MIAMIBEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMISSION MEMORANDUM

TO: Mayor Dan Gelber and Members of the City Commission

FROM: Jimmy L. Morales, City Manager

DocuSigned by:
28CA18194070496...

DATE: December 9, 2020

SUBJECT: **PROPERTY APPRAISAL OF PROPOSED GROUND LEASE (R7A AND R7B)**

Section 82-39(b) of the City Code requires an independent appraisal of the fair market or rental value when the City considers any lease of its property for more than 10 years.

The attached Appraisal of Real Property prepared by Cushman & Wakefield (the "Appraisal Report") provides four value conclusions:

1. Current as-is market value of the land (City's fee simple interest) is $6.9 million.
2. Current market value of the land with the Ground Lease in effect is $18 million.
3. Upon Project completion (anticipated 2023), the leasehold will be valued at $20.2 million.
4. Upon Project stabilization (anticipated 2024), the leasehold will be valued at $22.7 million.

The foregoing value conclusions demonstrate that the proposed project will add considerable value to the City's asset at little cost to the City. The appraiser's analysis of the market determined that the property is in a desirable residential area where demand for rental product at similar price points has been growing and is forecasted to remain strong in the near term. Importantly, the Appraisal Report suggests that the project is economically feasible and will be self-sustaining. Except as to the appraiser's conservative view of the first few years, once the project stabilizes, it will generate considerable net income, all of which would inure to the benefit of the City, sufficient to support the project, the Miami City Ballet, and the City's cultural activation goals for the ground floor activation. It would also be worth noting that this is a challenging transaction for any appraiser to evaluate, because of lack of clear comparables for tax exempt workforce housing/cultural projects like this, which are essentially governmental and non-profit in character.

APPRAISAL OF REAL PROPERTY

Proposed Collins Park Development
224 23rd Street
Miami Beach, Miami-Dade County, FL 33139

IN AN APPRAISAL REPORT

As of October 26, 2020

Prepared For:

City of Miami Beach
1700 Convention Center Drive
Miami Beach, FL 33139

Prepared By:

Cushman & Wakefield Regional, Inc.
Valuation & Advisory
225 NE Mizner Blvd., Suite 300
Boca Raton, FL 33432
Cushman & Wakefield File ID: 20-48007-900424-001

Proposed Collins Park Development

224 23rd Street

Miami Beach, Miami-Dade County, FL 33139

225 NE Mizner Blvd., Suite 300
Boca Raton, FL 33432
Tel +1 (954) 771-0800
cushmanwakefield.com

December 04, 2020

Mr. Jimmy L. Morales
City of Miami Beach
1700 Convention Center Drive
Miami Beach, FL 33139

Re: Appraisal Report

Proposed Collins Park Development
224 23rd Street
Miami Beach, Miami-Dade County, FL 33139

Cushman & Wakefield File ID: 20-48007-900424-001

Dear Mr. Morales:

In fulfillment of our agreement as outlined in the Letter of Engagement copied in the Addenda, we are pleased to transmit our appraisal of the above referenced property in the following Appraisal Report.

The subject property consists of a vacant parking lot parcel that is owned by the City of Miami Beach and is scheduled for the development of a proposed multi-family rental complex, with a floor of dorm rooms for the Miami City Ballet and ground floor retail space. This development is anticipated to be completed and will begin leasing by June 2023. The development is proposed to contain 81 residential workforce housing apartment units subject to income limits of 80 and 120 percent of adjusted median income, with the entirety of the second floor being master-leased in a dormitory layout to the Miami City Ballet (and is considered one unit for the purposes of our analysis) and 6,000 square feet of ground floor retail space located on a 0.45-acre site. The improvements will consist of 1-building that will be 7 stories in height. We have projected a lease up of the apartment component to take six months after construction completion, while the retail components are estimated to be leased in the second year after construction completion. Therefore, economic stabilization is projected to be in year two after construction completion. The ownership group (the City of Miami Beach) intends to structure a ground lease for the subject site, whereby the ground rent payments represent net cash flow after all expenses and projected debt service provided by the developer.

This Appraisal Report has been prepared in compliance with the *Uniform Standards of Professional Appraisal Practice (*USPAP*)*.

In recent times, the CRE market has been driven by investor demand and strong liquidity. Asset values can fall significantly in short periods of time if either of these two factors, often in conjunction with many others, change significantly. While Cushman & Wakefield is closely monitoring the latest developments and will continue to provide updates as events unfold, the reader is cautioned to consider that values and incomes are likely to change more rapidly and significantly than during standard market conditions. Furthermore, the reader should be cautioned and reminded that any conclusions presented in this appraisal report apply only as of the effective date(s) indicated. The appraiser makes no representation as to the effect on the subject property of this event, or any event, subsequent to the effective date of the appraisal.

We have considered the following items as it relates to current underwriting of multifamily assets in South Florida:

- As financial markets struggle to quantify the events that are still unfolding, we believe it is premature to draw strong inferences about the economy and its impact on commercial real estate values in the South Florida area at this time. Many commercial real estate participants also report they are unable to assess the risk yet. Clearly, the short-term impact could potentially be worse than the long-term impact, but at this point it is not known.

- There is no set of criteria for underwriting of apartment properties under current market conditions; however, the current thinking is that NOI will be affected over the next year. Suggested modeling to reflect these changes individually, or a combination of the following items; a decrease in rents, or an increasing in vacancy and collection over the next year. There has also been discussions that other income line items be waived such as application fees, additional parking fees, etc. With regard to properties in lease up, current market thinking indicates that absorption periods are going to be extended than previously underwritten several months ago, while some market participants have indicated flat rent growth for one and possibly two years.

- We have surveyed several rental complexes recently that have reduced rents between $25 to $75 per unit per month over the past several weeks and one complex waived its application fee, which it was previously charging $500 for over the past month.

- We have heard that investment rate rates have not been affected to-date.

- As for investments sales, we heard three things – extension of the due diligence period from 30 to 90 days to see how the market plays out, or buyers requesting a repricing of two to three percent of the agreed upon contact price and lastly a few deals have fallen through.

In addition, we are hearing that Class A apartment product will be affected the least, while Class C product would be the affected the most due to the number of hourly workers that occupy these units, while Class B properties would fall in between these two categories in terms of effects.

Note that the client has requested that we provide an as is value of the proposed ground lease for the subject site, as outlined in the development agreement. As the ground lease payments are predicated on the proposed development being completed, we have utilized and extraordinary assumption that the ground lease is in place as of the as is date of value and have provided the leased fee valuation of this proposed ground lease.

Additionally, the client has requested that we provide a leasehold valuation of the upon completion and upon stabilization value of the improvements. We have also included an as is fee simple valuation of the subject site based on the current proposed development plan and density to reflect what the property would trade for on an as is basis, to determine feasibility of any new development, as well as to determine a market ground lease payment.

Based on the agreed-to Scope of Work, and as outlined in the report, we developed the following opinions of Market Value:

Value Conclusions			
Appraisal Premise	**Real Property Interest**	**Date Of Value**	**Value Conclusion**
Market Value As-Is	Fee Simple	October 26, 2020	$6,900,000
Market Value As-Is (Based on Extraordinary Assumption of In Place Ground Lease)	Leased Fee	October 26, 2020	$18,000,000
Prospective Market Value Upon Completion	Leasehold	June 1, 2023	$20,200,000
Prospective Market Value Upon Stabilization	Leasehold	June 1, 2024	$22,700,000

Compiled by Cushman & Wakefield Regional, Inc.

The value opinions in this report are qualified by certain assumptions, limiting conditions, certifications, and definitions, as well as the following extraordinary assumptions.

Extraordinary Assumptions

For a definition of Extraordinary Assumptions please see the Glossary of Terms & Definitions. The use of extraordinary assumptions, if any, might have affected the assignment results.

The prospective market value estimate is based upon market participant attitudes and perceptions existing as of the effective date of our appraisal, and assumes the subject property is completed and/or achieves stabilization as of our prospective date. We assume no material change in the physical characteristics and condition of the subject property or in overall market conditions between the date of inspection and effective date of value, except for those identified within the report.

The forecast for income, expenses and the lease up of units included herein are not predictions in the future. Rather our best estimates of current market thinking on future income and expenses and demand. We make no warranty or representation that these forecasts materialize. The opinions of the apartment market values are based upon market conditions as of October 26, 2020 (the date of our inspection). Should market conditions change dramatically from our inspection date, the market value opinions could potentially be affected. We were not provided with detailed construction costs in our analysis and have considered the cost presented in our analysis. We have also assumed that all necessary approvals and waivers are provided by local government agencies in the development of the proposed improvements as presented to us for our analysis.

We received an unsigned version of the lease as the final terms are not complete at the time of this report. We have relied on the information provided as of the date of this report in our analysis, with regard to the unit mix, development costs, debt service costs and all other factors regarding the proposed development on the subject site. The appraisers have relied upon factual data regarding the subject property supplied to us by the developer. 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. Additionally, the client has requested an as is leasehold value of the subject site, as the proposed improvements are not completed, our as is leasehold value assumes the completion of the improvement as of the date of value.

Hypothetical Conditions

For a definition of Hypothetical Conditions please see the Glossary of Terms & Definitions. The use of hypothetical conditions, if any, might have affected the assignment results.

This appraisal does not employ any hypothetical conditions.

This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits, and Addenda.

Respectfully submitted,

CUSHMAN & WAKEFIELD REGIONAL, INC.

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Client Satisfaction Survey

WE WANT TO HEAR FROM YOU!

VALUATION & ADVISORY

CUSHMAN & WAKEFIELD

V&A National Quality Control Group values your feedback!

- What are we doing right?
- Are there areas where we could improve?
- Did our report meet your requirements?

As part of our quality monitoring campaign, your comments are critical to our efforts to continuously improve our service.

We'd appreciate your help in completing a short survey pertaining to this report and the level of service you received. Rest assured, any feedback will be treated with proper discretion and is not shared with executive management. If you prefer to limit who receives the survey response, the distribution can be altered at your request.

Simply click https://www.surveymonkey.com/r/LQKCGLF?c=20-48007-900424-001 to respond or print out the survey in the Addenda to submit a hard copy.

Contact our Quality Control Committee with any questions or comments:

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Summary of Salient Facts and Conclusions

The subject property consists of a vacant parking lot parcel that is owned by the City of Miami Beach and is scheduled for the development of a proposed multi-family rental complex, with a floor of dorm rooms for the Miami City Ballet and ground floor retail space. This development is anticipated to be completed and will begin leasing by June 2023. The development is proposed to contain 81 residential workforce housing apartment units subject to income limits of 80 and 120 percent of adjusted median income, with the entirety of the second floor being master-leased in a dormitory layout to the Miami City Ballet (and is considered one unit for the purposes of our analysis) and 6,000 square feet of ground floor retail space located on a 0.45-acre site. The improvements will consist of 1-building that will be 7 stories in height. We have projected a lease up of the apartment component to take six months after construction completion, while the retail components are estimated to be leased in the second year after construction completion. Therefore, economic stabilization is projected to be in year two after construction completion. The ownership group (the City of Miami Beach) intends to structure a ground lease for the subject site, whereby the ground rent payments represent net cash flow after all expenses and projected debt service provided by the developer.

BASIC INFORMATION	
Common Property Name:	Proposed Collins Park Development
	224 23rd Street
Address:	Miami Beach, Florida 33139
County:	Miami-Dade
Property Ownership Entity:	MIAMI BCH CITY OF

SITE INFORMATION		
Land Area:	**Square Feet**	**Acres**
Main Parcel	19,750	0.45
Site Shape:	Irregularly shaped	
Site Topography:	Level at street grade	
Frontage:	Good	
Site Utility:	Good	
Flood Zone Status:		
Flood Zone:	AE	
Flood Map Number:	12086C0317L	
Flood Map Date:	September 11, 2009	

BUILDING INFORMATION	
Type of Property:	Multi-Family
Building Area	
Number of Units:	81 Units
Gross Building Area:	72,972 SF
Net Rentable Area:	52,013 SF
Land-to-Building Ratio:	0.27:1
Number of Buildings:	One
Number of Stories:	Seven
Actual Age:	0 Years
Quality:	Excellent
Year Built:	2023
Year Renovated:	N/A
Condition:	Excellent
Parking:	
Number of Parking Spaces:	58
Parking Ratio (per Unit):	0.7
Parking Type:	Garage and Municipal Street Parking

MUNICIPAL INFORMATION	
Assessment Information:	
Assessing Authority	Miami-Dade
Assessor's Parcel Identification	02-3226-001-0460
Current Tax Year	2020
Taxable Assessment	$987,500
Current Tax Liability	$0
Taxes per Unit	$
Are taxes current?	Taxes are current
Zoning Information:	
Municipality Governing Zoning	City of Miami Beach
Current Zoning	GU, Government Use
Is current use permitted?	Yes
Current Use Compliance	Complying use

HIGHEST & BEST USE

As Though Vacant:

a mixed-use apartment or other form of multi-family building built to its maximum feasible building area, as demand warrants.

As Proposed:

A mixed-use apartment building as it is currently proposed

VALUATION INDICES	Market Value As-Is	Market Value As-Is - Based on the Discounted Leased Fee Value	Prospective Market Value Upon Completion	Prospective Market Value Upon Stabilization
VALUE DATE	**October 26, 2020**		**June 1, 2023**	**June 1, 2024**
Land Value				
Indicated Value:	$6,900,000	N/A	$6,900,000	N/A
Per Unit:	$26,848	N/A	$75,000	N/A
COST APPROACH				
Indicated Value:	N/A	N/A	$18,500,000	N/A
Per Unit:	N/A	N/A	$228,395	N/A
SALES COMPARISON APPROACH				
Indicated Value:	N/A	N/A	$19,000,000	$21,000,000
Per Unit	N/A	N/A	$234,568	$259,259
INCOME CAPITALIZATION APPROACH				
Yield Capitalization				
Projection Period:	N/A	50 Years	11 Years	11 Years
Holding Period:	N/A	50 Years	10 Years	10 Years
Terminal Capitalization Rate:	N/A	N/A	5.50%	5.50%
Internal Rate of Return:	N/A	5.25%	7.50%	7.00%
Indicated Value:	N/A	$18,000,000	$20,200,000	$22,700,000
Per Unit	N/A	$222,222	$249,383	$280,247
Direct Capitalization				
Net Operating Income (stabilized):	N/A	N/A	$1,475,042	$1,475,042
Capitalization Rate:	N/A	N/A	5.00%	5.00%
Preliminary Value:	N/A	N/A	$29,500,840	$29,500,840
Value (Rounded):	N/A	N/A	$22,600,000	$22,600,000
LESS Cash Flow Differential	N/A	N/A	($2,500,000)	N/A
LESS Remaining Costs	N/A	N/A	N/A	N/A
Indicated Value:	N/A	N/A	$20,100,840	$29,500,840
Indicated Value Rounded:	N/A	N/A	$20,100,000	$22,600,000
Per Unit	N/A	N/A	$248,148	$279,012
Income Capitalization Approach				
Indicated Value:	N/A	N/A	$20,200,000	$22,700,000
Per Unit	N/A	N/A	$249,383	$280,247
FINAL VALUE CONCLUSION				
Real Property Interest:	Fee Simple	Leased Fee	Leasehold	Leasehold
Concluded Value:	$6,900,000	$18,000,000	$20,200,000	$22,700,000
Per Unit	$85,185	$222,222	$249,383	$280,247
Implied Capitalization Rate:	N/A	N/A	N/A	6.50%
EXPOSURE AND MARKETING TIME				
Exposure Time:	9-11 Months			
Marketing Time:	9-11 Months			

Extraordinary Assumptions

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The prospective market value estimate is based upon market participant attitudes and perceptions existing as of the effective date of our appraisal, and assumes the subject property is completed and/or achieves stabilization as of our prospective date. We assume no material change in the physical characteristics and condition of the subject property or in overall market conditions between the date of inspection and effective date of value, except for those identified within the report.

The forecast for income, expenses and the lease up of units included herein are not predictions in the future. Rather our best estimates of current market thinking on future income and expenses and demand. We make no warranty or representation that these forecasts materialize. The opinions of the apartment market values are based upon market conditions as of October 26, 2020 (the date of our inspection). Should market conditions change dramatically from our inspection date, the market value opinions could potentially be affected. We were not provided with detailed construction costs in our analysis and have considered the cost presented in our analysis. We have also assumed that all necessary approvals and waivers are provided by local government agencies in the development of the proposed improvements as presented to us for our analysis.

We received an unsigned version of the lease as the final terms are not complete at the time of this report. We have relied on the information provided as of the date of this report in our analysis, with regard to the unit mix, development costs, debt service costs and all other factors regarding the proposed development on the subject site. The appraisers have relied upon factual data regarding the subject property supplied to us by the developer. 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. Additionally, the client has requested an as is leasehold value of the subject site, as the proposed improvements are not completed, our as is leasehold value assumes the completion of the improvement as of the date of value.

Hypothetical Conditions

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This appraisal does not employ any hypothetical conditions.

Ground Lease Summary

The following is a summary of the proposed ground lease at the subject property, which we have considered in our analysis between the City of Miami Beach (lessor) and Servitas (the proposed lessee and developer).

- The Ground Lease will be a fifty (50) year lease, with two (2) optional renewals of twenty (20) years each, on mutual agreement of the City and Ground Lessee, with the form of the Ground Lease to be negotiated and subject to mutual agreement.
- Guaranteed ground rent paid to the City will be set at $100 per year, escalating at 3% per annum. Guaranteed ground rent payment will begin upon Financial Closing and execution of the Ground Lease.
- As part of the Ground Lease the City will provide the Project with fifty-eight (58) parking spaces for the workforce housing portion of the Project or secure a waiver of the parking space requirements.
- It should be noted that the City will be subject to all shortfalls throughout the ground lease term.

City will receive nominal base rent and that, as additional rent, the City (and its not-for-profit designee, the Miami City Ballet, Inc.) will receive 100% of the annual net revenues generated by the Project, following payment of all operating expenses and debt service requirements.

Market Participant Interviews

The following summarizes recent market participant interviews that we have conducted in relation to the changes in market conditions that have been brought on by the current Covid-19 pandemic. We have included market discussions from multifamily brokers in the market due to the subject being a high-rise apartment.

- In speaking to with a broker with our Multifamily Capital Markets Investment Sales group in South Florida, he indicated that since the start of Covid-19 five active local deals dropped out of contract as buyers have taken a pause. In terms of the seller's side, a few deals that were going to market did not and a few deals currently on the market were pulled back off the market. He indicated that a large institutional investment firm has internally placed their pencils down with regard to multifamily deals. He indicated that rent growth would be down to zero over the next 12 to 24 months, depending on the submarket. In addition, he noted that no tours for existing listed deals are occurring due to limited or no staff on site, as well as liability issues in entering units. He indicated that there is an anticipation of an increase in delinquency in rent payments over the summer months. On the buy side, he has seen some due diligence extensions from 30 to 90 days. Currently, he sees the debt markets as very volatile and regarding properties within a renovation mode those renovations have stopped. He did not that there currently there is not enough time or data to indicate any changes in investment rates to-date.
- Based on discussions with a broker with Cushman & Wakefield and an active South Florida investment sales apartment broker, he indicated that the biggest challenge in the market currently is debt and equity financing for apartment acquisitions. He noted that it is currently hard to transact if there is no ability to close on debt. With regard to the buyer pools, he indicated that institutional investors have currently pulled back from the market based on the logistical issues that Covid-19 pandemic poses in terms of obstacles such as due diligence and on-site inspections. The sentiment in the market is to wait several months until there is clarity in the market and business activity is able to return back to normal. In terms of underwriting he noted that purchasers are not really certain what they are buying under current market conditions, as there is an anticipation that rent rolls and collections will be affected in the coming months (post March 2020) and there is uncertainty with regard to pegging occupancy over the next several months. He noted that he anticipated that there would most likely be approximately six months of 'pain" in the local apartment market with higher vacancy and collection loss issues and noted that properties that are currently in lease up would most likely be affected the most. We also discussed the local apartment land market and he noted that it was too early to tell what the ramifications are for the local land market, but that he suspected that there would be a decrease in pricing, which would be tied to any decreases in rent and occupancy that the market will witness in the coming months, but at this point any quantifiable effect was uncertain.
- Based on conversations with an active multifamily land broker in South Florida there has been a lack of transactional data in the market since Covid-19 for urban or suburban land sales. Most properties that were placed under contract prior to the shelter-in-place orders that occurred in mid-March 2020 in South Florida have been pushed out with buyers requesting extended closing periods due to current concerns with financing in capital markets. This broker noted that most developers anticipate construction costs to decrease over the next year with some estimating decreases of five to seven percent (although no data points exist at this time) and that some proposed apartment complexes in the pipeline will not be developed, which would balance out any near term decreases in rent or increases in concession and vacancy for multi-family product due to the current pandemic. Therefore, purchasers of multi-family sites remain active and

are still bidding on properties, although pushing for longer due diligence timeframes and closing dates in lieu of current difficulties in the market brought upon by Covid-19. Thus there is no discernable difference in pricing that has occurred to date for multifamily sites in the region, and if so he thought that is would be minor in nature and with the projected lower construction costs in the near term and the potential lower amount of supply, these factors would most likely negate any potential decrease in rents over the near term. This broker noted that he had an active high-rise multi-family development site in an urban location in South Florida that he was marketing pre-Covid-19 that received 20 offers with pricing at and slightly above the asking price and of the 20 offers there is still substantial interest and only two have backed out due to Covid-19 related reasons.

- This active commercial real estate capital market broker has recently closed on land transactions in the region over the past six months and noted that there is currently a large amount of inquiries from a number of parties with lots of capital looking to purchase prime assets. This broker noted that he did not feel that there was a significant drop off in values that have been witnessed year in the market (although that would be based on product type, with retail obviously being affected the most). This broker noted that demand has remained high for industrial space and believes suburban office product will do well in this market. However, he noted that there are not many data points to determine if there is a price drop or any other near term effect with regard to land values as of yet.

SWOT analysis

The SWOT or Strengths, Weaknesses, Opportunities, Threats, analysis provides general and specific insight relative to a particular asset or entity; in this case, the subject property. The Strengths and Weaknesses components of a SWOT analysis typically reflect good and bad attributes internal or specific to the subject, while the Opportunities and Threats are generally external or economic considerations that influence the subject positively and negatively. The chart below outlines our conclusions.

SWOT ANALYSIS		
Strength		**Weakness**
• The subject is located in the City of Miami Beach. The local area is considered to be desirable residential area. • Population growth has increased in the region, which leads to increased demand for rental product in the submarket and county.		• New apartment product has been well accepted in the market, as several new apartment developments have been completed within the local area and have reach stabilized occupancy. There remains several new developments that are under construction or completed over the past year on the mainland portion of the City of Miami that are within the subject submarket, which do not directly compete with the subject, but may affect the submarket over the coming months.
Opportunities		**Threats**
• Although the local housing market has improved over the past year, many local residents are still having difficulty qualifying for mortgages causing an increase demand for apartment product. Demand for rental product should continue to be high as real estate prices for single family homes have remained high to-date and the middle and upper income housing stock in the area is projected to maintain price levels in the near term.		• A large amount of new construction is occurring within the county. The current coronavirus pandemic is anticipated to continue to affect the local apartment market, particularly that of properties that are currently in lease up. Additionally, future Covid-19 restrictions may affect the local apartment market.

Property Photographs

AERIAL PHOTOGRAPH

EXTERIOR VIEW OF THE SUBJECT

EXTERIOR VIEW OF THE SUBJECT

Scope of Work

Overview

Scope of work is the type and extent of research and analyses involved in an assignment. To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the relevant characteristics of the subject property, and other pertinent factors. Our concluded scope of work is summarized below, and in some instances, additional scope details are included in the appropriate sections of the report:

Research

- We inspected the property and its environs. Physical information on the subject was obtained from the property owner's representative, public records, and/or third-party sources.
- Regional economic and demographic trends, as well as the specifics of the subject's local area were investigated. Data on the local and regional property market (supply and demand trends, rent levels, etc.) was also obtained. This process was based on interviews with regional and/or local market participants, primary research, available published data, and other various resources.
- Other relevant data was collected, verified, and analyzed. Comparable property data was obtained from various sources (public records, third-party data-reporting services, etc.) and confirmed with a party to the transaction (buyer, seller, broker, owner, tenant, etc.) wherever possible. It is, however, sometimes necessary to rely on other sources deemed reliable, such as data reporting services.

Analysis

- Based upon the subject property characteristics, prevailing market dynamics, and other information, we developed an opinion of the property's Highest and Best Use.
- We analyzed the data gathered using generally accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value.
- The results of each valuation approach are considered and reconciled into a reasonable value estimate.

This Appraisal Report has been prepared in compliance with the *Uniform Standards of Professional Appraisal Practice (*USPAP*)*.

Cushman & Wakefield Regional, Inc. has an internal Quality Control Oversight Program. This Program mandates a "second read" of all appraisals. Assignments prepared and signed solely by designated members (MAIs) are read by another MAI who is not participating in the assignment. Assignments prepared, in whole or in part, by non-designated appraisers require MAI participation, Quality Control Oversight, and signature.

For this assignment, Quality Control Oversight was provided by Michael C. McNamara, MAI, MRICS. In addition to a qualitative assessment of the Appraisal Report, Michael C. McNamara, MAI, MRICS is a signatory to the Appraisal Report and concurs in the value estimate(s) set forth herein.

This appraisal employs all three typical approaches to value: the Cost Approach, the Sales Comparison Approach and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that all approaches would be considered meaningful and applicable in developing a credible value conclusion.

Report Option Description

USPAP identifies two written report options: Appraisal Report and Restricted Appraisal Report. This document is prepared as an Appraisal Report in accordance with USPAP guidelines. The terms “describe,” summarize,” and “state” connote different levels of detail, with “describe” as the most comprehensive approach and “state” as the least detailed. As such, the following provides specific descriptions about the level of detail and explanation included within the report:

- Describes the real estate and/or personal property that is the subject of the appraisal, including physical, economic, and other characteristics that are relevant
- States the type and definition of value and its source
- Describes the Scope of Work used to develop the appraisal
- Describes the information analyzed, the appraisal methods used, and the reasoning supporting the analyses and opinions; explains the exclusion of any valuation approaches
- States the use of the property as of the valuation date
- Describes the rationale for the Highest and Best Use opinion (if included)

Identification Of Property

Common Property Name:	Proposed Collins Park Development
Location:	224 23rd Street, Miami Beach, Miami-Dade County, Florida 33139
Assessor's Parcel Number(s):	02-3226-001-0460
Legal Description:	The legal description is presented in the Addenda of the report.

Property Ownership And Recent History

Current Ownership:	MIAMI BCH CITY OF
Sale History:	To the best of our knowledge, the subject property has not transferred within the past three years.
Current Disposition:	This property is to be entered into a ground lease between the City of Miami Beach (Lessor) and CFC-Miami Miami Beach properties, LLC (Lessee) whereas the lessor will lease the property to the lessee for developing, constructing, and operating the proposed improvements. We received an unsigned version of the lease as the final terms are not complete at the time of this report. We have relied on the information provided as of the date of this report in our analysis, with regard to the unit mix, development costs, debt service costs and all other factors regarding the proposed development on the subject site.

Dates Of Inspection And Valuation

Effective Date(s) of Valuation:	
As Is:	October 26, 2020
Upon Completion:	June 1, 2023
Upon Stabilization:	June 1, 2024
Date of Report:	December 04, 2020
Date of Inspection:	October 26, 2020
Property Inspected by:	Michael C. McNamara, MAI, MRICS

Client, Intended Use And Users Of The Appraisal

Client:	City of Miami Beach

Intended Use:	This appraisal is intended to provide an opinion of the Market Value of the Fee Simple interest in the ground lease for the surface parking lot P51, located at 224 23rd Street, Miami Beach, Florida (Miami-Dade County Tax Folio No. 02-3226-001-0460) (the "Property"). This report is not intended for any other use.
Intended User:	This appraisal report was prepared for the exclusive use of City of Miami Beach. Use of this report by others is not intended by the appraiser. This report is not intended for any other use.

Extraordinary Assumptions

For a definition of Extraordinary Assumptions please see the Glossary of Terms & Definitions. The use of extraordinary assumptions, if any, might have affected the assignment results.

The prospective market value estimate is based upon market participant attitudes and perceptions existing as of the effective date of our appraisal, and assumes the subject property is completed and/or achieves stabilization as of our prospective date. We assume no material change in the physical characteristics and condition of the subject property or in overall market conditions between the date of inspection and effective date of value, except for those identified within the report.

The forecast for income, expenses and the lease up of units included herein are not predictions in the future. Rather our best estimates of current market thinking on future income and expenses and demand. We make no warranty or representation that these forecasts materialize. The opinions of the apartment market values are based upon market conditions as of October 26, 2020 (the date of our inspection). Should market conditions change dramatically from our inspection date, the market value opinions could potentially be affected. We were not provided with detailed construction costs in our analysis and have considered the cost presented in our analysis. We have also assumed that all necessary approvals and waivers are provided by local government agencies in the development of the proposed improvements as presented to us for our analysis.

We received an unsigned version of the lease as the final terms are not complete at the time of this report. We have relied on the information provided as of the date of this report in our analysis, with regard to the unit mix, development costs, debt service costs and all other factors regarding the proposed development on the subject site. The appraisers have relied upon factual data regarding the subject property supplied to us by the developer. 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. Additionally, the client has requested an as is leasehold value of the subject site, as the proposed improvements are not completed, our as is leasehold value assumes the completion of the improvement as of the date of value.

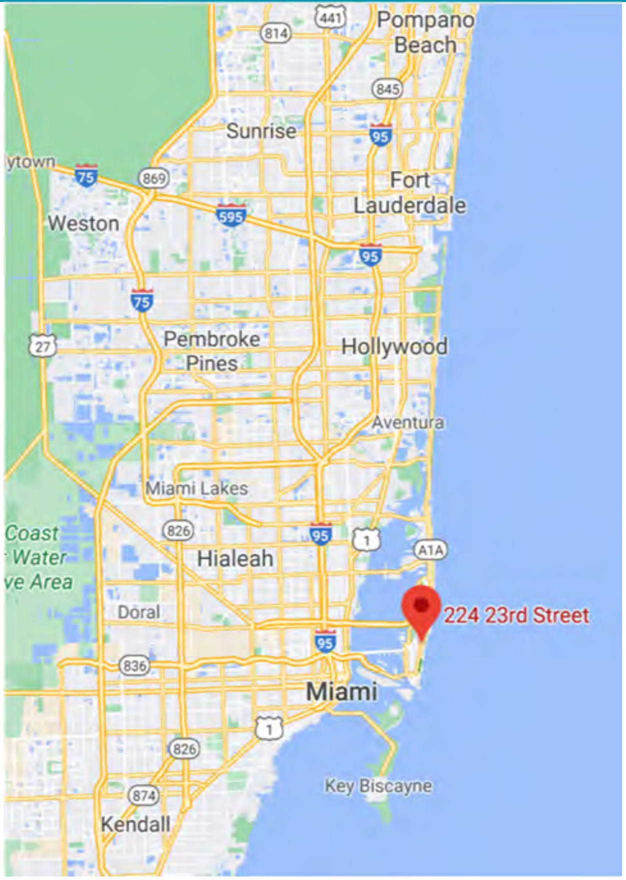
Hypothetical Conditions

For a definition of Hypothetical Conditions please see the Glossary of Terms & Definitions. The use of hypothetical conditions, if any, might have affected the assignment results.

This appraisal does not employ any hypothetical conditions.

Regional Analysis

REGIONAL MAP



South Florida Regional Analysis

Introduction

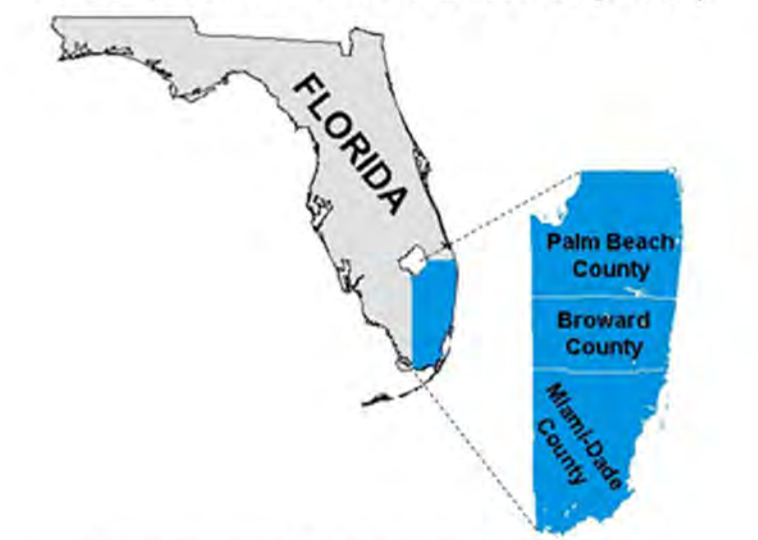
The Miami-Fort Lauderdale-West Palm Beach Core-Based Statistical Area, which is synonymous with the South Florida region (South Florida), consists of the Miami-Miami Beach-Kendall, Fort Lauderdale-Pompano Beach-Deerfield Beach, and West Palm Beach-Boca Raton-Boynton Beach Metropolitan Divisions. The core-based statistical area covers Miami-Dade, Broward and Palm Beach Counties. South Florida has a population of 6.2 million and ranks as the eighth most populous CBSA in the nation (Miami-Dade, Broward and Palm Beach Counties are the most populous counties in Florida). The region's distinction as the southernmost metropolitan area within the nation's contiguous states and its proximity to Latin America has spurred its growth as a significant international gateway.

International trade has led to tremendous growth, as South Florida is home to hundreds of Latin American headquarters for major U.S. and global multinational companies. The Port of Miami, positioned in Biscayne Bay, is strategically located and a valuable resource to the state and country. Hundreds of corporations, from media companies to consumer electronics manufacturers, have stationed their Latin American headquarters in and around Miami, a testament to the shipping and export power of the region.

Map

The following map portrays the South Florida region within the state of Florida.

MIAMI-FORT LAUDERDALE-WEST PALM BEACH, FL CORE BASED STATISTICAL AREA (CBSA)



Source: Cushman & Wakefield Valuation & Advisory

COVID-19 Impacts

As the crisis began to unfold in the last month of the first quarter, much of the data available may not accurately reflect the true impact of the crisis on the market. As data often lags, we will find out more as the crisis unfolds. In other sections of the report we will discuss the effects of the COVID-19 crisis on the market and subject property in as much detail as possible. With that said, it is important to note the following points:

- The current COVID-19 pandemic has resulted in shutdowns of non-essential business, and as a result many other businesses have been significantly disrupted. This has resulted in a sharp and drastic unemployment spike that is expected to negatively impact households and businesses in the near term.
- Pertaining to real estate specifically, tenant income losses (business or personal) are expected to translate into near term cash flow disruption to properties. The severity of these impacts are anticipated to be property specific with some property types impacted more than others.
- The full effects of these impacts are unknown at this time, but most market participants are reporting a pause/hold with regards to transactions and have expectations for three to six months of acute challenges and a Fourth Quarter 2020/First Quarter 2021 rebound.
- Right now, the market in general is cautiously optimistic about returning to pre-pandemic conditions by the end of First Quarter 2021.

Current Trends

Prior to the onset of the COVID-19 pandemic, the economic expansion in the South Florida region was maturing. Overall job growth began moderating, reflecting some residual effects the maturing expansion and slow economic growth in Latin America. Nevertheless, inflows of businesses and prime working age individuals continue to bolster the economy. Like job creation, population growth was a major factor contributing to South Florida's economic expansion as the steady flow of both overseas and domestic migration boost numbers. South Florida's international appeal is the main driving force, as international migration accounted for three quarters of the growth over the past year, per local demographers. The growing population fueled the housing market with international home buying activity remaining strong. International growth, consumer spending, business confidence, housing recovery and population growth allowed the region to continue outperforming both the state and national averages.

The economic disruption caused by the COVID-19 pandemic resulted in significant job loss in most sectors. As of April 2020, total non-farm employment measured 2,366,000 jobs, down 358,100 jobs or 13.1% year-over-year. Unemployment surged 10.5 percentage points over the year to 13.2% in April. Tourism was hit the hardest industry as hotels were emptied and travel was halted as stay-at-home orders were implemented. The region's cruise ship industry, with PortMiami as the world's busiest harbor for cruise ships, was stunted as no-sail orders were enforced.

Further considerations are as follows:

- Of the three counties in the South Florida region, Miami-Dade County lost the most jobs. In fact, Miami-Dade County lost the second-most jobs in the state (shedding 145,900 jobs) behind Orlando. Broward County shed 119,100 jobs (down 13.8%) and Palm Beach County lost 93,100 jobs (down 14.4%). Massive layoffs and disruptions were evident in every sector of the economy as citizens, businesses and governments closed to moderate the spread of the virus.
- According to the American Hotel and Lodging Association, Florida lost more than 100,000 direct-hotel supported jobs by mid-April. According to a survey by AAA Consumer Pulse, COVID-19 impacted 2020 travel plans for 76% of Floridians. The leisure and hospitality sector shed 157,800 jobs year-over-year, declining 52.5%.
- By April 2020, the national economy had entered a recession, ending the longest economic expansion in U.S. history (126 months). Fortunately, most economists project this recession will be short-lived, stating the underlying health of the economy prior to the pandemic.

Demographic Characteristics

Given South Florida's mild winter weather, the area has long been a popular retirement destination. As such, South Florida's median age of 41 years is three years older than the national average. South Florida's level of affluence and educational attainment typically trends close to the national average. However, both income and educational attainment levels vary considerably by county, with Palm Beach County having the area's highest levels and Miami-Dade County having the lowest. Overall, 30% of the region's population holds a Bachelor's degree or better and approximately 24% of households have annual incomes of greater than $100,000.

The chart below provides some demographic comparisons between South Florida and the nation:

Demographic Characteristics
South Florida vs. United States
2019 Estimates

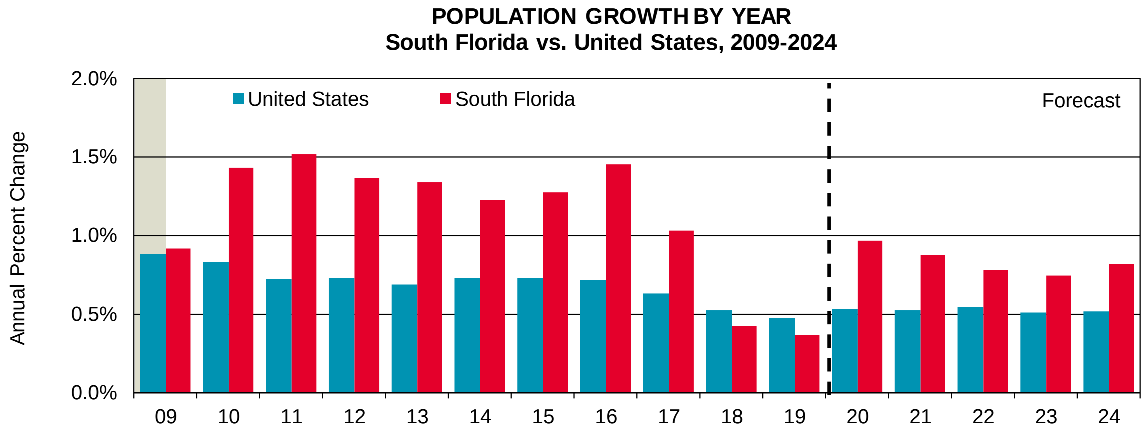
Characteristic	South Florida	United States
Median Age (years)	41	38
Average Annual Household Income	$82,113	$87,636
Median Annual Household Income	$53,560	$60,811
Households by Annual Income Level:		
<$25,000	23.8%	20.3%
$25,000 to $49,999	23.4%	21.4%
$50,000 to $74,999	17.7%	18.0%
$75,000 to $99,999	11.6%	13.0%
$100,000 plus	23.6%	27.2%
Education Breakdown:		
< High School	15.3%	13.0%
High School Graduate	27.3%	27.6%
College < Bachelor Degree	27.0%	29.0%
Bachelor Degree	19.2%	18.9%
Advanced Degree	11.2%	11.5%

Source: © 2019 Experian Marketing Solutions, Inc. •All rights reserved•
Cushman & Wakefield Valuation & Advisory

Population

Florida remains among the nation's most populous states, ranking third behind California and Texas. Recent estimates by the U.S. Census report Florida's population increased 1.1% between July 1, 2018 and July 1, 2019 to over 21.5 million (adding 233,420 new residents). According to the U.S. Census, Florida had the highest level of net domestic migration between July 1, 2017 to July 1, 2018, with an increase of 132,602. Since 2010, Florida has gained a total of 1.3 million people from net domestic migration and an additional 1.1 million from net international migration. Demographers conclude most new residents populate the larger counties, including the three most populous – Miami-Dade, Broward, and Palm Beach. South Florida's population increased 0.4%, adding 22,651 new residents between July 2018 and July 2019. With approximately 6.2 million residents, the CBSA is the seventh largest in the nation, accounting for roughly 30.0% of the state's population. Population trends in South Florida are influenced by several factors, including international migration and natural increase.

The following graph compares population growth trends in South Florida to the U.S. In the following Exhibit, and all subsequent time-series graphs, the shaded bars indicate the periods of a U.S. economic recession.



Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

Miami-Dade County is the most populous with 44.4% of the region's population, followed by Broward and Palm Beach Counties with 31.5% and 24.1%, respectively. Miami-Dade and Broward Counties are among the most populated in Florida and have a sizeable number of births in addition to a substantial number of foreign immigrants. Palm Beach County is projected to outpace the other two counties in annualized population growth through 2023, as depicted in the following table:

Annualized Population Growth by County
South Florida
2009-2024

Population (000's)	2009	2019	Forecast 2020	Forecast 2024	Compound Annual Growth Rate 09-19	Compound Annual Growth Rate 20-24
United States	306,771.5	328,239.5	329,971.0	336,898.3	0.7%	0.5%
South Florida	**5,504.6**	**6,166.5**	**6,226.1**	**6,428.8**	**1.1%**	**0.8%**
Miami-Dade County	2,463.9	2,716.9	2,736.9	2,804.3	1.0%	0.6%
Broward County	1,733.3	1,952.8	1,971.0	2,032.9	1.2%	0.8%
Palm Beach County	1,307.4	1,496.8	1,518.2	1,591.6	1.4%	1.2%

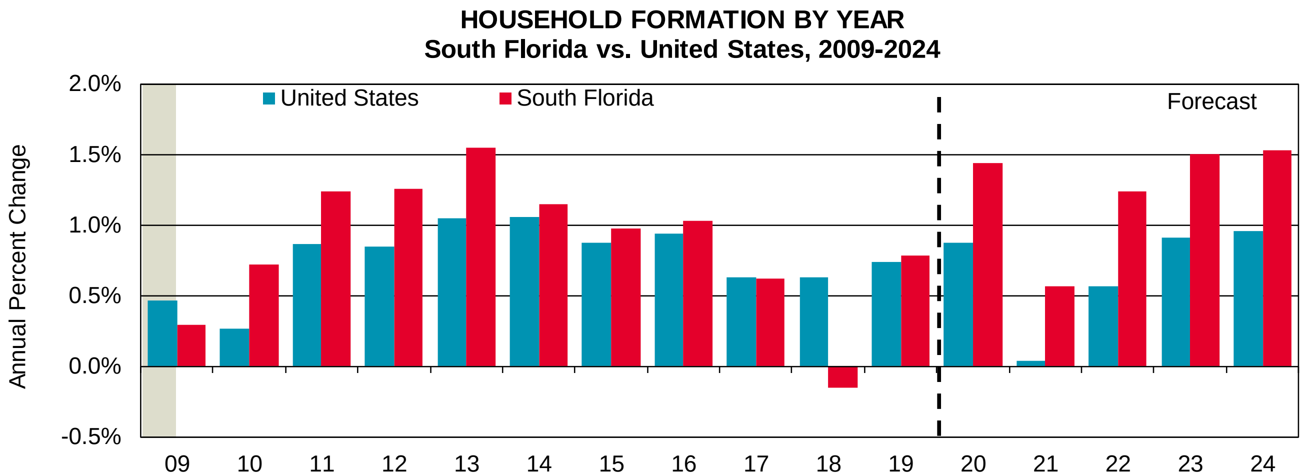
Source: Data Courtesy of Moody's Analytics, Cushman & Wakefield Valuation & Advisory

Households

Typically, household formation trends alongside population growth and tends to top the national average. Between 2009 and 2019, household formation growth measured 0.9% nearly on par population growth over the same time period. Through 2024, household formation in South Florida is projected to increase, measuring 1.2%, surpassing the projected population growth rate of 0.8%.

There's been a slight shift in demographics, especially in Broward County, where there's been above-average growth in school-age population indicating new family formation. Since 2010, residents younger than 20 years increased 4.2% in Broward County, compared to the 1.1% decline of the national average.

The following graph compares historical and projected growth trends in household formation between South Florida and the U.S. overall.

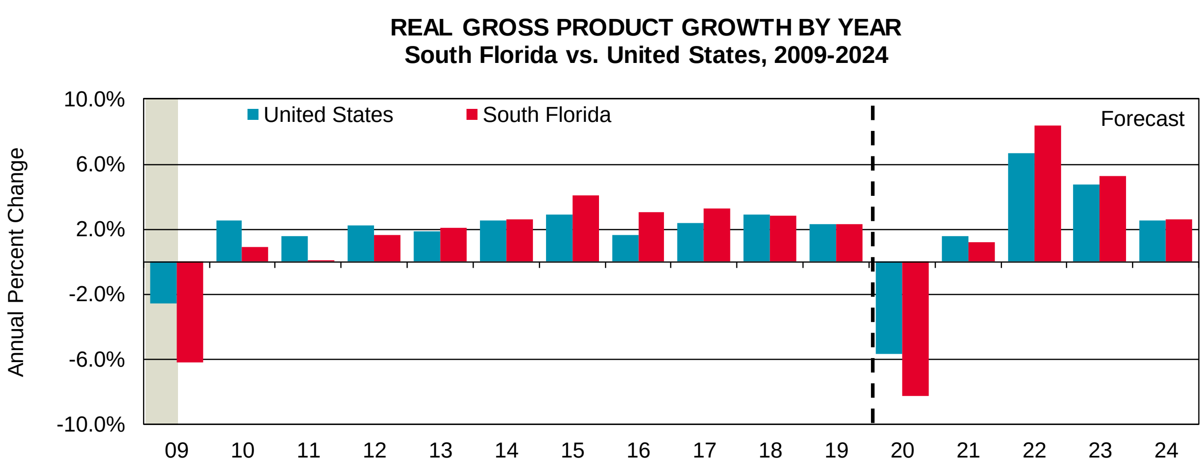


Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

Gross Metro Product

The Florida economy topped $1 trillion in GDP in 2018, a major milestone for the state. The booming economy brings new businesses and corresponding jobs, along with new residents sparking more consumer spending and other benefits that boosts economic growth. Because of the state's high gross domestic product, Florida's economy surpasses Saudi Arabia, Switzerland, the Netherlands and Argentina. If Florida were a country, it would be the 17th largest economy in the world. The Florida economy measured $1.1 trillion in GDP in 2019, according to the U.S. Bureau of Economic Analysis.

According to the most recent U.S. Bureau of Economic Analysis, South Florida's gross metro product (GMP) increased 2.9% in 2018 to $315 billion. South Florida's economy tops all other metros in the state and growth still outpaces the national average. The regional economy is among the world's top 40 economies. Trade, tourism and financial services are the major contributors to growth.

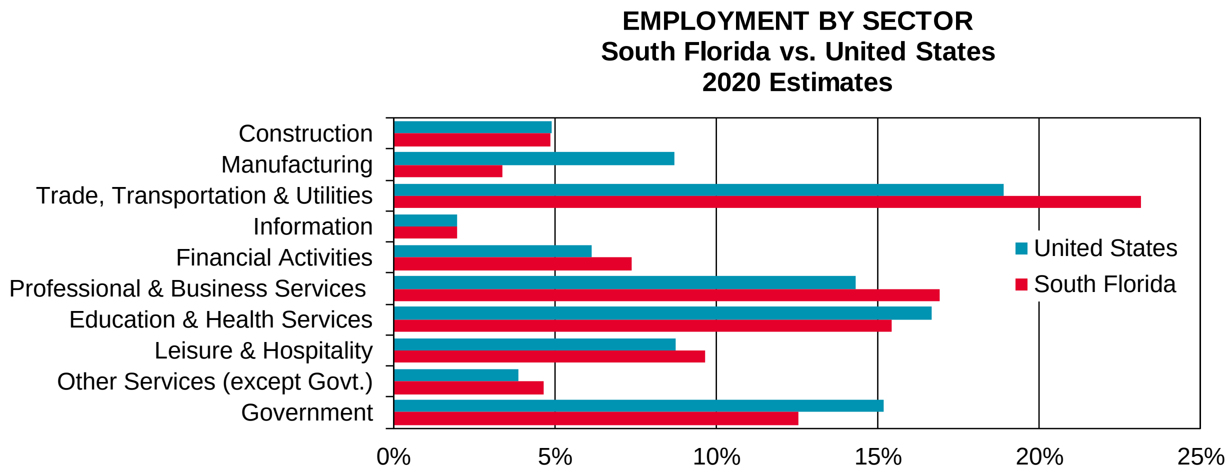


Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

Employment Distribution

South Florida's Trade, Transportation and Utilities sector accounts for 23.2% of the market's total employment base, compared to 18.9% for the national average. International trade supports over 105,000 jobs and remains one of the key industries in the local economy with the highest paying wages. Trade is the most important industry in South Florida, followed by tourism. Efforts have been underway to further diversify the local economic base by bolstering the healthcare and biomedical industries in South Florida. These two industries promise a significant contribution to the regional economy in the long-term.

The graph below depicts South Florida's employment base.



Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory

Major Employers

The South Florida region is home to five *Fortune 500* corporations – World Fuel Services (91), Lennar (147) AutoNation (154), Office Depot (297), and Ryder System (354) – and many Fortune 1000 companies. The region's largest employers are national and multinational corporations spanning a variety of industries including healthcare, retail, and technology.

Below is a table that outlines South Florida's top employers by CBSA.

Largest Employers South Florida			
Employer	**County**	**No. Employees**	**Business Type**
Publix Super Markets Inc.	West Palm Beach	38,241	Retail
Tenet Healthcare Corp.	West Palm Beach	6,136	Healthcare
NextEra Energy/Florida Pow er & Light Co.	West Palm Beach	4,005	Utility
Tenet Healthcare Corp.	Fort Lauderdale	18,000	Healthcare
HCA East Florida Division	Fort Lauderdale	15,000	Healthcare
Memorial Healthcare System	Fort Lauderdale	11,500	Healthcare
University of Miami	Miami	12,818	Education
Jackson Health System	Miami	12,100	Healthcare
Baptist Health Systems of Southern Florida	Miami	12,000	Healthcare

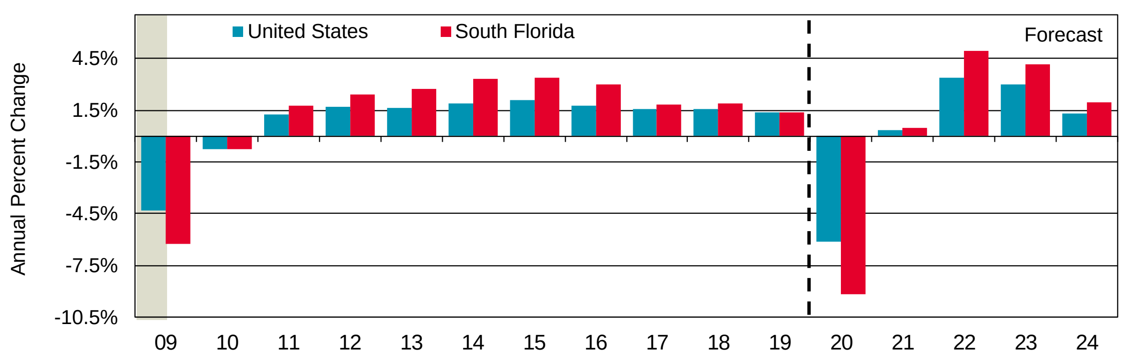
Source: Data Courtesy of Moody's Analytics; Cushman & Wakefield Valuation & Advisory

Employment Growth

According to the Florida Agency for Workforce Innovation, the South Florida region lost 358,100 jobs over the 12-month period ending April 2020, contracting 13.1%. Prior to the COVID-19 pandemic, South Florida typically outpaced the national average employment growth, which contracted by 12.9% over the same period. According to local economists, employment growth contracted abruptly due to mitigation efforts to stop the spread of the virus. As previously mentioned, mass layoff and furloughs occurred as businesses shutdown. The Florida Agency for Workforce Innovation reports that South Florida's total non-agricultural employment in April 2020 was 2,366,000.

The following chart illustrates employment growth for South Florida and the United States:

TOTAL EMPLOYMENT GROWTH BY YEAR
South Florida vs. United States, 2009-2024

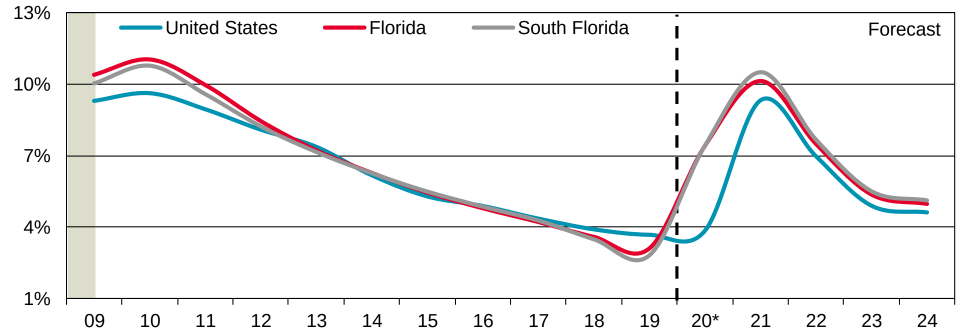


Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

Unemployment

The local unemployment rate increased to 13.2% in April 2020, rising 9.1 percentage over the previous month's rate of 4.2%. Year-over-year, unemployment increased 10.5 percentage points. At 13.2%, the local unemployment rate surpassed the previous peak of 11.8% in June 2011. At 14.5% Broward County has the highest unemployment rate of the tri-county region. Palm Beach County followed with a 13.9% unemployment rate, while Miami-Dade County had the lowest unemployment rate at 11.9%.

UNEMPLOYMENT RATE BY YEAR
South Florida vs. Florida vs. United States, 2009-2024



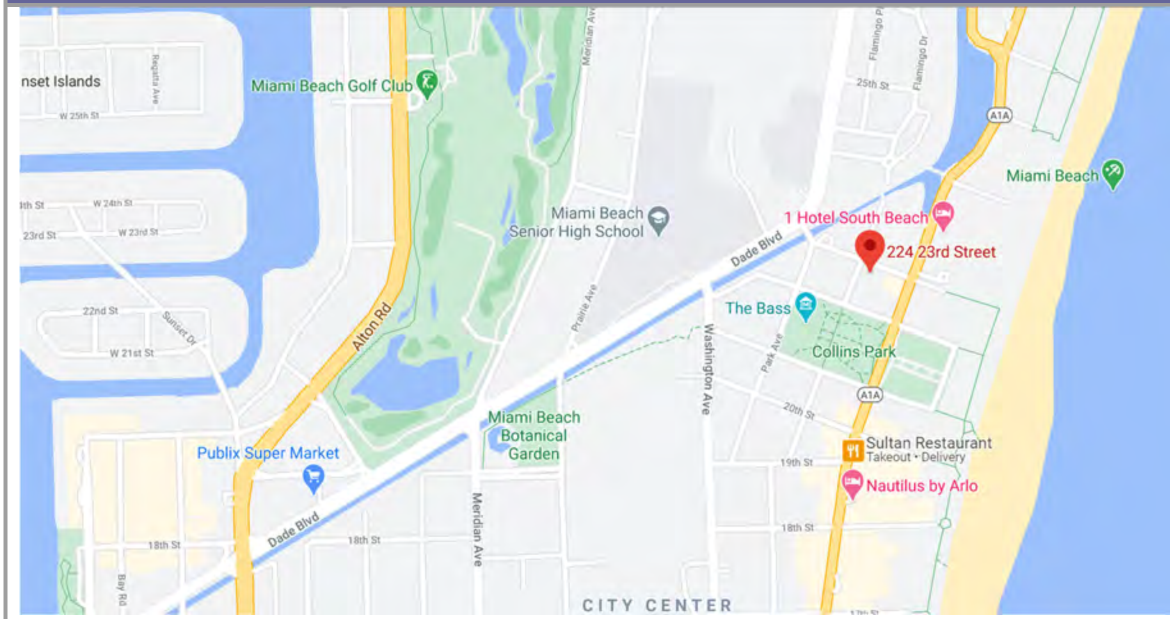
Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession
*First Quarter 2020

Conclusion

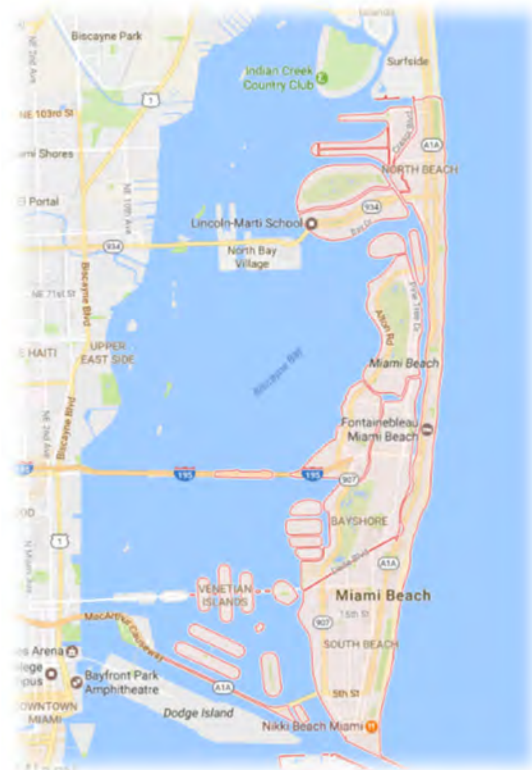
Like the rest of the country, the South Florida economy is exposed to the impacts of COVID-19. The immediate negative effects on jobs, particularly tourism-related jobs, has been significant. The full effects of the pandemic are unknown currently; however, uncertainty looms over all major sectors that significantly add to the economy, namely tourism and real estate. Nevertheless, as the state begins re-opening local economists project South Florida's long-term prospects remain favorable. Strong global ties and international character remain significant driving forces in the region and remain major catalyst in moving the economy forward. Each county lures prominent international companies as South Florida is a thriving destination for international business – the strategic position, multicultural workforce and numbers connection to international markets. The region is poised to continue capitalizing on foreign investment and benefit from the anticipated growth in international trade due to the Panama Canal expansion. PortMiami is already one of eight Post-Panamax harbors in the country and Port Everglades is being dredged. These deep-water ports can handle the largest vessels that can navigate through the expanded Panama Canal.

Local Area Analysis

LOCAL AREA MAP



Location



Miami Beach is a ten-mile long barrier island located off the east coast of Miami, separated by the Intracoastal Waterway and Biscayne Bay. During the 1990's, Miami Beach's renaissance and popularity reinvigorated the economy, as new industries and businesses (including fashion, entertainment, tourism, and technology) flourished.

Miami Beach has also become a popular locale for area residents, most of which work in Downtown Miami. The Art Deco District/South Beach is the primary attraction of Miami Beach, which makes up the bottom third of the island of Miami Beach. South Beach has become a magnet for fashion, music, and entertainment industry celebrities. Leisure visitors from the world over are drawn to the area's cosmopolitan atmosphere, chic restaurants, hip nightclubs, and world-renowned beaches.

There are more to 60,000 employees working daily in Miami Beach, with over 30,000 of them in South Beach. These employees work in a variety of industries, with the largest being the tourism/service industry. Employment in Miami Beach is primarily concentrated in the following industries: hospitality (hotels, food, and beverage), health care, retail trade, and construction/development. However, the fastest growing industry is the entertainment industry (fashion, film, music, internet, production, TV/cable).

Miami Beach has positioned itself as a residential and recreational community for the downtown area, as well as working to continue its strong traditional tourist industry. There are numerous construction and revitalization projects initiated by public and private sector participation currently taking shape in Miami Beach.

Access

Local area accessibility is generally good, relying on the following transportation arteries:

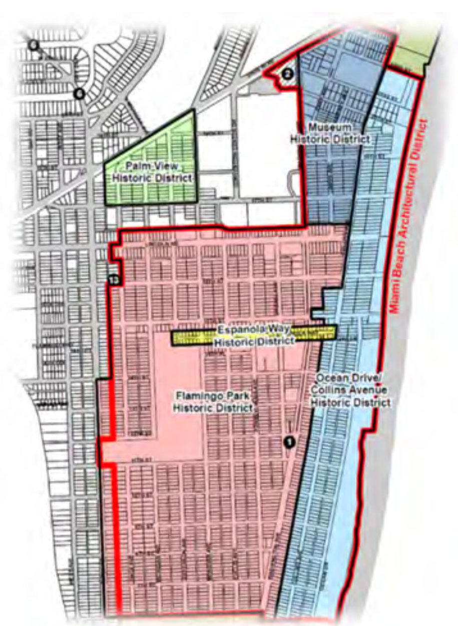
Local:	Major north/south arteries are Ocean Drive, Collins Avenue, Washington Avenue, and Alton Road. The major east/west roads in the subject neighborhood are MacArthur Causeway (Fifth Street on the island), Venetian Causeway, and the Julia Tuttle Causeway. The subject has direct frontage on Alton Road. Public transportation in the neighborhood is limited to buses.
Regional:	The primary regional access is along Interstate 95, which lies approximately 5 miles west of the subject area and the Intracoastal Waterway.

Collins Avenue, also known as SR-A1A, runs in a north/south direction. A1A starts at the tip of Miami Beach and runs along the US eastern seaboard (along the Atlantic Ocean in most areas).

South Beach / Art Deco District

South Beach contains the landmark historical Art Deco District, the first 20th century neighborhood to be recognized by the National Register of Historic Places containing the finest collection of 1930s art deco resort and residential architecture found in the United States. The Art Deco District is a 60-year old, 17-block sector of hotels, apartment structures, retail, and office buildings. The Art Deco District is bordered by 23rd Street to the north, 6th Street to the south, the Atlantic Ocean and Ocean Drive to the east, and West Avenue to the west. The district contains about 800 structures of historic significance, the largest collection of Art Deco and Streamline Modern architecture in the world. Pastel-painted, mid-rise Art Deco hotels from the 1920s to the 1940s dominate the historic district. South Beach is also characterized by a mix of mid- to high-rise hotels and residential towers along the beach and on the east side of Collins Avenue. A mix of single-story retail stores and restaurants and low-rise residential buildings are located along the west side of Collins Avenue and on Washington Avenue.

Artists and young families, executives and others who wish to locate in a unique area, near the ocean and downtown Miami, have rediscovered this area. The district is experiencing a great deal of restoration, renovation and redevelopment activity and is home to significant industries such as fashion and entertainment.



