APPRAISAL OF

THE MIAMI SKILLS CENTER/RICHARDS WAREHOUSE PROPERTY

LOCATED AT
29 N.W. 13 STREET
MIAMI, FLORIDA

Prepared For

Miami-Dade County Public Schools
1450 N.E. 2 Avenue, Room 525
Miami, Florida 33131

Prepared By

Investors Research Associates, Inc.
5730 S.W. 74 Street, Suite 100
South Miami, Florida 33143

Date of Value

February 16, 2010

investors research associates, inc.
5730 s.w. 74 street, suite 100
south miami, florida 33143-5381
telephone
305-665-3407
fax
305-665-4921

real estate consultants
and appraisers
licensed real estate broker

February 27, 2010

Fernando Albuerne
District Director
Planning, Design and Substainability
Miami-Dade County Public Schools
1450 N.E. 2 Avenue
Miami, Florida 33132

Re: The Miami Skills Center/Richards warehouse property located at 29 N.W. 13 Street, Miami

Dear Mr. Albuerne:

The attached self contained appraisal of the above referenced property is being submitted according to your request. This report contains the results of investigations and analyses made in order to furnish estimates of the market value of the property described in this report under two scenarios: 1). as improved and 2) as if vacant.

This appraisal is intended to comply with the following: the Uniform Standards of Professional Appraisal Practice (USPAP), as adopted by the Appraisal Standards Board of the Appraisal Foundation; the requirements of the Real Estate Appraisal Board of the State of Florida; and the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute

A Summary of Facts and Conclusions is provided in the front of the report and a Certificate of Value appears in the final section.

Respectfully submitted,

Edward N. Parker, MAI

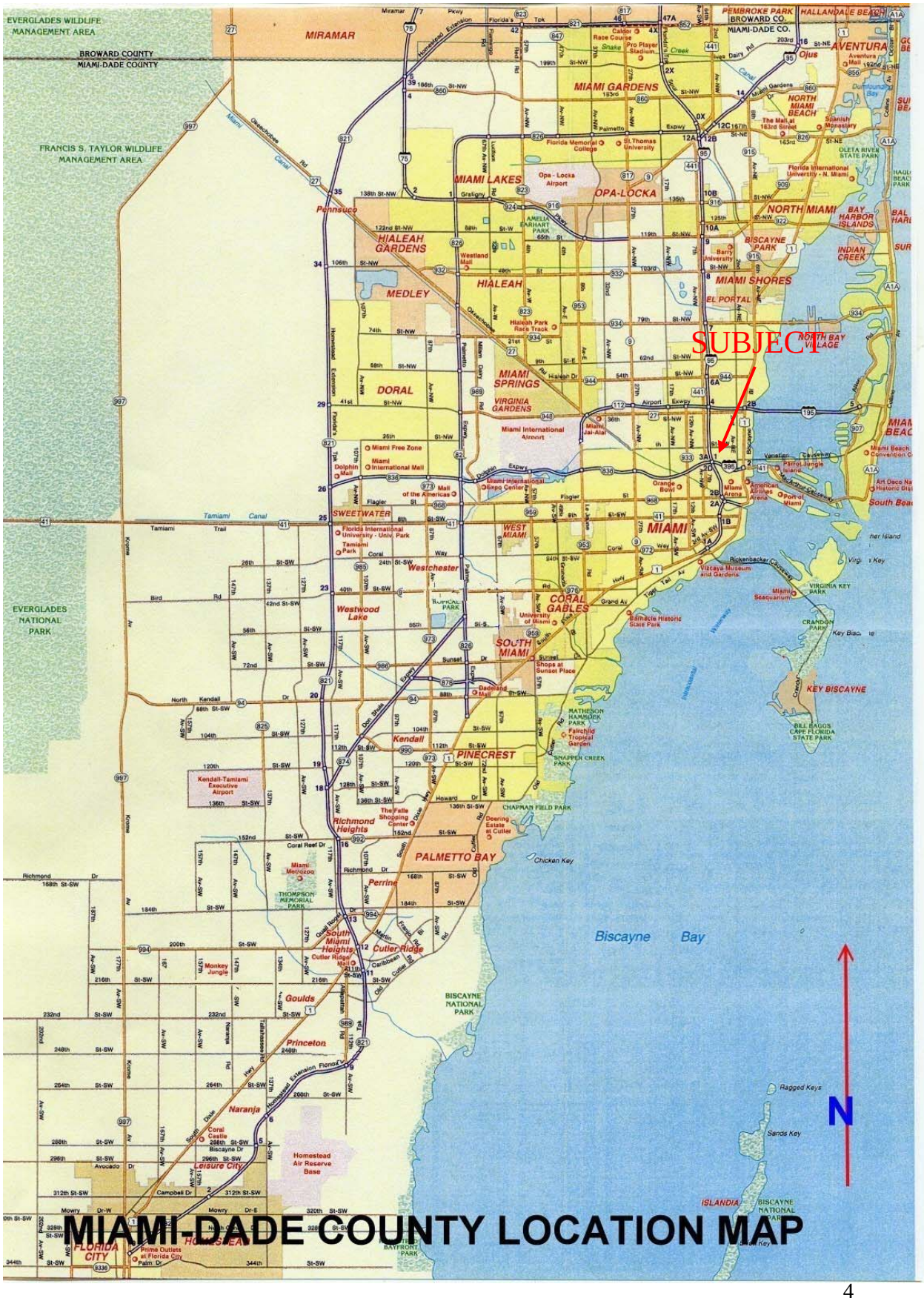
Digitally signed by Edward N. Parker, MAI
DN: cn=Edward N. Parker, MAI, email=ira5730@aol.com, o=Investors Research Associates, Inc., c=US
Date: 2010.03.03 16:25:51 -05'00'

Edward N. Parker, MAI
State Certified General Real
Estate Appraiser #RZ144

TABLE OF CONTENTS

TABLE OF CONTENTS 3
I. SUMMARY OF FACTS AND CONCLUSIONS 5
II. THE ASSIGNMENT 6
A. Identification of the Property 6
B. Purpose and Scope of the Assignment 6
C. Definition of Market Value 7
D. Property Rights Appraised 7
E. Intended Use of the Appraisal 8
F. Intended User 8
G. Effective Date of Appraisal 8
H. Date of Inspection 8
I. Appraiser 8
III. ECONOMIC PERSPECTIVE 9
A. Miami-Dade County Overview 9
B. The Neighborhood 13
C. Miami-Dade County Industrial Market 14
III. Description of the Property 26
A. Ownership and History of the Property 26
B. Location and Access 26
C. Description of the Site 26
D. Description of Building Improvements 27
E. Zoning 29
F. Assessment and Taxes 30
IV. ANALYSIS OF DATA AND CONLCUSION 31
A. Highest and Best Use 31
B. Methodology 32
C. Value as If Vacant 32
D. Value As Improved 43
V. ASSUMPTIONS AND LIMITING CONDITIONS 72
VI. CERTIFICATION 74
VII. QUALIFICATIONS 75

ADDENDA


SUBJECT
MIAMI-DADE COUNTY LOCATION MAP
MIRAMAR
MIAMI GARDENS
MIAMI LAKES
OPA-LOCKA
HIALEAH GARDENS
HIALEAH
MEDLEY
DORAL
MIAMI SPRINGS
VIRGINIA GARDENS
NORTH MIAMI
NORTH MIAMI BEACH
AVENTURA
BISCAYNE PARK
MIAMI SHORES
EL PORTAL
NORTH BAY VILLAGE
SWEETWATER
WEST MIAMI
MIAMI
CORAL GABLES
SOUTH MIAMI
PINECREST
PALMETTO BAY
Kendall
Westchester
Westwood Lake
Richmond Heights
Perrine
South Miami Heights
Cutler Ridge
Goulds
Princeton
Naranja
Leisure City
Homestead
FLORIDA CITY
KEY BISCAYNE
Biscayne Bay
EVERGLADES WILDLIFE MANAGEMENT AREA
FRANCIS S. TAYLOR WILDLIFE MANAGEMENT AREA
EVERGLADES NATIONAL PARK
BISCAYNE NATIONAL PARK
N

I. SUMMARY OF FACTS AND CONCLUSIONS

The Assignment:	To estimate the market value of the property described herein as improved and as if vacant.
Property Location:	29 N.W. 13 Street, Miami, Florida
Current Ownership:	School Board of Miami-Dade County
Property Description:	The subject site is a 2.79-acre parcel fronting on three local streets as well as I-395. It is improved with a dock height warehouse that was built in 1947 and is now 63 years old. The CBS building contains 89,291 square feet and is in good condition for its age.
Assessment and Taxes	2009 Assessment: Land Value: $1,518,088 Building Value: $1,641,127 Total Value: $3,159,215 2009 Taxes: $72,637 (assuming private ownership)
Zoning:	C-2, Liberal Commercial
Highest and Best Use:	Continued warehouse use as improved
Value Conclusion As If Vacant:	$2,430,000
Value Indications As Improved: Sales Comparison Approach: Income Capitalization Approach:	 $2,900,000 $2,365,000
Value Conclusion As Improved:	$2,800,000
Effective Date of Valuation:	February 16, 2010
Appraisers:	Edward N. Parker, MAI

II. THE ASSIGNMENT

A. Identification of the Property

The appraised property is a 63-year old, one-story warehouse located at 29 N.W. 13 Street in the Overtown neighborhood of the City of Miami. It is an 89,291 square foot structure on a 2.8 acre site fronting along the north right of way of the I-395 Expressway. The following legal description was taken from the survey provided by the client.

> All of Block 4, "ALICE BALDWIN AND CHARLES E. OXAR SUBDIVISION MENDED". According to the plat thereof recorded in Plat Book B at Page 87 of the Public Records of Miami-Dade County, Florida, together with that portion of the 10 foot Alley lying within said Block 4 and the vacated portion of N.W. 1st Avenue lying East of the Florida Coast East Railway (F.C.E.R.) Right of Way closed and vacated by County Commission on July 7, 1908 in Minute Book "C" at Page 374 of the Public Records of Miami-Dade County, Florida; less that portion lying within the Right of Way for State Road 836 (East-West Expressway) recorded in Road Plat Book 83 at Page 70 of the Public Records of Miami-Dade County, Florida; and less the North 10 feet and the South 5 feet thereof.

B. Purpose and Scope of the Assignment

The purpose of this appraisal is to estimate the current market value of the fee simple interest of the property described herein both as improved and as if vacant.

The function of this appraisal is to provide the client with necessary valuation information in conjunction with their consideration of a possible sale of the appraised property.

The scope of the assignment encompasses the following steps performed within the framework of commonly accepted appraisal procedures:

- Met with and inspected the property in the company of a representative of Miami-Dade County Public Schools and Lee Waronker, MAI, who is also appraising the property.

- Gathered and confirmed comparable market data including warehouse building sale and rental data as well as sales of vacant land.

- Interviewed brokers, property owners, managers, and other participants who are active in this marketplace.

- Formulated reasonable opinions and judgments based on supply and demand factors, as well as physical and functional considerations relative to the highest and best use of the subject property and its market value.

- Analyzed these date in order to formulate sound valuation judgments within the framework and application of the appropriate approaches to value.

C. Definition of Market Value

The following definition of market value is cited from the Uniform Standards of Professional Appraisal Practice, published by the Appraisal Foundation.

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 is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;

2. Both parties are well informed or well advised, and acting in what they consider their own best interest;

3. A reasonable time is allowed for exposure in the open market;

4. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and

5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

D. Property Rights Appraised

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

E. Intended Use of the Appraisal

The intended use of the appraisal is to provide the client with valuation information that will be used in conjunction with the possible sale of the appraised property.

F. Intended User

The intended user of this appraisal is the School Board of Miami-Dade County.

G. Effective Date of Appraisal

February 16, 2010

H. Date of Inspection

February 16, 2010

I. Appraiser

Edward N. Parker, MAI

III. ECONOMIC PERSPECTIVE

A. Miami-Dade County Overview

Miami-Dade County is divided into 36 municipalities with the largest being the cities of Miami, Hialeah, Miami Beach, North Miami and Coral Gables. It encompasses approximately 1,973 square miles in southeastern Florida. The eastern part of the county is intensely developed and much of the density is concentrated within a few miles of the Atlantic Ocean and Biscayne Bay. Most of the western part of the county is undeveloped or sparsely developed. The western part of the county is mostly low-lying, level land. Much of it is subject to seasonal flooding. These wetlands are part of the Everglades' River of Grass, a delicate ecosystem that is one of the most environmentally sensitive areas in Florida. In addition to rare and endangered plants and animals, the Everglades are the recharge area for South Florida's sole source aquifer. The aquifer supplies the drinking and agricultural water needs for more than three million people in Southeast Florida.

