances 90 or more days past due, was 2.84%, only slightly higher than the 2.76% rate reported in Q4. However, the state's non-current loan ratio has been steadily rising since the first quarter of 2019, when it was 2.53%.

Florida banks had almost \$170 billion in deposits, up \$11.6 billion from Q4. That could be a sign that consumers and businesses are focused on saving, rather than spending, their money.

Nationally, the banking industry earned \$18.5 billion in the first quarter, a more than \$40 billion year-over-year decline. More than half of all U.S. banks – 55.9% – reported year-over-year declines in net income and only 7.3% were profitable, according to the FDIC.

Despite the profit losses, FDIC Chairman Jenna McWilliams said U.S. banks still had strong capital and liquidity levels. The decline in net income is a reflection of “deteriorating” economic activity, the FDIC said. That's led to larger loan loss provisions, an expense set aside to account for uncollected loans and loan payments.

"The banking industry has been a source of strength for the economy in the first quarter despite unexpected shocks," McWilliams said. "Banks effectively supported individuals and businesses during this downturn through lending and other critical financial services."

Despite the Trump Administration relaxing regulatory matters, banks continue to operate in a challenging environment, particularly community banks. Low interest rates for an extended period have led some institutions to reach for yield, which has increased their exposure to interest-rate risk, liquidity risk, and credit risk. Current oil and gas prices continue to affect borrowers that depend on the energy sector, and have had an adverse effect on asset quality. These challenges will only intensify as interest rates normalize.

Other South Florida banking/lending trends are noted as follows:

- The Fed continued to cut rates throughout early 2020, and is expected to continue with this trend.
- Branch banking has slowed with trends moving towards mobile banking and Drive-Thru banking.
- Mergers and acquisitions should be announced as community banks are motivated due to burdensome Federal regulations. BB&T and SunTrust merged in a \$66 Billion deal to form the nation's 6th largest bank.
- The industry has started to lay off employees mostly in the mortgage space.

Conclusion/Key Points

- Market data strongly suggests that the South Florida economy is generally robust with only minor headwinds, such as the strong dollar and rising construction costs. It remains to be seen what the exact impacts of COVID are but Florida has exposure in the travel and hospitality space.
- Key economic variables such as population growth, employment growth, and housing, have all shown improvement prior to COVID and will need to rebound over the balance of 2020 and into 2021.
- Key ties to South America and Europe, that have helped fuel a housing market rebound, and strong ties to Latin America and the Caribbean, have slowed but remain a key driving force in the expansion in trade in the region.
- Prior to COVID, tourism had fully rebounded and there was expansion in the hospitality sector, although average occupancy had dropped off a bit with the

introduction of new product. Post COVID the economic pain is considered to be severe for the balance of 2020 but slowly recover during 2021.

- Investments in infrastructure will also benefit the region coincident with the opening of the Panama Canal. Led by Miami-Dade County,
- South Florida commercial real estate has reached, and in some cases, exceed previous peak pricing, with all property types now in play. There is an oversupply of residential condo product in Miami Dade, but Broward and Palm Beach are still in balance. Impacts from COVID remain to be seen and are being viewed on case by case basis.
- The Federal Reserve recently underwent additional quantitative easing and interest rates are now zero for the first time in history.
- Most analysts agree that South Florida is in the late innings of the current economy with possibly two or so solid years of growth ahead before the rate slows.
- Florida's electorate recently elected a pro-business governor which favors the Florida economy. However, the economic impact of the President's administration's fiscal and business policies on the South Florida policy, namely tariffs is still being played out.
- Most experts agree the coronavirus will negatively impact the domestic economy but to what extent is unknown until it fully plays out. Of particular concern is the negative impact on hospitality and tourism, one of South Florida's major industries.

COMPARABLE DOCK RENTAL PHOTOGRAPHS



COMPARABLE RENTAL NUMBER 1
Harbor Towne Marina



COMPARABLE RENTAL NUMBER 2
Pier 66



COMPARABLE RENTAL NUMBER 3
Fort Lauderdale Grande



COMPARABLE RENTAL NUMBER 4
Bahia Mar Marina



COMPARABLE RENTAL NUMBER 5
Sunrise Harbor



COMPARABLE RENTAL NUMBER 6
Lauderdale Marine Center



COMPARABLE RENTAL NUMBER 7
One Island Park Marina



COMPARABLE RENTAL NUMBER 8
Sunset Harbour Y.C.



COMPARABLE RENTAL NUMBER 9
Island Gardens Marina



COMPARABLE RENTAL NUMBER 10
Miamarina at Bayside



COMPARABLE RENTAL NUMBER 11
Sea Isles Marina

LAND SALES PROFILES

Land Sale No. 1



Property Identification

Record ID	2812
Property Type	Multi-family, Condominium
Address	304 Ocean Drive, Miami Beach, Miami-Dade County, Florida 33139
Location	NWC 3rd Street and Ocean Drive
Tax ID	02-4203-003-0500, 0510
MSA	Miami
Market Type	Beach

Sale Data

Grantor	Sea Spray Development, LLC
Grantee	312 Ocean Park, LLC
Sale Date	December 18, 2018
Deed Book/Page	31262/4607
Property Rights	Fee Simple
Conditions of Sale	Arm's Length
Financing	Cash to seller
Sale History	Aug. 2013 \$6,300,000
Verification	March 29, 2019; Confirmed by Andrew Rolf
Sale Price	\$10,000,000
Cash Equivalent	\$10,000,000

Land Data

Zoning	RPS-3
Topography	Level
Utilities	All available
Shape	Rectangular
Platting	Yes

Land Sale No. 1 (Cont.)

Concurrency	Yes
Approvals	No

Land Size Information

Gross Land Size	0.264 Acres or 11,500 SF
Planned Units	10

Indicators

Sale Price/Gross Acre	\$37,878,261
Sale Price/Gross SF	\$869.57
Sale Price/Planned Unit	\$1,000,000

Remarks

This is the sale of vacant site in Miami Beach located in the South of Fifth (SoFi) neighborhood. At the time of sale the property did not possess any entitlements and approvals. Since purchase the buyer has announced plans to construct a 10-unit luxury condo called Ocean Park South Beach comprising +/-20,400 SF of saleable area.

Land Sale No. 2



Property Identification

Record ID	3005
Property Type	Multi-family, Condominium
Property Name	Dezer Plaza
Address	18320 Collins Avenue, Miami Beach, Miami-Dade County, Florida 33160
Location	NWC 183rd Street & Atlantic Boulevard
Tax ID	31-2202-003-0201

Sale Data

Grantor	Publix Supermarkets Inc
Grantee	Dezer Plaza
Sale Date	October 15, 2018
Deed Book/Page	31186/4241
Property Rights	Fee Simple
Conditions of Sale	Arm's Length
Financing	Cash to seller
Verification	May 05, 2020; Confirmed by Andrew Rolf
Sale Price	\$31,700,000
Cash Equivalent	\$31,700,000

Land Data

Zoning	B-1
Topography	Level
Utilities	All available
Shape	Rectangular
Platting	Yes
Concurrency	Yes
Approvals	No

Land Size Information

Gross Land Size	0.851 Acres or 37,054 SF
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Land Sale No. 2 (Cont.)

