

**APPRAISAL REPORT
OF A REDEVELOPMENT SITE
LOCATED AT
500 ALTON ROAD
WITH ADDITIONAL BUILDABLE AREA, BY VACATING 6TH STREET
MIAMI BEACH, FLORIDA**

DATE OF VALUATION:

JUNE 27, 2018

J. ALHALE APPRAISALS, INC.
REAL ESTATE APPRAISERS AND CONSULTANTS
3475 SHERIDAN STREET, SUITE 313
HOLLYWOOD, FLORIDA 33021

JOZEF ALHALE, MAI
STATE CERTIFIED GENERAL APPRAISER
NO. RZ0001557

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July 24, 2018

Mr. Eric T. Carpenter, P.E.
Assistant City Manager
City of Miami Beach
1700 Convention Center Drive
Miami Beach, Florida 33139

Re: 500 Alton Road & 1220 6th Street
Miami Beach, Florida

Dear Mr. Carpenter:

Pursuant to your request for an appraisal of the above referenced property, I submit the following appraisal report.

Legal Description: Lots 1 through 8, and Lots 13 through 19, less street for road, and alley lying between and adjacent thereof closed per Resolution 2005-25869, and Lots 9 and 10, and the easterly ½ of the alley lying west and adjacent, closed as per Resolution 2013-28343; and Lots 11 and 12, and western ½ of the alley lying east and adjacent, closed as per Resolution 2013-28343, Amended Aquarium Site, as recorded in Plat Book 21, Page 83 of the Public Records of Miami-Dade County, Florida

The subject site is an 85,348 SF (as per site survey; or 87,140 SF as per the public records) city-block which is bounded by 5th Street (Mc Arthur Causeway) on the south, 6th Street of the north, Alton Road on the east and West Avenue on the west. In conjunction with a 138,843 SF site at the 600 Block of Alton Road and a 49,000 SF site at the 700 Block of West Avenue, the site was proposed to be developed with a mixed-use residential/retail project under a “unified development plan” which would take advantage of the vacation of 6th Street which has approximately 12,613 SF of site area, along the subject site. The vacation of the 12,613 SF portion of street area and 85,348 SF main site area, provides 195,922 SF of buildable area ((85,348 SF + 12,613 SF) x 2.0 FAR = 195,922 SF).

The Market Value of the subject site, without vacating 6th Street, was estimated at \$51,200,000 “as if” vacant, and \$51,770,000 in “as is” condition (refer to the appraisal report dated July 16, 2018). Accordingly, the estimated contributory value of vacating the portion of 6th Street along the subject site, and adding approximately 25,226 SF (12,613 SF x 2.0 FAR) of buildable area to the subject site was estimated to be \$7,600,000.

Mr. Eric T. Carpenter, P.E.

July 24, 2018

Page Two

It is my estimate that the Market Value of the Fee Simple Interest in the subject property, with vacating portion of 6th Street along the site, in "as is" condition (land value, less estimated cost of demolition and carting), as of June 27, 2018 and the Market Value of the Fee Simple Interest in the subject property, with vacating portion of 6th Street along the site, as vacant (land value), as of June 27, 2018, was:

MARKET VALUE OF THE FEE SIMPLE INTEREST
IN SUBJECT SITE (WITH VACATION OF 6TH STREET), "AS IF" VACANT
FIFTY EIGHT MILLION EIGHT HUNDRED THOUSAND DOLLARS
(\$58,800,000)

MARKET VALUE OF THE FEE SIMPLE INTEREST
IN SUBJECT SITE (WITH VACATION OF 6TH STREET)
IN "AS IS" CONDITION (LAND VALUE, LESS DEMOLITION COST)
FIFTY EIGHT MILLION SEVEN HUNDRED SEVENTY THOUSAND DOLLARS
(\$58,770,000)