Ocean Drive is the heart of South Beach, running north/south between 1st and 15th Streets, with the beach to the east and Art Deco hotels, clubs, restaurants, shops, and condominiums lining its west side. North of 15th Street, buildings are located directly on the ocean. There are more than 15,000 hotel rooms located within South Beach, along with dozens of sidewalk cafes. From a handful of eateries, a decade ago, the three-by-ten block area between Ocean Drive and Washington Avenue contains roughly 150 restaurants and clubs. Four blocks north, where Ocean Drive terminates at Collins Avenue, the Michael Graves-designed Ocean Steps project was developed by Constructa, Inc. This mixed-use project contains 46,000 square feet of multi-story retail and restaurant uses, adjacent to a 104-unit luxury condominium (Il Villaggio) and the 16,000-square-foot Il Villaggio Shops. Further north is the Anchor Shops, located at the ground level of the 850-space parking garage across from the Loews Hotel on Collins Avenue and 16th Street.

Along the east side of Ocean Drive is the Ocean Front Auditorium and Art Deco Welcome Center, the beach, and the Atlantic Ocean. The auditorium offers 4,300 square feet of meeting space, plus a 473-square-foot stage available to rent for functions. The Welcome Center is the starting point for guided walking tours of the Art Deco District and its unique architecture. With exploding growth and increased traffic, insufficient parking is a problem in South Beach, and the city has addressed the issue by planning to build four new public/private parking facilities, with over 1,800 new spaces.

Ocean Drive District

The Ocean Drive corridor, from 5th Street to 15th Street, represents one of the original cornerstones of the overall Miami Beach tourist industry, where the majority of development occurred between 1925 and 1945. The overall design and appeal of the Ocean Drive corridor is regarded as a reflection of that period, of Art-Deco, Streamline

Modern and Mediterranean Revival architecture with the addition of a tropical/nautical motif style to the overall structures. These architectural styles are noted throughout this area creating uniqueness to the area commonly known as the “Ocean Drive District”.

There are more than 15,000 hotel rooms located within South Beach, along with dozens of sidewalk cafes. From a handful of eateries, a decade ago, the three-by-ten block area between Ocean Drive and Washington Avenue contains roughly 150 restaurants and clubs.

Collins Avenue

The primary traffic artery of Miami Beach is Collins Avenue, known as “the Strip”, which is also flanked by historical Art Deco buildings. Among them are: The Hotel, Franklin, Fairmont, the former Hoffman's Cafeteria (which became the Club Ovo and China Club), Haddon Hall, the St Moritz tower block, the Surfcomber, and Greystone – all built after the 1920s. Also, on Collins Avenue are three of the largest Art Deco hotels, built in the forties, the National, the Delano, and the Ritz Plaza. The streamlined structures and architectural detail are designed to recall 20th Century means of transport - rockets, submarines, and aircraft.

Lincoln Road

The Lincoln Road Mall was a glittering shopping area in its heyday but fell upon hard times in the 1980s. The Mall now provides a large selection of stores and there is also a resurgence of restaurants, numerous small ethnic cafes, and art galleries. In addition, the 520-seat Colony Theater located in the Mall is used for theatrical presentations at night and conference and business presentations during the day.

In 1997, the City of Miami Beach completed a $16 million renovation to the Lincoln Road infrastructure and exterior aesthetics including new landscaping, pavement designs and fountains. Lincoln Road has subsequently undergone a transformation from a local boutique shopping strip to a high-traffic, outdoor commercial retail strip with an increasing number of national credit tenants. These tenants include The Gap, Victoria’s Secret, Pottery Barn, Williams-Sonoma, Mayor’s Jewelers, Starbucks, and Banana Republic. These new tenants add to the neighborhood’s image as a major cultural and recreational center.

Tourism and Visitation

The reopening of the long-shuttered Miami Beach Convention Center and return of Art Basel in 2018, stimulated demand to Miami Beach, that had faltered while the convention center was closed. RevPAR spiked by 17.9 percent over the previous year. Furthermore, the coming of SuperBowl LIV in February 2020 broke performance records for Miami hotels, including in South Beach. During this event, Miami Beach posted the most expensive average daily rate at $923.74, while occupancies stayed in excess of 90.0 percent marketwide.

In contrast, by March 2020, the negative effects of the coronavirus pandemic were felt within the Miami Beach hotel industry. By March 23rd, 2020, Miami Beach hotels were required to close by the Governor to aid in social distancing, and only allowed to re-open as of June 1st, 2020. Although new coronavirus cases and in-place government restrictions continue to depress performance at local hotels, there are indications of a rebound beginning due to pent-up leisure demand to the area. In an attempt to drive RevPAR, hotel management has been discounting rates to increase occupancy, while pushing rates as much as possible during the summer months and strong weekends, such as the fourth of July. Overall occupancy as of July 2020 in Miami Beach was 54.8 percent (an approximate 30.0 percent decline year-over-year), while average rate was $341.62 – an increase of 21.0 percent year-over-year (however, this includes the unprecedented rates achieved during the SuperBowl).

Although the full impact of the pandemic remains unknown, market participants believe the impacts are temporary and anticipate that occupancy and rate will continue to rebound in the near term, especially once a vaccine is released. It is anticipated that occupancies will return to normal levels in 1-2 years in Miami Beach, with normalized average rates following thereafter.

Demand Drivers

In addition to the beaches, nightlife, and sunshine, Miami Beach also has several other demand generators and annual events that provide ample lodging demand. Large events that induce lodging demand include Art Basel, Art Deco Weekend, South Beach Food & Wine Festival, South Beach Comedy Festival, Fashion Week, Festival of the Arts, the Auto Show and numerous events at the Miami Beach Convention Center.

Miami Beach Convention Center

Many of the City's central attractions cluster around the Miami Beach Convention Center at 18th Street and Washington Avenue. In January 1990, a $92 million expansion of the center was completed that expanded the building to over 1.1 million square feet, including 500,000 square-feet of exhibition space and 150,000 square-feet of meeting space. The convention center closed again in 2015 for a three-year, $620 million renovation that encompassed the addition of 263,000 square-feet of space (including five ballrooms; one of which measures 60,000 square-feet and another with a glass rooftop for VIP events), 10 new meeting rooms, LEED Silver certification, and a striking, new exterior look - a collaboration between Fentress Architects and Arquitectonica that uses more than 500 giant fins of aluminum and glass to create an undulating facade, reminiscent of a rolling ocean wave. The facility now totals 1.43 million square feet. Over 30 conventions are already booked.

Officials are anticipating the renovation and reopening of the convention center will boost Miami-Dade's $26 billion tourism industry, helping it to grab a greater share of the U.S. meetings industry, which generated $325 billion in 2016, according to an economic significance study by Oxford Economics.

An 800-room headquarters hotel is also planned for the convention center, to be built on an adjacent, city-owned parcel of land. This would help the convention center to achieve its goal of 28 city-wide conventions per year. Currently adjacent to the Convention Center is the Jackie Gleason Theater of the Performing Arts (TOPA) and the Miami Beach Garden Center.

Miami International Auto Show

The Miami International Auto Show has been a staple event held at the Miami Beach Convention Center for more than 40 years. The event spans a ten-day period in November and sees upwards of 650,000 attendees. This auto show is recognized as of the largest and most prestigious auto related events in the U.S. The event typically showcases more than 40 new vehicles from manufactures around the world and over 1,000 vehicles in total.

Art Basel

Art Basel is an international art fair held in each June in Basel, Switzerland, the event is also held each December in Miami Beach as a sister event to the Swiss festival. The event provides large public works of art as well as gallery and exhibits of local and international artists and hosts high-end parties and functions with A-list celebrities. Art Basel Miami has been held annually since 2002; the city-wide event has surpassed the original Swiss event in terms of size and popularity. In 2010, the festival attracted nearly 40,000 attendees, and in 2013 the event grew to more than 72,000 in attendance; by 2016, total attendance was in excess of 77,000 visitors; and over 80,000 attended in 2018.

With the Miami Beach Convention Center reopening, Art Basel has returned to Miami Beach as of 2018 (where it had its first show back in 2002) and has signed an agreement to remain at the venue until at least 2023.

Art Deco Weekend

The Art Deco Weekend community festival entered its 41st year in 2018. The three-day event is presented by the Miami Design Preservation League, and celebrates the architecture, preservation, education, history, advocacy, art, culture and entertainment. The annual festival draws roughly 150,000 attendees and offers more than 85 educational events, tours, performances, and kids' activities.

South Beach Food & Wine Festival

Sponsored by the Food Network and Cooking Channel, this five-day destination event draws more than 65,000 guests. This event originally began as a one-day event at the Florida International University Biscayne Campus and grew to become a significant annual demand driver for the local market. The 17th Annual event was held in February 2018 and featured internationally renowned talent and leaders of the hospitality industry at uniquely crafted events showcasing world-class wine, spirits, food, and fun.

Conclusion

The general trend of the local area has been one of redevelopment, renovation, and growth. Since the early 1990s, the desirability of the area has been enhanced greatly. South Beach has become a world-renowned destination for its beach, shopping, dining, entertainment, and business amenities, and is considered one of the most desirable locations in North America. The reopening of the Miami Beach Convention Center bodes well for the area in the long term – with increased jobs, increased city revenues and recognition (as more city-wide events take place), and increased performance at local hotels, restaurants, and retail uses.

On balance, the outlook for the subject neighborhood is that of an fundamentally good market; however, we have considered that this may be affected in the near term (over the next year or two) due to the effects of the current coronavirus pandemic (of which there is currently no general consensus on the depth or timeframe of these effects). Overall, we are optimistic about the subject's neighborhood's long-term growth and relative stability, although there may be near term disruptions due to the Covid-19 pandemic, particularly for hotels and retail space, which has been affected the greatest to-date by the pandemic.

National Apartment Market Analysis

Introduction

Overview

Prior to the current market disruption brought on by the Covid-19 pandemic, the U.S. economy had officially begun its eleventh consecutive year of growth in the second half of 2019; a new record for the longest economic expansion in history. Economic growth beat market expectations during the fourth quarter of 2019, and the unemployment rate hit a 50-year low as it sits at 3.5%. As the economy moved closer to full employment in what many viewed as late-cycle growth, the uncertainty of the global economy had raised the fears of a recession. During the year, American consumers continued to profit from the expansion, despite the threat of possible recession. The Federal Reserve cut interests rates for the third time in 2019 as a means of shielding the U.S. economy from global slowing. Additionally, payroll employment rose by 2.1 million in 2019, falling short of payroll employment gains in 2018, at 2.7 million, according to the Bureau of Labor Statistics.

The expansion of jobs and wages, as well as the availability of comparably cheap mortgages and increases in residential construction, have led to a growing number of home purchases and all-time high home prices. New U.S. single-family home sales in June 2020, at a seasonally adjusted annual rate of 776,000, rising 6.9% year-over-year, according to the Department of Housing and Urban Development. As of May 2020, prices as measured by the S&P/Case-Shiller National Home Price Index climbed 4.5% year-over-year. The expansion of employment and wages, mixed with the price growth in the housing market and lower residential sales, will offer an opportunity for growth in the apartment sector over the near-term.

According to the Census Bureau for Housing Data, more households are headed by renters than at any other point since 1965. House prices continue to climb forcing individuals and families, especially young adults, into the apartment market. In February 2020, 84% of those surveyed by Freddie Mac say renting is more affordable than homeownership, up 17 percentage points from February 2018. With mortgage rates near historic lows, both renters and homeowners are interested in taking advantage of low rates in the next several months. In fact, 40% of renters plan to purchase a home given current interest rates. The biggest concern for the industry is supply, as completions have outpaced demand in each of the past five years and the industry is expected to see more supply over absorption through the five years to 2024, according to estimates from Reis, Inc. Despite this worry, favorable demographic trends and an improving economy continues to largely benefit the rental sector. Strong demand for the apartment market will maintain its recent gains for the foreseeable future and the apartment sector still remains as the most heavily transacted sector in the U.S. Even still, apartment property prices are rising and outpacing all other property types, except for the industrial sector, in terms of price growth during the year.

National Apartment Market Statistics

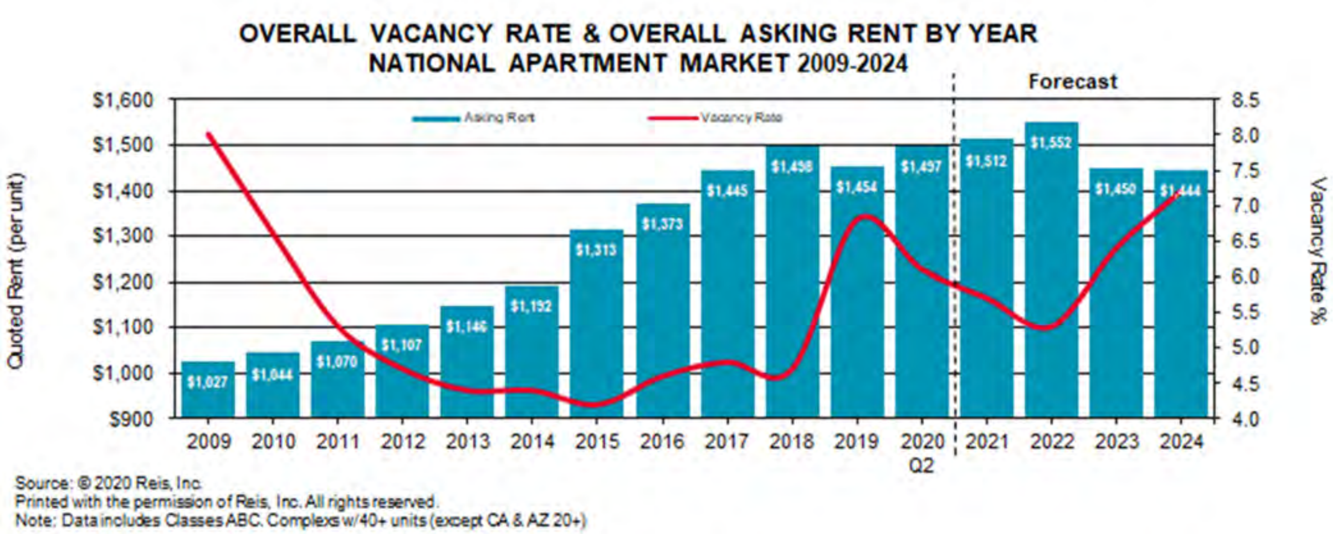
Vacancy and Asking Rent

Strong absorption levels since 2010 resulted in a drop in overall vacancy rates, a trend that continued in the following years. Occupancy levels caused developers to add large quantities of supply to the market over recent years. As completions surpassed net absorption for the sixth consecutive year in 2020, the market’s vacancy rate dropped ten basis points year-over-year, to 4.7% at year-end 2019. Many feared that rent growth would suffer as a consequence of apartment volume and increasing vacancy rates, but this has not been the case. Between 2015 and 2019, average asking rates increased by 18.7%

In second quarter 2020, 24,577 units were absorbed, behind the 37,995 units that were completed during the previous quarter. Halfway through 2020, overall net absorption was 57.7% below absorption in 2019, according to data from Reis, Inc. Reis, Inc. forecasts positive net absorption will further in 2020 to approximately 261,851 units. Net absorption is then projected to observe a general slowdown through 2024. The five-year average from 2015 through 2019 saw approximately 204,615 units being absorbed annually, while the five-year annual absorption average from 2020 through 2024 is projected at 152,267 units per year.

At the end of second quarter 2020, the market's average asking rents, at $1,497 per unit, have continued to climb. Going forward, Reis, Inc. anticipates that the apartments market's vacancy rate will climb over the next five years, due to high levels of supply. Despite this, Reis, Inc. projects that the average asking rent will reach to $1,552 per unit by the end of 2024, representing an increase of 3.6% from 2019.

The following graph displays historical and projected vacancy and asking rent between 2009 and 2024:



National Apartment Investment Sales Market

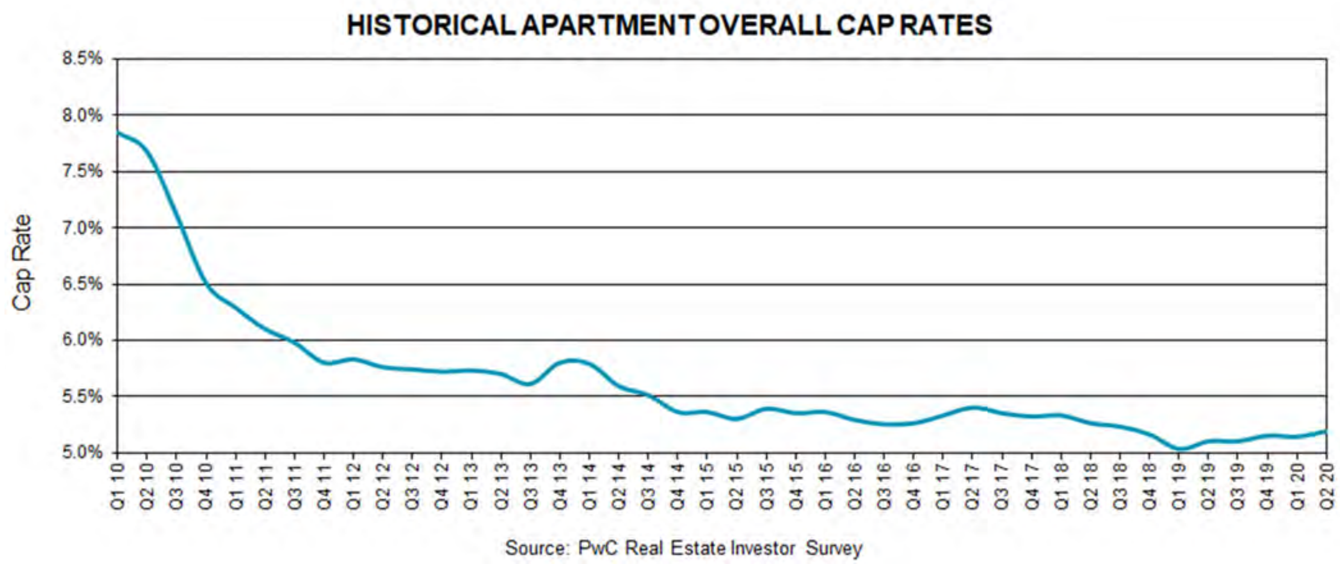
Overall Capitalization Rates

Both the PriceWaterhouse Coopers (PwC) Real Estate Investor Survey and the National Council of Real Estate Investment Fiduciaries (NCREIF) methodologies offer unique perspectives on capitalization rate trends. The PwC Real Estate Investor Survey calculates its data based on a personal survey of major institutional equity real estate market participants. In contrast, NCREIF looks at data from appraisals included in their benchmark property return index. The index contains quarterly performance data for unlevered investment-grade income-producing properties, which are owned by, or on behalf of, exempt institutions.

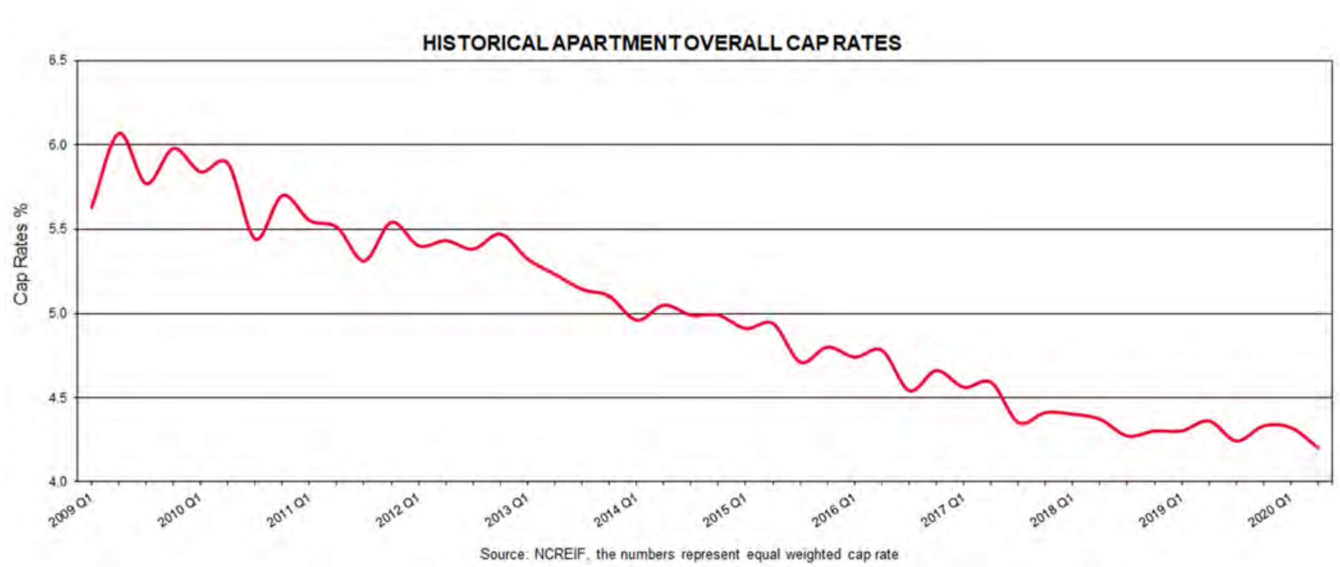
The PwC Real Estate Investor Survey and NCREIF data demonstrates how capitalization rates (OAR) soar during an economic downturn. The risk associated with apartment buildings in 2009 pushed the OAR to 8%, according to PwC. OAR has dropped as the economy has stabilized, at the end of second quarter 2019, the average capitalization rate dropped slightly from a year ago to 5.1%. Roughly 55% of the surveyed investors noted that current market conditions do not specifically favor buyers or sellers. However, given the historically low average capitalization rates, the other 44% of those surveyed claimed it remained a seller's market.

At the end of second quarter 2020, the PwC Investor Survey reported the average capitalization rate for apartment properties, at 5.2%, dropped five basis point above the average cap rate recorded in the previous quarter, after falling five basis points from second quarter 2019. According to NCREIF, the overall capitalization rate, at 4.2% in second quarter 2020, dropped 11 basis points previous quarter and fell 16 basis points the year prior. Despite displaying distinct rates, similar trends are usually evident in both the PwC Real Estate Investor Survey and NCREIF data. Even with the difference in the quarterly data, both surveys suggest that capitalization rates are well below what they were nine years ago. This emphasizes investors' positive sentiment toward the apartment market.

The following graph reflects historical trends for national apartment market OARs, per PwC:



The following graph reflects national historical cap rate trends as reported by NCREIF:



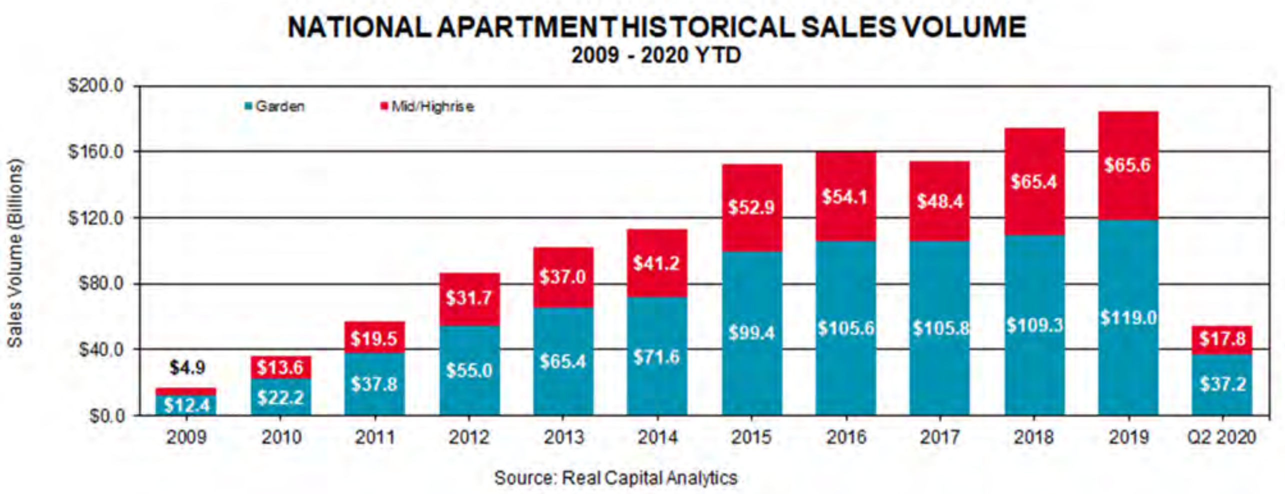
Sales Volume

Through second quarter 2020 sales volume in the apartment sector totaled $55 billion, falling 36% in a year-over-year sales comparison. According to Real Capital Analytics, mid/high-rise transactions dropped 70% from second quarter 2019. Garden-style apartment community's transactions are down 71% in a year-over-year comparison.

Total apartment sales volume returned to prerecession levels in 2013 and grew through 2016, when sales volume set a new high. In 2017, sales volume for the national apartment market declined on an annual basis for the first time since the economic expansion began. A total of roughly 8,000 properties transferred for $153.9 billion, representing a 3.5% drop on an annual basis. Investors were mindful of the recent interest rate increases and aware that further potential hikes were on the horizon.

During second quarter 2020, apartment volume fell 70% in a year-over-year comparison as COVID-19's impact sidelined investors in the apartment sector. Deal volume for the quarter totaled $13.9 billion and deal volume is falling faster in the apartment sector than any other property type. Of the assets that did transact, 59% were located in Non-Major Metros, the highest level of investment outside the major metros for any second quarter period.

The following graph reflects national apartment historical sales volume for both garden and mid/high-rise properties from 2009 through June 2020, as surveyed by RCA:

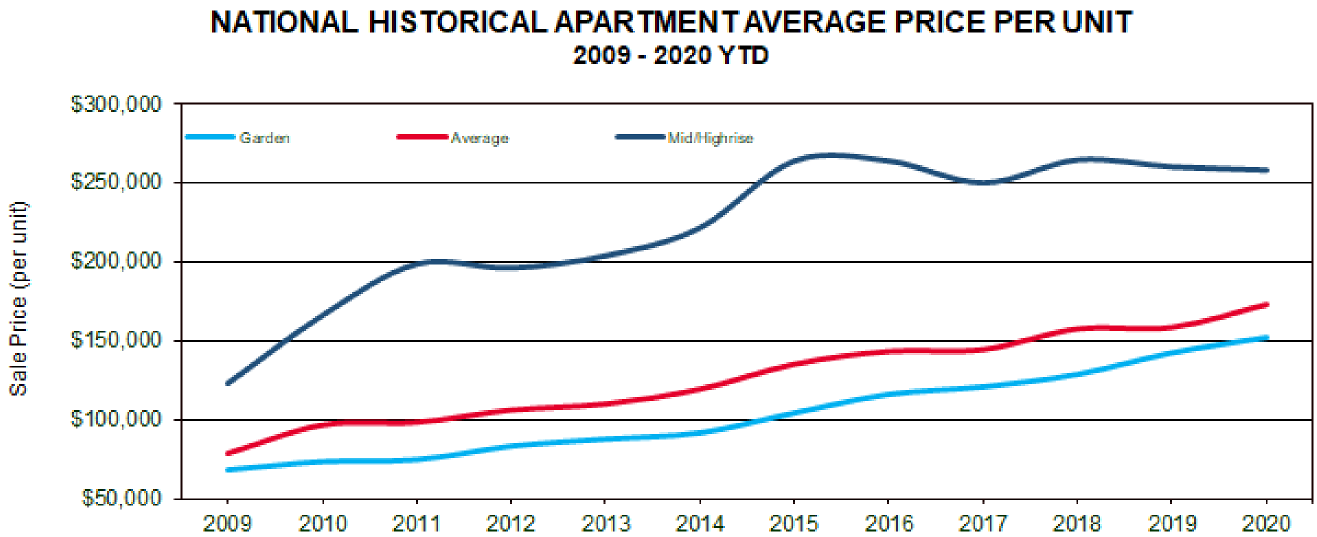


Average Sales Price per Unit

The average price per unit has steadily increased over the past few years. As the market recovered, the value of the average apartment appreciated, however a portion of apartment units that were sold following the financial crash were distressed assets, limiting price growth. Over the last five years there has been a decline in distressed assets that are available for purchase. This has led to escalating prices alongside an increasingly strong appreciation for mid- and high-rise properties in primary and secondary markets.

Through second quarter 2020, the price per unit for garden properties was $137,581 and the mid/high-rise price per unit, at a weighted average of $260,057 per unit during the same time period. At the end of second quarter 2020, the average price per unit for all apartments, at $162,818. The average price per unit in the six major metro markets sits at $290,858 per unit while the non-major metro markets average price per unit comes in at $146,077 per unit.

The following graph reflects the national apartment's weighted historical averages for price per unit as surveyed by RCA:



Source: Real Capital Analytics

The Moody's/RCA Commercial Property Index

The Moody's/RCA Commercial Property Price Index (CPPI) is an advanced repeat-sale regression analytic used to measure price changes in U.S. commercial real estate. The analysis allows for a timely and accurate picture of U.S. commercial property price trends. The Index uses transaction data sourced from Real Capital Analytics (RCA) and a methodology developed by a team headed by MIT Professor David Geltner working in conjunction with Moody's and RCA.

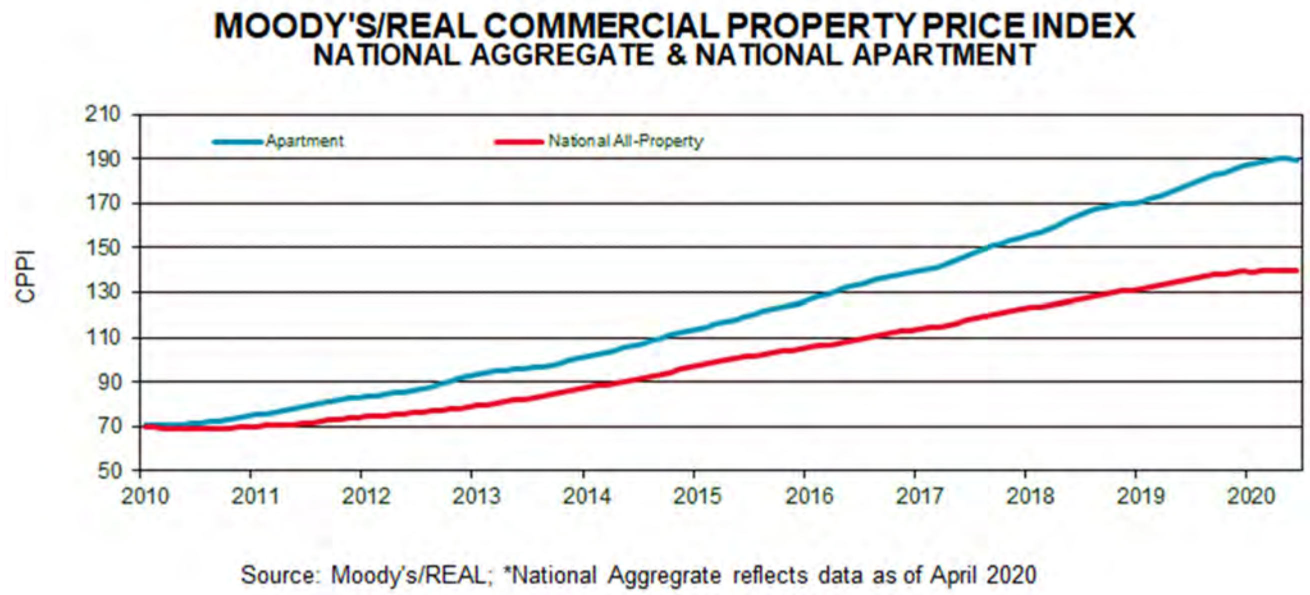
Several characteristics qualify property sales data for inclusion in the CPPI:

- The minimum value of a sale for inclusion is $2.5 million.
- Each sale must be a valid arms-length transaction. Foreclosures and other non-market transactions are excluded.
- A minimum of 12 months between sales is necessary to control against "flips."
- Neither of the sales in a pair can represent a material change in property use or size.

A transaction is excluded if the annualized return is less than negative 50% or greater than 50%. This restricts the inclusion of erroneous reports, major rehab projects, and partial sales or otherwise flawed data.

The national index for all properties at the end of second quarter 2020 was 140.1, an increase of 3.6% from second quarter 2019. The apartment CPPI has increased by 7.1% in a year-over-year comparison.

The following graph displays the Commercial Property Price Index from 2010 through June 2020:



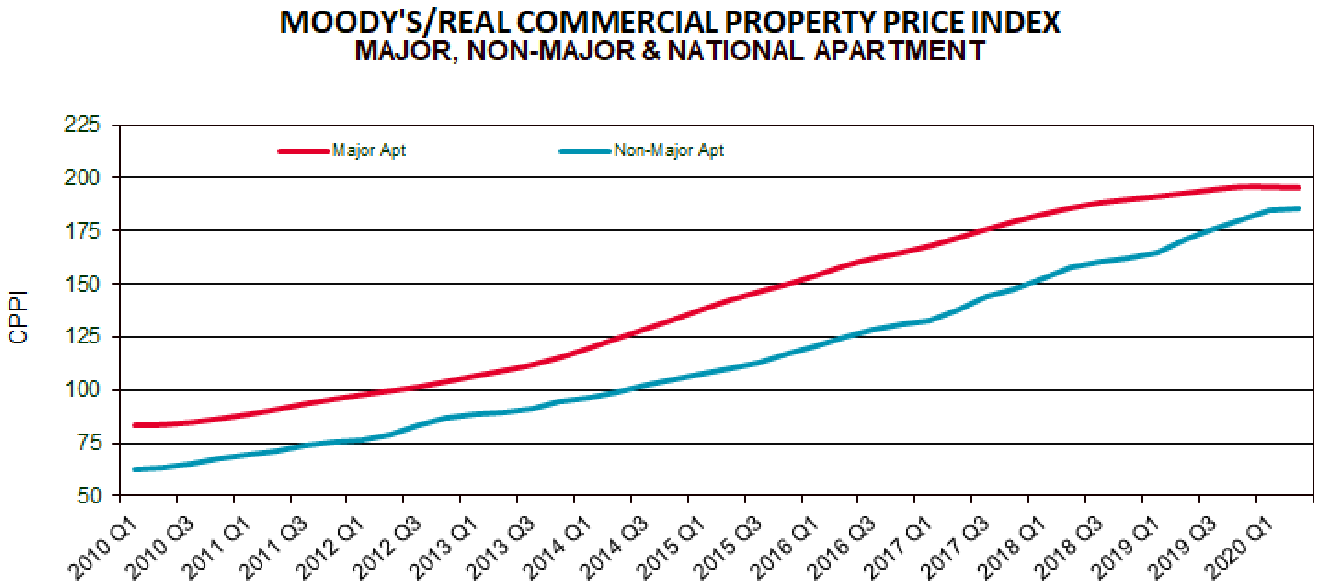
Major and Non-Major Apartment Property Index

Moody's major markets include the six metropolitan areas of: Boston; Chicago; Los Angeles; New York; San Francisco; and Washington D.C., which are often referred to as gateway markets. These markets reflect significant differences in liquidity, when compared to other markets in the United States, as they attract capital from global investors and account for more than half of the U.S. total sales volume. Therefore, apartment properties located in one of the six major markets usually have a higher CPPI value than that of non-major markets.

The CPPI value for apartment properties in major markets reached its previous cyclical peak, at 112.5, in December of 2007, and only declined 19.5% to its trough of 90.6 in December 2009. Since then, the CPPI value for major market apartment buildings has not only recovered, but significantly surpassed the value lost during the economic recession. As of second quarter 2020, the CPPI value for apartment buildings in major markets reached 189.8 representing a 68.7% increase over its previous cyclical peak.

The CPPI value for non-major apartment complexes reached its peak of 103.2 in June 2007, only to decline 37.9% to a trough of 64.1 in early 2010. Naturally, price appreciation started off slow in non-major markets as investors focused on the aforementioned gateway markets. However, apartment properties in non-major markets have surpassed their previous high value by 79.9%, with an index value at 185.7 as of second quarter 2020.

The following graph displays the Commercial Property Price Index for major and non-major markets over the last decade:



Source: Moody's/REAL; *National Aggregrate reflects data from 2009 through first quarter 2020

COVID-19:

The reader should note the forthcoming market information heavily relies on the most recent available published data sources. As data often lags, the information may not be entirely representative of the current market conditions, nor may it take into account various potential market impacts with regards to the COVID-19 pandemic. The analysis component focusing on historical data is important to illustrate the market trends as they were occurring up to the point of disruption. Now that we are in various stages of reopenings around the country, information and data may be somewhat inconsistent and difficult to interpret properly. In other sections of the report we will discuss the effects and impacts on the market and subject property in as much detail as possible. With that said, here are a few important points to consider:

- The COVID-19 pandemic resulted in shutdowns of non-essential businesses, significantly disrupting business. This resulted in a sharp unemployment spike that is expected to negatively impact most businesses in the near-term.
- The commercial real estate sector is not the stock market. It is slower moving and leasing fundamentals do not swing wildly from day to day. While the economy is reopening, it is still struggling to gain its footing, and this will have feed through impacts on real property.
- The outbreak has also prompted a flight to quality, driving investors into bond markets, where lower rates are creating more attractive debt/refinance options.
- Right now, most economists are expecting conditions to improve as the economy reopens, however, concerns about a second wave in the fall linger.

- The global pandemic has affected the national apartment market and landlords and renters are wondering where the rent will be coming from over the next several months. Through July 27, 93.3% of rental households paid either full or partial rental payments, according to the National Multifamily Housing Council (NMHC). This is a two percentage point decrease from the share who paid rent through July 27, 2019 and compares to 94.7% that had paid by June 27, 2020.The NMHC believes that rent collection rates could drop in response to the shutdown of the U.S. economy.
- The Federal Housing Finance Agency moved to protect multifamily owners and tenants in response to the novel coronavirus. Apartment landlords with government-backed mortgages can avoid foreclosure if they do not evict tenants, and the order applies to Fannie Mae and Freddie Mac mortgage companies, which will extend mortgage forbearance to any landlord negatively affected by the coronavirus national emergency. Several states and local governments have put temporary eviction moratoriums in place during the pandemic.
- The United States' coronavirus multifamily loan forbearance programs has seen the number of borrowers looking for support continue to increase. Fannie Mae and Freddie Mac have created three additional forbearance options to assist multifamily borrowers during the COVID-19 pandemic. The options include delaying the start of the repayment period following forbearance, an extension of the repayment period and an extension of the forbearance period with an optional extended repayment period.

National Apartment Market Summary

The national apartment market has been hurt by the ongoing COVID-19 pandemic. Transaction volume in the national apartment sector is down 70% when compared to second quarter 2019 and investors focused on smaller assets this quarter. The average property trading included 109 units during quarter, under the long term average of 171 units. Additionally, investors are planning to invest in markets with limited exposure to the tourism and entertainment sectors during the health crisis, according to the PwC Real Estate Investor Survey.

Further, the COVID-19 pandemic does not seem to be going anywhere and is likely to persist through the end of the year. The uncertainty surrounding the coronavirus has caused full or partial rental payments to drop over the last few months. With the unemployment benefits and other government support having expired at the end of July in most states, Congress will need to strategize about how to handle and distribute supplemental benefits. Lawmakers have proposed a new coronavirus relief bill, but both parties are far apart from making a deal. Through the near-term, the COVID-19 pandemic will continue to play a role in the national apartment market as the economic impact from the coronavirus puts pressure on both renters and landlords.

Following are notes regarding the outlook for the U.S. national apartment market:

- Construction levels poses localized risk in several markets that have ramped up development. The number of new developments breaking ground and coming to market will increase in the next year and likely surpass the rate at which units can be absorbed, particularly in metros with a high concentration of new, expensive infill product.
- Home ownership levels are at lows only matched in the 1960s and it is anticipated that will be the case for the foreseeable future. Concerns could arise if the millennial generation start to trend toward houses in the suburbs rather than walkable urban areas. It is worth noting that this generation grew up in the middle of the housing bust which may have affected a general view of home ownership.
- Mortgage rates have hit historic lows and it is worth noting that renters and homeowners could take advantage of the low rates over the next several months. 40% of renters plan to purchase a home given current interest rates, according to Freddie Mac.

- With the shutdowns of non-essential businesses, construction has slowed across the United States and in some metro areas construction has come to a full stop. Expect apartment deliveries to be pushed back until construction can resume. At this time, it is too difficult to speculate how long the delays will last.
- Major cities in the United States plan to utilize rent controls in order to combat the problem of affordable housing in 2020. Rent controls have been established in New York, California and Oregon already and other major markets are pondering the idea to ease rising rental costs. The National Apartment Association believes that the solution should not be rent controls as they have devastating effects on the current stock available.
- The overall capitalization rates have remained steady over the last five years and the market has experienced a positive response to the recent interest rate hikes. Accordingly, investors' appetite for value-add opportunities and properties in secondary and tertiary markets should escalate, as they continue to search for higher yields.
- Overall, the national apartment market remains healthy, underscored by steady absorption and stabilized rent growth. Oversupply could result in slower rent growth over the next five years; however, demand will continue, and rent is expected to increase 3.1% on an annual basis from 2020 through 2024, according to Reis, Inc. To summarize, the apartment market should remain one of the top choices for investors.

Miami-Dade Apartment Market Overview

Introduction

Data for the analysis of the Miami-Dade-Dade Apartment market is provided by Reis, Inc., a leading provider of multifamily and commercial real estate market information since 1980. Their proprietary database includes trends, forecasts, news and analyses for approximately 200,000 multifamily and commercial properties in 232 metropolitan markets (4 property types multiplied by 58 metropolitan areas) and roughly 2,500 submarkets.

Current and historical figures are compiled by highly qualified industry analysts. Surveyors, as they are called, are responsible for gathering information on property availabilities, rents and lease terms, etc. by directly contacting owners, managers and leasing agents. Projected data is calculated using a suite of economic forecasting models developed by The Economic Research Group, a team led by Ph.D. economists.

Reis' data are released on a quarterly basis, and is widely recognized as a fundamental tool for appraisers throughout the country. **The subject is located in the South Beach / Miami Bayshore submarket.**

Submarket Snapshot

As of third quarter 2020 the Miami-Dade-Dade Apartment market contains 142,453 rental units in 643 buildings, located in thirteen submarkets. Miami is the largest submarket, with 16.1 percent of the region's total inventory. Kendall West is the smallest submarket, comprising 3.1 percent of total inventory.

The following table presents the geographic distribution of inventory in the area, along with other statistical information for the most recent quarter.

Geographic Distribution of Inventory						
Submarket	**No. Bldgs**	**Inventory (Units)**	**% Total**	**Vacancy Rate (%)**	**Free Rent (Months)**	**Asking Rent ($/Month)**
Miami Lakes	26	7,427	5.2%	2.5	0.4	$1,312
North Dade	52	11,695	8.2%	4.2	0.6	$1,231
N Miami Beach/Bal Harbour/Golden Beach	50	9,428	6.6%	4.6	0.6	$1,817
Hialeah	27	5,233	3.7%	3.9	0.0	$1,240
Opa-Locka/Brownsville	37	4,898	3.4%	3.1	0.3	$960
North Miami/Bayshore	55	8,883	6.2%	5.0	1.0	$1,171
South Beach/Miami Bayshore	79	18,773	13.2%	9.7	0.7	$2,486
Miami	87	23,006	16.1%	12.9	1.4	$1,822
Airport West	67	18,906	13.3%	7.4	0.9	$1,522
Kendall East/Coral Gables	55	8,415	5.9%	8.9	0.7	$1,819
Kendall West	21	4,416	3.1%	1.9	0.1	$1,460
Kendall Lakes/Hammond	46	13,065	9.2%	6.2	0.6	$1,409
South Dade/Homestead	41	8,308	5.8%	8.2	0.6	$1,181
Market Total	**643**	**142,453**	**100.0%**	**7.3**	**0.6**	**$1,616**

Source:

As of third quarter 2020, the overall vacancy rate for the region was 7.3 percent. Miami has the highest vacancy rate of 12.9 percent, while Kendall West has the lowest vacancy rate of 1.9 percent. The subject's Miami submarket has a current vacancy rate of 9.7 percent.

The average quoted rental rate for all types of space within the region is $1,616 per month. South Beach/Miami Bayshore has the highest average rent of $2,486 per month. Conversely, the lowest rents are achieved in Opa-

Locka/Brownsville at $960 per month. The subject's Miami submarket has an average asking rental rate of $2,486 per month. In addition, free rent concessions are prevalent within the market and range from 0.0 to 1.4 months.

Supply Analysis

Vacancy Rates

The vacancy rate for the Miami-Dade-Dade region currently stands at 7.3 percent for third quarter 2020, which is up from year-end 2019 when vacancy was 6.6 percent. Reis projects that vacancy rates will decrease over the near term from an average of 7.9 in 2020 to 6.5 in 2024.

The subject submarket is underperforming the market as a whole, with a current vacancy rate of 9.7 percent. Vacancy rates are projected to decrease over the next few years from 10.1 in 2020 to 6.9 in 2024.

The following table presents historical vacancy for the region and subject submarket.

Historical and Projected Vacancy Rates

	Miami-Dade			South Beach/Miami Bayshore		
Year	Class A	Class B/C	Total	Class A	Class B/C	Total
2015	6.4	3.1	4.2	8.5	4.1	5.3
2016	8.5	3.6	5.3	4.2	4.9	4.7
2017	8.2	3.5	5.2	5.2	4.7	4.9
2018	9.9	4.4	6.5	14.7	9.2	11.1
2019	10.0	4.3	6.6	11.0	5.0	7.2
3Q20	11.7	4.2	7.3	17.4	5.2	9.7
2020	---	---	7.9	---	---	10.1
2021	---	---	8.8	---	---	8.6
2022	---	---	7.9	---	---	7.7
2023	---	---	7.1	---	---	7.1
2024	---	---	6.5	---	---	6.9

Source: Reis, Inc.
Note: Reis does not differentiate between space that is available directly from the landlord or as a sublease. Any space that is available immediately for leasing (i.e. within 30 days) is considered vacant by Reis' standards.

As shown, Class A properties within the region are experiencing higher vacancies than the market as a whole at 11.7 percent, and Class B/C properties are experiencing lower vacancies of 4.2 percent. Within the South Beach/Miami Bayshore submarket, Class A properties are experiencing higher vacancies than Class B/C properties.

Construction Completions

The Miami-Dade-Dade Apartment market experienced an annual average of 24,100 units completed between 2015 and 2019 or an average of 4,820 units per year. Over the next five years, Reis projects that an additional 16,129 units will be added to the Miami-Dade market.

Between 2015 and 2019, the Miami submarket experienced new construction of 2,837 units, or an average of 567 units per year. This accounts for approximately 11.8 percent of the region's total completions. Over the next five years, Reis projects that an additional 5,828 units will be added to the Miami-Dade submarket.

The following table presents historical inventory for the region and subject submarket, as well as future projections.

Historical & Projected Inventory (Units)					
	Miami-Dade		South Beach/Miami Bayshore		
Year	Inventory	Completions	Inventory	Completions	% Total
2015	119,189	3,105	16,653	717	23.1%
2016	123,659	4,470	17,150	497	11.1%
2017	127,951	4,292	17,325	175	4.1%
2018	134,525	6,574	18,146	821	12.5%
2019	140,184	5,659	18,773	627	11.1%
3Q20	142,453	1,208	18,773	0	0.0%
2020	145,664	5,480	19,069	296	5.4%
2021	150,656	4,992	19,477	408	8.2%
2022	153,697	3,041	19,846	369	12.1%
2023	155,557	1,860	20,095	249	13.4%
2024	157,098	1,541	20,335	240	15.6%
2015-2019					
Total Completions		**24,100**		**2,837**	**11.8%**
Annual Average		**4,820**		**567**	

Source: Reis, Inc.

Demand Analysis

Rental Rates

As shown in the following chart, average asking rents for the region have been trending upward, from an average of $1,310 per month in 2015 to an average of $1,682 per month in 2019, indicating a compound average growth rate (CAGR) of 6.4 percent. As of third quarter 2020, average asking rents dropped to $1,616 per month. Over the past few years, concessions have been rising and currently stand at 6.3 percent of face rents. Over the next five years, average asking rents are expected to increase from $1,613 per month in 2020 to $1,699 per month in 2024.

Average asking rental rates in the Miami submarket ranged from an average of $2,027 per month in 2015 to an average of $2,727 per month in 2019, demonstrating a CAGR of 7.7 percent. As of third quarter 2020, average rents dropped to $2,486 per month. Over the next five years, average asking rents are projected to increase from $2,482 per month in 2020 to $2,624 per month in 2024. Concessions currently stand at 5.4 percent of face rents.

The following table presents historical and projected average asking rental rates for the region and submarket.

Historical and Projected Average Asking Rental Rates												
	Miami-Dade						South Beach/Miami Bayshore					
	Asking Rent $/Month				%	Concessions	Asking Rent $/Month				%	Concessions
Year	Class A	Class B/C	Total	Eff Rent	Change	% Face Rent	Class A	Class B/C	Total	Eff Rent	Change	% Face Rent
2015	$1,666	$1,145	$1,310	$1,266	4.7	3.4	$2,765	$1,727	$2,027	$1,975	4.1	2.6
2016	$1,756	$1,174	$1,372	$1,321	4.3	3.7	$2,754	$1,717	$2,038	$1,986	0.5	2.6
2017	$1,854	$1,258	$1,474	$1,415	7.1	4.0	$2,961	$1,843	$2,197	$2,130	7.2	3.0
2018	$2,037	$1,324	$1,602	$1,522	7.6	5.0	$3,526	$2,056	$2,567	$2,466	15.8	3.9
2019	$2,098	$1,391	$1,682	$1,578	3.7	6.2	$3,663	$2,179	$2,727	$2,572	4.3	5.7
3Q20	$1,981	$1,350	$1,616	$1,515	-2.7	6.3	$3,219	$2,057	$2,486	$2,351	-4.8	5.4
2020	---	---	$1,613	$1,510	-4.3	6.4	---	---	$2,482	$2,345	-8.8	5.5
2021	---	---	$1,597	$1,494	-1.1	6.4	---	---	$2,458	$2,325	-0.8	5.4
2022	---	---	$1,621	$1,519	1.7	6.3	---	---	$2,497	$2,369	1.9	5.1
2023	---	---	$1,658	$1,553	2.2	6.3	---	---	$2,558	$2,429	2.5	5.0
2024	---	---	$1,699	$1,595	2.7	6.1	---	---	$2,624	$2,501	3.0	4.7
CAGR	**5.93%**	**4.99%**	**6.45%**	**5.66%**			**7.28%**	**5.98%**	**7.70%**	**6.83%**		

Absorption

Absorption measures change in the level of occupied space in a geographic region over a specific period of time. Absorption is not a measure of leasing activity. It reflects increasing, stable or decreasing demand for space. If the level of occupied space increases from one period to the next, demand has increased. If no change has occurred, demand is stable. If the level of occupied space is lower, demand has decreased. All things being equal, positive absorption lowers vacancy rates and negative absorption increases vacancy rates. A newly constructed building that enters the marketplace vacant will adversely affect the vacancy rate but have no bearing on absorption since it has not altered the level of occupancy.

Over the past few years, new construction within the region has outpaced absorption levels. As shown in the following table, an annual average of 24,100 new units were completed in the Miami-Dade-Dade region between 2015 and 2019, while 19,451 new units were absorbed. As of third quarter 2020, a total of 1,208 new units were completed, while 310 new units were absorbed. This resulted in a rise in vacancy from 6.6 percent in 2019 to the current vacancy rate of 7.3 percent. Over the next five years, Reis projects that construction figures will outpace absorption (new construction will total 16,914 units, and absorption will total 16,007 units).

New construction within the Miami submarket has outpaced absorption levels, resulting in increased vacancy rates. Between 2015 and 2019, a total of 2,837 new units were completed, while 1,942 new units were absorbed. Over the next five years, Reis projects that 5,828 units will be added to the market, while 1,505 will be absorbed.

The following table presents historical and projected absorption levels for the region and subject submarket.

Historical and Projected Net Absorption (units)

	Miami-Dade				South Beach/Miami Bayshore			
Year	**Class A**	**Class B/C**	**Total**	**Completions**	**Class A**	**Class B/C**	**Total**	**Completions**
2015	2,421	387	2,808	3,105	240	46	286	717
2016	2,993	(92)	2,901	4,470	680	(103)	577	497
2017	4,072	132	4,204	4,292	111	23	134	175
2018	4,704	(311)	4,393	6,574	179	(525)	(346)	821
2019	4,796	349	5,145	5,659	795	496	1,291	627
3Q20	383	(73)	310	1,208	(161)	0	(161)	0
2020	---	---	3,341	5,480	---	---	(278)	296
2021	---	---	3,186	4,992	---	---	659	408
2022	---	---	4,109	3,041	---	---	518	369
2023	---	---	2,993	1,860	---	---	340	249
2024	---	---	2,378	1,541	---	---	266	240
2015-2019								
Total Absorption	**18,986**	**465**	**19,451**	**24,100**	**2,005**	**-63**	**1,942**	**2,837**
Annual Average	**3,797**	**93**	**3,890**	**4,820**	**401**	**-13**	**388**	**567**

Source: Reis, Inc.

New Construction Activity

According to Reis, 12,605 units were completed within the Miami-Dade-Dade region over the past few years in a total of 60 projects. There are currently 11,992 units under construction within 50 projects. An additional 37,486 units are planned within 126 projects for potential delivery in the next few years, along with 145 proposed buildings which would add another 53,111 units.

The following tables present new and proposed construction activity for the region.

New Construction Activity - Complete

Name	Location	City	Submarket	No. Units	Status	Completion	
Sole Mia Apartments Ph 1 Bldg 1	2321 Laguna Circle	North Miami	North Miami/Bayshore	200	Complete	January	2019
Motion At Dadeland	8400 S Dixie Hwy	Miami	Kendall East/Coral Gables	294	Complete	February	2019
Merrick Manor	301 Altara Ave	Coral Gables	Kendall East/Coral Gables	227	Complete	March	2019
Le Jardin	1150 102Nd St	Bay Harbor Islands	N Miami Beach/Bal Harbour/Golden Beach	30	Complete	March	2019
6080 Collins Avenue Beach House	6080 Collins Ave	Miami Beach	South Beach/Miami Bayshore	70	Complete	March	2019
Palmetto Station	17945 Franjo Rd	Miami	South Dade/Homestead	270	Complete	March	2019
La Vida Miami Apartments	6640 NW 7Th St	Miami	Airport West	272	Complete	April	2019
Yard 8	2901 NE 1St Ave	Miami	Miami	387	Complete	April	2019
The Aura	1501 SW 37Th Ave	Miami	Miami	100	Complete	April	2019
Blu27 At Edgewater	2701 Biscayne Blvd	Miami	South Beach/Miami Bayshore	330	Complete	April	2019
Modera Edgewater	455 NE 24Th St	Miami	South Beach/Miami Bayshore	297	Complete	April	2019
Columbus On Fifth	514 SW 22Nd Ave	Miami	Miami	72	Complete	May	2019
Parque Towers	300-330 Sunny Isles Blvd	North Miami Beach	N Miami Beach/Bal Harbour/Golden Beach	320	Complete	May	2019
The Quadro	3900 Biscayne Blvd	Miami	South Beach/Miami Bayshore	198	Complete	May	2019
One Thousand Museum	1000 Biscayne Blvd	Miami	South Beach/Miami Bayshore	83	Complete	May	2019
Deering Groves	13710 Southwest 256Th Street	Naranja	South Dade/Homestead	281	Complete	May	2019
Killian Commons	Sw 117Th Ave & SW 106Th Terrace	Miami	Kendall West	88	Complete	June	2019
Muze At Met Square	340 SE 3Rd St	Miami	Miami	391	Complete	June	2019
Sole Mia Apartments Ph 1 Bldg 2	2301 Laguna Circle	Miami	North Miami/Bayshore	200	Complete	June	2019
17 West	1681 West Ave	Miami Beach	South Beach/Miami Bayshore	23	Complete	June	2019
Art Plaza	58 NE 14Th St	Miami	Miami	668	Complete	July	2019
Wynwood 25	240 NW 25Th St	Miami	Miami	289	Complete	July	2019
Plaza Pointe Apartments	Nw 59Th Ave & NW 183Rd St	Hialeah	Miami Lakes	71	Complete	August	2019
The Preserve At Coral Town Park	26484 SW 142Nd Ave Rd	Homestead	Non-Submarketed Areas	84	Complete	August	2019
Palazzo Del Luna	6800 Fisher Island Dr	Miami Beach	Non-Submarketed Areas	50	Complete	August	2019
The Highlands	13780 Highland Dr	North Miami Beach	North Miami/Bayshore	60	Complete	September	2019
Doral 4200	4200 NW 107Th Ave	Doral	Airport West	250	Complete	October	2019
Soleste Twenty2	2201 Ludlam Road	Miami	Airport West	338	Complete	October	2019
Paramount Miami Worldcenter	851 NE 1St Ave	Miami	Miami	569	Complete	October	2019
Soleste Blue Lagoon	5375 NW 7Th St	Miami	Miami	330	Complete	October	2019
Arbor	3034 Oak Ave	Miami	South Beach/Miami Bayshore	48	Complete	October	2019
Arte Condominiums	8955 Collins Ave	Miami	N Miami Beach/Bal Harbour/Golden Beach	16	Complete	November	2019
Lanai Landings	26511 SW 146Th Ct	Naranja	South Dade/Homestead	54	Complete	November	2019
Modera Metro Dadeland Ph 2	8217 SW 72Nd Ave	Miami	Kendall East/Coral Gables	422	Complete	December	2019
Maizon Brickell	221 SW 12Th St	Miami	Miami	262	Complete	December	2019
Parkline Miami North	100 NW 6Th St	Miami	Miami	350	Complete	December	2019
The Bradley	51 NW 26Th St	Miami	Miami	175	Complete	December	2019
Eighty Seven Park	8701 Collins Ave	Miami Beach	N Miami Beach/Bal Harbour/Golden Beach	66	Complete	December	2019
Residences By Armani Casa	18975 Collins Ave	North Miami Beach	N Miami Beach/Bal Harbour/Golden Beach	260	Complete	December	2019
Las Vistas At Amelia	7945 W 2Nd Ct	Hialeah	Opa-Locka/Brownsville	174	Complete	January	2020
Ritz-Carlton Residences Miami Beach	4701 N Meridian Ave	Miami Beach	South Beach/Miami Bayshore	125	Complete	January	2020
5250 Park At Downtown Doral	5250 NW 84Th Ave	Doral	Airport West	231	Complete	February	2020
The Ritz Carlton Residences	15701 Collins Ave	North Miami Beach	N Miami Beach/Bal Harbour/Golden Beach	208	Complete	March	2020
5350 Park At Downtown Doral	5350 NW 84Th Ave	Doral	South Beach/Miami Bayshore	238	Complete	March	2020
275 Fontaine Parc	275 Fontainebleau Blvd	Miami	Airport West	133	Complete	April	2020
The Henry	4131 Laguna St	Coral Gables	Kendall East/Coral Gables	122	Complete	April	2020
Village At Coral Reef	9761 SW 152Nd St	Miami	Kendall West	175	Complete	April	2020
Gio Midtown	3101 NE 1St Ave	Miami	Miami	447	Complete	April	2020
Mb Station	3170 Coral Way	Miami	Miami	189	Complete	April	2020
Iris On The Bay Ph 2	81 N Shore Dr	Miami Beach	N Miami Beach/Bal Harbour/Golden Beach	21	Complete	April	2020

New Construction Activity - Under Construction

Name	Location	City	Submarket	No. Units	Status	Completion	
701 East	701 E 4Th Ave	Hialeah	Hialeah	35	Under Constr.	---	---
Villa Valencia	515 Valencia Ave	Coral Gables	Kendall East/Coral Gables	39	Under Constr.	---	---
Altis Ludlam Trail Ph 1	6900 & 6950 Bird Rd	Miami	Kendall East/Coral Gables	312	Under Constr.	---	---
Uncommon Miami	5960 SW 57Th Ave	Miami	Kendall East/Coral Gables	202	Under Constr.	---	---
Okan Tower	555 N Miami Ave	Miami	Miami	153	Under Constr.	---	---
Society Biscayne	400 Biscayne Blvd	Miami	Miami	646	Under Constr.	---	---
Smart Brickell Residential	143 SW 9Th St	Miami	Miami	108	Under Constr.	---	---
Aria Tower/Yotel Hotel (Mixed-Use)	227 NE 2Nd St	Miami	Miami	208	Under Constr.	---	---
Miami Plaza	1502 NE Miami Pl	Miami	Miami	437	Under Constr.	---	---
Luma Tower Apartments	N Miami Ave & NE 10Th St	Miami	Miami	434	Under Constr.	---	---
Downtown 5Th	53 NE Fifth St	Miami	Miami	1,042	Under Constr.	---	---
Estates At Acqualina Tower1 Ph 1	17885 Collins Ave	North Miami Beach	N Miami Beach/Bal Harbour/Golden Beach	154	Under Constr.	---	---
Estates At Acqualina Tower2 Ph 2	17885 Collins Ave	North Miami Beach	N Miami Beach/Bal Harbour/Golden Beach	91	Under Constr.	---	---
Turnberry Ocean Club	18501 Collins Ave	Sunny Isles Beach	N Miami Beach/Bal Harbour/Golden Beach	154	Under Constr.	---	---
Aventura Village	19380 NE 26Th Ave	Miami	North Dade	108	Under Constr.	---	---
Villages Of Miami Gardens	3400 NW 191St St	Miami Gardens	North Dade	51	Under Constr.	---	---
The Elysee Residences	788 NE 23Rd St	Miami	South Beach/Miami Bayshore	100	Under Constr.	---	---
Belle Isle Apartments Redevelopment	31 Venetian Way	Miami Beach	South Beach/Miami Bayshore	172	Under Constr.	---	---
Southern Villa Townhomes	Sw 254Th St & SW 134Th Ave	Homestead	South Dade/Homestead	100	Under Constr.	---	---
Park Apartments	28610 SW 152Nd Avenue	Homestead	South Dade/Homestead	92	Under Constr.	---	---
Waters Edge Apartments	10955 SW 214Th St	Miami	South Dade/Homestead	132	Under Constr.	---	---
Lantower River Landing	1400 NW N River Dr	Miami	Miami	526	Under Constr.	November	2020
Monte Cassini Apartments	3930 NW 7Th St	Miami	Miami	120	Under Constr.	November	2020
Amli Midtown Miami	3000 NE 2Nd Ave	Miami	Miami	719	Under Constr.	November	2020
Bijou Bay Harbor	9521 E Bay Harbor Dr	Miami Beach	N Miami Beach/Bal Harbour/Golden Beach	41	Under Constr.	November	2020
Aurora Sunny Isles	17550 Collins Ave	North Miami Beach	N Miami Beach/Bal Harbour/Golden Beach	61	Under Constr.	November	2020
Park Grove	2821 S Bayshore Dr	Miami	South Beach/Miami Bayshore	296	Under Constr.	November	2020
Glasshaus In The Grove	3156 SW 27Th Ave	Miami	South Beach/Miami Bayshore	23	Under Constr.	November	2020
Modera Biscayne Bay	412 NE 22Nd St	Miami	South Beach/Miami Bayshore	296	Under Constr.	November	2020
Monad Terrace	1300 Monad Ter	Miami Beach	South Beach/Miami Bayshore	59	Under Constr.	November	2020
The Reserve At The Plaza	122 Sevilla Ave	Miami	Kendall East/Coral Gables	174	Under Constr.	December	2020
Brickell Flatiron	1001 S Miami Ave	Miami	Miami	527	Under Constr.	December	2020
Center At Miami Gardens	19279 NW 27Th Ave	Miami Gardens	North Dade	259	Under Constr.	December	2020
The Fairchild	3581 Glencoe St	Miami	South Beach/Miami Bayshore	26	Under Constr.	December	2020
Grand Doral Ph 1	10950 NW 82Nd St	Doral	Airport West	80	Under Constr.	January	2021
The Elan At Downtown Doral	8425 NW 41St St	Doral	Airport West	383	Under Constr.	January	2021
Avalon Doral	3940 NW 79Th Ave	Miami	Airport West	350	Under Constr.	January	2021
Reflections Apartments	1000 NW 7Th St	Miami	Miami	141	Under Constr.	January	2021
Pura Vida Hialeah Residential	2901 W 16Th Ave	Hialeah	Hialeah	260	Under Constr.	February	2021
Century Park	850 NW 42Nd Ave	Miami	Miami	254	Under Constr.	February	2021
No. 17 Residences Allapattah	1569 NW 17Th Ave	Miami	Miami	192	Under Constr.	February	2021
Life Time Living At Coral Gables	251 S Dixie Hwy	Coral Gables	Kendall East/Coral Gables	495	Under Constr.	April	2021
Soleste Grand Central	218 NW 8Th St	Miami	Miami	360	Under Constr.	May	2021
Wynwood Square Apartments	2201 N Miami Ave	Miami	Miami	257	Under Constr.	June	2021
Biscayne 112	11200 Biscayne Blvd	Miami	North Miami/Bayshore	402	Under Constr.	June	2021
Missoni Baia	700 NE 26Th Ter	Miami	South Beach/Miami Bayshore	249	Under Constr.	June	2021
57 Ocean	5775 Collins Ave	Miami Beach	South Beach/Miami Bayshore	71	Under Constr.	September	2021
First Little Havana	702 SW 1St St	Miami	Miami	196	Under Constr.	October	2021
Monaco Yacht Club & Residences	6800 Indian Creek Dr	Miami Beach	N Miami Beach/Bal Harbour/Golden Beach	39	Under Constr.	November	2021
Flamingo Point North Tower Renovation	1508 Bay Rd	Miami Beach	South Beach/Miami Bayshore	366	Under Constr.	January	2022
Total Under Construction				**11,992**			