Miami-Dade County appears to have a vast supply of open land for urban expansion. However, the Everglades, the aquifer and other critical environmental conditions effectively have limited the supply of developable land. The historical trend of relatively unconstrained urbanization is being interrupted for the first time since the early 1900s. Heightened public awareness of environmental issues combined with a multiplicity of governmental controls aimed at protecting the environment is beginning to alter the scope and pace of development activity. The 1985 Florida Growth Management Act makes it much more difficult to change zoning and land use patterns. It also prohibits approval of major new developments until the roads, schools and other infrastructure improvements are sufficient to support the increased population attracted by the new development. If the improvements are not in place then specific funding sources must be in place. Development now requires a much more costly and time-consuming approval process with significantly more public scrutiny.

Beginning in 2003, Miami-Dade County experienced a period of unprecedented housing construction in all available areas of the county, partly due to low mortgage rates, and, according to American MetroStudy, partly due to a shortage of land in Broward County. From 13,520 new housing units authorized in Miami-Dade County during 2003 activity peaked at 27,212 units authorized in 2005. Reflecting deteriorating economic conditions and significant overbuilding, however, authorizations eased to 16,536 new units in 2006 and plummeted to 7,931 units in 2007 and 4,026 units in 2008. Local housing markets are now glutted with unsold inventories that experts estimate represents at least a five-year supply.

Population

From 1970 to 1980, Miami-Dade County was one of the fastest growing urban regions in the United States. However, following the double impact of the recession of the early 1990s and Hurricane Andrew in 1992, the county actually lost population during 1992 and 1993. These losses were made up in the mid- and late 1990s. The 2000 U.S. Census reported the county had a net gain of some 367,298 residents over the 1990 population, an increase of over 16.3 percent. The Miami-Dade County Planning Department now estimates the 2009 population of the county to be at 2,471,804. This is a modest decline from the reported 2008 population of 2,477,289, marking an end to the many years of consistent annual gains. Sharp declines in economic activity on a state - wide level have been blamed for this interruption.

An unusually high proportion of Miami-Dade's growth results from births. Also, the immigrant population is typically youthful. As a result, Miami-Dade has a relatively young population. About 30 percent of its residents are under the age of 25, compared to 38 percent in Palm Beach County, and 28 percent in Broward County. Broward and Palm Beach have much larger retirement populations. Broward County's retirement population is at 19.9 percent while Palm Beach has a retirement population of 23 percent. Palm Beach has almost six percent more residents in the 65 years old and up age bracket than Miami-Dade.

The young and generally less-educated immigrant population contributes to Miami-Dade County's relatively low-income levels. At $43,495 in 2007, the county per capita personal income was below that of both the State of Florida ($47,804) and the United States ($50,233).

Employment

The general trend in employment within Miami-Dade County over the past five years is illustrated below.

Non-Agricultural Employment Trends					
Miami-Dade County					
2005-2009					
Industry	**2005**	**2006**	**2007**	**2008**	**2009**
Total Nonagricultural Employment	1,062,800	1,067,600	1,077,800	1044,300	1,018,700
Construction	43,700	49,000	51,300	44,500	38,300
Manufacturing	49,100	46,300	46,800	43,500	40,600
Transportation and Public Utilities	91,000	93,000	83,800	79,800	78,000
Trade	196,500	190,700	211,100	203,900	197,300
Finance, Insurance and Real Estate	70,200	75,300	76,500	72,200	70,100
Service and Mining	455,900	458,100	448,300	444,300	442,100

Government	156,400	155,200	160,000	155,600	152,300
Civilian Labor Force	1,140,430	1,174,139	1,199,292	1,215,098	1,155,000
Unemployment	42,023	36,329	47,099	85,367	136,289
Unemployment Rate	3.7%	3.1%	3.9%	7.0%	11.8%
Source: Agency for Workforce Innovation					

Total county nonagricultural employment in 2009 continued a decline that began in 2008. This is largely a reflection of recent deteriorating national economic conditions. The trade and service sectors continue to dominate local employment, accounting for over 60 percent of 2009's total employment of 1,018,700. Historically, growth in the trade sector has helped to offset losses in the manufacturing sector. Largest private employers in the county were recently reported to be American Airlines, the University of Miami, Baptist Health System, Bellsouth, and Precision Response. Largest public employers in the county include Miami-Dade County Schools, Miami-Dade County, Jackson Health System, and Miami Dade College.

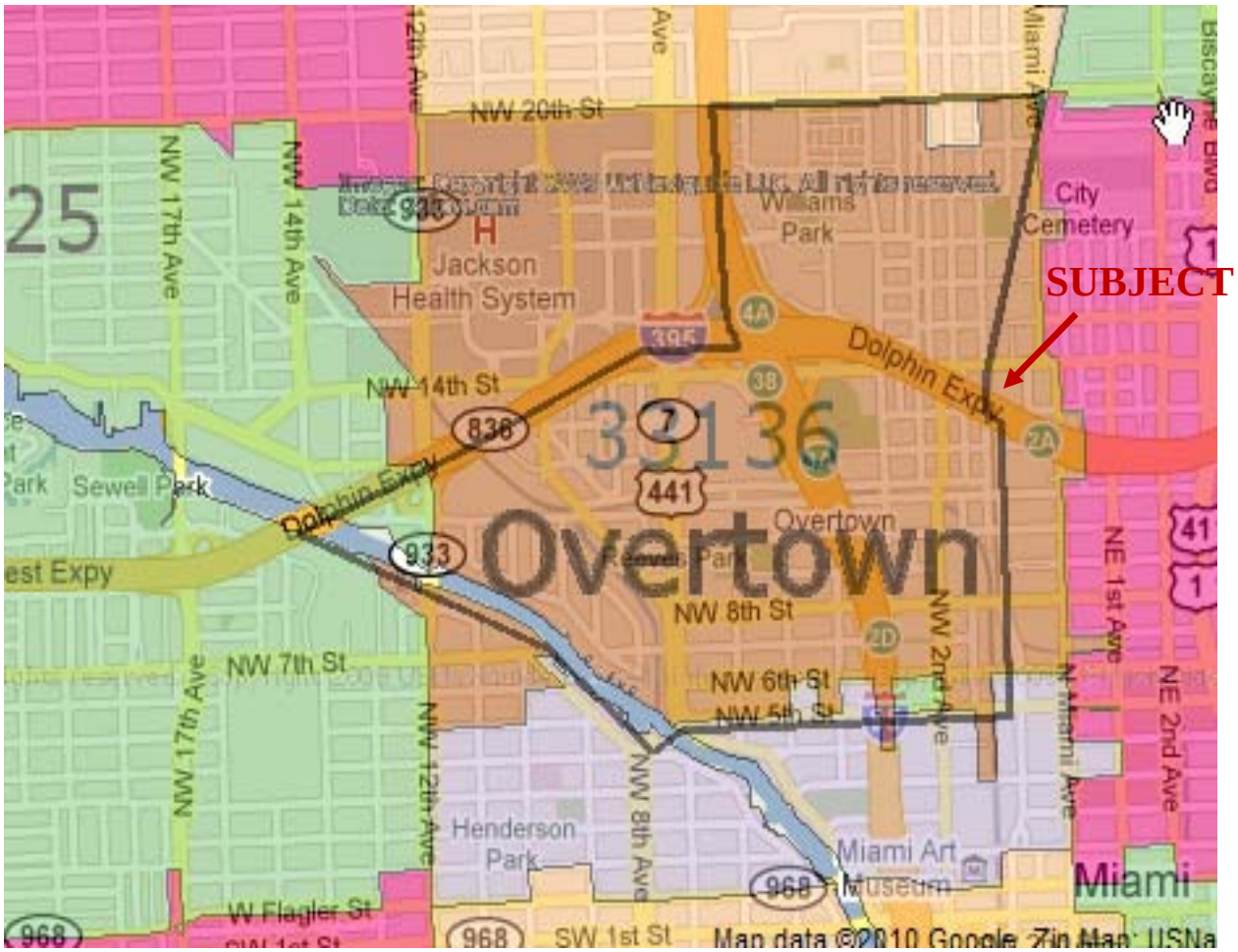
Consistent with national and state trends, Miami-Dade County's unemployment rate dropped significantly between 2000 and 2006, reaching a low of 3.1 percent in 2006. However, reflecting the more recent national declines in economic activity, countywide unemployment reached a new high of 11.8 percent in October 2009, compared to the state average of 11.2 percent and the national average of 9.5 percent.

Conclusion

Recent economic activity in the county has slowed significantly and the population growth which characterized all of Florida has at least temporarily stagnated. The source of past population growth in Miami-Dade County is not especially conducive to economic growth, at least for the short term. Miami-Dade County has a higher than average birth rate and a large, low-income immigrant population.

Based on historic patterns, the long-term prognosis is more positive. In the past, immigrants to Miami-Dade have proven to be energetic entrepreneurs and most job creation comes from small businesses. The single most significant growth industry in Miami-Dade is international trade, which generates demand for warehouse and distribution space, transportation services, as well as legal and banking services such as letters of credit. The strength of this industry is attributable to Miami's largely bilingual population in addition to the area's linkages to Latin America.

NEIGHBORHOOD MAP



B. The Neighborhood

The appraised property is located in the Overtown area, an older neighborhood just north of the Miami Central Business District (CBD). The subject's neighborhood boundaries are delineated by N.W. 12 Avenue to the west, N.W. 20 Street to the north, N.W. 1 Avenue to the east and N.W. 5 Street to the south. This area has been designated as the Overtown Revitalization Area by Miami-Dade County. The neighborhood is about nine blocks north of the Miami-Dade County Government Center, and about 12 blocks north of the heart of the Miami Central Business District.

The neighborhood is bordered on its easterly side by the Seaboard Rail line. The area west of the rail line is mostly older houses, apartments, and commercial buildings. A number of the very old structures have been boarded up or razed. This area has experienced some urban renewal, including an apartment project along the south side of N.W. 13 Street between N.W. 2 and 3 Avenues, but more is needed. By contrast, the area east of Seaboard has experienced new development in recent years. There are several high-rise apartment buildings of recent vintage just north of the former Miami Arena site along N.W. 7 Street. Also, to the northeast of the former arena is the NAP telecom facility, the Miami Entertainment District, and the Performing Arts Center. The area east of North Miami Avenue over to Biscayne Boulevard experienced substantial speculative purchasing during the 2002-2005 real estate boom. Like most real estate markets in South Florida, buyers overpaid for land in this area and prices/values have declined substantially during the last two to three years.

Overtown is predominantly a working class community consisting of low to medium multifamily residential areas with few commercial businesses remaining to support those communities. The community is severely impacted by the low income levels of most of its residents and high unemployment rate. The community consists of many female heads of household with a significant number of the population receiving government subsidies. Overtown has the second highest poverty rate in the City of Miami and its unemployment rate is higher than the total unemployment rate for the city of Miami. All of these factors contribute to the severe economic obstacles facing the Overtown community.

Data complied by the City of Miami Planning Department characterizes the Overtown neighborhood as follows:

- Overtown's population of approximately 10,000 indicates a significant increase in population since 1990 (6,600). However, overall, the neighborhood has experienced a dramatic decline in population over the last four decades from its high in 1960 of 40,000.

- Owner occupied dwellings versus renter occupied units was 12.5 percent versus 90 percent in Overtown while the City of Miami indicated 34.9 percent of its households were owner occupied..

- Persons per household is consistent with county averages.

- Mean household income of $13,212 in Overtown is well below the City of Miami average of $23,344. Nearly 47.4 percent of households earning less than $15,000 per year.

- Unemployment in the neighborhood remains well above the county average.

Despite all the negative influence within the community, Overtown is experiencing some economic resurgence. Examples of new development in the neighborhood include the following:

- Overtown Transit Village is a 17-floor, 341,000-square foot office building with an eight-story detached parking garage that was recently completed along the west side of the Overtown Metrorail Station between N.W. 7 and N.W. 8 Streets. Miami-Dade Transit, the Department of Environmental Resources Management (DERM), and other agencies occupy the building. There are 596 parking spaces in the garage.

- Overtown Transit Village will be located immediately south of the above described building. This 20-story office building, scheduled for occupancy by additional County offices, is anticipated in 2010.

C. Miami-Dade County Industrial Market

A number of firms survey the Miami-Dade County industrial market on a regular basis. The Fourth Quarter 2009 Industrial Trends Report by Grubb and Ellis is reprinted below.