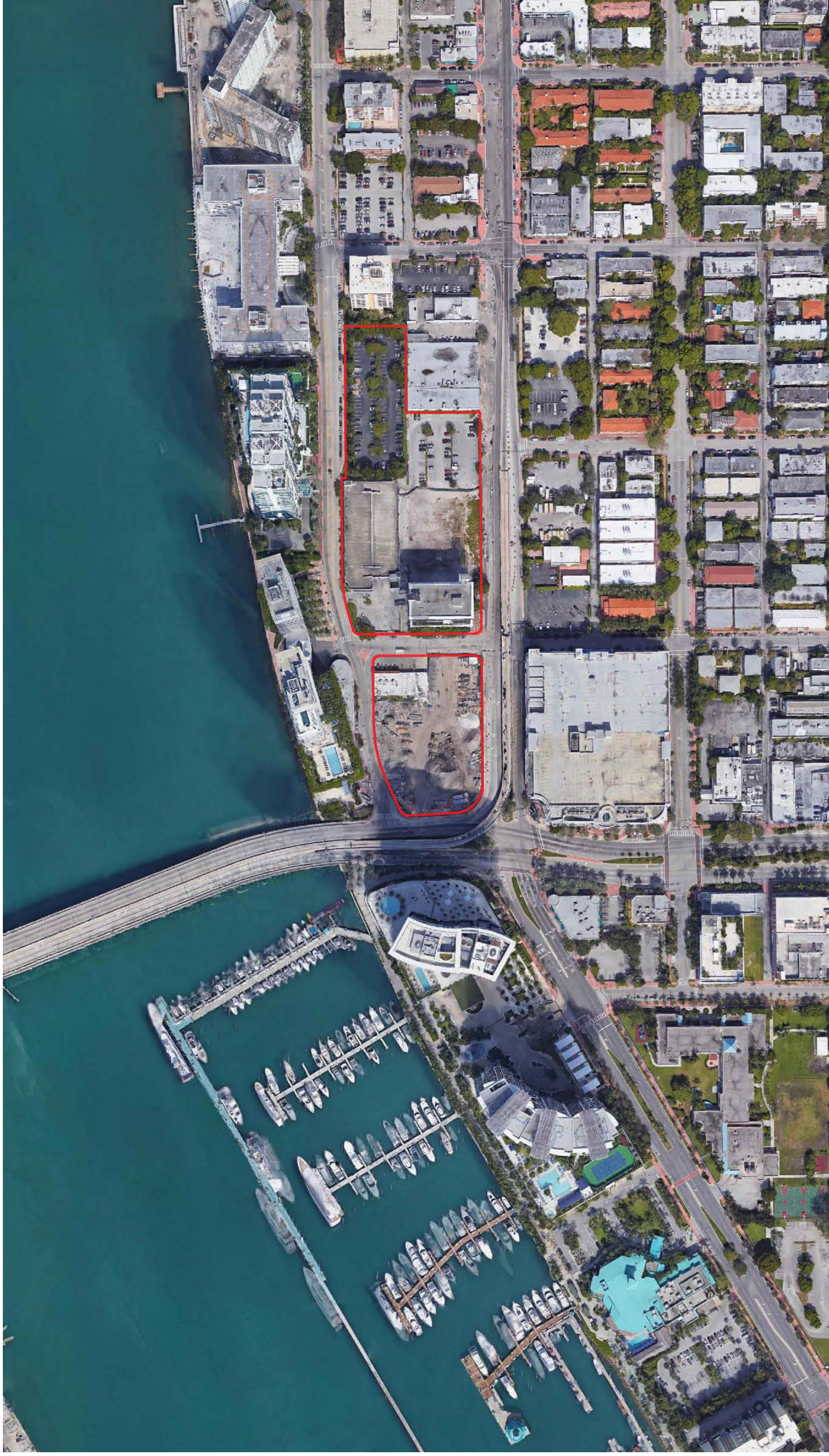
Sincerely,



Jozef Alhale, MAI
State Certified General Appraiser
License No. RZ 0001557

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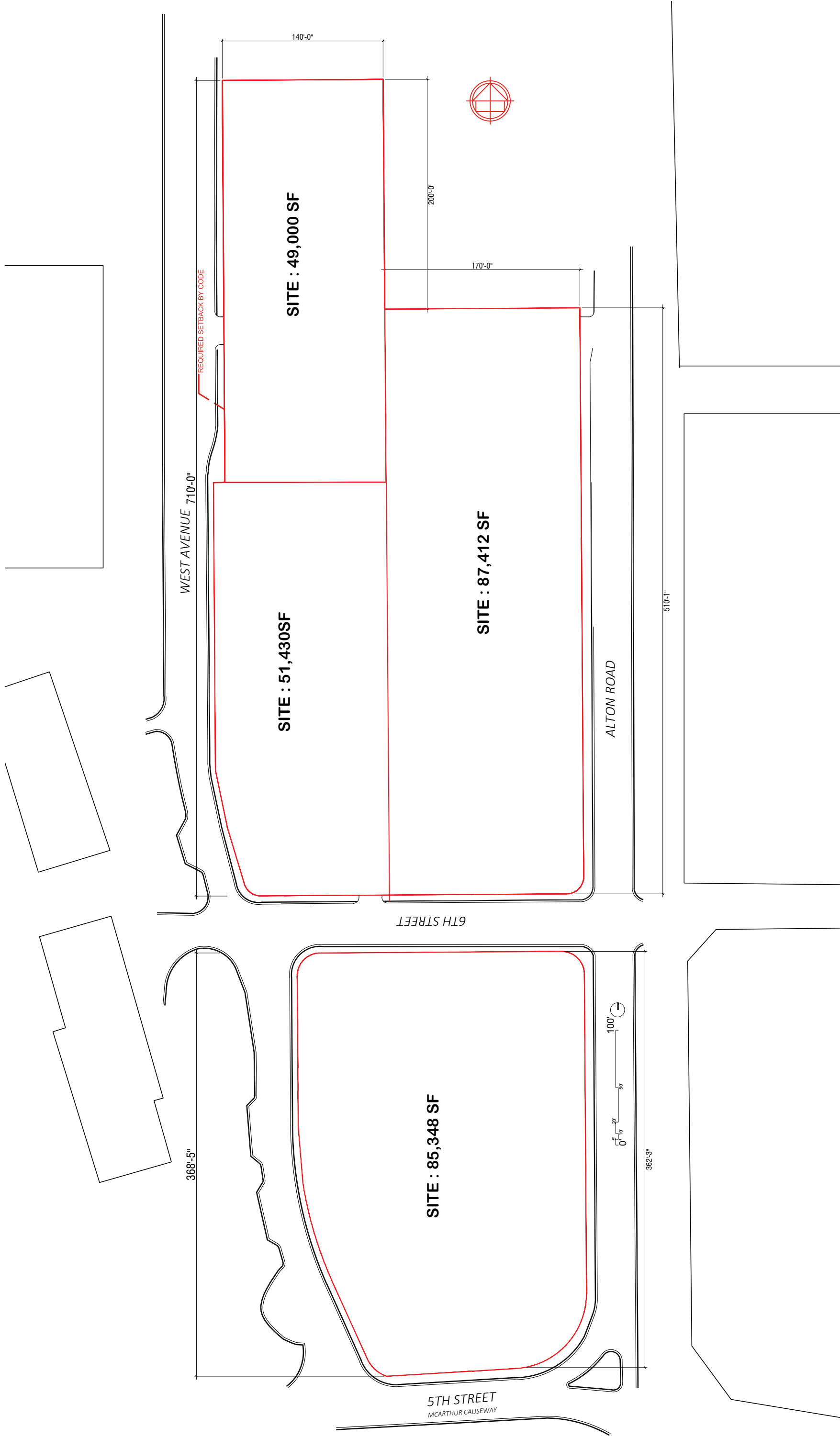
PREPARED FOR :
PROJECT # 0000.00

2000 Oak Avenue
Miami, FL 33133
305.372.1812 T
305.372.1175 F

500-600-700 ALTON
MIAMI BEACH, FL

SITE LOCATION
06/15/2018

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SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Location: 85,348 SF site which is the city block bound by 5th Street on the south, 6th Street on the north, Alton Road on the east and West Avenue on the west, Miami Beach, Florida

Address: 500 Alton Road & 1220 6th Street
Miami Beach, Florida

Census Tract/Block: 44.060 / 1

Folio No: 02-4204-006-0010 and 02-4204-006-0070

Owner of Record: 500 Alton Road Ventures LLC and 1220 Sixth LLC
2200 Biscayne Boulevard
Miami, Florida 33137

Legal Description: Lots 1 through 8, and Lots 13 through 19, less street for road, and alley lying between and adjacent thereof closed per Resolution 2005-25869, and Lots 9 and 10, and the easterly ½ of the alley lying west and adjacent, closed as per Resolution 2013-28343; and Lots 11 and 12, and western ½ of the alley lying east and adjacent, closed as per Resolution 2013-28343, Amended Aquarium Site, as recorded in Plat Book 21, Page 83 of the Public Records of Miami-Dade County, Florida

Description: The subject site is an 85,348 SF (as per site survey; or 87,140 SF as per the public records) city-block which is bounded by 5th Street (Mc Arthur Causeway) on the south, 6th Street of the north, Alton Road on the east and West Avenue on the west. The site is level at street grade, and currently has a 5,723 SF improvement at the northwest corner, built in 1960. The vacant improvements have no contributory value, as they do not reflect the Highest and Best Use of the site, as improved or as if vacant. In conjunction with a 138,843 SF site at the 600 Block of Alton Road and a 49,000 SF site at the 700 Block of West Avenue, the site was proposed to be developed with a mixed-use residential/retail project under a “unified development plan” which would take advantage of the vacation of 6th Street which has approximately 12,613 SF of site area, along the subject site. The vacation of the 12,613 SF portion of street area and 85,348 SF main site area, provides 195,922 SF of buildable area ((85,348 SF + 12,613 SF) x 2.0 FAR = 195,922 SF).

J. ALHALE APPRAISALS, INC.
Real Estate Appraisers and Consultants

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Site Area:	Site -	85,348 SF
	Street -	12,613 SF
Flood Zone:	Flood Zone "AE" - An area inundated by 100-year flooding; National Flood Insurance Program, Community Panel Number 120651-12086C0317L, as revised on September 11, 2009.	
Zoning:	CPS-2 General Mixed-Use Commercial Performance District	
Highest and Best Use:	The Highest and Best Use of the subject site is its development with a residential condominium apartment building, with an ancillary commercial component. This site already has approvals to be developed with a mixed-use residential/commercial building with 18,000 SF of retail and a 163-unit residential component (170,696 SF allowed on its own, without the two other sites and vacation of 6 th Street). Subject to satisfaction of certain property rights transfer among the three sites under a "unified development plan", the subject site is proposed to be developed with a high-rise residential apartment building which would be built to condominium quality standards, and possibly have an interim rental apartment use during the sell-out period.	
Property Rights Appraised:	Fee Simple Interest	
Date of Inspection and Valuation:	June 27, 2018	
Date of Appraisal Report:	July 24, 2018	

J. ALHALE APPRAISALS, INC.
Real Estate Appraisers and Consultants

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

MARKET VALUE ESTIMATES:

Income Capitalization Approach to Value:	Not Applicable
Sales Comparison Approach to Value:	\$58,800,000 As if Vacant \$58,770,000 As Is
Cost Approach to Value:	Not Applicable
Reconciled Final Value Estimates:	\$58,800,000 As if Vacant \$58,770,000 As Is

Note: The Market Value of the subject site, without vacating 6th Street, was estimated at \$51,200,000 “as if” vacant, and \$51,770,000 in “as is” condition (refer to the appraisal report dated July 16, 2018). Accordingly, the estimated contributory value of vacating the portion of 6th Street along the subject site, and adding approximately 25,226 SF (12,613 SF x 2.0 FAR) of buildable area to the subject site was estimated to be \$7,600,000.



PURPOSE/FUNCTION OF THE APPRAISAL

The purpose of this appraisal report is to provide estimates of the Highest and Best Use, the Market Value of the Fee Simple Interest in the subject property, with vacating portion of 6th Street along the site, in “as is” condition (land value, less estimated cost of demolition and carting), as of June 27, 2018 and the Market Value of the Fee Simple Interest in the subject property, with vacating portion of 6th Street along the site, as vacant (land value), as of June 27, 2018.

The function of this appraisal report is to assist the client (The City of Miami Beach) in executive decision making and/or collateral/asset valuation relative to the allocation of the development rights among the three privately-owned sites, possible vacation of the portion of 6th Street along the subject site, as well as the potential transfer of one or portion of the sites to the City of Miami Beach to create a public park for the use and benefit of the surrounding densely populated residential neighborhood, in the South Beach section of Miami Beach. The intended user of this appraisal report is the City of Miami Beach or any of its assigns.

SCOPE OF THE APPRAISAL

I have made a physical inspection of the subject site, and performed market research to provide estimates of the Highest and Best Use, the Market Value of the Fee Simple Interest in the subject property, with vacating portion of 6th Street along the site, in “as is” condition (land value, less estimated cost of demolition and carting), as of June 27, 2018 and the Market Value of the Fee Simple Interest in the subject property, with vacating portion of 6th Street along the site, as vacant (land value), as of June 27, 2018.

The scope of the appraisal involves the research and analysis of factual data relative to the subject property, as well as market data necessary for the development of the Sales Comparison Approach to Value (land valuation). The data and information used in developing our findings, projections and valuation estimates have been derived from published information, direct interviews, analysis of similar properties and other sources which were considered appropriate as of the valuation date.

PROPERTY RIGHTS APPRAISED

This appraisal report is made with the understanding that the present ownership of the property includes all the rights that may be lawfully held under a fee simple estate.