New Construction Activity - Planned							
Name	Location	City	Submarket	No. Units	Status	Completion	
Grand Doral Ph 2	10950 NW 82Nd St	Doral	Airport West	39	Planned	---	---
Midtown Doral Ph 2 Residential	Northwest 107Th Avenue And Northwest 74Th Street	Doral	Airport West	518	Planned	---	---
Midtown Doral Future Phases Residential	Northwest 107Th Avenue And Northwest 74Th Street	Doral	Airport West	445	Planned	---	---
The Land Mark South Phase 2	6055 Northwest 105Th Court	Doral	Airport West	213	Planned	---	---
Springs Town Center	1 Curtiss Pkwy	Miami	Airport West	51	Planned	---	---
2337 West 5Th Avenue	2337 W 5Th Ave	Hialeah	Hialeah	80	Planned	---	---
East 41 Mixed Use Apartments	1100 E 41St St	Hialeah	Hialeah	196	Planned	---	---
Hialeah Drive Apartments	160 E 3Rd St	Hialeah	Hialeah	105	Planned	---	---
11055 West 36Th Avenue	11055 W 36Th Ave	Hialeah	Hialeah	245	Planned	---	---
33 Alhambra Circle	33 Alhambra Cir	Coral Gables	Kendall East/Coral Gables	150	Planned	---	---
Regency At Ponce Park	114 Calabria Ave	Coral Gables	Kendall East/Coral Gables	152	Planned	---	---
Dadeland Apartments	Sw 70Th Ave & SW 85Th St	Miami	Kendall East/Coral Gables	416	Planned	---	---
Shops At Sunset Place Redevelopment Residential	5701 Sunset Dr	Miami	Kendall East/Coral Gables	414	Planned	---	---
6075 Sunset Drive Apartments	6075 Sunset Dr	Miami	Kendall East/Coral Gables	150	Planned	---	---
The Mareas At Coral Reef Phase 3	Sw 124Th Ave & Coral Reef Dr	Miami	Kendall Lakes/Hammond	300	Planned	---	---
The Mareas At Coral Reef Ph 2	Coral Reef Dr @ SW 124Th Ave	Miami	Kendall Lakes/Hammond	192	Planned	---	---
One Bayfront Plaza Residential	100 S Biscayne Blvd	Miami	Miami	902	Planned	---	---
Little Havana Apartments	3101-3145 W Flagler St	Miami	Miami	184	Planned	---	---
2000 Biscayne Boulevard	2000 Biscayne Blvd	Miami	Miami	393	Planned	---	---
Wynwood 28	127 NW 27Th St	Miami	Miami	40	Planned	---	---
The Gallery On The River	401 NW North River Dr	Miami	Miami	160	Planned	---	---
Miami 18	210 NE 18Th Street	Miami	Miami	1,200	Planned	---	---
1621 Apartments Development	1621 SW 2Nd Ave	Miami	Miami	60	Planned	---	---
Miamicentral Supertower - Residential	200 NW 1St Ave	Miami	Miami	311	Planned	---	---
Miami Riverwalk Bldg 3	Sw 7Th St @ SW 2Nd Ave / SW 3Rd Ave	Miami	Miami	362	Planned	---	---
One Brickell City Centre Phase 2	700 Brickell Ave	Miami	Miami	256	Planned	---	---
Grove Central	2780 SW 27Th St	Miami	Miami	288	Planned	---	---
Miami Riverside	444 SW 2Nd Ave	Miami	Miami	430	Planned	---	---
One Brickell - Tower I	444 Brickell Ave	Miami	Miami	462	Planned	---	---
The Aston Martin Residences	300 Biscayne Blvd	Miami	Miami	391	Planned	---	---
Soleste At The District	1033 Spring Garden Rd	Miami	Miami	251	Planned	---	---
Miami Riverwalk Bldg 1	Sw 7Th St @ SW 2Nd Ave / SW 3Rd Ave	Miami	Miami	362	Planned	---	---
2560 Northwest 20Th Street	2560 NW 20Th St	Miami	Miami	80	Planned	---	---
The 7 At Blue Lagoon	4885 NW 7Th St	Miami	Miami	888	Planned	---	---
M Tower	56-70 SW 1St St	Miami	Miami	440	Planned	---	---
Triton Center	7880 Biscayne Blvd	Miami	Miami	325	Planned	---	---
Wave Of Shorecrest	Ne 4Th Pl & NE 82Nd St	Miami	Miami	232	Planned	---	---
Nexus Riverside	230 SW 3Rd St	Miami	Miami	462	Planned	---	---
Wynwood Green	56 NW 29Th St	Miami	Miami	189	Planned	---	---
Liquid Lofts	35 SW 1St St	Miami	Miami	482	Planned	---	---
Wynwood Plant Residential	550 NW 24Th St	Miami	Miami	306	Planned	---	---
One River Point	Sw 4Th St @ SW 4Th Ave	Miami	Miami	418	Planned	---	---
Caoba Tower 2	Ne 1St Ave & NE 7Th St	Miami	Miami	429	Planned	---	---
Miami Innovation District	1031 NW 1St Ave	Miami	Miami	250	Planned	---	---
Miami Riverwalk Bldg 2	Ns 7Th St @ SW 2Nd Ave / SW 3Rd Ave	Miami	Miami	362	Planned	---	---
Magic City Innovation District	6300 NE 4Th Ave	Miami	Miami	2,630	Planned	---	---
Wynwood 29	2828 NW 1St Ave	Miami	Miami	182	Planned	---	---
16 Allapattah	1625 NW 20Th St	Miami	Miami	323	Planned	---	---
Gallery At West Brickell	201 SW 10Th St	Miami	Miami	286	Planned	---	---
One Brickell - Tower 2 - Residential	444 Brickell Ave	Miami	Miami	469	Planned	---	---

New Construction Activity - Planned (Continued)							
Name	**Location**	**City**	**Submarket**	**No. Units**	**Status**	**Completion**	
La Primera 867	867 SW 1St St	Miami	Miami	54	Planned	---	---
The Arts Luxury City Rentals	38 NE 17Th St	Miami	Miami	200	Planned	---	---
Shoma Douglas	3650 Bird Rd	Miami	Miami	391	Planned	---	---
Miami Riverwalk Bldg 4	Sw 7Th St @ SW 2Nd Ave / SW 3Rd Ave	Miami	Miami	362	Planned	---	---
1543 Northwest South River Drive Multi Family	1543 NW S River Dr	Miami	Miami	66	Planned	---	---
The Link At Douglas Station Ph 3 Tower 4	3060 Southwest 37Th Court	Miami	Miami	330	Planned	---	---
1441 North Miami Avenue Condos	1441 North Miami Avenue	Miami	Miami	457	Planned	---	---
18 Brickell	18 SW 8Th St	Miami	Miami	392	Planned	---	---
Megacenter Brickell	420 SW 7Th St	Miami	Miami	57	Planned	---	---
Kenect Tower Ph 1	1016 NE 2Nd Ave	Miami	Miami	450	Planned	---	---
Edge On Brickell	55 SW Miami Ave Rd	Miami	Miami	70	Planned	---	---
One Brickell - Tower 3 - Future Phase	444 Brickell Ave	Miami	Miami	436	Planned	---	---
Nema Mixed Use Residential	3180 Biscayne Blvd	Miami	Miami	845	Planned	---	---
Gallery At River Parc	780 NW 13Th Ct	Miami	Miami	150	Planned	---	---
Brisas Del Rio	850 NW 13Th Ave	Miami	Miami	168	Planned	---	---
133 Southwest Second Avenue	1133 SW 2Nd St	Miami	Miami	493	Planned	---	---
Grand Station	40 NW 3Rd St	Miami	Miami	300	Planned	---	---
The Dorsey	286 NW 29Th St	Miami	Miami	306	Planned	---	---
The Link At Douglas Station Ph 1A Tower 1	3060 Southwest 37Th Ct	Miami	Miami	312	Planned	---	---
The Link At Douglas Station Ph 1B Tower 2	3060 Southwest 37Th Ct	Miami	Miami	421	Planned	---	---
The Lucida Palmetto Apartments	15800 NW 77Th Ct	Miami Lakes	Miami Lakes	108	Planned	---	---
Aventura District Ph 1	2681 NE 191St St	Miami	N Miami Beach/Bal Harbour/Golden Beach	214	Planned	---	---
Port Aventura	2785 NE 185Th St	Miami	N Miami Beach/Bal Harbour/Golden Beach	204	Planned	---	---
Casa Verde	1170 93Rd St	Miami Beach	N Miami Beach/Bal Harbour/Golden Beach	30	Planned	---	---
7918 West Drive Condos	7918 West Dr	Miami Beach	N Miami Beach/Bal Harbour/Golden Beach	54	Planned	---	---
Royale House	9431-9481 E Bay Harbor Island Dr	Miami Beach	N Miami Beach/Bal Harbour/Golden Beach	72	Planned	---	---
Ocean Terrace Historic District Apartments	7450 Ocean Terr	Miami Beach	N Miami Beach/Bal Harbour/Golden Beach	58	Planned	---	---
Las Vegas Cuban Cuisine	6970 Collins Ave	Miami Beach	N Miami Beach/Bal Harbour/Golden Beach	21	Planned	---	---
7914 West Dr	7914 West Dr	Miami Beach	N Miami Beach/Bal Harbour/Golden Beach	52	Planned	---	---
Koya Bay	4098 NE 167Th St	North Miami Beach	N Miami Beach/Bal Harbour/Golden Beach	10	Planned	---	---
5 Park	16955 W Dixie Hwy	North Miami Beach	N Miami Beach/Bal Harbour/Golden Beach	415	Planned	---	---
Uptown Biscayne - Residential	Ne 163Rd St & Biscayne Boulevard	North Miami Beach	N Miami Beach/Bal Harbour/Golden Beach	245	Planned	---	---
Marina Del Mar 2 - Ph 1 - North Tower	100 Kings Pt Dr	North Miami Beach	N Miami Beach/Bal Harbour/Golden Beach	127	Planned	---	---
Marina Del Mar 2 - Ph 2 - South Tower	15920 Collins Ave	Sunny Isles	N Miami Beach/Bal Harbour/Golden Beach	127	Planned	---	---
La Playa De Varadero Ph 1 & 2	18801 Collins Ave	Sunny Isles Beach	N Miami Beach/Bal Harbour/Golden Beach	490	Planned	---	---
Grandville Place Townhouses	14505 SW 260Th St	Homestead	Non-Submarketed Areas	174	Planned	---	---
183Rd Street Residential	Nw 29Th Ct & NW 183Rd St	Miami Gardens	North Dade	90	Planned	---	---
Oaks At Aventura West	2572 NE 184Th Terrace	North Miami Beach	North Dade	168	Planned	---	---
Aventura Greynolds Village	17990 W Dixie Hwy	North Miami Beach	North Dade	139	Planned	---	---
Sole Mia Apartments Future Phases	15045 Biscayne Blvd	Miami	North Miami/Bayshore	3,500	Planned	---	---
88 Biscayne	675 NE 88Th Ter	Miami	North Miami/Bayshore	30	Planned	---	---
Causeway Village	1850 NE 123Rd St	Miami	North Miami/Bayshore	297	Planned	---	---
830 Residences	830 NE 89Th St	Miami	North Miami/Bayshore	30	Planned	---	---
North Miami Condos	840 NE 130Th St	North Miami	North Miami/Bayshore	67	Planned	---	---
Sweet River Apartments	3623 NW 36Th St	Miami	Opa-Locka/Brownsville	108	Planned	---	---
Par Family Development	Nw 27Th Ave & NW 54Th St	Miami	Opa-Locka/Brownsville	30	Planned	---	---
Castle Opa Mixed-Use Development	1700 Service Rd	Opa-Locka	Opa-Locka/Brownsville	250	Planned	---	---
Apeiron At The Jockey Club Ph 2	1111 Biscayne Blvd	Miami	South Beach/Miami Bayshore	120	Planned	---	---
The Vine	404-435 NE 35Th St	Miami	South Beach/Miami Bayshore	124	Planned	---	---
Terra Group Coconut Grove	2655 S Bayshore Dr	Miami	South Beach/Miami Bayshore	182	Planned	---	---
Ellipsis	702 NE 26Th St	Miami	South Beach/Miami Bayshore	34	Planned	---	---

New Construction Activity - Proposed

Name	Location	City	Submarket	No. Units	Status	Completion	
Alexan Fontainebleau Lakes	8300 Park Blvd	Miami	Airport West	222	Proposed	---	---
102Nd Avenue (Townhomes)	Nw 102Nd Ave @ NW 69Th St	Miami	Airport West	80	Proposed	---	---
Trail Apartments	1040 Southwest 70Th Avenue	Miami	Airport West	899	Proposed	---	---
6950 NW 7Th Street Workforce Housing	6950 NW 7Th St	Miami	Airport West	460	Proposed	---	---
25Th Street Station	1025 E 25Th St	Hialeah	Hialeah	119	Proposed	---	---
Apogean Pointe	Se 12Th St & SE 9Th Ct	Hialeah	Hialeah	68	Proposed	---	---
Market Station	725 SE 9Th Ct	Hialeah	Hialeah	2,057	Proposed	---	---
1460 W 68Th St Apartments	1460 W 68Th St	Hialeah	Hialeah	45	Proposed	---	---
Hialeah Park Mixed-Use	2200 E 4Th Ave	Hialeah	Hialeah	4,400	Proposed	---	---
2701 East 11Th Avenue	2701 E 11Th Ave	Hialeah	Hialeah	220	Proposed	---	---
955 East 25Th Street	955 E 25Th St	Hialeah	Hialeah	216	Proposed	---	---
Santillane Multi-Residential	211 Santillane Ave	Coral Gables	Kendall East/Coral Gables	69	Proposed	---	---
44 Zamora	44 Zamora Ave	Coral Gables	Kendall East/Coral Gables	91	Proposed	---	---
Laguna House	351 San Lorenzo Ave	Coral Gables	Kendall East/Coral Gables	13	Proposed	---	---
Bella Villa	23 27 31 35 Sidonia Ave	Coral Gables	Kendall East/Coral Gables	51	Proposed	---	---
9600 South Dixie Highway Apartments	9600 S Dixie Hwy	Miami	Kendall East/Coral Gables	420	Proposed	---	---
South Miami Market	5850 SW 73Rd St	Miami	Kendall East/Coral Gables	300	Proposed	---	---
Atlis Ludlam Trail Ph 3	7004 SW 45Th St	Miami	Kendall East/Coral Gables	316	Proposed	---	---
South Miami Gardens Redevelopment	5949 SW 68Th St	Miami	Kendall East/Coral Gables	480	Proposed	---	---
Miracle Residences	2551 S Le Jeune Rd	Miami	Kendall East/Coral Gables	284	Proposed	---	---
Atlis Ludlam Trail Ph 2	7040 & 7050 SW 44Th St	Miami	Kendall East/Coral Gables	310	Proposed	---	---
6790 Southwest 80Th Street	6790 - 6880 SW 80Th St	Miami	Kendall East/Coral Gables	30	Proposed	---	---
Veridian Grove Townhomes	8290 SW 120Th St	Miami	Kendall East/Coral Gables	41	Proposed	---	---
6781 Sunset Drive	6781 Sunset Dr	S Miami	Kendall East/Coral Gables	32	Proposed	---	---
8785 Southwest 165Th Avenue	8785 SW 165Th Ave	Miami	Kendall Lakes/Hammond	108	Proposed	---	---
4601 Southwest 8Th Street	4601 SW 8Th St	Coral Gables	Miami	96	Proposed	---	---
The Link At Douglas Station Ph 4 Tower 5	3060 Southwest 37Th Court	Miami	Miami	339	Proposed	---	---
1900 NE Miami Court Apartments	1900 NE Miami Ct	Miami	Miami	358	Proposed	---	---
Miami World Tower	700 NE 1St Ave	Miami	Miami	560	Proposed	---	---
1550 Northeast Miami Place	1550 NE Miami Pl	Miami	Miami	437	Proposed	---	---
Midtown 7	3101 NE 1St Ave	Miami	Miami	391	Proposed	---	---
Kenect Tower Ph 2	1016 NE 2Nd Ave	Miami	Miami	468	Proposed	---	---
16 Southwest 2Nd Street Residential Tower	16 SW 2Nd St	Miami	Miami	430	Proposed	---	---
Le Jeune Station	4276 NW 7Th St	Miami	Miami	300	Proposed	---	---
Eastside Ridge - Residential	5045 NE 2Nd Ave	Miami	Miami	3,157	Proposed	---	---
G40 Wynwood	235-257 NW 27Th St	Miami	Miami	72	Proposed	---	---
225 North Miami Avenue	225 N Miami Ave	Miami	Miami	350	Proposed	---	---
27 Edgewater	169 NE 27Th St	Miami	Miami	108	Proposed	---	---
Brickell Ridge Apartments Redevelopment	1020 SW 1St Ave	Miami	Miami	243	Proposed	---	---
Block 55 At Sawyers Walk	249 NW 6Th St	Miami	Miami	556	Proposed	---	---
Foyer	2418 N Miami Ave	Miami	Miami	236	Proposed	---	---
555 River House	555 NW South River Dr	Miami	Miami	39	Proposed	---	---
Wynwood Mixed Use	2431 NW 2Nd Ave	Miami	Miami	220	Proposed	---	---
200 Southeast Second Avenue	200 SE 2Nd Ave	Miami	Miami	637	Proposed	---	---
1399 Southwest 1St Avenue Residential	1399 SW 1St Ave	Miami	Miami	500	Proposed	---	---
8Th Avenue Mixed Use Building	Nw 8Th Ave @ W Flagler St	Miami	Miami	96	Proposed	---	---
315 Urban Flats	315 NW 27Th Ave	Miami	Miami	179	Proposed	---	---
779 W Flagler St Micro Units	779 W Flagler St	Miami	Miami	100	Proposed	---	---
Downtown First	22 SW 1St St	Miami	Miami	570	Proposed	---	---
Chelsea Tower Condos	1550 Biscayne Blvd	Miami	Miami	222	Proposed	---	---

New Construction Activity - Proposed (Continued)							
Name	Location	City	Submarket	No. Units	Status	Completion	
200 North Miami Avenue Apartment Tower	200 N Miami Ave	Miami	Miami	328	Proposed	---	---
Miami Gardens Apartments	Nw 7Th Ave & NW 71St St	Miami	Miami	20	Proposed	---	---
1900 Biscayne Boulevard	1900 Biscayne Blvd	Miami	Miami	700	Proposed	---	---
Itc Mixed Used Tower Apartments	340 Biscayne Blvd	Miami	Miami	400	Proposed	---	---
Wynwood Haus	1765 N Miami Ave	Miami	Miami	224	Proposed	---	---
Legacy Hotel & Residences	942 NE 1St Ave	Miami	Miami	278	Proposed	---	---
2222 Northwest North River Drive Multi Family	2222 NW North River Dr	Miami	Miami	36	Proposed	---	---
The Collective	2825 NW 2Nd Ave	Miami	Miami	150	Proposed	---	---
45 Winwood	45 NW 24Th St	Miami	Miami	321	Proposed	---	---
Miami Riverview Apartments Redevelopment	2507 NW 16Th St Rd	Miami	Miami	650	Proposed	---	---
3811 Shipping Avenue	3811 Shipping Ave	Miami	Miami	153	Proposed	---	---
The Polish American Club Of Miami Apartments	1250 NW 22Nd Ave	Miami	Miami	204	Proposed	---	---
Mana Wynwood	Nw 22Nd St & NW 2Nd Ave	Miami	Miami	3,487	Proposed	---	---
1302 Northeast 2Nd Avenue	1302 NE 2Nd Ave	Miami	Miami	1,100	Proposed	---	---
6601 North West 167Th Street	6601 NW 167Th St	Hialeah	Miami Lakes	240	Proposed	---	---
Graham Development Rentals	Nw 170Th St @ NW 97Th Ave	Hialeah	Miami Lakes	2,000	Proposed	---	---
South Pointe	Commerce Way & NW 82Nd Ave	Miami Lakes	Miami Lakes	179	Proposed	---	---
Ambienta	9901 W Bay Harbor Dr	Bay Harbor Islands	N Miami Beach/Bal Harbour/Golden Beach	30	Proposed	---	---
Atlantis Condo	10281 W Bay Harbor Dr	Bay Harbor Islands	N Miami Beach/Bal Harbour/Golden Beach	28	Proposed	---	---
Capriccio Condos	9800-9900 W Bay Harbor Dr	Bay Harbor Islands	N Miami Beach/Bal Harbour/Golden Beach	30	Proposed	---	---
1177 Kane Concourse	1177 Kane Concourse	Bay Harbor Islands	N Miami Beach/Bal Harbour/Golden Beach	90	Proposed	---	---
Aventura Crossings	19301 W Dixie Hwy	Miami	N Miami Beach/Bal Harbour/Golden Beach	382	Proposed	---	---
North Beach Town Center	6988 Abbott Ave	Miami Beach	N Miami Beach/Bal Harbour/Golden Beach	170	Proposed	---	---
72Nd And Park	7145 Carlyle Ave	Miami Beach	N Miami Beach/Bal Harbour/Golden Beach	283	Proposed	---	---
7835 Harding Avenue	7835 Harding Ave	Miami Beach	N Miami Beach/Bal Harbour/Golden Beach	9	Proposed	---	---
Island House	9201 E Bay Harbor Dr	Miami Beach	N Miami Beach/Bal Harbour/Golden Beach	87	Proposed	---	---
Abbott Court Apartments	Normandy Bach Ct & Abbott Ct	Miami Beach	N Miami Beach/Bal Harbour/Golden Beach	250	Proposed	---	---
The Eighty 4	756 84Th St	Miami Beach	N Miami Beach/Bal Harbour/Golden Beach	8	Proposed	---	---
Soleste Nomi Beach	16395 Biscayne Blvd	North Miami Beach	N Miami Beach/Bal Harbour/Golden Beach	367	Proposed	---	---
Uptown Harbour Townhomes	3861 NE 163Rd St	North Miami Beach	N Miami Beach/Bal Harbour/Golden Beach	50	Proposed	---	---
Cornfield West	16800 Collins Ave	North Miami Beach	N Miami Beach/Bal Harbour/Golden Beach	122	Proposed	---	---
Uptown Harbour Apartments	3861 NE 163Rd St	North Miami Beach	N Miami Beach/Bal Harbour/Golden Beach	200	Proposed	---	---
Uptown Harbour Condos	3861 NE 163Rd St	Sunny Isles	N Miami Beach/Bal Harbour/Golden Beach	1,750	Proposed	---	---
Fisher Island Condos	Fisher Island Dr & Fisher Island Fry	Miami Beach	Non-Submarketed Areas	57	Proposed	---	---
West Aventura Town Center	Ne 23Rd Ct & NE 186Th St	Miami	North Dade	480	Proposed	---	---
2151 Northeast 163Rd Street	2151 NE 163Rd St	Miami	North Dade	456	Proposed	---	---
Oleta House	1700 NE 164Th St	Miami	North Dade	328	Proposed	---	---
Miami Gardens City Center	Nw 191St St & NW 27Th Ave	Miami Gardens	North Dade	480	Proposed	---	---
Northwest 160Th Street Apartments	Nw 160Th St & NW 2Nd Ave	Golden Glades	North Miami/Bayshore	66	Proposed	---	---
The Kavista	471 NE 83Rd St	Miami	North Miami/Bayshore	282	Proposed	---	---
190 Northwest 162Nd Street	190 NW 162Nd St	Miami	North Miami/Bayshore	100	Proposed	---	---
Capri Tower	13899 Biscayne Blvd	Miami	North Miami/Bayshore	259	Proposed	---	---
Golden Glades Residential	Nw 159Th St & NW 6Th Ave	Miami	North Miami/Bayshore	426	Proposed	---	---
Kipp School Apartments	13855 NW 17Th Ave	Miami	North Miami/Bayshore	24	Proposed	---	---
Oleta	14901 NE 20Th Ave	North Miami	North Miami/Bayshore	900	Proposed	---	---
New North Town Center	15780 W Dixie Hwy	North Miami Beach	North Miami/Bayshore	1,650	Proposed	---	---
7755 West 4Th Avenue	7755 W 4Th Ave	Hialeah	Opa-Locka/Brownsville	30	Proposed	---	---
2323 Northwest 36Th Street	2323 NW 36Th St	Miami	Opa-Locka/Brownsville	124	Proposed	---	---
Northside Town Station Future Phases	2963 NW 79Th St	Miami	Opa-Locka/Brownsville	1,630	Proposed	---	---
Thirty-Six	3645 NW 36Th St	Miami	Opa-Locka/Brownsville	232	Proposed	---	---
Westview Apartments	Nw 123Rd St & NW 27Th Ave	Miami	Opa-Locka/Brownsville	137	Proposed	---	---

Competitive Properties Overview

In order to examine the subject property in its proper context, an examination of the subject's most direct competition is necessary. Consideration is also given to the potential for new competition via proposed complexes. The competitive properties are presented on the following table. A discussion of each follows the table. It should be noted that a search was conducted for new high-rise apartment complexes located in South Beach and none were encountered. **Based on the projected unit sizes of the proposed development, its projected amenities and the lack of direct on-site parking, we have considered other older and smaller apartment complexes in the local market that have been recently renovated / upgraded and have a similar unit sizes in relation to the subject.**

Additionally, it should be noted that the following chart represents the difference in asking rents at the comparables over the past couple of months, as market conditions have changed since the first quarter of 2020 due to the impact from COVID-19 pandemic. The following chart illustrates the asking rental rate differences at the subject and the competitors over the past month:

Property	Unit Type	Rent 1Q20	November Rent	Percent Change
820 15th Street	2BR/2BA	$2,599	$2,616	0.65%
1251 Euclid Avenue	Studio	$1,479	$1,488	0.61%
	1BR/1BA	$1,514	$1,524	0.66%
942 Lenox Avenue	Studio	$1,545	$1,430	-7.44%
	1BR/1BA	$2,129	$1,920	-9.82%
	2BR/2BA	$2,134	$2,140	0.28%
1044 Pennsylvania Avenue	Studio	$1,270	$1,283	1.02%
	1BR/1BA	$1,500	$1,509	0.60%
1110 Pennsylvania Avenue	1BR/1BA	$1,509	$1,519	0.66%
AVERAGE OF COMPARABLES				**-1.42%**

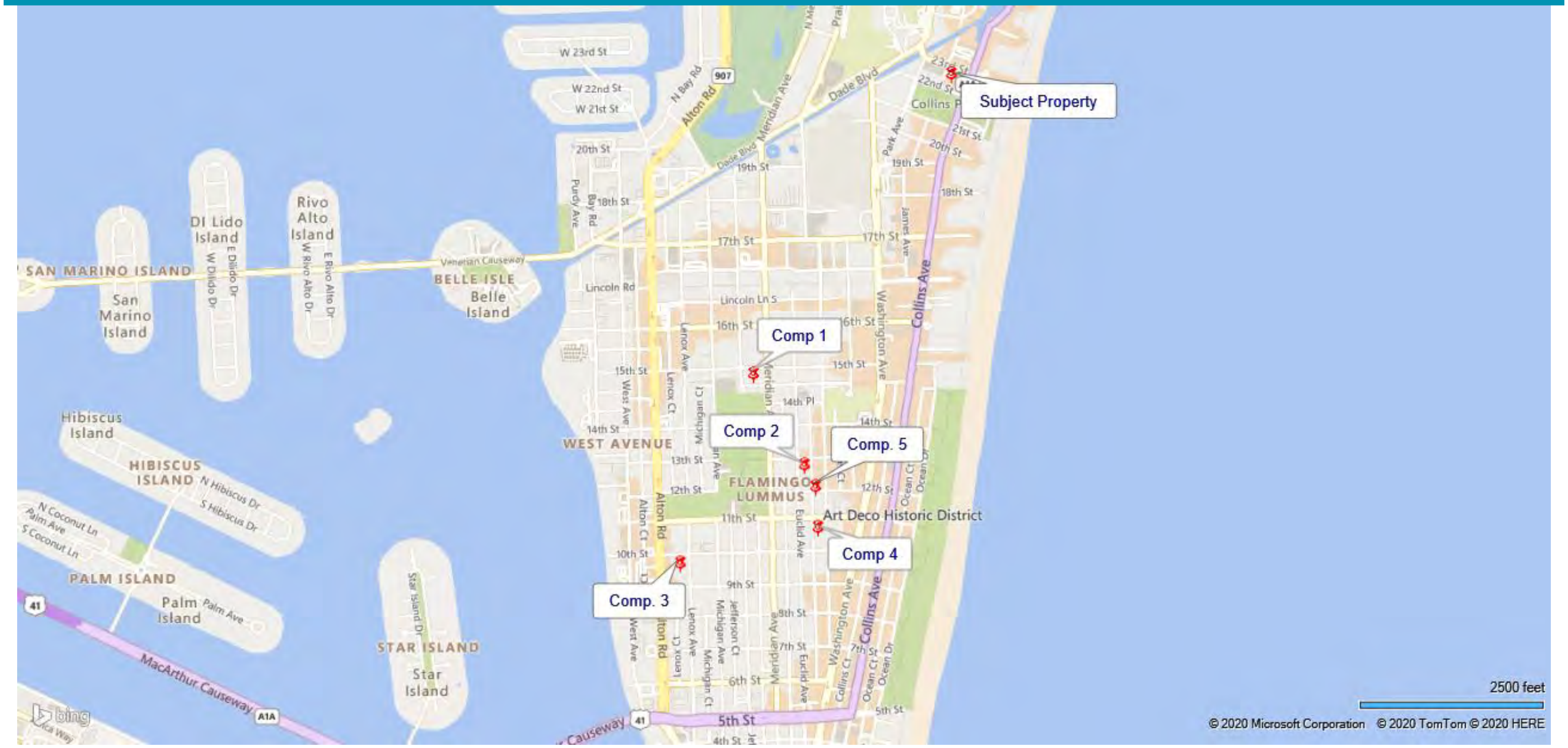
It should be noted that these developments are on a daily pricing systems; therefore, there may be unit types whereas the day that the survey was conducted may have been lower or higher based on changes in daily pricing. However, we have considered that the average of the asking rents have decreased slighlty since the Covid-19 crisis began.

COMPETITIVE APARTMENT PROJECTS

PROPERTY INFORMATION										QUOTED MONTHLY RENT & CONCESSIONS											
											UNIT SIZE (SF)			QUOTED RENT PER MONTH			QUOTED RENT $/SF/MONTH				
No.	PROPERTY NAME ADDRESS, CITY, STATE	NUMBER OF UNITS	NET BUILDING AREA	AVERAGE UNIT SIZE	YEAR BUILT	YEAR RENOVATED	NUMBER OF BUILDINGS	NUMBER OF STORIES	OCCUPANCY RATE (%)	BEDS/ BATHS	Min	Max	Avg.	Min	Max	Avg.	Min	Max	Avg.	RENT INCLUSIONS	CONCESSIONS
S	**Subject Property**	81	52,013	642	2023		1	7													
1		8	7,912	989	1950	N/A	1	2	95.4%											None	None
	820 15th Street																				
	Miami Beach, FL									2BR/2BA	715	715	715	$2,614	$2,614	$2,614	$3.66	$3.66	$3.66		
2		14	7,342	921	1959	N/A	1	2	99.0%	Studio	600	600	600	$1,488	$1,488	$1,488				None	None
	1251 Euclid Avenue									1BR/1BA	750	750	750	$1,523	$1,523	$1,523	$2.03	$2.03	$2.03		
	Miami Beach, FL																				
3	Depot Lenox	18	10,387	577	1959	N/A	1	2	96.1%	Studio	420	420	420	$1,430	$1,430	$1,430	$3.40	$3.40	$3.40	None	None
	942 Lenox Avenue									1BR/1BA	657	736	697	$1,530	$1,946	$1,738	$2.33	$2.64	$2.50		
	Miami Beach, FL									2BR/1BA	760	760	760	$2,140	$2,140	$2,140	$2.82	$2.82	$2.82		
4		16	7,180	772	1959	N/A	1	2	93.9%	Studio	420	420	420	$1,283	$1,283	$1,283	$3.05	$3.05	$3.05	None	None
	1044 Pennsylvania Avenue									1BR/1BA	650	650	650	$1,508	$1,508	$1,508	$2.32	$2.32	$2.32		
	Miami Beach, FL																				
5		13	7,700	632	1938	2018	1	2	100.0%	Studio	503	503	503	$1,765	$1,765	$1,765	$3.51	$3.51	$3.51	None	None
	1200 Pennsylvania Avenue									1BR/1BA	667	667	667	$1,875	$1,875	$1,875	$2.81	$2.81	$2.81		
	Miami Beach, FL									2BR/1BA	630	742	686	$2,206	$2,537	$2,372	$3.50	$3.42	$3.46		
STATISTICS (Including Subject)																					
	Low:	8	7,180	577	1938		1	2	93.9%												
	High:	81	52,013	989	2023	2018	1	7	100.0%												
	Average:	25	15,422	756	1965	1009	1	3	96.9%												
	Totals:	150	92,534																		

Compiled by Cushman & Wakefield Regional, Inc.

COMPARABLE RENTAL LOCATION MAP



COMPARABLE RENT NO. 1

Address:	820 15th Street
City, State:	Miami Beach, FL

PROPERTY INFORMATION

Property Sub-Type:	Mid/High-Rise	Number of Buildings:	1
Number of Units:	8	Number of Stories:	2
Net Building Area:	7,912	Land Area (Acres):	1.58
Average Unit Size:	989	Density (Units/Acre):	5.06
Year Built:	1950	Occupancy Rate:	95.4%

PROPERTY AMENITIES

None

UNIT AMENITIES

None

QUOTED MONTHLY RENT & CONCESSIONS

Rent Inclusions:	None
Concessions:	None

COMPARABLE RENT NO. 2

Address:	1251 Euclid Avenue
City, State:	Miami Beach, FL

PROPERTY INFORMATION

Property Sub-Type:	Mid/High-Rise	Number of Buildings:	1
Number of Units:	14	Number of Stories:	2
Net Building Area:	7,342	Land Area (Acres):	0.99
Average Unit Size:	921	Density (Units/Acre):	14.14
Year Built:	1959	Occupancy Rate:	99.0%

PROPERTY AMENITIES

None

UNIT AMENITIES

None

QUOTED MONTHLY RENT & CONCESSIONS

Rent Inclusions:	None
Concessions:	None

COMPARABLE RENT NO. 3

Property:	Depot Lenox
Address:	942 Lenox Avenue
City, State:	Miami Beach, FL

PROPERTY INFORMATION

Property Sub-Type:	Mid/High-Rise	Number of Buildings:	1
Number of Units:	18	Number of Stories:	2
Net Building Area:	10,387	Land Area (Acres):	2.00
Average Unit Size:	577	Density (Units/Acre):	9.00
Year Built:	1959	Occupancy Rate:	96.1%

PROPERTY AMENITIES

None

UNIT AMENITIES

None

QUOTED MONTHLY RENT & CONCESSIONS

Rent Inclusions:	None
Concessions:	None

COMPARABLE RENT NO. 4

Address:	1044 Pennsylvania Avenue
City, State:	Miami Beach, FL

PROPERTY INFORMATION

Property Sub-Type:	Mid/High-Rise	Number of Buildings:	1
Number of Units:	16	Number of Stories:	2
Net Building Area:	7,180	Land Area (Acres):	1.00
Average Unit Size:	772	Density (Units/Acre):	198.93
Year Built:	1959	Occupancy Rate:	93.9%

PROPERTY AMENITIES

None

UNIT AMENITIES

None

QUOTED MONTHLY RENT & CONCESSIONS

Rent Inclusions:	None
Concessions:	None

COMPARABLE RENT NO. 5

Address:	1200 Pennsylvania Avenue
City, State:	Miami Beach, FL

PROPERTY INFORMATION

Property Sub-Type:	Mid/High-Rise	Number of Buildings:	1
Number of Units:	13	Number of Stories:	2
Net Building Area:	7,700	Land Area (Acres):	0.16
Average Unit Size:	632	Density (Units/Acre):	75.00
Year Built:	1938	Occupancy Rate:	100%

PROPERTY AMENITIES

None

UNIT AMENITIES

None

QUOTED MONTHLY RENT & CONCESSIONS

Rent Inclusions:	None
Concessions:	None

In total, the micro market inventory, including the subject property, represents 150 units. The comparable projects were constructed between 1938 and 2023 and range in size from 8 to 81 units. Individual unit sizes range from 577 to 989 square feet. The comparable apartment projects revealed occupancy levels ranging from 93.9 percent to 100.0 percent, with an average of 96.9 percent.

MLS Rental Listings

In addition to the apartment complexes in the market and in an effort to estimate the current market rent achievable for the subject's units, we searched for apartment complexes with similar characteristics as the subject (parking, luxury finishes and most recent construction) within the South Beach market, without waterviews or waterfrontage and few were encountered. Therefore, we have utilized MLS listings of similar interior condominium developments with similar levels of finishes as the proposed subject within South Beach (i.e. newer developments or renovated properties). The competitive properties are presented on the following table (note that studio units that fit the prior describe criteria were not encountered).

MLS LISTINGS OF COMPARABLE CONDOMINIUM DEVELOPMENTS RENTALS- MIAMI BEACH

Condominium Development	Address	Year Built	Unit Type	Unit No.	Size (Sq Ft)	Asking Rent	Per SqFt	No. of Parking Space
Lenox Villas	1040 10th Street	2006	1BR/1BA	204 & 304	745	$2,350	$3.15	2
1035 Euclid Condos	1035 Euclid Avenue	2016	1BR/1BA	11, 22, 12	550	$1,448	$2.63	0
1450 Meridian Avenue	1450 Meridian Avenue	2015	1BR/1BA	102 & 202	404	$1,363	$3.37	0
Ertruria Condominium	1568 Pennsylvania Avenuie	2008	1BR/1BA	328, 315, 323	501	$1,641	$3.28	0
First Art Noveau	920 Pennsylvania Avenue	2015	1BR/1BA	3 & 4	470	$1,400	$2.98	0
Average					***534***	***$1,640***	***$3.07***	
1450 Meridian Avenue	1450 Meridian Avenue	2015	2BR/2BA	101, 201, 205	630	$1,975	$3.13	0
Tee Time	321 S Shore Drive	1950	2BR/2BA	10	1,155	$2,100	$1.82	1
The Montclair Condominium	1700 Meridian Avenue	2005	2BR/2BA	510, 206, 305, 410	1,024	$3,257	$3.18	1
First on 8th	801 8th Street	2015	2BR/1BA	106, 201	608	$1,725	$2.84	0
Average					***854***	***$2,264***	***$2.65***	
AVERAGE OF ALL UNITS					**676**	**$1,918**	**$2.84**	**0**

Subject Competitive Position

In terms of unit amenities, we have assumed the standard amenities in the market as details were not provided for our analysis.

To visually aid the reader in deciphering the subject's competitive position, we developed the following table, which qualitatively rates the subject and the comparables for age/quality, location, unit finishes, building amenities, parking and utilities included in the rent.

Subject vs. Comparable Property Characteristics

No.	Comparable Name	Location	Quality	Condition	Amenities	Unit Finishes	Unit Washer/Dryer	Overall
1	820 15th Street	Similar	Similar	Similar	Similar	Similar	Similar	Similar
2	1251 Euclid Avenue	Similar	Similar	Similar	Similar	Similar	Similar	Similar
3	942 Lenox Avenue	Similar	Similar	Similar	Similar	Similar	Similar	Similar
4	1044 Pennsylvania Avenue	Similar	Similar	Similar	Similar	Similar	Similar	Similar
5	1200 Pennsylvania Avenue	Similar	Similar	Similar	Similar	Similar	Similar	Similar

In terms of competitive position, the subject is similar to superior to the comparable properties. As such, market rent for the subject's units should fall towards the upper end of the comparable range based on its location within the northern portion of South Beach and the proposed new nature of the subject property.

Interviews with on-site managers indicated rental rate increases have been occurring at most complexes over the past twelve months. A comparison of the subject's quoted rents to the comparables is presented in the Income Capitalization Approach. Presently, minimal rent concessions are offered at competitive projects due to the limited availability of vacant units. Although it varies, most of the properties require tenants to pay all utilities while the property owner pays for pest. The subject's property lease terms are consistent with the market.

Other Competition

We surveyed the local market to determine if there are other competing apartment projects not previously listed in our analysis. There are other apartment complexes located more distant from the subject property, or which have inferior or superior attributes that would preclude them from being competitive with the subject property.

Proposed Competition

Our research for this assignment included investigation of potential near-term changes in the apartment market that would impact the subject property. We are not aware of any new rental complexes that would compete with the subject in the South Beach market.

Competition Summary

Overall, the properties presented represent the subject's most direct competition.

Demographic Profile

Understanding the demographics of a region helps to ascertain the underlying fundamentals of real estate supply and demand. The foundation of our analysis in the delineation of the subject's profile area may be summarized as follows:

- Highway accessibility, including area traffic patterns, and geographical constraints;
- The position and nature of the area's residential structure, including its location within a heavily developed apartment area, which adds competition for the subject and at the same time adds strength and composition to the appeal for tenants; and
- The project and unit amenity composition of the subject property as compared to its competition

Given all of the above, we believe that a primary market for the subject property would likely span an area encompassing about three miles. The subject's secondary market might span up to five miles from the site given its regional accessibility and location of competitive properties.

Based on these observations, we analyzed a primary demographic profile for the subject based upon a radius of approximately three miles from the property. To add perspective to this analysis, we segregated our survey into one, three, and five mile concentric circles with a comparison to the CBSA, state, and the United States. The report on the following page presents this data.

Population

Having established the subject's trade area, our analysis focuses on the trade area's population. Experian Marketing Solutions, Inc., provides historical, current and forecasted population estimates for the total area. Patterns of development density and migration are reflected in the current levels of population estimates.

Between 2000 and 2020, Experian Marketing Solutions, Inc., reports that the population within the primary trade area (3.0-mile radius) increased at a compound annual rate of 0.58 percent. This is characteristic of suburban areas in this market. This trend is expected to continue into the near future albeit at a slightly slower pace. Expanding to the total trade area (5.0-mile radius), population is expected to increase 0.95 percent per annum over the next five years.

The following page contains a graphic representation of the current population distribution within the subject's region.

The graphic on the second following page illustrates projected population growth within the trade area over the next five years (2020 - 2025). The trade area is clearly characterized by various levels of growth.

DEMOGRAPHIC SUMMARY						
	1.0-Mile Radius	3.0-Mile Radius	5.0-Mile Radius	City of Miami Beach	Miami-Dade County	State of Florida
POPULATION STATISTICS						
2000	17,758	56,450	166,429	88,064	2,253,408	15,967,608
2020	17,595	63,361	219,277	94,276	2,736,042	21,391,699
2025	17,537	63,484	229,936	94,528	2,818,396	22,406,802
Compound Annual Change						
2000 - 2020	-0.05%	0.58%	1.39%	0.34%	0.98%	1.47%
2020 - 2025	-0.07%	0.04%	0.95%	0.05%	0.59%	0.93%
HOUSEHOLD STATISTICS						
2000	10,141	32,004	77,346	46,247	776,807	6,330,098
2020	10,028	35,536	110,423	50,611	962,333	8,511,499
2025	10,046	35,634	117,198	50,924	996,034	8,958,316
Compound Annual Change						
2000 - 2020	-0.06%	0.52%	1.80%	0.45%	1.08%	1.49%
2020 - 2025	0.04%	0.06%	1.20%	0.12%	0.69%	1.03%
AVERAGE HOUSEHOLD INCOME						
2000	$44,813	$58,880	$48,711	$53,906	$52,794	$53,493
2020	$93,012	$114,515	$93,066	$101,068	$80,798	$80,866
2025	$106,938	$130,443	$104,975	$115,388	$91,126	$91,313
Compound Annual Change						
2000 - 2020	3.72%	3.38%	3.29%	3.19%	2.15%	2.09%
2020 - 2025	2.83%	2.64%	2.44%	2.69%	2.43%	2.46%
OCCUPANCY						
Owner Occupied	33.32%	39.66%	30.95%	37.02%	52.27%	65.40%
Renter Occupied	66.68%	60.34%	69.05%	62.98%	47.73%	34.60%

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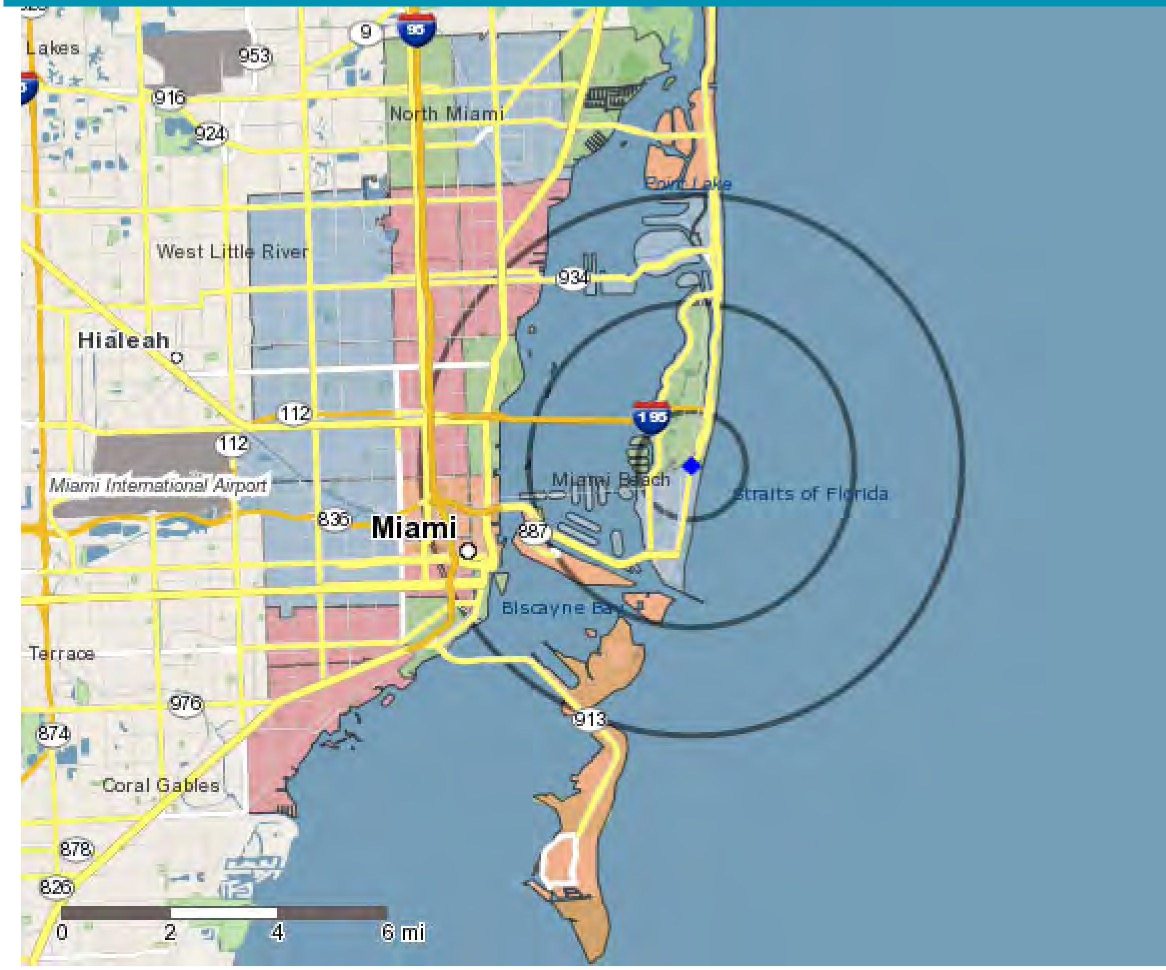
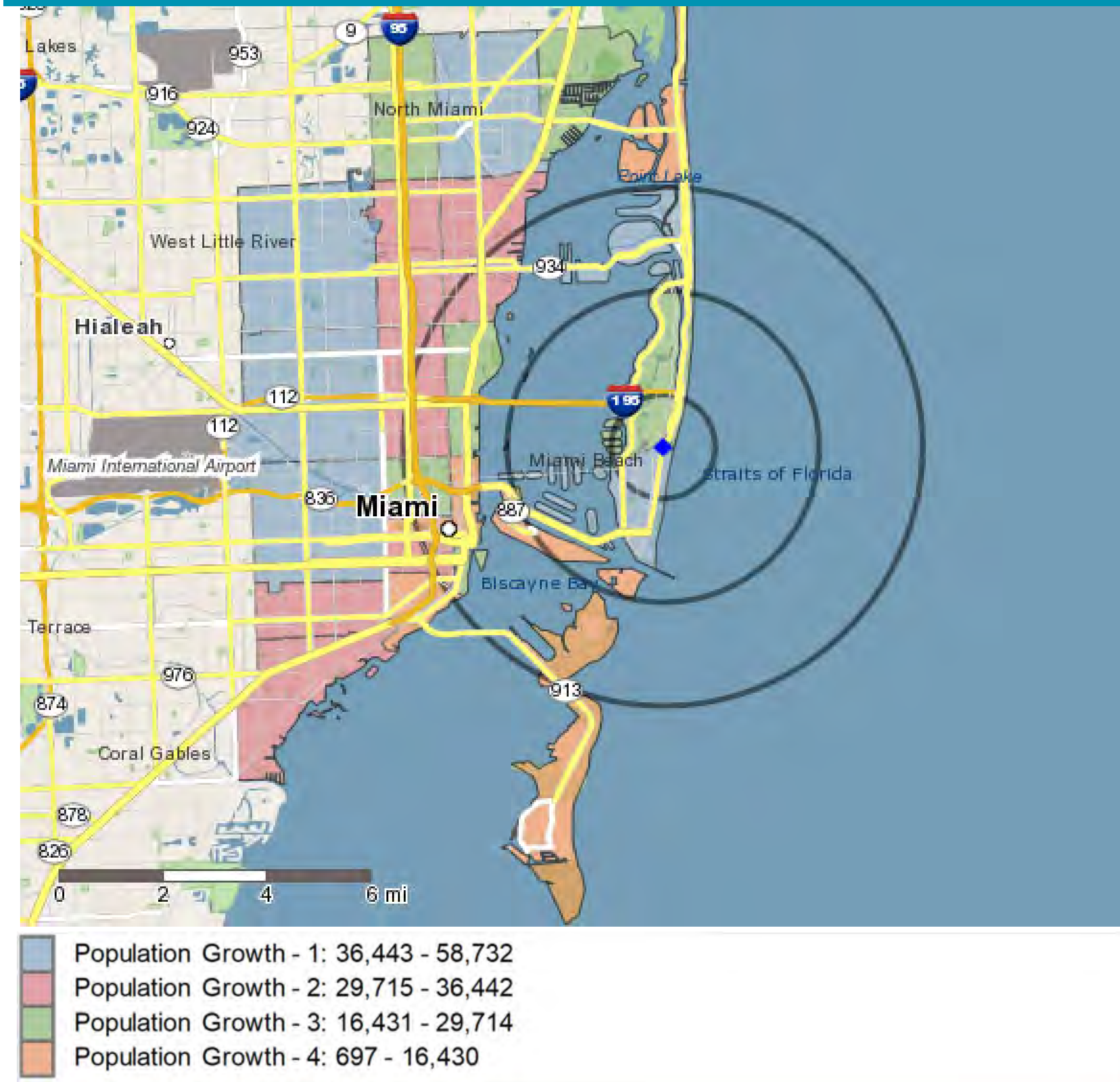
CURRENT POPULATION MAP



Population - 1: 35,932 - 58,098
Population - 2: 28,504 - 35,931
Population - 3: 15,533 - 28,503
Population - 4: 672 - 15,532

POPULATION GROWTH MAP



Households

A household consists of a person or group of people occupying a single housing unit, and is not necessarily a family unit. When an individual purchases goods and services, these purchases are a reflection of the entire household's needs and decisions, making the household a critical unit to be considered when reviewing market data and forming conclusions about the trade area as it impacts the subject property.

Figures provided by Experian Marketing Solutions, Inc., indicate that the number of households is increasing at a faster rate than the growth of the population. Several changes in the way households are being formed have caused this acceleration, specifically:

- The population is living longer on average. This results in an increase of single- and two-person households;
- Higher divorce rates have resulted in an increase in single-person households; and

- Many individuals have postponed marriage, also resulting in more single-person households.

According to Experian Marketing Solutions, Inc., the Primary Trade Area grew at a compound annual rate of 0.52 percent between 2000 and 2020. Consistent with national trends the trade area is experiencing household changes at a rate that varies from population changes. That pace is expected to continue through 2025, and is estimated at 0.06 percent.

Correspondingly, a greater number of smaller households with fewer children generally indicates more disposable income. In 2000, there were 1.73 persons per household in the Primary Trade Area and by 2020, this number is estimated to have increased to 1.75 persons. Through 2025, the average number of persons per household is forecasted to decline to 1.75 persons.

Average Household Income

A significant statistic driving the success of an apartment market is the income potential of the area's population. Income levels, either on a per capita, per family or household basis, indicate the economic level of the residents of the market area and form an important component of this total analysis.

Trade area income figures for the subject support the profile of a broad middle-income market. According to Experian Marketing Solutions, Inc., average household income within the primary trade area in 2020 was approximately $114,515, 113.30 percent of the CBSA average ($101,068) and 141.73 percent of the state average ($80,798).

Further analysis shows a relatively broad-based distribution of income, although skewed toward the lower income brackets similar to the distribution within the larger CBSA. This information is summarized as follows:

DISTRIBUTION OF HOUSEHOLD INCOME						
Category	1.0-Mile Radius	3.0-Mile Radius	5.0-Mile Radius	City of Miami Beach	Miami-Dade County	State of Florida
$150,000 or more	14.48%	20.17%	15.13%	16.83%	10.88%	10.23%
$125,000 to $149,999	3.31%	4.29%	3.85%	3.97%	4.28%	4.70%
$100,000 to $124,999	7.61%	7.90%	7.58%	6.81%	7.64%	8.23%
$75,000 to $99,999	13.05%	11.39%	10.65%	10.91%	11.46%	12.70%
$50,000 to $74,999	15.54%	15.26%	16.06%	15.49%	18.04%	19.22%
$35,000 to $49,999	12.75%	10.46%	11.30%	11.49%	12.71%	13.60%
$25,000 to $34,999	7.15%	7.22%	8.12%	8.48%	9.61%	9.99%
$15,000 to $24,999	10.59%	8.77%	10.34%	10.59%	11.15%	10.21%
Under $15,000	15.52%	14.54%	16.97%	15.43%	14.22%	11.14%

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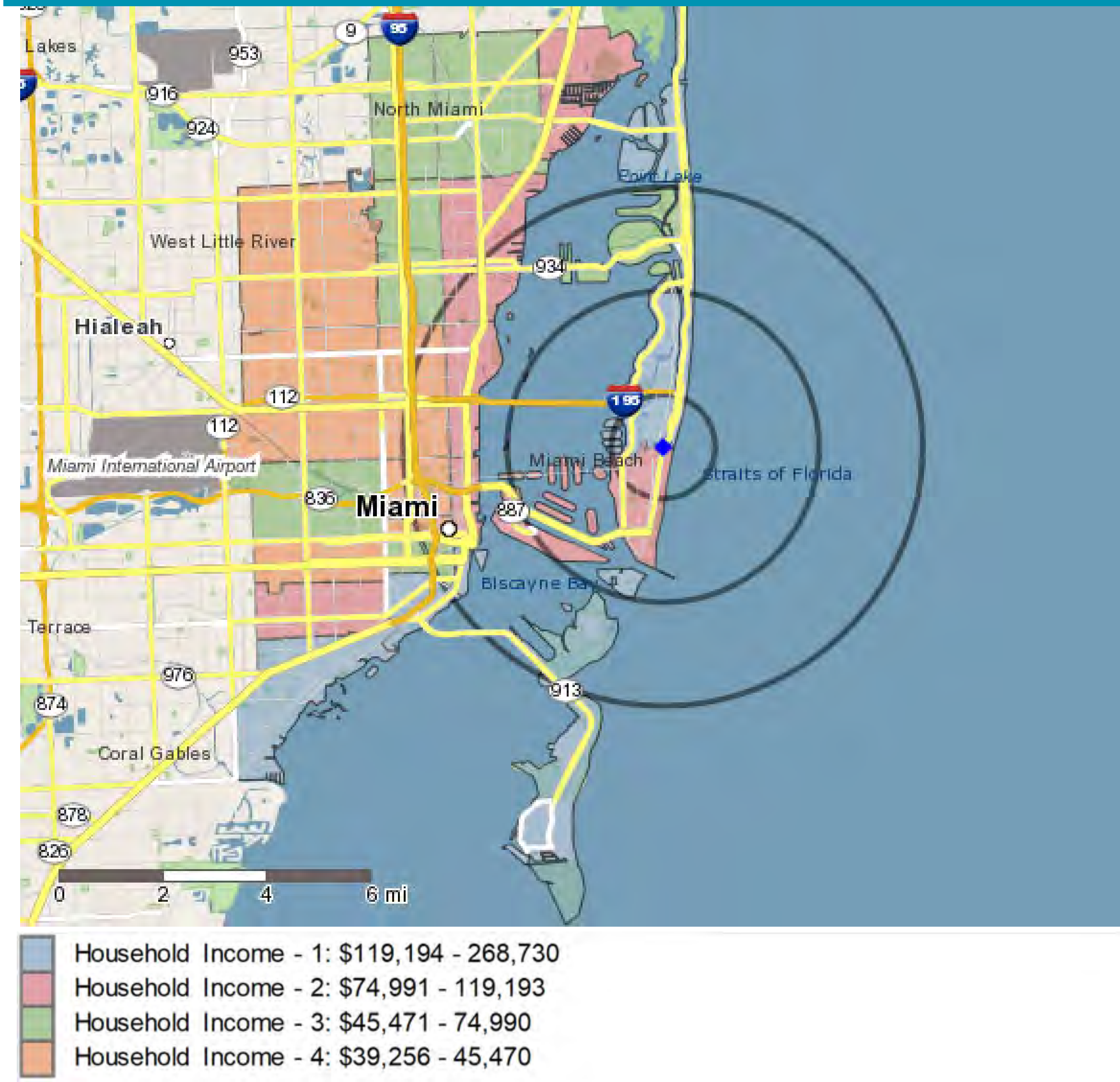
The previous chart makes it clear that the distribution of higher income level households increases as distance from the subject increases.

The following is a graphic presentation of the household income distribution throughout the trade area that clearly shows the area surrounding the subject to be characterized by lower to middle income households. Higher income areas are located in surrounding suburban communities.

HOUSEHOLD INCOME MAP



Housing Occupancy

As illustrated on the Demographic Summary Table presented earlier, there are 10,028 occupied housing units in the subject’s one-mile radius, 35,536 occupied housing units in the primary trade area (3.0-mile), and 110,424 in the total five-mile trade area.

The depth of the rental housing market can be measured by these demographic statistics. The percentage of occupied housing units that are renter occupied is an indicator of demand within an area. Markets that have a high percentage of renter units are indicative of a more transient population. For reference, we note that the United States has 34.60 percent of its occupied housing stock occupied by renters, while the subject’s State and CBSA have 47.73 and 62.98 percent of this same stock occupied by renters. This compares to the local statistics, which reflect renter occupied ratios of 66.68 percent, 60.34 percent and 69.05 percent in the 1.0-, 3.0- and 5.0-mile trade areas, respectively.

Local Area Housing

Miami Beach is a well-established community within Miami-Dade County. Residential development comprises mostly older single-family detached and multi-family residences and apartment complexes within planned communities throughout the local area. Residential growth is mostly located in outlying areas of the community with greater land area available for development.

According to Experian Marketing Solutions, Inc., there are 49,818 housing units within a three-mile radius of the subject property. The median year built of the existing housing stock is 1969. The median home value within a three-mile radius of the subject property as of 2020 was $429,941. There is a large proportion of owner-occupied housing, comprising about 40 percent of total occupied housing units within a three-mile radius of the subject. The following table reflects a housing summary including the total number of housing units, median housing value and median year built in the local area, as well as the Miami region, State of Florida and U.S. for comparative analysis.

HOUSING SUMMARY

	1.0-Mile Radius	3.0-Mile Radius	5.0-Mile Radius	City of Miami Beach	Miami-Dade County	State of Florida
HOUSING STATISTICS						
2020 Est. Total Housing Units	13,827	49,818	141,328	68,373	1,045,184	9,768,192
2020 Est. Median Housing Value	$414,319	$429,941	$378,977	$403,161	$281,334	$217,369
2020 Est. Median Year Built	1964	1969	1978	1968	1978	1987

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Conclusion

We analyzed the profile of the subject's region in order to make reasonable assumptions as to the continued performance of the property.

A regional and local overview was presented which highlighted important points about the study area. Demographic and economic data specific to the residential market were also presented. Demographic information relating to these sectors was presented and analyzed in order to determine patterns of change and growth as it impacts the subject property. The data quantifies the dimensions of the total trade area, while our comments provide qualitative insight into this market. A compilation of this data forms the basis for our projections and forecasts for the subject property. The following are our key conclusions.