> "For the third consecutive quarter, industrial occupants in Miami-Dade County returned one million square feet of space or more to the market. As a result, vacancy rose by a brisk 60 basis points in the fourth quarter to 11.1 percent - a dramatic increase from the decade low of 3.5 percent in 2006. Adding to the glut of existing space, Boston Scientific recently announced it will shutter its manufacturing operations in Doral and layoff 1,400 workers. The company, which owns and occupies a 343,000 square foot facility in the Airport West submarket, is to start closing down operations in mid-2010 and completely move out by 2012.
>
> The decline in global trade, particularly between the U.S and Latin America, has substantially curtailed the market's demand for warehouse space, but the most

recent trade figures indicate some stabilizing. For the 11 months ending November 2009, the total value of U.S. trade with Latin America was down 22 percent from the same period in 2008. Yet for the month of November 2009 alone, the year-over-year change was down just four percent.

FORECAST

- Base rent will continue to decline as landlords compete to attract tenants. Building operating expenses will likely shrink as well due to reduced services to fewer occupants, lower property insurance rates and taxes, and aggressive pricing by vendors.

- Expect more sublease space to be available until real job growth occurs and the economy stabilizes.

- No new speculative construction starts. New construction ground breakings, if any, will be rare and limited to properties with significant pre-leasing/pre-sales.

- Lots of free rent and generous tenant improvement allowances will be available. Larger, good-credit tenants will be able to negotiate for the buyout of existing lease obligations in order to relocate"

Industrial statistics complied by Grubb and Ellis for various Miami-Dade County submarkets are summarized below.

Industrial Trends Report—Fourth Quarter 2009
Miami - Dade County

By Submarket	Total SF	Vacant SF	Total Vacancy %	NET ABSORPTION Current	NET ABSORPTION Year To Date	Under Construction SF	ASKING RENT WH/Dist	ASKING RENT R&D/Flex
Airport East/Central Miami-Dade	24,161,411	1,917,722	7.9%	(6,125)	(253,845)	-	$3.47	$16.08
Airport West	60,195,770	5,760,706	9.6%	(353,154)	(1,138,667)	-	$6.28	$8.18
Hialeah/Hialeah Gardens	19,916,832	2,966,802	14.9%	(63,616)	(1,001,669)	-	$5.27	$9.64
Medley	19,575,721	3,390,649	17.3%	(208,684)	(326,594)	-	$5.17	$8.08
Miami Lakes	5,154,636	951,856	18.5%	(40,250)	(296,716)	-	$2.66	$9.50
Northeast Miami-Dade	7,478,104	811,762	10.9%	(59,355)	(111,926)	-	$2.87	$8.31
Northwest Miami-Dade	23,791,015	2,724,260	11.5%	(188,275)	(530,092)	-	$4.01	$10.10
South Miami-Dade	14,046,957	806,022	5.7%	(36,056)	(194,431)	-	$6.73	$7.00
Totals	**174,320,446**	**19,329,779**	**11.1%**	**(955,515)**	**(3,853,940)**	**-**	**$5.22**	**$8.86**

By Property Type							ASKING RENT
General Industrial	81,989,186	7,145,130	8.7%	(114,838)	(1,466,713)	-	$5.40
R&D/Flex	10,749,249	1,123,949	10.5%	(67,349)	(198,829)	-	$8.86
Warehouse/Distribution	81,582,011	11,060,700	13.6%	(773,328)	(2,188,398)	-	$5.22
Totals	**174,320,446**	**19,329,779**	**11.1%**	**(955,515)**	**(3,853,940)**	**-**	**$5.45**

The appraisal property is located within the Airport East/Central Miami-Dade submarket, with over 24 million square feet of industrial space. Reported vacancy in this submarket was approximately eight percent in the fourth quarter of 2009. This compares to a countywide average vacancy rate of about 11 percent. Net absorption in the subject's submarket during the fourth quarter of 2009 was a negative 6,000 square feet while the net absorption for the entire year was a negative 254,000 square feet. The countywide net absorption for the fourth quarter of 2009 was a negative 956,000 square feet, with the total year reflecting a negative 3,854,000 square feet.

The countywide vacancy rate for general industrial space was 8.7 percent during the fourth quarter of 2009 while the vacancy for warehouse/distribution buildings was 13.6 percent.

AERIAL PHOTOGRAPH OF THE PROPERTY

Exterior Views of the Appraised Property

Looking west along N.W. 14 Street at the northeast corner of the building. Northwest Miami Court is at the bottom left.

Looking north along N.W. Miami Court at the east side of the building

Looking south along the west side of the building

Exterior Views of the Appraised Property

Looking east along the north side of the building

This is the loading dock along the south side of the west end of the building

This is the warehouse space at the southeast corner of the building. Note the building height is lower in this area.

Interior views of the Former Miami Skills Center Space

This is the main entrance lobby.

First floor space

Second floor space

Interior Views of the Former Richards Warehouse Space

Warehouse space near the southwest corner of the building

This is the warehouse manager's office at the southwest corner of the building

Another interior view of the warehouse space

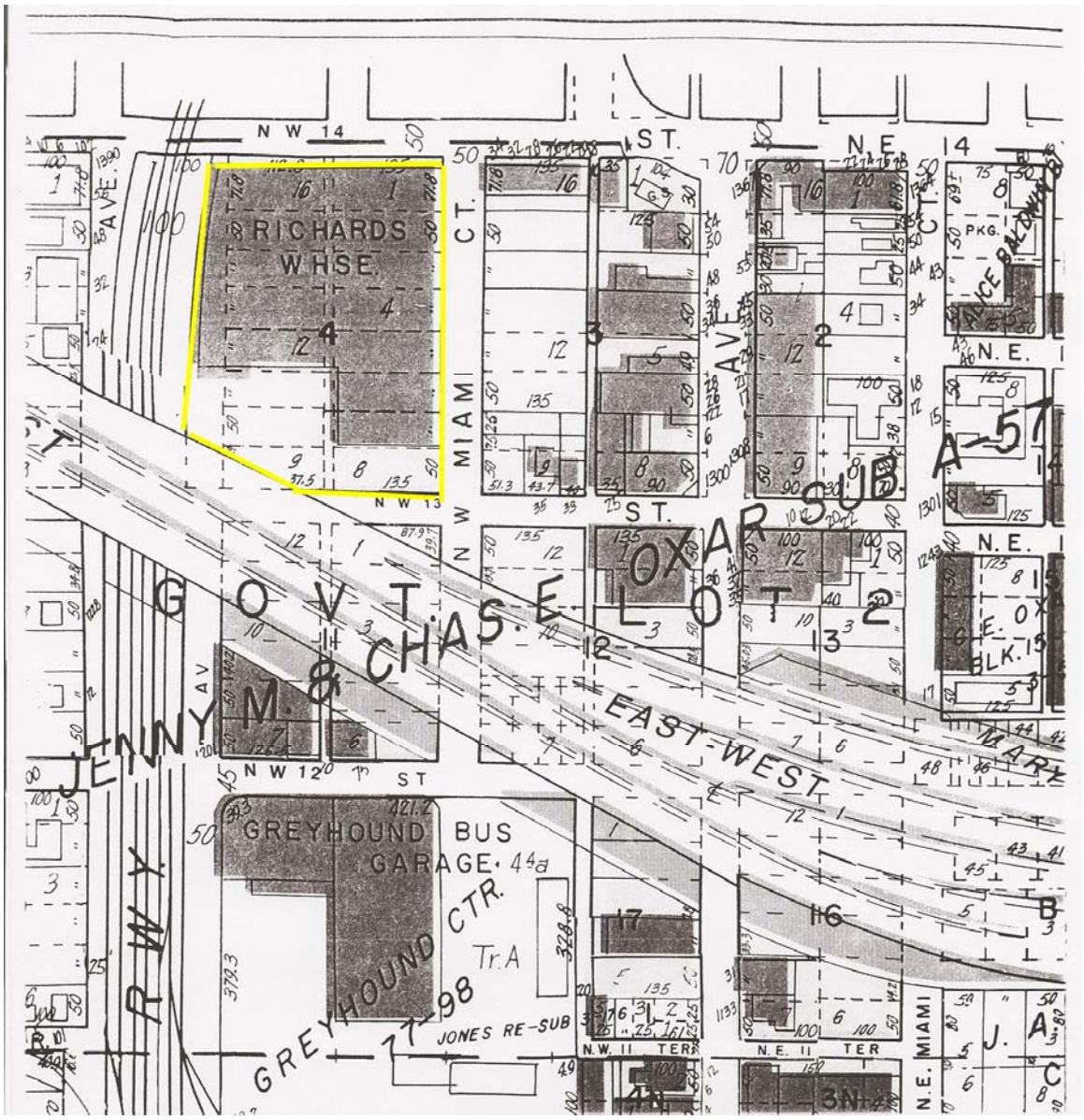
Interior Views of the Former Richards Warehouse Space

A view of the roof. Note the steel beam and metal panels

Interior view of the warehouse space at the southeast corner of the building. Note the wood roof in this area.

Another view of the warehouse space at the southeast corner of the building.