Fee Simple Interest is defined in The Dictionary of Real Estate Appraisal, 2010 Edition, which was sponsored by the Appraisal Institute as follows: Absolute ownership unencumbered by any other interest or estate; subject only to the limitations imposed by the governmental powers of eminent domain, escheat, police power and taxation.

DATE OF VALUATION AND REPORT

The date of valuation is June 27, 2018. The date of the appraisal report is July 24, 2018.

STATEMENT OF OWNERSHIP AND HISTORY

The 73,890 SF portion of the subject site is owned by 500 Alton Ventures LLC which purchased it for \$5,000,000 from Africa Israel Vitri Developers, LLC on February 18, 2010, as recorded in Book 27190, Page 447 of the Official Public Records of Miami-Dade County, Florida.

The previous sale was from Pin-Pon Corporation to MacArthur Gateway LLC for \$9,800,000 on July 20, 2004, as recorded in Book 22515, Page 2137 of the Official Public Records of Miami-Dade County, Florida.

The 13,250 SF northwestern portion of the subject site is owned by 1220 Sixth LLC which purchased it for \$4,000,000 from Mau-Mau Corporation on December 1, 2011, as recorded in Book 27915, Page 3693 of the Official Public Records of Miami-Dade County, Florida.

As per the Public Records of Miami-Dade County, Florida, there was no other arm's length transfer of ownership at the subject property during the five year period prior to the valuation date. We have not been informed of any other current listings, options and/or pending contracts in effect at the subject property, as of the date of valuation.

ESTIMATED MARKETING AND EXPOSURE PERIOD

Based on my analysis of the market, recent listings which have been since closed, as well as discussions with owners and Realtors active in the subject area, it is the appraiser's opinion that if the subject site was listed for sale with an experienced Realtor, the marketing and marketing and exposure period would be approximately six to twelve months. Accordingly, this marketing and exposure period is considered to currently represent the most probable amount of time necessary to expose and actively market the subject property to achieve a sale consistent with the Market Value.

DEFINITION OF MARKET VALUE

Market Value is defined in The Interagency Appraisal and Evaluation Guidelines, dated December 2, 2010, as follows:

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 acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;

DEFINITION OF MARKET VALUE

4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

NEIGHBORHOOD ANALYSIS

The subject site is located on the north side of 5th Street, south side of 6th Street, between Alton Road and West Avenue, in the South Beach section of Miami Beach, Florida. The immediate area surrounding the subject site is comprised of low-rise, mid-rise and high-rise rental and condominium apartment buildings along Bay Road and West Avenue, as well as mixed-use residential/retail buildings along West Avenue, and commercial buildings with retail, office and restaurant space; office buildings, and other retail/service uses along Alton Road.

Miami Beach is an island located just off the southeast coast of Miami-Dade County, Florida. The island is approximately one mile wide, ten miles long and travels in a northerly/southerly direction parallel to mainland Miami-Dade County. The town of Surfside borders Miami Beach to the north starting at approximately 87th Street. The Atlantic Ocean acts as the eastern and southeastern border, while Biscayne Bay/the Intracoastal Waterway lies to the west. Five causeways connect Miami Beach to the mainland; the MacArthur Causeway (Highway No. 41); the Venetian Causeway; the Julia Tuttle Causeway (Interstate 195); the Broad Causeway (State Road No. 922) and the North Dade Causeway (State Road No. 934).

As the City's economy drastically improved in the last twenty-five years, Miami Beach has experienced an influx of younger and more affluent residents. Close proximity to Miami's downtown business district, the Art Deco entertainment district and access to the beach are all considered to be contributing factors to the area's discovery as a place to live and work. The continued faith in the City's economy is reflected by the consistent increase in building permit activity over the last twenty years. Developers and real estate professionals in Miami Beach have been aggressively marketing their properties to local and out-of-town residents and families. In the last fifteen years, the development and redevelopment activity has well spread over the waterfront corridors of Ocean Drive, Collins Avenue and Ocean Drive, as well as the Art Deco district, the 5th Street corridor and the area south of 5th Street which is referred to as the overall South Pointe area.

The subject site is located just north of 5th Street (connecting to MacArthur Causeway) which is the gateway to the South Beach area of Miami Beach, connecting it with the Central Business District of Miami. The subject property is located 2/3 mile southeast of Lincoln Road which is an upscale pedestrian corridor which is considered ground-zero for retail/restaurant space in South Beach, commanding the highest rental rates and sale prices.

NEIGHBORHOOD ANALYSIS

The subject site is within walking distance of the service, entertainment, retail corridors of Alton Road and Lincoln Road. The viability of the subject neighborhood is further enhanced by the ease of accessibility to/from downtown Miami and the Central Business District (CBD) and other major employment centers within Miami-Dade County.

The area surrounding the subject site has been developed with mostly residential facilities and therefore, no nuisances, hazards or other adverse influences were observed. No notable signs of external obsolescence were observed and the overall appeal of the improved properties is considered to be above average to good.

ACCESS TO THE SITE

5th Street, 6th Street, West Avenue and Alton Road provide direct access to the subject site.

DESCRIPTION OF THE SITE

The subject site is an 85,348 SF (as per site survey; or 87,140 SF as per the public records) city-block which is bounded by 5th Street (Mc Arthur Causeway) on the south, 6th Street of the north, Alton Road on the east and West Avenue on the west. The site is level at street grade, and currently has a 5,723 SF improvement at the northwest corner, built in 1960. The vacant improvements have no contributory value, as they do not reflect the Highest and Best Use of the site, as improved or as if vacant. In conjunction with a 138,843 SF site at the 600 Block of Alton Road and a 49,000 SF site at the 700 Block of West Avenue, the site was proposed to be developed with a mixed-use residential/retail project under a “unified development plan” which would take advantage of the vacation of 6th Street which has approximately 12,613 SF of site area, along the subject site. The vacation of the 12,613 SF portion of street area and 85,348 SF main site area, provides 195,922 SF of buildable area ((85,348 SF + 12,613 SF) x 2.0 FAR = 195,922 SF).

The subject site is level at street grade and does not have any apparent drainage or other problems which would restrict or limit the use of the site. No soil boring tests or engineering reports were submitted to the appraiser; however, the site is assumed to have stable subsoil conditions as do most properties in the immediate area.

The appraiser has not been informed of any adverse subsoil conditions revealed by an environmental assessment conducted by a firm with experience in identifying such substances, nor is he qualified to detect such substances that may exist. It is assumed that the subject site would be typical for properties located in the subject area with no apparent soil problems which would restrict or limit the usage of the site. If any adverse subsoil conditions are identified and do exist, these conditions would be considered to have a material affect on the Market Value estimates. The valuation analysis assumes the site to be free of any adverse subsoil conditions, and is subject to the satisfactory removal of any contaminating materials in accordance with technical, environmental and governmental guidelines.

UTILITIES

Public utilities available to the subject site include electricity, water, sewer, gas and telephone service. Electricity is provided by FPL. Police and fire protection, water and sewer services are provided by the City of Miami Beach.

FLOOD ZONE

Flood Zone "AE" - An area inundated by 100-year flooding; National Flood Insurance Program, Community Panel Number 120651-12086C0317L, as revised on September 11, 2009.

ZONING

The subject site is zoned as CPS-2 General Mixed-Use Commercial Performance District which is designed to accommodate a range of business, commercial, office and hotel uses, as well as medium to high density residential development pursuant to performance standards which control the permissible type, density or intensity, and mix of development. The maximum permitted Floor Area Ratio is 2.0, which would result in a buildable area of 170,696 SF.

ASSESSMENT AND REAL ESTATE TAXES

The subject site is located within the City of Miami Beach and is subject to both the City of Miami Beach and Miami-Dade County ad valorem taxes. The Florida Statutes provide for assessment and collection of yearly Ad Valorem Taxes on Real and Personal Property. The assessment for the property is established each year as of January 1st by the Miami-Dade County Property Appraiser's Office at 100% of "Just Value". The tax due is computed according to annual millage rates established by Dade County. Millage rates are the amount paid to each taxing body for every \$1,000 of assessed value. Taxes are payable in November with a 4% discount and become delinquent on April 1st.

The subject site is assessed at \$18,302,400 or \$214.44/SF for land, \$26,094 for the improvements, or a total of \$18,328,494, with real estate taxes of \$261,257.71, prior to a 4% discount for prompt payment.

MULTI-FAMILY RESIDENTIAL MARKET OVERVIEW

Rental Apartment Market

According to the Housing Report prepared by Reinhold P. Wolff Economic Research, Inc., the vacancy rate in mature (18 months and older) rental apartment complexes in Miami-Dade County was 5.0% in May 2018, 4.7% in February 2018, 4.5% in November 2017; 4.4% in August 2017; 3.6% in May 2017, 3.6% in February 2017; 3.9% in November 2016; 3.9% in November 2016; 3.4% in August 2016; 2.9% in May 2016; 3.4% in February 2016; 2.9% in November 2015; 3.0% in August 2015; 3.3% in May 2015; and 3.9% in February 2015.