Planned Units 68

Indicators

Sale Price/Gross Acre \$37,265,936

Sale Price/Gross SF \$855.51

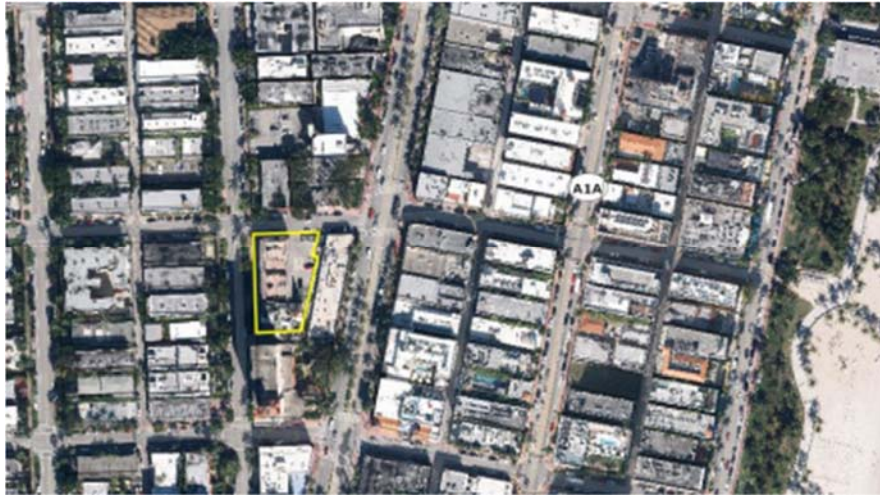
Sale Price/Planned Unit \$466,176

Remarks

This is the sale of a vacant lot located behind a newly renovated Publix store in Sunny Isles Beach. The vacant Intracoastal fronting site was acquired by Dezer who owns 3.15-acres located adjacent on the north side of the site. No plans were in place at the time of sale for development.

The B-1, Neighborhood Business and BO, Business Overlay zoning permit development at 25-units per acre and an 2.0 FAR plus bonus density of 80-units per acre and a maximum FAR up to a 3.45 for enclosed parking bonus (0.40), public parking bonus (0.25), a Collins Avenue/Sunny Isles Boulevard public streetscape enhancement bonus (0.30), and a site assembly bonus (up to 0.50). The dwelling unit density bonus can be increased by one dwelling unit per acre for each 0.02 increase in FAR granted in accordance with Section 265-36E(1) of the City Code up to a maximum density of 80 dwelling units per acre.

Land Sale No. 3



Property Identification

Record ID	3004
Property Type	Office/Hotel
Property Name	Former Oceanside Nursing Home
Address	550 9th Street, Miami Beach, Miami-Dade County, Florida 33139
Location	SEC 9th Street & Pennsylvania Avenue
Tax ID	02-4203-009-0100

Sale Data

Grantor	ADME Real Estate, LLC
Grantee	550 Ninth, LLC
Sale Date	January 31, 2018
Deed Book/Page	30863/349
Property Rights	Fee Simple
Marketing Time	9 months
Conditions of Sale	Arm's Length
Financing	Cash to seller
Verification	May 05, 2020; Confirmed by Andrew Rolf

Sale Price	\$17,625,000
Cash Equivalent	\$17,625,000

Land Data

Zoning	CD-2, Commercial Medium Intensity
Topography	Level
Utilities	All available
Shape	Rectangular
Platting	Yes
Concurrency	Yes
Approvals	Yes

Land Sale No. 3 (Cont.)

Land Size Information

Gross Land Size	0.479 Acres or 20,873 SF
Planned Units	110

Indicators

Sale Price/Gross Acre	\$36,781,728
Sale Price/Gross SF	\$844.39
Sale Price/Planned Unit	\$160,227

Remarks

This is the sale of a former 88-room (196-bed) nursing facility located on Miami Beach. The property was vacant at the time of sale and was marketed for redevelopment. The property was in foreclosure and the sale was approved by a U.S. judge. The buyer owns other hotels in Miami Beach and intends to convert the building to hotel use. Prior to closing on the sale the buyer secured zoning and approvals to convert the 88 rooms to 110 hotel rooms.

Land Sale No. 4



Property Identification

Record ID	2944
Property Type	Multi-family, Condominium
Address	1135 103rd Street, Bay Harbor Islands, Miami-Dade County, Florida 33154
Location	Bay Harbor Islands
Tax ID	13-2227-001-6770
MSA	Miami
Market Type	Beach

Sale Data

Grantor	P3 Investments I, LLC
Grantee	BH Investment, LLC
Sale Date	November 13, 2017
Deed Book/Page	30764/1606
Property Rights	Fee Simple
Conditions of Sale	Arm's Length
Financing	Cash to seller
Verification	April 16, 2019; Confirmed by Andrew Rolf
Sale Price	\$20,500,000
Cash Equivalent	\$20,500,000

Land Data

Zoning	RM-3, Residential Multifamily
Topography	Level
Utilities	All available

Land Sale No. 4 (Cont.)

Shape	Rectangular
Platting	Yes
Concurrency	Yes
Approvals	No

Land Size Information

Gross Land Size	1.209 Acres or 52,666 SF
Planned Units	29
Front Footage	300 ft Biscayne Bay;

Indicators

Sale Price/Gross Acre	\$16,955,531
Sale Price/Gross SF	\$389.25
Sale Price/Planned Unit	\$706,897

Remarks

This is the sale of a vacant site located on the northern end of the Bay Harbor Islands with direct frontage on Biscayne Bay. The site was previously approved for 29 luxury condo units and 121,000 SF of saleable area. According to the confirming source the buyer wanted to own the premier site on the island but had no immediate plans to develop the site.

Land Sale No. 5



Property Identification

Record ID	2566
Property Type	Multi-family, Condominium
Property Name	Surf House
Address	8995 Collins Avenue, Surfside, Miami-Dade County, Florida
Tax ID	14-2235-022-0010 through -0360
MSA	Miami
Market Type	Beach

Sale Data

Grantor	Surf House condo association
Grantee	Surf House Ocean Views, LLC
Sale Date	June 10, 2016
Deed Book/Page	30114/2478
Property Rights	Fee Simple
Conditions of Sale	Arm's Length
Financing	Cash to seller
Verification	October 11, 2015; Confirmed by Andrew Rolf
Sale Price	\$55,000,000
Cash Equivalent	\$55,000,000

Land Data

Zoning	HR-120, Mixed Use Resort
Topography	Level
Utilities	All available
Shape	Rectangular
Platting	Yes
Concurrency	Yes
Approvals	No

Land Sale No. 5 (Cont.)

