SUMMARY APPRAISAL REPORT

Prepared for

Ms. Patricia Good
Supervisor II - Planning, Design and Sustainability
Miami-Dade County Public Schools

Property Appraised

Warehouse Building
29 NW 13th Street
Miami, FL 33136

Date of Valuation

February 22, 2010

Prepared by

WARONKER & ROSEN, INC.
5730 S.W. 74th STREET, SUITE 200
SOUTH MIAMI, FLORIDA 33143

LEE H. WARONKER, MAI, SRA

CARLOS DIEZ

File # 6357

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February 26, 2010

Ms. Patricia Good
Supervisor II - Planning, Design and Sustainability
Miami-Dade County Public Schools
1450 NE 2nd Avenue, Room 524
Miami, FL 33132

Re: Warehouse Building
29 NW 13th Street
Miami, FL 33136
WRI File No. 6357

Dear Ms. Good:

We have prepared a ***Summary Appraisal Report*** of the above referenced property for the purpose of estimating the market value of the fee simple interest as of February 22, 2010. The terms market value and fee simple interest are defined in the pages of this report. This report has been prepared based on the scope of the work which is detailed on the first page following this letter of transmittal. The reader of the appraisal is strongly advised to read the scope of work so as to understand the scope of this appraisal.

This report is intended for use only by the client and intended users as noted herein. Use of this report by others is not intended by the appraiser. No one else, or any other entities, should rely on this appraisal other than those noted herein.

The subject property is located at west side of NW Miami Court, between NW 13th and 14th Streets, in the city of Miami, Florida. The subject property is a one- story CBS warehouse building constructed in 1947. Total gross and rentable building area is 87,167 square feet. The adjusted size per the Miami-Dade County property appraiser is 89,291 square feet. The improvements are situated on a 121,447 square foot (2.79 acres) site. Zoning on this site is C-2, Liberal Commercial District by the city of Miami, Florida. Additional discussion of the building improvements and the site can be found within this appraisal report.

Ms. Patricia Good, Supervisor II - Planning, Design and Sustainability
Miami-Dade County Public Schools
February 26, 2010

In order to prepare the analysis, we were supplied with:

A. A boundary survey prepared by E. R. Brownell & Associates, Inc., dated May 10, 2006
B. Building diagrams prepared by Miami-Dade County Public Schools (F.I.S.H. drawings)

Any deviation from the information supplied and assumptions used herein will likely result in a change of value.

As a result of our investigation, it is our opinion that the market value of the fee simple interest as of February 22, 2010, is in the amount of

THREE MILLION DOLLARS
($3,000,000)

It should be noted that the valuation herein does not include any furniture, fixtures or equipment necessary to operate any business, or businesses occupying the subject property. The valuation herein also does not include a value for any business entity, or entities occupying the subject property.

On the following pages is the table of contents and scope of work followed by the certificate of value and general assumptions and limiting conditions. It is advised that these items be reviewed so the reader has an understanding of the limitations of this appraisal.

Very truly yours,

Lee H. Waronker, MAI, SRA
State-Certified General Appraiser
License No. RZ162

Carlos Diez
State-Registered Trainee Appraiser
License No. RI22873

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Addenda

Addendum A – County Area Description
Addendum B – Flood Zone Map

Scope of Work

The appraisal problem herein is to estimate the market value of the fee simple interest of the subject property.

The approaches used herein are considered sufficient to develop credible assignment results in solving the appraisal problem.

All appraisals begin by identifying the appraisal problem. Data on the subject property is derived from various sources including but not limited to the property owner, the county property appraiser's office, surveys and building plans. When possible, more than one source is utilized to confirm data. Within the appraisal the data source is acknowledged. Should plans or a building sketch be available, the measurements are confirmed for accuracy. Land size is based on surveys (when available), public records and recorded plats. Land measurements are not performed.

Description of the improvements is based on visual inspection and/or plans. The age of the building is based on public records. Appraisers are not structural engineers and therefore cannot attest to the soundness of a structure. Noticeable potential problems such as stress cracks and water damages are noted, if evident.

Comparable improved sales and rentals were inspected from the exterior with interior inspections completed when possible. All vacant land sales are inspected. Sale prices are from public records and are typically confirmed with a party to the transaction, i.e. buyer, seller, real estate agent, or closing attorney. Public records are investigated for mortgage information and terms.

Research of comparables included, but was not limited to, using the following data sources:

Real Estate Data Inc. (REDI)
First American Real Estate Solutions Services (FARES)
Newspaper clippings
Board of Realtors' Multiple Listing Service
Tri County Clippings Services (FREDI)
National Multiple Listing Service
Loopnet.com

Real estate agents in the subject area are interviewed to supply up-to-date information of sales and listings. All information is analyzed in processing the appraisal reports and as support for the estimated value.

The scope of work for this assignment has been described above and is to be typical for an assignment of the nature of the subject appraisal problem.

Certificate of Value

The undersigned does hereby certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this appraisal report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the following requirements.
    - The Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute
    - Uniform Standards of Professional Appraisal Practice (USPAP)
    - The State of Florida requirements for state-certified appraisers
    - FIRREA of 1989 – Title XI and its updates
    - Office of the Comptroller of the Currency of the United States of America
    - Federal Deposit Insurance Corporation (FDIC)
8. I have complied with the USPAP Competency Rule.
9. This appraisal report sets forth all of the limiting conditions imposed by the terms of this assignment or by the undersigned affecting the analyses, opinions and conclusions contained in this report.
10. No one provided significant real property appraisal professional assistance to the person signing this report, unless specifically noted herein.
11. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. Additionally, it is subject to review by the state of Florida relating to review by the real estate appraisal subcommittee of the Florida Real Estate Commission.