Plat Map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RICHARDS
WHSE.
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MIAMI
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AVE.
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CT.
PKG.
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ST.
N.E.
OXAR SUB
A-57
GOVT LOT 2
M. & CHAS. E.
JENNY
AV
N W 12
ST
EAST-WEST
GREYHOUND BUS
GARAGE 44a
GREYHOUND CTR.
Tr.A
98
JONES RE-SUB
N.W. 11 TER
N.E. 11 TER
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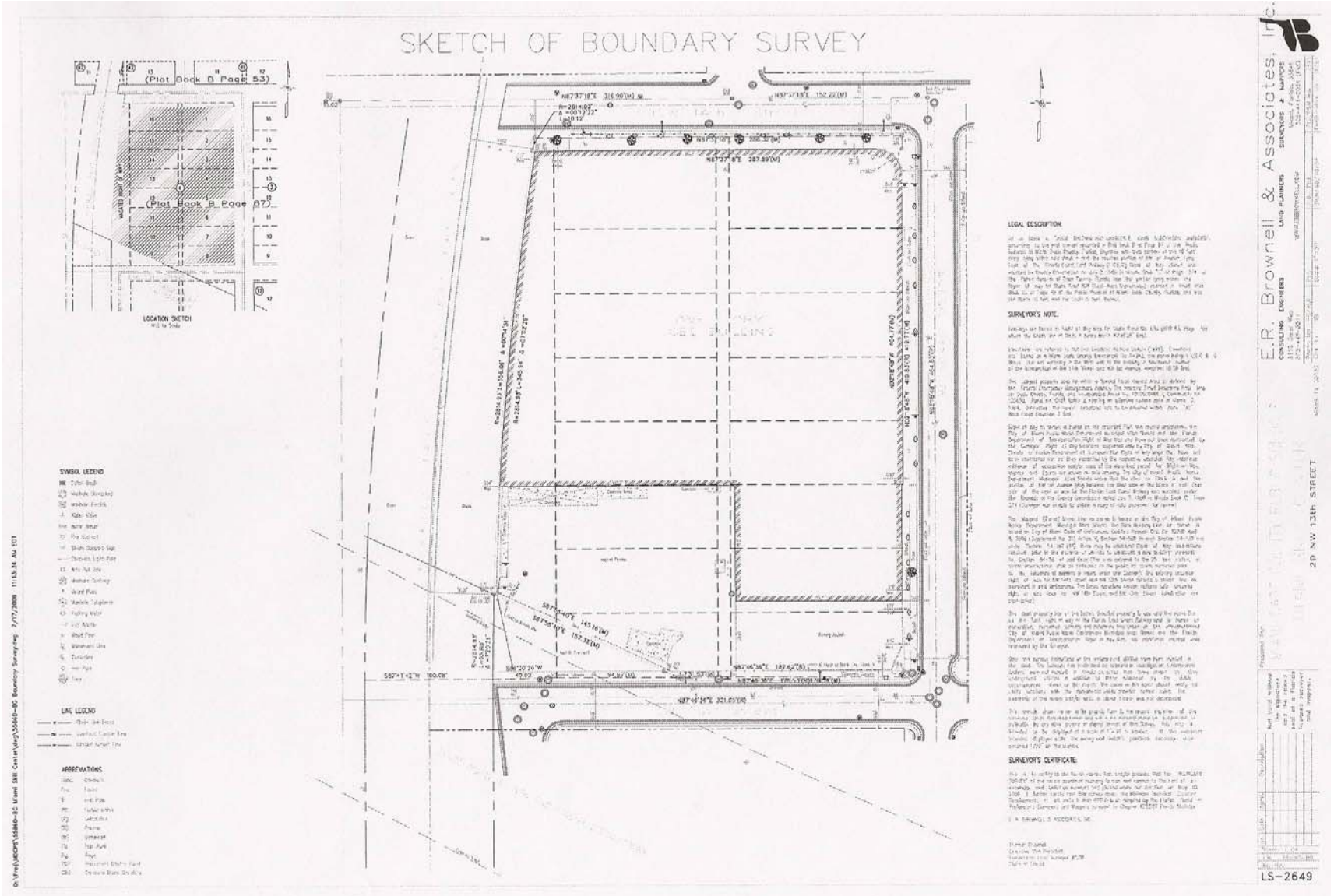
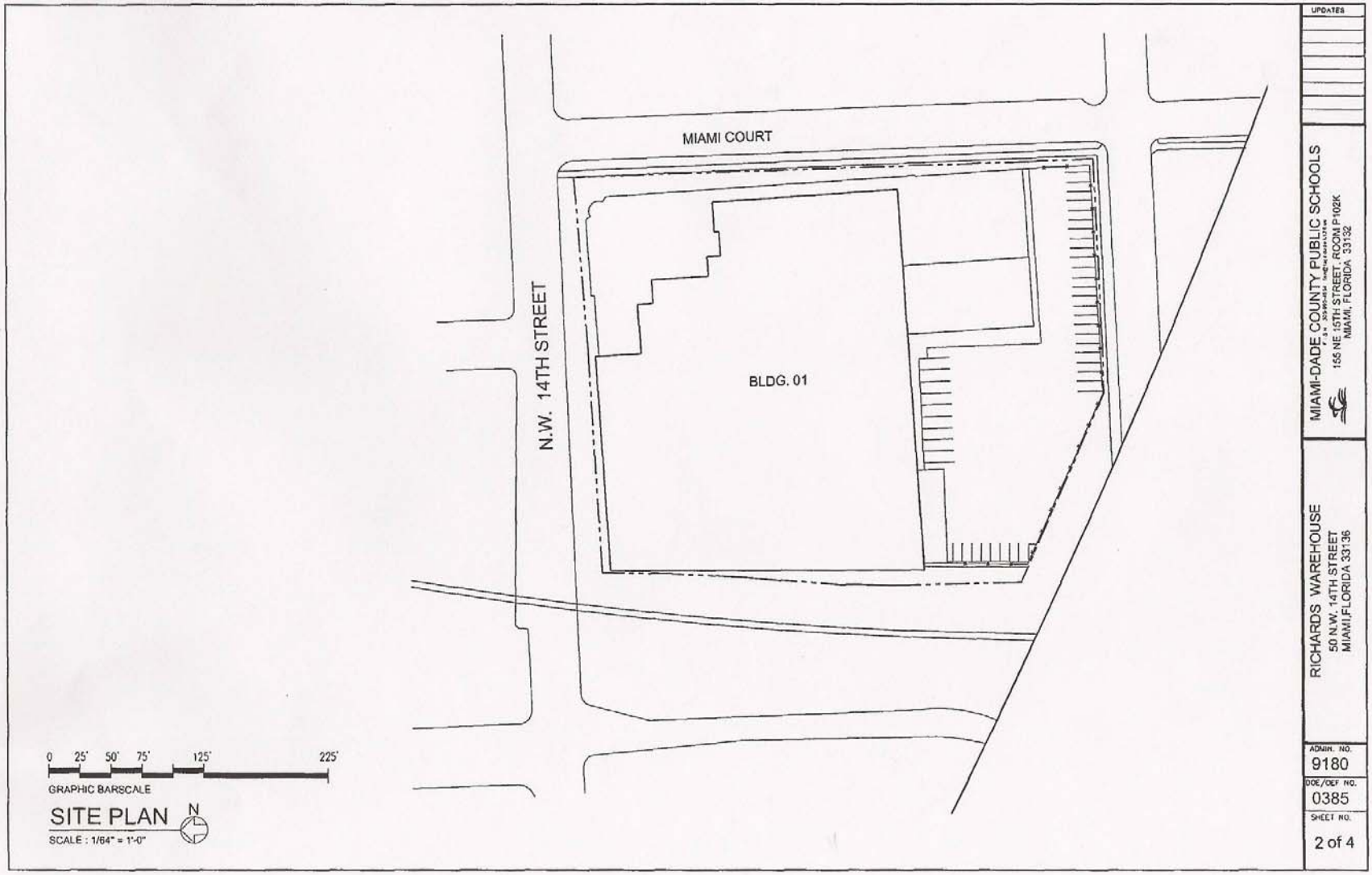

SKETCH OF BOUNDARY SURVEY
(Plat Book B Page 53)
(Plat Book B Page 87)
LOCATION SKETCH
SYMBOL LEGEND
LINE LEGEND
ABBREVIATIONS
LEGAL DESCRIPTION
SURVEYOR'S NOTE
SURVEYOR'S CERTIFICATE
E.R. Brownell & Associates, Inc.
LAND PLANNERS
SURVEYORS & MAPPERS
ENGINEERS
CONSULTING
29 NW 13th STREET
LS-2649


MIAMI COURT
N.W. 14TH STREET
BLDG. 01
0 25' 50' 75' 125' 225'
GRAPHIC BARSCALE
SITE PLAN
N
SCALE : 1/64" = 1'-0"
UPDATES
MIAMI-DADE COUNTY PUBLIC SCHOOLS
155 NE 15TH STREET, ROOM P102K
MIAMI, FLORIDA 33132
RICHARDS WAREHOUSE
50 N.W. 14TH STREET
MIAMI,FLORIDA 33136
ADMIN. NO.
9180
DOE/DEF NO.
0385
SHEET NO.
2 of 4

III. Description of the Property

A. Ownership and History of the Property

The appraised property is owned in the name of the School Board of Miami-Dade County. A title policy was not provided but the public records indicate the school board purchased the property in November, 1992 for a price of $690,000. The Property Appraiser's website does not indicate who the seller was or the O.R Book and page.

It is reported that approximately 13,000 square feet in two floors at the northeast corner of the building was previously utilized as a job training facility known as The Miami Skills Center. Apparently the balance of the building was previously utilized by Richards, a local department store, for inventory storage.

The former Miami Skills Center space has been vacated, gutted, and partially vandalized. The balance of the building is utilized as a warehouse for school board supplies.

B. Location and Access

The subject property is located at the southwest corner of N.W. 14 Street and N.W. Miami Court in the Overtown neighborhood of Miami. The site extends south from N.W. 14 Street to N.W. 13 Street and west from N.W. Miami Court to an FEC Railroad right of way. The southwest corner of the site backs up to the north right of way for the I-395 Expressway.

Access to the general subject area is provided by I-95, I-395, and Biscayne Boulevard. Direct access to the property is provided by N.W./N.E. 14 Street, a two-lane, east-west roadway. Many of the streets in the neighborhood are one-way and the site abuts the I-395 Expressway right of way. As such, access can be somewhat circuitous.

C. Description of the Site

The survey and plat map included herein depict the subject site. As indicated, the site is slightly irregular but generally rectangular in shape. According to the survey included herein, the north property line extends 287.89 feet along N.W. 14 Street while the east boundary runs 419.77 feet along N.W. North Miami Court. The south property line extends west from N.W. North Miami Court along N.W. 13 Street for 187.62 feet then runs northwesterly along the I-395 right of way a distance of 145.16 feet. The west property line runs along the FEC Railroad right

of way for 345.94 feet. According to the Miami-Dade County Property Appraiser's records, the site contains a total of 121,447 square feet, or 2.79 acres.

The topography of the site is level at adjoining road grade. All necessary municipal utility services are available and presently serve the property. According to the Federal Emergency Management Agency's Flood Insurance Map No. 12086C0312L dated September 11, 2009, the appraised property is located within Flood Zone X. This is an area determined to be outside of the 0.2 percent annual chance floodplain.

The south end of the site is enclosed by a six foot chainlink fence with three strands of barbed wire. The area south of the building is paved. There are 13 marked spaces, including two handicapped spaces, near the rear loading dock. There is room for additional parking in areas that are not marked.

D. Description of Building Improvements

The subject site is improved with a concrete block warehouse that appears to have been built in two phases. The major structure occupies approximately the northernmost two-thirds of the site. A smaller, and apparently older, section extends south from the southeast quadrant of the main building. The Property Appraiser's records indicate the building was constructed in 1947 and, therefore, is now 63 years old. It is not known which part of the building was built in 1947.

The building was apparently originally constructed to store inventory for the former Richards Department store. Richards' main store was on Flagler Street in Downtown Miami. A portion of the northeast corner of the building consists of two levels, probably originally built out as office/administrative space for Richards. More recently, this space was utilized by Miami Skills Center, a job training agency of Miami-Dade County. This space has been gutted and is in very rough physical condition. Although it is possible that a user or tenant might refurbish this area for office use, the cost would be extensive. For the purposes of this appraisal, the second level floor area is not considered. Only the ground floor building area is given consideration herein.

Building plans with dimensions were not available. Measurement of the outside of the building indicates the major building area contains approximately 78,000 square feet with the smaller section at the southeast corner of the structure containing approximately 11,700 square feet. As such, total building area is calculated to be about 89,700 square feet. The Miami-Dade County Property Appraiser's records indicate building area to be 89,291 square feet. For the purposes of this appraisal, the Property Appraiser's size will be utilized herein. The building includes a 16' x 22' (352 square feet) warehouse manager's office area near the southwest corner of the building.

Specific construction details are outlined below based on a physical inspection:

Year built:	1947 per the Property Appraiser's records. As stated above, however, it appears the building was constructed in two phases.
Foundation:	Reinforced concrete slab at dock height in main warehouse; grade level at southeast corner.
Structural:	Concrete columns and steel I-beams support the metal panel roof deck in the main warehouse; steel columns support wood girders and wood roof in the southeast area.
Walls:	Concrete block with stucco. Painted drywall on metal studs in warehouse manager's office.
Floors:	Finished concrete in warehouse areas; 12" x 12" vinyl tiles in warehouse manager's office
Ceiling Height:	18'2" in main warehouse, 15'7"at southeast corner of the building
Doors:	Two double wide metal rollup doors for dock height loading ramp at the north end along N.W. 14 Street; two dock height doors along a loading ramp near the southwest corner; two dock height doors along the east side adjacent to N.W. Miami Court; and two grade level loading doors at the southeast corner portion of the building.
Fire Protection:	The entire building is sprinklered.
Roof:	Metal deck on steel beams in main warehouse; tongue and groove wood roof on wood beams in southeast corner portion of the building.
HVAC:	Wall air conditioning unit in the warehouse manager's office; the warehouse areas are not air conditioned.

Lighting:	Incandescent fixtures in the warehouse areas; fluorescent fixtures in the warehouse manager's office.
Condition:	The main warehouse area is in good condition for its age; the warehouse area at the southeast corner of the building appears to be older and in inferior physical condition; the two-story former office area at the northeast corner of the building is in very poor condition. Overall condition is average for its age.

E. Zoning

The appraised property is zoned C-2, Liberal Commercial, by the City of Miami. According to the City's zoning ordinance, "…this category allows commercial activities which serve the needs of other businesses, require extensive loading facilities, and often benefit from proximity to industrial areas. The district is also intended to allow a mix of office with retail uses. Hotels, motels, rescue missions and residential facilities of a density equal to R-3 or higher are the only residential uses allowed in this district. The district permits four (4) types of uses which distinguish C-1 from C-2, including wholesaling, light assemblage, secondhand merchandise sales and other outdoor sales.

Intensity:

Minimum Lot Size:	Ten thousand (10,000) square feet.
Setbacks:	
Front:	No setback required, or the same as the abutting district, whichever is greater
Rear:	Ten (10) feet, or the same as the abutting district, whichever is greater;
Minimum Lot Width:	One Hundred (100) feet
Height:	One hundred twenty (120) feet or ten (10) stories, whichever is less, except for broadcasting towers which may be one hundred fifty (150) feet in height.
Floor area ratio:	Maximum of one and seventy-two-hundredths (1.72) times the gross lot area
Building footprint:	Maximum of six-tenths (0.60) times the gross lot area

Open Space: Minimum of one-tenth (0.10) times the gross lot area; modifications shall be permitted as set forth in Section 907.2.

Open space requirements as set forth herein are based on gross lot area, however all such required open space must be provided on the subject property or the property's net lot area. Open space requirements may not be fulfilled on public or adjacent lands as used for gross area calculations.