Land Size Information

Gross Land Size	0.608 Acres or 26,500 SF
Planned Units	34
Front Footage	70 ft Atlantic Ocean;

Indicators

Sale Price/Gross Acre	\$90,407,547
Sale Price/Gross SF	\$2,075.47
Sale Price/Planned Unit	\$1,617,647

Remarks

This is the sale of the Surf House condo for a total price of \$55 million or just over \$1.5 million per unit for 37 condo units and a separate parking lot site located on the west side of Collins Avenue. Closings on five remaining units were still occurring as of November 2015. The buyer has not revealed exact development plans but intends to construct smaller units than currently being developed in the neighborhood to be marketed as second and third homes with prices starting around \$2.5 million. Zoning permits up to 58 units but the developer now intends to construct 34 units.

DEMOGRAPHICS



Household Income Profile

300 Alton Rd, Miami Beach, Florida, 33139 2
300 Alton Rd, Miami Beach, Florida, 33139
Ring: 1 mile radius

Prepared by Esri
Latitude: 25.77069
Longitude: -80.13914

Summary	2019	2024	2019-2024 Change	2019-2024 Annual Rate
Population	21,300	22,054	754	0.70%
Households	12,885	13,264	379	0.58%
Median Age	42.3	43.6	1.3	0.61%
Average Household Size	1.61	1.62	0.01	0.12%

Households by Income	2019		2024	
	Number	Percent	Number	Percent
Household	12,885	100%	13,264	100%
<\$15,000	2,551	19.8%	2,197	16.6%
\$15,000-\$24,999	1,336	10.4%	1,235	9.3%
\$25,000-\$34,999	1,244	9.7%	1,147	8.6%
\$35,000-\$49,999	1,436	11.1%	1,423	10.7%
\$50,000-\$74,999	1,804	14.0%	1,846	13.9%
\$75,000-\$99,999	1,345	10.4%	1,502	11.3%
\$100,000-\$149,999	1,443	11.2%	1,717	12.9%
\$150,000-\$199,999	732	5.7%	1,024	7.7%
\$200,000+	995	7.7%	1,174	8.9%
Median Household Income	\$48,336		\$56,689	
Average Household Income	\$81,278		\$93,969	
Per Capita Income	\$49,315		\$56,656	

Data Note: Income is reported for households as of July 1, 2019 and represents annual income for the preceding year, expressed in 2017 dollars. Income is reported for households as of July 1, 2024 and represents annual income for the preceding year, expressed in 2022 dollars
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri Forecasts for 2019 and 2024.



Household Income Profile

300 Alton Rd, Miami Beach, Florida, 33139 2
300 Alton Rd, Miami Beach, Florida, 33139
Ring: 1 mile radius

Prepared by Esri
Latitude: 25.77069
Longitude: -80.13914

2019 Households by Income and Age of Householder							
	<25	25-34	35-44	45-54	55-64	65-74	75+
HH Income Base	551	2,742	2,890	1,969	1,490	1,608	1,635
<\$15,000	123	369	327	225	289	455	762
\$15,000-\$24,999	74	238	219	124	138	222	322
\$25,000-\$34,999	64	342	306	173	125	128	106
\$35,000-\$49,999	85	384	335	187	135	185	125
\$50,000-\$74,999	103	438	427	313	209	196	118
\$75,000-\$99,999	42	332	376	213	186	113	82
\$100,000-\$149,999	40	393	400	283	153	120	54
\$150,000-\$199,999	11	134	220	194	96	53	25
\$200,000+	10	113	281	256	158	137	40
Median HH Income	\$36,966	\$51,532	\$63,009	\$70,925	\$55,254	\$34,950	\$16,123
Average HH Income	\$51,734	\$73,520	\$96,722	\$111,148	\$93,191	\$73,401	\$37,866
Percent Distribution							
	<25	25-34	35-44	45-54	55-64	65-74	75+
HH Income Base	100%	100%	100%	100%	100%	100%	100%
<\$15,000	22.3%	13.5%	11.3%	11.4%	19.4%	28.3%	46.6%
\$15,000-\$24,999	13.4%	8.7%	7.6%	6.3%	9.3%	13.8%	19.7%
\$25,000-\$34,999	11.6%	12.5%	10.6%	8.8%	8.4%	8.0%	6.5%
\$35,000-\$49,999	15.4%	14.0%	11.6%	9.5%	9.1%	11.5%	7.6%
\$50,000-\$74,999	18.7%	16.0%	14.8%	15.9%	14.0%	12.2%	7.2%
\$75,000-\$99,999	7.6%	12.1%	13.0%	10.8%	12.5%	7.0%	5.0%
\$100,000-\$149,999	7.3%	14.3%	13.8%	14.4%	10.3%	7.5%	3.3%
\$150,000-\$199,999	2.0%	4.9%	7.6%	9.9%	6.4%	3.3%	1.5%
\$200,000+	1.8%	4.1%	9.7%	13.0%	10.6%	8.5%	2.4%

Data Note: Income is reported for households as of July 1, 2019 and represents annual income for the preceding year, expressed in 2017 dollars. Income is reported for households as of July 1, 2024 and represents annual income for the preceding year, expressed in 2022 dollars

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri Forecasts for 2019 and 2024.



Household Income Profile

300 Alton Rd, Miami Beach, Florida, 33139 2
300 Alton Rd, Miami Beach, Florida, 33139
Ring: 1 mile radius

Prepared by Esri
Latitude: 25.77069
Longitude: -80.13914

2024 Households by Income and Age of Householder							
	<25	25-34	35-44	45-54	55-64	65-74	75+
HH Income Base	667	2,559	2,757	2,140	1,640	1,720	1,783
<\$15,000	128	242	247	188	256	405	731
\$15,000-\$24,999	81	180	170	109	137	224	335
\$25,000-\$34,999	68	269	267	157	127	135	125
\$35,000-\$49,999	101	338	303	186	151	201	144
\$50,000-\$74,999	127	413	401	307	226	227	145
\$75,000-\$99,999	61	354	389	236	216	140	107
\$100,000-\$149,999	69	459	413	353	190	152	80
\$150,000-\$199,999	18	177	276	284	150	75	44
\$200,000+	15	126	292	321	187	161	72
Median HH Income	\$42,242	\$62,924	\$74,228	\$86,498	\$64,517	\$41,069	\$18,702
Average HH Income	\$60,790	\$87,241	\$108,619	\$129,205	\$105,497	\$84,198	\$49,809
Percent Distribution							
	<25	25-34	35-44	45-54	55-64	65-74	75+
HH Income Base	100%	100%	100%	100%	100%	100%	100%
<\$15,000	19.2%	9.5%	9.0%	8.8%	15.6%	23.5%	41.0%
\$15,000-\$24,999	12.1%	7.0%	6.2%	5.1%	8.4%	13.0%	18.8%
\$25,000-\$34,999	10.2%	10.5%	9.7%	7.3%	7.7%	7.8%	7.0%
\$35,000-\$49,999	15.1%	13.2%	11.0%	8.7%	9.2%	11.7%	8.1%
\$50,000-\$74,999	19.0%	16.1%	14.5%	14.3%	13.8%	13.2%	8.1%
\$75,000-\$99,999	9.1%	13.8%	14.1%	11.0%	13.2%	8.1%	6.0%
\$100,000-\$149,999	10.3%	17.9%	15.0%	16.5%	11.6%	8.8%	4.5%
\$150,000-\$199,999	2.7%	6.9%	10.0%	13.3%	9.1%	4.4%	2.5%
\$200,000+	2.2%	4.9%	10.6%	15.0%	11.4%	9.4%	4.0%