12. As of the date of this report Lee H. Waronker, MAI, SRA has completed the continuing education program of the Appraisal Institute.

13. I, Lee H. Waronker, MAI, SRA have made a personal inspection of the property that is the subject of this report.

14. I, Carlos Diez have made a personal inspection of the property that is the subject of this report.

15. The estimated market value of the fee simple interest as of February 22, 2010, is in the amount of $2,900,000.

16. It should be noted that the valuation herein does not include any furniture, fixtures or equipment necessary to operate any business, or businesses occupying the subject property. The valuation herein does not include a value for any business entity, or entities occupying the subject property.

17. Any use (purported, attempted, actual or otherwise) of the "replacement costs" or "insurable value" calculations contained in this appraisal by the client, property owner, their designees, assignees or agents for purposes of binding or obtaining insurance for the appraised property is strictly prohibited. Said information is not furnished for that reason and cannot be used for that purpose. It is strongly suggested that a licensed general contractor be engaged to calculate the insurable value of the appraised property for insurance purposes.

18. I have not performed a previous appraisal of the subject property within the three years prior to this assignment.

Lee H. Waronker, MAI, SRA
State-Certified General Appraiser
License No. RZ162

Carlos Diez
State-Registered Trainee Appraiser
License No. RI22873

Date of Report February 26, 2010

General 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 pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable but, no warranty is given for its accuracy.
5. All engineering studies are assumed to be correct. Any plot plans or illustrative material in this report are included only to help the reader visualize the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering that may be required to discover them. The values estimated herein are subject to typical inspections such as roof, structural, and termite, if applicable.
7. It is assumed that the property is in full compliance with all applicable federal, state and local environmental regulations and laws unless the lack of compliance is stated, described and considered in the appraisal.
8. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless a non-conformity has been identified, described and considered in the appraisal.
9. It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in this report is based.
10. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and considered in the appraisal.
11. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presences of substances such as asbestos, urea formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The intended user is urged to retain an expert in this field, if desired.

12. The physical condition of the improvements, if any, described herein was based on visual inspection. No liability is assumed for the soundness of structural members, since no engineering tests were made of same.
13. Neither all nor any part of this appraisal report shall be disseminated to the general public using the appraiser's name or appraisal designation, without prior written consent of the appraisers signing this appraisal report.
14. Authorization is not allowed for the out-of-context quoting from, or partial reprinting of, this appraisal report.
15. By reason of the report, there is no requirement to testify with reference to the property herein appraised, unless arrangements have been previously made.
16. To the best of our ability, the analysis, opinions, and conclusions were developed in this report was prepared in accordance with the standards and reporting requirements of FIRREA of 1989-XI and its updates, the office of the Comptroller of the Currency of the United States of America (OCC), The Federal Deposit Insurance Corporation (FDIC) and the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards Board of the Appraisal Foundation.
17. The reader should be advised that our employment was not contingent on the appraisal providing a minimum valuation, a specific calculation or the approval of a loan. Additionally, we have complied with the USPAP Competency Rule.

Limiting Conditions:

1. The allocation of total value between land and improvements applies only under the described utilization. The separate valuations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.

2. The Americans with Disability Act (ADA) became effective January 26, 1992. The appraiser has not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the requirements of the ADA. It is possible that a compliance survey of the property and a detailed analyses of the requirements of the ADA, could reveal that the property s not in compliance with one or more of the act. If so, this fact could have a negative impact upon the value of the property. Since the appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.