Permitted Principal Uses:

Retail and service uses in C-1 and in addition:

1. Commercial marinas, docks, or slips, including occupancy of private pleasure craft as living quarters for a) transients (maximum stay; thirty (30) days; b) passengers and crews aboard commercial, official or scientific vessels; c) watchmen, caretakers or employees whose work requires such quarters, only; or d) crews in vessels under repair.

2. Retailing of secondhand items and pawnshops

3. New and used vehicle sales

The C-2 zoning of the property is generally consistent with the City's Future Land Use Plan designation of Light Industrial for the site."

F. Assessment and Taxes

The Miami-Dade County Property Appraiser's records indicate the 2009 assessment for the property is as follows:

Folio Number: 01-3136-009-0420

2009 Assessment:

Land:	$1,518,088
Improvements:	$1,641,127
Total:	$3,159,215

Based upon the 2009 Millage rate for the City of Miami of $22.9921 per $1,000 of assessed value, the tax burden (to a private entity) is calculated below:

$$\frac{\$3{,}159{,}215 \times \$22.9921}{\$1{,}000} = \$72{,}637$$

IV. ANALYSIS OF DATA AND CONLCUSION

A. Highest and Best Use

Highest and best use is a fundamental premise of real estate valuation and may briefly be defined as:

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

1. As If Vacant

The appraised property's zoning allows a wide variety of commercial and industrial uses. Permitted uses include offices, retail stores, service facilities, and numerous industrial uses. Virtually all of the legal uses would appear to be physically possible.

Given the size of the subject site, any development at the property would most likely be substantial in size. The locational characteristics of the property would appear to preclude a large office or retail use. The most financially feasible use would be an industrial use.

The scope of this assignment does not allow in-depth marketability or feasibility analyses. However, as addressed earlier herein, the existing market and economic conditions have essentially shut down new development of industrial space throughout the county. Other than an occasional build to suit situation, very little new industrial development is anticipated until the current inventory of vacant space is absorbed.

Given the current condition of the national economy and the local industrial market, highest and best use of the property as if vacant would be to hold it until market conditions support industrial development of the site.

2. As Improved

The property is improved with a 63-year old industrial building that was previously used as a department store warehouse and a job training facility. Other than a relatively small two-story area that is in very poor physical condition, the property is presently used as a warehouse to store school board supplies. This is a legal and physically possible use.

As will be demonstrated in the valuation section, the value of the property as improved is concluded to be greater than the value as if vacant. As such, the improvements contribute value and continued use as a warehouse is concluded to be highest and best use as improved.

B. Methodology

Usual appraisal procedure involves an estimate of value by three separate approaches: the cost approach, the sales comparison approach, and the income capitalization approach. From the indications of these analyses and the weight accorded to each, an opinion of value is reached based on judgment within the outline of the appraisal process.

In this instance, the property is being appraised as if vacant (land value) and as improved. Only the sales comparison approach is appropriate for the land valuation. For the as improved scenario the sales comparison and income capitalization approaches are considered most appropriate. The cost approach is not considered relevant because the improvements are 63 years old and the estimates of depreciation would be highly subjective. Also, a prospective purchaser would be concerned with the income generating potential of the property as well as the prices of alternative properties. The cost to build the structure less an estimate of depreciation would not be a consideration.

C. Value as If Vacant

1. Market Data

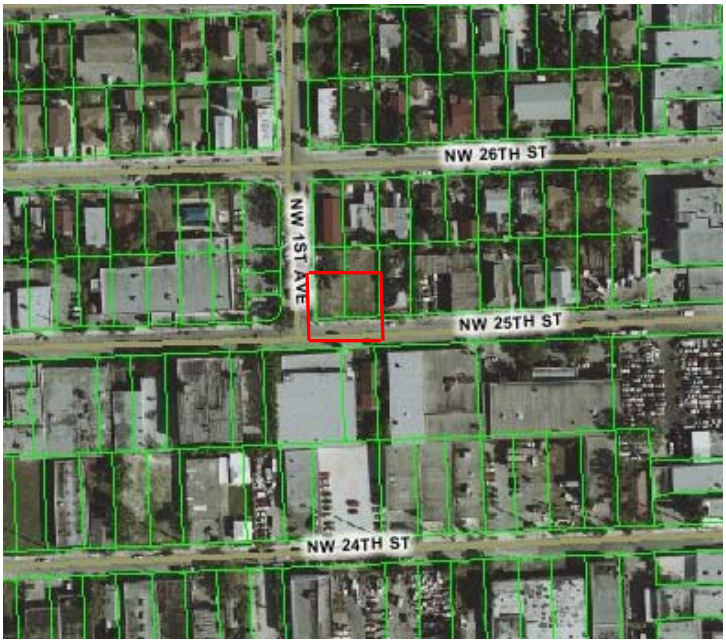
A thorough search was conducted for recent sales of vacant sites in the subject neighborhood. Given the virtual total absence of demand for new development of any kind in the area, it is not surprising that there has been very little market activity involving comparable vacant property. Our sale search located two 2009 sales and three current listings in the immediate area. These sales and listings are detailed on the following pages followed by a location map, summary table, and analysis.

Land Sale No. 1

Location:	Northwest corner of N.E. 13 Street and N.E. 2 Avenue, Miami
Sale Date:	March 20, 2009
Grantor:	Tenor, LLC and Prime Garage, LLC
Grantee:	PAC Center Garage, LLC
OR Book and Page:	26800/787
Folio Numbers:	01-3136-045-0010, 0020, 0040, and 0050
Site Size:	49,610 square feet, or 1.14 acres
Zoning:	C-2, Liberal Commercial
Sale Price and Terms:	$2,000,000, cash to the seller
Price Per Square Foot:	$40.31
Comments:	This March, 2009 sale involved a full city block located across N.E. 2 Avenue from the Performing Arts Center. It is a paved parking lot at adjoining road grade. The seller had acquired this property in 1999 and 2004 along with numerous other sites in the area.

They intended to develop them with large scale mixed use projects. When economic and market conditions deteriorated they began selling their holdings in the area. The buying entity is reported to be a group of investors, one of which is also a parking operator.

Land Sale No. 2



Location:	Northeast corner of N.W. 25 Street and N.W. 1 Avenue, Miami
Sale Date:	December 22, 2009
Grantor:	85 N.W. 25 Street, LLC
Grantee:	Windsor Investments Wynwood II, Inc.
Folio Numbers:	01-3125-029-1260 and 1270
Site Size:	10,750 square feet
Zoning:	C-2, Liberal Commercial
Sale Price and Terms:	$150,000, cash to the seller
Price Per Square Foot:	$13.95
Comments:	This is a small, vacant corner site in a mostly industrial area. The seller had purchased the property in September, 2005, at the peak of the recent real estate boom, for a price of $450,000, or $41.86 per square foot. The most recent resale reflects a price/value decline of 67 percent.

Land Listing A

Location:	West side of N.W. 1 Avenue approximately 125 feet south of N.W. 14 Street, Miami
Sale Date:	Current offering
Owner:	Tryumph, LLC
Agent:	Robert Ziehm of Sterling Equity Realty
Folio Number:	01-3136-009-0460
Site Size:	10,000 square feet
Zoning:	C-2, Liberal Commercial
Asking Price:	$299,000
Price Per Square Foot:	$29.90

Comments:

This 100′ x 100′ parcel fronts the west side of N.W. 1 Avenue directly across First Avenue from the appraised property. The owner has cleared and fenced the site.

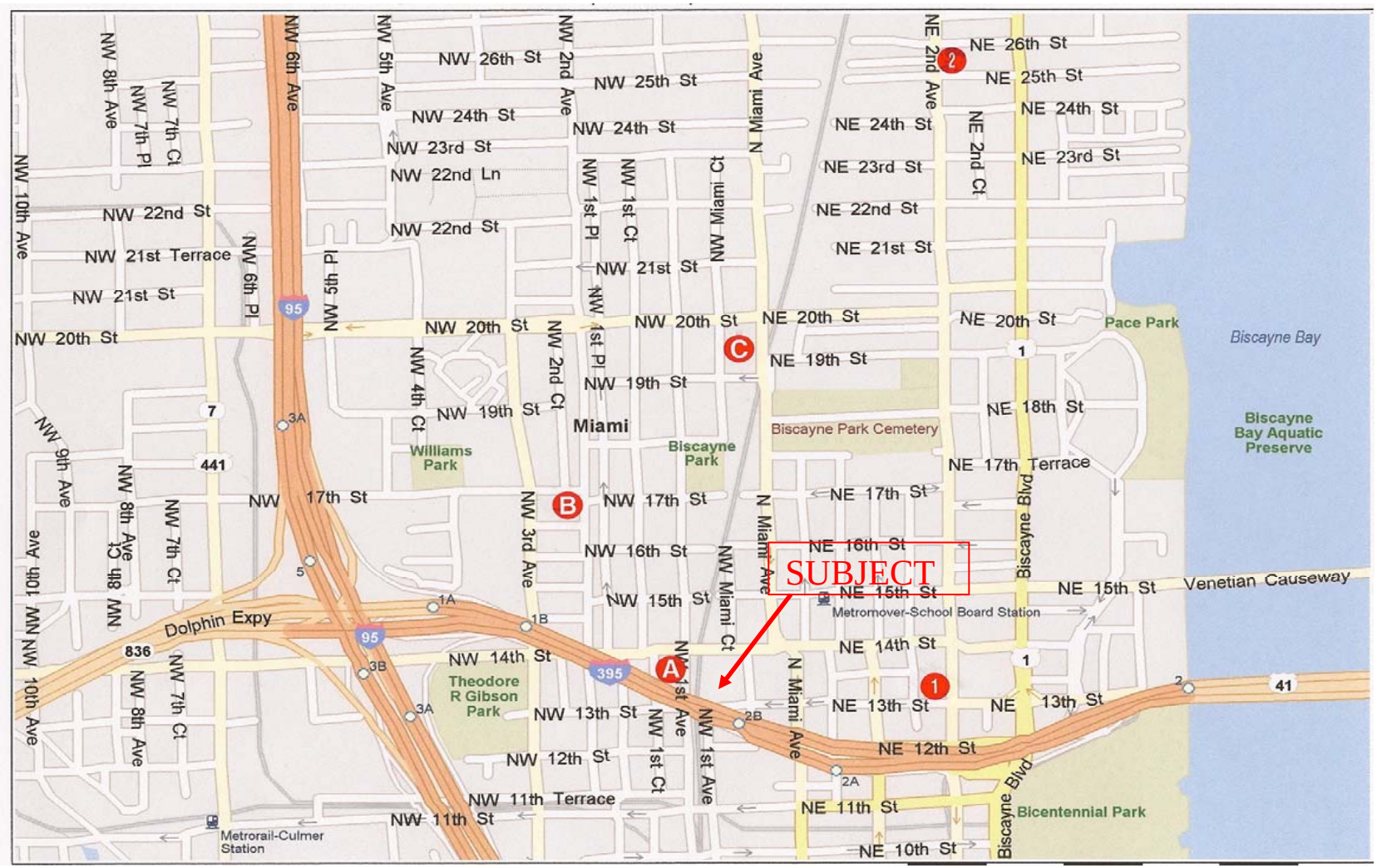
The current owner acquired title last September via foreclosure sale. The broker indicated there has been little interest in the site but reported the owner intends to hold the property until market conditions improve.

Land Listing B

Location:	222 N.W. 17 Street, Miami
Sale Date:	Current offering
Owner:	Lee Investors Group, LLC
Agent:	Marlene de Cespedes at Keller Williams
Folio Number:	01-3106-021-1760
Site Size:	5,250 square feet
Zoning:	R-3, Multifamily, Medium Density Residential
Asking Price:	$154,000
Price Per Square Foot:	$29.33
Comments:	This vacant site is located in an area that is predominately improved with small, older apartment buildings

Land Listing C

Location:	1935 N.W. Miami Court, Miami
Sale Date:	Current offering
Owner:	Kensington International Consultants, Inc.
Agent:	Jay Levy at Coldwell Banker
Folio Number:	01-3136-017-0020
Site Size:	15,010 square feet
Zoning:	I, Industrial
Asking Price:	$350,000
Price Per Square Foot:	$23.32
Comments:	This is a current listing of an industrial zoned site in an older industrial neighborhood. The site is vacant and fenced. The listing agent reported very little interest in this property. He felt it would probably sell for about $15 per square foot, $20 at the very most.