Data Note: Income is reported for households as of July 1, 2019 and represents annual income for the preceding year, expressed in 2017 dollars. Income is reported for households as of July 1, 2024 and represents annual income for the preceding year, expressed in 2022 dollars
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri Forecasts for 2019 and 2024.



Household Income Profile

300 Alton Rd, Miami Beach, Florida, 33139 2
300 Alton Rd, Miami Beach, Florida, 33139
Ring: 3 mile radius

Prepared by Esri
Latitude: 25.77069
Longitude: -80.13914

Summary	2019	2024	2019-2024 Change	2019-2024 Annual Rate
Population	55,402	57,391	1,989	0.71%
Households	31,850	32,795	945	0.59%
Median Age	41.3	42.3	1.0	0.48%
Average Household Size	1.71	1.72	0.01	0.12%

Households by Income	2019		2024	
	Number	Percent	Number	Percent
Household	31,850	100%	32,795	100%
<\$15,000	4,671	14.7%	4,030	12.3%
\$15,000-\$24,999	2,813	8.8%	2,532	7.7%
\$25,000-\$34,999	2,846	8.9%	2,532	7.7%
\$35,000-\$49,999	3,604	11.3%	3,454	10.5%
\$50,000-\$74,999	4,368	13.7%	4,365	13.3%
\$75,000-\$99,999	3,310	10.4%	3,570	10.9%
\$100,000-\$149,999	4,312	13.5%	4,993	15.2%
\$150,000-\$199,999	2,409	7.6%	3,209	9.8%
\$200,000+	3,518	11.0%	4,109	12.5%
Median Household Income	\$59,323		\$71,101	
Average Household Income	\$98,279		\$112,431	
Per Capita Income	\$56,538		\$64,289	

Data Note: Income is reported for households as of July 1, 2019 and represents annual income for the preceding year, expressed in 2017 dollars. Income is reported for households as of July 1, 2024 and represents annual income for the preceding year, expressed in 2022 dollars
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri Forecasts for 2019 and 2024.



Household Income Profile

300 Alton Rd, Miami Beach, Florida, 33139 2
300 Alton Rd, Miami Beach, Florida, 33139
Ring: 3 mile radius

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Latitude: 25.77069
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2019 Households by Income and Age of Householder							
	<25	25-34	35-44	45-54	55-64	65-74	75+
HH Income Base	1,412	6,802	7,103	5,397	4,099	3,594	3,441
<\$15,000	259	782	655	453	599	776	1,146
\$15,000-\$24,999	165	507	460	296	319	457	607
\$25,000-\$34,999	156	791	639	387	303	296	274
\$35,000-\$49,999	220	978	796	508	375	380	347
\$50,000-\$74,999	257	1,012	958	734	530	467	410
\$75,000-\$99,999	146	824	867	488	445	284	255
\$100,000-\$149,999	133	1,074	1,064	877	524	427	214
\$150,000-\$199,999	41	490	730	581	296	180	93
\$200,000+	35	344	934	1,074	708	327	95
Median HH Income	\$42,354	\$56,580	\$75,958	\$90,099	\$70,292	\$44,663	\$24,220
Average HH Income	\$59,700	\$81,284	\$112,659	\$136,269	\$118,802	\$83,645	\$49,330
Percent Distribution							
	<25	25-34	35-44	45-54	55-64	65-74	75+
HH Income Base	100%	100%	100%	100%	100%	100%	100%
<\$15,000	18.3%	11.5%	9.2%	8.4%	14.6%	21.6%	33.3%
\$15,000-\$24,999	11.7%	7.5%	6.5%	5.5%	7.8%	12.7%	17.6%
\$25,000-\$34,999	11.0%	11.6%	9.0%	7.2%	7.4%	8.2%	8.0%
\$35,000-\$49,999	15.6%	14.4%	11.2%	9.4%	9.1%	10.6%	10.1%
\$50,000-\$74,999	18.2%	14.9%	13.5%	13.6%	12.9%	13.0%	11.9%
\$75,000-\$99,999	10.3%	12.1%	12.2%	9.0%	10.9%	7.9%	7.4%
\$100,000-\$149,999	9.4%	15.8%	15.0%	16.2%	12.8%	11.9%	6.2%
\$150,000-\$199,999	2.9%	7.2%	10.3%	10.8%	7.2%	5.0%	2.7%
\$200,000+	2.5%	5.1%	13.1%	19.9%	17.3%	9.1%	2.8%

Data Note: Income is reported for households as of July 1, 2019 and represents annual income for the preceding year, expressed in 2017 dollars. Income is reported for households as of July 1, 2024 and represents annual income for the preceding year, expressed in 2022 dollars

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri Forecasts for 2019 and 2024.