INTRODUCTION

Summary of Pertinent Data

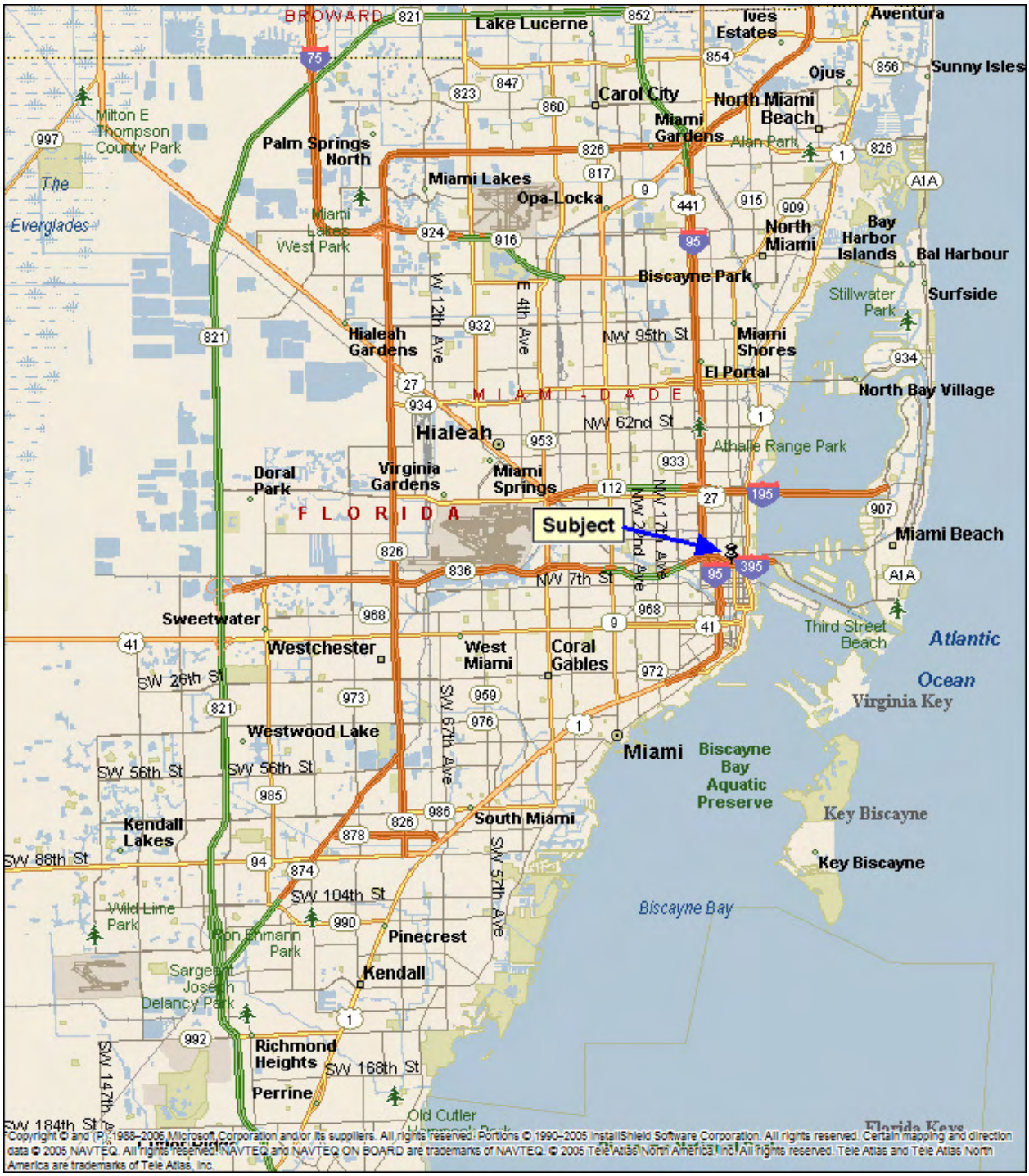
Location:		West side of NW Miami Court, between NW 13th and 14th Streets, Miami, FL
Address:		29 NW 13th Street Miami, FL 33136
Type of Use:		One-story warehouse building
Year Built:		1947
Zoning:		C-2, Liberal Commercial District by the the city of Miami, Florida
Census Tract:		0052.01
Building Area:	Gross Area:	87,167 square feet
	Rentable Area:	87,167 square feet
	Adjusted Area: [1]	89,291 square feet
Land Area:		121,447 square feet (2.79 acres)
Land Value:		$2,300,000 ($18.94 per sq. ft.)

Value by Cost Approach:	$3,225,000
Value by Income Capitalization Approach:	$2,700,000
Value by Sales Comparison Approach:	$3,300,000
Market Value Estimate of the fee simple interest interest:	$3,000,000

Date of Valuation:	February 22, 2010
Date of Report:	March 4, 2010

[1] The Miami-Dade Property Appraiser's adjusted square footage. This size includes the gross building area at 100% and various percentages for overhangs, story height, and other areas that are not considered 100% areas.