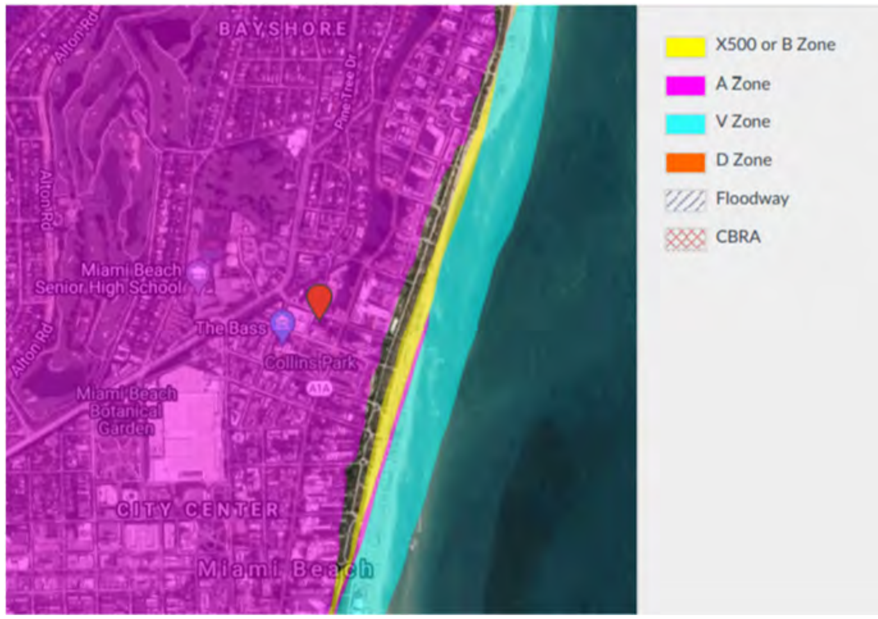
- Vacancy levels for the Miami-Dade Apartment market are up over last year and are expected to decrease from 7.9 percent next year to 6.5 percent in 2024. Reis forecasts that construction will outpace absorption in the near future, and that rental rates should increase over the same period. In Miami vacancy levels are expected to decrease to 6.9 percent by 2024, and rental rates are forecast to increase from $2,482 per month in 2020 to $2,624 per month during the same period.
- The subject property most directly competes with the other apartment complexes in the vicinity. These properties are generally well maintained and have high occupancy rates.
- As such we believe the property will serve a market encompassing a radius of 5.0-miles. Over the next five years, both the population and number of households in the subject's trade area are projected to remain fairly stable. Household income levels in the area are lower than the state or CBSA both significantly above national levels.
- The subject has very good accessibility via the regional Interstate network and local arterials that provide linkages throughout the Miami CBSA.
- Based on our analysis we concluded that the subject is well positioned within its market area and the prospect for long term net appreciation in real estate values is expected to be good; however, the local market will be challenged in the near term based on the current and projected effects of the Covid-19 pandemic, as well as the large amount of supply that is current under construction within central Miami-Dade County that is projected to be completed over the next year.

Property Analysis

Site Description

Location:	224 23rd Street Miami Beach, Miami-Dade County, Florida 33139 The subject property is located on the northeast corner of Liberty Avenue and 23rd Street in Miami Beach, FL.
Shape:	Irregularly shaped
Topography:	Level at street grade
Land Area:	0.45 acres / 19,750 square feet
Frontage:	The subject property has good frontage. The frontage dimensions are listed as follows: Liberty Avenue: approximately 120 feet 23rd Street: approximately 150 feet
Access:	The subject property has good access from off of Liberty Avenue and NE 23rd Street.
Visibility:	The subject property has good visibility from off of Liberty Avenue and NE 23rd Street.
Soil Conditions:	We were not given a soil report to review. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property. Drainage appears to be adequate.
Utilities:	Utility providers for the subject property will be as follows: Water Municipal Sewer Municipal Electricity FP&L Gas N/A Telephone AT&T
Site Improvements:	Site improvements will include parking areas, curbing, signage, landscaping, yard lighting and drainage.
Land Use Restrictions:	We were provided a title report for review. We are not aware of any easements, encroachments, or restrictions that would adversely affect the site's use. We recommend a title search to determine whether any adverse conditions exist.

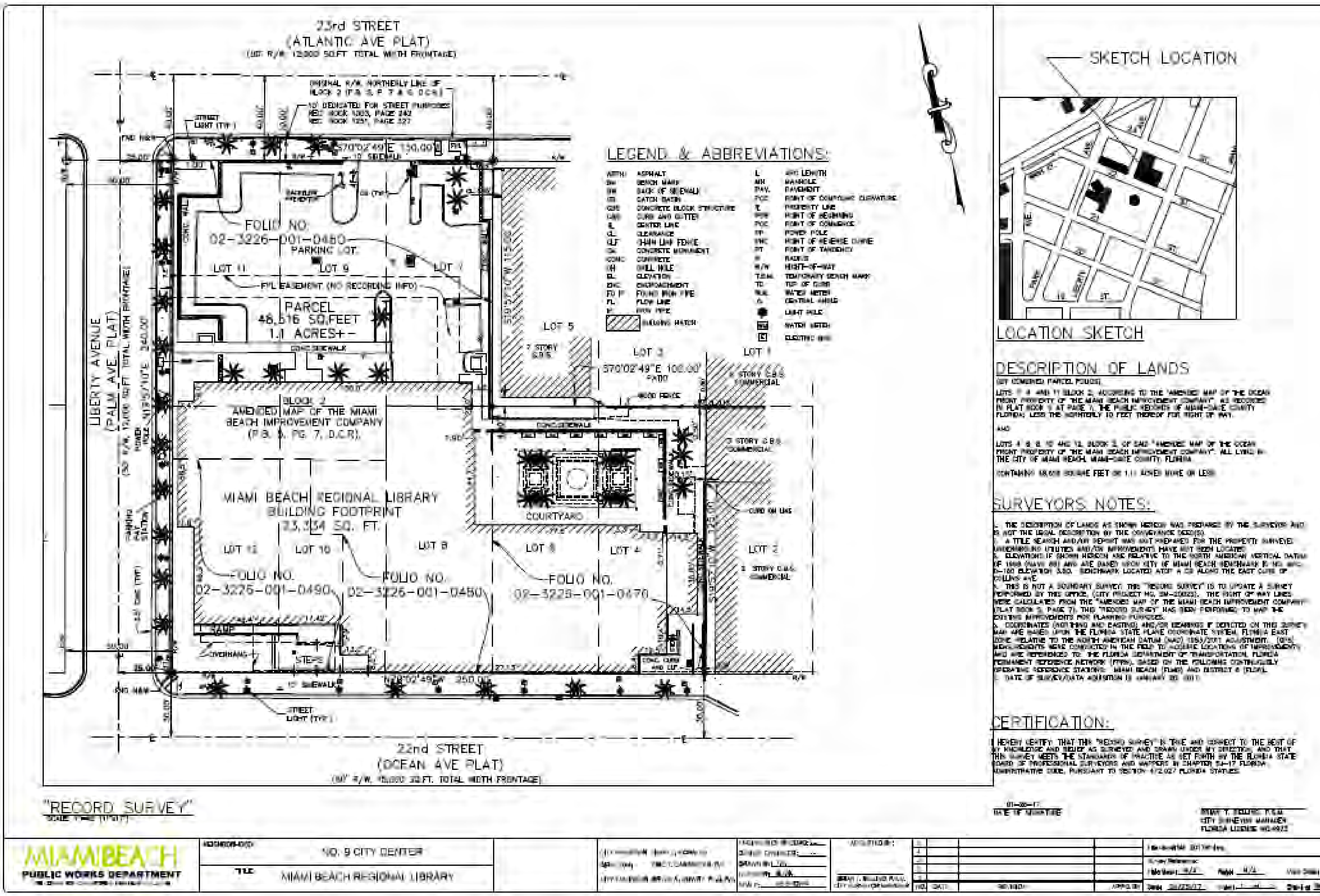
Flood Zone Description:	The subject property is located in flood zone AE (Special flood hazard areas subject to inundation by the 100-year flood determined in a Flood Insurance Study by detailed methods. Base flood elevations are shown within these zones. Mandatory flood insurance purchase requirements apply) as indicated by FEMA Map 12086C0317L, dated September 11, 2009. The flood zone determination and other related data are provided by a third party vendor deemed to be reliable. If further details are required, additional research is required that is beyond the scope of this analysis.



Wetlands:	We were not given a wetlands survey to review. If subsequent engineering data reveal the presence of regulated wetlands, it could materially affect property value. We recommend a wetlands survey by a professional engineer with expertise in this field.
Hazardous Substances:	We observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the hiring of a professional engineer with expertise in this field.
Overall Site Utility:	The subject site is functional for its proposed use.
Location Rating:	Good

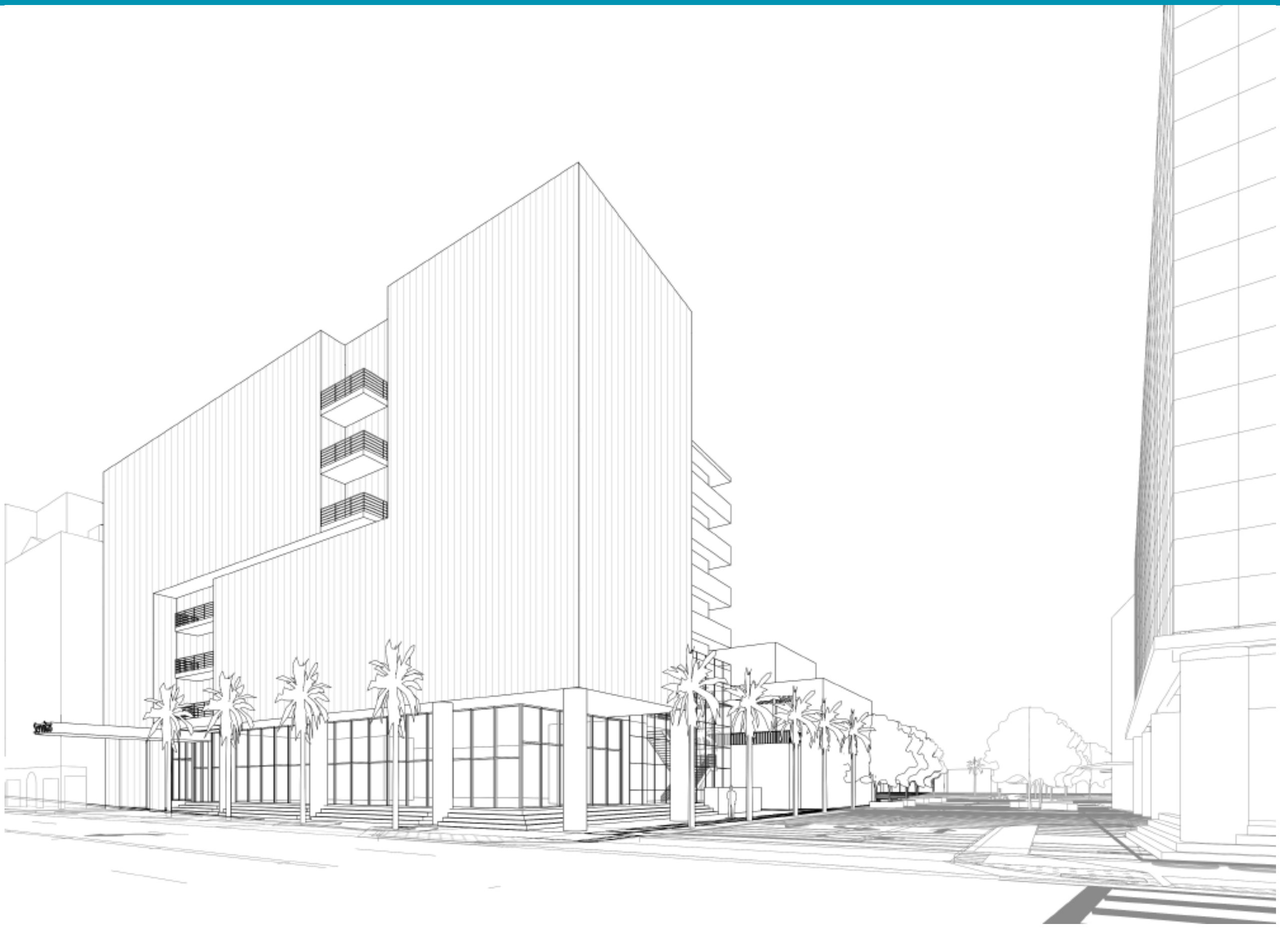
TAX MAP

SURVEY


23rd STREET
(ATLANTIC AVE PLAT)
LEGEND & ABBREVIATIONS:
SKETCH LOCATION
LOCATION SKETCH
DESCRIPTION OF LANDS
SURVEYORS NOTES:
CERTIFICATION:
LIBERTY AVENUE
(PALM AVE. PLAT)
FOLIO NO.
02-3226-001-0460
PARKING LOT
PARCEL
48,516 SQ.FEET
1.1 ACRES+-
MIAMI BEACH REGIONAL LIBRARY
BUILDING FOOTPRINT
23,334 SQ. FT.
COURTYARD
22nd STREET
(OCEAN AVE PLAT)
"RECORD SURVEY"
MIAMIBEACH
PUBLIC WORKS DEPARTMENT
NO. 9 CITY CENTER
MIAMI BEACH REGIONAL LIBRARY

PROPOSED RENDERINGS

PROPOSED RENDERINGS



Proposed Improvements Description

The subject property is to be improved with a 81-unit apartment complex. **It should be noted that we included the proposed Miami Ballet Dorm space as one unit as the entire floor is projected to be master leased. The Miami Ballet Dorm space will contain 12 dorms spaces of ten, two bedrooms and two, one bedroom units and a total of 32 beds.** The subject's proposed unit mix is presented in the following table:

UNIT MIX

No.	Plan	BR	BA	No. Units	Percent of Total	Unit (SF)	NRA (SF)
1	Studio 80% AMI	0	1.0	20	25%	403	8,060
2	Studio 120% AMI	0	1.0	20	25%	403	8,060
3	1BR/1BA 80% AMI	1	1.0	10	12%	518	5,180
4	1BR/1BA 120% AMI	1	1.0	10	12%	518	5,180
5	2BR/2BA 80% AMI	2	2.0	10	12%	640	6,400
6	2BR/2BA 120% AMI	2	2.0	10	12%	640	6,400
7	Miami Ballet Dorm	2	2.0	1	1%	12,733	12,733
TOTAL/AVERAGE				**81**	**100%**	**642**	**52,013**

*All averages are weighted

The following description of proposed improvements is based on our review of building plans and our discussions with the developer.

PROPOSED GENERAL DESCRIPTION	
Year Built:	2023
Year Renovated:	N/A
Number of Units:	81
Number of Buildings:	1
Number of Stories:	7
Land To Building Ratio:	0.27 to 1
Gross Building Area:	72,972 square feet - Total Building
Net Rentable Area:	52,013 square feet - Apartment area 6,000 square feet – Ground Floor retail area 58,013 square feet – Total rentable area
PROPOSED CONSTRUCTION DETAIL	
Basic Construction:	Concrete block
Foundation:	Concrete slab on piles

Framing:	Structural steel with masonry and concrete encasement
Floors:	Concrete poured over a metal deck
Exterior Walls:	Concrete block
Roof Type:	Flat with parapet walls
Roof Cover:	Sealed membrane
Windows:	Thermal windows in aluminum frames
Pedestrian Doors:	Glass, wood and metal
PROPOSED MECHANICAL DETAIL	
Heat Source:	HVAC
Heating System:	Forced Air
Cooling:	HVAC
Cooling Equipment:	The cooling equipment will be located on mechanical floors in building.
Plumbing:	The plumbing system is assumed to be adequate for the existing use and in compliance with local law and building codes.
Electrical Service:	Electricity for the building will be obtained through power lines.
Electrical Metering:	Each unit is separately metered.
Emergency Power:	None
Elevator Service:	The building is anticipated to contain an adequate amount of elevators.
Fire Protection:	100% sprinklered
Security:	Exterior and interior monitors
PROPOSED INTERIOR DETAIL	
Layout:	The subject property will consist of an 80 unit high-rise apartment complex, which are located in seven stories, with the second floor being master-leased to the Miami City Ballet in a dormitory layout with 12 “units” with multiple beds per room, which we are counting as one master unit in our analysis, we did bringing the total number of units to 92. The ground floor will contain a 6,000 square foot retail area space. The property will not contain parking and residents will have access to the public garage on the northern side of the property. The fifth floor will contain the amenities at the subject. Additionally, the property will have a rooftop wellness space
Floor Covering:	Ceramic Tile or vinyl plank as is common of new developments in the market
Walls:	Drywall

Ceilings:	Drywall
Lighting:	Fluorescent
Restrooms:	Apartment units are equipped with one or two full bathrooms. The bathrooms consist of a shower/tub kit with wall-mounted showerhead, toilet, sink, vinyl and ceramic tile floor covering.
PROPOSED AMENITIES	
Project Amenities:	The project will contain ground floor retail and a 5th floor amenity deck and a residents lobby. The property will also have a rooftop wellness space. Based on the floor plans provided, the ballet master leased floor will contain a small fitness center and a kitchen area. No additional details were provided regarding the subject amenities.
Unit Amenities:	The ownership group did not provide a description of the interior of the units; however, we have estimated that the interior of the units will be in line with other luxury complexes in the market.

PROPOSED SITE IMPROVEMENTS

Parking:	The property will have access to 58 garage parking spaces at the public garage to the north of the property, reflecting an overall parking ratio of 0.70 spaces per unit. The developer has requested a waiver of required parking applicable to the project. In order to accommodate the parking needs of workforce housing tenants in the building, the developer has requested that the City provide access to up to fifty-eight (58) monthly parking passes at the nearby Collins Park Garage, with the monthly parking passes available for purchase by the Project's workforce housing residents, at the then applicable City rate, on a first-come-first-served basis. The parking spaces adequately support the proposed apartment users, particularly due to the large amount of smaller unit types at the subject. Additionally, the following new and proposed mid-rise and high rise apartment complexes in South Florida have the following parking ratios and are not located adjacent to Public Transportation: Aviva – Miami, FL - 1.5 spaces per unit Modera Coral Gables (aka Milagro) – Miami, FL - 1.9 spaces per unit Riverhouse – Miami, FL - 1.6 spaces per unit River Oaks – Miami, FL - 1.7 spaces per unit Urbanea - – Miami, FL - 1.9 spaces per unit The proposed parking ratio is below new developments in the urban core of Miami-Dade County, which we have considered in our analysis. There is municipal surface street parking in front of the property and throughout the neighborhood. It should be noted that we are also aware of one new Class A apartment complex within the Miami core, Muze at Met, that does not have any on-site parking. **It should be noted that older residential product in the heart of South Beach has little to no on-site parking and residents typically utilize municipal street parking via residential parking permits. Therefore, the subject parking ratios are reasonable and higher than other smaller apartment complexes in the local market, despite being lower than other new high-rise apartment developments in the county.**
Onsite Landscaping:	The site will be landscaped with a variety of trees, shrubbery and grass.
Other:	Site improvements will include parking areas, curbing, signage, landscaping, yard lighting and drainage.

PROPOSED PERSONAL PROPERTY	
	The subject property will have typical personal property associated with an apartment complex including leasing center furniture fixtures and equipment, and model furnishings. While we recognize that there are various items of personal property associated with the operation of an apartment complex, buyers in the subject's market do not typically allocate a separate value for these items in their purchase decisions.
PROPOSED SUMMARY	
Proposed Condition:	Excellent
Proposed Quality:	Excellent
Effective Age:	0 years
Expected Economic Life:	50 years - Upon Completion
Remaining Economic Life:	50 years - Upon Completion
PROPOSED FUNCTIONAL OBSOLESCENCE	
Description:	There is no apparent proposed functional obsolescence present at the subject property.
PROPOSED EXTERNAL OBSOLESCENCE	
Description	External obsolescence is the adverse effect on value resulting from influences outside the property. External obsolescence may be the result of market softness, proximity to environmental hazards or other undesirable conditions, spikes in construction costs, cost estimates that don't properly reflect changes in the local market, the lack of an adequate labor force, changing land use patterns, or other factors. Based on a review of the location of the subject as well as local market conditions, external obsolescence does not exist within the subject submarket.

Real Property Taxes and Assessments

Current Property Taxes

The subject property is located in the taxing jurisdiction of the Miami-Dade County, and the assessor's parcel identification is 02-3226-001-0460. According to the local tax collector's office, taxes are current.

In the State of Florida, all real property is subject to re-assessment on an annual basis. For commercial properties, a sale of the property does not automatically trigger a re-assessment. However, any sale of a property at a price well above the prior assessed value has a high probability of resulting in a re-assessment during the next tax year. All properties are assessed as of January 1 of the tax year. The preliminary assessed values are not made public until sometime between August and September of the tax year. Taxes are not due until the end of March of the next calendar year.

By statute, real property is to be assessed at "just value", which is considered to be market value less transaction costs. From a practical standpoint, most commercial properties tend to be assessed at between 70 and 90 percent of market value. Due to the steep increases that have occurred over the past year for apartment properties, many properties have fallen to the lower end or below this typical ratio.

As mentioned, taxes are due at the end of March of the following calendar year. Discounts are available for early payment. The earliest payment is November of the tax year and the maximum discount is 4.0 percent. In our opinion, a prudent investor would take advantage of this discount. As a result, we have factored it into our analysis.

Ten Percent Cap

The State of Florida Constitution was amended in 2008 with what is referred to as the "10 percent rule". This rule limits the increase in assessed value of all non-homestead property to a ten percent increase from the previous year for all levies other than school district levies. This rule applies to all property types as long as no new improvements were made to the property during the previous year. Note that once a property trades in the market, the ten percent rule is no longer in effect.

The assessment and taxes for the property are presented in the following table:

PROPERTY ASSESSMENT INFORMATION	
Assessor's Parcel Number:	02-3226-001-0460
Assessing Authority:	Miami-Dade
Current Tax Year:	2020
Are taxes current?	Taxes are current
Is there a grievance underway?	Not to our knowledge
The subject's assessment and taxes are:	Below market levels

ASSESSMENT INFORMATION	
Assessed Value	**Totals**
Total:	$987,500
TAX LIABILITY	
Total Tax Rate	0.00%
Total Property Taxes	**$0**
Number of Units	81
Property Taxes per Unit	$0

Compiled by Cushman & Wakefield Regional, Inc.

It should be noted that the subject site is owned by the City of Miami Beach and does not pay real estate taxes. We have considered that the proposed development on the subject site will also not be subject to real estate taxes, per the development agreement we were provided. Therefore, no ad valorem real estate taxes have been included in our analysis.

Zoning

General Information

The property is zoned GU, Government Use by the City of Miami Beach. A summary of the subject's zoning is presented in the following table:

ZONING	
Municipality Governing Zoning:	City of Miami Beach
Current Zoning:	GU, Government Use
Current Use:	Parking Lot
Is current use permitted:	Yes
Proposed Use:	Multi-Family
Is proposed use permitted:	Not applicable
Permitted Uses:	Permitted uses within this district include any government owned or leased properties, parking lots and garages, parks, performing arts and cultural facilities, and memorials.
Prohibited Uses:	Prohibited uses within this district include industrial uses

ZONING REQUIREMENTS	CODE	SUBJECT COMPLIANCE

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The ownership group provided an approval letter signed by the City of Miami Beach Mayor, Dan Gelber, on July 17th, 2019 approving the development of the proposed plans. Project would ultimately be not-for-profit in character, in that it would be leased by a non-profit entity and used for not-for-profit purposes at all times.

Per the development agreement with the City of Miami Beach, the subject must contain at least 50 percent of its units as studio units, of which 50 percent will be leased to those earning 80 percent of the Miami-Dade County Annual Median Income (AMI) and the remaining 50 percent of studio units will be leased to residents earning 120 percent of the AMI. 25 percent of the total units must be one bedroom units, 50 percent being leased to 80 percent AMI and the remaining 50 percent being leased to 120 percent AMI. While the remaining 25 percent of the units will be two bedroom, renting 50 percent to those making 80 percent of AMI and the remaining units being leased to those making 120 percent of AMI.

See below the breakdown of the maximum amount of rent that can be charged to tenants based on the current $59,100 AMI of Miami-Dade County. We have considered this in our projection of market rental rates, we have also considered that the developer's projections of rents that can be achieved at the subject are at the maximum rent limits as outlined in the following chart.

HUD release: 3/31/2020
Effective: 4/1/2020
FHFC Posted: 4/13/2020

2020 Income Limits and Rent Limits
Florida Housing Finance Corporation
SHIP and HHRP Programs

County (Metro)	Percentage Category	Income Limit by Number of Persons in Household										Rent Limit by Number of Bedrooms in Unit					
		1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5
Martin County	30%	14,600	17,240	21,720	26,200	30,680	35,160	39,640	44,120	Refer to HUD		365	398	543	711	879	1,047
(Port Saint Lucie MSA)	**50%**	**24,350**	**27,800**	**31,300**	**34,750**	**37,550**	**40,350**	**43,100**	**45,900**	**48,650**	**51,430**	**608**	**651**	**782**	**903**	**1,008**	**1,112**
	80%	38,900	44,450	50,000	55,550	60,000	64,450	68,900	73,350	77,840	82,288	972	1,041	1,250	1,444	1,611	1,778
Median: 67,500	**120%**	**58,440**	**66,720**	**75,120**	**83,400**	**90,120**	**96,840**	**103,440**	**110,160**	**116,760**	**123,432**	**1,461**	**1,564**	**1,878**	**2,169**	**2,421**	**2,670**
	140%	68,180	77,840	87,640	97,300	105,140	112,980	120,680	128,520	136,220	144,004	1,704	1,825	2,191	2,530	2,824	3,115
Miami-Dade County	30%	19,200	21,950	24,700	27,400	30,680	35,160	39,640	44,120	Refer to HUD		480	514	617	726	879	1,047
(Miami-Miami Bch-Kendall HMFA;	**50%**	**32,000**	**36,600**	**41,150**	**45,700**	**49,400**	**53,050**	**56,700**	**60,350**	**63,980**	**67,636**	**800**	**857**	**1,028**	**1,188**	**1,326**	**1,463**
Miami-Ft. Lauderdale-West Palm Bch	80%	51,200	58,500	65,800	73,100	78,950	84,800	90,650	96,500	102,368	108,218	1,280	1,371	1,645	1,900	2,120	2,339
Median: 59,100	**120%**	**76,800**	**87,840**	**98,760**	**109,680**	**118,560**	**127,320**	**136,080**	**144,840**	**153,552**	**162,326**	**1,920**	**2,058**	**2,469**	**2,853**	**3,183**	**3,511**
	140%	89,600	102,480	115,220	127,960	138,320	148,540	158,760	168,980	179,144	189,381	2,240	2,401	2,880	3,328	3,713	4,096

It should be noted that the priority for booking of tenants shall be "Artists," Area Educators, and employees of cultural organizations, in all instances earning less than 120% AMI. This prioritization shall be established in the Project agreements. The current prioritization is as follows, which we have considered in our analysis:

- **Tier 1 – Artists and area educators**
- **Tier 2 – Nurses, law enforcement, firefighters, and other emergency service providers employed in the City of Miami Beach**
- **Tier 3 – Eligible workers employed in the City of Miami Beach in the hospitality, culture, and entertainment industries**
- **Tier 4 – Any eligible workers employed within the City of Miami Beach**

Zoning Compliance

Property value is affected by whether or not an existing or proposed improvement complies with zoning regulations, as discussed below.

Complying Uses

An existing or proposed use that complies with zoning regulations implies that there is no legal risk and that the existing improvements could be replaced "as-of-right."

Pre-Existing, Non-Complying Uses

In many areas, existing buildings pre-date the current zoning regulations. When this is the case, it is possible for an existing building that represents a non-complying use to still be considered a legal use of the property. Whether or not the rights of continued use of the building exist depends on local laws. Local laws will also determine if the existing building may be replicated in the event of loss or damage.

Non-Complying Uses

A proposed non-complying use to an existing building might remain legal via variance or special use permit. When appraising a property that has such a non-complying use, it is important to understand the local laws governing this use.

Other Restrictions

We know of no deed restrictions, private or public, that further limit the subject property's use. The research required to determine whether or not such restrictions exist is beyond the scope of this appraisal assignment. Deed restrictions are a legal matter and only a title examination by an attorney or Title Company can usually uncover such restrictive covenants. We recommend a title examination to determine if any such restrictions exist.

Zoning Conclusions

We analyzed the zoning requirements in relation to the subject property, and considered the compliance of the existing or proposed use. We are not experts in the interpretation of complex zoning ordinances but based on our review of public information, the subject property appears to be a legally complying use.

Detailed zoning studies are typically performed by a zoning or land use expert, including attorneys, land use planners, or architects. The depth of our study correlates directly with the scope of this assignment, and it considers all pertinent issues that have been discovered through our due diligence.

We note that this appraisal is not intended to be a detailed determination of compliance, as that determination is beyond the scope of this real estate appraisal assignment.

Valuation

Highest and Best Use

Highest and Best Use Definition

The Dictionary of Real Estate Appraisal, Sixth Edition (2015), a publication of the Appraisal Institute, defines the highest and best use as:

> The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

To determine the highest and best use we typically evaluate the subject site under two scenarios: as though vacant land and as presently improved. In both cases, the property's highest and best use must meet the four criteria described above.

Highest and Best Use of Site as though Vacant

Legally Permissible

The zoning regulations in effect at the time of the appraisal determine the legal permissibility of a potential use of the subject site. As described in the Zoning section, the subject site is zoned GU, Government Use by the City of Miami Beach. Permitted uses within this district include any government owned or leased properties, parking lots and garages, parks, performing arts and cultural facilities, and memorials. We are not aware of any further legal restrictions that limit the potential uses of the subject. In addition, rezoning of the site is not likely due to the character of the area.

Physically Possible

The physical possibility of a use is dictated by the size, shape, topography, availability of utilities, and any other physical aspects of the site. The subject site contains 0.45 acres, or 19,750 square feet. The site is irregularly shaped and level at street grade. It has good frontage, good access, and good visibility. The overall utility of the site is considered to be good. All public utilities are available to the site including public water and sewer, gas, electric and telephone. Overall, the site is considered adequate to accommodate most permitted development possibilities.

Financially Feasible and Maximally Productive

In order to be seriously considered, a use must have the potential to provide a sufficient return to attract investment capital over alternative forms of investment. A positive net income or acceptable rate of return would indicate that a use is financially feasible. Financially feasible uses are those uses that can generate a profit over and above the cost of acquiring the site, and constructing the improvements. Of the uses that are permitted, possible, and financially feasible, the one that will result in the maximum value for the property is considered the highest and best use.

The apartment complex on the subject site will consist of 80 units. Based on current market conditions, demand for residential for rent apartment product is strong within the local area and the region in general. This is due to the lack of new product that has been completed in the market over the past decade (although there are many new developments under construction or recently competed). As illustrated previously, the local vacancy rate is 9.7 percent in the submarket and 7.3 percent in the county. Between 2015 and 2019, the South Beach/Miami Bayshore submarket experienced 4,633 new units; however, an additional 1,562 units will be added to the submarket over the next five years. There are several under construction/proposed apartment developments that would compete with the subject.

The subject will be a 80 unit apartment community located within a market area (the five rent comparables) that consists of approximately 69 apartment units that are currently 96.9 percent occupied. The subject's penetration in the market area will be 54 percent of the total units upon completion.

Prior to Covid-19, apartment demand was projected to be strong in the near term based on the improving local economy and the low vacancy rates in the local market, as well as projecting positive population growth over the next five years. However, since the beginning of the pandemic in March 2020, the unemployment rate has increase substantial in Miami-Dade County from the three percent range to approximately ten percent and as noted in our analysis, asking rental rates have decreased within the rent comparable and concessions have increased in the market. This has resulted in a slower absorption rate for apartment product that was in a lease up in the local areas and those complexes that have a large amount of tenants in the hospitality and leisure sectors have been greatly affected and occupancy rates have decreased in those markets. The subject's submarket is a concern for over building given the large amount of product that has been competed recently, as well as that amount that is currently under construction and proposed.

We have also considered the rental rates price points of the subject units in our analysis and have considered the projected construction timeline for the subject, which is anticipate to be completed near the end of current market thinking with regard to the effects of the Covid-19 pandemic (which is anticipated to affect the market over the next two years).

Additionally, there are some concerns with regard to new proposed/planned development within Miami-Dade County outside of the local area, which if completed would be competing for the similar pool of renters. Despite these near term negative Covid-19 effects, the local area has few available development sites in the Miami Beach area. We have also considered that new apartment supply has been well accepted in the market over the past several years and the subject's submarket should retain its desirability over the coming years from a rental product standpoint. We have also considered anecdotal evidence that the Covid-19 pandemic will continue to exacerbate a trend of Northeastern U.S. residents relocating out of the region and into South Florida (particularly areas that have been hard hit, such as New York City).

Conclusion

We considered the legal issues related to zoning and legal restrictions. We also analyzed the physical characteristics of the site to determine what legal uses would be possible, and considered the financial feasibility of these uses to determine the use that is maximally productive. Considering the subject site's physical characteristics and location, as well as the state of the local market, it is our opinion that the Highest and Best Use of the subject site as though vacant is for development with a mixed-use apartment or other form of multi-family building built to its maximum feasible building area, as demand warrants.

Highest and Best Use of Property as Proposed

As indicated within the analysis of the subject property the proposed improvements indicate that they are the highest and best use of the subject site. As will be illustrated in our report, the upon completion value via the Cost Approach is $18,500,000, while the value upon stabilization via the Discounted Cash Flow Value is $22,700,000. Therefore, the development is feasible based on the improvements exceeding the value of the costs upon completion.

However, it should be noted that we have considered that the projected value via the Income Capitalization Approach does not account for real estate taxes per the development agreement. A typical apartment complex would contain a real estate tax line item or a ground lease line item. Per the development agreement all of the net income from the proposed development would go directly to the lessor (less debt

service for the first 30 years). As the land is essentially being contributed to the development, we have deducted the land contribution (of $6,900,000) to reflect the leasehold value of the improvements upon completion and upon stabilization, as including a market ground lease expense line item would affect the net operating income projection that the client has requested that we include in our analysis.

Most Likely Buyer

The subject is currently leased to 81 units.Its size, type, and configuration make it ideally suited for multiple-tenant occupancy. An examination of recent rental activity in the area suggests that there is demand for similar space in such properties by tenants within the market, and recent comparable sales indicate such properties are typically purchased by real estate investors. As a result, we conclude that the most likely purchaser of the subject is an investor, who would typically rely on the income approach to value the property.

Valuation Process

Methodology

There are three generally accepted approaches to developing an opinion of value: Cost, Sales Comparison and Income Capitalization. We considered each in this appraisal to develop an opinion of the market value of the subject property. In appraisal practice, an approach to value is included or eliminated based on its applicability to the property type being valued and the quality of information available. The reliability of each approach depends on the availability and comparability of market data as well as the motivation and thinking of purchasers.

The valuation process is concluded by analyzing each approach to value used in the appraisal. When more than one approach is used, each approach is judged based on its applicability, reliability, and the quantity and quality of its data. A final value opinion is chosen that either corresponds to one of the approaches to value, or is a correlation of all the approaches used in the appraisal.

We considered each approach in developing our opinion of the market value of the subject property. We discuss each approach below and conclude with a summary of their applicability to the subject property.

Cost Approach

The Cost Approach is based on the proposition that an informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements which represent the Highest and Best Use of the land; or when relatively unique or specialized improvements are located on the site for which there are few improved sales or leases of comparable properties.

In the Cost Approach, the appraiser forms an opinion of the cost of all improvements, depreciating them to reflect any value loss from physical, functional and external causes. Land value, entrepreneurial profit and depreciated improvement costs are then added, resulting in an opinion of value for the subject property.

Sales Comparison Approach

In the Sales Comparison Approach, sales of comparable properties are adjusted for differences to estimate a value for the subject property. A unit of comparison such as price per square foot of building area or effective gross income multiplier is typically used to value the property. When developing an opinion of land value the analysis is based on recent sales of sites of comparable zoning and utility, and the typical units of comparison are price per square foot of land, price per acre, price per unit, or price per square foot of potential building area. In each case, adjustments are applied to the unit of comparison from an analysis of comparable sales, and the adjusted unit of comparison is then used to derive an opinion of value for the subject property.

Income Capitalization Approach

In the Income Capitalization Approach the income-producing capacity of a property is estimated by using contract rents on existing leases and by estimating market rent from rental activity at competing properties for the vacant space. Deductions are then made for vacancy and collection loss and operating expenses. The resulting net operating income is divided by an overall capitalization rate to derive an opinion of value for the subject property. The capitalization rate represents the relationship between net operating income and value. This method is referred to as Direct Capitalization.

Related to the Direct Capitalization Method is the Yield Capitalization Method. In this method periodic cash flows (which consist of net operating income less capital costs) and a reversionary value are developed and discounted to a present value using an internal rate of return that is determined by analyzing current investor yield requirements for similar investments.

Summary

This appraisal employs all three typical approaches to value: the Cost Approach, the Sales Comparison Approach and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that all approaches would be considered meaningful and applicable in developing a credible value conclusion.

Land Valuation – Fee Simple Value

We used the Sales Comparison Approach to develop an opinion of land value. We examined current offerings and analyzed prices buyers have recently paid for comparable sites. If the comparable was superior to the subject, a downward adjustment was made to the comparable sale. If inferior, an upward adjustment was made.

The most widely used and market-oriented units of comparison for properties with characteristics similar to those of the subject is are price per unit. All transactions used in this analysis are based on the most appropriate method used in the local market.

The major elements of comparison used to value the subject site include the property rights conveyed, the financial terms incorporated into the transaction, the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its utility and the physical characteristics of the property.

The comparables and our analysis are presented on the following pages. Comparable land sale data sheets are presented in the Addenda of this report.

We have included an analysis of the subject site on a fee simple basis to determine the feasibility of the subject development. As the proposed development will contain 80 workforce housing units and 12 dorm units, we have utilized 92 units within our analysis for comparison purposes. We began our search for recent apartment land sales in the market and have utilized recent apartment land sales in Miami-Dade County within our analysis, as this is the most significant proposed use of the proposed improvements. Note that these represent the most recent land sales within the market.

SUMMARY OF LAND SALES

PROPERTY INFORMATION										TRANSACTION INFORMATION					
No.	Location	Size (sf)	Size (Acres)	Density Per Acre	No. Of Units	Proposed Use	Zoning	Site Utility	Public Utilities	Grantor	Grantee	Sale Date	Sale Price	$/Unit	COMMENTS
S	Subject Property	19,750	0.45	202.91	92	Residential-Multi-Family	GU, Government Use	Good	All available						
1	1001 Park West 1016 Northeast 2nd Avenue Miami, FL	44,500	1.02	440.49	450	Residential-Multi-Family	T6-60a-O	Good	All Available	MWC Block A LLC	Akara Partners	Jul-20	$18,849,200	$41,887	This was an arms length transaction of a 1.02 acre site in the Miami World Center district on the eastern portion of a site located at the southeast corner of NE 10th Street and NE 2nd Avenue . The site is located adjacent to the Eleventh Street Metromover station in Downtown Miami. The property was under contract pre-Covid 19 pandemic and pricing was not affected due to the pandemic. The purchaser intends to develop the site in two separate phases. The first phase will be a 39 story, 436,258 total square foot residential tower containing 450 micro-units for rent, 251 parking spaces and 16,000 square feet of ground floor retail. The second phase is planned to be a 79 story residential tower with average unit sizes under 1,000 square feet. Total planned development of the site will consist of over 1,100,000 square feet, including 16,000 square feet of ground floor retail space. However, the site was purchased and underwritten based on 450 units. The property was marketed to specific developers for 4-6 months.
2	75 Northwest 24th Street Miami, FL	71,000	1.63	196.94	321	Mixed Use	T5-O	Good	All Available	Amli Residential Properties	Tristar Capital	Jan-20	$34,750,000	$108,255	The listing broker indicated that this was an arm's length transaction that was openly marketed and consists of eight parcels located on NW 24th and NW 25th Streets that are contiguous, with the exception of one parcel, which is separated by from the other contiguous parcels by another property. The purchaser intends to redevelop the property into a mixed-use project and at the time of sale underwrote the property based on a projected development of 321 multifamily units and 45,000 square feet of ground floor retail. There parcels contained older improvements on-site that totaled 41,000 square feet, as well as a surface parking lot at the time of sale; however, the site was purchased for its redevelopment potential.
3	Wynwood 28 127 Northwest 27th Street Miami, FL	33,898	0.78	195.32	152	Mixed Use	T5-L	Good	All Available	Investments 120, LLC	Wynwood 28 Owner LLC	Jul-19	$10,770,000	$70,855	The comparable land sale is located in the northwest quadrant of Northwest 27th Street and Northwest 1st Avenue in the Wynwood District, Miami-Dade County, Florida. The property is an assemblage of multiple parcels that sold on the 29th of July 2019. The parcels total 33,898 square feet of land and sold for $10,770,000. The property is part of a joint venture between Kushner Companies and Block Capital Group who intend to develop a mixed-use multifamily and retail property on the site containing 152 apartments units. Construction is expected to begin in mid-2020.
4	5700 Biscayne Site 5700 Biscayne Boulevard Miami, FL	96,703	2.22	127.48	283	Residential-Multi-Family	T6-80	Good	All Available	57BB Investments LLC	BLVD 57 LP	Jun-17	$19,500,000	$68,905	This was an arms length transaction of a multifamily site that has frontage along Biscayne Boulevard. The purchaser intends to develop an eight story apartment tower on-site that will contain 283 for rent apartment units along with 27,290 square feet of ground floor retail.
5	0.32 Acre Site 2200 SW 3rd Avenue Miami, FL	14,040	0.32	142.72	46	Residential-Multi-Family	T6-8-O	Good	All Available	Epic Developers Group, LLC	Valley Global AA, LLC	Apr-17	$3,175,000	$69,022	This 0.32 acre site is located on the east corner of SW 3rd Avenue and SW 22nd Road, in Miami. The site is zoned T6-8-O and has 238 feet of street frontage. The site was acquired for redevelopment with a new multifamily project currently known as AVA. As per public records the proposed improvements include an 8-story building with 46 residential units. This property sold in April 2017 for $3,175,000 or $226.14 per square foot of land.
6	Modera Edgewater 411 NE 24th Street Miami, FL	86,684	1.99	149.25	297	Residential-Multi-Family	T6-36a L	Good	All Available	24 ON THE BAY TWO LLC	MCREF EDGEWATER LLC	Mar-17	$20,500,000	$69,024	The purchaser intends to develop a 297-unit apartment complex within an eight-story apartment building. The property is located just west of Biscayne Bay.
STATISTICS															
Low		14,040	0.32	127.48	46							Mar-17	$3,175,000	$41,887	
High		96,703	2.22	440.49	450							Jul-20	$34,750,000	$108,255	
Average		57,804	1.33	208.70	258							Sep-18	$17,924,033	$71,325	

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LAND SALE ADJUSTMENT GRID

		Economic Adjustments (Cumulative)					Property Characteristic Adjustments (Additive)						
No.	Price Per Unit	Property Rights Conveyed	Conditions of Sale	Financing	Market[1] Conditions	Per Unit Subtotal	Location	Size	Public Utilities	Utility[2]	Other	Adj. Price Per Unit	Overall
1	**$41,887**	Fee Simple	Arm's-Length	None	Similar	**$41,887**	Similar	Similar	Similar	Similar	Inferior	**$54,453**	Similar
	7/20	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	30.0%	30.0%	
2	**$108,255**	Fee Simple	Arm's-Length	None	Inferior	**$108,844**	Similar	Similar	Similar	Similar	Similar	**$108,844**	Similar
	1/20	0.0%	0.0%	0.0%	0.5%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
3	**$70,855**	Fee Simple	Arm's-Length	None	Inferior	**$72,234**	Similar	Similar	Similar	Similar	Similar	**$72,234**	Similar
	7/19	0.0%	0.0%	0.0%	1.9%	1.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
4	**$68,905**	Fee Simple	Arm's-Length	None	Inferior	**$74,874**	Similar	Similar	Similar	Similar	Superior	**$71,131**	Similar
	6/17	0.0%	0.0%	0.0%	8.7%	8.7%	0.0%	0.0%	0.0%	0.0%	-5.0%	-5.0%	
5	**$69,022**	Fee Simple	Arm's-Length	None	Inferior	**$75,318**	Similar	Similar	Similar	Similar	Superior	**$71,552**	Similar
	4/17	0.0%	0.0%	0.0%	9.1%	9.1%	0.0%	0.0%	0.0%	0.0%	-5.0%	-5.0%	
6	**$69,024**	Fee Simple	Arm's-Length	None	Inferior	**$75,565**	Similar	Similar	Similar	Similar	Superior	**$71,786**	Superior
	3/17	0.0%	0.0%	0.0%	9.5%	9.5%	0.0%	0.0%	0.0%	0.0%	-5.0%	-5.0%	
	$41,887	**- Low**									**Low -**	**$54,453**	
	$108,255	**- High**									**High -**	**$108,844**	
	$71,325	**- Average**									**Average -**	**$75,000**	

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(1) Market Conditions Adjustment Footnote

See Variable Growth Rate Assumptions Table
Date of Value (for adjustment calculations): 10/26/20

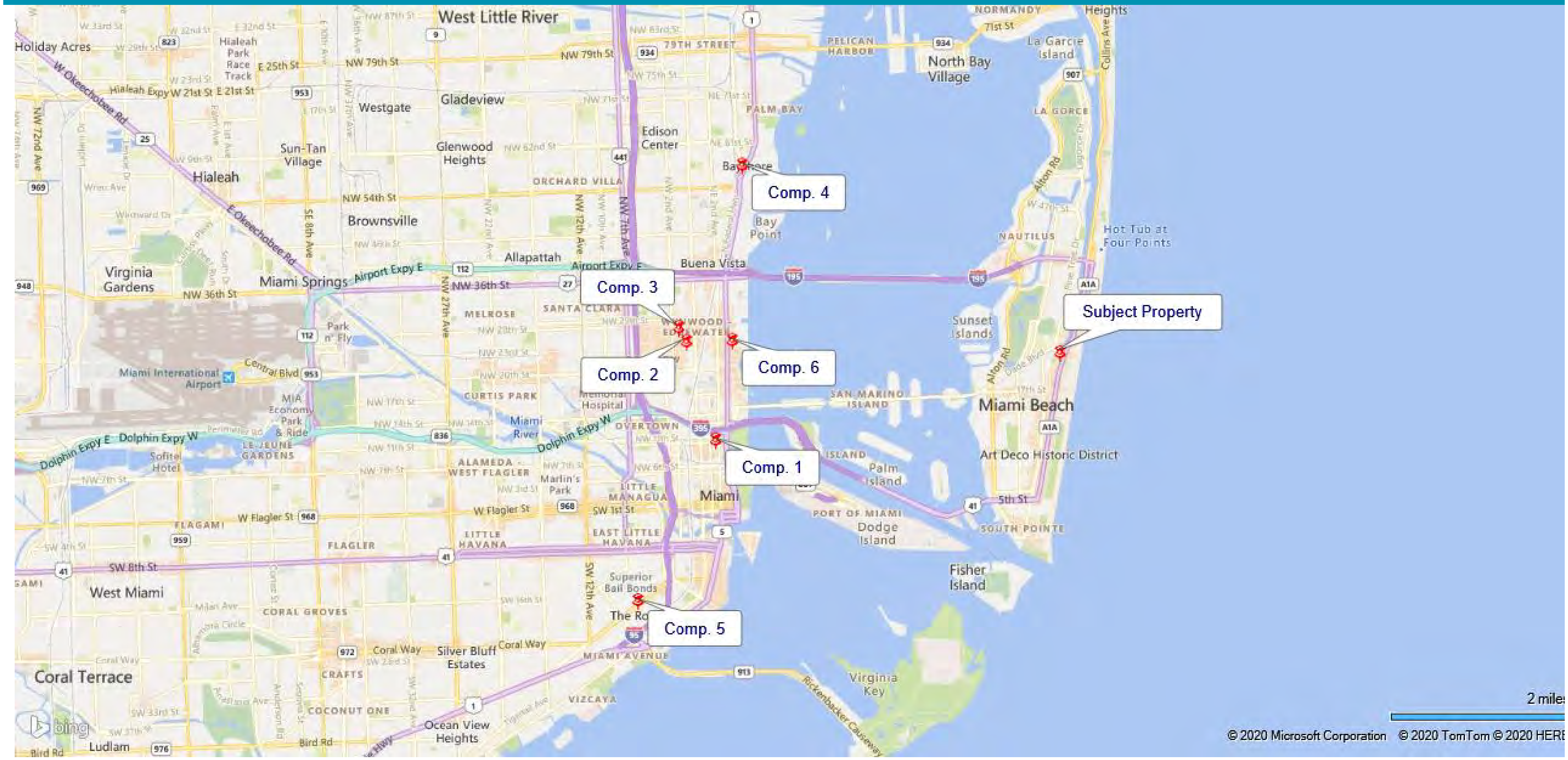
(2) Utility Footnote

Utility includes shape, access, frontage and visibility.

Variable Growth Rate Assumptions

Starting Growth Rate:	3.0%
Inflection Point 1 (IP1):	**1/1/2017**
Change After IP1:	3.0%
Inflection Point 2 (IP2):	**3/23/2020**
Change After IP2:	0.0%

LAND SALE LOCATION MAP



Discussion of Adjustments

Property Rights Conveyed

The property rights conveyed in a transaction typically have an impact on the sale price of a property. Acquiring the fee simple interest implies that the buyer is acquiring the full bundle of rights. Acquiring a leased fee interest typically means that the property being acquired is encumbered by at least one lease, which is a binding agreement transferring rights of use and occupancy to the tenant. A leasehold interest involves the acquisition of a lease, which conveys the rights to use and occupy the property to the buyer for a finite period of time. At the end of the lease term, there is typically no reversionary value to the leasehold interest. Since we are valuing the fee simple interest as reflected by each of the comparables, an adjustment for property rights is not required.

Conditions of Sale

Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. In many situations the conditions of sale may significantly affect transaction prices. However, all sales used in this analysis are considered to be "arms-length" market transactions between both knowledgeable buyers and sellers on the open market. Therefore, no adjustments were required.

Financial Terms

The financial terms of a transaction can have an impact on the sale price of a property. A buyer who purchases an asset with favorable financing might pay a higher price, as the reduced cost of debt creates a favorable debt coverage ratio. A transaction involving above-market debt will typically involve a lower purchase price tied to the lower equity returns after debt service. We analyzed all of the transactions to account for atypical financing terms. To the best of our knowledge, all of the sales used in this analysis were accomplished with cash or market-oriented financing. Therefore, no adjustments were required.

Market Conditions

In response to fears of a global pandemic, as defined by the WHO, brought on by the COVID-19/coronavirus outbreak, the Global economies face significant headwinds as seen by the severe drop in demand for some services (such as travel, hospitality and entertainment). Reduced economic activity has resulted from increasing quarantines (such as seen in Italy) and border closing as governments take action to stop the spread of the virus. As financial markets struggle to quantify the events that are still unfolding, we believe it is premature to draw strong inferences about the economy and its impact on commercial real estate values in the Miami, South Florida area at this time. Many commercial real estate participants also report they are unable to assess the risk yet. Clearly, the short-term impact could potentially be worse than the long-term impact, and a typical marketing time for the subject of 9-12 months is reconciled. Therefore, we make no downward adjustment for this unique market condition as of the effective date of this appraisal (October 26, 2020). Nevertheless, we have tempered our "market conditions" (time) adjustment applied to the sales in the adjustment grid to reduce the upward trending of values over the most recent past few months.

Variable Growth Rate Assumptions	
Starting Growth Rate:	3.0%
Inflection Point 1 (IP1):	**1/1/2017**
Change After IP1:	3.0%
Inflection Point 2 (IP2):	**3/23/2020**
Change After IP2:	0.0%

Location

An adjustment for location is required when the locational characteristics of a comparable property differ from those of the subject property. We made a downward adjustment to those comparables considered superior in location compared to the subject. Conversely, upward adjustments were made to those comparables considered inferior.

Size

The adjustment for size generally reflects the inverse relationship between unit price and lot size. Smaller lots tend to sell for higher unit prices than larger lots, and vice versa. Therefore, upward adjustments were made to larger land parcels, and downward adjustments were made to smaller land parcels.

Public Utilities

The availability of public utilities has a significant impact on the value of a property. Municipal utility providers often, but not always, provide utilities such as gas, water, electric, sewer, and telephone. It is therefore important to understand any differences that may exist in the availability of public utilities to the subject property and its comparables. All of the sales, like the subject, had full access to public utilities at the time of sale. Therefore, no adjustments were required.

Utility

The subject parcel is adequately shaped to accommodate a typical building. It has good access, good frontage and good visibility. Overall, it has been determined that the site has good utility. Adjustments were made where a comparable was considered to have superior or inferior utility.

Other

In some cases, other variables will have an impact on the price of a land transaction. Examples include soil or slope conditions, restrictive zoning, easements, wetlands or external influences. In our analysis of the comparables we found that no unusual conditions existed at the time of sale. However, we have adjusted the sales for density under this category.

Conclusion of Site Value

The adjustments applied to the comparable sales in the Land Sale Adjustment Chart reflect what we determined is appropriate in the marketplace. Despite the subjectivity, the adjustments were considered reasonable and were applied consistently.

After a thorough analysis, the comparable land sales reflect adjusted unit values ranging from $54,453 per unit to $108,844 per unit, with an average of $75,000 per unit.

All of the sales represent apartment land sales in Miami-Dade County. All of the land sales are located in similar locations in relation to the subject and no locational adjustments were required. Land sales four, five and six were adjusted downward based on their lower and superior (on a per unit basis) density in relation to the subject, while land sale one was adjusted upward based on its inferior and higher density in relation to the subject. No other adjustments were required.

We have reconciled near the average of the adjusted range of the land sales in determining the fee simple land value of the subject property based on the proposed development plan provided. Therefore, we concluded that the indicated land value by the Sales Comparison Approach was:

AS IS LAND VALUE CONCLUSION	Price Per Unit
Indicated Value	$75,000
Unit Measure	x 92
Indicated Value	$6,900,000
Rounded to nearest $100,000	$6,900,000
$/Unit Basis	$75,000
LAND VALUE CONCLUSION	**$6,900,000**
$/Unit Basis	$75,000

Compiled by Cushman & Wakefield Regional, Inc.

Note that the ground lease analysis of the subject will be presented after the Income Capitalization Approach section of this report.

Cost Approach

Methodology

The Cost Approach is based on the proposition that an informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. The steps in this approach have been outlined in the Valuation Process section of this report. We previously developed a fee simple opinion of land value for the subject site of $6,900,000.

Apartment Construction Costs

The developer has projected $15,094,400 in hard construction costs to develop the property (note that we were not provided details of these costs). On a per square foot basis of gross area, the hard construction costs are $206.85 per square foot (a breakdown of these costs are located in the addenda of this report). Note for comparison purposes with Marshall & Swift we did not include any land costs. We have compared this to the total hard cost estimate that the developer has provided.

We have estimated the hard construction costs for the subject property by utilizing Marshall & Swift Costs. As indicated in the chart on the following page, these costs equate to $8,389,726 or $114.97 per square foot. This is below the hard cost estimate provided by the developer.

COST APPROACH SUMMARY	
IMPROVEMENTS (STRUCTURES)	
DESCRIPTION	Multi-Family
Marshall & Swift - Improvement Type	Multiple Residences
Construction Class	C
Quality of Construction	Good
Marshall & Swift - Section	Section 12
Marshall & Swift - Page	Page 16
Date	Nov-20
Number of Stories	7
Base SF Cost	$111.00
SQUARE FOOT REFINEMENTS	
HVAC Refinements	$0.00
Sprinklers	$2.00
Elevators	$0.00
Adjusted Base Cost	$113.00
HEIGHT AND SIZE REFINEMENTS	
Number of Stories	1.020
Height Per Story	1.000
Perimeter	1.000
Adjusted Base Cost	$115.26
FINAL CALCULATIONS	
Current Cost Multiplier	1.050
Local Area Multiplier	0.950
Prospective Multiplier	1.000
Adjusted SF Cost	$114.97
TIMES: SF for Replacement Cost Purposes	72,972
Hard Cost	**$8,389,726**

Due to the difference in construction costs we utilized local apartment construction costs in determining an appropriate construction costs for the subject property.

MIAMI-DADE CONSTRUCTION COST COMPARABLES							
	1	2	3	4	5	6	7
Location	Miami	Miami	Miami	Miami	Miami	Miami	Miami
Construction Date\Year Built	2019	2020	2022	2021	2022	2022	2019
Class	A	A	A	A	A	A	A
Units	130	257	28	43	279	42	72
Gross Building Area	260,000	566,799	40,800	54,630	475,048	88,989	94,637
Liveable Area	105,035	198,313	24,128	29,700	266,306	35,682	74,736
Average Unit Size	808	772	862	691	955	850	1,038
Number of Floors	12	12	5	6	32	6	8
Number of spaces in Garage	206	481	Surface	36	317	75	N/A
Acres	0.87	1.78	0.45	0.29	0.89	0.66	0.61
Total Land Area	37,870	77,580	19,602	12,500	38,978	28,557	26,676
Land Cost Basis	$6,100,000	$16,635,400	N/A	$830,000	N/A	$2,300,000	$924,321
Site Costs	N/A	$0	$0	$0	$0	$0	$0
FF&E	$300,000	$0	$0	$0	$0	$0	$0
Hard Costs	$26,742,483	$81,519,535	$4,443,420	$5,530,000	$64,486,465	$10,771,298	$8,994,087
Softs Cost	$9,023,525	$27,168,364	$441,600	$644,000	$20,682,883	$2,327,288	$972,093
Hard & Soft Costs	$36,066,008	$108,687,899	$4,885,020	$6,174,000	$85,169,348	$13,098,586	$9,966,180
Soft Costs as % of Hard Costs	33.74%	33.33%	9.94%	11.65%	32.07%	21.61%	10.81%
Site Costs Per Square Foot of Land Area	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Hard Costs Per Square Foot	$102.86	$143.82	$108.91	$101.23	$135.75	$121.04	$95.04
Soft Costs Per Square Foot	$34.71	$47.93	$10.82	$11.79	$43.54	$26.15	$10.27
FF&E Per Unit	$2,308	$0	$0	$0	$0	$0	$0
Date of Cost	Apr-17	Dec-18	Jun-19	Jun-20	Jun-20	Sep-20	2019

As indicated in the chart, the residential construction cost comparables range from $95.04 to $143.82 per square foot, with an average of $115.52 per square foot. The developer's costs for the subject are above the South Florida apartment cost comparables. Based on recent conversations with apartment and condominium developers in South Florida, the local market has witnessed an increase in construction costs over the past year. This is due to several factors, which include the large amount of new construction, particularly residential construction that is occurring within the region and the general lack of available local contractors to perform the work. Developers have indicated that most general contractor firms are struggling to find qualified and skilled local subcontractors, which is in turn driving up the overall price of new residential construction. We have also considered that the subject is a high rise development of seven floors and based on conversations with market participants construction costs increase significantly the higher a development is constructed.

Therefore, we have reconciled below the developer's construction costs within our analysis. We have utilized costs estimates derived from Marshall and Swift are based on national cost estimates and are less reliable than local cost comparables; however, these are supported by the Miami-Dade County recent construction cost comparables. Therefore, we have utilized $8,389,726 or $114.97 per square foot within our analysis for hard costs.

Indirect Costs

Indirect costs (soft costs) not included in our Base Costs are developer overhead, property taxes, permanent loan fees, legal costs, developer fees, contingencies, and lease-up and marketing costs.

An average property in the subject market requires an allowance for indirect costs of between 15.0 and 30.0 percent of Base Costs. This range is based on recent construction comparables, as well as discussions with market participants who have indicated that indirect costs have increased in South Florida over the past couple of years as multi-family development has increased. The developer has estimated indirect costs or soft costs of $11,231,392, which is 74 percent of hard costs. This is significantly above typically levels. ***We have reconciled below the developer's soft cost estimate, as the cost comparables range from 9.94 to 33.74 percent, with an average***

of 21.88 percent. We chose to use 20.0 percent for the Building Improvements (Structures) and 20.0 percent for the Site Improvements in our analysis.

Entrepreneurial Profit

Typically, an allowance for entrepreneurial profit would be added when preparing the cost approach. This allowance provides a prospective developer with the incentive to develop a property, especially one of a speculative nature.

Based on our discussions with developers in the local market, this figure tends to range between 10.0 and 20.0 percent of Base Building, Site Improvement and Other Indirect Costs. We chose to use 15.0 percent in our analysis.

Depreciation

There are several methods for capturing the loss in value attributable to depreciation: The market extraction method, the age-life method, and the breakdown method. Our Cost Approach utilizes the fundamental components of the age-life method. In some situations, the impact of certain items of depreciation on value is known or is easily estimated. In the most common variation of the age-life method the cost to cure certain curable items (physical and functional) is known and can be deducted before the age-life ratio is applied; a process that mirrors what typical purchasers consider as part of the investment decision. Once processed, incurable items (physical and functional) can be estimated via the age-life ratio. In situations where External Obsolescence is present it, too, can be analyzed either as a residual to the market value conclusion or via an estimate of capitalized rent loss attributable to the external condition.

Physical Deterioration

The *Marshall & Swift CCE* defines physical deterioration as:

> The wearing out of the improvement through the combination of wear and tear of use, the effects of the aging process and physical decay, action of the elements, structural defects, etc. It is typically divided into two types, curable and incurable, which may be individually estimated by the component breakdown method using some type of age/life approach. Physical deterioration may be further categorized as deferred maintenance, generally requiring immediate attention and treated separately based on the items' cost to repair.

Curable physical deterioration is generally associated with individual short-lived items such as paint, floor and roof covers, hot-water heaters, etc., requiring periodic replacement or renewal, or modification continuously over the normal life span of the improvement. Our calculation of Physical Curable Deterioration is based upon observable components, owner's proposed capital expenditures, and our own estimates of replacement costs where appropriate.

Incurable physical deterioration is generally associated with the residual group of long-lived items such as floor and roof structures, mechanical supply systems and foundations. Such basic structural items are not normally replaced in a typical maintenance program and are usually incurable except through major reconstruction. Physical Incurable Obsolescence will be calculated using a modified age-life method.

Functional Obsolescence

According to the *Appraisal Institute*, functional obsolescence can be caused by changes in market conditions that have made some aspect of a structure, material or design obsolete by current market standards. Functional obsolescence may also be curable or incurable.

To be curable, the cost to correct the deficiency must be equal to or less than the anticipated increase in value. There are three subcategories of curable functional obsolescence: (1) deficiency requiring addition, (2) deficiency requiring substitution and (3) superadequacy. A deficiency requiring addition is measured by how much the cost of the addition exceeds the cost of the item if it were installed new during construction. A deficiency requiring substitution is measured as the cost of the existing component less physical deterioration already charged against the component and salvage value, plus the cost to remove the existing component and the added cost of installation. A superadequacy is measured as the current reproduction cost of the item minus any physical deterioration already charged plus the cost of removal, less the salvage value. A superadequacy is curable if correcting it on the date of the appraisal is economically feasible.