The subject South Beach sub-market had a vacancy rate of 4.0% for 2,046 units in February 2012; 4.7% for 2,046 units in May 2012; 4.6% for 2,046 units in August 2012; 4.3% for 2,046 units in November 2012; 8.1% for 2,046 units in February 2013; 2.5% for 2,046 units in May 2013; 4.1% for 2,046 units in August 2013; 1.4% for 2,046 units in November 2013; 4.5% for 2,046 units in February 2014; 5.4% for 2,046 units in May 2014; 5.2% in August 2014 for 1,617 units; 5.7% for 2,046 units in November 2014; 3.7% for 1,617 units in February 2015; 3.8% for 1,617 units in May 2015; and 4.4% for 1,872 units in August 2015; 6.3% for 1,617 units in November 2015; 5.7% for 1,617 units in February 2016; 5.9% for 1,617 units in May 2016; 4.3% for 1,872 units in August 2016; 3.3% for 1,872 units in November 2016; 4.4% for 1,872 units in February 2017; 3.7% for 1,872 units in May 2017; 7.7% for 1,872 units in August 2017; 7.4% for 1,872 units in November 2017; 5.8% for 1,872 units in February 2018; and 6.2% for 1,872 units in May 2018.

The neighboring sub-market of Central/North Beach sub-market had a vacancy rate of 2.8% for 1,281 units in February 2012; 4.9% for 1,281 units in May 2012; 4.4% for 1,617 units in August 2012; 3.4% for 1,617 units in November 2012; 9.1% for 1,617 units in February 2013; 6.1% for 1,617 units in May 2013; .2% in August 2013 for 1,617 units; 5.5% for 1,617 units in November 2013; 4.3% for 1,617 units in February 2014; 1.9% for 1,617 units in May 2014; 3.4% in August 2014 for 2,046 units; 1.9% for 1,617 units in November 2014; 1.7% for 1,617 units in February 2015; 2.4% for 1,617 units in May 2015; 2.5% for 1,617 units in August 2015; 4.0% for 1,617 units in November 2015; 1.1% for 1,617 units in February 2016; 1.5% for 1,617 units in May 2016; 2.7% for 1,902 units in August 2016; 2.0% for 1,902 units in November 2016; 4.0% for 1,902 units in February 2017; 5.0% for 1,902 units in May 2017; 5.0% for 1,902 units in August 2017; 5.2% for 1,902 units in November 2017; 4.5% for 1,902 units in February 2018; and 4.5% for 1,902 units in May 2018.

There were no new rental apartment units added to the inventory in South Beach, and there is 0 months of inventory.

The overall average monthly rent for apartments in mature rental developments in Miami-Dade County **increased** by \$39 to \$1,869 from February 2018 to May 2018. The May 2018 overall average rent of \$1,869 is 6.7% greater than the \$1,751 average rent found a year earlier.

MULTI-FAMILY RESIDENTIAL MARKET OVERVIEW

-- Continued --

Rental Apartment Market (Continued)

The average rental rate for apartment units in South Beach were \$2,627 or \$3.235/SF for 779 one-bedroom units; \$3,563 or \$2.912/SF for 587 two-bedroom units; and \$5,224 or \$2.767/SF for 45 three-bedroom units. The rental rates in South Beach are among the highest in Miami-Dade County, due to its specific location.

The overall average monthly rent for apartments in mature rental developments in Miami-Dade County **increased** by \$91 to \$1,830 from November 2017 to February 2018. The February 2018 overall average rent of \$1,830 is 4.9% greater than the \$1,744 average rent found a year earlier.

The overall average monthly rent for apartments in mature rental developments in Miami-Dade County **increased** by \$2 to \$1,739 from August 2017 to November 2017. The November 2017 overall average rent of \$1,739 is .8% greater than the \$1,725 average rent found a year earlier.

The overall average monthly rent for apartments in mature rental developments in Miami-Dade County **declined** by \$14 to \$1,737 from May 2017 to August 2017. The August 2017 overall average rent of \$1,737 is 4.4% greater than the \$1,664 average rent found a year earlier.

The overall average monthly rent for apartments in mature rental developments in Miami-Dade County **increased** by \$7 to \$1,771 from February 2017 to May 2017. The May 2017 overall average rent of \$1,751 is 3.2% greater than the \$1,696 average rent found a year earlier.

The overall average monthly rent for apartments in mature rental developments in Miami-Dade County **increased** by \$19 to \$1,744 from November 2016 to February 2017. The February 2017 overall average rent of \$1,744 is 5.1% greater than the \$1,660 average rent found a year earlier.

The overall average monthly rent for apartments in mature rental developments in Miami-Dade County **increased** by \$61 to \$1,725 from August 2016 to November 2016. The November 2016 overall average rent of \$1,725 is 7.2% greater than the \$1,609 average rent found a year earlier.

The overall average monthly rent for apartments in mature rental developments in Miami-Dade County **decreased** by \$32 to \$1,664 from May 2016 to August 2016. The August 2016 overall average rent of \$1,664 is 3% greater than the \$1,615 average rent found a year earlier.

MULTI-FAMILY RESIDENTIAL MARKET OVERVIEW

-- Continued --

The overall average monthly rent for apartments in mature rental developments in Miami-Dade County **increased** by \$36 to \$1,696 from February 2016 to May 2016. The May 2016 overall average rent of \$1,696 is 5.3% greater than the \$1,611 average rent found a year earlier.

The overall average monthly rent for apartments in mature rental developments in Miami-Dade County **increased** by \$51 to \$1,660 from November 2015 to February 2016. The February 2016 overall average rent of \$1,660 is 5.8% greater than the \$1,569 average rent found a year earlier.

The overall average monthly rent for apartments in mature rental developments in Miami-Dade County **declined** by \$6 to \$1,609 from August to November 2015. The November 2015 overall average rent of \$1,609 is 5.0% greater than the \$1,532 average rent found a year earlier.

The overall average monthly rent for apartments in mature rental developments in Miami-Dade County **increased** by \$4 to \$1,615 from May to August 2015. The August 2015 overall average rent of \$1,615 is 8.5% greater than the \$1,489 average rent found a year earlier.

The overall average monthly rent for apartments in mature rental developments in Miami-Dade County **increased** by \$42 to \$1,611 from February 2015 to May 2015. The May 2015 overall average rent of \$1,611 is 8.1% greater than the \$1,490 average rent found a year earlier.

The overall average monthly rent for apartments in mature rental developments in Miami-Dade County **increased** by \$37 to \$1,569 from November 2014 to February 2015. The February 2015 overall average rent of \$1,569 is 8.7% greater than the \$1,443 average rent found a year earlier.

The overall average monthly rent for apartments in mature rental developments in Miami-Dade County **increased** by \$43 to \$1,532 from August 2014 to November 2014. The November 2014 overall average rent of \$1,532 is 8.4% greater than the \$1,413 average rent found a year earlier.

Condominium Apartment Market

As per the 2nd Quarter 2018 Dade County Housing Market Report prepared by Reinhold P. Wolff Economic Research, Inc., a total of 137 new condominium units were sold (deeded) in Dade County during the 1st quarter of 2018. The 1st quarter sales were **23.5%** less than the 179 units sold in the 4th quarter of 2017, and **24.7%** less than the 182 units sold in the 1st Quarter of 2017. New condominium sales in 2017, totaled 784 units, **23.7%** less than the 1,027 units sold in 2016. 61.6%, 30.2% and 35.0% of the total new condominium sales in Miami-Dade County in the 1st Quarter of 2017, 4th Quarter of 2017 and 1st Quarter of 2018, respectively, were above the \$900,000 price level, making up the largest segment.

MULTI-FAMILY RESIDENTIAL MARKET OVERVIEW

-- Continued --

Condominium Apartment Market - Continued

There were 362, 340, 235, 307, 361, 290, 293 and 269 used condominium units were sold in the South Beach sub-market between 2nd Quarter of 2016 and 1st Quarter of 2018, respectively.

As per the 1st Quarter 2018 Dade County Housing Market Report prepared by Reinhold P. Wolff Economic Research, Inc., a total of 179 new condominium units were sold (deeded) in Dade County during the 4th quarter of 2017. The 4th quarter sales were **14.8%** less than the 210 units sold in the 3rd quarter of 2017, and **40.7%** less than the 302 units sold in the 4th Quarter of 2016.