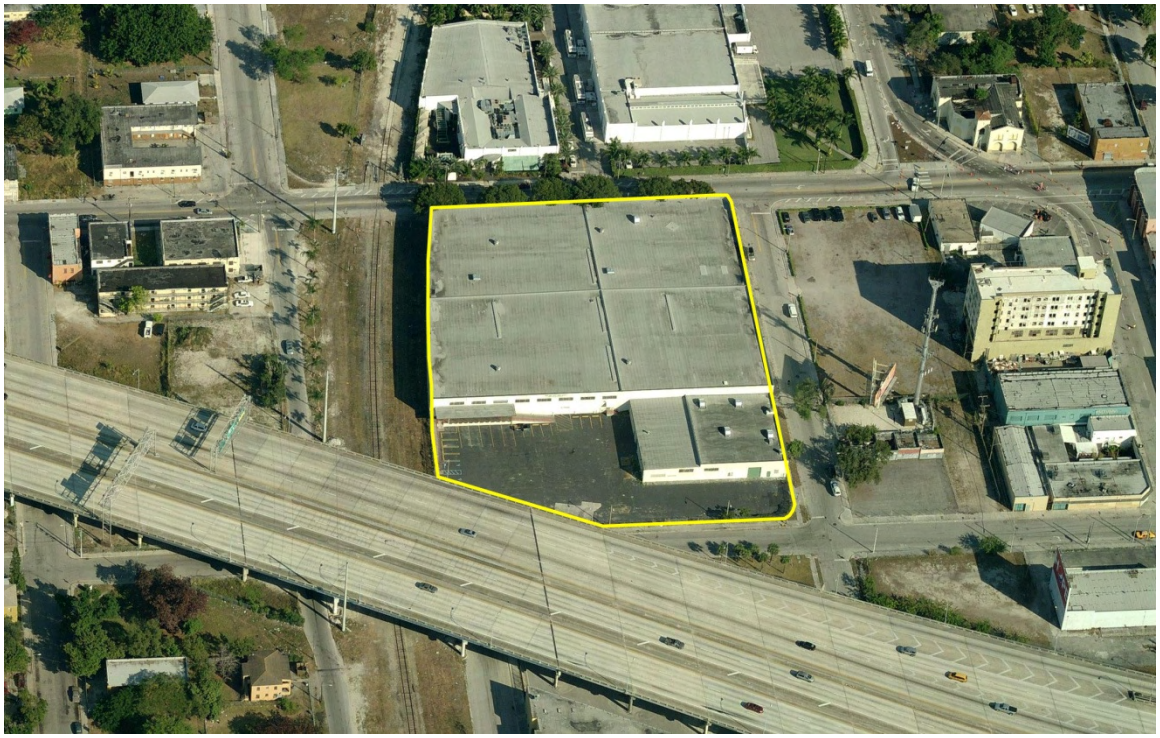
Miami-Dade Map



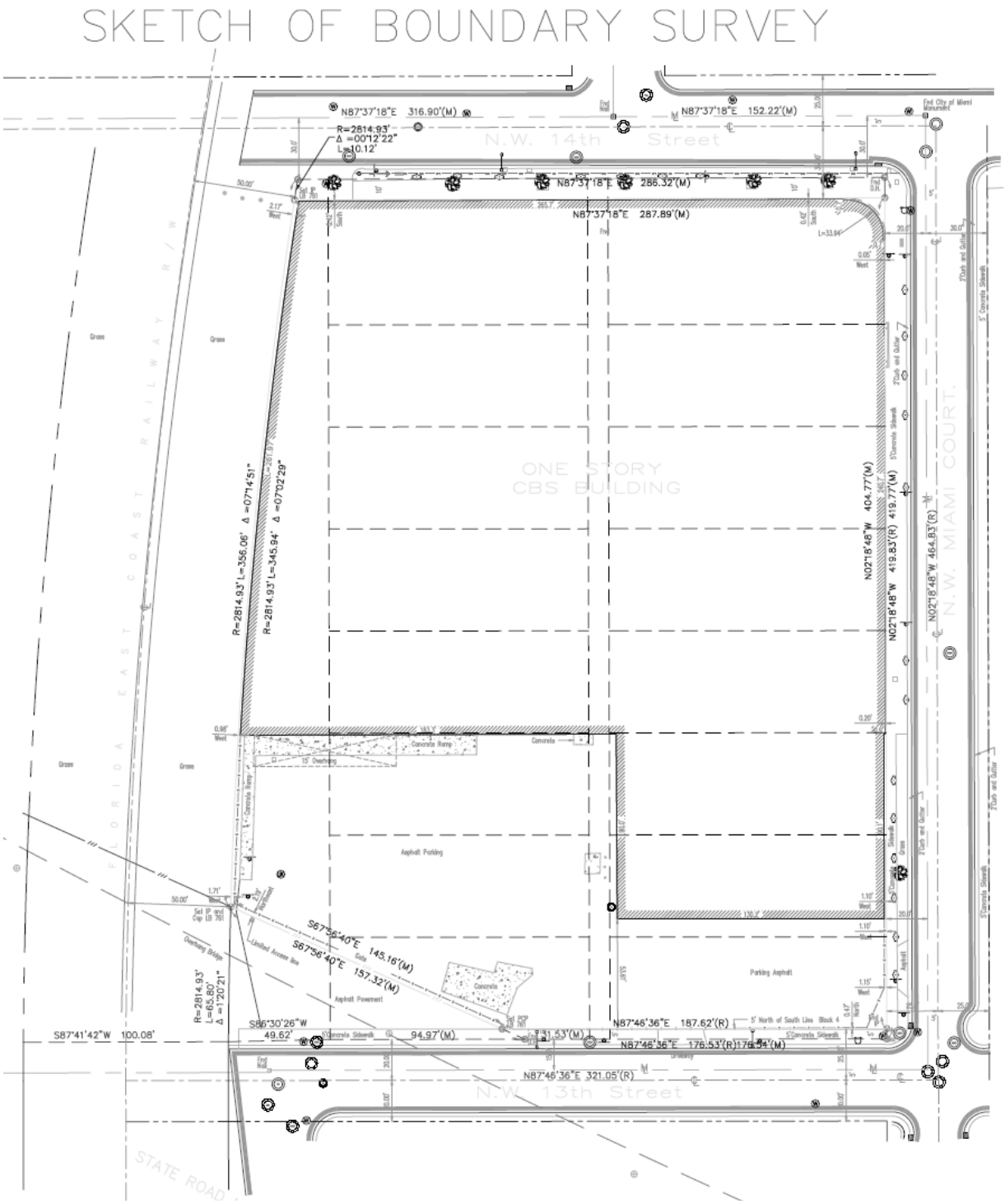
Plat Map

COMMUN PTNERSHIP TRS
(158-2[illegible] Ac.)
076
NW 15TH ST
ICE PALACE
(167-2[illegible] Ac.)
000
NW MIAMI CT
WADDELL'S ADD
(B-03)
048
NE MIAMI CT
ROBBINS GRAHAM and
(A-49)
003
C-2
C-4
0420
(2.74 Ac)
ALICE BALDWIN ET AL SUB
(B-27)
003
NW 13TH ST
NW 1ST PL
NW 1ST CT
NW 12TH ST
NW 1ST AVE
GREYHOUND CTR
(0008)
059
NW 11TH TER
NE MIAMI CT
R-3
D-6.1
SD-101
B-4
PW WHITESRESUB BLK 16
(B-34)