The subject improvements were constructed using modern materials and techniques. Furthermore, the design and layout of the property are consistent with current market standards. Our estimate of functional curable obsolescence, if applicable, is presented later in this section.

To the extent Functional Incurable Obsolescence exists, it is treated using methods prescribed by the Appraisal Institute.

External Obsolescence

External obsolescence is the adverse effect on value resulting from influences outside the property. External obsolescence may be the result of lagging rental rates, high inflation, excessive construction costs, access to highways, the lack of an adequate labor force, changing land use patterns and market conditions, or proximity to an objectionable use or condition. External Obsolescence does not exist at the subject property.

Replacement Cost New (Structures)

A breakdown of each building component is presented by the following table. A separate analysis of each component allows for a consideration of the unique cost differences of each component. The following table summarizes the replacement cost new of the building improvements (structures).

COST APPROACH SUMMARY

IMPROVEMENTS (STRUCTURES)		
DESCRIPTION		Multi-Family
Marshall & Swift - Improvement Type		Multiple Residences
Construction Class		C
Quality of Construction		Good
Marshall & Swift - Section		Section 12
Marshall & Swift - Page		Page 16
Date		Nov-20
Number of Stories		7
Base SF Cost		$111.00
SQUARE FOOT REFINEMENTS		
HVAC Refinements		$0.00
Sprinklers		$2.00
Elevators		$0.00
Adjusted Base Cost		$113.00
HEIGHT AND SIZE REFINEMENTS		
Number of Stories		1.020
Height Per Story		1.000
Perimeter		1.000
Adjusted Base Cost		$115.26
FINAL CALCULATIONS		
Current Cost Multiplier		1.050
Local Area Multiplier		0.950
Prospective Multiplier		1.000
Adjusted SF Cost		$114.97
TIMES: SF for Replacement Cost Purposes		72,972
Estimated Hard Cost		**$8,389,726**
PLUS: Indirect Costs	20.0%	$1,677,945
Adjusted Cost		$10,067,671
PLUS: Entrepreneurial Profit (Structures)	15.0%	$1,510,151
Replacement Cost New (RCN)		**$11,577,822**
REPLACEMENT COST SUMMARY (STRUCTURES)		
Total Adjusted Costs		**$8,389,726**
PLUS: Total Indirect Costs		$1,677,945
PLUS: Total Entrepreneurial Profit (Structures)		$1,510,151
Total RCN		**$11,577,822**
Total GBA (SF)	72,972	
PSF of GBA		$158.66

Total includes all component / building costs as detailed above

Depreciation (Structures)

As previously discussed, our analysis of depreciation reflects physical and functional curable prior to consideration of physical and functional incurable items, which are treated as components of the modified age-life method. If applicable, economic obsolescence is independently estimated and deducted. To allow for any variances in the age/condition of individual building components, a separate depreciation analysis was applied to each. The following table summarizes the depreciated value of improvements (structures).

COST APPROACH SUMMARY		
DEPRECIATION ANALYSIS (STRUCTURES)		
DESCRIPTION		Multi-Family
RCN		$11,577,822
LESS: Physical Curable		$0
LESS: Functional Curable		$0
Adjusted RCN		$11,577,822
Age/Life Analysis		
Year Built		2023
Actual Age (Years)		0
Economic Life (Years)		50
Effective Age (Years)		0
Remaining Economic Life (Years)		50
Percent Depreciated		0.00%
Age/Life Depreciation (% of Adjusted RCN)		$0
Adjusted RCN		$11,577,822
LESS: Age/Life Depreciation		$0
Adjusted RCN		$11,577,822
LESS: Functional Incurable		$0
Adjusted RCN		$11,577,822
LESS: Economic Obsolescence (External)	0.0%	$0
Depreciated RCN		**$11,577,822**
Depreciation Subtotal		$0
DEPRECIATION SUMMARY (STRUCTURES)		
Total RCN		**$11,577,822**
LESS: Total Depreciation - Physical Curable		$0
LESS: Total Depreciation - Functional Curable		$0
LESS: Total Depreciation - Age/Life		$0
LESS: Total Depreciation - Functional Incurable		$0
LESS: Total Depreciation - Economic Obsolescence (External)		$0
Total Depreciated Value of Improvements		**$11,577,822**
Total Depreciated Value PSF of GBA		$158.66
Total includes all component / building costs as detailed above		

Replacement Cost New (Site Improvements)

Because site improvements can vary significantly and have a shorter typical age/life than the building components. Sites costs were included in the developer's projected costs. Therefore, we have not included any within our analysis.

Conclusion

As a culmination to the Cost Approach, we reiterate the conclusions from each portion of this analysis. Please refer to the following table for our Cost Approach summary.

COST APPROACH VALUE SUMMARY		
MARKET VALUE TYPE		**Prospective Market Value Upon Completion**
COST SOURCE		Marshall & Swift (Commercial Cost Explorer)
IMPROVEMENTS (Structures)		
Adjusted Costs		**$8,389,726**
PLUS: Indirect Costs		$1,677,945
PLUS: Entrepreneurial Profit		$1,510,151
LESS: Total Depreciation		$0
TOTAL DEPRECIATED VALUE OF IMPROVEMENTS (Structu		**$11,577,822**
SUMMARY (ALL IMPROVEMENTS)		
Adjusted Costs/Cost New		$8,389,726
PLUS: Total Indirect Costs		$1,677,945
PLUS: Total Entrepreneurial Profit		$1,510,151
TOTAL REPLACEMENT COST NEW		**$11,577,822**
LESS: Total Depreciation		$0
TOTAL DEPRECIATED VALUE OF IMPROVEMENTS		**$11,577,822**
Depreciated Value PSF of GBA		$158.66
TOTAL DEPRECIATED VALUE OF IMPROVEMENTS		
PLUS: Land Value (Primary Site)		$6,900,000
INDICATED VALUE BY THE COST APPROACH		**$18,477,822**
Rounded to the Nearest	**$100,000**	**$18,500,000**
TOTAL GBA (SF)	72,972	
Conclusion PSF of GBA		**$253.52**

Cost of Improvements

The subject's proposed improvements were evaluated in terms of type of construction, design and building materials to arrive at an estimate of replacement cost. The cost estimate is inclusive of all direct and indirect costs.

The direct costs or hard costs encompass all building, amenity (pool, garages, carports, landscaping, etc.) and site preparation costs, including the land value. The base building cost has been applied to the total square footage.

Further, the base cost derived for the building improvements takes into consideration all of the interior finish-out units (i.e., the light and the plumbing fixtures, the painting/wall covering, the carpet/floor covering, the appliances, the ceiling fans, etc.).

The indirect costs or soft costs include such items as architectural and engineering fees, legal fees, inspection fees and closing costs, administrative overhead, the contractor's overhead and profit, as well as the entrepreneurial profit. The interim construction interest, the interest during the lease-up of the project, and the loan fees have also been considered.

In developing this estimate of replacement cost new for the subject improvements, we have relied primarily upon information provided by apartment developers, general contractors and architects, along with cost data retained in our files on similar, recently constructed high rise apartment and condominium complexes. We also reviewed the developer's budget.

The direct/hard costs associated with our replacement cost estimate for the subject improvements equate to $114.97 per square foot of gross building area (exclusive of our estimate of land value). Our research suggests that this number is within a reasonable range.

Indirect costs can vary substantially from project to project, depending upon the construction loan terms, the construction period, the probable lease-up time and various other factors. What we have endeavored to do is develop the indirect costs in our construction cost model consistent with what is likely to be incurred. The resulting total indirect costs are $22.99 per square foot of total gross building area. Again, our research and data would suggest that this number is within a reasonable range.

Developer’s Budgeted Costs Compared to Appraiser’s Estimated Costs

As shown in the schedule, the replacement cost estimate for the subject improvements are approximately $11,577,822. The developer’s projection of construction cost (which is also located within the addenda) totals $26,326,092, which is $14,748,270 above the appraiser’s estimate (as profit and market level soft costs were included). We have utilized the Marshall & Swift estimated costs supported by local actual cost comparables over the developer’s hard cost estimate and have utilized market soft costs and entrepreneurial profit, which we consider a market participant would utilize in our analysis.

Sales Comparison Approach

Methodology

Using the Sales Comparison Approach, we developed an opinion of value by comparing the subject property to similar, recently sold properties in the surrounding or competing area. This approach relies on the principle of substitution, which holds that 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 that no costly delay is encountered in making the substitution.

By analyzing sales that qualify as arm's-length transactions between willing and knowledgeable buyers and sellers, we can identify value and price trends. The basic steps of this approach are:

- Research recent, relevant property sales and current offerings in the competitive area;
- Select and analyze properties that are similar to the subject property, analyzing changes in economic conditions that may have occurred between the sale date and the date of value, and other physical, functional, or locational factors;
- Identify sales that include favorable financing and calculate the cash equivalent price;
- Reduce the sale prices to a common unit of comparison such as price per unit or effective gross income multiplier;
- Make appropriate comparative adjustments to the prices of the comparable properties to relate them to the subject property; and
- Interpret the adjusted sales data and draw a logical value conclusion.

The most widely used and market-oriented units of comparison for properties such as the subject is are sales price per unit. All comparable sales were analyzed on this basis. The following contain a summary of the improved properties that we compared to the subject property, a map showing their locations, and the adjustment process.

Comparable improved sale data sheets are presented in the Addenda of this report.

We searched the market for recent similar improved sales in the Miami-Dade County market that are located in similar locations in Miami Beach or in upper income areas in the county. The sales utilized in our analysis represent the most recent confirmed sales of the most similar and smaller complexes in the Miami-Dade County market.

SUMMARY OF IMPROVED SALES

	PROPERTY INFORMATION							TRANSACTION INFORMATION								
No.	Property Name Address, City, State	Land (SF)	Building NRA	Class	Year Built	No. of Units	Average Unit Size	Grantor	Grantee	Sale Date	Sale Price	$/Unit	NOI/Unit	OAR	Occup.	Comments
S	Subject Property	19,750	52,013	A	2023	81	642						$18,210		0%	
1	AMLI at Flagler Village 440 NE 4th Avenue Fort Lauderdale, FL	133,294	228,143	A	2009	218	1,047	AMLI Residential Properties Trust	Jenco Properties	Sep-20	$73,000,000	$334,862	$14,567	4.35%	93%	This was an openly market transaction of a Class A apartment complex located in the Flagler Village area of Downtown Ft. Lauderdale. There was no deferred maintenance accounted for in the sales price and the purchase price was agreed upon after the Covid-19 pandemic began; however, there was no effect on pricing. The financials are based on the year one proforma, which accounted for an increase in real estate taxes based on the sales price.
2	The District 8240 West 21st Lane Hialeah, FL	51,298	30,480	C	2019	39	782	Hialeah 1.2 Acres, LLC	8250 District, LLC	Feb-20	$9,650,000	$247,436	$10,986	4.44%	97%	This property is located on the southwest corner of W. 84th Street and W 20th Avenue, just west of the Palmetto Expressway, in Hialeah. The improvements consist of a three-story 39-unit apartment building with 30,480 square feet of living area, situated on a 1.18-acre site. The building is CBS construction and was built in 2019. The property was reportedly 97.4% occupied at sale. Unit mix consists of (12) 1-bed/1-bath units, and (27) 2-bed/2-bath units. This property sold in February 2020 for $9,650,000 or $247,436 per unit, with a reported capitalization rate of 4.44%.
3	ORA Flagler Village 673 NE 3rd Avenue Fort Lauderdale, FL	104,544	249,953	A	2018	292	856	Fairfield Residential	WTI, Inc.	Sep-19	$92,900,000	$318,151	$14,317	4.50%	94%	This was an arms length transaction of a recently completed mid-rise apartment complex. The financials are based off the brokers year one proforma. The property was marketed for five weeks with three best and final offers.
4	The Place at Dania Beach 180 East Dania Beach Boulevard Dania, FL	84,071	128,160	A	2017	144	890	AHS Development Group	Guillermina Dawson Trust	Oct-18	$38,000,000	$263,889	$12,535	4.75%	98%	This was an arms length transaction of a multi-family building with 6,771 square feet of retail on the ground level. At the time of sale, the property was 98 percent occupied on the apartment side and was vacant on the retail side with two pending move-ins that will bring the retail occupancy to 29 percent.. The NOI and cap rate are based off the total income and expenses for the property. A real estate tax increase was account for in the proforma going in rate. Broker noted the buyer allocated between 1 million and 1.5 million to the retail.
5	The Modern Miami 1444 NW 14th Avenue Miami, FL	76,666	167,851	A	2014	166	1,011	Waterton Residential, LLC	Mill Creek Residential Trust LLC	Nov-18	$43,450,000	$261,747	$10,905	4.17%	93%	This property was an openly marketed transaction of an apartment complex located within the Civic Center area of Miami. The financials are based on trailing income and expenses. The purchaser intends to renovate the units at the subject and increase the in place rents. The total sales price for the property was $47,450,000. The purchaser has allocated $4,000,000 of the total purchase price to the excess land parcel, whereby the purchaser intends to develop a 97 unit apartment complex on site and leverage the existing parking garage at the subject for any potential development on the excess land site that consists of 0.38-acres. Therefore, the apartment component of the subject was underwritten at $43,450,000.
6	The Queue 817 SE 2nd Avenue Fort Lauderdale, FL	70,132	154,568	A	2017	192	805	9TH Street Property LLC	BP Q LLC	Feb-18	$53,000,000	$276,042	$12,698	4.60%	95%	This was an arms length transaction. The were four best and final offers made and marketed for four weeks. This is a newer Class A apartment located on the south side of The New River in downtown Fort Lauderdale. It is located within walking distance to the new court house and a multi-level Publix.
7	Aviva Coral Gables 3880 Bird Road Miami, FL	89,575	247,752	A	2014	276	898	Ponce & Bird Miami Development LLC	Berkshire Group	Jun-17	$100,000,000	$362,319	$12,681	3.50%	92%	This was an arms length transaction openly marketed for 8 weeks prior to the initial call for offers. Proforma going in rate at the time of sale was 4.5% cap rate on buyer's year 1 pro forma adjusted for post-closing property taxes. 3.5% cap rate on actual in-place NOI. There were 5 best and final offers.
8	Soleste Club Prado 950 SW 57th Avenue Miami, FL	76,666	168,872	A	2017	196	862	Estate Investment Group	Grand Peaks	May-17	$61,000,000	$311,224	$14,316	4.60%	94%	This was an arms length transaction. The real estate tax increase was accounted for in proforma at 82.5%. The property has a very good location as it is between Coral Gables and Blue Lagoon. In addition, it has many amenities within walking distance from its location - Parks, Publix, Restaurants and bars.
	STATISTICS															
Low		51,298	30,480		2009	39	782			May-17	$9,650,000	$247,436	$10,905	3.50%	92%	
High		133,294	249,953		2019	292	1,047			Sep-20	$100,000,000	$362,319	$14,567	4.75%	98%	
Average		85,781	171,972		2016	190	894			Nov-18	$58,875,000	$296,959	$12,876	4.36%	95%	

Compiled by Cushman & Wakefield Regional, Inc.

IMPROVED SALE ADJUSTMENT GRID

		ECONOMIC ADJUSTMENTS (CUMULATIVE)					PROPERTY CHARACTERISTIC ADJUSTMENTS (ADDITIVE)										
No.	$/Unit & Date	Property Rights Conveyed	Conditions of Sale	Financing	Market [1] Conditions	Per Unit Subtotal	Location	Num of Units (Size)	Age, Quality & Condition	Unit Mix	Amenities	Average Unit Size	Utility	Economics	Other	Adj. $/Unit	Overall
1	**$334,862**	Fee Simple	Arm's-Length	None	Similar	**$301,376**	Inferior	Larger	Inferior	Similar	Similar	Superior	Similar	Similar	Similar	**$361,651**	Similar
	9/20	-10.0%	0.0%	0.0%	0.0%	-10.0%	10.0%	10.0%	10.0%	0.0%	0.0%	-10.0%	0.0%	0.0%	0.0%	20.0%	
2	**$247,436**	Fee Simple	Arm's-Length	None	Similar	**$222,692**	Inferior	Smaller	Inferior	Similar	Similar	Superior	Similar	Similar	Similar	**$278,365**	Similar
	2/20	-10.0%	0.0%	0.0%	0.0%	-10.0%	30.0%	-5.0%	5.0%	0.0%	0.0%	-5.0%	0.0%	0.0%	0.0%	25.0%	
3	**$318,151**	Fee Simple	Arm's-Length	None	Inferior	**$289,694**	Inferior	Larger	Inferior	Similar	Similar	Superior	Similar	Similar	Similar	**$347,633**	Similar
	9/19	-10.0%	0.0%	0.0%	1.2%	-8.9%	10.0%	10.0%	5.0%	0.0%	0.0%	-5.0%	0.0%	0.0%	0.0%	20.0%	
4	**$263,889**	Fee Simple	Arm's-Length	None	Inferior	**$247,014**	Inferior	Larger	Inferior	Similar	Similar	Superior	Similar	Similar	Similar	**$308,767**	Similar
	10/18	-10.0%	0.0%	0.0%	4.0%	-6.4%	20.0%	5.0%	5.0%	0.0%	0.0%	-5.0%	0.0%	0.0%	0.0%	25.0%	
5	**$261,747**	Fee Simple	Arm's-Length	None	Inferior	**$243,920**	Inferior	Larger	Inferior	Similar	Similar	Superior	Similar	Similar	Similar	**$317,096**	Similar
	11/18	-10.0%	0.0%	0.0%	3.5%	-6.8%	30.0%	5.0%	5.0%	0.0%	0.0%	-10.0%	0.0%	0.0%	0.0%	30.0%	
6	**$276,042**	Fee Simple	Arm's-Length	None	Inferior	**$263,183**	Inferior	Larger	Inferior	Similar	Similar	Superior	Similar	Similar	Similar	**$315,820**	Inferior
	2/18	-10.0%	0.0%	0.0%	5.9%	-4.7%	10.0%	10.0%	5.0%	0.0%	0.0%	-5.0%	0.0%	0.0%	0.0%	20.0%	
7	**$362,319**	Fee Simple	Arm's-Length	None	Inferior	**$352,878**	Inferior	Larger	Inferior	Similar	Similar	Superior	Similar	Similar	Similar	**$423,454**	Inferior
	6/17	-10.0%	0.0%	0.0%	8.2%	-2.6%	10.0%	10.0%	5.0%	0.0%	0.0%	-5.0%	0.0%	0.0%	0.0%	20.0%	
8	**$311,224**	Fee Simple	Arm's-Length	None	Inferior	**$303,877**	Inferior	Larger	Inferior	Similar	Similar	Superior	Similar	Similar	Similar	**$349,459**	Inferior
	5/17	-10.0%	0.0%	0.0%	8.5%	-2.4%	10.0%	5.0%	5.0%	0.0%	0.0%	-5.0%	0.0%	0.0%	0.0%	15.0%	
	STATISTICS																
	$247,436	**- Low**													**Low -**	$278,365	
	$362,319	**- High**													**High -**	$423,454	
	$296,959	**- Average**													**Average -**	$337,781	

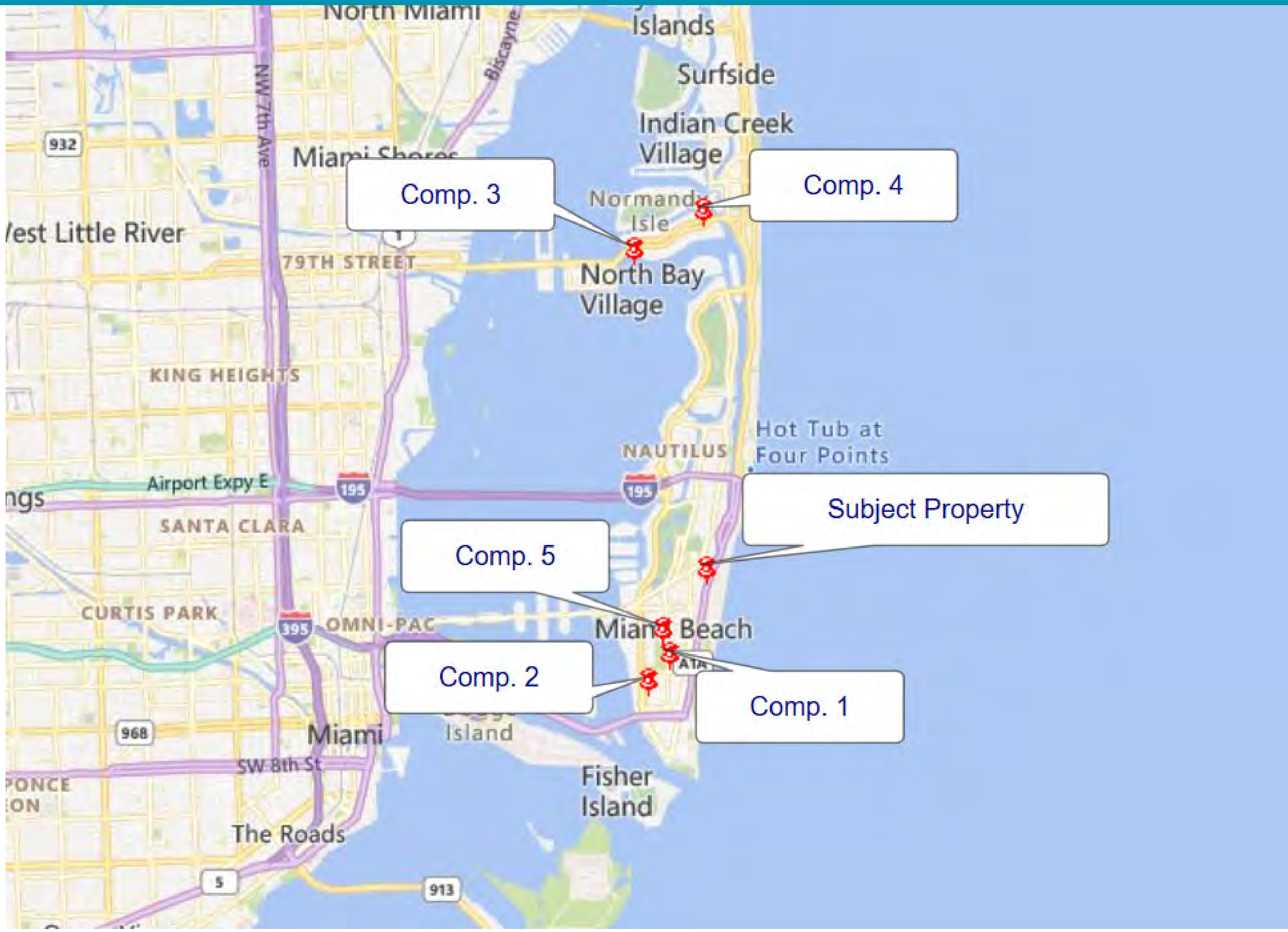
Compiled by Cushman & Wakefield Regional, Inc.

[1] **Market Conditions Adjustment**
See Variable Growth Rate Assumptions Table
Date of Value (for adjustment calculations): 2/1/20

Variable Growth Rate Assumptions

Starting Growth Rate:	3.0%
Inflection Point 1 (IP1):	**1/1/2017**
Change After IP1:	3.0%
Inflection Point 2 (IP2):	**3/23/2020**
Change After IP2:	0.0%

IMPROVED SALE LOCATION MAP



Percentage Adjustment Method

Adjustment Process

The sales that we used were the best available comparables to the subject property. The major points of comparison for this type of analysis include the property rights conveyed, the financial terms incorporated into the transaction, the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its physical traits and the economic characteristics of the property.

The first adjustment made to the market data takes into account differences between the subject property and the comparable property sales with regard to the legal interest transferred. Advantageous financing terms or atypical conditions of sale are then adjusted to reflect a normal market transaction. Next, changes in market conditions must be accounted for, thereby creating a time adjusted price. Lastly, adjustments for location, physical traits and the economic characteristics of the market data are made in order to generate the final adjusted unit rate for the subject property.

We made a downward adjustment to those comparables considered superior to the subject and an upward adjustment to those comparables considered inferior. Where expenditures upon sale exist, we included them in the sales price.

Property Rights Conveyed

The property rights conveyed in a transaction typically have an impact on the price that is paid. Acquiring the fee simple interest implies that the buyer is acquiring the full bundle of rights. Acquiring a leased fee interest typically means that the property being acquired is encumbered by at least one lease, which is a binding agreement transferring rights of use and occupancy to the tenant. A leasehold interest involves the acquisition of a lease, which conveys the rights to use and occupy the property to the buyer for a finite period of time. At the end of the lease term, there is typically no reversionary value to the leasehold interest. Since we are valuing the leasehold interest, we have applied a downward adjustment to each of the comparables based on their superior fee simple property rights.

Conditions of Sale

Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. In many situations the conditions of sale may significantly affect transaction prices. However, all sales used in this analysis are considered to be "arm’s-length" market transactions between both knowledgeable buyers and sellers on the open market. Therefore, no adjustments are required.

Financial Terms

The financial terms of a transaction can have an impact on the sale price of a property. A buyer who purchases an asset with favorable financing might pay a higher price, as the reduced cost of debt creates a favorable debt coverage ratio. A transaction involving above-market debt will typically involve a lower purchase price tied to the lower equity returns after debt service. We analyzed all of the transactions to account for atypical financing terms. To the best of our knowledge, all of the sales used in this analysis were accomplished with cash or market-oriented financing. Therefore, no adjustments are required.

Market Conditions

In response to fears of a global pandemic, as defined by the WHO, brought on by the COVID-19/coronavirus outbreak, the Global economies face significant headwinds as seen by the severe drop in demand for some services (such as travel, hospitality and entertainment). Reduced economic activity has resulted from increasing quarantines (such as seen in Italy) and border closing as governments take action to stop the spread of the virus. As financial markets struggle to quantify the events that are still unfolding, we believe it is premature to draw strong inferences about the economy and its impact on commercial real estate values in the Miami Beach, South Florida area at this time. Many commercial real estate participants also report they are unable to assess the risk yet. Clearly, the short-term impact could potentially be worse than the long-term impact, and a typical marketing time for the subject of 9-12 months is reconciled. Therefore, we make no downward adjustment for this unique market condition as of the effective date of this appraisal (October 26, 2020). Nevertheless, we have tempered our "market conditions" (time) adjustment applied to the sales in the adjustment grid to reduce the upward trending of values over the most recent past few months.

Variable Growth Rate Assumptions	
Starting Growth Rate:	3.0%
Inflection Point 1 (IP1):	**1/1/2017**
Change After IP1:	3.0%
Inflection Point 2 (IP2):	**3/23/2020**
Change After IP2:	0.0%

Location

An adjustment for location is required when the location characteristics of a comparable property differ from those of the subject property. We made downward adjustments to those comparables considered superior in location when compared to the subject. Conversely, upward adjustments was made to those comparables considered inferior. Overall, the subject's location is considered good within its market. Each comparable is adjusted accordingly, if applicable.

Physical Traits

Each property has various physical traits that determine its appeal. These traits include size, age, condition, quality, parking ratio and utility. Each comparable is adjusted accordingly, if applicable.

Economic Characteristics

This adjustment is used to reflect differences in occupancy levels, operating expense ratios, tenant quality, and other items not covered under prior adjustments that would have an economic impact on the transaction. Each comparable is adjusted accordingly, if applicable.

Other

This category accounts for any other adjustments not previously discussed. Based on our analysis of these sales, we have adjusted sales in this category based on the commercial space at the subject and the comparable sales lack of commercial space.

Summary of Percentage Adjustment Method

We used the Sales Comparison Approach to estimate the Prospective Market Value Upon Stabilization of the subject property. From that value, we make certain adjustments to derive the As-Is Market Value. After adjustments the comparable improved sales reflect unit prices ranging from $278,365 to $423,454 per unit with an average adjusted price of $337,781 per unit.

All of the sales represent good quality mid/high-rise apartments in South Florida. All of the sales are located in inferior locations in relation to the subject and were adjusted upward. In terms of size, all of the sales were adjusted upward based on their larger size, with the exception of sale two, which was adjusted downward based on its smaller size. All of the sales were adjusted upward based on their inferior age, quality and condition in relation to the subject. All of the sales were adjusted downward based on their superior (larger) average unit size in relation to the subject. No other adjustments were required.

We have reconciled at the upper end of the range of the comparables in our analysis based on the new quality of the subject upon completion and its location in a supply constrained market. Therefore, we conclude that the indicated value by the Percentage Adjustment Method is:

PERCENT ADJUSTMENT METHOD SUMMARY	
Prospective Market Value Upon Stabilization	**Per Unit**
Indicated Value per Unit	$345,000
Num of Units	x 81
Indicated Value	$27,945,000
LESS Land Contribution Value	($6,900,000)
Adjusted Value	$21,045,000
Rounded to nearest $1,000,000	**$21,000,000**
Per Unit	$259,259

APPLICATION TO SUBJECT	
Market Value As Is	
Prospective Value Upon Completion	**$21,000,000**
LESS Cash Flow Differential	($2,500,000)
LESS Land Contribution Value	($6,900,000)
Indicated Value	$18,545,000
Rounded to nearest $1,000,000	**$19,000,000**
Per Unit	$234,568

Compiled by Cushman & Wakefield Regional, Inc.

Adjustments to Preliminary Value

We used the Sales Comparison Approach to determine the Prospective Market Value Upon Stabilization of the subject property. From that value, we made certain adjustments, which are described as follows:

Cash Flow Differential Calculation

The preceding analysis for the subject property considered the property upon stabilization. To develop an indication of the as is value of the subject, we deducted the difference in value indicated by the two discounted cash flow valuations developed in the Income Capitalization Approach for the subject. The cash flow differential is calculated as follows:

CASH FLOW DIFFERENTIAL	
	Value
DCF Results "As Stabilized"	$22,700,000
DCF Results "Upon Completion"	$20,200,000
Equals: Cash Flow Differential	$2,500,000

By deducting this cash flow differential, we are encapsulating all of the lease-up costs which occur during the initial few years of the investment holding period, such as tenant improvement allowances, free rent, and leasing commissions, as well as the rent loss due to the vacancy during lease-up. In addition, entrepreneurial profit for the lease-up is reflected within that differential amount, given the spread in the internal rates of return between the “stabilized” and “as is” cash flow scenarios.

However, it should be noted that we have considered that the projected value via the Income Capitalization Approach does not account for real estate taxes per the development agreement. A typical apartment complex would contain a real estate tax line item or a ground lease line item. Per the development agreement all of the net income from the proposed development would go directly to the lessee (less debt service for the first 30 years). As the land is essentially being contributed to the development, we have deducted the land contribution (of $6,900,000) to reflect the leasehold value of the improvements upon completion and upon stabilization, as including a market ground lease expense line item would affect the net operating income projection that the client has requested that we include in our analysis.

Income Capitalization Approach

Methodology

The Income Capitalization Approach is based on the principle that the value of a property is indicated by the net return to the property, or what is also known as the present worth of future benefits. The future benefits of income-producing properties, is net income before debt service and depreciation, derived by a projection of income and expense, along with any expected reversionary proceeds from a sale.

The two most common methods of converting net income into value are direct capitalization and discounted cash flow analysis. In direct capitalization, net operating income is divided by an overall rate extracted from the market to indicate a value. In the discounted cash flow method, anticipated future net income streams and a reversionary value are discounted to provide an opinion of net present value at a chosen yield rate (internal rate of return or discount rate). In this section of the report, we have utilized the discounted cash flow method to value the subject property and considered the implied historical, first year, stabilized year and deflated stabilized direct capitalization rates.

Based on the market for multifamily assets in the subject's area, we have forecast future apartment revenue for the subject property, which was detailed in a previous section of this report. In this section of the report, we provide an analysis of the subject's historical performance, the performance of comparable properties, and industry averages, in order to forecast all other revenues and expenses for the subject property through a 10-year holding period. The projection begins on June 1, 2023. The subject property is projected to reach a stabilized level of operation in year two of the 10-year holding period.

We relied solely on the discounted cash flow analysis to value the property upon completion. For the value upon stabilization, we used both Yield and Direct capitalization, and place slightly more emphasis on Yield Capitalization.

Apartment Unit Rental Income Analysis

Earlier in the report we discussed the competitive market for apartment properties in the local area. Before we revisit the competitive properties, we will discuss certain aspects of the subject property, namely its occupancy and the quoted rent levels of its various unit types.

Developer's Quoted Rental Rates

The subject property will offers units ranging in size from 403 to 12,733 square feet, with an average size of 642 square feet. The developer's quoted rents range from $1,280 to $20,537 per month.

SUBJECT PROPERTY - DEVELOPER'S QUOTED RENTS							
No.	**Plan**	**BR**	**BA**	**Unit (SF)**	**Average Quoted Rent (Monthly)**	**Effective Monthly Rent (No Concessions)**	**Effective Monthly Quoted Rent $/SF**
1	Studio 80% AMI	0	1.0	403	$1,280	$1,280	$3.18
2	Studio 120% AMI	0	1.0	403	$1,920	$1,920	$4.76
3	1BR/1BA 80% AMI	1	1.0	518	$1,372	$1,372	$2.65
4	1BR/1BA 120% AMI	1	1.0	518	$2,058	$2,058	$3.97
5	2BR/2BA 80% AMI	2	2.0	640	$1,646	$1,646	$2.57
6	2BR/2BA 120% AMI	2	2.0	640	$2,300	$2,300	$3.59
7	Miami Ballet Dorm	2	2.0	12,733	$20,537	$20,537	$1.61
Minimum				403	$1,280	$1,280	$1.61
Maximum				12,733	$20,537	$20,537	$4.76
Average				642	$1,954	$1,954	$3.04

*All averages are weighted

In order to ascertain if the subject’s quoted rents and concessions are market oriented, we will analyze rent levels at competing apartment complexes.

Establishing Market Rental Rates

In an effort to estimate the current market rent achievable for the subject's units, we surveyed several competitive apartment complexes. We discussed these complexes in greater detail in the Apartment Market Analysis of this report. In the following table we present a summary of the competitive properties.

RENT COMPARABLE SUMMARY						
No.	**Project Name**	**Year Built**	**Total Units**	**NRA**	**Average Unit Size (SF)**	**Occupancy Rate (%)**
1	820 15th Street	1950	8	7,912	989	95.4%
2	1251 Euclid Avenue	1959	14	7,342	921	99.0%
3	942 Lenox Avenue	1959	18	10,387	577	96.1%
4	1044 Pennsylvania Avenue	1959	16	7,180	772	93.9%
5	1200 Pennsylvania Avenue	1938	13	7,700	632	100.0%
	Subject Property	**2023**	**81**	**52,013**	**642**	**-**
STATISTICS (INCLUDING SUBJECT)						
Low:		1938	8	7,180	577	93.9%
High:		2023	81	52,013	989	100.0%
Unweighted Average:		1965	25	15,422	756	96.9%
Totals:			**150**	**92,534**		

Compiled by Cushman & Wakefield Regional, Inc.

Including the subject property, the competitive market contains 150 units. The comparable projects were constructed between 1938 and 2023 and range in size from 8 to 81 units. The comparables exhibit occupancy levels ranging from 93.9 percent to 100.0 percent, with an unweighted average of 96.9 percent.

Analysis by Unit Type

In order to estimate the market rates for the various floor plans, the subject unit types have been compared with similar units in the comparable projects. The following is a discussion of each unit type.

Analysis of Studio Units

The subject property has studio units that compete in the marketplace against the various competing projects. The quoted rents, concessions and effective rents for studio units in the marketplace are depicted in the following table:

COMPETITIVE RENTAL SUMMARY						
Studio Units						
			Quoted Rents		**Effective Rents**	
Name	**BEDS/ BATHS**	**AVE. UNIT SIZE**	**Average Quoted Rent (Month)**	**Average Quoted Rent Per SF/Month**	**Average Effective Rent (month)**	**Average Effective Rent Per SF/Month**
942 Lenox Avenue	Studio	420	$1,430	$3.40	$1,430	$3.40
1044 Pennsylvania Avenue	Studio	420	$1,283	$3.05	$1,283	$3.05
1200 Pennsylvania Avenue	Studio	503	$1,765	$3.51	$1,765	$3.51
Low		420	$1,283	$3.05	$1,283	$3.05
High		503	$1,765	$3.51	$1,765	$3.51
Average		448	$1,493	$3.32	$1,493	$3.32

The comparable studio units range in size from 420 to 503 square feet. Quoted asking rents range from $1,283 to $1,765 per month. Concessions for studio units have not been applied.

The subject's average studio unit in size will be 403 square feet. The developer's average studio projected rents at the subject are $1,290 per unit per month for the 80% AMI units and $1,920 per unit per month for 120% AMI units. These developer rents range from $3.20 per square foot to $4.76 per square foot. We have considered the smaller size of the subject's units and have reconciled below the developer's projected rents for the 120% AMI based on the comparables and within the range of the comparables on a whole dollar basis. We have considered that a prospective renter would not pay more in rent at the subject than other similar sized studio units in our selection of a market rental rate.

Analysis of One Bedroom Units

The subject property has one bedroom units that compete in the marketplace against the various competing projects. The quoted rents, concessions and effective rents for one bedroom units in the marketplace are depicted in the following table:

COMPETITIVE RENTAL SUMMARY						
One Bedroom Units						
			Quoted Rents		Effective Rents	
Name	BEDS/ BATHS	AVE. UNIT SIZE	Average Quoted Rent (Month)	Average Quoted Rent Per SF/Month	Average Effective Rent (month)	Average Effective Rent Per SF/Month
1251 Euclid Avenue	1BR/1BA	750	$1,523	$2.03	$1,523	$2.03
942 Lenox Avenue	1BR/1BA	697	$1,738	$2.50	$1,738	$2.50
1044 Pennsylvania Avenue	1BR/1BA	650	$1,508	$2.32	$1,508	$2.32
1200 Pennsylvania Avenue	1BR/1BA	667	$1,875	$2.81	$1,875	$2.81
Low		650	$1,508	$2.03	$1,508	$2.03
High		750	$1,875	$2.81	$1,875	$2.81
Average		691	$1,661	$2.41	$1,661	$2.41

The comparable one bedroom units range in size from 650 to 750 square feet. Quoted asking rents range from $1,508 to $1,875 per month. Concessions for one bedroom units have not been applied.

The subject’s average one bedroom unit in size will be 518 square feet. The developer’s average one bedroom projected rents at the subject are $1,372 for the 80% AMI units and $2,058 for 120% AMI units. These developer rents range from $2.65 per square foot to $3.97 per square foot. We have considered the smaller size of the subject’s units and have reconciled below the developer’s projected rents for the 120% AMI based on the comparables and within the range of the comparables on a whole dollar basis. We have considered that a prospective renter would not pay more in rent at the subject than other similar sized one bedroom units in our selection of a market rental rate. We have also considered the average rental rates of the one bedroom MLS listings in our analysis, which had an average unit size of 534 units an average rent of $1,640 per unit per month or $3.07 per square foot.

Analysis of Two Bedroom Units

The subject property has two bedroom units that compete in the marketplace against the various competing projects. The quoted rents, concessions and effective rents for two bedroom units in the marketplace are depicted following table:

COMPETITIVE RENTAL SUMMARY						
Two Bedroom Units						
			Quoted Rents		**Effective Rents**	
Name	**BEDS/ BATHS**	**AVE. UNIT SIZE**	**Average Quoted Rent (Month)**	**Average Quoted Rent Per SF/Month**	**Average Effective Rent (month)**	**Average Effective Rent Per SF/Month**
820 15th Street	2BR/2BA	715	$2,614	$3.66	$2,614	$3.66
942 Lenox Avenue	2BR/1BA	760	$2,140	$2.82	$2,140	$2.82
1200 Pennsylvania Avenue	2BR/1BA	686	$2,372	$3.46	$2,372	$3.46
Low		686	$2,140	$2.82	$2,140	$2.82
High		760	$2,614	$3.66	$2,614	$3.66
Average		720	$2,375	$3.31	$2,375	$3.31

The comparable two bedroom units range in size from 686 to 760 square feet. Quoted asking rents range from $2,140 to $2,614 per month. Concessions for two bedroom units have not been applied.

The subject's average two bedroom unit in size will be 640 square feet. The developer's average two bedroom projected rents at the subject are $1,646 for the 80% AMI units and $2,300 for 120% AMI units. These developer rents range from $2.57 per square foot to $3.59 per square foot. We have considered the smaller size of the subject's units and have reconciled with the developer's projected rents for the 120% AMI based on the comparables and within the range of the comparables on a whole dollar basis. We have also considered the average rental rates of the two bedroom MLS listings in our analysis, which had an average unit size of 854 units an average rent of $2,264 per unit per month or $2.65 per square foot.

Miami City Ballet Dorm Master Leased Floor

The second floor of the proposed developments is to be master leased to the Miami City Ballet to be utilized as dorm space. We searched the market for comparable dorm master leased and none were encountered in South Florida. Therefore, we expanded our search for master leased apartment units, which we consider the subject dorm space to be the most similar to in the market. The dorm space is projected to contain ten, two bedroom and two bath units and two, one bedroom and one bath units. The following chart reflects master leased apartment units in the market. It should be noted that these master leases were all to extended stay hotel operators throughout the City of Miami within newer buildings and for small blocks of units. We believe that a group of 12 units within the dorm floor of the subject property would possibly lease to an operator as reflected in these comparables or that market participants would underwrite the subject space similar to these lease terms as outlined below as they represent the most recent master leases of large blocks of residential units in the market.

MasterLeased Suites and Apartments for Short Term Hotel Operators							
Location	**Building**	**Operator**	**Units Leased**	**Lease Term Yrs**	**Reimbursements**	**Rent Increases**	**Rent**
City of Miami	High-Rise Apt	Confidential	54	2	Gross	3.00%	Market Rent Based on Apartment Rates
City of Miami	High-Rise Apt	Confidential	50	2	Gross	3.00%	Market Rent Based on Apartment Rates
City of Miami	High-Rise Apt	Confidential	64	2	Gross	3.00%	Market Rent Based on Apartment Rates
City of Miami	High-Rise Apt	Confidential	40	3	Gross	3.00%	Market Rent Based on Apartment Rates
City of Miami	Garden-style building	Confidential	18	5	Gross	3.00%	Market Rent Based on Apartment Rates

As illustrated, these blocks of units are leased on a gross basis and range between 18 to 64 units. These leases typically have two to five year terms and are leased on an as is basis and the lease rates are based on market rental rates.

The developer has projected a market rent for the dorm space of $30,320 per month for the 12 units, or $2,527 per dorm unit per month. We have considered that these units are not subject to any rent restrictions and have projected a market rent at the upper end of the range of the market rent comparables considering the fitness center on the floor, as well as the kitchen and have projected a market rent for the two, one bedrooms in the dorm floor at $1,700 per unit per month and $2,600 for the two bedroom units. This equates to $29,400 per month for the 12 units. Therefore, we have utilized this figure in our analysis and our projection for a master lease rate for the entire Miami City Ballet floor. This equates to an annual rent of $352,800.

We have also considered that the Ballet had previously (prior to the Covid-19 pandemic) been leasing seven units in Tradewinds Apartment Hotel, an extended stay hotel located at 2365 Pine Tree Drive in Miami Beach, FL 33140. This property contains a pool and utilities were included in the rent, as well as each unit containing a kitchen. The Ballet was previously paying $27,013 per month ($3,859 per unit per month) for seven units. Each unit had the capacity for four beds. We have considered that the proposed dorm floor will contain a fitness center in our analysis, although it will not contain a pool and it is atypical for rent in the market to be inclusive of utilities. We have considered all of these variables in our analysis.

As a check of reasonableness, we have compared the projected market rental rate to master leases of dormitories on a per bed basis. We have searched the local market for master leased dormitory comparables and none were encountered. Therefore, we have expanded our search nationwide in urban area and encountered the following New York City master lease dormitory comparables, which range from $9,852 per bed in master lease rent to $16,557 per bed, with an average of $12,219 per bed per annum. The proposed annual master leased rent for the dorm space is $11,025 per bed at the subject based on 32 beds. These comparables further support of conclusion of market rent.

DORMITORY FACILITY LEASES			
Location	**Institution**	**No. of Beds**	**Rent/Bed**
180 Broadway	Pace University	608	$9,852
33 Beekman	Pace University	772	$10,248
101 Ludlow Street	School of Visual Arts	353	$16,557

Compiled by Cushman & Wakefield, Inc.

Market Rent Estimate & Potential Rent at Market (All Units)

After analyzing the quoted rents and concessions at the subject property and comparables, and after detailed review of the actual rents at the subject property, we are able to estimate an effective market rent for each unit type. Included in these figures are rents for model units and employee units, so we can fully account for all potential revenue. We determined an effective market rent for each of the subject's unit types as follows. **Note that we have considered the projected rental rates for the subject, as well as the market rental rates of the competitors. The subject will represents new product upon completion in comparison to some of the other apartment complexes in the competitive set with a good location within Miami Beach. Our market rental rate estimate also considers the new quality of interior finishes, the rent comparables asking rental rates, as well as the current occupancy in the market. Therefore, we have reconciled below the developer's projected 120 AMI rental rates for studio and one bedroom units as noted previously.**

CUSHMAN & WAKEFIELD - PROJECTED MARKET RENTS & POTENTIAL RENT AT MARKET (ALL UNITS)									
No.	Plan	BR	BA	Total Units	Unit (SF)	Total SF	Cushman & Wakefield Market Rent Estimate	Potential Gross Rent (Before Concessions)	Potential Average Monthly Rent $/SF
1	Studio 80% AMI	0	1.0	20	403	8,060	$1,280	$307,200	$3.18
2	Studio 120% AMI	0	1.0	20	403	8,060	$1,410	$338,400	$3.50
3	1BR/1BA 80% AMI	1	1.0	10	518	5,180	$1,371	$164,520	$2.65
4	1BR/1BA 120% AMI	1	1.0	10	518	5,180	$1,555	$186,600	$3.00
5	2BR/2BA 80% AMI	2	2.0	10	640	6,400	$1,645	$197,400	$2.57
6	2BR/2BA 120% AMI	2	2.0	10	640	6,400	$2,300	$276,000	$3.59
7	Miami Ballet Dorm	2	2.0	1	12,733	12,733	$29,400	$352,800	$2.31
TOTAL/AVERAGE				**81**	**642**	**52,013**	**$1,875**	**$1,822,920**	**$2.92**

*All averages are weighted

The potential gross rental revenue for the entire property at market rent levels is projected to be $1,822,920, which equates to an average monthly rent of $1,875 per unit or $2.92 per square foot per month.

Concessions

Rental concessions are defined as a discount or other benefit offered by a landlord to induce a prospective tenant to enter into a lease. Rental concessions are typically features of slow rental markets and tend to disappear as the market tightens. As indicted in the analysis of quoted rents and concessions for the subject and comparable properties above, where concessions exist it is necessary to deduct the concessions from the full market rents to arrive at an effective market rent. None of the comparables are currently offering concessions. Therefore, we have not modeled any concessions in our analysis.

Loss to Lease Adjustment

The typical apartment buyer accounts for Gain/Loss to Lease in the Vacancy and Collection Loss section of the pro forma. We have included these figures in our allowance for Vacancy and Collection.

Non-Revenue Units

Non-revenue units can include model units, and employee units, and units out of service. To be consistent with the underwriting of the typical apartment buyer we have included these deductions for model units and employee units within our vacancy and collection allowance, which is how an apartment buyer in the South Florida would underwrite the subject property.

Forecast Rental Revenue – Apartment Units

As indicated previously, we have projected total potential apartment revenue to be $1,822,920, which equates to an average monthly rent of $1,875 per unit. The following table summarizes the potential gross income anticipated in year one for the apartment units at the subject property. As the subject property is estimated not to be completed until June 2023, we have assumed a growth rate of three percent over the next two years and for the holding period thereafter. We have accounted for inflation within our projected gross rental revenue based on current market underwriting with regard to inflation and we have considered the supply constrained market of Miami Beach, with few options to develop new rental product in our analysis and have projected a market rent upon completion of $1,933,936. The following table summarizes the potential gross income anticipated in year one for the apartment units at the subject property.

FORECAST RENTAL REVENUE - APARTMENT UNITS	
Rental Revenue and Adjustments	**Annual Rent**
Potential Gross Rental Revenue	$1,933,936
Less: Concessions	$0
Less: Non-Revenue Units	$0
Plus: Premiums/Amenity Income	$0
Forecast Adjusted Gross Rental Revenue	$1,933,936

Compiled by Cushman & Wakefield Regional, Inc.

Revenue & Expense Analysis

We developed an opinion of the property's annual income and operating expenses after reviewing both its historical performance and the operating performance of similar buildings. We analyzed each item of expense and developed an opinion regarding what an informed investor would consider typical.

The developer's stabilized proforma and our year one and stabilized proformas are presented on the following chart, followed by an analysis of subject property's revenue and expenses.

Cushman & Wakefield, Inc. recognizes the standards defined by the CRE Finance Council as the definitive standards by which operating expense data should be analyzed. All operating statements provided by ownership have been recast to reflect these categories, which are provided in the Glossary section of this Appraisal Report. In forecasting expenses, we relied on the budgets and analyzed expense levels at competing properties. Our expense forecast is presented in the following table, followed by a discussion of each expense line item.

REVENUE AND EXPENSE ANALYSIS	SUBJECT PROPERTY					
	Stabilized Developer Budget		Cushman & Wakefield Forecast Year One (1)		Cushman & Wakefield Forecast Year Two (2)	
REVENUE	**Total**	**Per Unit**	**Total**	**Per Unit**	**Total**	**Per Unit**
Base Rental Revenue						
Potential Rent From Vacant Units	$2,170,251	$26,793	$1,933,936	$23,876	$1,991,954	$24,592
Lease Gain/Loss (Lag Adjustment)	$0	$0	$0	$0	$0	$0
Total Potential Gross Rental Revenue	$2,170,251	$26,793	$1,933,936	$23,876	$1,991,954	$24,592
Base Rent Adjustments						
Less: Concessions	$0	$0	$0	$0	$0	$0
Total Adjusted Rental Revenue	$2,170,251	$26,793	$1,933,936	$23,876	$1,991,954	$24,592
Other Income						
Commercial Rent	$229,702	$2,836	$0	$0	$218,400	$2,696
Misc. Income	$60,843	$751	$40,000	$494	$81,000	$1,000
Total Other Income	$290,545	$3,587	$40,000	$494	$299,400	$3,696
POTENTIAL GROSS REVENUE	$2,460,796	$30,380	$1,973,936	$24,370	$2,291,354	$28,288
Vacancy (Rental Revenue Only)	($28,303)	($349)	($580,181)	($7,163)	($99,598)	($1,230)
Collection Loss (Rental Revenue Only)	($15,298)	($189)	($38,679)	($478)	($39,839)	($492)
Total Vacancy and Collection Loss	($43,601)	($538)	($618,860)	($7,640)	($139,437)	($1,721)
EFFECTIVE GROSS REVENUE	$2,417,195	$29,842	$1,355,076	$16,729	$2,151,917	$26,567
OPERATING EXPENSES						
Property Insurance	$70,022	$864	$70,000	$864	$72,100	$890
Utilities	$100,968	$1,247	$100,000	$1,235	$103,000	$1,272
Repairs & Maintenance	$95,724	$1,182	$50,000	$617	$103,000	$1,272
Management Fees	$66,933	$826	$67,754	$836	$107,596	$1,328
Payroll & Benefits	$110,234	$1,361	$125,000	$1,543	$128,750	$1,590
Advertising & Marketing	$34,967	$432	$75,000	$926	$40,000	$494
General & Administrative	$34,967	$432	$40,000	$494	$41,200	$509
Other Expenses	$38,400	$474	$40,000	$494	$41,200	$509
Turnover	$15,298	$189	$0	$0	$15,000	$185
Replacement Reserves	$26,400	$326	$24,300	$300	$25,029	$309
Total Operating Expenses	$593,913	$7,332	$592,054	$7,309	$676,875	$8,356
Real Estate Taxes	$0	$0	$0	$0	$0	$0
TOTAL EXPENSES	$593,913	$7,332	$592,054	$7,309	$676,875	$8,356
NET OPERATING INCOME	**$1,823,282**	**$22,510**	**$763,022**	**$9,420**	**$1,475,042**	**$18,210**

(1) Year One Begins: 6/01/2023
(2) Stabilized Year Begins: 6/1/2024
Compiled by Cushman & Wakefield Regional, Inc.

Discussion of Revenue Items

We analyzed each revenue item in making our forecast, with our conclusions summarized on the previous table. In most cases, our forecast is well supported by the historical or budget information. However, in some cases, further clarification is provided as follows:

Total Potential Gross Rental Revenue

Years	Per Unit	Totals
Stabilized Developer Budget	$26,793	$2,170,251
Cushman & Wakefield - Forecast Year 1	**$23,876**	**$1,933,936**
Cushman & Wakefield - Stabilized Year 2	**$24,592**	**$1,991,954**

Potential Gross Rental Revenue is generated by vacant space as it is absorbed, as well as rent that is lost/generated for leases expiring in the first year, weighted by our rollover assumptions.

Total Other Income

Years	Per Unit	Totals
Stabilized Developer Budget	$3,587	$290,545
Cushman & Wakefield - Forecast Year 1	**$494**	**$40,000**
Cushman & Wakefield - Stabilized Year 2	**$3,696**	**$299,400**

We analyzed the budgeted revenue from miscellaneous sources, and made a projection of the revenue based on these figures and the expense comparables. The developer has projected a stabilized other revenue at $290,545. This figure includes the ground floor retail and reimbursements for CAM, which we have relied on in our analysis and the developer's budgeted amount is $229,702. The other income also consists of typical other income line items in an apartment complex, which includes RUBS reimbursements, pet fees, late fees, forfeited deposits, parking fees, storage fees, application fees, etc. The developer's stabilized other income projection excluding the commercial space income equates to $60,743.

Other Income

To help in determining miscellaneous revenue for the subject, we have utilized other income comparables in the market, with a majority of the comparables having garages and carports. These range from $1,002 to $1,682 per unit, with an average of $1,435 per unit, as indicated on the following chart.

APARTMENTS OTHER INCOME COMPARABLES - MID RISE & HIGH RISE COMPLEXES					
Comparable Number	**One**	**Two**	**Three**	**Four**	**Five**
Property City	Miami	Miami	Miami	Ft. Lauderdale	Ft. Lauderdale
Property Class	A	A	A	A	A
Number of Units	292	213	412	553	272
Building Age	2018	2017	2016	1990	2017
Statement Type	Actual	Actual	Actual	Actual	Actual
Year of Record	Dec 18 - Nov 19	2019	2018	2018	2018-2017
For 12 month period ending	November	December	December	December	December
	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit
OTHER INCOME	$1,002	$1,480	$1,360	$1,682	$1,654

Complied by Cushman & Wakefield Regional, Inc.

It is important to note in discussions with the regional manager of Lincoln Properties she indicated occupancies range from 70 to 80 percent for garage, carports and storage units for suburban multifamily properties. In addition, we have seen in the past complexes utilizing garages, carports and storage units as concessionary tools in closing deals. C&W has appraised multiple other proposed multifamily complexes over the past year and the average other income of these complexes was $1,308. The following chart reflects a range of garden-style comparables, which range from $1,125 to $2,049 per unit, with an average of $1,547 per unit.

APARTMENTS OTHER INCOME COMPARABLES - GARDEN STYLE COMPLEXES					
Comparable Number	**One**	**Two**	**Three**	**Four**	**Five**
Property City	Plantation	Plantation	Miramar	Plantation	Boca Raton
Property Class	B	B	B	B	B
Number of Units	481	281	380	468	180
Building Age	2010	1970	2018	1989	1984
Statement Type	Actual	Actual	Actual	Actual	Actual
Year of Record	2019	2019	2019	2019	2019
For 12 month period ending	December	December	December	December	December
	Per Unit	Per Unit	Per Unit	Per Unit	Per Unit
OTHER INCOME	$2,049	$1,125	$1,339	$1,330	$1,893

Complied by Cushman & Wakefield Regional, Inc.

Our projection for other income is near the lower end of the range of the comparables on a per unit basis; based on the lack of on-site parking where a large amount of fees are generated for other income. We have also reconciled above the developer's projection of other income. We have also considered the recent shift in the market whereby complexes are waiving late fees, application fees and other fees that were commonplace prior to Covid-19 under current market conditions as a means to maintaining occupancy and spurring absorption with projects that are in lease up. Therefore, we have projected $1,000 per unit for miscellaneous income.

Other Income Retail

As noted previously, the proposed development is scheduled to contain 6,000 square feet of ground floor retail space. The ownership group is projecting a market rent of $28.00 per square foot, triple net. We have considered the recent leasing that has been accomplished in the Miami Beach area for retail space and have considered the good location of the subject with visibility off of NE 23rd Street in our selection of a market rental rate. The following are asking rental rates in the market.

- 309 23rd Street, Miami Beach, FL – Asking Rental Rate - $70.00 per square foot, triple net
- 901 Pennsylvania Avenue, Miami Beach, FL – Asking Rental Rate - $40.00 per square foot, triple net
- 1225-1235 Washington Avenue, Miami Beach, FL – Asking Rental Rate - $30.00 per square foot, triple net

We have reconciled above the developer's projection of market rent and at the lower end of the asking rental rate range in our analysis and have projected $30.00 per square foot, triple net rental rate, with a 10-year term and three percent increases on rent. We have projected an expense amount of $10.00 per square foot for the retail space, which equates to a gross rental rate of $40.00 per square foot or $240,000 per annum. We have projected tenant improvement allowance of $10.00 per square foot for new leases and $0.00 per square foot for renewals. We have projected leasing commissions of six percent and three percent. Based on the preceding and the demand for retail space in the local market, as well as considering the property's location in South Beach, we have projected that it will take 12 months to lease the retail space upon completion. With regard to the low parking ratio at the subject, we do not anticipate that it would have a significant effect on the lease up of the retail space or its ability to achieve market rents, as it is common for visitors/clientele to the area to utilize street parking, or various garages and/or surface lots if they drive themselves to the stores. The projected tenant improvement allowance is $60,000 and the projected leasing commissions are $144,000, which we have applied in year two of our analysis once this space is leased.

We have considered that due to the current economic climate and social distancing that is occurring, which has affected the retail market and we do not believe that a new retailer would sign a lease under these conditions, particularly a retail tenant that's business model involves multiple people congregating in a space. Based on conversations with retail brokers active in the market, whereby landlords and tenants are currently in discussions to abatement rent or tag on additional months of lease terms based on the length of this crisis. However, as the subject is proposed and not scheduled to be completed until 2023, whereas, the near term Covid-19 effects on the market (based on current market thinking) will have some affect, although the market should be beginning to rebound by this point in time. Based on conversations with active retail leasing brokers in Miami-Dade County, despite the ongoing economic climate, there is still demand for retail space and there have been active inquires on retail spaces. We have projected that a prospective purchaser would not underwrite a commencement of the retail leasing until after the apartment units at the subject has been leased.

Other Income - Vacancy and Collection Loss Commercial Component

As will be illustrated in this section, the vacancy rate for office space in the market is higher in comparison to the retail space. We have considered this in our analysis and have reconciled at a market vacancy rate of 7.0 percent in our analysis for the commercial component of the subject. We have also projected a collection loss of 2.00

percent in our analysis. **Note that the other income revenue line item accounts for the effective gross income of the retail components.**

Vacancy and Collection Loss

Vacancy and collection loss is a function of the interrelationship between absorption, lease expiration, renewal probability, estimated downtime between leases, and a collection loss factor based on the relative stability and credit of the subject's tenant base. Earlier in the report we discussed the vacancy rates for the market in which the subject property is located. We also discussed the subject's occupancy level, which conversely represents its current vacancy level.

VACANCY ANALYSIS		
Vacancy Statistics	**Rate**	**Building Class and Market**
Regional Vacancy Statistics - Apartment	7.3%	Miami-Dade County
Local Vacancy Statistics - Apartment	9.7%	South Beach/Miami Bayshore submarket
Competitive Property Vacancy Apartment Statistics	3.1%	Competitive Set

Compiled by Cushman & Wakefield Regional, Inc.

Based on the current vacancy in the market (which considers one property that is currently being leased up), and our perception of future market vacancy, we projected a global stabilized vacancy rate of 5.00 percent. We deducted a collection loss of 2.00 percent. After accounting for all factors, the total vacancy and collection loss is calculated as 7.00 percent.

We have considered that over the near term (coming several months), the local market and the subject will continue to be affected by the social distancing that is a result of Covid-19 and that the subject. We have also considered the effects on the local economy and the recent increases in the unemployment rate in the near term will reduce the potential renter pool to replenish vacant units. Additionally, we have considered that the subject property will represent a newly completed development in Miami Beach and the current and prospective renter for the subject is an area of an average to above average income individual/household that depending on their type of employment (i.e. travel and leisure related jobs) some of the local employment sectors have been hit the hardest in Miami-Dade County, accounting for the highest levels of unemployment since the beginning of the Covid-19 pandemic. However, as current market thinking indicates the effects of Covid-19 will be short term in nature, with increases in vacancy and collection loss over the next two years, reaching previous “stabilized” levels in the third year from our current as is value date.

As the subject will be under construction during this time period, we have considered that the subject is anticipated to be completed 30 months from our current date of value and based on current market thinking will be completed near the end of the pandemic's affect on the market.

In year one, the vacancy is projected at 30 percent, while our year two projection is 5.00 percent, which is based on our projected lease up of the subject. We consider the subject to have a desirable location in Miami Beach and we have projected a stabilized vacancy rate of 5.00 percent in year two of our analysis. We have projected a stabilized collection loss of 2.00 percent in our analysis.

For the subject property vacancy and collection loss are applied against rental revenue only. In year one, vacancy and collection loss is projected to be $618,860. Vacancy and credit loss totals $139,437 in the first stabilized year.

Note that we have projected stabilized apartment occupancy to occur in year two or 18 months after the completion date.

Lease up

We have estimated that it would take approximately six months to lease-up the apartments subject to reach stabilized occupancy. However, with regard to the retail components, we have previously noted that we have projected a 12 month lease up timeframe.

This considers the projected lower lease up velocity based on the projected increases in market vacancy in the near term, as well as the projected competition from new developments in the market, as well as other existing developments that have experienced a higher vacancy rate due to the near term effects of Covid-19. We have considered other new developments within the local market to base an absorption estimate on. These developments have an absorption rates that range between 15.41 to 30.69 units per month; however, they are also spending a significant amount of money on marketing and advertising, as well as offering move in concessions. Based on conversations with property managers in complexes within the local market, leasing velocity has slowed significantly since the beginning of the pandemic in March 2020, with absorption rates being closer to 10.00 units per month in comparison to leasing velocity that averaged approximately 20.00 units per month pre-Covid-19. However, we have also considered that the proposed improvements are projected to be completed in 2023, whereby current market thinking indicates that the market will be in a rebound phase.