As per the 4th Quarter 2017 Dade County Housing Market Report prepared by Reinhold P. Wolff Economic Research, Inc., a total of 210 new condominium units were sold (deeded) in Dade County during the 3rd quarter of 2017. The 3rd quarter sales were **1.4%** less than the 213 units sold in the 2nd quarter of 2017, and **20.7%** more than the 174 units sold in the 3rd Quarter of 2016. New condominium sales through September 2017, totaled 605 units, **16.6%** less than the 725 units sold in the same period in 2016.

As per the 3rd Quarter 2017 Dade County Housing Market Report prepared by Reinhold P. Wolff Economic Research, Inc., a total of 213 new condominium units were sold (deeded) in Dade County during the 2nd quarter of 2017. The 2nd quarter sales were **17%** more than the 182 units sold in the 1st quarter of 2017, and **13.3%** more than the 188 units sold in the 2nd Quarter of 2016. New condominium sales through June 2017, totaled 395 units, **28.3%** less than the 551 units sold in the same period in 2016.

As per the 2nd Quarter 2017 Dade County Housing Market Report prepared by Reinhold P. Wolff Economic Research, Inc., a total of 182 new condominium units were sold (deeded) in Dade County during the 1st quarter of 2017. The 1st quarter sales were **39.7%** less than the 302 units sold in the 4th quarter of 2016, and **49.9%** less than the 363 units sold in the 1st Quarter of 2016. New condominium sales in 2016 totaled 1,027 units, **42.5%** less than the 1,786 units sold in 2015.

As per the 1st Quarter 2017 Dade County Housing Market Report prepared by Reinhold P. Wolff Economic Research, Inc., a total of 302 new condominium units were sold (deeded) in Dade County during the 4th quarter of 2016. The 4th quarter sales were **73.6%** more than the 174 units sold in the 3rd quarter of 2016, but **37.9%** less than the 486 units sold in the 4th Quarter of 2015.

As per the 4th Quarter 2016 Dade County Housing Market Report prepared by Reinhold P. Wolff Economic Research, Inc., a total of 174 new condominium units were sold (deeded) in Dade County during the 3rd quarter of 2016. The 3rd quarter sales were **7.4%** less than the 188 units sold in the 2nd quarter of 2016, and **59.7%** less than the 432 units sold in the 3rd Quarter of 2015. New condominium sales through September 2016 totaled 725 units, **44.2%** less than the 1,300 units sold during the same period in 2015.

J. ALHALE APPRAISALS, INC.
Real Estate Appraisers and Consultants

MULTI-FAMILY RESIDENTIAL MARKET OVERVIEW

-- Continued --

Condominium Apartment Market - Continued

As per the 3rd Quarter 2016 Dade County Housing Market Report prepared by Reinhold P. Wolff Economic Research, Inc., a total of 188 new condominium units were sold (deeded) in Dade County during the 2nd quarter of 2016. The 2nd quarter sales were **48.2%** less than the 363 units sold in the 1st quarter of 2016, and **57.4%** less than the 441 units sold in the 2nd Quarter of 2015. New condominium sales through June 2016 totaled 551 units, **36.5%** less than the 868 units sold during the same period in 2015.

As per the 2nd Quarter 2016 Dade County Housing Market Report prepared by Reinhold P. Wolff Economic Research, Inc., a total of 363 new condominium units were sold (deeded) in Dade County during the 1st quarter of 2016. The 1st quarter sales were **25.3%** less than the 486 units sold in the 4th quarter of 2015, and **15.0%** less than the 427 units sold in the 1st Quarter of 2015. New condominium sales in 2015 totaled 1,786 units, **2.2 times more** than the 827 units sold in 2014.

As per the 1st Quarter 2016 Dade County Housing Market Report prepared by Reinhold P. Wolff Economic Research, Inc., a total of 486 new condominium units were sold in Dade County during the 4th quarter of 2015. The 4th quarter sales were **12.5%** greater than the 432 units sold in the 3rd quarter of 2015, and **7.8%** more than the 451 units sold in the 4th Quarter of 2014.

As per the 4th Quarter 2015 Dade County Housing Market Report prepared by Reinhold P. Wolff Economic Research, Inc., a total of 432 new condominium units were sold in Dade County during the 3rd quarter of 2015. The 3rd quarter sales were **2.0%** less than the 441 units sold in the 2nd quarter of 2015, and **2.5 times more** than the 176 units sold in the 3rd Quarter of 2014. New condominium sales through September 2015 totaled 1,300 units, **3.5 times more** than the 376 units sold during the same period in 2014.

As per the 3rd Quarter 2015 Dade County Housing Market Report prepared by Reinhold P. Wolff Economic Research, Inc., a total of 441 new condominium units were sold in Dade County during the 2nd quarter of 2015. The 2nd quarter sales were **3.3%** more than the 427 units sold in the 1st quarter of 2015, and **3.1 times** the 142 units sold in the 2nd Quarter of 2014. New condominium sales through June 2015 totaled 868 units, **4.3 times more** than the 200 units sold during the same period in 2014.

HIGHEST AND BEST USE

DEFINITION

The Highest and Best Use is a market-driven concept. It may be briefly defined as representing the most profitable, competitive use to which a site can be put, or that use which may reasonably be expected to produce the greatest net return to the land over a given period of time. In addition, the concept may further be defined as the available use and program of future utilization that produces the highest present land value.

Highest and Best Use is further defined in The Dictionary Real Estate Appraisal, 2010 Edition, which was sponsored by the Appraisal Institute as follows:

That reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value.

It is to be recognized that in cases where a site has existing improvements on it, the Highest and Best Use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its Highest and Best Use exceeds the total value of the property in its existing use.

The estimate of Highest and Best Use is based upon four stages of analysis:

1. The possible use or uses which are physically possible for the site under analysis.
2. The permissible use or uses which are permitted relative to zoning, historic preservation regulations, environmental controls and/or deed restriction of the site under analysis.
3. The feasible use or uses which are considered economically and financially feasible for the site in terms of existing and projected market conditions.
4. The Highest and Best Use in consideration of those legally permissible, physically possible, financially feasible and maximally productive uses which will result in the highest net return or the highest present worth.

HIGHEST AND BEST USE, AS VACANT

The estimate of the Highest and Best Use of the land, as if vacant, requires market analysis in terms of market conditions of supply and demand. The value of land is based upon the level of utility that is in demand and that will produce amenities or net income to the user. Therefore, the use which creates the greatest land value and which is considered compatible in terms of the restriction imposed by the physical, legal, financial and maximally productive factors is inherent in this analysis.

The physically possible uses of the subject site, as vacant, would include a variety of commercial and multi-family residential uses. This is based upon analysis of the size, frontage, exposure, access, location and buildable utility characteristics of the 85,348 SF subject corner site.

Analysis of the permissible uses at the subject site takes into account those uses which would be permitted by existing zoning and/or deed restrictions, providing that no deed restrictions are in effect at the subject site which would restrict certain uses of the site.

The subject site is zoned as CPS-2 General Mixed-Use Commercial Performance District which is designed to accommodate a range of business, commercial, office and hotel uses, as well as medium to high density residential development pursuant to performance standards which control the permissible type, density or intensity, and mix of development. The maximum permitted Floor Area Ratio is 2.0, which would result in a buildable area of 170,696 SF. Under a "unified development plan", there is a proposal to vacate the 12,613 SF portion of 6th Street along the subject site. The vacation of the 12,613 SF portion of street area and 85,348 SF main site area, provides 195,922 SF of buildable area ((85,348 SF + 12,613 SF) x 2.0 FAR = 195,922 SF).

After analysis of the physically possible and legally permissible uses to which the subject site could conceivably be put, a study of those uses which would be maximally productive is required. Therefore, an alternative use analysis was performed relative to that use which would represent the Highest and Best Use of the subject site, as if vacant.

The subject site is located on the north side of 5th Street, the south side of 6th Street, between Alton Road and West Avenue, in the South Beach section of Miami Beach, Florida. The immediate area surrounding the subject site is comprised of low-rise, mid-rise and high-rise rental and condominium apartment buildings along Bay Road and West Avenue, as well as mixed-use residential/retail buildings along West Avenue, and commercial buildings with retail, office and restaurant space; office buildings, and other retail/service uses along Alton Road.

HIGHEST AND BEST USE, AS VACANT

Miami Beach is an island located just off the southeast coast of Miami-Dade County, Florida. The island is approximately one mile wide, ten miles long and travels in a northerly/southerly direction parallel to mainland Miami-Dade County. The town of Surfside borders Miami Beach to the north starting at approximately 87th Street. The Atlantic Ocean acts as the eastern and southeastern border, while Biscayne Bay/the Intracoastal Waterway lies to the west. Five causeways connect Miami Beach to the mainland; the MacArthur Causeway (Highway No. 41); the Venetian Causeway; the Julia Tuttle Causeway (Interstate 195); the Broad Causeway (State Road No. 922) and the North Dade Causeway (State Road No. 934).