Aerial Photographs



Survey


SKETCH OF BOUNDARY SURVEY
N87°37'18"E 316.90'(M)
N87°37'18"E 152.22'(M)
N.W. 14th Street
N87°37'18"E 286.32'(M)
N87°37'18"E 287.89'(M)
ONE STORY
CBS BUILDING
N.W. MIAMI COURT
N02°18'48"W 404.77'(M)
N02°18'48"W 419.83'(R)
N02°18'48"W 464.83'(R)
R=2814.93' L=356.06' Δ =07°14'51"
R=2814.93' L=345.94' Δ =07°02'29"
Asphalt Parking
Parking Asphalt
S67°56'40"E 145.16'(M)
S67°56'40"E 157.32'(M)
S86°30'26"W
49.62'
S87°41'42"W 100.08'
94.97'(M)
N87°46'36"E 187.62'(R)
N87°46'36"E 176.53'(R)176.54'(M)
N87°46'36"E 321.05'(R)
N.W. 13th Street
STATE ROAD

Subject Photographs

`Front view of the subject property looking southwest

Front view of the subject property's north elevation

Rear view (south elevation) of the subject property

Rear view (south elevation) of the subject property

Rear view looking easterly at the southeast corner

View looking east at the subject property (southeast corner)

Close-up of building on the southeast corner

Rear view of the subject property looking northwest

View of building at southeast corner looking northwesterly

Eastern elevation of the subject property

Western elevation of the subject property

View of western elevation and the adjacent railroad tracks

Interior of the
former Miami Skills Center

Interior of the
former Miami Skills Center

Interior of the
former Miami Skills Center

Interior of the
former Miami Skills Center

Interior of the
former Miami Skills Center

Interior of the
former Miami Skills Center

Interior of the
former Miami Skills Center

Interior of the
former Miami Skills Center

Interior of the office
within the school board warehouse

Bathroom in the
school board warehouse

School Board warehouse

School Board warehouse

School Board warehouse

School Board warehouse

School Board warehouse

School Board warehouse

Interior of building at southeast corner

Interior of building at southeast corner

Interior of building at southeast corner

Interior of building at southeast corner

Street view looking north along
N.W. Miami Court with the subject property
to the left

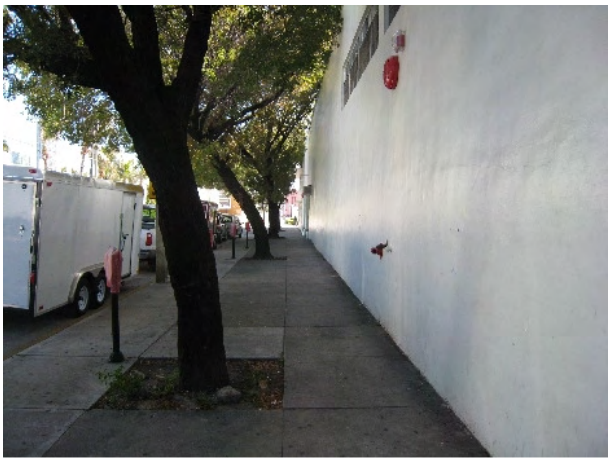
Street view looking south along
N.W. Miami Court with the subject property
at the left

Street view looking west along
N.W. 13th Street with the subject property
at the right

View looking east from
N.W. Miami Court

Street view looking west along N.W. 14th Street with the subject property to the left

Street view looking east along N.W. 14th Street with the subject property to the right



View along the subject's north elevation

View looking north along the railroad tracks

Qualifications of the Appraiser

LEE H. WARONKER, MAI, SRA

Education: Master of Science in Management, School of Business and Organizational Science, Florida International University, 1981 (Major – Real Estate)

Bachelor of Science Degree, The Florida State University, Tallahassee, Florida 1976 (Major – Real Estate)

Affiliations: MAI Designation (No. 6738) awarded by the Appraisal Institute in 1983.

State-Certified General Appraiser, State of Florida, License Number RZ162, May 1990.

Experience: Appraised various types of properties, including:

Industrial Buildings	Restaurants	Warehouses
Office Buildings	Hotels and Motels	Hospitals
Service Stations	Retail Stores	Marinas
Churches & Synagogues	U.S. Post Offices	Historical Buildings

President, ***Waronker & Rosen, Inc.,*** (formerly Waronker & Associates, Inc.) Miami, Florida, from 1987 to present. Vice President, ***Property Consultants, Inc.*** from 1979 to 1986. Appraiser, The Keyes Company, 1978 to 1979. Appraiser, Miami-Dade County Department of Right-of-Way, 1977 to 1978.

Instructor: Appraiser, ***Property Consultants, Inc.***, Miami, Florida, from 1983 to 1987.