This is based on the current vacancy within the market, and the historical lease-up of other new developments throughout South Florida, some of which are noted below:

APARTMENT ABSOPRTION COMPARABLES - EASTERN MIAMI-DADE COUNTY								
PROPERTY INFORMATION								
NO.	Property Name	Submarket	Number of Units	Lease Commencement Date	Number of Months in Lease Up	Occupancy	Number of Units Lease	Absorbsion Rate (per month)
1	2500 Biscayne	Miami	165	October-17	5	93%	153	30.69
2	Monarc at Met 3	Miami	462	January-16	26	90%	416	15.99
3	Soma Brickell	Miami	418	September-15	14	94%	393	28.07
4	Blue 27	Miami	330	June-19	12	90%	297	24.75
5	Modera Edgewater	Miami	297	May-19	15	87%	258	17.21
6	Yard 8	Miami	297	April-19	16	83%	247	15.41
STATISTICS								
Low			165			83%		15.41
High			462			94%		30.69
Average			328			89%		22.02
Compiled by Cushman & Wakefield Regional, Inc.								

It should be noted that all of these complexes consists of newer high-rise apartment complexes (the only new development type in the subject market) in the City of Miami. These complexes are considered superior to the subject based on their larger nature with larger marketing budgets, as well as their use of concessions as a lease up tool.

As noted previously there have been few new apartment developments in South Beach over the past several years and the absorption comparables below reflect the most recent new apartment product that we have extracted absorption from.

1698 Alton Rd - 17 West – Completed in 2019 and consisting of 22 units above retail center, this development is currently 85 percent leased. Leasing commenced in August 2019, which consists of a leasing velocity of 1.44 units per month over a 13 month period.

Therefore, we have reconciled below the larger City of Miami lease up comparables and have considered the price points of the subject in relation to the recent South Beach absorption comparable and have reconciled in between the range of these lease up comparables. We have projected a six month lease-up period, which equates to a monthly absorption of 13.5 units per month. This considers the projected lease up velocity based on the projected increases in market vacancy in the near term, as well as the projected competition from new developments in the market (predominately on the mainland), as well as other existing developments that have experienced a higher vacancy rate due to the near term effects of Covid-19. We have considered that other new developments in eastern Miami-Dade County have experienced an average lease up of approximately 20 units per month, which has decreased to approximately 10.00 units per month since the Covid-19 pandemic began in March 2020. We have considered that based on the small size of the subject, as well as the projected price points of the subject we have assumed a six month lease up in our analysis is reasonable and realistic.

Discussion of Expenses

We analyzed each expense item in making our forecast, with our conclusions summarized on the previous table. In most cases, our forecast is well supported by the historical or budget information. However, in some cases, further clarification is provided in the following tables:

Property Insurance

Property insurance expenses include coverage for general liability and loss or damage to the property caused by fire, lightning, vandalism malicious mischief, additional perils fire, extended coverage and owner's liability coverage. Insurance costs are modeled in-line with other comparable properties.

Years	Per Unit	Totals
Stabilized Developer Budget	$864	$70,022
Expense Comparable Low	$438	-
Expense Comparable Average	$709	-
Expense Comparable High	$1,017	-
Cushman & Wakefield - Forecast Year 1	**$864**	**$70,000**
Cushman & Wakefield - Stabilized Year 2	**$890**	**$72,100**

We have reconciled below the developer's projections and with the expense comparables in our analysis based on the budgeted insurance accounted for the entire project and not just the apartment component.

Utilities

This expense category includes expenses for fuel, gas, electricity, water and sewer, trash removal and other utilities. Utilities are generally property specific and vary considerably from property to property in the subject's market based on the utilities paid by the tenant and the owner, and the efficiency of the HVAC systems. Therefore, we considered on the subject's actual historical expenses and the owner's budget.

Years	Per Unit	Totals
Stabilized Developer Budget	$1,247	$100,968
Expense Comparable Low	$438	-
Expense Comparable Average	$1,221	-
Expense Comparable High	$1,748	-
Cushman & Wakefield - Forecast Year 1	**$1,235**	**$100,000**
Cushman & Wakefield - Stabilized Year 2	**$1,272**	**$103,000**

Repairs & Maintenance

This expense category includes all expenses incurred for general repairs and maintenance, including HVAC, electrical, plumbing, safety systems, roads and grounds, and pest control/exterminating. This expense category also typically includes all outside maintenance service contracts and the cost of maintenance and repairs supplies. The subject's expense is detailed in the following table.

Years	Per Unit	Totals
Stabilized Developer Budget	$1,182	$95,724
Expense Comparable Low	$1,087	-
Expense Comparable Average	$1,605	-
Expense Comparable High	$2,764	-
Cushman & Wakefield - Forecast Year 1	**$617**	**$50,000**
Cushman & Wakefield - Stabilized Year 2	**$1,272**	**$103,000**

Our projection considers the expense comparables and that the property will be recently completed and will not require many repair items. For the stabilized year, we have increased this expense to reflect a property that is fully occupied and will be experiencing a higher amount of repairs and maintenance than during the lease up phase. We have considered that the expense comparables include turnover costs in this category and we have reconciled below them in our analysis.

Management Fees

Management expenses typically include the costs paid for professional management services. Management services may be contracted for or provided by the property owner. We have utilized 2.5 percent of effective gross income in our analysis based on the size of the property. Typical market management fees range between 2.0 to 5.0 percent of effective gross income.

Years	Per Unit	Totals
Stabilized Developer Budget	$826	$66,933
Expense Comparable Low	$600	-
Expense Comparable Average	$1,122	-
Expense Comparable High	$2,877	-
Cushman & Wakefield - Forecast Year 1	**$836**	**$67,754**
Cushman & Wakefield - Stabilized Year 2	**$1,328**	**$107,596**

Payroll & Benefits

This expense category includes total payroll costs for on-site management and maintenance personnel including employee salaries, bonuses, payroll taxes, insurance and other benefits.

Years	Per Unit	Totals
Stabilized Developer Budget	$1,361	$110,234
Expense Comparable Low	$1,026	-
Expense Comparable Average	$1,964	-
Expense Comparable High	$3,517	-
Cushman & Wakefield - Forecast Year 1	**$1,543**	**$125,000**
Cushman & Wakefield - Stabilized Year 2	**$1,590**	**$128,750**

We have reconciled within the expense comparable range and have reconciled near the developer's budgeted amount.

Advertising & Marketing

This expense category includes expenses related to advertising, promotion, sales, and publicity and all related printing, stationary, artwork, magazine space, internet/web site, broadcasting, and postage related to marketing.

Years	Per Unit	Totals
Stabilized Developer Budget	$432	$34,967
Expense Comparable Low	$471	-
Expense Comparable Average	$1,131	-
Expense Comparable High	$2,184	-
Cushman & Wakefield - Forecast Year 1	**$926**	**$75,000**
Cushman & Wakefield - Stabilized Year 2	**$494**	**$40,000**

Once the property has reached stabilized occupancy, we anticipate that the advertising expense will decrease and we have relied on the expense comparables within our analysis in determining a stabilized advertising expense.

Turnover

This expense category includes the cost of painting and repairs for vacated units.

Years	Per Unit	Totals
Stabilized Developer Budget	$189	$15,298
Expense Comparable Low	$0	-
Expense Comparable Average	$197	-
Expense Comparable High	$543	-
Cushman & Wakefield - Forecast Year 1	**$0**	**$0**
Cushman & Wakefield - Stabilized Year 2	**$185**	**$15,000**

We have not included any unit turnover costs in year one of our analysis, as the subject will be a brand new apartment complexes and will not incur these costs. Based on conversations with apartment property managers throughout South Florida unit turnover costs range from $250 to $500 per unit, on average. For the stabilized year, we have increased this expense, as the property will have been operational for two years and will experience some unit turnover.

General & Administrative

This expense category includes general and administrative expenses.

Years	Per Unit	Totals
Stabilized Developer Budget	$432	$34,967
Expense Comparable Low	$387	-
Expense Comparable Average	$750	-
Expense Comparable High	$1,381	-
Cushman & Wakefield - Forecast Year 1	**$494**	**$40,000**
Cushman & Wakefield - Stabilized Year 2	**$509**	**$41,200**

Replacement Reserves

This is an allowance that provides for the periodic replacement of building components that wear out more rapidly than the building itself and must be replaced during the building's economic life. Market participants underwrite replacement reserves between $200 to $350 per unit. We have utilized $300 per unit in our analysis based on the dorm floor, which is being counted as one master leased unit in our analysis.

Years	Per Unit	Totals
Stabilized Developer Budget	$326	$26,400
Expense Comparable Low	$0	-
Expense Comparable Average	$0	-
Expense Comparable High	$0	-
Cushman & Wakefield - Forecast Year 1	**$300**	**$24,300**
Cushman & Wakefield - Stabilized Year 2	**$309**	**$25,029**

Real Estate Taxes

As noted previously, there are no real estate taxes projected for the subject property per the development agreement set forth with the City of Miami Beach.

Other Expenses

This includes our projection for expenses for the 12 dorm units / dorm floor at the subject property. We have utilized a total expense of $7,800 per unit, which was concluded for the 80 workforce housing units in determining the projected additional expenses associated with the dorm floor. The subject's expense is detailed in the following table.

Years	Per Unit	Totals
Cushman & Wakefield - Forecast Year 1	**$494**	**$40,000**
Cushman & Wakefield - Stabilized Year 2	**$509**	**$41,200**

Operating Expense Conclusion

We thoroughly analyzed the developer's and expense comparables to make our projections. We forecast total operating expenses for the subject property excluding real estate taxes to be $8,356 per unit. The operating expense excluding real estate taxes projected for the subject property reflect an operating expense ratio at stabilization of 31.45 percent of effective gross income. The operating expense comparisons presented in the operating expense analysis table in the following section support our opinion of operating expenses for the subject property.

Years	Per Unit	Totals
Stabilized Developer Budget	$7,332	$593,913
Expense Comparable Low	$5,616	-
Expense Comparable Average	$8,806	-
Expense Comparable High	$10,676	-
Cushman & Wakefield - Forecast Year 1	**$7,309**	**$592,054**
Cushman & Wakefield - Stabilized Year 2	**$8,356**	**$676,875**

The operating expenses projected for the subject property reflect an operating expense ratio at stabilization of 31.45 percent of effective gross income. This ratio is supported by expense comparables of competitive properties. Another important ratio is the management fee, as percent of effective gross income. Our forecast management fee is 5.00 percent, which is within the range of comparable properties.

In addition, many investors analyze the ratio of vacancy and collection loss against adjusted rental revenue, and also against total income. The subject's forecast ratios are presented in the following table:

REVENUE AND EXPENSE METRICS

1	Stabilized Developer Budget	Cushman & Wakefield Forecast Year One (1)	Cushman & Wakefield Forecast Year Two (2)
	$ Per Unit	$ Per Unit	$ Per Unit
Effective Gross Income (EGI*)	$29,842	$16,729	$26,567
Total Expenses	$7,332	$7,309	$8,356
Net Operating Income (NOI*)	$22,510	$9,420	$18,210
	Ratio	Ratio	Ratio
OER* (Total Expense Excluding Real EstateTaxes as % of EGI)	24.57%	43.69%	31.45%
Mgt. Fee (% of EGI)	2.77%	5.00%	5.00%
Concessions (% of Total Revenue)	0.00%	0.00%	0.00%
V&C* (% of Total Revenue)	2.01%	32.00%	7.00%
V&C+Concessions (% of Total Revenue)	2.01%	32.00%	7.00%

(1) Year One Begins: 6/01/2023

(2) Stabilized Year Begins: 6/1/2024

Compiled by Cushman & Wakefield Regional, Inc.

EGI = Effective Gross Income OER = Operating Expense Ratio

Operating Expense Comparables

The following table illustrates detailed expense levels for the buildings that have varying degrees of similarity with the subject property in terms of age, size, tenancy and quality. In our judgment, a reconciled expense figure of $8,356 per unit (excluding real estate taxes) is reasonable for the subject property considering its age, size and budgeted expense figures, as well as its mixed-use.

	SUBJECT PROPERTY	COMPARABLES REVENUE AND EXPENSE ANALYSIS				
Property Name	Proposed Collins Park Development					
Property Address	224 23rd Street					
Property City	Miami Beach	Miami	Miami	Coral Gables	Miami	Miami
Property County	Miami-Dade	Miami-Dade	Miami-Dade County	Miami-Dade	Miami-Dade	Miami-Dade County
Property State	Florida	Florida	Florida	Florida	Florida	Florida
Building Size (Units)	81	166	464	213	421	200
Year Built	2023	2010s	2010s	2010s	2010s	2010s
Year of Record		2017	Trailing 12 (19 - 20)	2019	2019	2019
Actual/Budget/Annualized		Actual	Actual	Actual	Actual	Actual

	Cushman & Wakefield Forecast Year Two (1)		Comp1		Comp2		Comp3		Comp 4		Comp 5		Min	Max	Average
	Per Unit	% EGI	Per Unit	% EGI	Per Unit	% EGI	Per Unit	% EGI	Per Unit	% EGI	Per Unit	% EGI	Per Unit	Per Unit	Per Unit
EFFECTIVE GROSS REVENUE	$26,567	100.00%	$22,085	100.00%	$25,010	100.00%	$33,648	100.00%	$19,438	100.00%	$24,068	100.00%	$19,438	$33,648	$24,850
OPERATING EXPENSES															
Property Insurance	$890	3.35%	$854	3.87%	$686	2.74%	$1,017	3.02%	$438	2.25%	$551	2.29%	$438	$1,017	$709
Utilities	$1,272	4.79%	$1,539	6.97%	$1,748	6.99%	$643	1.91%	$438	2.25%	$1,735	7.21%	$438	$1,748	$1,221
Repairs & Maintenance	$1,272	4.79%	$2,764	12.52%	$1,670	6.68%	$1,358	4.04%	$1,145	5.89%	$1,087	4.52%	$1,087	$2,764	$1,605
Management Fees	$1,328	5.00%	$815	3.69%	$2,877	11.50%	$600	1.78%	$600	3.09%	$716	2.97%	$600	$2,877	$1,122
Payroll & Benefits	$1,590	5.98%	$1,835	8.31%	$1,026	4.10%	$1,974	5.87%	$1,468	7.55%	$3,517	14.61%	$1,026	$3,517	$1,964
Advertising & Marketing	$494	1.86%	$471	2.13%	$1,578	6.31%	$843	2.51%	$580	2.98%	$2,184	9.07%	$471	$2,184	$1,131
General & Administrative	$509	1.91%	$387	1.75%	$815	3.26%	$1,381	4.10%	$404	2.08%	$762	3.17%	$387	$1,381	$750
Turnover	$185	0.70%	$0	0.00%	$131	0.52%	$189	0.56%	$543	2.79%	$124	0.52%	$0	$543	$197
Replacement Reserves	$309	1.16%	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$0	$0	$0
Total Operating Expenses	$8,356	31.45%	$9,201	41.66%	$10,531	42.11%	$8,005	23.79%	$5,616	28.89%	$10,676	44.36%	$5,616	$10,676	$8,806
Real Estate Taxes	$0	0.00%	$3,138	14.21%	$5,473	21.88%	$5,756	17.11%	$3,544	18.23%	$6,602	27.43%	$3,138	$6,602	$4,903
TOTAL EXPENSES	$8,356	31.45%	$12,339	55.87%	$16,004	63.99%	$13,761	40.90%	$9,160	47.12%	$17,278	71.79%	$9,160	$17,278	$13,708
NET OPERATING INCOME	**$18,210**		**$9,746**		**$9,006**		**$19,887**		**$10,278**		**$6,790**		**$6,790**	**$19,887**	**$11,141**

(1) Fiscal Year Beginning 6/01/2023
Fiscal Year Ending: 5/31/2024

Compiled by Cushman & Wakefield Regional, Inc.

The five expense comparables reflect operating expenses (excluding real estate taxes) ranging from $5,616 to $10,676 with an average of $8,806 per unit.

Based on our analysis of the expense levels at comparable properties, we concluded that there is adequate support for our operating expense conclusions on an operating ratio basis accounting for the exclusion of real estate taxes.

Income and Expense Pro Forma

The following chart summarizes our opinion of income and expenses for year two, which is the first stabilized year in this analysis.

SUMMARY OF REVENUE AND EXPENSES				
Stabilized Year For Direct Capitalization:		**Year Two**		
REVENUE	**Adjustments**	**Annual**	**$/Per Unit**	**% of EGI**
Base Rental Revenue		$1,991,954	$24,592	
Other Income				
Commercial Rent		$218,400	$2,696	
Misc. Income		$81,000	$1,000	
Total Other Income		$299,400	$3,696	
POTENTIAL GROSS REVENUE		**$2,291,354**	**$28,288**	
Vacancy (Rental Revenue Only)	5.00%	($99,598)	($1,230)	
Collection Loss (Rental Revenue Only)	2.00%	($39,839)	($492)	
EFFECTIVE GROSS REVENUE		**$2,151,917**	**$26,567**	**100.00%**
OPERATING EXPENSES				
Property Insurance		$72,100	$890	3.35%
Utilities		$103,000	$1,272	4.79%
Repairs & Maintenance		$103,000	$1,272	4.79%
Management Fees		$107,596	$1,328	5.00%
Payroll & Benefits		$128,750	$1,590	5.98%
Advertising & Marketing		$40,000	$494	1.86%
General & Administrative		$41,200	$509	1.91%
Other Expenses		$41,200	$509	1.91%
Turnover		$15,000	$185	0.70%
Replacement Reserves		$25,029	$309	1.16%
Total Operating Expenses		**$676,875**	**$8,356**	**31.45%**
Real Estate Taxes		$0	$0	0.00%
TOTAL EXPENSES		**$676,875**	**$8,356**	**31.45%**
NET OPERATING INCOME		**$1,475,042**	**$18,210**	**68.55%**

Compiled by Cushman & Wakefield Regional, Inc.

Investment Considerations

Before determining the appropriate risk rate(s) to apply to the subject, a review of recent market conditions, particularly in the financial markets, is warranted. The following subsection(s) provide a review of these trends, ending with a summary of the investment considerations impacting the subject property, based upon the appraiser's market research, discussions with participants in the market, and the relative position of the subject property within its market.

In recent times, the CRE market has been driven by investor demand and strong liquidity. Asset values can fall significantly in short periods of time if either of these two factors, often in conjunction with many others, change significantly. While Cushman & Wakefield is closely monitoring the latest developments resulting from the COVID-19 pandemic, the reader is cautioned to consider that values and incomes are likely to change more rapidly and significantly than during standard market conditions. Furthermore, the reader should be cautioned and reminded that any conclusions presented in this appraisal report apply only as of the effective date(s) indicated. The appraiser makes no representation as to the effect on the subject property(ies) of this event, or any event, subsequent to the effective date of the appraisal.

Overview

Prior to the current market disruption brought on by the COVID-19 pandemic, the U.S. economy had officially begun its eleventh consecutive year of growth in the second half of 2019; a new record for the longest economic expansion in history. Economic growth beat market expectations during the fourth quarter of 2019, and the unemployment rate hit a 50-year low at 3.5%. As a result of the pandemic and economic shut-down, the economy entered into recession and recorded its worst decline in post World War II history in the second quarter. Although the recession was short, possibly as short as two months (March/April), it was severe. From its February peak to its April trough, the U.S. lost more than 22 million jobs. Key real estate sectors experienced substantial declines, including office using employment (-2.9 million), retail (-2.4 million) and leisure and hospitality (-8.3 million). In contrast, the industrial sector, which benefited from the surge in on-line buying, lost only about 250,000 jobs.

While the exact timing of the recovery is not yet known, evidence suggests that it began early in the third quarter. U.S. GDP is currently estimated to have increased at a 35.9% annual rate during the third quarter, largely driven by a surge in consumer spending supported by the massive Federal Government fiscal stimulus plan. By September, the economy had gained back more than half of the jobs lost (+11.4 million) with all sectors experiencing similar growth. With that said, the initial economic surge appears to have slowed towards the end of the quarter. Job growth has moderated, COVID infections have started to increase, and negotiations on a second stimulus package have faltered. As we close out 2020, there is uncertainty not only about the path of the virus, but the policies that will be put into place to limit its spread. This is causing many households and businesses to behave much more cautiously.

In the long run, the key to recovery will be consumer confidence, which will likely be boosted with the development of a vaccine. With billions of dollars pouring into research and several potential vaccines already in stage three trial, it is widely expected that wide distribution of a vaccine will become available in the first half of 2021. As businesses and consumers regain confidence that they can engage in their normal activities without facing a threat of infection, the economy is expected to begin to grow more rapidly.

Further considerations include:

- Despite concerns about a resurgence in coronavirus cases and slower hiring, Consumer Confidence increased to 81.2 in October, up from 80.4 in September 2020. This is the highest level since the pandemic started in March but is still well below levels seen at the start of the year. Optimism about the economy improving next year was the driving force behind the uptick.
- U.S. retail sales jumped by 1.7% in September 2020, significantly higher than the 1.2% projected increase. This marks the fifth consecutive monthly expansion, driven largely by a 3.6% jump in auto sales, which account for about one-fifth of total retail sales. Sales rose in every major category except for electronic and appliance stores. Notably, clothing and department store sales jumped 11% and 10%, respectively, as cooler weather and the new school year approached.
- The third quarter of 2020 produced the second consecutive quarter of notable market gains, with the Nasdaq leading the pack with an 11% quarterly increase. The S&P and the Dow gained 8.5% and 7.6%, respectively. Year to date, the Nasdaq is well ahead of its year-end 2019 closing value, while the S&P 500 is up over 4.0%.
- For the third quarter 2020, U.S. commercial real estate activity sank sharply, dropping 57% on a year-over-year comparison, according to Real Capital Analytics. With that said, there are positive signs that the market may have bottomed out in second quarter as volume was 37% higher in third quarter than it was last quarter. Price growth in the third quarter was minimal, with the RCA CPPI National All-Property Index up only 1.4% year over year. Growth was primarily driven by the industrial and apartment sectors as weaker trends for the office and retail sectors were a drag on the index.

While the economy is fairing much better than it was during second quarter, the coronavirus continues to have severe impacts. Keeping in mind that a majority of the information in this report contains the latest concrete data available, events and data may still be subject to change, or need adjustment, as some market volatility lingers. Further thoughts on recent events are as follows:

- The COVID-19 pandemic resulted in significant disruptions to non-essential businesses. This resulted in a sharp unemployment spike, and despite that fact that businesses are improving, the impacts of such a severe and short recession will continue to have negative impacts for the foreseeable future.
- The commercial real estate sector is not the stock market. It is slower moving, and leasing fundamentals do not swing wildly from day to day. While the economy continues to reopen, it is still struggling to gain its footing, and this will have feed-through impacts on real property.
- The outbreak has also prompted a flight to quality, driving investors into bond markets, where lower rates are creating more attractive debt/refinance options.
- Right now, most economists are expecting conditions to improve as the economy continues to reopen; however, concerns about the severity of the second wave linger as we enter the fall and approach the winter.

Economic Conditions & Current Trends

The second quarter of 2020 was the trough of the recession, and the economy considerably rebounded in the third quarter. While growth declined by 5% in the first quarter, the full of effect of the recession commenced in Q2, showing a contraction of 31.4%. This historical decline reflected the response to COVID-19, including “stay-at-home" orders issued in March and April. These restrictions were lifted in some areas of the country in May and June while, at the same time, government pandemic assistance payments were distributed to households and businesses. This led to rapid shifts in activity as businesses and schools functioned remotely and consumers stopped, restricted or redirected their spending. As we move into the winter, restrictions in many markets still abound, but severity and enforcement largely depend on geographic location as people adjust to a “new normal.”

In September the unemployment rate dropped by half a percentage point to 7.9%, and the number of unemployed persons fell by 1.0 million to 12.6 million. Most other economic indicators have improved over the last few months. With that said, election results could have a large impact on consumer confidence and private consumption, and on-going trade tensions between the U.S. and China continue to be problematic and are a key downside risk.

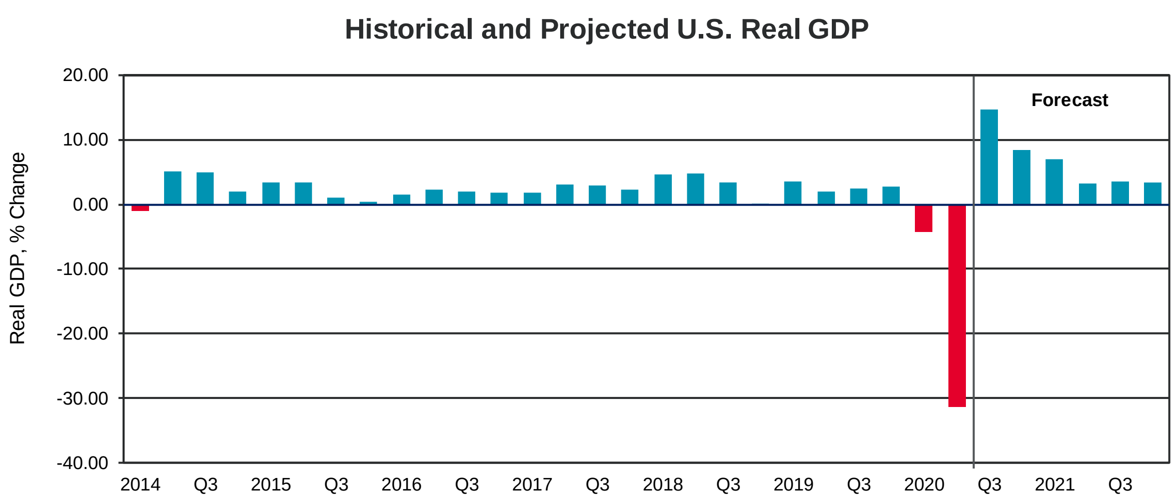
Economies around the world are recovering from similar shutdowns. For the year, the World Bank anticipates a global GDP contraction of 5.6%, the deepest in decades. Only a few countries, such as China, Myanmar and Vietnam will experience any growth, with forecasted year-end GDPs of 1.9%, 2.0% and 1.6%, respectively.

CRE participants are still trying to understand market impacts, and accurately assessing risk remains difficult. Proceeding through these uncertain times, the reader is asked to consider some key events that affect the uncertainty:

- In March 2020, the Coronavirus Aid Relief and Economic Security, or CARES Act, was passed by Congress and signed by President Trump. The bill was intended to provide emergency assistance and health care for individuals, families and businesses affected by the COVID-19 pandemic. Totaling $2 trillion, the bill was unprecedented in size and scope, dwarfing the $831 billion stimulus act passed in 2009, and amounting to 10% of total 2019 US GDP.
- Between Memorial Day and Labor Day, coronavirus cases in the U.S. quadrupled to over 6.2 million, while deaths jumped from just under 100,000 to over 186,000. While these statistics were troubling, health experts are warning that the fall and winter months could be worse. A John Hopkins study is predicting that there could be as many as 410,000 coronavirus deaths by the end of 2020, or almost double the current figure.
- Negotiations on a second stimulus bill appear to be stuck in a stalemate and have been in talks for months. The proposed $1.8 trillion bill is expected to include another stimulus payment, unemployment benefits, funding for coronavirus testing and tracing as well as state and local funding, but details are still being debated.

While initial thoughts pointed to a quick V-shaped recovery in the second half of the year, most economists are now forecasting a longer U-shaped recovery, with a full recovery not expected until the end of 2021 or 2022.

The following graph displays historical and projected U.S. real GDP percentage change (annualized on a quarterly basis) from first quarter 2014 through fourth quarter 2021:



Source: Historical Data Courtesy of the Bureau of Economic Analysis, Forecast Data Courtesy of Moody's Analytics

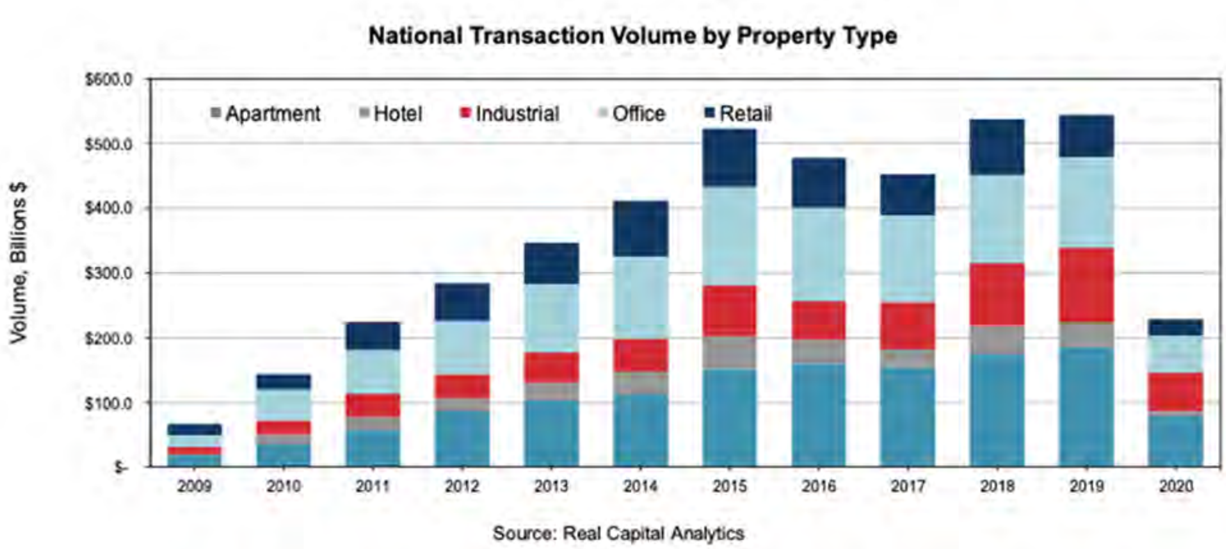
Further points regarding current economic conditions are as follows:

- Through second quarter 2020, GDP dropped 31.4% in response to the global pandemic as the economy slowed during the government enforced shutdown. Moody's baseline forecasted a 14.6% increase in GDP for third quarter 2020, followed by an increase of 8.3% in the fourth quarter. By fourth quarter 2020, Moody's is expecting the economy to level off, and heading into 2021 GDP is expected to continue increasing as the nation recovers from the fiscal strain brought on by the pandemic.
- Commercial and multifamily mortgage loan originations decreased 48% in second quarter 2020 (latest data available) when compared to the second quarter of 2019, according to the Mortgage Bankers Association's Quarterly Survey of Commercial/Multifamily Mortgage Banker. Loan originations in the second quarter of 2020 were 31% lower than first quarter 2020. The coronavirus has disrupted what was expected to be a strong year of borrowing and lending.
- Commercial mortgage-backed securities (CMBS) have been spurred by measured investment sales activity and stable credit spreads. Commercial Mortgage Alert data indicates that U.S. CMBS issuance through October 2020 is 33.1% lower when compared to CMBS issuance during the same period in 2019. As of October 2020, Commercial Mortgage Alert data indicates that U.S. CMBS issuance sits at $49 billion but is expected to slow significantly as the year progresses.

U.S. Real Estate Market Implications

The commercial real estate market's sales volume totaled approximately $250.6 billion through the end of third quarter 2020 and pricing for commercial real estate sat at $164 per square foot. During third quarter 2020, deal activity fell by 57% in a year-over-year comparison and pricing for commercial real estate increased by 1.4%, according to Real Capital Analytics. Third quarter 2020 displayed signs of improvement as deal activity volume rose 37% from second quarter 2020. Transaction volume totaled $68.4 billion at the end of third quarter 2020. The hotel sector saw the largest decrease in transaction volume, falling by 82%. Retail transaction activity was down 58% in third quarter 2020 from third quarter 2019. The apartment sector saw year-over-year transaction volume fall by 51%, while the office sector dropped by 60% over the same time period. The industrial sector sales volume fall by 63% in a year-over-year comparison and totaled roughly $15.4 billion in transaction volume at the end of September 2020.

The following graph compares national transaction volume by property type from 2009 through September 2020:



According to PricewaterhouseCoopers (PwC) Real Estate Investor Survey average cap rates for all property types increased in 18 survey markets, decreased in five, and held steady in 11 through third quarter 2020, in a quarterly comparison. For the year, 75% of the market averages are higher today than they were a year ago with 17 markets posting double-digit increases. Given current market conditions, each sector of the commercial real estate market is feeling the effects of the pandemic and it is too early to quantify the long-term effects.

The following chart displays overall cap rate analysis of seven distinct property classes during third quarter 2020:

Overall Cap Rate Analysis			
Third Quarter 2020			
Asset Class	**Q3 2020**	**Q2 2020**	**Basis Point Change**
CBD Office	5.59%	5.55%	4
Suburban Office	6.05%	6.00%	5
Net Lease	6.22%	6.22%	0
National Warehouse	4.84%	4.84%	0
National Apartment	5.22%	5.19%	3
National Regional Mall	6.93%	6.95%	-2
National Full-Service Lodging	7.30%	-	-

Source: PwC Real Estate Investor Survey and Cushman & Wakefield Valuation & Advisory

Notable points for the U.S. real estate market include:

- Annual price growth in the six major metro areas declined 1.5% in the second quarter of 2020 according to RCA, while annual price growth in the non-major metros rose by 2.4% in a year-over-year comparison.
- Approximately 75% of participants in the PwC Real Estate Investor Survey believe that current market conditions favor buyers in the national net lease market due to the increased competition in the market by investors. With that said, the market is becoming increasingly bifurcated by location and category so investors remain unsure how buying opportunities will fare compared to 2019.
- The national regional mall market recorded the largest yearly cap rate shift, climbing 75 basis points. At 7.9%, the Chicago office market improved by eight basis points from the previous quarter and is still the highest, while Manhattan office market, at 5.2%, remains as the lowest cap rate and is unchanged from the second quarter 2020. Over the next six months, most surveyed investors foresee overall cap rates holding steady in 16 markets but expect cap rates to increase in 15 markets.

Conclusion

The U.S. economy entered 2020 in solid shape, and then entered a short but deep recession. The country witnessed its worst drop in GDP on record, and the lasting effects the coronavirus will have are still too early to be estimated. While, the economy is expanding again, growth is expected to moderate, as many brace for a “second wave.” Economic activity may not truly recover to pre-coronavirus levels until well into 2021, or possibly as late as 2022. Much of the continued economic recovery will depend on the path the virus takes over the winter, how businesses react to limitations imposed by virus prevention, and ultimately a vaccine.

Below are notes regarding the outlook for the U.S. national real estate market in 2020 and beyond:

- Investment activity has slowed across the globe. Many investors have “pushed the pause button” waiting for more clarity on economic conditions before determining their strategy. Investors are still flush with cash and will look for opportunity as the environment evolves and we head into the next cycle.

- Monetary policy has been aggressively loosened across the board as global central banks lowered interest rates and announced plans to purchase securities and take other actions to increase liquidity.
- The U.S. economy is expected to continue to recover with the Conference Board forecasting a 3% GDP decline for all of 2020, and a recovery path of about 3.5% GDP for 2021.

In addition to the above, factors listed in the following table have been considered in the valuation of the subject property and have an impact on the selection of all investor rates.

The factors listed in the following table have been considered in our valuation of this property and will have an impact on our selection of all investor rates.

INVESTMENT CONSIDERATIONS	
NOI Growth:	The subject's NOI is expected to grow 2.44 percent per annum from the first stabilized year of the analysis through the holding period. This rate of growth is considered acceptable.
Real Estate Market Trends:	Real estate market trends have a significant bearing on the value of real property. The real estate market in which the subject property is located is currently uncertain.
Property Rating:	After considering all of the physical characteristics of the subject, we have concluded that this property has an overall rating that is good, when measured against other properties in this marketplace.
Location Rating:	After considering all of the locational aspects of the subject, including regional and local accessibility as well as overall visibility, we have concluded that the location of this property is good.
Overall Investment Appeal:	There are many factors that are considered prior to investing in this type of property. After considering all of these factors, we conclude that this property has good overall investment appeal.

Investor Survey Trends

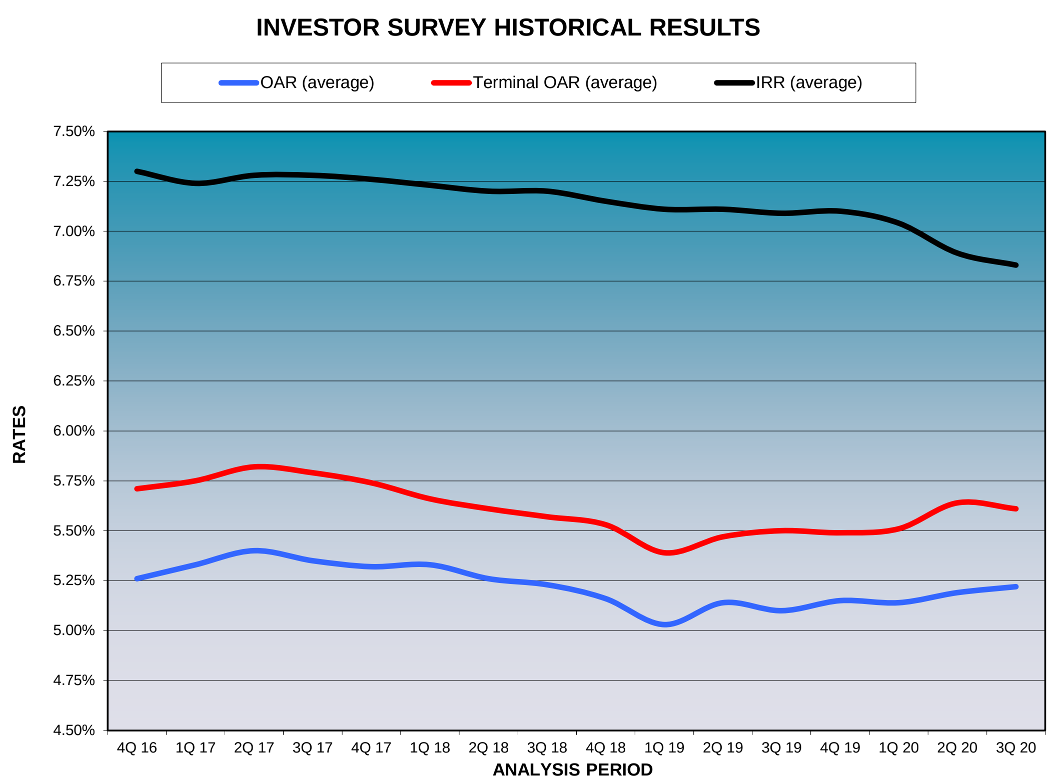
Historic trends in real estate investment help us understand the current and future direction of the market. Investors' return requirements are a benchmark by which real estate assets are bought and sold. The following graph shows the historic trends for the subject's asset class spanning a period of four years as reported in the PwC Real Estate Investor Survey published by PricewaterhouseCoopers.

INVESTOR SURVEY HISTORICAL RESULTS

Survey: **PwC** **End Quarter:**

Property Type: **NATIONAL APARTMENT** **3Q 20**

Quarter	4Q 16	1Q 17	2Q 17	3Q 17	4Q 17	1Q 18	2Q 18	3Q 18	4Q 18	1Q 19	2Q 19	3Q 19	4Q 19	1Q 20	2Q 20	3Q 20
OAR (average)	5.26%	5.33%	5.40%	5.35%	5.32%	5.33%	5.26%	5.23%	5.16%	5.03%	5.14%	5.10%	5.15%	5.14%	5.19%	5.22%
Terminal OAR (average)	5.71%	5.75%	5.82%	5.79%	5.74%	5.66%	5.61%	5.57%	5.53%	5.39%	5.47%	5.50%	5.49%	5.51%	5.64%	5.61%
IRR (average)	7.30%	7.24%	7.28%	7.28%	7.26%	7.23%	7.20%	7.20%	7.15%	7.11%	7.11%	7.09%	7.10%	7.04%	6.89%	6.83%



Source: PwC Real Estate Investor Survey

Capitalization Rate Analysis

On the following pages we discuss the process of how we determine an appropriate overall capitalization rate to apply to the subject’s forecast net income.

Capitalization Rate from Comparable Sales

CAPITALIZATION RATE SUMMARY

No.	Name and Location	Sale Date	Capitalization Rate
1	AMLI at Flagler Village 440 NE 4th Avenue Fort Lauderdale, FL	9/2020	4.35%
2	The District 8240 West 21st Lane Hialeah, FL	2/2020	4.44%
3	ORA Flagler Village 673 NE 3rd Avenue Fort Lauderdale, FL	9/2019	4.50%
4	The Place at Dania Beach 180 East Dania Beach Boulevard Dania, FL	10/2018	4.75%
5	The Modern Miami 1444 NW 14th Avenue Miami, FL	11/2018	4.17%
6	The Queue 817 SE 2nd Avenue Fort Lauderdale, FL	2/2018	4.60%
7	Aviva Coral Gables 3880 Bird Road Miami, FL	6/2017	3.50%
8	Soleste Club Prado 950 SW 57th Avenue Miami, FL	5/2017	4.60%
STATISTICS			
Sample Size		8	8
Low		5/2017	3.50%
High		9/2020	4.75%
Median		10/2018	4.47%
Average		11/2018	4.36%

Compiled by Cushman & Wakefield Regional, Inc.

Capitalization Rate from Investor Surveys

We considered data extracted from the Investor Survey for institutional grade assets. Earlier in the report, we presented historical capitalization rates for the prior four-year period. The most recent information from this survey is listed in the following table:

CAPITALIZATION RATES

Survey	Date	Range	Average
PwC Institutional	Third Quarter 2020	3.50% - 8.00%	5.22%

PwC Institutional - Refers to National Apartment market regardless of class or occupancy

Apartment Component Market Participant Discussions

In speaking with Evan P. Kristol Senior Vice President Investments, Senior Director, National Multi Housing Group with Marcus & Millichap and he indicated that current apartment investment rates are as follows: Class A assets are trading around the 5.00 percent capitalization rate range, with Class B are in the 6.00 percent range and C are in the 7.00 percent +/- range.

We also spoke with Hampton Beebe, Vice President, Apartment Realty Advisors (ARA) who indicated that Class A multi-family going in capitalization rates for properties that were constructed after 2000 are in the low to mid 4.00 percent range. He also indicated that Class A- and B+ multi-family properties that were constructed in the 1990's would trade at a range of 4.75 percent to 5.00 percent. For Class B properties built in the 1980's, he indicated that they would most likely trade in the 5.00 to 5.50 percent going in capitalization rate range.

In addition, we spoke to Calum Weaver of C&W Apartment brokerage team who indicated Class A rates are from 4.10 to 4.50 percent, Class B rates are from 4.50 to 5.00 percent and Class C rates are 5.00 to 5.50 percent.

Capitalization Rate Conclusion

We have considered all aspects of the subject property that would influence the overall rate, as well as our discussions with brokers, the national survey which indicated an average capitalization rate of 5.22 percent and the sales, which indicated a range of 3.50 to 4.75 percent. Considering the subject's quality, as well as its good location in Miami Beach. We have also considered the risk in leasing up the apartment units, as well as the risk in leasing up the retail component of the subject, as well as the ground leased nature. We have also factored in our conversations with brokers active in the market.

Considering the subject's proposed new quality, as well as its location in South Beach and its leasehold nature, we have reconciled at a capitalization rate above the range of the comparables This considers the subject's location within a desirable residential area in Miami-Dade County and current demand for apartment complexes in South Beach. We have also factored in our conversations with brokers active in the market and have reconciled at the lower end of the Class B range as indicated by the brokers, based on the subject's location in a prime investment market. We have reconciled below the based on investment going in rate based on the demand for residential assets in the local market.

Based on conversations with market participants, investment rates for apartment complexes have not changed over since the beginning of the Covid-19 pandemic.

Direct Capitalization Method Conclusion

In the Direct Capitalization Method, we developed an opinion of market value by dividing year two net operating income by our selected overall capitalization rate. Our conclusion using the Direct Capitalization Method is as follows:

DIRECT CAPITALIZATION METHOD		
Prospective Market Value Upon Stabilization		
NET OPERATING INCOME	**$1,475,042**	**$18,210**
Sensitivity Analysis (0.25% OAR Spread)	**Value**	**$/Per Unit**
Based on Low-Range of 4.75%	$31,053,516	$383,377
Based on Most Probable Range of 5.00%	$29,500,840	$364,208
Based on High-Range of 5.25%	$28,096,038	$346,865
Preliminary Value	$29,500,840	$364,208
LESS Land Contribution Value	($6,900,000)	($85,185)
Adjusted Value	$22,600,840	$279,023
Rounded to nearest $100,000	**$22,600,000**	**$279,012**

APPLICATION TO SUBJECT		
Prospective Value Upon Completion		
Prospective Market Value Upon Stabilization	**$29,500,840**	**$364,208**
LESS Cash Flow Differential	($2,500,000)	($30,864)
LESS Land Contribution Value	($6,900,000)	($85,185)
Indicated Value	$20,100,840	$248,159
Rounded to nearest $100,000	**$20,100,000**	**$248,148**

Compiled by Cushman & Wakefield Regional, Inc.

Adjustments to Preliminary Value

We used the Direct Capitalization to determine the Prospective Market Value Upon Stabilization of the subject property. From that value, we made certain adjustments, which are described as follows:

Cash Flow Differential Calculation

The preceding analysis for the subject property considered the property upon stabilization. To develop an indication of the as is value of the subject, we deducted the difference in value indicated by the two discounted cash flow valuations developed in the Income Capitalization Approach for the subject. The cash flow differential is calculated as follows:

CASH FLOW DIFFERENTIAL	
	Value
DCF Results "As Stabilized"	$22,700,000
DCF Results "Upon Completion"	$20,200,000
Equals: Cash Flow Differential	$2,500,000

By deducting this cash flow differential, we are encapsulating all of the lease-up costs which occur during the initial few years of the investment holding period, such as tenant improvement allowances, free rent, and leasing commissions, as well as the rent loss due to the vacancy during lease-up. In addition, entrepreneurial profit for the lease-up is reflected within that differential amount, given the spread in the internal rates of return between the “stabilized” and “as is” cash flow scenarios.

However, it should be noted that we have considered that the projected value via the Income Capitalization Approach does not account for real estate taxes per the development agreement. A typical apartment complex would contain a real estate tax line item or a ground lease line item. Per the development agreement all of the net income from the proposed development would go directly to the lessee (less debt service for the first 30 years). As the land is essentially being contributed to the development, we have deducted the land contribution (of $6,900,000) to reflect the leasehold value of the improvements upon

completion and upon stabilization, as including a market ground lease expense line item would affect the net operating income projection that the client has requested that we include in our analysis.

Yield Capitalization Method

In the Yield Capitalization Method, we employed ARGUS - Version 15 software to model the income characteristics of the property and to make a variety of cash flow assumptions. We attempted to reflect the most likely investment assumptions of typical buyers and sellers in this market segment.

General Cash Flow Assumptions

The start date of the Yield Capitalization analysis is June 1, 2023. We performed this analysis on a fiscal year basis. The analysis incorporates a forecast period of 11 years, and a holding period of 10 years.

We attempted to reflect the most likely investment assumptions of typical buyers and sellers in this market segment. In today's market due to the changing market conditions (decreasing of concessions and a projected rent increase base on the projected population increase), more buyers/investors rely on the discounted cash flow analysis. Note Insurance Companies use both a DCF and Discounted Cash Flow analysis, Pension firms (both foreign and domestic) prefer a DCF, Private Investment firms use both a DCF and direct cap, while Advisors for pension funds and real estate use both as well.

The following table outlines the assumptions used in the Yield Capitalization analysis for our Upon Completion Value.

DISCOUNTED CASH FLOW MODELING ASSUMPTIONS			
VALUATION SCENARIO:	**Prospective Market Value Upon Completion**		
GENERAL CASH FLOW ASSUMPTIONS		**GROWTH RATES**	
Cash Flow Software:	ARGUS - Version 15	Market Rent:	3.00%
Cash Flow Start Date:	June 1, 2023	Consumer Price Index (CPI):	3.00%
Calendar or Fiscal Analysis:	Fiscal	Expenses:	3.00%
Investment Holding Period:	10 Years	Real Estate Taxes:	3.00%
Analysis Projection Period:	11 Years		
		RATES OF RETURN	
VACANCY & COLLECTION LOSS		Internal Rate of Return: (Cash Flow)	7.50%
Year 1 and 2 Global Vacancy:	30.00%, 5.00% & 5.00%	Internal Rate of Return: (Reversion)	7.50%
Year 1 and 2 Global Collection Loss:	2.00% 2.00% 2.00%		
Year 1 and 2 Total Vacancy & Collection Loss:	32.00%, 7.00%, 7.00%	Terminal Capitalization Rate:	5.50%
		Reversionary Sales Cost:	1.00%
CAPITAL EXPENDITURES		Basis Point Spread (OARout vs. OARin)	50 pts
Replacement Reserves (Per Unit):	$300		
		VALUATION	
		Prospective Market Value Upon Completion	**$27,082,000**
		Adjustments to Value - Less Land Contribution	($6,900,000)
		Adjusted Value	$20,182,000
		Rounded to nearest $100,000	$20,200,000
		Value $/Per Unit	$249,383

Compiled by Cushman & Wakefield Regional, Inc.

We have assumed a growth rate of three percent for the holding period.

The following information was extracted from the PwC Investor Survey and was used to help determine our growth rate assumptions.

OTHER INVESTOR SURVEY INFORMATION			
Survey	**Data**	**Range**	**Average**
PwC Institutional Third Quarter 2020	Rent Change Rate	-5.00% - 3.50%	0.58%
	Expense Change Rate	0.00% - 8.00%	2.68%

PwC Institutional - Refers to National Apartment market regardless of class or occupancy

Financial Assumptions

The financial assumptions used in the Yield Capitalization process are discussed in the following commentary.

Terminal Capitalization Rate Selection

A terminal capitalization rate was used to develop an opinion of the market value of the property at the end of the assumed investment holding period. The rate is applied to the net operating income following year 10 before making deductions for leasing commissions, tenant improvement allowances and reserves for replacement. We developed an opinion of an appropriate terminal capitalization rate based on rates in current investor surveys.

TERMINAL CAPITALIZATION RATES (OAR_{out})			
Survey	**Date**	**Range**	**Average**
PwC Institutional	Third Quarter 2020	4.00% - 8.00%	5.61%

PwC Institutional - Refers to National Apartment market regardless of class or occupancy

Investors will typically use a slightly more conservative overall rate when exiting an investment versus the rate that would be used going into the investment. This accounts both for the aging associated with the improvements over the course of the holding period, and for any unforeseen risks that might arise over that time period.

As a result, we applied a terminal rate of 5.50 percent in our analysis. This rate is 50 basis points above the overall rate going into the investment, which is considered reasonable.

Reversionary Sales Costs

We estimated the cost of sale at the time of reversion to be 1.00 percent, which is in keeping with local market practice.

Discount Rate Selection

We developed an opinion of future cash flows, including property value at reversion, and discounted that income stream at an internal rate of return (IRR) currently required by investors for similar-quality real property. The IRR (also known as yield) is the single rate that discounts all future equity benefits (cash flows and equity reversion) to an opinion of net present value.

The PwC Investor survey indicates the following internal rates of return for competitive properties:

DISCOUNT RATES (IRR)			
Survey	**Date**	**Range**	**Average**
PwPwC Institutional	Third Quarter 2020	5.00% - 10.00%	6.83%

PwC Institutional - Refers to National Apartment market regardless of class or occupancy

The above table summarizes the investment parameters of some of the most prominent investors currently acquiring similar investment properties in the United States. We realize that this type of survey reflects target rather than transactional rates. Transactional rates are usually difficult to obtain in the verification process and are actually only target rates of the buyer at the time of sale. The property's performance will ultimately determine the actual yield at the time of sale after a specific holding period.

When Insurance Companies use the DCF for underwriting apartment complexes the discount rate ranges between 5.70 and 7.50 percent; Pension firms (both foreign and domestic) when using a DCF underwrite a discount rate between 5.75 and 9.50 percent, Private Investment when utilizing a DCF underwrite with a discount rate of 6.25 to 10.00 percent and Advisors for pension funds and real estate underwrite utilize a discount rate of 8.25 to 11.00 percent. Considering the proposed quality of the subject property and the vacancy in the market it would be above the average of the PWC survey above and at the middle of the ranges previously discussed.

We previously discussed all factors that would influence our selection of a discount rate for the subject property. Given all of these factors, we discounted our cash flow and reversionary value projections at an internal rate of return of 7.50 percent on an as is basis and 7.00 on a stabilized basis. Our selection of a discount rate reflects the lease up risk at the subject property, particularly the commercial component lease up risk and we have reconciled above the average of the PWC survey based on the risk of this component of the income stream. We have also factored in the large amount of new construction in the market.

The ARGUS - Version 15 cash flow is presented on the following page. The cash flow commencement date is June 1, 2023.

Yield Capitalization Method Conclusion – Upon Completion

Our growth rate assumptions are presented in the following table, followed by the cash flow projection and the valuation matrix at the end of this section. The value of the subject property “Upon Completion” equates to $27,100,000.

Schedule Of Prospective Cash Flow
In Inflated Dollars for the Fiscal Year Beginning 6/1/2023

For the Years Ending	Year 1 May-2024	Year 2 May-2025	Year 3 May-2026	Year 4 May-2027	Year 5 May-2028	Year 6 May-2029	Year 7 May-2030	Year 8 May-2031	Year 9 May-2032	Year 10 May-2033	Year 11 May-2034
Potential Gross Revenue											
Potential Rental Revenue	$1,933,936	$1,991,954	$2,051,713	$2,113,264	$2,176,662	$2,241,962	$2,309,221	$2,378,497	$2,449,852	$2,523,348	$2,599,048
Scheduled Base Rental Revenue	1,933,936	1,991,954	2,051,713	2,113,264	2,176,662	2,241,962	2,309,221	2,378,497	2,449,852	2,523,348	2,599,048
Retail Income		218,400	224,952	231,701	238,652	245,811	253,185	260,781	268,604	276,663	284,962
Miscellaneous Income	40,000	81,000	83,430	85,933	88,511	91,166	93,901	96,718	99,620	102,608	105,687
Total Potential Gross Revenue	1,973,936	2,291,354	2,360,095	2,430,898	2,503,825	2,578,939	2,656,307	2,735,996	2,818,076	2,902,619	2,989,697
General Vacancy	(580,181)	(99,598)	(102,586)	(105,663)	(108,833)	(112,098)	(115,461)	(118,925)	(122,493)	(126,167)	(129,952)
Collection Loss	(38,679)	(39,839)	(41,034)	(42,265)	(43,533)	(44,839)	(46,184)	(47,570)	(48,997)	(50,467)	(51,981)
Effective Gross Revenue	1,355,076	2,151,917	2,216,475	2,282,970	2,351,459	2,422,002	2,494,662	2,569,501	2,646,586	2,725,985	2,807,764
Operating Expenses											
Property Insurance	70,000	72,100	74,263	76,491	78,786	81,149	83,584	86,091	88,674	91,334	94,074
Utilities	100,000	103,000	106,090	109,273	112,551	115,927	119,405	122,987	126,677	130,477	134,392
Repairs and Maintenance	50,000	103,000	106,090	109,273	112,551	115,927	119,405	122,987	126,677	130,477	134,392
Management Fees	67,754	107,596	110,824	114,149	117,573	121,100	124,733	128,475	132,329	136,299	140,388
Payroll	125,000	128,750	132,612	136,591	140,689	144,909	149,257	153,734	158,346	163,097	167,990
Advertizing and Promotion	75,000	40,000	41,200	42,436	43,709	45,020	46,371	47,762	49,195	50,671	52,191
Administrative Fees	40,000	41,200	42,436	43,709	45,020	46,371	47,762	49,195	50,671	52,191	53,757
Unit Turnover		15,000	15,450	15,914	16,391	16,883	17,389	17,911	18,448	19,002	19,572
Replacement Reserve	24,300	25,029	25,780	26,553	27,350	28,170	29,015	29,886	30,783	31,706	32,657
Other Expenses	40,000	41,200	42,436	43,709	45,020	46,371	47,762	49,195	50,671	52,191	53,757
Total Operating Expenses	592,054	676,875	697,181	718,098	739,640	761,827	784,683	808,223	832,471	857,445	883,170
Net Operating Income	763,022	1,475,042	1,519,294	1,564,872	1,611,819	1,660,175	1,709,979	1,761,278	1,814,115	1,868,540	1,924,594
Leasing & Capital Costs											
T.I.'s and Leasing Commissions		204,000									
Total Leasing & Capital Costs		204,000									
Cash Flow Before Debt Service & INCOME TAX	$763,022	$1,271,042	$1,519,294	$1,564,872	$1,611,819	$1,660,175	$1,709,979	$1,761,278	$1,814,115	$1,868,540	$1,924,594

Prospective Present Value
Cash Flow Before Debt Service plus Property Resale
Discounted Annually (Endpoint on Cash Flow & Resale) over a 10-Year Period

Analysis Period	For the Year Ending	Annual Cash Flow	P.V. of Cash Flow @ 7.00%	P.V. of Cash Flow @ 7.25%	P.V. of Cash Flow @ 7.50%	P.V. of Cash Flow @ 7.75%	P.V. of Cash Flow @ 8.00%
Year 1	May-2024	$763,022	$713,105	$711,442	$709,788	$708,141	$706,502
Year 2	May-2025	1,271,042	1,110,177	1,105,008	1,099,874	1,094,776	1,089,714
Year 3	May-2026	1,519,294	1,240,196	1,231,544	1,222,972	1,214,479	1,206,064
Year 4	May-2027	1,564,872	1,193,834	1,182,741	1,171,777	1,160,940	1,150,228
Year 5	May-2028	1,611,819	1,149,204	1,135,873	1,122,726	1,109,762	1,096,977
Year 6	May-2029	1,660,175	1,106,245	1,090,863	1,075,730	1,060,841	1,046,191
Year 7	May-2030	1,709,979	1,064,889	1,047,634	1,030,698	1,014,074	997,757
Year 8	May-2031	1,761,278	1,025,080	1,006,119	987,552	969,370	951,564
Year 9	May-2032	1,814,115	986,758	966,249	946,213	926,637	907,509
Year 10	May-2033	1,868,540	949,871	927,961	906,604	885,787	865,495
Total Cash Flow		15,544,136	10,539,359	10,405,434	10,273,934	10,144,807	10,018,001
Property Resale @ 5.50% Cap		34,642,692	17,610,588	17,204,364	16,808,424	16,422,484	16,046,269
Total Property Present Value			$28,149,947	$27,609,798	$27,082,358	$26,567,291	$26,064,270
Rounded to Thousands			$28,150,000	$27,610,000	$27,082,000	$26,567,000	$26,064,000
Per Unit			347,530	340,862	334,350	327,991	321,781

Percentage Value Distribution

Prospective Income	37.44%	37.69%	37.94%	38.19%	38.44%
Prospective Property Resale	62.56%	62.31%	62.06%	61.81%	61.56%
	100.00%	100.00%	100.00%	100.00%	100.00%

Additional Valuation Scenarios & Assumptions

As the property is not currently operating at stabilized occupancy, we also prepared the prospective values discussed in the following:

Yield Capitalization Method Conclusion – Prospective Value Upon Stabilization

The following table summarizes the parameters used to determine the prospective value of the subject property upon stabilization. The value conclusion is also presented in the following table:

DISCOUNTED CASH FLOW MODELING ASSUMPTIONS			
VALUATION SCENARIO:	**Prospective Market Value Upon Stabilization**		
ADDITIONAL ASSUMPTIONS		**VALUATION**	
Holding Period:	10 Years	**Prospective Market Value Upon Stabilization**	**$29,631,000**
Projection Period:	11 Years	**Adjustments to Value - Less Land Contribution**	($6,900,000)
Start Date:	06/01/2024	Adjusted Value	$22,731,000
Internal Rate of Return: (Cash Flow)	7.00%	**Rounded to nearest $100,000**	$22,700,000
Internal Rate of Return: (Reversion)	7.00%	Value $/Per Unit	$280,247
Terminal Capitalization Rate:	5.50%		
Reversionary Sales Cost:	1.00%		

Compiled by Cushman & Wakefield Regional, Inc.

The cash flow and value matrix correlating to this valuation is presented in the following table:

Schedule Of Prospective Cash Flow
In Inflated Dollars as of 6/1/2024

For the Years Ending	Year 1 May-2025	Year 2 May-2026	Year 3 May-2027	Year 4 May-2028	Year 5 May-2029	Year 6 May-2030	Year 7 May-2031	Year 8 May-2032	Year 9 May-2033	Year 10 May-2034	Year 11 May-2035
Potential Gross Revenue											
Potential Rental Revenue	$1,991,954	$2,051,713	$2,113,264	$2,176,662	$2,241,962	$2,309,221	$2,378,497	$2,449,852	$2,523,348	$2,599,048	$2,677,019
Scheduled Base Rental Revenue	1,991,954	2,051,713	2,113,264	2,176,662	2,241,962	2,309,221	2,378,497	2,449,852	2,523,348	2,599,048	2,677,019
Retail Income	218,400	224,952	231,701	238,652	245,811	253,185	260,781	268,604	276,663	284,962	293,511
Miscellaneous Income	81,000	83,430	85,933	88,511	91,166	93,901	96,718	99,620	102,608	105,687	108,857
Total Potential Gross Revenue	2,291,354	2,360,095	2,430,898	2,503,825	2,578,939	2,656,307	2,735,996	2,818,076	2,902,619	2,989,697	3,079,387
General Vacancy	(99,598)	(102,586)	(105,663)	(108,833)	(112,098)	(115,461)	(118,925)	(122,493)	(126,167)	(129,952)	(133,851)
Collection Loss	(39,839)	(41,034)	(42,265)	(43,533)	(44,839)	(46,184)	(47,570)	(48,997)	(50,467)	(51,981)	(53,540)
Effective Gross Revenue	2,151,917	2,216,475	2,282,970	2,351,459	2,422,002	2,494,662	2,569,501	2,646,586	2,725,985	2,807,764	2,891,996
Operating Expenses											
Property Insurance	72,100	74,263	76,491	78,786	81,149	83,584	86,091	88,674	91,334	94,074	96,896
Utilities	103,000	106,090	109,273	112,551	115,927	119,405	122,987	126,677	130,477	134,392	138,423
Repairs and Maintenance	103,000	106,090	109,273	112,551	115,927	119,405	122,987	126,677	130,477	134,392	138,423
Management Fees	107,596	110,824	114,149	117,573	121,100	124,733	128,475	132,329	136,299	140,388	144,600
Payroll	128,750	132,612	136,591	140,689	144,909	149,257	153,734	158,346	163,097	167,990	173,029
Advertizing and Promotion	40,000	41,200	42,436	43,709	45,020	46,371	47,762	49,195	50,671	52,191	53,757
Administrative Fees	41,200	42,436	43,709	45,020	46,371	47,762	49,195	50,671	52,191	53,757	55,369
Unit Turnover	15,000	15,450	15,914	16,391	16,883	17,389	17,911	18,448	19,002	19,572	20,159
Replacement Reserve	25,029	25,780	26,553	27,350	28,170	29,015	29,886	30,783	31,706	32,657	33,637
Other Expenses	41,200	42,436	43,709	45,020	46,371	47,762	49,195	50,671	52,191	53,757	55,369
Total Operating Expenses	676,875	697,181	718,098	739,640	761,827	784,683	808,223	832,471	857,445	883,170	909,662
Net Operating Income	1,475,042	1,519,294	1,564,872	1,611,819	1,660,175	1,709,979	1,761,278	1,814,115	1,868,540	1,924,594	1,982,334
Leasing & Capital Costs											
T.I.'s and Leasing Commissions	204,000										
Total Leasing & Capital Costs	204,000										
Cash Flow Before Debt Service & INCOME TAX	$1,271,042	$1,519,294	$1,564,872	$1,611,819	$1,660,175	$1,709,979	$1,761,278	$1,814,115	$1,868,540	$1,924,594	$1,982,334
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Prospective Present Value
Cash Flow Before Debt Service plus Property Resale
Discounted Annually (Endpoint on Cash Flow & Resale) over a 10-Year Period
Present Value as of 6/1/2024

Analysis Period	For the Year Ending	Annual Cash Flow	P.V. of Cash Flow @ 7.00%	P.V. of Cash Flow @ 7.25%	P.V. of Cash Flow @ 7.50%	P.V. of Cash Flow @ 7.75%	P.V. of Cash Flow @ 8.00%
Year 1	May-2025	$1,271,042	$1,187,890	$1,185,121	$1,182,365	$1,179,621	$1,176,891
Year 2	May-2026	1,519,294	1,327,010	1,320,831	1,314,695	1,308,601	1,302,550
Year 3	May-2027	1,564,872	1,277,402	1,268,490	1,259,660	1,250,913	1,242,246
Year 4	May-2028	1,611,819	1,229,649	1,218,224	1,206,931	1,195,769	1,184,735
Year 5	May-2029	1,660,175	1,183,682	1,169,950	1,156,409	1,143,056	1,129,887
Year 6	May-2030	1,709,979	1,139,431	1,123,588	1,108,001	1,092,665	1,077,577
Year 7	May-2031	1,761,278	1,096,835	1,079,063	1,061,619	1,044,496	1,027,689
Year 8	May-2032	1,814,115	1,055,831	1,036,302	1,017,178	998,451	980,110
Year 9	May-2033	1,868,540	1,016,362	995,237	974,600	954,436	934,735
Year 10	May-2034	1,924,594	978,366	955,798	933,801	912,360	891,459
Total Cash Flow		16,705,708	11,492,458	11,352,604	11,215,259	11,080,368	10,947,879
Property Resale @ 5.50% Cap		35,682,012	18,138,926	17,720,514	17,312,696	16,915,177	16,527,676
Total Property Present Value			$29,631,384	$29,073,118	$28,527,955	$27,995,545	$27,475,555
			===========	===========	===========	===========	===========
Rounded to Thousands			$29,631,000	$29,073,000	$28,528,000	$27,996,000	$27,476,000
			===========	===========	===========	===========	===========
Per Unit			365,820	358,927	352,197	345,624	339,204

Reconciliation within the Income Capitalization Approach

Under current market conditions buyers are placing emphasis on the Discounted Cash Flow Method over the Direct Capitalization Method. Since we have projected the subject to be operated as typical apartment property with normal tenant characteristics, we have placed reliance on the Discounted Cash Flow Method. A typical apartment purchaser would not rely on the Direct Capitalization Method in purchasing an apartment complex. The following is a summary of our concluded values in the Income Capitalization Approach:

INCOME CAPITALIZATION APPROACH CONCLUSION

Methodology	Market Value As-Is	Per Unit	Prospective Market Value Upon Completion	Per Unit	Prospective Market Value Upon Stabilization	Per Unit
Yield Capitalization	N/A	N/A	$20,200,000	$249,383	$22,700,000	$280,247
Direct Capitalization	N/A	N/A	$20,100,000	$248,148	$22,600,000	$279,012
Income Approach Conclusion	**N/A**	**N/A**	**$20,200,000**	**$249,383**	**$22,700,000**	**$280,247**

Compiled by Cushman & Wakefield Regional, Inc.