Household Income Profile

300 Alton Rd, Miami Beach, Florida, 33139 2
300 Alton Rd, Miami Beach, Florida, 33139
Ring: 3 mile radius

Prepared by Esri
Latitude: 25.77069
Longitude: -80.13914

2024 Households by Income and Age of Householder							
	<25	25-34	35-44	45-54	55-64	65-74	75+
HH Income Base	1,617	6,632	6,745	5,722	4,366	3,880	3,833
<\$15,000	254	569	500	369	510	708	1,120
\$15,000-\$24,999	166	401	350	250	290	452	623
\$25,000-\$34,999	146	644	526	330	282	297	307
\$35,000-\$49,999	234	890	701	469	371	401	388
\$50,000-\$74,999	307	962	872	693	541	522	468
\$75,000-\$99,999	187	855	854	530	495	329	320
\$100,000-\$149,999	204	1,244	1,087	1,022	616	519	300
\$150,000-\$199,999	70	653	864	795	427	250	151
\$200,000+	50	414	990	1,264	834	402	157
Median HH Income	\$50,479	\$69,878	\$85,699	\$107,738	\$83,058	\$52,891	\$30,054
Average HH Income	\$70,625	\$95,876	\$127,105	\$154,638	\$134,899	\$95,914	\$61,006
Percent Distribution							
	<25	25-34	35-44	45-54	55-64	65-74	75+
HH Income Base	100%	100%	100%	100%	100%	100%	100%
<\$15,000	15.7%	8.6%	7.4%	6.4%	11.7%	18.2%	29.2%
\$15,000-\$24,999	10.3%	6.0%	5.2%	4.4%	6.6%	11.6%	16.3%
\$25,000-\$34,999	9.0%	9.7%	7.8%	5.8%	6.5%	7.7%	8.0%
\$35,000-\$49,999	14.5%	13.4%	10.4%	8.2%	8.5%	10.3%	10.1%
\$50,000-\$74,999	19.0%	14.5%	12.9%	12.1%	12.4%	13.5%	12.2%
\$75,000-\$99,999	11.6%	12.9%	12.7%	9.3%	11.3%	8.5%	8.3%
\$100,000-\$149,999	12.6%	18.8%	16.1%	17.9%	14.1%	13.4%	7.8%
\$150,000-\$199,999	4.3%	9.8%	12.8%	13.9%	9.8%	6.4%	3.9%
\$200,000+	3.1%	6.2%	14.7%	22.1%	19.1%	10.4%	4.1%

Data Note: Income is reported for households as of July 1, 2019 and represents annual income for the preceding year, expressed in 2017 dollars. Income is reported for households as of July 1, 2024 and represents annual income for the preceding year, expressed in 2022 dollars

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri Forecasts for 2019 and 2024.



Household Income Profile

300 Alton Rd, Miami Beach, Florida, 33139 2
300 Alton Rd, Miami Beach, Florida, 33139
Ring: 5 mile radius

Prepared by Esri
Latitude: 25.77069
Longitude: -80.13914

Summary	2019	2024	2019-2024 Change	2019-2024 Annual Rate
Population	228,520	253,190	24,670	2.07%
Households	112,346	124,485	12,139	2.07%
Median Age	38.5	38.8	0.3	0.16%
Average Household Size	1.98	1.98	0.00	0.00%

Households by Income	2019		2024	
	Number	Percent	Number	Percent
Household	112,343	100%	124,482	100%
<\$15,000	20,177	18.0%	18,531	14.9%
\$15,000-\$24,999	10,768	9.6%	10,183	8.2%
\$25,000-\$34,999	9,750	8.7%	9,364	7.5%
\$35,000-\$49,999	12,814	11.4%	13,488	10.8%
\$50,000-\$74,999	16,546	14.7%	18,383	14.8%
\$75,000-\$99,999	11,454	10.2%	13,830	11.1%
\$100,000-\$149,999	14,193	12.6%	18,295	14.7%
\$150,000-\$199,999	6,619	5.9%	9,704	7.8%
\$200,000+	10,021	8.9%	12,703	10.2%
Median Household Income	\$52,925		\$62,362	
Average Household Income	\$86,565		\$99,737	
Per Capita Income	\$42,775		\$49,264	

Data Note: Income is reported for households as of July 1, 2019 and represents annual income for the preceding year, expressed in 2017 dollars. Income is reported for households as of July 1, 2024 and represents annual income for the preceding year, expressed in 2022 dollars
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri Forecasts for 2019 and 2024.



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300 Alton Rd, Miami Beach, Florida, 33139 2
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Ring: 5 mile radius

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2019 Households by Income and Age of Householder							
	<25	25-34	35-44	45-54	55-64	65-74	75+
HH Income Base	5,947	25,904	23,964	18,218	15,271	12,283	10,755
<\$15,000	1,271	3,153	2,759	2,256	3,177	3,274	4,287
\$15,000-\$24,999	683	1,898	1,700	1,159	1,505	1,896	1,925
\$25,000-\$34,999	648	2,553	2,035	1,475	1,208	1,043	789
\$35,000-\$49,999	862	3,381	2,778	2,006	1,566	1,310	912
\$50,000-\$74,999	1,135	4,371	3,652	2,707	2,108	1,488	1,084
\$75,000-\$99,999	582	3,335	3,033	1,600	1,442	834	629
\$100,000-\$149,999	461	4,122	3,285	2,820	1,741	1,142	623
\$150,000-\$199,999	155	1,557	1,978	1,454	771	469	236
\$200,000+	150	1,534	2,745	2,741	1,754	828	270
Median HH Income	\$40,296	\$58,990	\$66,778	\$69,044	\$51,526	\$34,147	\$19,590
Average HH Income	\$56,823	\$82,901	\$102,226	\$113,662	\$91,949	\$68,478	\$44,067
Percent Distribution							
	<25	25-34	35-44	45-54	55-64	65-74	75+
HH Income Base	100%	100%	100%	100%	100%	100%	100%
<\$15,000	21.4%	12.2%	11.5%	12.4%	20.8%	26.7%	39.9%
\$15,000-\$24,999	11.5%	7.3%	7.1%	6.4%	9.9%	15.4%	17.9%
\$25,000-\$34,999	10.9%	9.9%	8.5%	8.1%	7.9%	8.5%	7.3%
\$35,000-\$49,999	14.5%	13.1%	11.6%	11.0%	10.3%	10.7%	8.5%
\$50,000-\$74,999	19.1%	16.9%	15.2%	14.9%	13.8%	12.1%	10.1%
\$75,000-\$99,999	9.8%	12.9%	12.7%	8.8%	9.4%	6.8%	5.8%
\$100,000-\$149,999	7.8%	15.9%	13.7%	15.5%	11.4%	9.3%	5.8%
\$150,000-\$199,999	2.6%	6.0%	8.3%	8.0%	5.0%	3.8%	2.2%
\$200,000+	2.5%	5.9%	11.5%	15.0%	11.5%	6.7%	2.5%

Data Note: Income is reported for households as of July 1, 2019 and represents annual income for the preceding year, expressed in 2017 dollars. Income is reported for households as of July 1, 2024 and represents annual income for the preceding year, expressed in 2022 dollars

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri Forecasts for 2019 and 2024.