Courses: Appraisal Institute. Taught Courses 1A-1, 1A-2, 8-2, 1B-A, 1B-B, 110, 120, 210, 310, 320, 410, 420, 430, 510, 550, 600, 610 and 620, et al

Other: Special Master for the Dade County Valuation Adjustment Board, 1989 to 1996. Assisted in the editing of *The Appraisal of Real Estate, 11th Edition and 13th Edition*

President of the Miami Chapter of the Appraisal Institute, 1990 to 1991.

Author: Seminars entitled *"Dynamics of Office Building Valuation", "Why the Capitalization Rate is Always 10" and the "Appraisal of Real Estate 10th vs. 11th Edition".*

Qualifications of the Appraiser
CARLOS A. DIEZ

Education: University of Florida (Gainesville, FL)
Bachelor of Arts. Major: Economics
Stevens Institute of Technology (Hoboken, NJ)
Substantial progress towards the degree of Master of Engineering

Affiliations: Registered Trainee Appraiser, State of Florida (License # RI22873)
The Appraisal Institute, Associate Member
CCIM Institute, Candidate Member

Appraisal Experience: Waronker & Rosen, Inc. September, 2007 to Present

Assisted in appraising various types of properties, including:

Vacant land	Luxury residential properties
Office properties	Restaurants
Shopping centers	Hotel Properties
Free-standing retail properties	Industrial properties
Residential Condominium Developments	Multifamily apartment bldgs.

Appraisal and Investment Analysis and Real Estate Education:

The Appraisal Institute

100:	*Basic Appraisal Principles*
101:	*Basic Appraisal Procedures*
15-Hour National USPAP Course	
202:	*Residential Sales Comparison and Income Approaches*
300:	*Real Estate Finance, Statistics and Valuation Modeling*
400:	*General Market Analysis and Highest & Best Use*
403, 404:	*General Appraiser Income Approach (Parts 1 and 2)*
402:	*General Appraiser Site Valuation and Cost Approach*
510:	*Advanced Income Capitalization*
550:	*Advanced Applications*
420:	*Business Practices and Ethics*

CCIM Institute

CI 101:	*Financial Analysis for Commercial Investment Real Estate*
CI 102:	*Market Analysis for Commercial Investment Real Estate*
CI 103:	*User Decision Analysis for Commercial Investment Real Estate*
CI 104:	*Investment Analysis for Commercial Investment Real Estate*
Workshop:	*Feasibility Analysis for Retail Properties*

Baruch College (CUNY) / Steven L. Newman Real Estate Institute

NCP2000:	*Urban Land Economics*
NCP9000:	*Real Estate Development*

Partial Client List

LENDER

BAC Bank
Banco Popular, N.A.
BankAtlantic
BankUnited
Bank of America
Bank of Coral Gables
Bank Leumi
BNY Mellon Bank
Branch Banking and Trust (BB&T)
CNL Bank
Cigna Investments, Inc.
Citibank and Citicorp
City National Bank of Florida
Coconut Grove Bank
Comerica Bank
Corus Bank
Credit Suisse First Boston Mtg. Capital, LLC
Enterprise Bank of Florida
Espirito Santo Bank of Florida
Executive National Bank
Fifth Third Bank
First Bank of Florida
First National Bank of South Miami
Gibraltar Private Bank and Trust
Great Florida Bank
Gulf Coast National Bank
Holliday Fenoglio Fowler, LP
International Finance Bank
Israel Discount Bank of New York
JP Morgan Chase Bank
Lydian Bank
Lloyds International Bank (Lloyds of London)
Lutheran Brotherhood
Marine Bank
Mercantile CommerceBank, N.A.
Morgan Stanley Mortgage Capital
Northern Trust Bank
Ocean Bank
Orix Real Estate Capital Markets, LLC
Premier American Bank
Professional Bank
Regions Bank
R-G Crown Bank
Sabadell United Bank
Seacoast National Bank
SunTrust Bank
Sun American Bank
TD Bank
The Bank of Miami
TIB Bank
Totalbank
U.S. Century Bank
Union Credit Bank
Wells Fargo
Western Bank – Puerto Rico

LIFE INSURANCE COMPANIES

Allstate Insurance Company
American General Life Insurance Company
Fortis Capital Corp. and Life Insurance Co.
Franklin Life Insurance Company
General American Life Insurance Company
Independent Order of Foresters
John Alden Life Insurance Company
Kansas City Life Insurance Company
Lumberman's Life Insurance Company
Omaha Woodmen Life Insurance Society
Standard Life Insurance Company
Sun Life Insurance Company of America

CORPORATIONS

Church of Jesus Christ of the Latter-Day Saint
Florida Power and Light Corporation (FPL)
JC Penny Corporation
Wendy's International Corporation
Chevron U.S.A. Inc.
PBS and J
Johnson and Johnson Company

DEVELOPERS AND INVESTORS

Berkowitz Development Group
Bristol Group, Inc.
Constructa Development
Franklin Street Properties
Flagler Development Corporation
Goldman Properties
Hampshire Real Estate Companies
Hotels AB
Lennar Corporation
Napolitano Realty and Harnap Corporation
Noble House Resorts and Hotels
Ocean Properties, Ltd
Panther Real Estate
PLC Investments, LLC
R.K. Associates, Inc.
The Scott Robins Companies
Wometco Enterprises, Inc.