As the City's economy drastically improved in the last twenty-five years, Miami Beach has experienced an influx of younger and more affluent residents. Close proximity to Miami's downtown business district, the Art Deco entertainment district and access to the beach are all considered to be contributing factors to the area's discovery as a place to live and work. The continued faith in the City's economy is reflected by the consistent increase in building permit activity over the last twenty years. Developers and real estate professionals in Miami Beach have been aggressively marketing their properties to local and out-of-town residents and families. In the last fifteen years, the development and redevelopment activity has well spread over the waterfront corridors of Ocean Drive, Collins Avenue and Ocean Drive, as well as the Art Deco district, the 5th Street corridor and the area south of 5th Street which is referred to as the overall South Pointe area.

The subject site is located just north of 5th Street (connecting to MacArthur Causeway) which is the gateway to the South Beach area of Miami Beach, connecting it with the Central Business District of Miami. The subject property is located 2/3 mile southeast of Lincoln Road which is an upscale pedestrian corridor which is considered ground-zero for retail/restaurant space in South Beach, commanding the highest rental rates and sale prices. The subject site is within walking distance of the service, entertainment, retail corridors of Alton Road and Lincoln Road. The viability of the subject neighborhood is further enhanced by the ease of accessibility to/from downtown Miami and the Central Business District (CBD) and other major employment centers within Miami-Dade County.

The area surrounding the subject site has been developed with mostly residential facilities and therefore, no nuisances, hazards or other adverse influences were observed. No notable signs of external obsolescence were observed and the overall appeal of the improved properties is considered to be above average to very good.

There are 30,271 residents within a 1-mile radius of the subject property, with a projected population growth rate of 3.6%, average age of 43 years, 18,180 households, with a growth rate of 3.0% and 1.6 people per household and \$48,312 of median household income and median home value of \$394,201.

HIGHEST AND BEST USE, AS VACANT

There were no new rental apartment units added to the inventory in South Beach, and there is 0 months of inventory. The average rental rate for apartment units in South Beach were \$2,627 or \$3.235/SF for 779 one-bedroom units; \$3,563 or \$2.912/SF for 587 two-bedroom units; and \$5,224 or \$2.767/SF for 45 three-bedroom units. The rental rates in South Beach are among the highest in Miami-Dade County, due to its specific location.

There are 64,013 residents within a 3-mile radius of the subject property, with a projected population growth rate of 4.3%, average age of 42 years, 35,689 households, with a growth rate of 3.6% and 1.7 people per household and \$60,065 of median household income and median home value of \$486,248.

There are 256,499 residents within a 5-mile radius of the subject property, with a projected population growth rate of 5.8%, average age of 40 years, 119,610 households, with a growth rate of 5.3% and 2.0 people per household and \$49,109 of median household income and median home value of \$428,816.

As per the most recent Miami-Dade County Retail Market Survey prepared by CoStar, the Miami Beach retail sub-market had a net absorption of -41,100 SF in the last twelve months (lower than the historical average of 105,149 SF, and lower than the 609,814 SF peak in 3rd Quarter of 2007), with a vacancy rate of 5.3% and average quoted rental rate of \$81.06/SF (\$131.75/SF for malls, \$71.10/SF for power centers, \$100.31/SF for neighborhood shopping centers, \$71.34/SF for strip centers, and \$67.98 for general retail), with a rental rate growth rate of 5.2% in the last twelve months, with 74,702 SF delivered in the last twelve months, 60,091 SF to be delivered in the next twelve months and 142,173 SF proposed in the next four quarters.

Based upon analysis of those uses which would be considered physically possible, legally permissible and economically feasible, it is the appraiser's estimate that the Highest and Best Use of the subject site would be its development with a residential condominium apartment building, with an ancillary commercial component. This site already has approvals to be developed with a mixed-use residential/commercial building with 18,000 SF of retail and a 163-unit residential component (170,696 SF allowed on its own, without the two other sites and the vacation of 6th Street). Subject to satisfaction of certain property rights transferred among the three sites under a "unified development plan", the subject site is proposed to be developed with a high-rise residential apartment building which would be built to condominium quality standards, and possibly have an interim rental apartment use during the sell-out period.

THE VALUATION PROCEDURE

The valuation procedure is defined in the 2010 Edition of the Dictionary of Real Estate Appraisal which was sponsored by the Appraisal Institute as follows: The act, manner and technique of performing the steps of a valuation method.

In order to provide estimates of the Market Value of the Fee Simple Interest in the subject property, with vacating portion of 6th Street along the site, in “as is” condition (land value, less estimated cost of demolition and carting), as of June 27, 2018 and the Market Value of the Fee Simple Interest in the subject property, with vacating portion of 6th Street along the site, as vacant (land value), as of June 27, 2018, we have utilized the Sales Comparison Approach to Value.

The Sales Comparison Approach to Value is based upon a comparison between recently sold sites and the subject site, utilizing the sale price per square foot of buildable area unit of comparison.

THE SALES COMPARISON APPROACH (LAND VALUATION)

In order to estimate the value of the subject site, the land is analyzed as vacant and available to be put to its Highest and Best Use. There are several different techniques which can be utilized in the valuation of land. The technique selected must relate to the specific factors inherent in the appraisal problem at hand. The land valuation technique selected must reflect the prudent and rationale behavior of the most probable, typically informed purchaser/investor. In addition, the availability of reliable and verified market data further leads to the selection of the applicable land valuation technique.

1. The Sales Comparison Approach analyzes the sales of similar vacant sites, with comparison and adjustment made from these sales to the subject site. The Sales Comparison Approach to Value is based on 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 Sales Comparison Approach to Value is based on a comparison between recently sold sites in Miami Beach and the subject site, utilizing the sale price/SF of buildable area method of comparison.
2. The Abstraction Method analyzes the sales of improved properties with an allocation made between land and improvement value. The indicated allocation may establish a typical ratio of land value to total value or to derive from the portion of the sales price allocated to land an estimate of land value for use as a comparable land sale.
3. The Cost of Development Method provides an estimate of the value of undeveloped land based upon the creation of a platted subdivision, development and sale of said parcel. The method assumes that the most probable purchaser of the land would be a developer/investor who plans to dispose of the developed sites at a profit. The costs of development are subtracted from the estimated proceeds of sale resulting in a net income projection which is discounted over the market absorption period.
4. The Land Residual Method treats the net income available to support the investment in the site as a residual. The income required to cover the investment in new improvements that represent the Highest and Best Use of the site is deducted from the Net Operating Income resulting in an estimate of the net income to the land which is then capitalized to estimate the land value.

The comparable land sales are considered reasonably similar to the subject property in terms of zoning, location, physical characteristics, topography and buildable utility. The sales represent bona-fide "arm's length" transactions which are representative of prevailing market values. Our analysis has taken into account those differentials relative to financing, time of sale, size, location, frontage/exposure, zoning, developmental potential and functional utility of the comparable sales as they compare to the subject site.