LAND SALES AND LISTINGS LOCATION MAP

SUMMARY OF LAND SALES AND LISTINGS

No.	Location	Sale Date	Square feet	Zoning	Price/SF	Comments
1	Northwest corner of N.E. 13 Street and N.E. 2 Avenue	March 2009	49,610	C-2	$40.31	Superior location across N.W. 2 Avenue from the Performing Arts Center
2	Northeast corner of N.W. 25 Street and N.W. 1 Avenue	December 2009	10,750	C-2	$13.95	Much smaller site; inferior location
A	West side of N.W. 1 Avenue, 125 feet south of N.W. 14 Street	Current Listing	10,000	C-2	Asking $29.90	Across N.W. 1 Avenue from the subject
B	222 N.W. 17 Street	Current Listing	5,250	R-3	Asking $29.33	Less desirable location and zoning
C	1935 N.W. Miami Court	Current Listing	15,010	I	Asking $23.32	Less desirable location and zoning

2. Analysis and Land Value Conclusion

The two sales reflect prices of about $40 and $14 per square foot with the three listings indicating asking prices of about $23 to $30 per square foot.

Sale Property 1 ($40.31/S.F.) is located directly across N.E. 2 Avenue from the Performing Arts Center. It is a fenced, paved parking lot. This is a smaller (49,610 S.F.), far better located property than the subject. This sale requires substantial downward adjustment.

Sale Property 2 ($1395/S.F.) has a far inferior location so substantial upward adjustment is necessary.

Listed Property A (asking $29.90/S.F.) is located directly across N.W. 1 Avenue from the subject property. This is a much smaller site and this is an asking price. Downward adjustment is necessary.

Listed Property B (asking $29.33/S.F.) has a less desirable location and inferior zoning to the appraised property. However, it is a very small site (5,250 S.F.) and this is an asking price. Overall, some downward adjustment is indicated.

Listed Property C (asking $23.32/S.F.) is a current offering of an industrial zoned site containing 15,010 square feet at an inferior location to that of the subject. The listing agent felt that it would sell for about $15 per square foot, or $20 at the most. This is an inferior location.

Conclusion

The subject site is a large parcel for this market area but it has frontage on three local streets as well as frontage/exposure along I-395. It is located north of the popular night club area along 10th and 11th Streets and well west of the Performing Arts Center. As such, it does not really benefit much by these nearby popular destinations.

The value of the subject site is substantially less than the price of Sale Property 1 ($40.31/S.F.) which is next to the Performing Arts Center but more than No. 2 ($13.95/S.F.) which has an inferior location. Listed Property A (asking $29.90/S.F.) is across N.W. 1 Avenue from the subject but it is much smaller and this is an asking price. Listed Property B (asking $29.33/S.F.) is far inferior but this listing is excessively priced. Listed Property C is offered at an asking price of $23.32 per square foot but the listing agent felt $15 to $20 per square foot is a more reasonable price range. The subject is better located but much larger in size.

Giving consideration to all of the market data presented herein, as well as the physical and locational characteristics of the subject property, it is concluded that the value of the subject site as if vacant, as of February 16, 2010, is $20 per square foot, or $2,430,000.

121,447 square feet x $20/S.F.	=	$2,428,940
	Rounded	$2,430,000

D. Value As Improved

1. Sales Comparison Approach

a. Market Data

A thorough search was conducted for recent sales and current listings of large warehouses in older low to low middle income industrial areas. The four sales and one listing considered most relevant to this analysis are detailed on the following pages. The sale write-ups are followed by a location map, summary table, and analysis.

Improved Property Sale No. 1

Address:	2235 N.W. 5 Avenue, Miami
Date of Sale:	January, 25, 2010
Grantors:	A. Wynnwood Community Economic Development Corporation B. Realty Investment and Mortgage Corporation, Inc.
Grantee:	Mannigan Holdings, LLC
O.R. Book & Page:	A. 27171/1071 B. 27171-1068
Folio Nos.:	01-3125-074-0010 and 0020
Site Size:	363,327 S.F., or 8.34 acres
Zoning:	I, Industrial District with Free Trade Zone status
Improvement Description:	
Year Built:	1998
Construction and Building S.F.:	Dock High Warehouse: 142,000 S.F. Grade level industrial building: 6,700 Two-story office building: 10,700 Total 159,400 S.F.
Condition:	Poor
Land to Building Ratio:	2.3:1

Sale Price & Terms:	$5,000,000 - cash to the seller
Price Per Square Foot:	$31.37
Comments:	This is a very recent transfer of an economically distressed property known as the Gateway Business Center at Wynnwood, a development intended to be operated as a foreign trade zone. The torturous history of the property began in the mid-1990s when the city of Miami deeded 12.6 acres of neighborhood land to the Wynnwood Economic Development Corporation, which had plans and federal approval to build a foreign trade zone on the site. Shortly thereafter, problems and disputes erupted between the trade zone, the development corporation and its partner and various lending entities. Litigation, settlement agreements, and foreclosure actions followed. Construction on the project finally commenced in 1997 on the first phase and a temporary certificate of occupancy was granted in June 1998. However, a default by the trade zone on its lease followed, with the project standing empty and vandalized ever since. The one and two-story building improvements comprise a dock high warehouse with 142,000 square feet, a two-story office building with 10,700 square feet and a grade level industrial building with 6,700 square feet. These improvements were reportedly constructed in 1998. Ceiling height in the dock high warehouse is 28 feet with 33 truck doorways on the north and east elevations. The two story office building is connected by an elevated walkway spanning one of the access driveways to the property. The freestanding industrial building at the north end of the site features a twin-T roof with 16 foot ceiling height and a small attached office area of 300 square feet. Overall condition of the building improvements is considered to be badly deteriorated, despite their age of only 12 years. Having been unoccupied for many years, the improvements have been subject to extensive vandalism including: • Removal of all windows and frames • Removal of all roll-up truck doors

- Removal of numerous sky lights on the warehouse building
- Extensive graffiti on most interior and exterior surfaces
- Destruction of the original office elevator
- Destruction of most completed interior wallboard finishes
- Removal of certain electrical and plumbing components
- Water damage to building interiors as a result of being open to the elements
- Accumulation of trash and debirs throughout the property
- Overgrowth and decay of landscaped areas and perimeter fencing

The total cost to repair these items and return the property to a fully occupyable condition would be extensive. Estimates range from $2 to $3 million and center on about $2.5 million. If the $2.5 million repair cost is added to the $5.0 million acquisition price, the total is equivalent to about $47 per square foot.

Improved Property Sale No. 2

Address:	7700 N.W. 36 Avenue, Miami-Dade County
Date of Sale:	November 23, 2009
Grantor:	Delrey Holdings Group LLC
Grantee:	Lucky Lot, LLC
O.R. Book & Page:	27097/2922
Folio Nos.:	30-3109-030-0070 and 0080 and 30-3109-000-0361
Site Size:	123,632 S.F., or 2.84 acres
Zoning:	IU-1, Industrial, Light Manufacturing
Improvement Description:	
Year Built:	1962
Construction:	CBS
Building Square Feet:	37,228
Condition:	Poor
Land to Building Ratio:	3.3:1
Sale Price & Terms:	$1,200,000 - cash to the seller
Price Per Square Foot:	$32.23

Comments:	This was a late 2009 sale of a 47-year old grade level warehouse in an older, and not particularly desirable industrial area. The property is located at the southwest corner of N.W. 79 Street and N.W. 36 Avenue just to the east of Hialeah. Ceiling height is approximately 18 feet.

Improved Property Sale No. 3

Address:	3681 N.W. 50 Street, Miami-Dade County
Date of Sale:	July 27, 2009
Grantor:	Richard and Ronald Kohn
Grantee:	Colonial II, Inc.
O.R. Book & Page:	27006/3478
Folio Nos.:	30-3121-034-1980 and 04-3121-040-0020
Site Size:	51,624 S.F., or 1.19 acres
Zoning:	IU-1, Industrial, Light Manufacturing District and M-1, industrial-Light
Improvement Description:	
Year Built:	1951
Construction:	CBS
Building Square Feet:	37,882
Condition:	Fair
Land to Building Ratio:	1.4:1
Sale Price & Terms:	$1,550,000 - cash to the seller

Price Per Square Foot:	$40.92
Comments:	This July, 2009 transaction involved an industrial building divided into two units. One unit (± 15,000 S.F.) is fully air conditioned while the other includes about 3,000 square feet of air conditioned space. Ceiling height is 17 feet, the entire structure is sprinklered, and there are three grade level truck doors. The improvements are situated on a 37,882-square foot site on the north side of N.W. 50 Street and three is a 6,485 square foot vacant site across N.W. 50 Street to the south. The grantee operates a business known as Colonial Press at the property.

Improved Property Sale No. 4

Address:	6955 N.W. 36 Avenue, Miami-Dade County
Date of Sale:	April 14, 2008
Grantor:	January and Ted Corporation
Grantee:	P&S Martin, LLC
O.R. Book & Page:	26359/1835
Folio Nos.:	30-3116-010-0170
Site Size:	71,200 S.F., or 1.63 acres
Zoning:	IU-2, Industrial, Heavy Manufacturing
Improvement Description:	
Year Built:	1963
Construction:	CBS
Building Square Feet:	49,290
Condition:	Good
Land to Building Ratio:	1.4:1
Sale Price & Terms:	$2,250,000 - cash to the seller
Price Per Square Foot:	$45.65

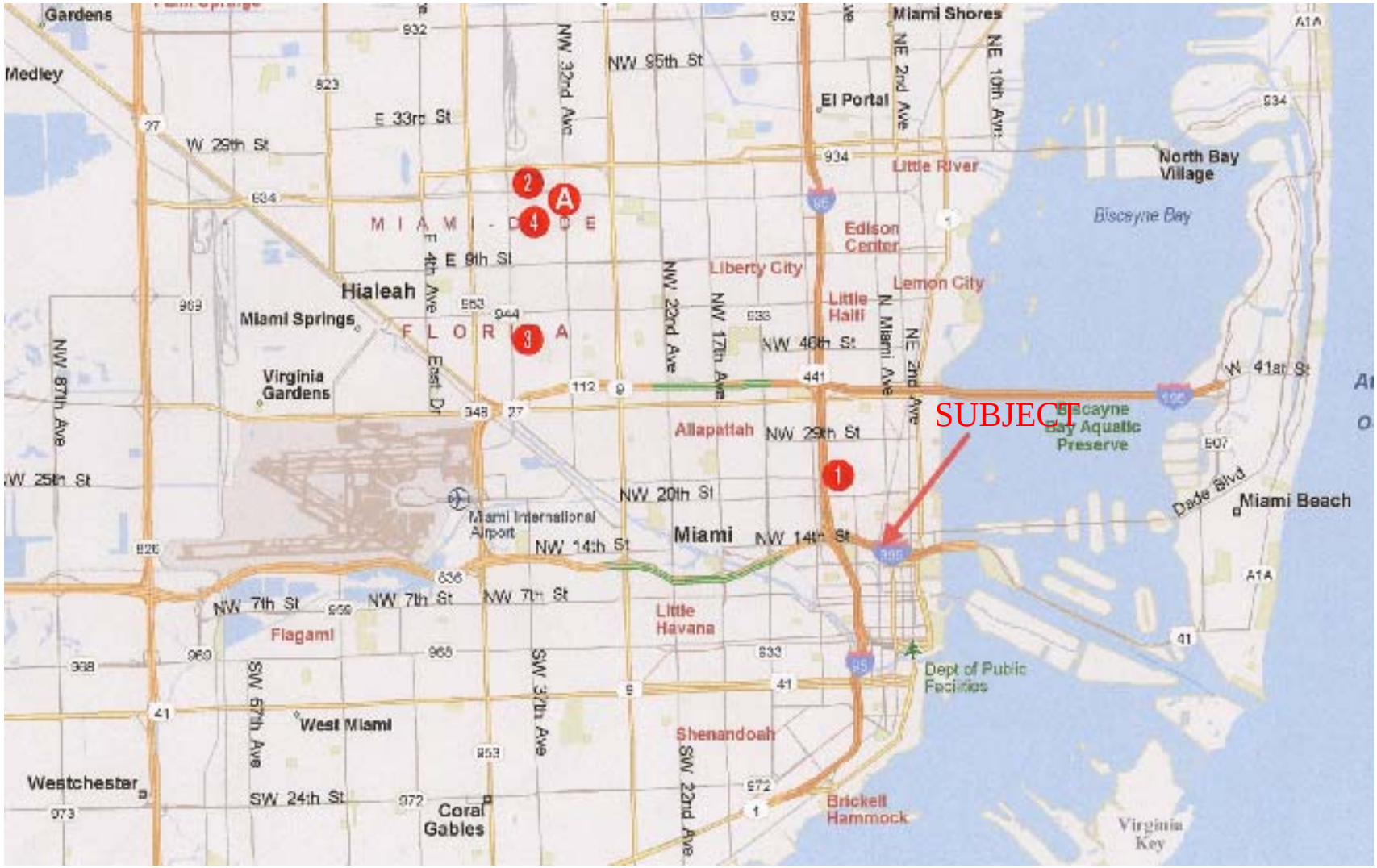
Comments: This industrial building is located in an older industrial area just east and south of Hialeah. It has rail service at the rear and four dock height truck doors at the front of the building. Ceiling height is 24 feet clear.