GOVERNMENT AGENCIES

Broward County School Board
City of Coral Gables
City of Miami Beach
City of Miami General Services Administration
Federal Deposit Insurance Corp. (FDIC)
Federal Home Loan Mortgage Corp. (FHLMC)
Florida Dept. of Environmental Protection
Florida Department of Transportation
Florida Keys Aqueduct Authority
Miami-Dade Water and Sewer Authority
Miami-Dade Co. – Aviation Authority
Miami-Dade Co. – County Attorney's Office
Miami-Dade Co. – General Services Administration
Miami-Dade Co. – Housing & Urban Development
Miami-Dade Co. – Public Works Department
Miami-Dade Co. – School Board
Nature Conservancy, Florida Chapter
South Florida Water Management District
United States Department of Justice
United Stated General Services Administration
United States Postal Services
Village of Pinecrest

LAW FIRMS

Akerman, Senterfitt & Eidson
Barranco, Kircher, P.A.
Berman, Wolfe Rennart Vogel & Mandler, P.A.
Greenberg Traurig, P.A.
Gunster Yoakley Valdes-Fauli & Stewart, P.A.
Kirkpatrick and Lockhart
Stearns Weaver Miller Weissler Alhadeff & Sitterson, P
Steel Hector and Davis

Notable Properties Appraised

Miami-Dade County

Miami Seaquarium	Virginia Key	Miami Free Zone – Global Trade Cntr	Miami
Miami International Airport	Miami	Metropolitan Hospital of Miami	Miami
City of Miami Correctional Facility	Miami	Spinnaker Marina	North Miami
Country Club of Miami Golf Course	Miami	Virginia Key & Rickenbacker Marinas	Key Biscayne
Mel Reese Golf Course	Miami	Waterways Yacht Basin	Miami
Burger King Headquarters – Waterford	Miami	Porto Vita Club and Spa	Aventura
Doctors Hospital	Coral Gables	Ocean Steps Entertainment Center	S. Miami Beach
Beacon Centre Development	Miami	Indian Creek Country Club	Indian Creek
FBI Headquarters	Miami	BIV Tower	Miami
Gables Waterway Executive Center	Coral Gables	Courthouse Tower	Miami
Joe's Stone Crab restaurant	Miami Beach	South Shore Hospital	Miami Beach
Doral Ocean Beach Resort (formerly)	Miami Beach	SouthCom Headquarters	Miami
Metro-Dade Bus Facility	Miami		

Fort Lauderdale/Broward County

Florida Medical Center (Hospital)	Ft. Lauderdale
Jackson Marine Center	Ft. Lauderdale
Las Olas Centre Office Building	Ft. Lauderdale
Martha's Restaurant	Hollywood
Various Luxury Single Family Homes	Fort Lauderdale
Seneca Industrial Park	Pembroke Park

Monroe County/Florida Keys

Marriott Key Largo Bay Beach Resort	Key Largo
Islander Resort	Islamorada
Hawk's Cay Resort, Marina and DRI	Duck Key
Westin, formerly Hilton Resort and Sunset Key Island	Key West
Little Palm Island	Little Torch Key
Louis' Backyard Restaurant	Key West
Ocean Key Resort	Key West
Sloppy Joe's Bar	Key West
Truman Annex - Navy Base	Key West

Other Florida Counties

Jupiter Beach Resort	Jupiter, Palm Beach County
La Playa Beach Resort	Naples, Collier County
Sheraton Four Points	Orlando, Orange County
Spring Hill Suites	Tampa, Hillsborough County
Hilton Carillon Park	St. Petersburg, Pinellas County

Outside of the United States

Various Single Family Homes	Cat Cay, Bahamas
Single Family Home	Casa de Campo, Dominican Republic
Sapphire Beach Resort	St. Thomas, U.S. Virgin Islands
Hotel Site Grand	Turks and Caicos Islands
Montego Beach Resort	Montego Bay, Jamaica
Botany Bay Subdivision (400 acres)	St. Thomas, U.S. Virgin Islands
Ocean Club Resort	Grand Turks and Caicos Islands
Land lease under Ritz Carlton	San Juan, Puerto Rico
Various Land Holdings	St. Croix, U.S. Virgin Islands

DESCRIPTION & ANALYSES

Purpose of the Appraisal Report

The purpose of this appraisal is to estimate the market value of the fee simple interest as of February 22, 2010. The term fee simple interest is defined below. The term market value is defined on the following page.

Client, Intended User and Use of the Appraisal Report

The intended user of this appraisal is Patricia Good, Supervisor II - Planning, Design and Sustainability of Miami-Dade County Public Schools (client). The intended use of this appraisal is for internal asset management.

Definition of Interest Being Appraised

The interest appraised herein is that of the fee simple interest, defined as follows:

> *Fee Simple Interest*: an absolute fee without limitations to any particular class of heirs, but subject to the limitations of eminent domain, escheat, police power and taxation. An inheritable estate.

Definition of Market Value

Market Value is a major focus of most real estate assignments. Both economic and legal definitions of market value have been developed and refined. A current economic definition agreed upon by federal financial institutions in the United States of America is:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition 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 to the open market
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents a normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

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

Source: Code of Federal Regulations: Title 12; - Bank and Banking
Chapter I – Comptroller of the Currency, Department of the Treasury;
Part 34 – Real Estate Lending and Appraisals – Subpart C – Appraisals, Section 34.42
Definitions;
Revised as of January 1, 2000

Location and Address

The subject property is located on the West side of NW Miami Court, between NW 13th and 14th Streets, in the City of Miami, Florida.