Household Income Profile

300 Alton Rd, Miami Beach, Florida, 33139 2
300 Alton Rd, Miami Beach, Florida, 33139
Ring: 5 mile radius

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2024 Households by Income and Age of Householder							
	<25	25-34	35-44	45-54	55-64	65-74	75+
HH Income Base	7,455	28,052	25,437	20,133	16,666	14,150	12,590
<\$15,000	1,341	2,551	2,320	1,900	2,739	3,199	4,480
\$15,000-\$24,999	704	1,601	1,430	1,000	1,375	1,976	2,096
\$25,000-\$34,999	689	2,262	1,847	1,325	1,161	1,146	935
\$35,000-\$49,999	1,039	3,349	2,775	2,057	1,648	1,528	1,092
\$50,000-\$74,999	1,532	4,624	3,747	2,883	2,388	1,857	1,352
\$75,000-\$99,999	848	3,904	3,395	1,960	1,771	1,070	882
\$100,000-\$149,999	764	5,362	3,956	3,520	2,229	1,541	924
\$150,000-\$199,999	293	2,346	2,698	2,088	1,155	718	406
\$200,000+	244	2,053	3,269	3,398	2,200	1,117	423
Median HH Income	\$49,117	\$72,328	\$78,454	\$85,002	\$62,643	\$41,344	\$23,124
Average HH Income	\$67,879	\$98,020	\$116,115	\$129,845	\$107,304	\$79,843	\$53,527
Percent Distribution							
	<25	25-34	35-44	45-54	55-64	65-74	75+
HH Income Base	100%	100%	100%	100%	100%	100%	100%
<\$15,000	18.0%	9.1%	9.1%	9.4%	16.4%	22.6%	35.6%
\$15,000-\$24,999	9.4%	5.7%	5.6%	5.0%	8.3%	14.0%	16.6%
\$25,000-\$34,999	9.2%	8.1%	7.3%	6.6%	7.0%	8.1%	7.4%
\$35,000-\$49,999	13.9%	11.9%	10.9%	10.2%	9.9%	10.8%	8.7%
\$50,000-\$74,999	20.5%	16.5%	14.7%	14.3%	14.3%	13.1%	10.7%
\$75,000-\$99,999	11.4%	13.9%	13.3%	9.7%	10.6%	7.6%	7.0%
\$100,000-\$149,999	10.2%	19.1%	15.6%	17.5%	13.4%	10.9%	7.3%
\$150,000-\$199,999	3.9%	8.4%	10.6%	10.4%	6.9%	5.1%	3.2%
\$200,000+	3.3%	7.3%	12.9%	16.9%	13.2%	7.9%	3.4%

Data Note: Income is reported for households as of July 1, 2019 and represents annual income for the preceding year, expressed in 2017 dollars. Income is reported for households as of July 1, 2024 and represents annual income for the preceding year, expressed in 2022 dollars

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri Forecasts for 2019 and 2024.

QUALIFICATIONS

WALTER DUKE + PARTNERS

COMMERCIAL REAL ESTATE VALUATION

Walter B. Duke, III, MAI, CCIM
State Certified General Appraiser 375

QUALIFICATIONS OF WALTER B. DUKE, III, MAI, CCIM

EDUCATION

University of Florida, Gainesville, Florida
Major in Real Estate
B.S. Degree in Business Administration



Walter B. Duke, III, MAI, CCIM

Appraisal Institute, American Institute of Real Estate Appraisers and Society of Real Estate Appraisers core course, electives, seminars and comprehensive examination.

APPRAISAL/REAL ESTATE EXPERIENCE

1992 – Present	President & CEO, Walter Duke + Partners, Inc.
1988 – 1992	Senior Appraiser, Clobus Valuation Co., Inc.
1985 – 1987	Staff Appraiser, Clobus Valuation Co., Inc.
1983 – 1984	Broker-Salesperson, Carmel Bay Realty

Appraisal assignments include the valuation and/or evaluation of a wide variety of commercial, residential and industrial properties in Florida prepared for banks, savings and loans, savings bank, insurance companies, estates, governmental agencies, REIT's, mortgage bankers, attorneys and individual investors. Property types include, but are not limited to, proposed and existing office buildings, commercial condominiums, warehouse and industrial properties, shopping centers and retail development, market and tax credit apartments, acreage tracts, commercial/industrial land and special purpose properties including marinas, boatyards, religious and/or educational facilities, fixed base operations (FBO).

Qualified Real Estate Valuation Expert Witness:
U.S. Bankruptcy Court, Southern District of Florida
17th Judicial Circuit Court, Broward County

PROFESSIONAL AND BUSINESS AFFILIATIONS

MAI – Member, Appraisal Institute, No. 8584
CCIM – Certified Commercial Investment Member No. 7130
Registered Real Estate Broker-Salesperson – State of Florida, No. 0398146
Certified General Appraiser – State of Florida, No. RZ375
Former Member – Review and Counseling Division – Region X South
Florida-Caribbean Chapter of Appraisal Institute:
President 2000, 2nd Vice President 1999, Secretary 1998, Treasurer 1997
Regional Representative: Region X Leadership Fort
Lauderdale – Class IV, 1998
Appraisal Institute-Leadership Advisory Council, 1997
Institute Affiliate Member – Realtor Association of Greater Fort Lauderdale Member –
Society of Commercial Realtors of Greater Fort Lauderdale Member –
Executives' Association of Fort Lauderdale
Former Member – Appraisal Journal Editorial Review Board
Member – Marine Industries Association of South Florida (MIASF)
Director, Marine Industries Association of South Florida (2014-2020)
Director – CCIM Fort Lauderdale/Broward District (2018 – Current)

CIVIC AND CHARITABLE ACTIVITIES

Mayor, City of Dania Beach, 2012 - 2014
City Commissioner – City of Dania Beach, 2009 – 2011, 2015-2016
Chairman - Dania Beach Community Redevelopment Agency 2012 - 2014
Member – Broward Metropolitan Planning Organization 2012 - 2016
Leadership Fort Lauderdale – Class IV, 1998

AWARDS AND RECOGNITION

Appraisal Institute – Recipient of the Volunteer of Distinction Award
Jubilee Center of South Broward – Recipient of the Compassion Award
Golden Anchor Award Recipient - Highest honor bestowed by the Marine Industries of South Florida, (MIASF)
Dania Lions Club - Recipient of the Nicholas James Costello Award for service to the community
Gold Coast Magazine Fort Lauderdale - named as a 2016 Power Couple along with wife Lisa
Symphony of the Americas, honored along with wife Lisa as a couple of "Style and Substance"
South Florida Business Journal - One of five notable figures who are "Making Waves in the Marine Industry"

RECENT SPEAKING ENGAGEMENTS

Keynote - Commercial Real Estate Trends" - Berger Commercial Realty Lunch N Learn Series
Keynote - Florida Commercial Real Estate Market" - South Florida Loan Committee
Keynote - Market Update – South Florida Commercial Real Estate" South Florida Chapter of the American Society of Appraisers (ASA)
Keynote - Commercial Real Estate and Dania Beach Development Overview" - Broward Council of the Miami Association of Realtors
Panelist - Market Perspectives on Valuation, National Association of Office and Industrial Properties (NAIOP)
Speaker - South Florida Commercial Real Estate Financing and Valuation" South Florida CCIM Chapter
Panelist - MIA SF Better Business Series" – Marine Industries of South Florida (MIASF)
Speaker - 2040 Regional Transportation Plan Rollout - Southeast Florida Transportation Council
Keynote - Global Real Estate Trends Applicable to Fort Lauderdale – Fort Lauderdale Historical Society
Speaker – Broward County Economy - Executives Association of Fort Lauderdale 59th Annual Economic Outlook Breakfast

RECENT PUBLISHED ARTICLES AND INDUSTRY CONTENT

Author - Top 5 Misconceptions About Commercial Real Estate Appraisals Author –
Dredging of the Dania Cut Off Canal Spurs Economic Growth Author – What Type of
Commercial Lease is Best for You?
Author – How Walkable Communities Increase Property Values
Author – Selling Your Marina? 5 Key Factors to Consider
Author – Millennials Finally Leaving the Nest – Fort Lauderdale Rental Market Booming
Author – The Importance of LIHTC Market Feasibility Studies
Author – When is the right time to sell a marina?" – Boating Industry Magazine – August 13, 2015
Author – Business is Booming at Walter Duke + Partners
Author – Top 10 Takeaways from this year's ICSC Conference
Co-Author – Big Profits/Low Risk: 7 Bank Lease Deal Trends
Author – Top 5 Misperceptions About Commercial Real Estate Appraisals
Author – All you need to know about Florida Charter Schools
Author – Top 4 Reasons Why Baby Boomers Still Own the Share of US Small Businesses
Author – Three Reasons to be Happy in Your Upside Down Condo!