Ground Lease Valuation – Leased Fee Value

Methodology

At the client's request, we have provided an as is leased fee value of the proposed ground lease at the subject property. As the ground lease is tied to the construction completion of the improvements, we have assumed that the improvements are complete as of the date of our as is value to determine this leased fee valuation.

Based on the ground lease payments being subject to net income (less debt service) of the subject property, we have employed the Discounted Cash Flow Method in our analysis, as we believe an investor would consider this to be the most appropriate and realistic method to value a ground lease with income that changes over time. A brief summary of the terms of the ground lease is located below:

Ground Lease Summary

The following is a summary of the proposed ground lease at the subject property, which we have considered in our analysis between the City of Miami Beach and Servitas (the proposed lessee and developer).

- The Ground Lease will be a fifty (50) year lease, with two (2) optional renewals of twenty (20) years each, on mutual agreement of the City and Ground Lessee, with the form of the Ground Lease to be negotiated and subject to mutual agreement.
- Guaranteed ground rent paid to the City will be set at $100 per year, escalating at 3% per annum. Guaranteed ground rent payment will begin upon Financial Closing and execution of the Ground Lease.
- As part of the Ground Lease the City will provide the Project with fifty-eight (58) parking spaces for the workforce housing portion of the Project or secure a waiver of the parking space requirements.
- It should be noted that the City will be subject to all shortfalls throughout the ground lease term.

City will receive nominal base rent and that, as additional rent, the City (and its not-for-profit designee, the Miami City Ballet, Inc.) will receive 100% of the annual net revenues generated by the Project, following payment of all operating expenses and debt service requirements.

Ground Lease Valuation

As the ground lease payments are essentially the net operating income of the proposed development upon completion over a 50 year period, less the debt service for the 30 year bond that is contemplated to be placed on the property, we have illustrated the projected net income and debt service line items over the following pages. It should be noted that we have utilized the debt service amounts provided by the developer in our analysis, which are located in the addenda of this report. It should also be noted that over the first several years, there is no positive revenue attributable to the ground lease as the expenses and debt service are greater than the projected rental revenue.

Proposed Collins Park Ground Lease				
Ground Rent Fixed Rent Schedule		Annual Ground Rent	Annual Debt Service 30 Year Term	Projected Net Operating Income
Year 1	2023	-$433,914	-$1,196,936	$763,022
Year 2	2024	-$88,019	-$1,563,061	$1,475,042
Year 3	2025	-$87,018	-$1,606,312	$1,519,294
Year 4	2026	-$87,517	-$1,652,389	$1,564,872
Year 5	2027	-$38,309	-$1,650,128	$1,611,819
Year 6	2028	$7,503	-$1,652,672	$1,660,175
Year 7	2029	$61,547	-$1,648,432	$1,709,979
Year 8	2030	$112,281	-$1,648,997	$1,761,278
Year 9	2031	$165,683	-$1,648,432	$1,814,115
Year 10	2032	$216,151	-$1,652,389	$1,868,540
Year 11	2033	$275,314	-$1,649,280	$1,924,594
Year 12	2034	$331,641	-$1,650,693	$1,982,334
Year 13	2035	$391,111	-$1,650,693	$2,041,804
Year 14	2036	$453,780	-$1,649,280	$2,103,060
Year 15	2037	$514,041	-$1,652,107	$2,166,148
Year 16	2038	$577,896	-$1,653,237	$2,231,133
Year 17	2039	$645,395	-$1,652,672	$2,298,067
Year 18	2040	$716,598	-$1,650,411	$2,367,009
Year 19	2041	$785,914	-$1,652,107	$2,438,021
Year 20	2042	$859,338	-$1,651,824	$2,511,162
Year 21	2043	$936,934	-$1,649,562	$2,586,496
Year 22	2044	$1,013,114	-$1,650,976	$2,664,090
Year 23	2045	$1,093,887	-$1,650,128	$2,744,015
Year 24	2046	$1,173,662	-$1,652,672	$2,826,334
Year 25	2047	$1,258,451	-$1,652,672	$2,911,123
Year 26	2048	$1,348,328	-$1,650,128	$2,998,456
Year 27	2049	$1,437,718	-$1,650,693	$3,088,411
Year 28	2050	$1,532,631	-$1,648,432	$3,181,063
Year 29	2051	$3,276,494	$0	$3,276,494
Year 30	2052	$3,374,786	$0	$3,374,786
Year 31	2053	$3,476,037	$0	$3,476,037
Year 32	2054	$3,580,315	$0	$3,580,315
Year 33	2055	$3,687,727	$0	$3,687,727
Year 34	2056	$3,798,357	$0	$3,798,357
Year 35	2057	$3,912,307	$0	$3,912,307
Year 36	2058	$4,029,676	$0	$4,029,676
Year 37	2059	$4,150,567	$0	$4,150,567
Year 38	2060	$4,275,083	$0	$4,275,083
Year 39	2061	$4,403,337	$0	$4,403,337
Year 40	2062	$4,535,435	$0	$4,535,435
Year 41	2063	$4,671,497	$0	$4,671,497
Year 42	2064	$4,811,642	$0	$4,811,642
Year 43	2065	$4,955,991	$0	$4,955,991
Year 44	2066	$5,104,671	$0	$5,104,671
Year 45	2067	$5,257,811	$0	$5,257,811
Year 46	2068	$5,415,545	$0	$5,415,545
Year 47	2069	$5,578,012	$0	$5,578,012
Year 48	2070	$5,745,352	$0	$5,745,352
Year 49	2071	$5,917,713	$0	$5,917,713
Year 50	2072	$6,095,244	$0	$6,095,244
Cumulative Cashflow		**$115,227,740**		

Despite the ground lease having additional renewal options, we do not believe that a prospective purchaser would underwrite these in their analysis based on the length of discounting timeframe.

Overall rates for land leases similar to the subject are extremely rare. Current overall rates for land leases of similar properties in good locations with long-term leases in place and with improvements constructed on the site range from approximately four to six percent. A land lease that can generate a steady cash flow from a credit tenant represents a very low risk investment.

We consulted with multiple brokers, who indicated that ground lease properties are typically capitalized at a rate roughly 75 to 100 basis points below the non-ground leased transactions. Obviously, this is due to the lower rent levels and less risk involved with the tenant having constructed the improvements. The likelihood of the tenant walking away from the property is almost non-existent.

Due to the zoning restrictions of the subject site, which limit the property to workforce housing rental units and a residential dorm we have considered the following National Apartment PWC Real Estate Investor Survey, as well as the National Net Leased survey.

DISCOUNT RATES (IRR)			
Survey	**Date**	**Range**	**Average**
PwPwC Institutional	Third Quarter 2020	5.00% - 10.00%	6.83%

Pw C Institutional - Refers to National Apartment market regardless of class or occupancy

DISCOUNT RATES (IRR)			
Survey	**Date**	**Range**	**Average**
PwPwC Institutional	Third Quarter 2020	5.00% - 10.00%	7.05%

Pw C Institutional - Refers to National Net Lease market regardless of class or occupancy

Ground leases on properties of this type very rarely trade. However, desirable improved apartment properties are being underwritten between 4.00 to 5.00 percent capitalization rates as illustrated by the surveys. As of November 20, 2020, the effective rate on 30 year treasury bonds was 1.56 percent according to the Federal Reserve. For inflation adjusted 30 year treasury bonds, the rate on November 20, 2020 was 0.30 percent. A leased fee interest on real estate is considered to have more default risk than a treasury bond, but the bond has more interest rate risk. Clearly, the capitalization rate on the leased fee interest would need to be greater than the negative 0.30 percent inflation adjusted rate. Also, we have projected that our selection of a discount rate would also need to be above the non-inflation adjusted rate of 1.33 percent. We have also considered that the projected ground lease rental rate is variable and not based on a fixed rate and is essentially the net operating income of the improvements (less debt service for the first 30 years), as well as the ground lease holder being responsible for the shortfalls in expenses if the revenue does not exceed gross expenses. Therefore, the 5.25 percent effective going-in rate based on the long-term nature of the existing leases and most new ground leases in prime sites in South Florida is considered to be reflective of market, as well as considering the additional risk in the property in that lessor is responsible for any shortfalls in revenue. This is in line with the survey of going in rates, as well as considering any ground lease on the subject site being a higher risk asset in relation to treasury bills. This results in a Discounted Cash Flow ground lease value of $18,000,000 rounded, as reflected in the following chart.

Ground Lease (GL) Analysis	
Valuation Key Drivers	**Discount Rate**
Discount Rate (IRR) for Ground Lease Income **(1)**	5.25%
$ 18,000,000 Market Value of Leased Fee Estate	

Market Ground Lease Terms

At the client's request, we have illustrated typical terms for ground leases in the market. **The subject ground lease terms are atypical in that the ground lease rents in the market do not represent the total net income of an improved property and rather are determined based on the value of the land in exchange for purchasing the site. The ground lease base lease revenue typically does not take into account any income generated by any improvements generated on site.**

We have multiplied our projected going in rate for the subject site of 4.00 percent with our land value for the subject site of $6,900,000, which equates to a total initial ground rent of $276,000 per annum. We have reconciled at a lower going in rate than the discount rate utilized in our previous analysis of the subject based on going in capitalization rates for apartment product in the market, with the best Class A product ranging from 4.25 to 4.50 percent. We have also considered that a fixed rental rate is a lower risk than a variable ground rent based on net income. We have considered the PWC survey below reflecting going in rates for the National Apartment market, which supports our conclusion.

CAPITALIZATION RATES			
Survey	**Date**	**Range**	**Average**
PwC Institutional	Third Quarter 2020	3.50% - 8.00%	5.22%

PwC Institutional - Refers to National Apartment market regardless of class or occupancy

While the ground lease rent have been determined, we have utilized recent ground rent comparables to determine an appropriate term and any increases in ground rent over the term. The following chart reflects the most recent long term ground leases in Miami-Dade County that we are aware of in the market. It should be noted that there are few long term ground leases in the South Florida market, with the exception of smaller retail ground leases, such as drug store or bank branch leases, which would not be considered comparable to the subject.

GROUND LEASE AT METRORAIL STATION COMPARABLES					
PROPERTY		LEASE INFORMATION			
NO.	Property Name Address, City, State	LEASE DATE	TERM (yrs.)	GROUND RENT	COMMENTS
1	Coconut Grove Metrorail (2015) Miami, FL	2015	90.0	Ground Rent - Upfront - $500K Year 1 - $200,000 Year 2 - $350,000 Year 3 - $450,000 Year 4 – Greater of $450,000 and an amount equal to three percent (3%) of Gross Income collected from all commercial, retail, residential and any other uses of the Demised Premises, exclusive of vacancy and collection loss.	New development of 180,000 square feet of office, 40,000 square feet of retail, 180 hotel rooms, 250 market rate apartments. Renewal - No specific renewal provision- Section 3.1(iv) likely applies, or rent could be renegotiated. Station Improvements - $5,000,000
2	Douglas Road Metrorail Station (2016) Miami, FL	2016	30.0	Ground Rent – Upfront - $1,500,000 (covers first four years of ground rent payments) Year 5 -$375,000 Year 6 - Annual Minimum Rent shall adjust each Lease Year by the lesser of (i) three percent (3%) of the annual Minimum Rent for the immediately preceding Lease Year, or (ii) the percentage change in the CPI	Project Summary – New development of 855 apartments, 115 workforce apartments, 60,000 square feet of retail, 150 room hotel. Term – 30 years with two 30 year extensions. Renewal Rent - Minimum Rent shall be calculated and determined as provided herein during the initial Term and all renewals thereof. Station Improvements - $15,000,000
STATISTICS					
Low		2015	30.0		
High		2016	90.0		
Average		2016	60.0		

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As illustrated these terms range between 30 years with two 30 year extensions (effectively 90 years with extensions) and a 90 year lease term. We have reconciled in between these two terms and with the proposed initial lease term of 50 years. Additionally, the rent is based on a fixed amount or the greater of a 3.00% of gross income or a three percent or CPI increase in the ground lease amount.

We have considered the leases in our analysis and have projected the following ground lease terms for the subject as illustrated in the following chart:

Market Ground Rent Estimate For Subject Site		
Initial Annual Ground Rent	Term	Increases
$276,000	50 years	CPI

It should be reiterated that the market ground rent estimate is less than the projected net income at the subject, as the estimated market ground rent estimate is solely based on the revenue attributable to the land, while the proposed subject ground lease is based on the revenue that the property will generate once the improvements are complete (of which the underlying land will be a component of this completed development).

Reconciliation and Final Value Opinion

Valuation Methodology Review and Reconciliation

This appraisal employs all three typical approaches to value: the Cost Approach, the Sales Comparison Approach and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that all approaches would be considered meaningful and applicable in developing a credible value conclusion.

The approaches indicated the following:

FINAL VALUE RECONCILIATION	Market Value As-Is	Per Unit	Prospective Market Value Upon Completion	Per Unit	Prospective Market Value Upon Stabilization	Per Unit
Date of Value	**October 26, 2020**		**June 1, 2023**		**June 1, 2024**	
Land Valuation - Fee Simple						
Land Value	$6,900,000		$6,900,000		N/A	
Land Value Per Unit		$75,000		$75,000		N/A
Cost Approach						
Conclusion	N/A		$18,500,000		N/A	
Conclusion Per Unit		N/A		$228,395		N/A
Sales Comparison Approach						
Percentage Adjustment Method	N/A	N/A	$19,000,000	$234,568	$21,000,000	$259,259
Conclusion	N/A	N/A	$19,000,000	$234,568	$21,000,000	$259,259
Income Capitalization Approach						
Yield Capitalization	N/A	N/A	$20,200,000	$249,383	$22,700,000	$280,247
Direct Capitalization	N/A	N/A	$20,100,000	$248,148	$22,600,000	$279,012
Conclusion	N/A	N/A	$20,200,000	$249,383	$22,700,000	$280,247
Final Value Conclusion	**$6,900,000**	**$85,185**	**$20,200,000**	**$249,383**	**$22,700,000**	**$280,247**

Compiled by Cushman & Wakefield Regional, Inc.

We gave most weight to the Income Capitalization Approach because this mirrors the methodology used by purchasers of this property type (i.e., an income-producing property). The quantity and quality of the data for the Income Capitalization Approach is considered very good to excellent. This includes the presence of multiple Class apartment properties in the Miami Beach market, utilized for our rental estimates, and data regarding occupancy and expenses extracted from similar properties throughout the Miami-Dade County and overall South Florida area along with market reports. Investment rates of return used for converting net income into value were derived via extraction from recent sales of similar apartments in the area, investor surveys (national), discussions with local market participants. The value from the Income Capitalization Approach is well supported by the value indicated by the secondary approach to value – the Sales Comparison Approach. The quantity and quality of date used for this approach is good and consisted of multiple relatively recent sales of Class A high-rise apartments in South Florida.

The quantity and quality of the data for the Cost Approach is considered good and consisted of multiple relatively recent sales of land parcels throughout South Florida purchased for a similar highest and best use. The subject's land value (as vacant) is based on the sales comparison technique – as reflected in the Land Valuation Section of this report. This is an integral part of the Cost Approach. The data used in the Cost Approach also included nationally recognized cost figures (adjusted for location and current multipliers). We have placed some weight to the value indicated by the Cost Approach, although we have placed less reliance than in the Income Capitalization Approach, as this is the primary method that purchasers of the subject rely upon.

Value Conclusions			
Appraisal Premise	**Real Property Interest**	**Date Of Value**	**Value Conclusion**
Market Value As-Is	Fee Simple	October 26, 2020	$6,900,000
Market Value As-Is (Based on Extraordinary Assumption of In Place Ground Lease)	Leased Fee	October 26, 2020	$18,000,000
Prospective Market Value Upon Completion	Leasehold	June 1, 2023	$20,200,000
Prospective Market Value Upon Stabilization	Leasehold	June 1, 2024	$22,700,000

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The implied “going in” capitalization rate is 6.50 percent. The overall capitalization rates derived from the improved property sales are between 3.50 percent and 4.75 percent, averaging 4.36 percent. The implied going-in cap rate is above the range of the going-in capitalization rates indicated by the sales and the most recent Investor Surveys based on the lease up risk at the subject.

Exposure Time and Marketing Time

Based on our review of national investor surveys, discussions with market participants and information gathered during the sales verification process, a reasonable exposure time for the subject property at the value concluded within this report would have been approximately nine-eleven (9-11) months. This assumes an active and professional marketing plan would have been employed by the current owner.

We believe, based on the assumptions employed in our analysis, as well as our selection of investment parameters for the subject, that our value conclusion represents a price achievable within nine-eleven (9-11) months.

Assumptions and Limiting Conditions

"Report" means the appraisal or consulting report and conclusions stated therein, to which these Assumptions and Limiting Conditions are annexed.

"Property" means the subject of the Report.

"Cushman & Wakefield" means Cushman & Wakefield, Inc. or its subsidiary that issued the Report.

"Appraiser(s)" means the employee(s) of Cushman & Wakefield who prepared and signed the Report.

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

- No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to the Property is assumed to be good and marketable and the Property is assumed to be free and clear of all liens unless otherwise stated. No survey of the Property was undertaken.
- The information contained in the Report or upon which the Report is based has been gathered from sources the Appraiser assumes to be reliable and accurate. The owner of the Property may have provided some of such information. Neither the Appraiser nor Cushman & Wakefield shall be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, sketches, exhibits and factual matters. Any authorized user of the Report is obligated to bring to the attention of Cushman & Wakefield any inaccuracies or errors that it believes are contained in the Report.
- The opinions are only as of the date stated in the Report. Changes since that date in external and market factors or in the Property itself can significantly affect the conclusions in the Report.
- The Report is to be used in whole and not in part. No part of the Report shall be used in conjunction with any other analyses. Publication of the Report or any portion thereof without the prior written consent of Cushman & Wakefield is prohibited. Reference to the Appraisal Institute or to the MAI designation is prohibited. Except as may be otherwise stated in the letter of engagement, the Report may not be used by any person(s) other than the party(ies) to whom it is addressed or for purposes other than that for which it was prepared. No part of the Report shall be conveyed to the public through advertising, or used in any sales, promotion, offering or SEC material without Cushman & Wakefield's prior written consent. Any authorized user(s) of this Report who provides a copy to, or permits reliance thereon by, any person or entity not authorized by Cushman & Wakefield in writing to use or rely thereon, hereby agrees to indemnify and hold Cushman & Wakefield, its affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the Report by any such unauthorized person(s) or entity(ies).
- Except as may be otherwise stated in the letter of engagement, the Appraiser shall not be required to give testimony in any court or administrative proceeding relating to the Property or the Appraisal.
- The Report assumes (a) responsible ownership and competent management of the Property; (b) there are no hidden or unapparent conditions of the Property, subsoil or structures that render the Property more or less valuable (no responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them); (c) full compliance with all applicable federal, state and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Report; and (d) all required licenses, certificates of occupancy and other governmental consents have been or can be obtained and renewed for any use on which the value opinion contained in the Report is based.
- The physical condition of the improvements considered by the Report is based on visual inspection by the Appraiser or other person identified in the Report. Cushman & Wakefield assumes no responsibility for the soundness of structural components or for the condition of mechanical equipment, plumbing or electrical components.
- The forecasted potential gross income referred to in the Report may be based on lease summaries provided by the owner or third parties. The Report assumes no responsibility for the authenticity or completeness of lease information provided by others. Cushman & Wakefield recommends that legal advice be obtained regarding the interpretation of lease provisions and the contractual rights of parties.

- The forecasts of income and expenses are not predictions of the future. Rather, they are the Appraiser's best opinions of current market thinking on future income and expenses. The Appraiser and Cushman & Wakefield make no warranty or representation that these forecasts will materialize. The real estate market is constantly fluctuating and changing. It is not the Appraiser's task to predict or in any way warrant the conditions of a future real estate market; the Appraiser can only reflect what the investment community, as of the date of the Report, envisages for the future in terms of rental rates, expenses, and supply and demand.
- Unless otherwise stated in the Report, the existence of potentially hazardous or toxic materials that may have been used in the construction or maintenance of the improvements or may be located at or about the Property was not considered in arriving at the opinion of value. These materials (such as formaldehyde foam insulation, asbestos insulation and other potentially hazardous materials) may adversely affect the value of the Property. The Appraisers are not qualified to detect such substances. Cushman & Wakefield recommends that an environmental expert be employed to determine the impact of these matters on the opinion of value.
- Unless otherwise stated in the Report, compliance with the requirements of the Americans with Disabilities Act of 1990 (ADA) has not been considered in arriving at the opinion of value. Failure to comply with the requirements of the ADA may adversely affect the value of the Property. Cushman & Wakefield recommends that an expert in this field be employed to determine the compliance of the Property with the requirements of the ADA and the impact of these matters on the opinion of value.
- If the Report is submitted to a lender or investor with the prior approval of Cushman & Wakefield, such party should consider this Report as only one factor, together with its independent investment considerations and underwriting criteria, in its overall investment decision. Such lender or investor is specifically cautioned to understand all Extraordinary Assumptions and Hypothetical Conditions and the Assumptions and Limiting Conditions incorporated in this Report.
- In the event of a claim against Cushman & Wakefield or its affiliates or their respective officers or employees or the Appraisers in connection with or in any way relating to this Report or this engagement, the maximum damages recoverable shall be the amount of the monies actually collected by Cushman & Wakefield or its affiliates for this Report and under no circumstances shall any claim for consequential damages be made.
- If the Report is referred to or included in any offering material or prospectus, the Report shall be deemed referred to or included for informational purposes only and Cushman & Wakefield, its employees and the Appraiser have no liability to such recipients. Cushman & Wakefield disclaims any and all liability to any party other than the party that retained Cushman & Wakefield to prepare the Report.
- Any estimate of insurable replacement cost/insurable value, if included within the agreed upon scope of work and presented within this report, is based upon figures derived from a national cost estimating service and is developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage for replacing any structure. This analysis should not be relied upon to determine insurance coverage. Furthermore, we make no warranties regarding the accuracy of this estimate.
- Any estimate of actual cash value, if included within the agreed upon scope of work and presented within this Report, is based upon an agreed upon procedure with the client as identified by the client within their definition. C&W makes no warranties regarding the accuracy or relevance of this estimate.
- Unless otherwise noted, we were not given a soil report to review. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property. Drainage appears to be adequate.
- Unless otherwise noted, we were not given a title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use. However, we recommend a title search to determine whether any adverse conditions exist.
- Unless otherwise noted, we were not given a wetlands survey to review. If subsequent engineering data reveal the presence of regulated wetlands, it could materially affect property value. We recommend a wetlands survey by a professional engineer with expertise in this field.
- Unless otherwise noted, we observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the hiring of a professional engineer with expertise in this field.

- Unless otherwise noted, we did not inspect the roof nor did we make a detailed inspection of the mechanical systems. The appraisers are not qualified to render an opinion regarding the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed.
- By use of this Report each party that uses this Report agrees to be bound by all of the Assumptions and Limiting Conditions, Hypothetical Conditions and Extraordinary Assumptions stated herein.

Certification

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- 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 & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Michael C. McNamara, MAI, MRICS did make a personal inspection of the property that is the subject of this report. Adrian M. Sanchez, MAI and Blake Koletic did not make a personal inspection of the property that is the subject of this report.
- Michael C. McNamara, MAI, MRICS, Blake Koletic and Adrian M. Sanchez, MAI have not provided prior services, as an appraiser or in any other capacity, within the three-year period immediately preceding acceptance of this assignment.
- No one provided significant real property appraisal assistance to the persons signing this report.
- As of the date of this report, Michael C. McNamara, MAI, MRICS and Adrian M. Sanchez, MAI have completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, Blake Koletic has completed the Standards and Ethics Education Requirements for Candidates/Practicing Affiliates of the Appraisal Institute.
- The real property appraisal assistance of State-Registered Trainee Appraiser RI 24585, Blake Koletic is hereby recognized. Blake Koletic assisted in the market analysis, forecasting, valuation analysis, and report writing components of this report.
- I, Adrian M. Sanchez, MAI the supervisory appraiser of a registered appraiser trainee who contributed to the development or communication of this appraisal, hereby accepts full and complete responsibility for any work performed by the registered appraiser trainee named in this report as if it were my own work.
- Our analyses, opinions, or conclusions were developed and this report has been prepared in conformity with the requirements of the State of Florida for State-certified appraisers.
- 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.

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Addenda Contents

Addendum A:
Glossary of Terms & Definitions

The following definitions of pertinent terms are taken from *The Dictionary of Real Estate Appraisal*, Sixth Edition (2015), published by the Appraisal Institute, Chicago, IL, as well as other sources.

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Proposed Interagency Appraisal and Evaluation Guidelines, OCC-4810-33-P 20%)

Band of Investment

A technique in which the capitalization rates attributable to components of a capital investment are weighted and combined to derive a weighted-average rate attributable to the total investment.

Cash Equivalency

An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash.

Depreciation

1. In appraising, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date. 2. In accounting, an allowance made against the loss in value of an asset for a defined purpose and computed using a specified method.

Disposition Value

The most probable price that a specified interest in real property is likely to bring under all of the following conditions:

- Consummation of a sale will occur within a limited future marketing period specified by the client.
- The actual market conditions currently prevailing are those to which the appraised property interest is subject.
- The buyer and seller is each acting prudently and knowledgeably.
- The seller is under compulsion to sell.
- The buyer is typically motivated.
- Both parties are acting in what they consider their best interest.
- An adequate marketing effort will be made in the limited time allowed for the completion of a sale.
- Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
- 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.

Note that this definition differs from the definition of market value. The most notable difference relates to the motivation of the seller. In the case of Disposition value, the seller would be acting under compulsion within a limited future marketing period.

Ellwood Formula

A yield capitalization method that provides a formulaic solution for developing a capitalization rate for various combinations of equity yields and mortgage terms. The formula is applicable only to properties with stable or stabilized income streams and properties with income streams expected to change according to the J- or K-factor pattern. The formula is
RO = [YE – M (YE + P 1/Sn¬ – RM) – ΔO 1/S n¬] / [1 + ΔI J]
where
RO = Overall Capitalization Rate
YE = Equity Yield Rate
M = Loan-to-Value Ratio
P = Percentage of Loan Paid Off
1/S n¬ = Sinking Fund Factor at the Equity Yield Rate
RM =Mortgage Capitalization Rate
ΔO = Change in Total Property Value
ΔI = Total Ratio Change in Income

J = J Factor
Also called mortgage-equity formula.

Exposure Time

1. The time a property remains on the market. 2. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. See also marketing time.

Extraordinary Assumption

An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

Comment: 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.

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.

Highest and Best Use

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

Highest and Best Use of Property as Improved

The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.

Hypothetical Conditions

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

Insurable Replacement Cost/Insurable Value

A type of value for insurance purposes.

Intended Use

The use or uses of an appraiser's reported appraisal, appraisal review, or appraisal consulting 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, appraisal review, or appraisal consulting report by the appraiser on the basis of communication with the client at the time of the assignment.

Leased Fee Interest

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease).

Leasehold Interest

The tenant's possessory interest created by a lease. See also negative leasehold; positive leasehold.

Liquidation Value

The most probable price that a specified interest in real property is likely to bring under all of the following conditions:

- Consummation of a sale will occur within a severely limited future marketing period specified by the client.
- The actual market conditions currently prevailing are those to which the appraised property interest is subject.
- The buyer is acting prudently and knowledgeably.
- The seller is under extreme compulsion to sell.
- The buyer is typically motivated.
- The buyer is acting in what he or she considers his or her best interest.
- A limited marketing effort and time will be allowed for the completion of a sale.
- Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
- 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.

Note that this definition differs from the definition of market value. The most notable difference relates to the motivation of the seller. Under market value, the seller would be acting in his or her own best interests. The seller would be acting prudently and knowledgeably, assuming the price is not affected by undue stimulus or atypical motivation. In the case of liquidation value, the seller would be acting under extreme compulsion within a severely limited future marketing period.

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).

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:

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

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time.) See also exposure time.

Mortgage-Equity Analysis

Capitalization and investment analysis procedures that recognize how mortgage terms and equity requirements affect the value of income-producing property.

Operating Expenses

Other Taxes, Fees & Permits - Personal property taxes, sales taxes, utility taxes, fees and permit expenses**.**

Property Insurance – Coverage for loss or damage to the property caused by the perils of fire, lightning, extended coverage perils, vandalism and malicious mischief, and additional perils.

Management Fees - The sum paid for management services. Management services may be contracted for or provided by the property owner. Management expenses may include supervision, on-site offices or apartments for resident managers, telephone service, clerical help, legal or accounting services, printing and postage, and advertising. Management fees may occasionally be included among recoverable operating expenses

Total Administrative Fees – Depending on the nature of the real estate, these usually include professional fees and other general administrative expenses, such as rent of offices and the services needed to operate the property. Administrative expenses can be provided either in the following expense subcategories or in a bulk total. 1) Professional Fees – Fees paid for any professional services contracted for or incurred in property operation; or 2) Other Administrative – Any other general administrative expenses incurred in property operation.

[1] "Interagency Appraisal and Evaluation Guidelines." Federal Register 75:237 (December 10, 2010) p. 77472.

Heating Fuel - The cost of heating fuel purchased from outside producers. The cost of heat is generally a tenant expense in single-tenant, industrial or retail properties, and apartment projects with individual heating units. It is a major expense item shown in operating statements for office buildings and many apartment properties. The fuel consumed may be coal, oil, or public steam. Heating supplies, maintenance, and workers' wages are included in this expense category under certain accounting methods.

Electricity - The cost of electricity purchased from outside producers. Although the cost of electricity for leased space is frequently a tenant expense, and therefore not included in the operating expense statement, the owner may be responsible for lighting public areas and for the power needed to run elevators and other building equipment.

Gas - The cost of gas purchased from outside producers. When used for heating and air conditioning, gas can be a major expense item that is either paid by the tenant or reflected in the rent.

Water & Sewer - The cost of water consumed, including water specially treated for the circulating ice water system, or purchased for drinking purposes. The cost of water is a major consideration for industrial plants that use processes depending on water and for multifamily projects, in which the cost of sewer service usually ties to the amount of water used. It is also an important consideration for laundries, restaurants, taverns, hotels, and similar operations.

Other Utilities - The cost of other utilities purchased from outside producers.

Total Utilities - The cost of utilities net of energy sales to stores and others. Utilities are services rendered by public and private utility companies (e.g., electricity, gas, heating fuel, water/sewer and other utilities providers). Utility expenses can be provided either in expense subcategories or in a bulk total.

Repairs & Maintenance - All expenses incurred for the general repairs and maintenance of the building, including common areas and general upkeep. Repairs and maintenance expenses include elevator, HVAC, electrical and plumbing, structural/roof, and other repairs and maintenance expense items. Repairs and Maintenance expenses can be provided either in the following expense subcategories or in a bulk total. 1) Elevator - The expense of the contract and any additional expenses for elevator repairs and maintenance. This expense item may also include escalator repairs and maintenance. 2) HVAC – The expense of the contract and any additional expenses for heating, ventilation and air-conditioning systems. 3) Electrical & Plumbing - The expense of all repairs and maintenance associated with the property's electrical and plumbing systems. 4) Structural/Roof - The expense of all repairs and maintenance associated with the property's building structure and roof. 5) Pest Control – The expense of insect and rodent control. 6). Other Repairs & Maintenance - The cost of any other repairs and maintenance items not specifically included in other expense categories.

Common Area Maintenance - The common area is the total area within a property that is not designed for sale or rental, but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities. Common Area Maintenance (CAM) expenses can be entered in bulk or through the sub-categories. 1) Utilities – Cost of utilities that are included in CAM charges and passed through to tenants. 2) Repair & Maintenance – Cost of repair and maintenance items that are included in CAM charges and passed through to tenants. 3) Parking Lot Maintenance – Cost of parking lot maintenance items that are included in CAM charges and passed through to tenants. 4) Snow Removal – Cost of snow removal that are included in CAM charges and passed through to tenants. 5) Grounds Maintenance – Cost of ground maintenance items that are included in CAM charges and passed through to tenants. 6) Other CAM expenses are items that are included in CAM charges and passed through to tenants.

Painting & Decorating - This expense category is relevant to residential properties where the landlord is required to prepare a dwelling unit for occupancy in between tenancies.

Cleaning & Janitorial - The expenses for building cleaning and janitorial services, for both daytime and night-time cleaning and janitorial service for tenant spaces, public areas, atriums, elevators, restrooms, windows, etc. Cleaning and Janitorial expenses can be provided either in the following subcategories or entered in a bulk total. 1) Contract Services - The expense of cleaning and janitorial services contracted for with outside service providers. 2) Supplies, Materials & Misc. - The cost any cleaning materials and any other janitorial supplies required for property cleaning and janitorial services and not covered elsewhere. 3) Trash Removal - The expense of property trash and rubbish removal and related services. Sometimes this expense item includes the cost of pest control and/or snow removal .4) Other Cleaning/Janitorial - Any other cleaning and janitorial related expenses not included in other specific expense categories.

Advertising & Promotion - Expenses related to advertising, promotion, sales, and publicity and all related printing, stationary, artwork, magazine space, broadcasting, and postage related to marketing.

Professional Fees - All professional fees associated with property leasing activities including legal, accounting, data processing, and auditing costs to the extent necessary to satisfy tenant lease requirements and permanent lender requirements.

Total Payroll - The payroll expenses for all employees involved in the ongoing operation of the property, but whose salaries and wages are not included in other expense categories. Payroll expenses can be provided either in the following subcategories or entered in a bulk total. 1) Administrative Payroll - The payroll expenses for all employees involved in on-going property administration. 2) Repair & Maintenance Payroll - The expense of all employees involved in on-going repairs and maintenance of the property. 3) Cleaning Payroll - The expense of all employees involved in providing on-going cleaning and janitorial services to the property 4) Other Payroll - The expense of any other employees involved in providing services to the property not covered in other specific categories.

Security - Expenses related to the security of the Lessees and the Property. This expense item includes payroll, contract services and other security expenses not covered in other expense categories. This item also includes the expense of maintenance of security systems such as alarms and closed circuit television (CCTV), and ordinary supplies necessary to operate a security program, including batteries, control forms, access cards, and security uniforms.

Roads & Grounds - The cost of maintaining the grounds and parking areas of the property. This expense can vary widely depending on the type of property and its total area. Landscaping improvements can range from none to extensive beds, gardens and trees. In addition, hard-surfaced public parking areas with drains, lights, and marked car spaces are subject to intensive wear and can be costly to maintain.

Other Operating Expenses - Any other expenses incurred in the operation of the property not specifically covered elsewhere.

Real Estate Taxes - The tax levied on real estate (i.e., on the land, appurtenances, improvements, structures and buildings); typically by the state, county and/or municipality in which the property is located.

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

Prospective Value upon Reaching Stabilized Occupancy

The value of a property as of a point in time when all improvements have been physically constructed and the property has been leased to its optimum level of long-term occupancy. At such point, all capital outlays for tenant improvements, leasing commissions, marketing costs and other carrying charges are assumed to have been incurred.

Special, Unusual, or Extraordinary Assumptions

Before completing the acquisition of a property, a prudent purchaser in the market typically exercises due diligence by making customary enquiries about the property. It is normal for a Valuer to make assumptions as to the most likely outcome of this due diligence process and to rely on actual information regarding such matters as provided by the client. Special, unusual, or extraordinary assumptions may be any additional assumptions relating to matters covered in the due diligence process, or may relate to other issues, such as the identity of the purchaser, the physical state of the property, the presence of environmental pollutants (e.g., ground water contamination), or the ability to redevelop the property.

Addendum B:
Client Satisfaction Survey

Survey Link: https://www.surveymonkey.com/r/LQKCGLF?c=20-48007-900424-001
Cushman & Wakefield File ID: 20-48007-900424-001
Fax Option: (716) 852-0890

1. Based on the scope and complexity of the assignment, please rate the development of the appraisal relative to the adequacy and relevance of the data, the appropriateness of the techniques used, and the reasonableness of the analyses, opinions, and conclusions:

___ Excellent
___ Good
___ Average
___ Below Average
___ Poor

Comments:____
____
____

2. Please rate the appraisal report on clarity, attention to detail, and the extent to which it was presentable to your internal/external users without revisions:

___ Excellent
___ Good
___ Average
___ Below Average
___ Poor

Comments:____
____
____

3. The appraiser communicated effectively by listening to your concerns, showed a sense of urgency in responding, and provided convincing support of his/her conclusions:

___ Not Applicable

___ Excellent
___ Good
___ Average
___ Below Average
___ Poor

Comments:____
____
____

4. The report was on time as agreed, or was received within an acceptable time frame if unforeseen factors occurred after the engagement:

___ Yes
___ No

Comments:____
____
____

5. Please rate your overall satisfaction relative to cost, timing, and quality:

___ Excellent
___ Good
___ Average
___ Below Average
___ Poor

Comments:____
____
____

6. Any additional comments or suggestions you feel our National Quality Control Committee should know?

____
____
____
____
____

7. Would you like a representative of our National Quality Control Committee to contact you?

___ Yes
___ No

Name & Phone (if contact is desired):

____

____

Contact Information: Rick Zbranek, MAI
Senior Managing Director
(713) 963-2863

Addendum C:
Engagement Letter

Michael C. McNamara, MAI, MRICS
Executive Director

CUSHMAN & WAKEFIELD
Cushman & Wakefield Regional, Inc.
225 NE Mizner Blvd.
Boca Raton, FL 33432
954-958-0818 Tel
954-771-3608 Fax
Michael.McNamara@cushwake.com

October 21, 2020

Mr. Jimmy L. Morales
City of Miami Beach
City Manager
1700 Convention Center Drive
Miami Beach, FL 33139

Re: 224 23rd Street
Miami Beach, FL 33139

Dear Mr. Morales :

Thank you for requesting our proposal for appraisal services (market rent study). This proposal letter will become, upon your acceptance, our letter of engagement to provide the services outlined herein.

TERMS OF ENGAGEMENT

I. PROBLEM IDENTIFICATION

The Parties To This Agreement:	Cushman & Wakefield (C&W) and the City of Miami Beach (Client).
Intended Users:	The appraisal will be prepared for the Client and is intended only for the use specified below. The Client agrees that there are no other intended users.
Intended Use:	To determine Market Value Appraisal of Ground Lease for Surface Parking Lot P51, located at 224 23rd Street, Miami Beach, Florida (Miami-Dade County Tax Folio No. 02-3226-001-0460) (the "Property").
Type of Opinion and Rights Appraised:	Leasehold
Date of Value:	• Date of inspection, date of completion and date of stabilization.
Subject of the Assignment and Relevant Characteristics:	Proposed building uses and approximate square footages: • Stories: 7 floors, 75' maximum height o Ground floor- revenue-generating Retail or Cultural space - 5,400 Gross Square Feet ("GSF") + 2,100 GSF Housing Lobby +860 GSF MCB Lobby o 2nd Floor MCB dormitory space – 12,733 GSF o 3RD through 7TH Floors of Workforce Housing 12,068 GSF each o Total GSF for the project = 82,098 GSF. The property is located at 224 23rd Street, Miami Beach, Florida 33139.

Assignment Conditions: The assignment is based upon the following assignment conditions:

Extraordinary Assumption—(to be cited)

Hypothetical Condition—(to be cited)

II. ANTICIPATED SCOPE OF WORK

USPAP Compliance: C&W will develop an appraisal in accordance with USPAP and the Code of Ethics and Certification Standards of the Appraisal Institute.

General Scope of Work:

- Property Inspection to the extent necessary to adequately identify the real estate
- Research relevant market data, in terms of quantity, quality, and geographic comparability, to the extent necessary to produce credible appraisal results
- Consider and develop those approaches relevant and applicable to the appraisal problem. The fair market value of the proposed lease of the property, - with the valuation assuming the following parameters: (1) the property will be subject to workforce housing income and rent restrictions for the term of the lease; (2) the City's maximum financial contribution for the design and construction of the project is $200,000, with such amounts being subject to reimbursement by the Project (either from bond proceeds or net revenues of the Project); and (3) all financing for the Project will be non-recourse to the City, with no City guarantee or pledge of City revenues. ii. The comparison between the proposed rental rates and the market rates for rental units of the same size and character. iii. Evaluation and analysis of the proposed development and annual administrative fees within the pro forma attached as

III. REPORTING AND DISCLOSURE

Scope of Work Disclosure: The actual Scope of Work will be reported within the report.

Reporting Option: The appraisal will be communicated in an Appraisal Report.

IV. FEE, EXPENSES AND OTHER TERMS OF ENGAGEMENT

Fee: [redacted] All invoices are due upon receipt. The Client shall be solely responsible for C&W's fees and expenses hereunder. Acknowledgement of this obligation is made by the countersignature to this agreement by an authorized representative of the Client.

Additional Expenses:	Fee quoted is inclusive of expenses related to the preparation of the report.
Retainer:	A retainer of 50% is not required for this assignment in order to commence work.
Report Copies:	The final report will be delivered in electronic format. Up to three hard copies will be provided upon request.
Start Date:	The appraisal process will initiate upon receipt of signed agreement, applicable retainer, and the receipt of the property-specific data.
Acceptance Date:	This proposal is subject to withdrawal if the engagement letter is not executed by the Client within four (4) business days.
Report Delivery:	Delivery on November 6th, 2020 after receipt of your written authorization to proceed, assuming prompt receipt of necessary property information. Payment of the fee shall be due and payable upon delivery of the report.
Changes to Agreement:	The identity of the Client, Intended User(s) identified herein, or Intended Use identified herein; the date of value; type of value or interest appraised; or property appraised cannot be changed without a new agreement.
Prior Services Disclosure:	USPAP requires disclosure of prior services performed by the individual appraiser within the three years prior to this assignment. The undersigned appraiser has not provided prior services within the designated time frame.
Future Marketing Disclosure:	Unless otherwise directed, at the conclusion of this engagement, we may disclose that we have appraised the subject property in future marketing documents and materials.
Conflicts of Interest:	C&W adheres to a strict internal conflict of interest policy. If we discover in the preparation of our appraisal a conflict with this assignment, we reserve the right to withdraw from the assignment without penalty.
Further Conditions of Engagement:	The Conditions of Engagement attached hereto are incorporated herein and are part of this letter of engagement.

Cancellation of Engagement: Client may cancel this agreement at any time prior to C&W's delivery of the appraisal report upon written notification to C&W. Client shall pay C&W for work completed on the assignment prior to C&W's receipt of written cancellation notice, unless otherwise agreed upon by C&W and Client in writing.

Withdrawal of Appraiser Prior to Completion of Assignment: C&W may withdraw without penalty or liability from the assignment(s) contemplated under this agreement before completion or reporting of the appraisal in the event that C&W determines, at C&W's sole discretion, that insufficient information was provided to C&W prior to the engagement, that Client or other parties have not or cannot provide C&W with documentation or information necessary to C&W's analysis or reporting, that conditions of the subject property render the original scope of work inappropriate, or that the Client has not complied with its payment obligations under this agreement. C&W shall notify the Client of such withdrawal in writing.

Thank you for calling on us to render these services and we look forward to working with you.

Sincerely,

CUSHMAN & WAKEFIELD REGIONAL, INC.

Michael C. McNamara, MAI, MRICS
Executive Director

cc:

AGREED:
CLIENT: CITY OF MIAMI BEACH

By: DocuSigned by: A12A01CFD863453... Date: 10/22/2020

Mr. Jimmy L. Morales
City Manager

Title:

E-mail Address: jimmymorales@miamibeachfl.gov

Phone Number: 305-673-7000

APPROVED AS TO FORM & LANGUAGE & FOR EXECUTION

CUSHMAN & WAKEFIELD

City Attorney RAP Date 10-21-20

Information Needed to Complete the Assignment

We understand that you will provide the following information for our review, if available.

Physical Information

- Plot plan/survey and legal description
- Building plans/leasing plan/stacking plan
- Property Conditions Assessment Report
- Environmental reports

Financial Information

- Sales history of the subject property over the past three years at a minimum

CONDITIONS OF ENGAGEMENT

1) Each Intended User identified herein should consider the appraisal as only one factor together with its independent investment considerations and underwriting criteria in its overall investment decision. The appraisal cannot be used by any party or for any purpose other than the Intended User(s) identified herein for the Intended Use described herein.

2) Unless identified expressly in this agreement, there are no third-party beneficiaries of agreement pertaining to the appraisal, and no other person or entity shall have any right, benefit or interest under such agreement. The identification of a party as an intended user of the appraisal does not mean that the party is a third-party beneficiary of the agreement.

3) The appraisal report will be subject to our standard Assumptions and Limiting Conditions, which will be incorporated into the appraisal. All users of the appraisal report are specifically cautioned to understand the standard Assumptions and Limiting Conditions as well as any Extraordinary Assumptions and Hypothetical Conditions which may be employed by the appraiser and incorporated into the appraisal.

4) C&W shall have the right to utilize its affiliates in the performance of its services, provided that they comply with the obligations of C&W pursuant to this engagement.

5) The appraisal report or our name may not be used in any offering memoranda or other investment material without the prior written consent of C&W, which may be given at the sole discretion of C&W. Any such consent, if given, shall be conditioned upon our receipt of an indemnification agreement from a party satisfactory to us and in a form satisfactory to us. Furthermore, Client agrees to pay the fees of C&W's legal counsel for the review of the material which is the subject of the requested consent. C&W disclaims any and all liability with regard to the appraisal prepared pursuant to the engagement to any party other than the Intended User(s). Under no circumstances will C&W consent to the quote, reference or inclusion of the appraisal in connection with crowd funding activities. Further, crowd funding investors are specifically excluded from any class of Intended Users.

6) In the event the Client provides a copy of the appraisal to, or permits reliance thereon by, any party not identified herein as an Intended User, Client hereby agrees to indemnify and hold C&W, its affiliates and the respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the appraisal by any such party.

7) The balance of the fee for the appraisal will be due upon delivery of a report. Payment of the fee is not contingent on the appraised value, a loan closing, or any other prearranged condition. Additional fees will be charged on an hourly basis for any work, which exceeds the scope of this proposal, including performing additional valuation scenarios, additional research and conference calls or meetings with any party, which exceed the time allotted by C&W for an assignment of this nature. If we are requested to stop working on this assignment, for any reason, prior to our completion of the appraisal, C&W will be entitled to bill the Client for the time expended to date at C&W's hourly rates for the personnel involved.

8) If C&W or any of its affiliates or any of their respective employees receives a subpoena or other judicial command to produce documents or to provide testimony involving this assignment in connection with a lawsuit or proceeding, C&W will use reasonable efforts to notify the Client of our receipt of same. However, if C&W or any of its affiliates are not a party to these proceedings, Client agrees to compensate C&W or its affiliate for the professional time and reimburse C&W or its affiliate for the actual expense that it incurs in responding to any such subpoena or judicial command, including attorneys' fees, if any, as they are incurred. C&W or its affiliate will be compensated at the then prevailing hourly rates of the personnel responding to the subpoena or command for testimony.

9) By signing this agreement Client expressly agrees that its sole and exclusive remedy for any and all losses or damages relating to this agreement or the appraisal shall be limited to the amount of the appraisal fee paid by the Client. In the event that the Client, or any other party entitled to do so, makes a claim against C&W or any of its affiliates or any of their respective officers or employees in connection with or in any way relating to this engagement or the appraisal, the maximum damages recoverable from C&W or any of its affiliates or their respective officers or employees shall be the amount of the monies actually collected by C&W or any of its affiliates for this assignment and under no circumstances shall any claim for consequential, indirect, special, punitive or liquidated damages be made.

10) C&W disclaims any and all liability to any party with regard to the appraisal report other than an Intended User identified herein.

11) The fees and expenses shall be due C&W as agreed in this letter. If it becomes necessary to place collection of the fees and expenses due C&W in the hands of a collection agent and/or an attorney (whether or not a legal action is filed) Client agrees to pay all fees and expenses including attorneys' fees incurred by C&W in connection with the collection or attempted collection thereof.

12) Unless the time period is shorter under applicable law, any legal action or claim relating to the appraisal or this agreement shall be filed in court (or in the applicable arbitration tribunal, if the parties to the dispute have

executed an arbitration agreement) within two (2) years from the date of delivery to Client of the appraisal report to which the claims or causes of action relate or, in the case of acts or conduct after delivery of the report, two (2) years from the date of the alleged acts or conduct. The time period stated in this section shall not be extended by any delay in the discovery or accrual of the underlying claims, causes of action or damages. The time period stated in this section shall apply to all non-criminal claims or causes of action of any type.

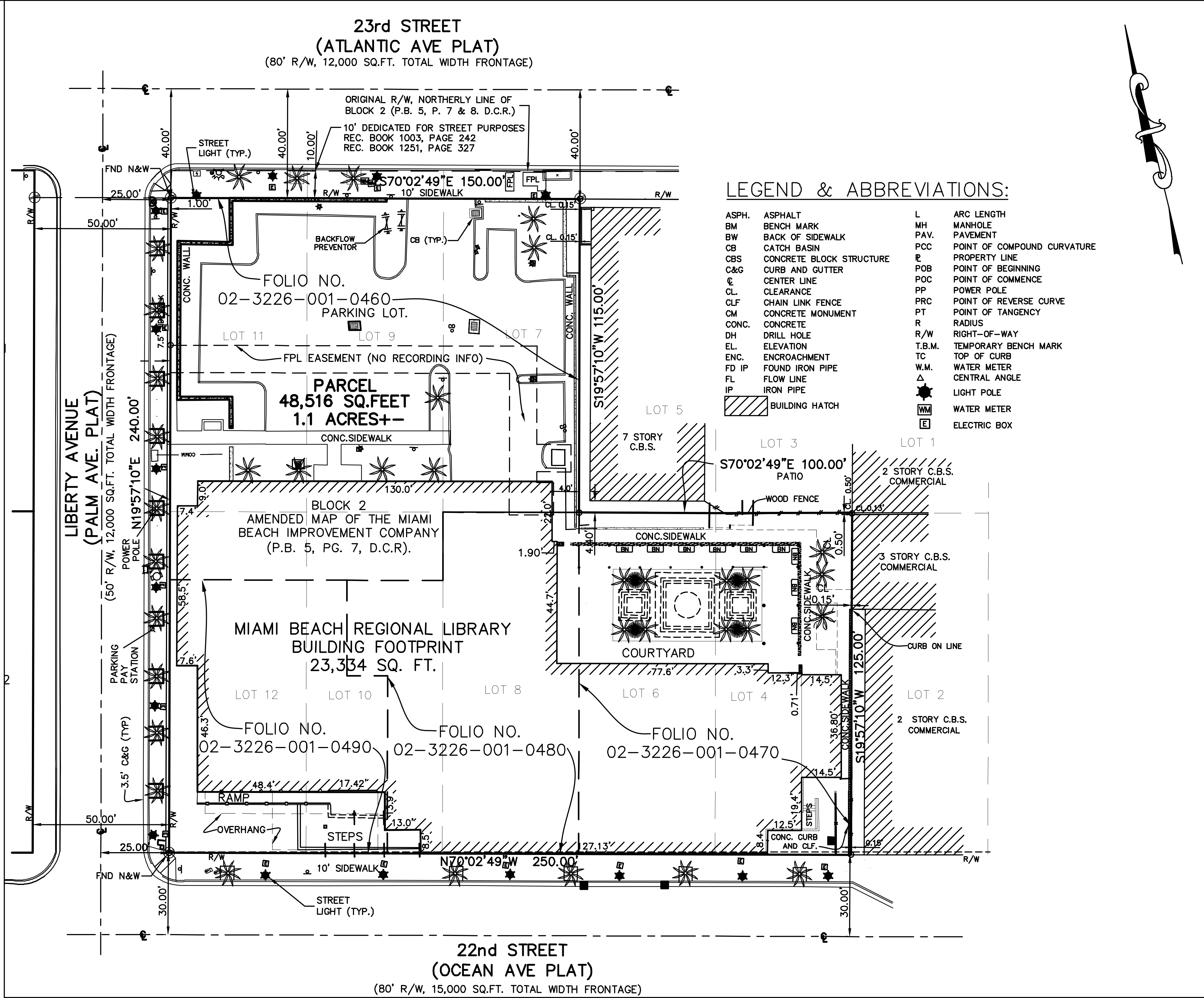
13) Notwithstanding that C&W may comment on, analyze or assume certain conditions in the appraisal, C&W shall have no monetary liability or responsibility for alleged claims or damages pertaining to: (a) title defects, liens or encumbrances affecting the property; (b) the property's compliance with local, state or federal zoning, planning, building, disability access and environmental laws, regulations and standards; (c) building permits and planning approvals for improvements on the property; (d) structural or mechanical soundness or safety; (e) contamination, mold, pollution, storage tanks, animal infestations and other hazardous conditions affecting the property; and (f) other conditions and matters for which licensed real estate appraisers are not customarily deemed to have professional expertise.

14) Legal claims or causes of action relating to the appraisal or this agreement are not assignable, except: (i) as the result of a merger, consolidation, sale or purchase of a legal entity, (ii) with regard to the collection of a bona fide existing debt for services but then only to the extent of the total compensation for the appraisal plus reasonable interest, or (iii) in the case of an appraisal performed in connection with the origination of a mortgage loan, as part of the transfer or sale of the mortgage before an event of default on the mortgage or note or its legal equivalent.

15) Each party represents and warrants to the other that it, and all persons and entities owning (directly or indirectly) an ownership interest in it: (a) are not, and will not become, a person or entity with whom a party is prohibited from doing business under regulations of the Office of Foreign Asset Control ("OFAC") of the Department of the Treasury (including, but not limited to, those named on OFAC's Specially Designated and Blocked Persons list) or under any statute, executive order or other governmental action; and (b) are not knowingly engaged in, and will not knowingly engage in, any dealings or transactions or be otherwise associated with such persons or entities described in clause (a) above.

16) Each party represents and warrants to the other that it (and any party acting on its behalf) has not, in order to enter into this agreement, offered, promised, authorized or made any payments or transfers of anything of value which have the purpose or effect of public or commercial bribery, kickbacks or other unlawful or improper means of doing business ("Prohibited Activity") and will not engage in Prohibited Activity during the term of this agreement. In the event of any violation of this section, the non-offending party shall be entitled to immediately terminate this agreement and take such other actions as are permitted or required to be taken under law or in equity.

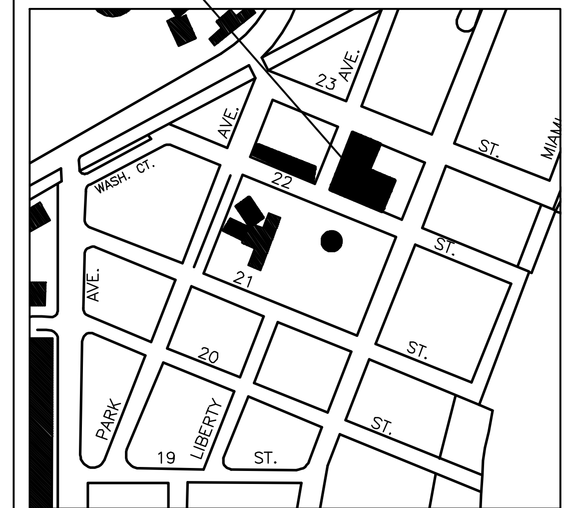
Addendum D: Legal description



LEGEND & ABBREVIATIONS:

ASPH.	ASPHALT	L	ARC LENGTH
BM	BENCH MARK	MH	MANHOLE
BW	BACK OF SIDEWALK	PAV.	PAVEMENT
CB	CATCH BASIN	PCC	POINT OF COMPOUND CURVATURE
CBS	CONCRETE BLOCK STRUCTURE	PL	PROPERTY LINE
C&G	CURB AND GUTTER	POB	POINT OF BEGINNING
CL	CENTER LINE	POC	POINT OF COMMENCE
CL.	CLEARANCE	PP	POWER POLE
CLF	CHAIN LINK FENCE	PRC	POINT OF REVERSE CURVE
CM	CONCRETE MONUMENT	PT	POINT OF TANGENCY
CONC.	CONCRETE	R	RADIUS
DH	DRILL HOLE	R/W	RIGHT-OF-WAY
EL.	ELEVATION	T.B.M.	TEMPORARY BENCH MARK
ENC.	ENCROACHMENT	TC	TOP OF CURB
FD IP	FOUND IRON PIPE	W.M.	WATER METER
FL	FLOW LINE	△	CENTRAL ANGLE
IP	IRON PIPE		LIGHT POLE
	BUILDING HATCH	WM	WATER METER
		E	ELECTRIC BOX

SKETCH LOCATION



LOCATION SKETCH

DESCRIPTION OF LANDS

(BY COMBINED PARCEL FOLIOS)

LOTS 7, 9, AND 11 BLOCK 2, ACCORDING TO THE "AMENDED MAP OF THE OCEAN FRONT PROPERTY OF THE MIAMI BEACH IMPROVEMENT COMPANY", AS RECORDED IN PLAT BOOK 5 AT PAGE 7, THE PUBLIC RECORDS OF MIAMI-DADE COUNTY FLORIDA; LESS THE NORHTERLY 10 FEET THEREOF FOR RIGHT OF WAY.

AND

LOTS 4, 6, 8, 10 AND 12, BLOCK 2, OF SAID "AMENDED MAP OF THE OCEAN FRONT PROPERTY OF THE MIAMI BEACH IMPROVEMENT COMPANY", ALL LYING IN THE CITY OF MIAMI BEACH, MIAMI-DADE COUNTY, FLORIDA

CONTAINING 48,516 SQUARE FEET OR 1.11 ACRES MORE OR LESS.

SURVEYORS NOTES:

1. THE DESCRIPTION OF LANDS AS SHOWN HEREON WAS PREPARED BY THE SURVEYOR AND IS NOT THE LEGAL DESCRIPTION BY THE CONVEYANCE DEED(S).
2. A TITLE SEARCH AND/OR REPORT WAS NOT PREPARED FOR THE PROPERTY SURVEYED. UNDERGROUND UTILITIES AND/OR IMPROVEMENTS HAVE NOT BEEN LOCATED.
3. ELEVATIONS IF SHOWN HEREON ARE RELATIVE TO THE NORTH AMERICAN VERTICAL DATUM OF 1988 (NAVD 88) AND ARE BASED UPON CITY OF MIAMI BEACH BENCHMARK ID NO. MDC D-160 ELEVATION 3.80. BENCHMARK LOCATED ATOP A CB ALONG THE EAST CURB OF COLLINS AVE.
4. THIS IS NOT A BOUNDARY SURVEY. THIS "RECORD SURVEY" IS TO UPDATE A SURVEY PERFORMED BY THIS OFFICE, (CITY PROJECT NO. SM-2002S). THE RIGHT OF WAY LINES WERE CALCULATED FROM THE "AMENDED MAP OF THE MIAMI BEACH IMPROVEMENT COMPANY" (PLAT BOOK 5, PAGE 7). THIS "RECORD SURVEY" HAS BEEN PERFORMED TO MAP THE EXISTING IMPROVEMENTS FOR PLANNING PURPOSES.
5. COORDINATES (NORTHING AND EASTING) AND/OR BEARINGS IF DEPICTED ON THIS SURVEY MAP ARE BASED UPON THE FLORIDA STATE PLANE COORDINATE SYSTEM, FLORIDA EAST ZONE, RELATIVE TO THE NORTH AMERICAN DATUM (NAD) 1983/2011 ADJUSTMENT. (GPS) MEASUREMENTS WERE CONDUCTED IN THE FIELD TO ACQUIRE LOCATIONS OF IMPROVEMENTS AND ARE REFERENCED TO: THE FLORIDA DEPARTMENT OF TRANSPORTATION, FLORIDA PERMANENT REFERENCE NETWORK (FPRN). BASED ON THE FOLLOWING CONTINUOUSLY OPERATING REFERENCE STATIONS: MIAMI BEACH (FLMB) AND DISTRICT 6 (FLD6).
6. DATE OF SURVEY/DATA AQUISITION IS JANUARY 20, 2017.