COMPARABLE LAND SALES

	Subject Site One	Land Sale 1	Land Sale 2	Land Sale 3	Land Sale 4	Land Sale 5	Land Sale 6	Land Listing 7	Land Listing 8
Address	500 ALTON ROAD & 1220 6TH STREET MIAMI BEACH FLORIDA	1685 WASHINGTON AVENUE MIAMI BEACH FLORIDA	803 5TH STREET MIAMI BEACH FLORIDA	1312-1320 14TH TERRACE MIAMI BEACH FLORIDA	601-699 WASHINGTON AVENUE MIAMI BEACH FLORIDA	1340 FLAMINGO WAY MIAMI BEACH FLORIDA	251 WASHINGTON AVENUE MIAMI BEACH FLORIDA	304-312 OCEAN DRIVE MIAMI BEACH FLORIDA	1255 WEST AVENUE MIAMI BEACH FLORIDA
Frontage/Exposure On	ALTON ROAD WEST AVENUE 6TH STREET 5TH STREET	WASHINGTON AVE. 17TH STREET	MERIDIAN AVE. 5TH STREET	14TH TERRACE WEST AVENUE	WASHINGTON AVE. 6TH STREET 7TH STREET	FLAMINGO WAY BAY ROAD	WASHINGTON AVE. 3RD STREET	OCEAN DRIVE 3RD STREET	WEST AVENUE 13TH STREET
Folio No.	02-4204-006-0010 02-4204-006-0070	02-3234-019-0730	02-4203-009-4970	02-3233-016-0460 02-3233-016-0470	02-4203-004-0820 02-4203-004-0830 02-4203-004-0810 02-4203-004-0860 02-4203-004-0870	02-3233-016-0310 02-3233-016-0320	02-4203-003-1090 02-4203-003-1080	02-4203-003-0500 02-4203-003-0510	02-3233-018-0090 02-3233-018-0100 02-3233-018-0110
Net Site Size (SF)	85,348	30,000	9,000	16,000	62,270	11,000	13,000	11,650	17,252
Net Site Size (Acre)	1.96	0.69	0.21	0.37	1.43	0.25	0.30	0.27	0.40
Zoning	C-PS2	CD-3	C-PS2	RM-1	CD-2	RM-1	R-PS3	R-PS3	RM-2
Floor Area Ratio (FAR)	2.00	2.25	2.00	1.25	2.00	1.25	1.75	1.75	2.00
Buildable Area	170,696	67,500	18,000	20,000	124,540	13,750	22,750	20,387	34,504
Estimated Site Area Created By Vacating 6th Street	12,613 0.29								
Zoning	C-PS2								
Floor Area Ratio (FAR)	2.00								
Buildable Area	25,226								
Total Buildable Area	195,922								
Date of Sale	-	8/16/2017	6/9/2017	3/30/2017	6/23/2015	4/28/2015	3/4/2015	LISTED FOR SALE	LISTED FOR SALE
Grantee	-	SOBE CENTER, LLC	THE FIFTH STREET HOTEL, LLC	1414 WEST AVENUE, LLC	WASHINGTON SQUARED OWNER, LLC	TBD HARBOR 265, LLC	SOUTH5, LLC	LISTED FOR SALE	LISTED FOR SALE
Grantor	-	CITIBANK, N.A.	SOBE 5, LLC	CASALUNA LLC	WASHINGTON GARDENS NO. 2, INC.; 601-615 WASHINGTON AVE. PROPERTY, INC.; 643-655 WASHINGTON AVE. PROPERTY, INC.; 657-685 WASHINGTON AVE. PROPERTY, INC.;	RS REALTY INVESTMENTS, LLC; SJ REALTY INVESTMENTS, LLC;	SOBE SECOND STREET, LLC	SEA SPRAY DEVELOPMENT LLC	1247 BAYVIEW DEVELOPMENT CO.
O.R. Book / Page	-	30658 / 1799	30584 / 1769	30483 / 2416	29674 / 1702 29674 / 1698 29674 / 1707 29674 / 1711	29601 / 784 29601 / 788	29526 / 2117	LISTED FOR SALE	LISTED FOR SALE
Consideration	-	\$19,200,000	\$5,965,000	\$4,725,000	\$30,500,000	\$2,700,000	\$8,250,000	\$11,000,000	\$9,990,000
Financing	-	CASH TO THE SELLER	CASH TO THE SELLER	CASH TO THE SELLER	CASH TO THE SELLERS	CASH TO THE SELLERS	CASH TO THE SELLER	LISTED FOR SALE	LISTED FOR SALE
Sale Price	-	\$19,200,000	\$5,965,000	\$4,725,000	\$30,500,000	\$2,700,000	\$8,250,000	\$11,000,000	\$9,990,000
Sale Price/SF of Net Site Area	-	\$640.00	\$662.78	\$295.31	\$489.80	\$245.45	\$634.62	\$944.21	\$579.06
Sale Price/SF of Maximum Buildable Area	-	\$284.44	\$331.39	\$238.25	\$244.90	\$198.38	\$382.84	\$539.58	\$289.63
Time Adjustment	-	0%	0%	0%	0%	0%	0%	0%	0%
Time Adjusted Sale Price	-	\$19,200,000	\$5,965,000	\$4,725,000	\$30,500,000	\$2,700,000	\$8,250,000	\$11,000,000	\$9,990,000
Time Adjusted Sale Price Per Sq. Ft. of Site Area	-	\$640.00	\$662.78	\$295.31	\$489.80	\$245.45	\$634.62	\$944.21	\$579.06
Time Adjusted Sale Price Per Sq. Ft. of Buildable Area	-	\$284.44	\$331.39	\$238.25	\$244.90	\$198.38	\$382.84	\$539.58	\$289.63
ADJUSTMENTS:									
Location:	-	0%	0%	0%	-5%	0%	-5%	-5%	0%
Frontage / Exposure:	-	-5%	-5%	10%	0%	10%	0%	0%	10%
Size/Scale:	-	0%	-10%	-5%	0%	-10%	-5%	-10%	-5%
Physical Development Potential/Utility:	-	10%	20%	10%	5%	20%	10%	20%	10%
Total:	-	5%	5%	15%	0%	20%	0%	5%	15%
Plus: Estimated Demolition Cost	-	\$37,000	\$0	\$0	\$185,000	\$10,000	\$0	\$0	\$60,000
Adjusted Price	-	\$20,197,000	\$6,263,300	\$5,433,800	\$30,685,000	\$3,250,000	\$8,250,000	\$11,560,000	\$11,548,500
Adjusted Price/SF of Net Site Area	-	\$673.23	\$695.92	\$339.61	\$492.77	\$295.45	\$634.62	\$991.42	\$689.40
Adjusted Price/SF of Buildable Area (FAR x Site Area)	-	\$299.21	\$347.96	\$271.69	\$246.39	\$238.38	\$382.84	\$568.54 Asking Price	\$334.70 Asking Price

THE SALES COMPARISON APPROACH (LAND VALUATION) -- Continued --

ANALYSIS OF COMPARABLE SALES

Financing

The comparable sales were "arm's length" and "cash to the seller" transactions, with typical terms of purchase and therefore, no adjustment for financing was required.

Time of Sale

The comparable land sales analyzed herein have occurred between March 2015 and August 2017, in addition to two current listings. The comparable sales reflect current market conditions in the subject area and therefore, no quantitative adjustment was applied to the comparable sales.

Location

The comparable sales are located between 3rd Street and 17th Street, in the South Beach section of Miami Beach. However, Comparable Land Sale Numbers Four, Six and Seven required a negative locational adjustment due to their specific location on 6th Street and Washington Avenue, 3rd Street and Washington Avenue; and 3rd Street and Ocean Drive.

Frontage/Visibility/Exposure

The subject site, with frontage on three streets and a highway ramp, is superior to Comparable Land Sale Numbers Three, Five and Eight; and inferior to Comparable Land Sale Numbers One and Two.

Configuration

The subject site and the comparable sites are generally shaped rectangular, with adequate frontage and depth, thereby requiring no adjustment for configuration.

Size/Scale

Comparable Sale Numbers Two, Three, and Five through Eight required a negative size/scale adjustment as significantly smaller sites command a premium on a sale price per square foot basis.

Physical Development Potential and Functional Utility

The comparable sales were inferior to the subject site in terms of physical development potential and functional utility due to their significantly smaller size, thereby requiring a positive adjustment.

THE SALES COMPARISON APPROACH (LAND VALUATION) -- Continued --

ANALYSIS OF COMPARABLE LAND SALES - Continued

Topography

The subject site and the comparable land sales were generally level at street-grade. However, we have estimated the cost of demolition at the comparable sales and the subject site, if there were older improvements which would be razed for redevelopment.

CORRELATION OF VALUE

The comparable sales indicated unadjusted sale price/SF of site area of \$640.00, \$662.78, \$295.31, \$489.80, \$245.45, \$634.62, \$944.21 (asking price) and \$579.06 (asking price). The comparable sales indicated unadjusted sale price/SF of buildable area of \$284.44, \$331.39, \$236.25, \$244.90, \$196.36, \$362.64, \$539.56 (asking price) and \$289.53 (asking price). After the analytical adjustments, the comparable sales indicated adjusted sale price/SF of site area of \$673.23, \$695.92, \$339.61, \$492.77, \$295.45, \$634.62, \$991.42 (asking price) and \$669.40 (asking price). After the analytical adjustments, the comparable sales indicated adjusted sale price/SF of buildable area of \$299.21, \$347.96, \$271.69, \$246.39, \$236.36, \$362.64, \$566.54 (asking price) and \$334.70 (asking price).

Based on the preceding analysis, \$300/SF of buildable area reflect a reasonable estimate of Market Value of the Fee Simple Interest in the subject site, as vacant. The estimated cost of demolition of the nearly 6,000 SF building was deducted to arrive at the “as is” value. In conjunction with a 138,843 SF site at the 600 Block of Alton Road and a 49,000 SF site at the 700 Block of West Avenue, the site was proposed to be developed with a mixed-use residential/retail project under a “unified development plan” which would take advantage of the vacation of 6th Street which has approximately 12,613 SF of site area, along the subject site. The vacation of the 12,613 SF portion of street area and 85,348 SF main site area, provides 195,922 SF of buildable area ((85,348 SF + 12,613 SF) x 2.0 FAR = 195,922 SF).