It was built in 1963 and renovated in 1990. It was in good condition at time of sale.

Improved Property Listing A

Address:	3301 N.W. 73 Street, Miami-Dade County
Date of Sale:	Current Offering
Owner:	Dutchman Two, Inc.
Agent:	FIUR Organization, Inc.
Folio Number	30-3109-000-0530
Site Size:	88,862 square feet, or 2.04 acres
Zoning	IU-2, Industrial, Heavy Manufacturing
Improvement Description:	
Year Built:	1954
Construction:	CBS
Building Square Feet:	55,134
Condition:	Average
Land to Building Ratio:	1.6:1

Asking Price:	$2,170,800
Price Per Square Foot:	$39.37
Comments:	This is a current listing of a 56-year old industrial building that is in fair condition for its age. It is a street level building with three truck wells. Ceiling height is 20 feet and there is 4,000 square feet of finished office space. The building can be divided into three separate bays. It is fully sprinklered.



IMRPOVED SALE PROPERTIES LOCATION MAP

SUMMARY OF IMPROVED SALES

No.	Address	Sale Date	Year Built	Building Square feet	Land/Building Ratio	Price/SF	Comments
1	2235 N.W. 5 Avenue	January 2010	1998	159,400	2.3	$31.37	Newer but badly vandalized; cost to renovate ± $47/S.F.; dock height; 28-foot ceiling
2	7700 N.W. 36 Avenue	November 2009	1962	37,228	3.3	$32.23	Late 2009 sale of a building in poor condition; grade level; 18-foot ceiling
3	3681 N.W. 50 Street	July 2009	1951	37,882	1.4	$40.92	Two grade level buildings; one fully air conditioned; grade level; 17-foot ceiling
4	6955 N.W. 36 Avenue	April 2008	1963	49,290	1.4	$45.65	Dock height; 24-foot ceilings; good condition
A	3301 N.W. 73 Street	Current Listing	1954	55,134	1.6	Asking $39.37	Street level; 20-foot ceilings; average condition
Subject	29 N.W. 13 Street		1947	89,291	1.4		Grade level; 16’-18’ ceiling height; average condition

b. Analysis

The four sales and one listing detailed above and summarized on the facing page reflect an overall unadjusted price range of about $31 to $46 per square foot. Each sale is addressed below.

Sale 1 ($31.37/S.F.) was a January, 2010 transaction involving a large dock height industrial/office property that was built in 1998 as a foreign trade zone. There are 33 truck doors, ceiling height is 28 feet, and it includes a 10,700-square foot, two-story office building. After construction was completed the property was never occupied. During the past 11-12 years the property has been badly vandalized and is now in poor physical condition. It is reported that the cost to renovate the buildings will be equivalent to about $47 per square foot.

This sale requires upward adjustment for its much larger size (159,400 S.F.) and poor physical condition. However, offsetting downward adjustment is necessary for ceiling height, office area, and much higher land ratio (2.3:1) than the subject (1.4:1). Overall, this sale provides a reasonable indication of subject value but some overall upward adjustment is necessary.

Sale 2 ($32.23/S.F.) was a late 2009 transaction involving a 48-year old grade level warehouse similar in physical condition to the subject. It is smaller in size than the subject and has a higher land ratio. The location is similar. Overall, this sale provides a reasonable indication of subject value.

Sale 3 ($40.92/S.F.) is similar in location, age, ceiling height, and land ratio to the appraised property. It sold in July, 2009, a time of market conditions similar to the present. However, it is smaller in size and partially air conditioned. Overall, some downward adjustment is necessary.

Sale Property 4 ($45.65/S.F.) is smaller, newer, has higher ceilings, and is in better physical condition than the subject. Also, it sold during a time of better market conditions (April, 2008). As such, substantial downward adjustment to the per square foot price of this building is necessary.

Listing A (asking $39.37/S.F.) involves a smaller building with higher ceilings and a higher land ratio. Importantly, this is an asking price rather than a sale price. Even though this is a grade level building, downward adjustment is necessary.

Conclusion

The discussion above indicates subject value is greater than the price of Sale 1 ($31.37/S.F.), close to the price of No. 2 ($32.23/S.F.), and less than the prices of No. 3 ($40.92/S.F.), No 4 ($46.65/S.F.) and Listing A (asking $39.37/S.F.). Based on thorough consideration of all the market data presented herein, and giving consideration to the physical and locational characteristics of the appraised property, a reasonable value range is $32-$33 per square foot, or

89,291 S.F. x $32/S.F.	=	$2,857,312
89,291 S.F. x $33/S.F.	=	$2,946,603

The indication of value by the sales comparison approach is $2,900,000.

2. Income Capitalization Approach

In this approach to value, the net operating income is estimated from the anticipated revenues (less expenses) for the property. This net operating income is capitalized at an overall rate to produce a market value estimate for the subject.

a. Gross Revenue Projection

A survey of similar industrial buildings was conducted in order to estimate the market rent achievable at the subject property. The rental survey focused on the Overtown area and the nearby Wynwood area. Three comparable rentals were located in these areas. Pertinent details of these three properties are presented on the following pages.

Comparable Rental No. 1

Address:	47 N.E. 15 Street, Miami
Folio Number:	30-3136-008-0320
Site Size:	10,000 square feet
Zoning:	C-2, Liberal Commercial
Improvement Description:	
Year Built:	1980
Construction:	CBS
Building Square Feet:	9,870
Condition:	Average
Land to Building Ratio:	1.0:1
Rental Rate:	$5.00 per square foot, industrial gross. The tenant pays their own utilities, trash pick-up, and maintenance as well as increases in real estate taxes and insurance over the base year
Comments:	This was a February, 2009 lease of a smaller warehouse located one block north of the subject property. According to the leasing agent, the building included about 1,500 square feet (15%) of "very basic" office

space and was in fair condition at time of lease. The tenant is a furniture company known as Modani.

This is a dock height building with approximate 18-foot ceiling height. A People Mover station is directly across N.E. 15 Street to the south.

Comparable Rental No. 2

Address:	1311 N.E. 1 Avenue, Miami
Folio Number:	01-3136-009-2180
Site Size:	15,750 square feet
Zoning:	C-2, Liberal Commercial
Improvement Description:	
Year Built:	1952
Construction:	CBS
Building Square Feet:	16,700
Condition:	Poor
Land to Building Ratio:	0.9:1
Rental Rate:	Asking $9.00 per square foot, industrial gross. The tenant would be responsible for utilities, trash pickup and maintenance. The listing agent indicated this asking rent is excessive and that warehouse space in the area typically rents for about $6.00 to $8.00 per square foot.
Comments:	This is an older grade level warehouse that is in need of substantial repairs and maintenance. It has about 1,500 square feet of office space. Parking for about 33 vehicles is in an unpaved area along the

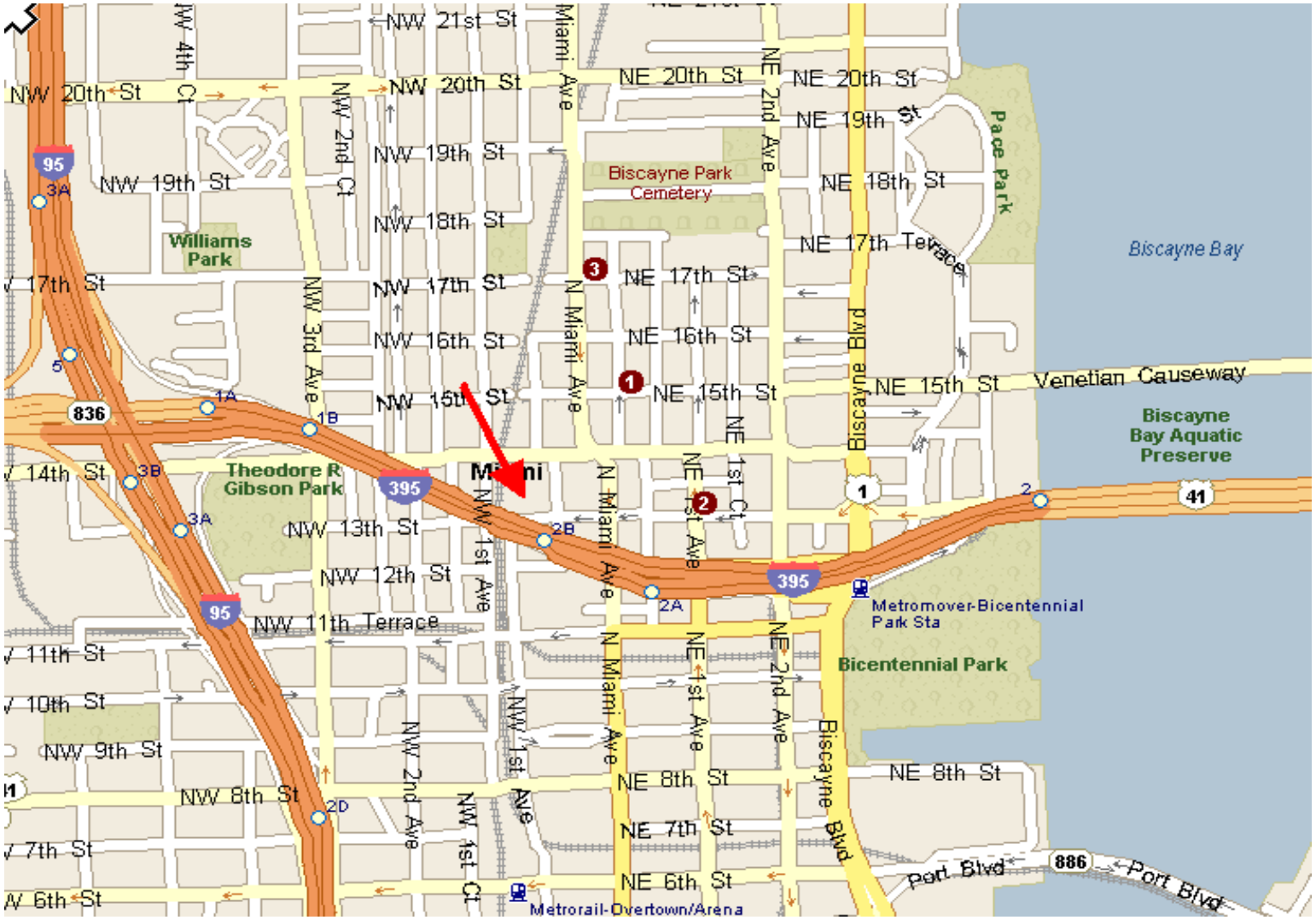
south side of the building. Ceiling height is 18 feet.

This property is located about one block east of the subject.

Comparable Rental No. 3

Address:	1729 N. Miami Avenue, Miami
Folio Number:	01-3136-005-0170
Site Size:	24,386 square feet
Zoning:	C-2, Liberal Commercial
Improvement Description:	
Year Built:	1939
Construction:	CBS
Building Square Feet:	14,808
Condition:	Fair
Land to Building Ratio:	1.6:1
Rental Rate:	Asking $9.00 per square foot, industrial gross. The tenant would be responsible for utilities, trash pickup, and maintenance.
Comments:	This is a current offering for rent of a one-story warehouse located at the northeast corner of N.W. 17 Street and North Miami Avenue. It is a one-story, grade level building with roll-up doors at the front and back. Ceiling height is about 18 feet. Fenced in parking is at the

rear (north) of the building. The building appears to have been painted recently and is in average condition for its age.