CERTIFICATION:

I HEREBY CERTIFY: THAT THIS "RECORD SURVEY" IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF AS SURVEYED AND DRAWN UNDER MY DIRECTION, AND THAT THIS SURVEY MEETS THE STANDARDS OF PRACTICE AS SET FORTH BY THE FLORIDA STATE BOARD OF PROFESSIONAL SURVEYORS AND MAPPERS IN CHAPTER 5J-17 FLORIDA ADMINISTRATIVE CODE, PURSUANT TO SECTION 472.027 FLORIDA STATUES.

01-26-17
DATE OF SIGNATURE

BRIAN T. BELLINO, P.S.M.
CITY SURVEYOR MANAGER
FLORIDA LICENSE NO.4973

"RECORD SURVEY"

SCALE: 1"=40' (11"x17")

MIAMIBEACH
PUBLIC WORKS DEPARTMENT
1700 CONVENTION CENTER DRIVE, MIAMI BEACH, FL.33139

NEIGHBORHOOD: NO. 9 CITY CENTER

TITLE: MIAMI BEACH REGIONAL LIBRARY

CITY MANAGER: JIMMY L. MORALES
DIRECTOR: ERIC T. CARPENTER, P.E.
CITY ENGINEER: BRUCE A. MOWRY, Ph.D.,P.E.

ENGINEER OF RECORD: ....
DESIGN ENGINEER: ...
DRAWN BY: T.F.
CHECKER: B.T.B.
SCALE: AS SHOWN

ACCEPTED BY:
BRIAN T. BELLINO, P.S.M.
CITY SURVEYOR MANAGER

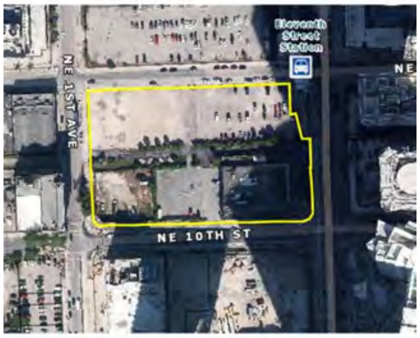
NO.	DATE	REVISION	APP'D. BY
5			
4			
3			
2			
1			

File Name: SM 2017W.dwg
Survey Reference:
Field Book: N/A Page: N/A Work Order: N/A
Date: 01/25/17 Sheet: 1 of 1 Drawing: SM 2017W

File Path: C:\Users\WORKBelB\OneDrive - City of Miami Beach

Addendum E:
Comparable Land Sale Data Sheets

LAND SALE COMPARABLE 1



Property Name:	1001 Park West
Address:	1016 Northeast 2nd Avenue
City,State,Zip:	Miami FL 33132
Jurisdiction:	Miami-Dade County
MSA:	Miami
Submarket:	
Property Type:	Land
Property Subtype:	Residential (Multi-Family) For Rent
Classification:	N/A
ID:	558401
Tax Number(s):	N/A

PROPERTY INFORMATION

Site Area (Acres):	1.0216	Public Utilities:	All Available
Site Area (Sq.Ft.):	44,500	Electricity:	Yes
Zoning:	T6-60a-O	Water:	Yes
Utility:	Good	Sewer:	Yes
Access:	Good	Gas:	N/A
Frontage:	Good	Proposed Use:	Residential-Multi-Family
Visibility:	Good	Maximum FAR:	3.03
Shape:	Rectangular	Potential Building Area:	134,835
Topography:	Level	Potential Units::	450
Entitlements:	No		

SALE INFORMATION

Status:	Closed Sale	OAR:	N/A
Sale Date:	7/2020	NOI:	N/A
Sale Price:	$18,849,200	Price per Sq.Ft.:	$423.58
Value Interest:	Fee Simple	Price per Acre:	$18,450,666
Grantor:	MWC Block A LLC	Price per Potential Building Area:	$139.79
Grantee:	Akara Partners	Price per Potential Units:	$41,887
Financing:	N/A		
Condition of Sale:	Arm's Length		

VERIFICATION COMMENTS

Broker verified - James Quinn, C&W

COMMENTS

This was an arms length transaction of a 1.02 acre site in the Miami World Center district on the eastern portion of a site located at the southeast corner of NE 10th Street and NE 2nd Avenue . The site is located adjacent to the Eleventh Street Metromover station in Downtown Miami. The property was under contract pre-Covid 19 pandemic and pricing was not affected due to the pandemic. The purchaser intends to develop the site in two separate phases. The first phase will be a 39 story, 436,258 total square foot residential tower containing 450 micro-units for rent, 251 parking spaces and 16,000 square feet of ground floor retail. The second phase is planned to be a 79 story residential tower with average unit sizes under 1,000 square feet. Total planned development of the site will consist of over 1,100,000 square feet, including 16,000 square feet of ground floor retail space. However, the site was purchased and underwritten based on 450 units. The property was marketed to specific developers for 4-6 months.

Address:	75 Northwest 24th Street
City,State,Zip:	Miami FL 33127
Jurisdiction:	Miami-Dade County
MSA:	Miami
Submarket:	Miami-Dade County
Property Type:	Land
Property Subtype:	Residential (Multi-Family) For Rent
Classification:	N/A
ID:	558644
Tax Number(s):	N/A

PROPERTY INFORMATION

Site Area (Acres):	1.6299	Public Utilities:	All Available
Site Area (Sq.Ft.):	71,000	Electricity:	Yes
Zoning:	T5-O	Water:	Yes
Utility:	Good	Sewer:	Yes
Access:	Good	Gas:	Yes
Frontage:	Good	Proposed Use:	Mixed Use
Visibility:	Good	Maximum FAR:	N/A
Shape:	Irregular	Potential Building Area:	N/A
Topography:	Level	Potential Units::	321
Entitlements:	No		

SALE INFORMATION

Status:	Closed Sale	OAR:	N/A
Sale Date:	1/2020	NOI:	N/A
Sale Price:	$34,750,000	Price per Sq.Ft.:	$489.44
Value Interest:	Fee Simple	Price per Acre:	$21,320,326
Grantor:	Amli Residential Properties	Price per Potential Building Area:	N/A
Grantee:	Tristar Capital	Price per Potential Units:	$108,255
Financing:	N/A		
Condition of Sale:	Arm's Length		

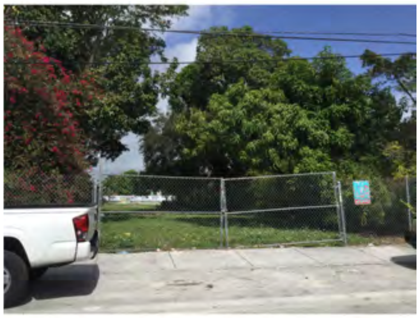
VERIFICATION COMMENTS

Listing Broker

COMMENTS

The listing broker indicated that this was an arm’s length transaction that was openly marketed and consists of eight parcels located on NW 24th and NW 25th Streets that are contiguous, with the exception of one parcel, which is separated by from the other contiguous parcels by another property. The purchaser intends to redevelop the property into a mixed-use project and at the time of sale underwrote the property based on a projected development of 321 multifamily units and 45,000 square feet of ground floor retail. There parcels contained older improvements on-site that totaled 41,000 square feet, as well as a surface parking lot at the time of sale; however, the site was purchased for its redevelopment potential.

LAND SALE COMPARABLE 3



Property Name:	Wynwood 28
Address:	127 Northwest 27th Street
City,State,Zip:	Miami FL 33127
Jurisdiction:	Miami-Dade County
MSA:	
Submarket:	
Property Type:	Land
Property Subtype:	Residential (Multi-Family) For Rent
Classification:	N/A
ID:	520192
Tax Number(s):	Multiple

PROPERTY INFORMATION

Site Area (Acres):	0.7782	Public Utilities:	All Available
Site Area (Sq.Ft.):	33,898	Electricity:	Yes
Zoning:	T5-L	Water:	Yes
Utility:	Good	Sewer:	Yes
Access:	Average	Gas:	N/A
Frontage:	Good	Proposed Use:	Mixed Use
Visibility:	Good	Maximum FAR:	N/A
Shape:	Irregular	Potential Building Area:	N/A
Topography:	Level	Potential Units::	152
Entitlements:	No		

SALE INFORMATION

Status:	Recorded Sale	OAR:	N/A
Deed Reference:	31551-4021	NOI:	N/A
Sale Date:	7/2019	Price per Sq.Ft.:	$317.72
Sale Price:	$10,770,000	Price per Acre:	$13,839,790
Value Interest:	Fee Simple	Price per Potential Building Area:	N/A
Grantor:	Investments 120, LLC	Price per Potential Units:	$70,855
Grantee:	Wynwood 28 Owner LLC		
Financing:	Cash to Seller		
Condition of Sale:	Arm's Length		

VERIFICATION COMMENTS

Deed, News Publication:Miami-Dade Comptroller/ Katherine Kallergis,Miami-Dade/ The Real Deal

COMMENTS

The comparable land sale is located in the northwest quadrant of Northwest 27th Street and Northwest 1st Avenue in the Wynwood District, Miami-Dade County, Florida. The property is an assemblage of multiple parcels that sold on the 29th of July 2019. The parcels total 33,898 square feet of land and sold for $10,770,000. The property is part of a joint venture between Kushner Companies and Block Capital Group who intend to develop a mixed-use multifamily and retail property on the site containing 152 apartments units. Construction is expected to begin in mid-2020.

LAND SALE COMPARABLE 4

Property Name:	5700 Biscayne Site
Address:	5700 Biscayne Boulevard
City,State,Zip:	Miami FL 33137
Jurisdiction:	Miami-Dade County
MSA:	Miami
Submarket:	
Property Type:	Land
Property Subtype:	Residential (Multi-Family) For Rent
Classification:	N/A
ID:	474722
Tax Number(s):	N/A

PROPERTY INFORMATION

Site Area (Acres):	2.2200	Public Utilities:	All Available
Site Area (Sq.Ft.):	96,703	Electricity:	Yes
Zoning:	T6-80	Water:	Yes
Utility:	Good	Sewer:	Yes
Access:	Good	Gas:	N/A
Frontage:	Good	Proposed Use:	Residential-Multi-Family
Visibility:	Good	Maximum FAR:	N/A
Shape:	Irregular	Potential Building Area:	N/A
Topography:	Level	Potential Units::	283
Entitlements:	No		

SALE INFORMATION

Status:	Recorded Sale	OAR:	N/A
Deed Reference:		NOI:	N/A
Sale Date:	6/2017	Price per Sq.Ft.:	$201.65
Sale Price:	$19,500,000	Price per Acre:	$8,783,784
Value Interest:	N/A	Price per Potential Building Area:	N/A
Grantor:	57BB Investments LLC	Price per Potential Units:	$68,905
Grantee:	BLVD 57 LP		
Financing:	N/A		
Condition of Sale:	Arm's Length		

VERIFICATION COMMENTS

Confidential

COMMENTS

This was an arms length transaction of a multifamily site that has frontage along Biscayne Boulevard. The purchaser intends to develop an eight story apartment tower on-site that will contain 283 for rent apartment units along with 27,290 square feet of ground floor retail.

LAND SALE COMPARABLE 5

Property Name:	0.32 Acre Site
Address:	2200 SW 3rd Avenue
City,State,Zip:	Miami FL 33129
Jurisdiction:	Miami-Dade County
MSA:	Miami
Submarket:	
Property Type:	Land
Property Subtype:	Residential (Multi-Family) For Rent
Classification:	N/A
ID:	446252
Tax Number(s):	01-4138-001-1110

PROPERTY INFORMATION

Site Area (Acres):	0.3223	Public Utilities:	All Available
Site Area (Sq.Ft.):	14,040	Electricity:	Yes
Zoning:	T6-8-O	Water:	Yes
Utility:	Good	Sewer:	Yes
Access:	Good	Gas:	N/A
Frontage:	Good	Proposed Use:	Residential-Multi-Family
Visibility:	Good	Maximum FAR:	N/A
Shape:	Rectangular	Potential Building Area:	65,253
Topography:	Level	Potential Units::	46
Entitlements:	No		

SALE INFORMATION

Status:	Recorded Sale	OAR:	N/A
Deed Reference:	Book 30497, Page 1392	NOI:	N/A
Sale Date:	4/2017	Price per Sq.Ft.:	$226.14
Sale Price:	$3,175,000	Price per Acre:	$9,851,070
Value Interest:	Fee Simple	Price per Potential Building Area:	$48.66
Grantor:	Epic Developers Group, LLC	Price per Potential Units:	$69,022
Grantee:	Valley Global AA, LLC		
Financing:	N/A		
Condition of Sale:	None		

VERIFICATION COMMENTS

Public records and CoStar

COMMENTS

This 0.32 acre site is located on the east corner of SW 3rd Avenue and SW 22nd Road, in Miami. The site is zoned T6-8-O and has 238 feet of street frontage. The site was acquired for redevelopment with a new multifamily project currently known as AVA. As per public records the proposed improvements include an 8-story building with 46 residential units. This property sold in April 2017 for $3,175,000 or $226.14 per square foot of land.

Property Name:	Modera Edgewater
Address:	411 NE 24th Street
City,State,Zip:	Miami FL
Jurisdiction:	Miami-Dade County
MSA:	
Submarket:	
Property Type:	Land
Property Subtype:	Residential (Multi-Family) For Rent
Classification:	N/A
ID:	415533
Tax Number(s):	N/A

PROPERTY INFORMATION

Site Area (Acres):	1.9900	Public Utilities:	All Available
Site Area (Sq.Ft.):	86,684	Electricity:	Yes
Zoning:	T6-36a L	Water:	Yes
Utility:	Good	Sewer:	Yes
Access:	Good	Gas:	Unknown
Frontage:	N/A	Proposed Use:	Residential-Multi-Family
Visibility:	Average	Maximum FAR:	N/A
Shape:	Rectangular	Potential Building Area:	N/A
Topography:	Level	Potential Units::	297
Entitlements:	No		

SALE INFORMATION

Status:	Recorded Sale	OAR:	N/A
Deed Reference:		NOI:	N/A
Sale Date:	3/2017	Price per Sq.Ft.:	$236.49
Sale Price:	$20,500,000	Price per Acre:	$10,301,555
Value Interest:	Fee Simple	Price per Potential Building Area:	N/A
Grantor:	24 ON THE BAY TWO LLC	Price per Potential Units:	$69,024
Grantee:	MCREF EDGEWATER LLC		
Financing:	N/A		
Condition of Sale:	Arm's Length		

VERIFICATION COMMENTS

Purchaser

COMMENTS

The purchaser intends to develop a 297-unit apartment complex within an eight-story apartment building. The property is located just west of Biscayne Bay.

Addendum F:
Comparable Improved Sale Data Sheets

IMPROVED SALE COMPARABLE 1

Property Name:	AMLI at Flagler Village
Address:	440 NE 4th Avenue
City, State, Zip:	Fort Lauderdale FL 33301-3467
MSA:	Fort Lauderdale
Jurisdiction:	Broward
Submarket:	
Property Type:	Multi-Family
Property Subtype:	Mid/ High-Rise
Classification:	N/A
ID:	569757
Tax Number(s):	50-42-03-03-0240

PROPERTY INFORMATION

Site Area (Acres):	3.06	Number of Units:	218
Site Area (Sq.Ft.):	133,294	Average Unit Size:	1,047
Gross Bldg Area:	423,693	Number of Buildings:	1
Net Bldg Area:	228,143	Number of Stories:	7
Year Built:	2009	Class:	A
Last Renovation:	N/A	Number of Parking Spaces:	369
Quality:	Good	Parking Ratio:	1.69:1,000
Condition:	Good	Resident Type:	Market Rate
Density (Units/Acre):	N/A		

COMMON AMENITIES

Common Amenities: Resort-style swimming pool with sundeck, Outdoor entertainment area with barbecue grills, Landscaped courtyards with outdoor pool table & fireplace, Private dog park and paw wash, Direct access parking, Gated entrance/controlled access. Scenic views

UNIT AMENITIES

Unit Amenities: Gourmet kitchens with chef-quality GE ENERGY STAR® stainless steel appliances, Granite slab countertops, Chef's islands & pendant lighting, Contemporary track and recess lighting, Modern plumbing fixtures, Espresso hardwood flooring, Granite slab

SALE INFORMATION

Status:	Closed Sale	OAR:	4.35%
Sale Date:	9/2020	Cap Rate Type:	Pro Forma
Sale Price:	$73,000,000	NOI:	$3,175,500
Price per Unit	$334,862	NOI per Sq.Ft.:	$7.49
Value Interest:	Fee Simple	NOI per Unit:	$14,567
Grantor:	AMLI Residential Properties Trust	Occupancy:	93.00%
Grantee:	Jenco Properties	Expense Ratio:	N/A
Financing:	N/A	EGIM:	N/A
Condition of Sale:	Arm's Length		

VERIFICATION COMMENTS

Listing Broker, C&W

COMMENTS

This was an openly market transaction of a Class A apartment complex located in the Flagler Village area of Downtown Ft. Lauderdale. There was no deferred maintenance accounted for in the sales price and the purchase price was agreed upon after the Covid-19 pandemic began; however, there was no effect on pricing. The financials are based on the year one proforma, which accounted for an increase in real estate taxes based on the sales price.

IMPROVED SALE COMPARABLE 2

Property Name:	The District
Address:	8240 West 21st Lane
City, State, Zip:	Hialeah FL 33016
MSA:	Miami
Jurisdiction:	Miami-Dade
Submarket:	
Property Type:	Multi-Family
Property Subtype:	Garden/ Low-Rise
Classification:	N/A
ID:	546876
Tax Number(s):	04-2027-087-0100

PROPERTY INFORMATION

Site Area (Acres):	1.18	Number of Units:	39
Site Area (Sq.Ft.):	51,298	Average Unit Size:	782
Gross Bldg Area:	33,701	Number of Buildings:	1
Net Bldg Area:	30,480	Number of Stories:	3
Year Built:	2019	Class:	C
Last Renovation:	N/A	Number of Parking Spaces:	60
Quality:	Good	Parking Ratio:	1.54:1,000
Condition:	Good	Resident Type:	Market Rate
Density (Units/Acre):	33.05		

COMMON AMENITIES

Common Amenities: Controlled access, laundry facility, assigned parking.

UNIT AMENITIES

Unit Amenities: Impact windows, tile flooring, in-unit washer/dryers, granite countertops and walk in closets.

SALE INFORMATION

Status:	Recorded Sale	OAR:	4.44%
Deed Reference:	Book 31820, Page 1808	Cap Rate Type:	Pro Forma
Sale Date:	2/2020	NOI:	$428,460
Sale Price:	$9,650,000	NOI per Sq.Ft.:	$12.71
Price per Unit:	$247,436	NOI per Unit:	$10,986
Value Interest:	Leased Fee	Occupancy:	97.40%
Grantor:	Hialeah 1.2 Acres, LLC	Expense Ratio:	N/A
Grantee:	8250 District, LLC	EGIM:	N/A
Financing:	N/A		
Condition of Sale:	Arm's Length		

VERIFICATION COMMENTS

Public records and CoStar. Buyer broker, Angel Fuentes of Florida Capital Realty (786) 953-5870

COMMENTS

This property is located on the southwest corner of W. 84th Street and W 20th Avenue, just west of the Palmetto Expressway, in Hialeah. The improvements consist of a three-story 39-unit apartment building with 30,480 square feet of living area, situated on a 1.18-acre site. The building is CBS construction and was built in 2019. The property was reportedly 97.4% occupied at sale. Unit mix consists of (12) 1-bed/1-bath units, and (27) 2-bed/2-bath units. This property sold in February 2020 for $9,650,000 or $247,436 per unit, with a reported capitalization rate of 4.44%.

Property Name:	ORA Flagler Village
Address:	673 NE 3rd Avenue
City, State, Zip:	Fort Lauderdale FL 33304
MSA:	Fort Lauderdale
Jurisdiction:	Broward
Submarket:	
Property Type:	Multi-Family
Property Subtype:	Mid/ High-Rise
Classification:	N/A
ID:	490546
Tax Number(s):	N/A

PROPERTY INFORMATION

Site Area (Acres):	2.40	Number of Units:	292
Site Area (Sq.Ft.):	104,544	Average Unit Size:	856
Gross Bldg Area:	424,412	Number of Buildings:	1
Net Bldg Area:	249,953	Number of Stories:	6
Year Built:	2018	Class:	A
Last Renovation:	N/A	Number of Parking Spaces:	361
Quality:	Good	Parking Ratio:	1.24:1,000
Condition:	Good	Resident Type:	Market Rate
Density (Units/Acre):	121.67		

COMMON AMENITIES

Common Amenities: N/A

UNIT AMENITIES

Unit Amenities: N/A

SALE INFORMATION

Status:	Recorded Sale	OAR:	4.50%
Deed Reference:	116044776	Cap Rate Type:	Pro Forma
Sale Date:	9/2019	NOI:	$4,180,500
Sale Price:	$92,900,000	NOI per Sq.Ft.:	$9.85
Price per Unit:	$318,151	NOI per Unit:	$14,317
Value Interest:	Fee Simple	Occupancy:	94.00%
Grantor:	Fairfield Residential	Expense Ratio:	36.30%
Grantee:	WTI, Inc.	EGIM:	7.86
Financing:	N/A		
Condition of Sale:	Arm's Length		

VERIFICATION COMMENTS

Broker verified - Zach Sackley C&W

COMMENTS

This was an arms length transaction of a recently completed mid-rise apartment complex. The financials are based off the brokers year one proforma. The property was marketed for five weeks with three best and final offers.

IMPROVED SALE COMPARABLE 4

Property Name:	The Place at Dania Beach
Address:	180 East Dania Beach Boulevard
City, State, Zip:	Dania FL 33004
MSA:	Fort Lauderdale
Jurisdiction:	Broward
Submarket:	
Property Type:	Multi-Family
Property Subtype:	Garden/ Low-Rise
Classification:	N/A
ID:	426102
Tax Number(s):	N/A

PROPERTY INFORMATION

Site Area (Acres):	1.93	Number of Units:	144
Site Area (Sq.Ft.):	84,071	Average Unit Size:	890
Gross Bldg Area:	155,970	Number of Buildings:	1
Net Bldg Area:	128,160	Number of Stories:	7
Year Built:	2017	Class:	A
Last Renovation:	N/A	Number of Parking Spaces:	260
Quality:	Good	Parking Ratio:	1.81:1,000
Condition:	Good	Resident Type:	Market Rate
Density (Units/Acre):	74.61		

COMMON AMENITIES

Common Amenities: N/A

UNIT AMENITIES

Unit Amenities: N/A

SALE INFORMATION

Status:	Recorded Sale	OAR:	4.75%
Deed Reference:		Cap Rate Type:	N/A
Sale Date:	10/2018	NOI:	$1,805,000
Sale Price:	$38,000,000	NOI per Sq.Ft.:	$11.57
Price per Unit:	$263,889	NOI per Unit:	$12,535
Value Interest:	Fee Simple	Occupancy:	98.00%
Grantor:	AHS Development Group	Expense Ratio:	N/A
Grantee:	Guillermina Dawson Trust	EGIM:	N/A
Financing:	N/A		
Condition of Sale:	N/A		

VERIFICATION COMMENTS

Broker verified

COMMENTS

This was an arms length transaction of a multi-family building with 6,771 square feet of retail on the ground level. At the time of sale, the property was 98 percent occupied on the apartment side and was vacant on the retail side with two pending move-ins that will bring the retail occupancy to 29 percent.. The NOI and cap rate are based off the total income and expenses for the property. A real estate tax increase was account for in the proforma going in rate. Broker noted the buyer allocated between 1 million and 1.5 million to the retail.

IMPROVED SALE COMPARABLE 5

Property Name:	The Modern Miami
Address:	1444 NW 14th Avenue
City, State, Zip:	Miami FL 33125-1686
MSA:	Miami
Jurisdiction:	Miami-Dade
Submarket:	
Property Type:	Multi-Family
Property Subtype:	Mid/ High-Rise
Classification:	N/A
ID:	436498
Tax Number(s):	01-3135-010-0430, 01-3135-010-0480 Thru 01-3 135-010-0500

PROPERTY INFORMATION

Site Area (Acres):	1.76	Number of Units:	166
Site Area (Sq.Ft.):	76,666	Average Unit Size:	1,033
Gross Bldg Area:	377,438	Number of Buildings:	1
Net Bldg Area:	167,851	Number of Stories:	20
Year Built:	2014	Class:	A
Last Renovation:	N/A	Number of Parking Spaces:	319
Quality:	Good	Parking Ratio:	1.92:1,000
Condition:	Good	Resident Type:	Market Rate
Density (Units/Acre):	94.32		

COMMON AMENITIES

Common Amenities: N/A

UNIT AMENITIES

Unit Amenities: N/A

SALE INFORMATION

Status:	Recorded Sale	OAR:	4.17%
Deed Reference:		Cap Rate Type:	N/A
Sale Date:	11/2018	NOI:	$1,810,163
Sale Price:	$43,450,000	NOI per Sq.Ft.:	$4.80
Price per Unit:	$261,747	NOI per Unit:	$10,905
Value Interest:	Fee Simple	Occupancy:	93.40%
Grantor:	Waterton Residential, LLC	Expense Ratio:	51.31%
Grantee:	Mill Creek Residential Trust LLC	EGIM:	11.68
Financing:	N/A		
Condition of Sale:	Arm's Length		

VERIFICATION COMMENTS

Listing broker and purchaser

COMMENTS

This property was an openly marketed transaction of an apartment complex located within the Civic Center area of Miami. The financials are based on trailing income and expenses. The purchaser intends to renovate the units at the subject and increase the in place rents. The total sales price for the property was $47,450,000. The purchaser has allocated $4,000,000 of the total purchase price to the excess land parcel, whereby the purchaser intends to develop a 97 unit apartment complex on site and leverage the existing parking garage at the subject for any potential development on the excess land site that consists of 0.38-acres. Therefore, the apartment component of the subject was underwritten at $43,450,000.

IMPROVED SALE COMPARABLE 6

Property Name:	The Queue
Address:	817 SE 2nd Avenue
City, State, Zip:	Fort Lauderdale FL 33316-1002
MSA:	Fort Lauderdale
Jurisdiction:	Broward
Submarket:	
Property Type:	Multi-Family
Property Subtype:	Mid/ High-Rise
Classification:	N/A
ID:	391248
Tax Number(s):	50-42-10-1G-0010 THRU 50-42-10-1G-0012,50-42 -10-64-0170,50-42-10-64-0180,50-4..

PROPERTY INFORMATION

Site Area (Acres):	1.61	Number of Units:	192
Site Area (Sq.Ft.):	70,132	Average Unit Size:	805
Gross Bldg Area:	242,466	Number of Buildings:	1
Net Bldg Area:	154,568	Number of Stories:	7
Year Built:	2017	Class:	A
Last Renovation:	N/A	Number of Parking Spaces:	318
Quality:	Good	Parking Ratio:	1.66:1,000
Condition:	Good	Resident Type:	Market Rate
Density (Units/Acre):	N/A		

COMMON AMENITIES

Common Amenities: N/A

UNIT AMENITIES

Unit Amenities: N/A

SALE INFORMATION

Status:	Recorded Sale	OAR:	4.60%
Deed Reference:		Cap Rate Type:	N/A
Sale Date:	2/2018	NOI:	$2,438,000
Sale Price:	$53,000,000	NOI per Sq.Ft.:	$10.06
Price per Unit:	$276,042	NOI per Unit:	$12,698
Value Interest:	Fee Simple	Occupancy:	95.00%
Grantor:	9TH Street Property LLC	Expense Ratio:	N/A
Grantee:	BP Q LLC	EGIM:	11.74
Financing:	N/A		
Condition of Sale:	Arm's Length		

VERIFICATION COMMENTS

Broker verified.

COMMENTS

This was an arms length transaction. The were four best and final offers made and marketed for four weeks. This is a newer Class A apartment located on the south side of The New River in downtown Fort Lauderdale. It is located within walking distance to the new court house and a multi-level Publix.

IMPROVED SALE COMPARABLE 7

Property Name:	Aviva Coral Gables
Address:	3880 Bird Road
City, State, Zip:	Miami FL 33146-1533
MSA:	Miami
Jurisdiction:	Miami-Dade
Submarket:	
Property Type:	Multi-Family
Property Subtype:	Mid/ High-Rise
Classification:	N/A
ID:	231225
Tax Number(s):	01-4120-069-0010,01-4120-069-0010

PROPERTY INFORMATION

Site Area (Acres):	2.06	Number of Units:	276
Site Area (Sq.Ft.):	89,575	Average Unit Size:	897
Gross Bldg Area:	247,752	Number of Buildings:	1
Net Bldg Area:	247,752	Number of Stories:	8
Year Built:	2014	Class:	A
Last Renovation:	N/A	Number of Parking Spaces:	414
Quality:	Good	Parking Ratio:	1.50:1,000
Condition:	Good	Resident Type:	Market Rate
Density (Units/Acre):	N/A		

COMMON AMENITIES

Common Amenities: N/A

UNIT AMENITIES

Unit Amenities: N/A

SALE INFORMATION

Status:	Recorded Sale	OAR:	3.50%
Deed Reference:		Cap Rate Type:	N/A
Sale Date:	6/2017	NOI:	$3,500,000
Sale Price:	$100,000,000	NOI per Sq.Ft.:	N/A
Price per Unit:	$362,319	NOI per Unit:	$12,681
Value Interest:	Fee Simple	Occupancy:	92.00%
Grantor:	Ponce & Bird Miami Development LLC	Expense Ratio:	N/A
Grantee:	Berkshire Group	EGIM:	N/A
Financing:	N/A		
Condition of Sale:	Arm's Length		

VERIFICATION COMMENTS

Broker verified.

COMMENTS

This was an arms length transaction openly marketed for 8 weeks prior to the initial call for offers. Proforma going in rate at the time of sale was 4.5% cap rate on buyer’s year 1 pro forma adjusted for post-closing property taxes. 3.5% cap rate on actual in-place NOI. There were 5 best and final offers.

IMPROVED SALE COMPARABLE 8

Property Name:	Soleste Club Prado
Address:	950 SW 57th Avenue
City, State, Zip:	Miami FL 33144-5084
MSA:	Miami
Jurisdiction:	Miami-Dade
Submarket:	
Property Type:	Multi-Family
Property Subtype:	Mid/ High-Rise
Classification:	N/A
ID:	168259
Tax Number(s):	15-4012-014-0220,15-4012-014-0230,15-4012-014-0250,15-4012-016-0220,15-4012-0..

PROPERTY INFORMATION

Site Area (Acres):	1.76	Number of Units:	196
Site Area (Sq.Ft.):	76,666	Average Unit Size:	861
Gross Bldg Area:	168,872	Number of Buildings:	1
Net Bldg Area:	168,872	Number of Stories:	8
Year Built:	2017	Class:	A
Last Renovation:	N/A	Number of Parking Spaces:	248
Quality:	Excellent	Parking Ratio:	1.27:1,000
Condition:	Excellent	Resident Type:	N/A
Density (Units/Acre):	N/A		

COMMON AMENITIES

Common Amenities: N/A

UNIT AMENITIES

Unit Amenities: N/A

SALE INFORMATION

Status:	Recorded Sale	OAR:	4.60%
Deed Reference:		Cap Rate Type:	N/A
Sale Date:	5/2017	NOI:	$2,806,000
Sale Price:	$61,000,000	NOI per Sq.Ft.:	$16.62
Price per Unit:	$311,224	NOI per Unit:	$14,316
Value Interest:	Fee Simple	Occupancy:	94.00%
Grantor:	Estate Investment Group	Expense Ratio:	N/A
Grantee:	Grand Peaks	EGIM:	N/A
Financing:	N/A		
Condition of Sale:	None		

VERIFICATION COMMENTS

Broker verified

COMMENTS

This was an arms length transaction. The real estate tax increase was accounted for in proforma at 82.5%. The property has a very good location as it is between Coral Gables and Blue Lagoon. In addition, it has many amenities within walking distance from its location - Parks, Publix, Restaurants and bars.

Addendum G:
Developer’s Proforma

Collins Park Artist Workforce Housing

Summary of Project

Assumptions

Project Summary		Operations Summary	
Number of Ballet Beds	32	Opening Year	2023
Number of Workforce Housing Units	80	Rent growth rate	3.0%
Projected Start Date	11/1/2021	Operating expense growth rate	3.0%
Net Rentable Square Feet	47,820	Rent Structure	Monthly
Gross Square Feet	72,972	Vacancy Rate	1.2%
Commercial/Retail Square Feet	6,000		

Rents & Unit Mix Information

Unit Type	Monthly Rent	Units	Bedrooms	Beds
Miami City Ballet				
Dorm room 2-2	$927	5	10	10
Dorm room 2-2 DBL	$721	5	10	20
RA Unit	$1,545	1	1	1
Director Unit	$2,512	1	1	1
Workforce Housing				
Studio - 80% AMI	$1,280	20		
1 bed - 80% AMI	$1,372	10		
2 bed - 80% AMI	$1,646	10		
Studio - 120% AMI	$1,920	20		
1 bed - 120% AMI	$2,058	10		
2 bed - 120% AMI	$2,300	10		
		92		

Financing	
Avg. Annual Cost of Capital	1,573,700
Approx. Bond Term (Years)	30
Addl. Cap. Interest (Mos.)	18

Project Budget

Budget Item	Total	/Unit	/Square Foot
Hard & Soft Project Costs			
Total Hard Costs	15,094,400	164,070	207
A & E Fees	870,000	9,457	12
FF&E	390,000	4,239	5
IT and Voltage	600,000	6,522	8
Construction Administration	301,888	3,281	4
Predevelopment Costs	158,250	1,720	2
Permits, Inspections, and Fees	962,143	10,458	13
Start Up Expense	800,000	8,696	11
Development Contingency	754,720	8,203	10
Developer Fee	1,129,771	12,280	15
Total Hard & Soft Costs	**21,061,172**	**228,926**	**289**
Financing Costs & Project Escrows			
Cost of Issuance - Bonds	1,000,000	10,870	14
Debt Service Reserve	1,657,948	18,021	23
Capitalized Interest	2,606,972	28,337	36
Total Financing & Related	**5,264,920**	**57,227**	**72**
ESTIMATED TOTAL BOND ISSUANCE	**26,326,092**	**286,153**	**361**

Stabilized Pro Forma Summary

	2023-2024 Per Unit		2023-2024	2024-2025	2025-2026	2026-2027
Revenues						
Gross Potential Rent	23,590		2,170,251	2,231,720	2,294,960	2,360,024
Retail Income (2% annual increases)	$28/sf		168,859	172,237	175,681	179,195
Less: Vacancy of Retail and Rental Income	1.2%		(28,303)	(29,088)	(29,895)	(30,725)
Expense Reimbursements	761		60,843	62,668	64,548	66,485
Other Income	918		73,431	75,634	77,903	80,240
Net Rental Revenue	26,577		**2,445,081**	**2,513,171**	**2,583,198**	**2,655,219**
Start Up Expenses	**8,696**	800,000				
Ballet Expenses	1,311/bed		38,400	39,552	40,739	41,961
Workforce Housing Expenses						
Marketing & Leasing	380		34,967	36,016	37,097	38,210
Administrative	380		34,967	36,016	37,097	38,210
Property Management Fee	728		66,933	87,961	90,412	92,933
Property Insurance	761		70,022	72,123	74,286	76,515
Utilities	1,097		100,968	103,997	107,117	110,330
Payroll	1,198		110,234	113,541	116,948	120,456
Contract Services	138		12,676	13,056	13,448	13,851
Fire & Life Safety	475		43,709	45,020	46,371	47,762
Grounds & Landscaping	238		21,855	22,510	23,185	23,881
Repairs & Maintenance	190		17,484	18,008	18,548	19,105
Turnover	166		15,298	15,757	16,230	16,717
Less - Total Operating Expense	6,169	**800,000**	**567,513**	**603,558**	**621,477**	**639,930**
Net Operating Income	20,408	**-**	**1,877,568**	**1,909,613**	**1,961,721**	**2,015,289**
Replacement Reserves			26,400	27,192	28,008	28,848
501c3 and Audit Fees	576		53,000	54,590	56,228	57,915
Asset Management Fee	266		24,451	25,132	25,832	26,552
Total Additional Expenses	1,129		**103,851**	**106,914**	**110,067**	**113,315**
Total Cash Available for Debt Service	19,280		**1,773,717**	**1,802,699**	**1,851,654**	**1,901,975**
Debt Service						
Annual Debt Service	(13,010)		(1,196,936)	(1,563,061)	(1,606,312)	(1,652,389)
Cashflow after Debt Service	6,269		**576,781**	**239,638**	**245,342**	**249,585**
Debt Service Coverage Ratio				*1.15*	*1.15*	*1.15*

Notes:

(1) Debt service reserve and capitalized interest are funds set aside for investor security and are returned to the project if unused.

(2) All assumptions are based on limited project design and scope information and as such the assumed costs are subject to change as project parameters become further defined.

This preliminary proforma is for illustrative purposes only and is based on specific assumptions, all of which are subject to change. The information contained herein is proprietary and should remain confidential. Any and all deadlines or milestones, contained herein are for modeling purposes only and are subject to change based on negotiations, closing dates, market volatility and final design review and constructability analysis. Development budgets and operating statement will require refinement through collaboration and negotiation. All final agreements and proformas shall take precedence and govern the actual development of the project.

SERVITAS
COLLEGIATE REAL ESTATE SERVICES

Collins Park Artist Workforce Housing

Operating Pro forma

				Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
			Project Year:	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
			Fiscal Year:	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
			Academic Year:	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032
Revenue		**2020**	**2023**									
Academic Revenue		**Monthly Rent**	**Monthly Rent**									
Miami City Ballet	**Beds**	***By the Bed***	***By the Bed***	***Ballet rent increases 2% per year. Potential 35 year Master Lease.***								
Dorm room 2-2	10	$927	$1,013	121,555	123,986	126,466	128,995	131,575	134,206	136,891	139,628	142,421
Dorm room 2-2 DBL	20	$721	$788	189,085	192,867	196,725	200,659	204,672	208,766	212,941	217,200	221,544
RA Unit	1	$1,545	$1,688	20,259	20,664	21,078	21,499	21,929	22,368	22,815	23,271	23,737
Director Unit	1	$2,512	$2,745	32,942	33,601	34,273	34,959	35,658	36,371	37,098	37,840	38,597
Workforce Housing	**Units**	***By the Unit***	***By the Unit***									
Studio - 80% AMI	20	$1,280	$1,399	335,686	345,756	356,129	366,813	377,817	389,152	400,826	412,851	425,237
1 bed - 80% AMI	10	$1,372	$1,499	179,907	185,304	190,863	196,589	202,486	208,561	214,818	221,262	227,900
2 bed - 80% AMI	10	$1,646	$1,799	215,835	222,311	228,980	235,849	242,925	250,212	257,719	265,450	273,414
Studio - 120% AMI	20	$1,920	$2,098	503,529	518,634	534,193	550,219	566,726	583,728	601,239	619,277	637,855
1 bed - 120% AMI	10	$2,058	$2,249	269,860	277,956	286,294	294,883	303,730	312,842	322,227	331,894	341,850
2 bed - 120% AMI	10	$2,300	$2,513	301,593	310,640	319,960	329,558	339,445	349,629	360,117	370,921	382,049
Gross Potential Rent				***2,170,251***	***2,231,720***	***2,294,960***	***2,360,024***	***2,426,963***	***2,495,834***	***2,566,692***	***2,639,595***	***2,714,603***
Retail Income (2% annual increases)	6000 sf	$26/sf	$28/sf	168,859	172,237	175,681	179,195	182,779	186,434	190,163	193,966	197,846
Less: Vacancy of Retail and Rental Income			*1.2%*	*(28,303)*	*(29,088)*	*(29,895)*	*(30,725)*	*(31,578)*	*(32,455)*	*(33,358)*	*(34,286)*	*(35,241)*
Expense Reimbursements		$696/unit	$761/unit	60,843	62,668	64,548	66,485	68,479	70,534	72,650	74,829	77,074
Other Income		$840/unit	$918/unit	73,431	75,634	77,903	80,240	82,648	85,127	87,681	90,311	93,021
Net Rental Revenue				**2,445,081**	**2,513,171**	**2,583,198**	**2,655,219**	**2,729,291**	**2,805,473**	**2,883,827**	**2,964,416**	**3,047,303**
Ballet Expenses		**2020**	**2023**									
Ballet Expenses		$1200/bed	$1311/bed	38,400	39,552	40,739	41,961	43,220	44,516	45,852	47,227	48,644
WF Housing Expenses												
Marketing & Leasing		$400/unit	$437/unit	34,967	36,016	37,097	38,210	39,356	40,537	41,753	43,005	44,295
Administrative		$400/unit	$437/unit	34,967	36,016	37,097	38,210	39,356	40,537	41,753	43,005	44,295
Property Management Fee		3.5%	3.5%	66,933	87,961	90,412	92,933	95,525	98,192	100,934	103,755	106,656
Property Insurance		$801/unit	$875/unit	70,022	72,123	74,286	76,515	78,810	81,175	83,610	86,118	88,702
Utilities		$1155/unit	$1262/unit	100,968	103,997	107,117	110,330	113,640	117,050	120,561	124,178	127,903
Payroll		$1261/unit	$1378/unit	110,234	113,541	116,948	120,456	124,070	127,792	131,626	135,574	139,642
Contract Services		$145/unit	$158/unit	12,676	13,056	13,448	13,851	14,267	14,695	15,135	15,589	16,057
Fire & Life Safety		$500/unit	$546/unit	43,709	45,020	46,371	47,762	49,195	50,671	52,191	53,757	55,369
Grounds & Landscaping		$250/unit	$273/unit	21,855	22,510	23,185	23,881	24,597	25,335	26,095	26,878	27,685
Repairs & Maintenance		$200/unit	$219/unit	17,484	18,008	18,548	19,105	19,678	20,268	20,876	21,503	22,148
Turnover		$175/unit	$191/unit	15,298	15,757	16,230	16,717	17,218	17,735	18,267	18,815	19,379
Total Operating Expense			**$4299/bed**	**567,513**	**603,558**	**621,477**	**639,930**	**658,932**	**678,501**	**698,652**	**719,405**	**740,775**
Net Operating Income				1,877,568	1,909,613	1,961,721	2,015,289	2,070,359	2,126,973	2,185,175	2,245,011	2,306,528
501 c3 Owner Expenses			**$ or % of Net Rent**									
Replacement Reserves			$200/bed	26,400	27,192	28,008	28,848	29,713	30,605	31,523	32,469	33,443
501c3 and Audit Fees				53,000	54,590	56,228	57,915	59,652	61,442	63,285	65,183	67,139
Asset Management Fee			1.0%	24,451	25,132	25,832	26,552	27,293	28,055	28,838	29,644	30,473
Total Additional Expenses				103,851	106,914	110,067	113,315	116,658	120,101	123,646	127,296	131,055
Total Cash Available for Debt Service				1,773,717	1,802,699	1,851,654	1,901,975	1,953,701	2,006,872	2,061,529	2,117,715	2,175,473
Debt Service												
Annual Debt Service				(1,196,936)	(1,563,061)	(1,606,312)	(1,652,389)	(1,650,128)	(1,652,672)	(1,648,432)	(1,648,997)	(1,648,432)
Total Debt Service				(1,196,936)	(1,563,061)	(1,606,312)	(1,652,389)	(1,650,128)	(1,652,672)	(1,648,432)	(1,648,997)	(1,648,432)
Cashflow after Debt Service				576,781	239,638	245,342	249,585	303,573	354,200	413,097	468,718	527,042
Debt Service Coverage Ratio					1.15	1.15	1.15	1.18	1.21	1.25	1.28	1.32
Annual Cash Flow Back to Ballet / Workforce Housing Rents				576,781	239,638	245,342	249,585	303,573	354,200	413,097	468,718	527,042

Collins Park Artist Workforce Housing

Operating Pro forma

	Year 12 FY 2033 2032-2033	Year 13 FY 2034 2033-2034	Year 14 FY 2035 2034-2035	Year 15 FY 2036 2035-2036	Year 16 FY 2037 2036-2037	Year 17 FY 2038 2037-2038	Year 18 FY 2039 2038-2039	Year 19 FY 2040 2039-2040	Year 20 FY 2041 2040-2041	Year 21 FY 2042 2041-2042	Year 22 FY 2043 2042-2043	Year 23 FY 2044 2043-2044
Revenue												
Academic Revenue												
Miami City Ballet												
Dorm room 2-2	145,269	148,175	151,138	154,161	157,244	160,389	163,597	166,869	170,206	173,610	177,083	180,624
Dorm room 2-2 DBL	225,975	230,494	235,104	239,806	244,602	249,494	254,484	259,574	264,765	270,061	275,462	280,971
RA Unit	24,212	24,696	25,190	25,694	26,207	26,732	27,266	27,811	28,368	28,935	29,514	30,104
Director Unit	39,369	40,156	40,960	41,779	42,614	43,467	44,336	45,223	46,127	47,050	47,991	48,951
Workforce Housing												
Studio - 80% AMI	437,994	451,134	464,668	478,608	492,966	507,755	522,987	538,677	554,837	571,482	588,627	606,286
1 bed - 80% AMI	234,737	241,779	249,033	256,504	264,199	272,125	280,289	288,697	297,358	306,279	315,467	324,931
2 bed - 80% AMI	281,616	290,065	298,767	307,730	316,962	326,470	336,265	346,353	356,743	367,445	378,469	389,823
Studio - 120% AMI	656,991	676,700	697,001	717,911	739,449	761,632	784,481	808,016	832,256	857,224	882,940	909,429
1 bed - 120% AMI	352,106	362,669	373,549	384,756	396,298	408,187	420,433	433,046	446,037	459,418	473,201	487,397
2 bed - 120% AMI	393,510	405,315	417,475	429,999	442,899	456,186	469,872	483,968	498,487	513,441	528,845	544,710
Gross Potential Rent	***2,791,779***	***2,871,184***	***2,952,884***	***3,036,947***	***3,123,441***	***3,212,437***	***3,304,009***	***3,398,233***	***3,495,185***	***3,594,946***	***3,697,598***	***3,803,225***
Retail Income (2% annual increases)	201,803	205,839	209,955	214,155	218,438	222,806	227,263	231,808	236,444	241,173	245,996	250,916
Less: Vacancy of Retail and Rental Inco	*(36,222)*	*(37,232)*	*(38,270)*	*(39,338)*	*(40,437)*	*(41,566)*	*(42,728)*	*(43,923)*	*(45,153)*	*(46,417)*	*(47,717)*	*(49,055)*
Expense Reimbursements	79,386	81,768	84,221	86,748	89,350	92,031	94,791	97,635	100,564	103,581	106,689	109,889
Other Income	95,811	98,685	101,646	104,695	107,836	111,071	114,404	117,836	121,371	125,012	128,762	132,625
Net Rental Revenue	**3,132,556**	**3,220,244**	**3,310,436**	**3,403,206**	**3,498,628**	**3,596,779**	**3,697,739**	**3,801,588**	**3,908,411**	**4,018,295**	**4,131,327**	**4,247,601**
Ballet Expenses												
Ballet Expenses	50,103	51,606	53,155	54,749	56,392	58,083	59,826	61,621	63,469	65,373	67,335	69,355
WF Housing Expenses												
Marketing & Leasing	45,624	46,993	48,403	49,855	51,351	52,891	54,478	56,112	57,796	59,529	61,315	63,155
Administrative	45,624	46,993	48,403	49,855	51,351	52,891	54,478	56,112	57,796	59,529	61,315	63,155
Property Management Fee	109,639	112,709	115,865	119,112	122,452	125,887	129,421	133,056	136,794	140,640	144,596	148,666
Property Insurance	91,363	94,104	96,927	99,835	102,830	105,914	109,092	112,365	115,736	119,208	122,784	126,467
Utilities	131,740	135,693	139,763	143,956	148,275	152,723	157,305	162,024	166,885	171,891	177,048	182,359
Payroll	143,831	148,146	152,590	157,168	161,883	166,739	171,741	176,894	182,201	187,667	193,297	199,095
Contract Services	16,539	17,035	17,546	18,072	18,615	19,173	19,748	20,341	20,951	21,579	22,227	22,894
Fire & Life Safety	57,030	58,741	60,504	62,319	64,188	66,114	68,097	70,140	72,244	74,412	76,644	78,943
Grounds & Landscaping	28,515	29,371	30,252	31,159	32,094	33,057	34,049	35,070	36,122	37,206	38,322	39,472
Repairs & Maintenance	22,812	23,497	24,201	24,927	25,675	26,446	27,239	28,056	28,898	29,765	30,658	31,577
Turnover	19,961	20,559	21,176	21,812	22,466	23,140	23,834	24,549	25,286	26,044	26,825	27,630
Total Operating Expense	**762,783**	**785,446**	**808,785**	**832,819**	**857,570**	**883,059**	**909,308**	**936,339**	**964,177**	**992,844**	**1,022,366**	**1,052,769**
Net Operating Income	2,369,774	2,434,798	2,501,651	2,570,387	2,641,058	2,713,720	2,788,431	2,865,249	2,944,235	3,025,451	3,108,961	3,194,832
501 c3 Owner Expenses												
Replacement Reserves	34,446	35,479	36,544	37,640	38,769	39,932	41,130	42,364	43,635	44,944	46,293	47,681
501c3 and Audit Fees	69,153	71,228	73,364	75,565	77,832	80,167	82,572	85,049	87,601	90,229	92,936	95,724
Asset Management Fee	31,326	32,202	33,104	34,032	34,986	35,968	36,977	38,016	39,084	40,183	41,313	42,476
Total Additional Expenses	134,925	138,909	143,013	147,237	151,588	156,067	160,680	165,430	170,320	175,356	180,542	185,881
Total Cash Available for Debt Service	2,234,849	2,295,888	2,358,639	2,423,149	2,489,470	2,557,652	2,627,751	2,699,819	2,773,914	2,850,095	2,928,420	3,008,951
Debt Service												
Annual Debt Service	(1,652,389)	(1,649,280)	(1,650,693)	(1,650,693)	(1,649,280)	(1,652,107)	(1,653,237)	(1,652,672)	(1,650,411)	(1,652,107)	(1,651,824)	(1,649,562)
Total Debt Service	(1,652,389)	(1,649,280)	(1,650,693)	(1,650,693)	(1,649,280)	(1,652,107)	(1,653,237)	(1,652,672)	(1,650,411)	(1,652,107)	(1,651,824)	(1,649,562)
Cashflow after Debt Service	582,460	646,609	707,946	772,456	840,190	905,546	974,513	1,047,147	1,123,504	1,197,988	1,276,596	1,359,388
Debt Service Coverage Ratio	1.35	1.39	1.43	1.47	1.51	1.55	1.59	1.63	1.68	1.73	1.77	1.82
Annual Cash Flow Back to Ballet / Wo	582,460	646,609	707,946	772,456	840,190	905,546	974,513	1,047,147	1,123,504	1,197,988	1,276,596	1,359,388

Collins Park Artist Work

Operating Pro forma

	Year 24 FY 2045 2044-2045	Year 25 FY 2046 2045-2046	Year 26 FY 2047 2046-2047	Year 27 FY 2048 2047-2048	Year 28 FY 2049 2048-2049	Year 29 FY 2050 2049-2050	Year 30 FY 2051 2050-2051	Year 31 FY 2052 2051-2052
Revenue								
Academic Revenue								
Miami City Ballet								
Dorm room 2-2	184,237	187,921	191,680	195,514	199,424	203,412	207,481	211,630
Dorm room 2-2 DBL	286,590	292,322	298,169	304,132	310,215	316,419	322,747	329,202
RA Unit	30,706	31,320	31,947	32,586	33,237	33,902	34,580	35,272
Director Unit	49,930	50,928	51,947	52,986	54,045	55,126	56,229	57,353
Workforce Housing								
Studio - 80% AMI	624,474	643,209	662,505	682,380	702,851	723,937	745,655	768,025
1 bed - 80% AMI	334,679	344,720	355,061	365,713	376,684	387,985	399,624	411,613
2 bed - 80% AMI	401,517	413,563	425,970	438,749	451,911	465,469	479,433	493,816
Studio - 120% AMI	936,712	964,813	993,757	1,023,570	1,054,277	1,085,905	1,118,483	1,152,037
1 bed - 120% AMI	502,019	517,079	532,592	548,570	565,027	581,977	599,437	617,420
2 bed - 120% AMI	561,051	577,883	595,219	613,076	631,468	650,412	669,924	690,022
Gross Potential Rent	***3,911,915***	***4,023,758***	***4,138,846***	***4,257,274***	***4,379,140***	***4,504,545***	***4,633,593***	***4,766,390***
Retail Income (2% annual increases)	255,935	261,053	266,274	271,600	277,032	282,572	288,224	293,988
Less: Vacancy of Retail and Rental Inco	*(50,431)*	*(51,846)*	*(53,302)*	*(54,799)*	*(56,340)*	*(57,924)*	*(59,554)*	*(61,231)*
Expense Reimbursements	113,186	116,582	120,079	123,681	127,392	131,214	135,150	139,204
Other Income	136,604	140,702	144,923	149,271	153,749	158,361	163,112	168,005
Net Rental Revenue	**4,367,209**	**4,490,249**	**4,616,820**	**4,747,027**	**4,880,973**	**5,018,768**	**5,160,525**	**5,306,358**
Ballet Expenses								
Ballet Expenses	71,435	73,578	75,786	78,059	80,401	82,813	85,297	87,856
WF Housing Expenses								
Marketing & Leasing	65,049	67,001	69,011	71,081	73,214	75,410	77,672	80,003
Administrative	65,049	67,001	69,011	71,081	73,214	75,410	77,672	80,003
Property Management Fee	152,852	157,159	161,589	166,146	170,834	175,657	180,618	185,723
Property Insurance	130,261	134,169	138,194	142,340	146,610	151,009	155,539	160,205
Utilities	187,830	193,465	199,269	205,247	211,405	217,747	224,279	231,007
Payroll	205,068	211,220	217,557	224,084	230,806	237,730	244,862	252,208
Contract Services	23,580	24,288	25,016	25,767	26,540	27,336	28,156	29,001
Fire & Life Safety	81,312	83,751	86,264	88,852	91,517	94,263	97,090	100,003
Grounds & Landscaping	40,656	41,876	43,132	44,426	45,759	47,131	48,545	50,002
Repairs & Maintenance	32,525	33,500	34,505	35,541	36,607	37,705	38,836	40,001
Turnover	28,459	29,313	30,192	31,098	32,031	32,992	33,982	35,001
Total Operating Expense	**1,084,078**	**1,116,321**	**1,149,526**	**1,183,722**	**1,218,937**	**1,255,203**	**1,292,551**	**1,331,013**
Net Operating Income	3,283,131	3,373,927	3,467,294	3,563,305	3,662,036	3,763,565	3,867,974	3,975,345
501 c3 Owner Expenses								
Replacement Reserves	49,112	50,585	52,103	53,666	55,276	56,934	58,642	60,401
501c3 and Audit Fees	98,596	101,553	104,600	107,738	110,970	114,299	117,728	121,260
Asset Management Fee	43,672	44,902	46,168	47,470	48,810	50,188	51,605	53,064
Total Additional Expenses	191,379	197,041	202,871	208,874	215,056	221,421	227,976	234,725
Total Cash Available for Debt Service	3,091,751	3,176,886	3,264,423	3,354,431	3,446,980	3,542,144	3,639,998	3,740,620
Debt Service								
Annual Debt Service	(1,650,976)	(1,650,128)	(1,652,672)	(1,652,672)	(1,650,128)	(1,650,693)	(1,648,432)	
Total Debt Service	(1,650,976)	(1,650,128)	(1,652,672)	(1,652,672)	(1,650,128)	(1,650,693)	(1,648,432)	
Cashflow after Debt Service	1,440,775	1,526,758	1,611,751	1,701,759	1,796,852	1,891,451	1,991,567	3,740,620
Debt Service Coverage Ratio	1.87	1.93	1.98	2.03	2.09	2.15	2.21	
Annual Cash Flow Back to Ballet / Wo	1,440,775	1,526,758	1,611,751	1,701,759	1,796,852	1,891,451	1,991,567	3,740,620

SERVITAS
COLLEGIATE REAL ESTATE SERVICES

Addendum H:
Qualifications of the Appraiser

Michael C. McNamara, MAI, MRICS Executive Director

Valuation & Advisory
Practice Group Leader | Multifamily
Cushman & Wakefield Regional, Inc.

Professional Expertise

Michael C. McNamara, MAI, MRICS, is an Executive Director and Multifamily Practice Group Co-Leader within the Valuation & Advisory group of Cushman & Wakefield Regional, Inc. in Ft. Lauderdale, Florida. Mr. McNamara joined Cushman & Wakefield in August 1998 as a Senior Appraiser. In November of 2002, Mr. McNamara was named Director, was promoted to Senior Director in June 2005 and was further promoted to Executive Director in January 2010. Prior to joining Cushman & Wakefield, Mr. McNamara was employed by Landauer Real Estate Counselors as a Director within their Valuation and Technical Services group from May 1995 through July 1998. He was an Appraiser with American Realty Consultants from January 1993 to May of 1995 and an Appraiser for Consolidated Appraisal Services from March 1992 through December 1992. From October 1989 through March 1992 he was an appraiser with Pederson & Trask.

Since joining Cushman & Wakefield Regional, Inc., Mr. McNamara has performed appraisal, feasibility and consulting assignments involving multifamily complexes, condominiums, vacant land, office buildings, shopping centers, industrial, self storage and investment properties throughout 12 states and 11 different islands in the Caribbean. The majority of appraisal experience has been concentrated in Florida and has been primarily for institutional investors, lending institutions, attorneys and private investors.

Memberships, Licenses, Professional Affiliations and Education

- Designated Member, Appraisal Institute (MAI #11052). As of the current date, Michael McNamara, MAI has completed the requirements of the continuing education program of the Appraisal Institute.
- Member, Royal Institution of Chartered Surveyors (MRICS #1285269)
- Florida Licensed Real Estate Salesman (SL #553108)
- Certified General Real Estate Appraiser in the following states:
  - Florida – RZ2105
- Bachelor of Arts, Rutgers University, Economics

Other Accomplishments and Awards

- Recipient, Valuation & Advisory Excellence in Quality Service Award for the Florida region, 1999 and 2006.
- Recognized, Top Valuation Service Professional in South Florida, 1999, 2002, 2003, 2004, 2005, 2007, 2008, 2009, 2010 and 2013.

- Recognized, Top Valuation Service Professional in the State of Florida, 2003, 2004 and 2005.
- Recognized, one of the top ten producers in South Florida, 2012

Testimony in Courts of Law and Quasi-Judicial Hearings

- United States Bankruptcy Court – Southern District – Fort Lauderdale, Florida
- United States Bankruptcy Court – Eastern District – Alexandria, Virginia
- Circuit Court of the 20th Judicial Circuit in Collier County, Naples, Florida
- Circuit Court of the 15th Judicial Circuit in Palm Beach County, West Palm Beach, Florida
- Circuit Court of the 19th Judicial Court, St. Lucie County, St. Lucie, Florida
- Tax appeal hearings in Broward, Martin, and Miami-Dade Counties

Publications

- Market Watch, Fort Lauderdale, Florida "Self Storage in the Sunshine State", Mini-Storage Messenger (May 2009)
- Market Watch, Orlando, Florida "Self Storage in the City Beautiful", Mini-Storage Messenger (May 2010)
- Market Watch, Tampa, Florida "A Ray of Hope", Mini-Storage Messenger (May 2011)
- Market Watch Sidebar, Florida Self Storage, "A Review of the Numbers" Mini-Storage Messenger (April 2012)
- Market Watch, Jacksonville, Florida "Where Florida Begins", Mini-Storage Messenger (November 2012)

FLORIDA

Ron DeSantis, Governor

Halsey Beshears, Secretary

Florida dbpr

STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION

FLORIDA REAL ESTATE APPRAISAL BD

THE CERTIFIED GENERAL APPRAISER HEREIN IS CERTIFIED UNDER THE PROVISIONS OF CHAPTER 475, FLORIDA STATUTES

MCNAMARA, MICHAEL CAREY

2006 WOODLAKE CIRCLE
DEERFIELD BCH FL 33442

LICENSE NUMBER: RZ2105

EXPIRATION DATE: NOVEMBER 30, 2022

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Adrian M. Sanchez, MAI Senior Director

Valuation & Advisory
Cushman & Wakefield Regional, Inc.

Professional Expertise

Adrian M. Sanchez, MAI is a Senior Director of Cushman & Wakefield Regional, Inc. (Cushman & Wakefield) working within Valuation & Advisory. Mr. Sanchez joined Cushman & Wakefield in March 2003 as a Research Specialist within the Research Services Group. In June of 2003, Mr. Sanchez joined the Valuation & Advisory group as a Staff Appraiser. Mr. Sanchez has received the Excellence in Quality Service Award for the Valuation & Advisory group for the Florida region in 2006.

Since joining Cushman & Wakefield Regional, Inc., Mr. Sanchez has performed appraisal, feasibility and consulting assignments involving residential complexes, condominiums, vacant land, office buildings, shopping centers, industrial and investment properties throughout the State of Florida and the Caribbean. The majority of appraisal experience has been concentrated in Florida and has been primarily for institutional investors, lending institutions, attorneys and private investors.

Memberships, Licenses, Professional Affiliations and Education

- Designated Member, Appraisal Institute. As of the current date, Adrian M. Sanchez, MAI has completed the requirements of the continuing education program of the Appraisal Institute.
- Certified General Real Estate Appraiser in the following states:
  - Florida – RZ 3239
- Bachelor of Arts, University of Miami

Appraisal Education

- AB-1 – Real Estate Appraisal Principles
- AB-2 – Mastering Real Estate Appraisal
- 310 – Basic Income Capitalization
- 510 – Advanced Income Capitalization
- 520 – Highest & Best Use & Market Analysis
- 530 – Advanced Sales Comparison and Cost Approach
- 540 – Report Writing & Valuation Analysis
- 550 – Advanced Applications

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SANCHEZ, ADRIAN MONTE

333 SE 2ND AVENUE, SUITE 3900
MIAMI FL 33131

LICENSE NUMBER: RZ3239

EXPIRATION DATE: NOVEMBER 30, 2022

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Blake Koletic

Valuation & Advisory
Cushman & Wakefield Regional, Inc.

Professional Expertise

Blake Koletic is an Appraiser of Cushman & Wakefield Regional, Inc. working within the Valuation & Advisory group in Miami, Florida. Mr. Koletic joined Cushman & Wakefield in August of 2018 as a State-Registered Trainee Appraiser.

Currently, Mr. Koletic is involved in the research and development of appraisal assignments of multi-family buildings, self-storage facilities, office buildings, retail buildings and commercial land parcels throughout the State of Florida.

Memberships, Licenses, Professional Affiliations and Education

- State-registered Trainee Appraiser (RI24585)
- State of Florida Real Estate Sales Associate (SL3413465)
- Practicing Affiliate, Appraisal Institute
- Bachelors of Science, Florida State University

Appraisal Education

- Basic Appraisal Principals & Procedures
- General Income Approach I & II
- Florida Appraisal Laws & Rules
- Comprehensive National USPAP

STATE

Ron DeSantis, Governor

Halsey Beshears, Secretary

STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION

FLORIDA REAL ESTATE APPRAISAL BD

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KOLETIC, BLAKE THOMAS

333 SE 2ND AVENUE
3900
MIAMI FL 33131

LICENSE NUMBER: RI24585

EXPIRATION DATE: NOVEMBER 30, 2022

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