170,696 SF x \$300/SF =	\$51,208,800
25,226 SF x \$300/SF =	\$7,567,800

Estimated Market Value of the Fee Simple Interest in the Subject Site, With “Vacation of 6 th Street” “as if” Vacant (Rounded)	\$58,800,000
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Less: Estimated Cost of Demolition and Carting of Existing Vacant Improvements	\$30,000
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Estimated Market Value of the Fee Simple Interest in the Subject Site, With “Vacation of 6 th Street” in “as is” Condition (Rd.)	\$58,770,000
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RECONCILIATION AND FINAL VALUE ESTIMATE

MARKET VALUE ESTIMATES:

Income Capitalization Approach to Value:	Not Applicable
Sales Comparison Approach to Value:	\$58,800,000 As if Vacant \$58,770,000 As Is
Cost Approach to Value:	Not Applicable
Reconciled Final Value Estimates:	\$58,800,000 As if Vacant \$58,770,000 As Is

Note: The Market Value of the subject site, without vacating 6th Street, was estimated at \$51,200,000 “as if” vacant, and \$51,770,000 in “as is” condition (refer to the appraisal report dated July 16, 2018). Accordingly, the estimated contributory value of vacating the portion of 6th Street along the subject site, and adding approximately 25,226 SF (12,613 SF x 2.0 FAR) of buildable area to the subject site was estimated to be \$7,600,000.

In order to provide estimates of the Market Value of the Fee Simple Interest in the subject property, with vacating portion of 6th Street along the site, in “as is” condition (land value, less estimated cost of demolition and carting), as of June 27, 2018 and the Market Value of the Fee Simple Interest in the subject property, with vacating portion of 6th Street along the site, as vacant (land value), as of June 27, 2018, we have utilized the Sales Comparison Approach to Value.

The Sales Comparison Approach to Value is based upon a comparison between recently sold site and the subject sites, utilizing the sale price per square foot of buildable area unit of comparison.

It is my estimate that the Market Value of the Fee Simple Interest in the subject property, with vacating portion of 6th Street along the site, in “as is” condition (land value, less estimated cost of demolition and carting), as of June 27, 2018 and the Market Value of the Fee Simple Interest in the subject property, with vacating portion of 6th Street along the site, as vacant (land value), as of June 27, 2018, was:

MARKET VALUE OF THE FEE SIMPLE INTEREST
IN SUBJECT SITE (WITH VACATION OF 6TH STREET), “AS IF” VACANT
FIFTY EIGHT MILLION EIGHT HUNDRED THOUSAND DOLLARS
(\$58,800,000)

MARKET VALUE OF THE FEE SIMPLE INTEREST
IN SUBJECT SITE (WITH VACATION OF 6TH STREET)
IN “AS IS” CONDITION (LAND VALUE, LESS DEMOLITION COST)
FIFTY EIGHT MILLION SEVEN HUNDRED SEVENTY THOUSAND DOLLARS
(\$58,770,000)

J. ALHALE APPRAISALS, INC.
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CONTINGENT AND LIMITING CONDITIONS

We assume no responsibility for matters legal in nature, nor do we render any opinion as to the title, which is assumed to be marketable. The property is appraised as though under responsible ownership and management.

When applicable, the sketch in this report is included to assist the reader in visualizing the properties, and we assume no responsibility for its accuracy. We have made no survey of the property. We are not required to give testimony or appear in court because of having made this appraisal, with reference to the property in question, unless arrangements have been previously made thereof. Additional professional valuation services rendered would require further compensation under a separate contractual agreement.

Where applicable, the distribution of the total valuation in this report between land and improvements applies only under the existing program of utilizations. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.

We assume that there are no hidden or unapparent conditions of the property, subsoil or structures which would render it more or less valuable. We assume no responsibility for such conditions or for engineering which might be required to discover such factors.

Information, estimates and opinions furnished to us and contained in this report were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy can be assumed by us.

No one other than the undersigned prepared the analyses, conclusions and estimates concerning the real estate set forth in this appraisal.

Neither all nor any part of the contents of this report, or copy thereof, shall be used for any purpose by any but the client without the previous written consent of the appraiser, and/or the client; nor shall it be conveyed by any including the client to the public through advertising, publications, news, sales or other media, without the written consent and approval of the author, particularly the valuation conclusions, identity of the appraiser, or any reference to any professional society or institute or any initialed designation conferred upon the appraiser.

This appraisal report has been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, the Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Standards Board of the Appraisal Foundation and the requirements of the State of Florida for state certified real estate appraisers, as well as current Federal regulatory agency criteria.

CONTINGENT AND LIMITING CONDITIONS

-- Continued --

The existence of hazardous materials, which may or may not be present on the property, was not observed. We have no knowledge of the existence of such materials on or in the properties, nor are we qualified to detect such substances. The presence of potentially hazardous materials and/or substances may affect the value of the property. The value estimate reflected in this appraisal report is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have 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. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirement of "ADA" in estimating the value of the property.

The appraisal report can not be used in connection with a real estate syndicate(s) or securities related activity(ies) and is invalid if so used without the previous knowledge or written consent of the appraiser. Said activities include but would not be limited to activities which are required to be registered with the United States Securities and Exchange Commission or any state regulatory agency regulating investments made as a public offering, as well as activities involving Real Estate Investment Trusts, Limited Partnerships, Mortgage Backed Securities and any other transaction which is subject to the securities Exchange Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Advisors Act of 1940 or State Blue Sky or securities laws or any amendments thereto.

CERTIFICATION

The undersigned do hereby certify that, to the best of our knowledge and belief, except as otherwise noted in the appraisal report:

- The statements of fact contained in this report, upon which the analyses, opinions and conclusions expressed herein are based, are true and correct.
- Other than the recent (dated July 16, 2018) appraisal of the subject site, with the two other sites, all owned by the same party, I have performed no services as an appraiser regarding the property that is the subject of this appraisal assignment, within the three year period preceding the acceptance of this assignment.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, unbiased professional analyses, opinions and conclusions.
- We have no present or prospective interest in the property that is the subject of this report and we have no personal interest or bias with respect to the parties involved.
- The amount of our compensation is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, the Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Standards Board of the Appraisal Foundation and the requirements of the State of Florida for state certified real estate appraisers, as well as current Federal regulatory agency criteria.
- My engagement in this assignment was not contingent upon developing or reporting predetermined values. The appraisal assignment has not been based on a required minimum valuation, a specific valuation, or the approval of a loan.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives, as well as the Florida Real Estate Appraisal Board.
- As of the date of this report, Jozef Alhale has completed the requirements of the continuing education program of The Appraisal Institute.
- The appraiser has visually inspected the perimeters of the subject site which is described in this report.

J. ALHALE APPRAISALS, INC.
Real Estate Appraisers and Consultants

CERTIFICATION

- No one other than the undersigned prepared the analyses, conclusions and opinions concerning real estate that are set forth in this appraisal report, nor provided significant professional assistance to the person signing this report.

It is the opinion of the undersigned that the estimated Market Value of the Fee Simple Interest in the subject property, with vacating portion of 6th Street along the site, in "as is" condition (land value, less estimated cost of demolition and carting), as of June 27, 2018 and the Market Value of the Fee Simple Interest in the subject property, with vacating portion of 6th Street along the site, as vacant (land value), as of June 27, 2018, was as described herein.



Jozef Alhale, MAI
State Certified General Appraiser
License No. RZ 0001557

ADDENDA

JOZEF ALHALE, MAI
3475 Sheridan Street, Suite 313
Hollywood, Florida 33021

(305) 613-7477 jbalhale@aol.com www.jalhaleappraisals.com

QUALIFICATIONS

Experience: Thirty years in the field of real estate appraisal, appraisal review, consultation, expert witness, economic research and market analysis.

Membership: Appraisal Institute, MAI
CCIM Institute
Miami Society of Commercial Realtors
Miami Association of Realtors

Professional Experience: J. Alhale Appraisals, Inc., President, September 2009 to present
J.B. Alhale & Associates, Inc., President, May 1994 to present
Dixon and Friedman, Inc., Senior Appraiser, Oct. 1991 - May 1994
R.G. Davis & Associates, Inc., Fee Appraiser, Jan. 1991 - Oct. 1991
Izenberg Appraisal Assoc., Inc., Staff Appraiser, July 1988 - Dec. 1990

Education: Master of Science, Computer Science
Rensselaer Polytechnic Institute, Troy, New York

Bachelor of Arts, Cum Laude, Computer Science
New York University, New York, New York

Associate Engineering Degree, Computer Science
Tel Aviv University, Tel Aviv, Israel

Licensed: State Certified General Real Estate Appraiser - State of Florida
Real Estate Salesman - State of Florida

Assignments: Vacant land, industrial facilities, shopping centers, office buildings, rental and condominium apartment buildings, hotel/motel facilities, other special-purpose properties, air rights, as well as valuation of Leased Fee and Leasehold Interests, undivided partial interests for financing, litigation, divorce, estate taxes, gift taxes, trusts, etc. Economic research, expert witness, Highest and Best Use analysis, market analysis, feasibility analysis pertaining to commercial, industrial, lodging, retail, office, multi-family residential and special-purpose properties.

J. ALHALE APPRAISALS, INC.
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