Author – Three Troubling Trends in the South Florida Condo Market”
Author – Free Beer Included in Your Office Space?
Guest Columnist/South Florida Business Journal – Ask these questions before running for office, 2015
Author – Low Income Housing Tax Credit: A Government Program That Works
Contributor - Time to sell that Marina? – Trade Only Today Magazine – December, 2015 Issue
Author – Boom Interrupted: Six Signs Commercial Real Estate Could Be Peaking
Author – Thinking Outside the Box to Create Value in Church Property
Author – From the Desk of Duke: SHIP and SAIL Big Winners!
Guest Columnist/MIASF Soundings – Fort Lauderdale must be vigilant to maintain its title as Yachting Capital of the World
Author - Is the Condo Market Keeping You Up at Night?
Author - Top Three Reasons For An Improved Housing Market?
Author - Sea Level Rise: Does the Business Community Care?
Author – The American Dream Interrupted: 3 Ways Government Can Help
Author – Nine Noteworthy Trends You Should Know
Author – Its Gut Check Time in the Miami Condo Market
Author – Six Headwinds That Could Derail Florida Commercial Real Estate and the Trump Economy
Author – Opportunity is Knocking! Are you Ready?
Author – Florida has Hurricane Amnesia
Author – Is Fort Lauderdale Still the “Yachting Capital of the World”?
Author – COVID-19; Florida CRE Winners and Losers
Author – Office: You Can’t Live with It, You Can’t Live Without It
Author – CRE Valuation Professionals Shouldn’t Overreact to COVID-19

RECERTIFICATION AND CONTINUING EDUCATION

The Appraisal Institute conducts a voluntary program of continuing education for its designated members. MAIs and SRAs who meet the minimum standards of this program are awarded periodic education certification. I am currently certified under this program.

WALTER DUKE + PARTNERS

COMMERCIAL REAL ESTATE VALUATION

Walter B. Duke, III, MAI, CCIM
State Certified General Appraiser 375

QUALIFICATIONS OF ANDREW S. ROLF, MAI

EDUCATION

Florida Atlantic University, Boca Raton, Florida
Master of Business Administration (MBA) – 2010

Florida State University, Tallahassee, Florida
Bachelor of Science Degree – 2003
Major – Real Estate and Finance

REAL ESTATE APPRAISAL EDUCATION

Appraisal Institute: Basic Income Capitalization – October 2004
 Course 510 Advanced Income Capitalization – September 2008
 Course 520 Market Analysis & Highest and Best Use – December 2009
 Course 530 Advanced Sales Comparison & Coast Approaches – July 2010
 Course 550 Advanced Applications – October 2009
 General Appraiser Report Writing & Case Studies – October 2010
 Separating Real Property, Personal Property & Intangible Assets – June 2012

APPRAISAL/REAL ESTATE EXPERIENCE

2007 – Present	Senior Appraiser, Walter Duke + Partners, Inc., f/k/a, Clobus, McLemore & Duke, Inc.
2003 – 2007	Trainee Appraiser, Clobus, McLemore & Duke, Inc.

Appraisal assignments include the valuation and/or evaluation of a wide variety of commercial properties in Florida prepared for banks, savings and loans, insurance companies, estates, governmental agencies, REITs, mortgage bankers and individual investors. Property types include, but are not limited to, proposed and existing shopping centers, office buildings, warehouses and industrial properties, rental apartment projects, acreage tracts, commercial/industrial land, mixed-use properties, self-storage facilities and senior housing facilities.

PROFESSIONAL AFFILIATIONS

MAI – Member, Appraisal Institute, No. 456819
State-Certified General Appraiser – State of Florida No. RZ3092
Real Estate Salesperson – State of Florida No. SL-3210795

RECERTIFICATION AND CONTINUING EDUCATION

The Appraisal Institute conducts a voluntary program of continuing education for its designated members. MAIs who meet the minimum standards of this program are awarded periodic education certification. I am currently certified under this program.

WALTER DUKE + PARTNERS

COMMERCIAL REAL ESTATE VALUATION

Walter B. Duke, III, MAI, CCIM
State Certified General Appraiser 375

QUALIFICATIONS OF ALBERT D. OWLER

EDUCATION

University of South Florida, Tampa, Florida
Major in Finance
B.A. Degree in Business Administration

REAL ESTATE EDUCATION

Has successfully completed or has credit for the following courses/exams under the auspices of the Appraisal Institute:

- | | |
|-------------|--|
| Course 101 | • Real Property Appraisal |
| Course 1B-A | • Capitalization Theory and Techniques A |
| Course 1B-B | • Capitalization Theory and Techniques B |
| Course 2-3 | • Standards of Professional Practice, Part A |

APPRAISAL/REAL ESTATE EXPERIENCE

- | | |
|----------------|--|
| 1992 – Present | Senior Appraiser, Walter Duke + Partners, Inc., f/k/a, Clobus, McLemore & Duke, Inc. |
| 1985 – 1992 | Senior Appraiser and Review Appraiser, Hewitt, Olson & Associates, Inc. |

Appraisal assignments include the valuation and/or evaluation of a wide variety of commercial, residential and industrial properties in Colorado, Florida, Oklahoma, South Carolina and Texas, prepared for banks, savings and loans, savings bank, governmental agencies, and individuals. Property types include, but are not limited to, office buildings, educational, religious, warehouse and industrial properties, marinas, boatyards, shipyards, shopping centers, proposed and existing apartments, planned unit developments, residential subdivisions, acreage tracts, commercial/industrial land and special purpose properties.