RENTAL LOCATION MAP

SUMMARY OF COMPARABLE RENTAL PROPERTIES

No.	Address	Square Feet	Year Built	Loading	Ceiling Height	Rental Rate	Comments
1	47 N.E. 15 Street	9,870	1980	Dock height	18′	$5.00/S.F. industrial gross plus increases in taxes and insurance	Newer, smaller building
2	1311 N.E. 1 Avenue	16,700	1952	Grade level	18′	Asking $9.00/S.F., industrial gross	Smaller building in poor condition, asking rent is excessive
3	1729 N. Miami Avenue	1,729	1939	Grade level	18′	Asking $9.00/S.F., industrial gross	Smaller building in fair condition
Subject	29 N.W. 13 Street	1,	1947	Dock height	16′-18′		

The three rental properties detailed on the preceding pages and summarized on the facing page are all located in the Overtown/Wynwood area but there are some locational differences between these properties and the subject. Rental rates are all on an industrial gross basis.

Rental No. 1 is an actual recent lease at $5.00 per square foot for a 9,870-square foot building about one block north of the subject. This is a dock height building that is in average condition for its age (1980). Unlike the other rental properties, this lease calls for the tenant to pay increases in real estate taxes and insurance over the base year.

Rental Property 2 is located about one block east of the subject, or somewhat closer to the Performing Arts Center. Also, it fronts N.E. 1 Avenue, a fairly heavily travelled northbound roadway. Overall, this is a better location than that of the subject. It is much smaller in size than the subject but it is a grade level building and in less desirable physical condition. The listing agent indicated the $9.00 per square feet asking rent is excessive and $6-$8 per square foot is more realistic for this building.

Rental Property 3 is another building that is much smaller (14,808 S.F.) in size than the subject. Although a little older (1939) and not as well located as the subject, this property appears to be in better physical condition and has a higher land ratio (1.6:1) than the subject. Nevertheless, the $9.00 per square foot asking rent is considered excessive in the current market.

All of the market data presented herein has been given consideration. However, less emphasis is placed on No. 3 because the $9.00/S.F. asking rent is considered unrealistic. While the asking rent at No. 2 is also $9.00 per square foot, this is a better located property. Also, the listing agent's opinion of market rent ($6-$8/SF) for No. 2 provides a more reasonable reflection of the market. Rental No. 1 at $5.00 per square foot is an actual lease of a dock highest building but this tenant is also responsible for increases in tax and insurance costs.

Based on analysis of the market for industrial space in the subject market area, and giving consideration to the large size of the subject building, market rent is estimated at $5.00 per square foot, industrial gross. This indicates potential gross income as follows:

89,291 S.F. x $5.00/S.F. = $446,455

b. Vacancy and Collection Loss

The overall Miami-Dade County industrial market reported an average vacancy rate of about 11 percent at the end of 2009. The Airport East/Central Miami-Dade County submarket of the subject property posted a vacancy rate of about eight percent (see earlier discussion of the Miami-Dade County industrial market). Leasing activity in the subject's submarket and the overall county reflected negative absorption during the fourth quarter as well as all of 2009. This would suggest that locating a tenant for this property in the current market would be challenging. And keeping the building occupied on an on-going basis would be difficult given its physical and locational characteristics. Giving careful consideration to all of the above, particularly the time it would take to initially lease the building, the vacancy factor is projected at 10 percent.

c. Expenses

Under an industrial gross lease, the tenant at the property would be responsible for essentially all operating expenses except for management, real estate taxes, building insurance, and exterior maintenance. With one or two tenants, management expenses should be minimal and are estimated at two percent in this instance. Real estate taxes were previously estimated at $72,637 based on the current assessment of $3,159,215. Based on the results of this appraisal, it would appear that the property is slightly over assessed. Assuming a successful appeal, a more reasonable assessment would be $2,900,000 which would indicate a tax burden of $67,000.

Building insurance is estimated based on $.50 per square foot, or $44,600. In addition, ownership would want to provide for periodic replacement of capital items such as the roof and exterior building painting. This expense is accounted for by a $.25 per square foot reserve, or $22,300 annually.

d. Stabilized Net Operating Income

Based on the assumptions outlined above, the following net operating income projection can be developed.

Potential Gross Income:	89,291 S.F. x $5.00/S.F. =	$446,455
Less Vacancy & Collection @ 10%		$44,646
Effective Gross Income		$401,809

Less Expenses:		
Management @ 2%	$ 8,036	
Real Estate Taxes	$67,000	
Insurance	$44,600	
Replacement Reserves	$22,300	
Total Expenses		$141,936
Projected Net Operating Income		$259,873

e. Capitalization Rate

A number of firms survey real estate capitalization rates on a regular basis. They all report rates increasing between 2008 and 2009.

- Integra Realty Resources, Inc. reported that capitalization rates for all classes of industrial properties throughout the US increased from 7.99 percent at the end of 2008 to 8.71 percent at the end of 2009. The average rate for manufacturing buildings was 9.12 percent. Importantly, these are mostly investment grade properties which are far superior in physical and locational characteristics to the subject property.

- Korpacz/Price Waterhouse Coopers LLP also reported capitalization rates increasing steadily over that last two years. Their most recent survey of institutional grade warehouses traded on a national basis reflected the following:

Quarter	Average Capitalization Rate
Second Quarter, 2008	6.56%
Third Quarter, 2008	6.63%
Fourth Quarter, 2008	6.73%
First Quarter, 2009	7.13%
Second Quarter, 2009	7.93%
Third Quarter, 2009	8.46%

The Korpacz survey reported capitalization rates for the third quarter of 2009 ranging from 6.5 to 12.0 percent. Older vacant properties sell at higher rates than newer buildings with high quality tenants.

A purchaser of the subject property would consider the following when contemplating a capitalization rate for this property:

- Location
- Size
- Age/Condition
- Lack of finished office space
- Absence of a tenant
- Current economic and market conditions

The subject property is almost certainly far inferior to the industrial properties surveyed by Integra and Korpacz. As such, the capitalization rate should be substantially greater than the average rates reported above. It is concluded that a reasonable capitalization rate for the appraised property is 11 percent.

f. Indication of Value by the Income Capitalization Approach

The value indication by the income capitalization approach is calculated as follows:

Net Operating Income	÷	Capitalization Rate	=	Value
$259,873	÷	.11	=	$2,362,482
			Rounded	$2,365,000

3. Reconciliation and Conclusion of Value As Improved

The two approaches utilized in this analysis indicated the following values for the property as improved:

Sales Comparison Approach:	$2,900,000
Income Capitalization Approach:	$2,365,000

This is a relatively wide range in value indications of about 23 percent. However, given the location and type of property, as well as the current economic and market conditions, this wide range is not surprising.

The sales comparison approach considers the prices that buyers are actually paying for similar properties in the current marketplace. While none of the sale properties is exactly comparable, they have enough similarities to the subject to yield a meaningful value range. Most of these properties were purchased by users rather than landlords. Substantial weight is given to this approach.

The income capitalization approach provides an indication of value to a potential landlord that would acquire the building to generate rental income. The current soft demand for industrial rental space certainly affects the value indication by this approach. Because it is probably more likely that a user would purchase the subject property, less weight is placed on the income capitalization approach.

Both approaches presented herein have been given consideration but greater weight is given to the sales comparison approach. The conclusion of value of the subject property as improved, as of February 16, 2010, is:

$2,800,000

f. Marketing Time

Marketing time is an estimate of the amount of time it might take to sell an interest in real property at its estimated market value during the period immediately after the effective date of appraisal.

As addressed herein, the market for large, older warehouses in Miami-Dade County is very soft at this time. There are numerous properties for sale throughout the county. Many have been listed for sale for several years but most have been priced well in excess of the market level. As the market has deteriorated during the last two years asking prices have generally declined, but typically not as low as potential buyers are willing to pay.

At this point in time it is not known if the industrial market has bottomed out or if it will continue to soften thru 2010. Most analysts seem to project some improvement by the end of this year or early next year. In any event, the market will remain soft for some time.

The value for the subject property concluded herein is considered to be a reasonable estimate given the characteristics of the property and current market conditions. Nevertheless, it will probably not be easy to sell. Based on analysis of the property and current economic and market conditions, marketing time is estimated at 12 to 18 months.

V. ASSUMPTIONS AND LIMITING CONDITIONS

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

1. No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.

2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.

3. Responsible ownership and competent property management are assumed.

4. The information furnished by others is believed to be reliable and, whenever possible, it was cross checked with another source. However, no warranty is given for its accuracy.

5. All engineering is assumed to be correct. The plot plans, plats, maps, and illustrative material in this report are included only to assist the reader in visualizing the property.

6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.

7. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report.

8. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in the appraisal report.

9. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

10. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

11. The existence of hazardous material, which may or may not be present on the property, was not observed by the appraisers. The appraisers have no knowledge of the existence of such materials within or near the property. The appraisers, however, are not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material within or near the property that would cause a loss in value. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

12. The appraisal is intended to comply with the appraisal requirements of the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute.

This appraisal report has been made with the following general limiting conditions:

1. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

2. Possession of this report, or a copy thereof, does not carry with it the right of publication.

3. The appraiser, by reason of this appraisal, is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.

4. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.

5. Any value estimates provided in the report apply to the entire property, and any proration or division of the total into fractional interests will invalidate the value estimate, unless such proration or division of interests has been set forth in the report.

VI. CERTIFICATION

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

1. The statements of fact contained in this report are true and correct.

2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.

3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.

4. My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

5. The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

6. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute, and the requirements of the State of Florida for state-certified appraisers.

7. No one provided significant professional assistance to the undersigned.

8. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

9. As of the date of this report, the undersigned has completed the requirements of the continuing education program of the Appraisal Institute.

10. 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.

11. I have made a personal inspection of the property that is the subject of this report.

It is the opinion of the undersigned that the property described herein has the following market values, as of February 16, 2009:

As If Vacant	$2,430,000
As Improved	$2,800,000

Edward N. Parker, MAI

Digitally signed by Edward N. Parker, MAI
DN: cn=Edward N. Parker, MAI, email=ira5730@aol.com, o=Investors Research Associates, Inc., c=US
Date: 2010.03.03 16:26:18 -05'00'

Edward N. Parker, MAI
State Certified General Appraiser
License #RZ144

VII. QUALIFICATIONS

EDWARD N. PARKER, MAI
Investors Research Associates, Inc.
5730 S.W. 74 Street, Suite 100
South Miami, Florida 33143-5381
Phone No.: (305) 665-3407
Fax No.: (305) 665-4921

Academic

University of Alabama - B.S., Marketing
University of Miami - M.B.A.

Experience

Mr. Parker began his career as a real estate consultant in 1972 with the Reinhold P. Wolff Economic Research Company in Coral Gables, Florida. As a staff analyst, he was responsible for the preparation of market feasibility studies, retail studies, economic use analyses, and site location studies.

In 1974, Mr. Parker joined the Miami office of Real Estate Research Corporation (RERC), a wholly owned subsidiary of the First National Bank of Chicago. As a staff appraiser and analyst, Mr. Parker prepared appraisals of all types of income-producing properties located throughout the United States and the Caribbean. These valuations involved fee simple interest, leaseholds, partial interests, and going-concern valuations. He has also appraised a large number of special purpose properties including schools, marinas, resorts, and specialized manufacturing facilities. Mr. Parker's administrative responsibility at RERC included the coordination of the appraisal of the assets of two major Miami-based REITS during their orderly portfolio disposition. Mr. Parker also managed the annual ongoing portfolio appraisal of the properties comprising the First National Bank of Chicago commingled pension trust known as Fund F.

In June, 1981, Mr. Parker joined Investors Research Associates, Inc. as a principal. The firm specializes in income property appraisals, highest and best use and market studies, as well as consultation services for major lending institutions, insurance companies, real estate syndicators, developers, pension funds and governmental agencies. Discounted cash flow and sensitivity analyses, as well as absorption studies are some of the services provided to clients. The firm has successfully completed a number of very complex valuation assignments involving environmentally sensitive wetlands including offshore island properties for private and public clients. Agricultural properties including row crop land, groves, and tree nurseries are another specialty.

Mr. Parker’s experience includes condemnation appraisals for both public and private clients. The public client list includes the Florida Department of Transportation, South Florida Water Management District, National Park Service, U.S. Department of Justice, Dade County HUD, Dade County Department of Facilities Management, and Miami-Dade Water and Sewer Department. Property types appraised for condemnation purposes include office buildings, retail stores, restaurants, service stations, banks, churches, apartments, vacant sites, agricultural (crop land and tropical fruit groves), and environmentally sensitive wetlands.

Mr. Parker has qualified as an expert witness in Dade, Broward, Monroe and Duval County Circuit Courts, U.S. District Court, and U.S. Bankruptcy Court. He is also currently certified under the continuing education program conducted by the Appraisal Institute.

Affiliations

Member of the Appraisal Institute - MAI
Licensed Real Estate Broker - State of Florida
State Certified General Appraiser-0000144