PROFESSIONAL AND CIVIC AFFILIATIONS

Certified General Real Estate Appraiser – State of Florida No. RZ2114
Florida Real Estate Broker No. BK452723
Board Member, Marine Advisory Board, City of Dania Beach





BANKS / LENDERS

Amerinational
Amarillo National Bank
Bank Leumi
Bank of America, N.A.
Bank of Florida
Bank OZK
Bank United, F.S.B.
Banesco USA
BBVA / Compass Bank
Capital Bank
Capital One Bank
Catholic Order of Foresters
Centerstate Bank
CIBC World Markets
Citibank, F.S.B.
Citizens Bank
City National Bank
CLI Capital
CNL Bank
Coconut Grove Bank
Comerica
Commerce Bank, N.A.
Credit Suisse
Eastern Savings Bank
ECCU
Fidelity Bank of Florida
Fifth Third Bank
First American Bank
First Horizon Bank
First Housing
First Republic Bank
Florida Shores Bank
First United Bank
Flagler Bank
Floridian Community Bank
GE Capital
Gibraltar Private Bank & Trust
Grand Bank and Trust of Florida
Heartland Bank
Housing Trust Group
HSBC Bank USA
Hudson Valley Bank
Iberia Bank
International Finance Bank
Ironstone Bank
Key Bank, N.A.
Landmark Bank
Legacy Bank of Florida
Mack RE Strategies
Marquis Bank
Mercantile Bank
Mutual of Omaha Bank
Northern Trust Bank of Florida
Ocean Bank
OptimumBank
Pacific National Bank
PNC Bank
Popular Community Bank
Professional Bank
RBC Bank
Regions Bank
Sabadell United Bank
Safra National Bank of New York
Seacoast Bank
Seltzer Management Group
Stonegate Bank
Sun State Bank
Surety Bank
Synovus
Textron Financial
TD Bank

The Private Bank
TIAA Bank
Total Bank
Truist
U.S. Bank
U.S. Century Bank
United National Bank
Valley National Bank
Wells Fargo Bank
Zeigler Capital Markets

DEVELOPERS / INVESTORS

Allen Morris Commercial Real Estate
Alliance Companies
Alta Development
Altman Companies
American Land Company
Atlantic Pacific Companies
Bachow Ventures
Bergeron Development
Blue Water Developers
Brandon Companies
Bridge Development
Centerline Homes
Charter Schools USA
Colliers International S Florida
Cornerstone Group
Cymbal Development
Drury Development Corporation
Easton & Associates
Eden Multifamily
EJS Capital Partners
El Ad National Properties
Flagler / Codina Development
Florida Crystals
Florida East Coast Industries
Fort Partners
Foundry Commercial
Gatlin Development Company
Gentling Group
Graham Companies
Groupe Pacific
Ireland Companies
Hix Snedeker
Hooper Construction
Jeff Greene Partners
Lincoln Property Company
McCourt Development
Mill Creek Residential Trust
Milton & Associates
M.R. McTigue & Co
MRK Partners
Netz Real Estate Fund
New Urban Development
Olen Properties
Pebb Capital
Pillar Multifamily
Plaza Equity Partners
Premier Developers
RAM Real Estate Development
Raza Development
Red Apple Development
Related Group
Richman Capital I
Rilea Group
Ross Realty Investments
Segbro Companies
Stiles Corporation
Taplin Companies
Trinsic Residential Group
Woolbright Development
ZOM Companies

CORPORATE / COMPANIES

Aelion Enterprises
AutoNation
Avison Young
BBX Capital
Bradford Marine
Brightline
Budget Rent-A-Car Corporation
Derektor Shipyards
Foundry Commercial
Fox Rock
Holman Automotive
Huizenga Holdings
Lago Mar Beach Resort & Club
Lowe's Home Centers
Miami Dolphins
Pantropic Power
Roscioli Yachting Center
Seminole Indian Tribe of Florida
Tampa Electric (TECO)
Uniform Advantage
Westrec Marinas
WS Development
Yacht Management Group

GOVERNMENT / MUNICIPAL

Broward County Housing Authority
Broward County Property Appraiser
Broward County, Florida
Broward Health
Broward Regional Health Planning Council
City of Boca Raton
City of Coral Springs
City of Coral Gables
City of Fort Lauderdale
City of Hallandale Beach
City of Hollywood
City of Homestead
City of Oakland Park
City of Miramar
City of Oakland Park
City of Sunny Isles Beach
City of Sunrise
City of Wilton Manors
Fort Lauderdale DDA
Florida Housing Finance Corp.
Housing Authority City of Ft. Laud.
Miami Parking Authority
Miami-Dade Housing Authority
Palm Beach Housing Authority
Pinecrest School
School Board of Broward County
Town of Miami Lakes
Town of Southwest Ranches
United States Department of Justice

INSTITUTIONAL / NON-PROFIT

Aids Healthcare Foundation
American Maritime Officers (AMO)
Archdioceses of Miami
Boca Raton Community Hospital
Bonnet House Museum & Gardens
CSCI of Broward County
Dan Marino Foundation
First Housing Corporation
Florida Inland Navigation District
Habitat for Humanity
Holy Cross Hospital
Memorial Healthcare Systems
Nova Southeastern University
Salvation Army
South Broward Hospital District

Urban League
Volunteers of America
Watchtower Bible and Tract Society of New

LIFE COMPANIES

AEGON USA Realty Advisors
Aetna Life Insurance
Allstate Life Insurance Company
Berkshire Life Insurance Co.
Genworth Financial
Great American Life Insurance Co.
Guardian Life Insurance
ING Life Insurance
John Hancock Mutual Life
Life of Georgia Insurance Co.
Lincoln National Life Ins. Co.
Met Life Mortgage
Mutual Life Insurance Co.
Nationwide Life Insurance
New York Life
New England Mutual Life
Northwestern Mutual Life
Principal Real Estate Investors
Provident Mutual
Prudential Insurance Corporation
State Farm Life Insurance
Thrivent Financial for Lutherans
TransAmerica Life

LAW FIRMS

Akerman LLP
Arnstein & Lehr LLP
Berger Singerman LLP
Buchanan Ingersoll & Rooney PC
Cooney Trybus Kwavnick Peets
Dunay, Miskel & Backman
Frank Weinberg & Black, PL
Greenberg Traurig
Hackelman, Olive & Judd
Lochrie & Chakas, PA
Mastriana & Christiansen, PA
Moskowitz, Mandell, Salim & Simowitz
Nexterra Law
Rice Pugatch Robinson Storfer & Cohen
Saavedra Goodwin
Shutts, LLP
Tripp Scott
White & Case, LLP

MORTGAGE / WALL STREET

Ackman Ziff
AGM Financial
ASB Capital Management, Inc.
Aztec Group
Berkadia
Berkshire Mortgage Finance
Chrysler Credit Corporation
Dockerty Romer & Company
Florida Bond & Mortgage
Gross Mortgage Finance
Guggenheim Pillar Multifamily
Holiday Fenoglio Fowler, L.P.
InterBay Funding
Mercury Capital Corporation
Merrill Lynch Capital
Midland Funding
Morgan Stanley Mortgage Capital
Northmarq Capital
Thomas D. Wood & Company
Walker & Dunlop