Address: 29 NW 13th Street
Miami, FL 33136

Legal Description

All of Block 4, "ALICE BALDWIN AND CHARLES E. OXAR SUBDIVISION AMENDED", 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 NW 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 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.

Source: boundary survey

Owner of Record

School Board of Miami-Dade County
1450 NE 2nd Avenue
Miami, FL 33132

Source: www.miamidade.gov/pa

History of the Subject Property

There have been no recorded sales of the subject property in the past five years. The subject property is not under contract nor listed for sale.

Source: www.miamidade.gov/pa

Site Data

The subject site is irregular, however, basically rectangular. There is frontage of approximately 287 feet along the south side of NW 14th Street, a two lane asphalt paved road in average condition. There is also frontage of approximately 420 feet along the west side of NW Miami Court, a two lane asphalt paved road in average condition, and frontage of approximately 176 feet along the north side of NW 13th Street. The total area of the parcel is approximately 121,447 square feet (2.79 acres) as per the Miami-Dade County Property Appraiser's records. The subject property is accessible from the north side of NW 13th Street, the west side of NW Miami Court, and the south side of NW 14th Street. The west perimeter of the site abuts the right of way of the Florida East Coast Railway.

The site is level and at approximate street grade. Utilities available to the site are:

Electric:	Florida Power and Light
Telephone:	AT&T
Water:	Miami-Dade Water and Sewer Authority
Sewer Disposal:	Miami-Dade Water and Sewer Authority

Zoning

The subject property is zoned C-2, Liberal Commercial District by the city of Miami, Florida. This district allows commercial activities which serve the needs of other businesses, require extensive loading facilities and often benefit from close proximity to industrial areas. Four types of uses permitted in C-2 districts, but not in C-1 districts are wholesaling, light assemblage, secondhand merchandise sales and outdoor sales. Permitted principal uses include all retail and service uses in C-1; plus offices, financial institutions, medical offices, laboratories, clinics, commercial marinas, vehicle sales, parking lots, garages, warehousing and other related uses. Hotels, motels and rescue missions are the only residential uses allowed in this district.

For a detailed listing of allowable uses and restrictions, refer to the Miami Zoning Code Book.

Flood Zone

The subject property is located in Flood Zone AE. This identification was located on Flood Insurance Rate Map, Community Panel No. 12086C0314L, revised September 11, 2009. **For insurance purposes, a surveyor should be contacted to verify the exact zone by a flood elevation certificate, as well as its impact on insurance.** A copy of the flood zone map is located in the addenda to this report.

Source: *www.interflood.com*

Concurrency

Existing properties can be rebuilt up to their existing density level, only subject to current zoning constraints. Any additional density would require meeting current concurrency levels.

Real Estate Assessment and Taxes

The subject property is identified by the Miami-Dade Property Appraiser as tax folio number 01-3136-009-0420. The following is a summary of the assessment:

Tax Assessment Analysis	Total Assessment	Sq.Ft. Size*	Assessment per Sq.Ft.
Assessed Land Value	$1,518,088	121,447	$ 12.50
Assessed Value of Improvements	$1,641,127	89,291	$ 18.38
Total Assessed Value	$3,159,215	89,291	$ 35.38

*This is the size per the Miami-Dade Property Appraiser's records.

The applicable millage rate is 23.4921. Therefore, the real estate taxes may be estimated as follows:

Tax Calculation	Taxes	Per Sq.Ft.
Millage Rate (Millage Rate ÷1,000)	.0234921	
Times Total Assessed Value	x $3,159,215	$ 35.38
Estimated Real Estate Taxes	$74,217	$ .83

There is a 4% discount given for early (November) payment of taxes which would reduce the estimated real estate taxes to $71,248 ($74,217 minus 4%).

Florida Statutes require assessments to be at 100% of market value less costs of sales. Costs of sale range from nothing to 15%, with the Miami-Dade Property Appraiser's office typically designating in the range of 10% to 15%. Based upon the estimated market value herein the assessment is above what is appropriate.

Description of the Building Improvements

The improvements were inspected on February 22, 2010. No plans were provided, therefore, this discussion was based upon a visual inspection. The following is a summary of the major components.

Type of Building:		Warehouse Building	
Year Built:		1947	
Size:	Gross Area:	Main Warehouse	62,186 sq.ft.
		Skills Center – 1st floor	7,250 sq.ft.
		Skills Center – 2nd floor	6,000 sq.ft.
		Skills Center Lab (S.E. buildings)	+ 11,731 sq.ft.
		Total	87,167 sq.ft.
	Rentable Area:	87,167 sq.ft.	
	Adjusted Area:	89,291 sq.ft. per The Miami-Dade Property Appraiser's records	
Land Area:		121,447 square feet (2.79 acres)	
Exterior Walls:		Concrete block with a painted stucco finish	
Foundation:		Reinforced concrete footing	
Roof Covers:		Flat tar and gravel with downspouts	
Roof Construction:		Lightweight concrete over concrete I-beams in main warehouse	
Floors:		Concrete	
Floor Heights:		Dock level in main warehouse level in southeast portion (Skills Center Lab). Within the southeast portion, there is an interior dock height loading platform.	
Windows:		Older factory type swivel-mounted windows in metal frames	
Interior Walls:		Concrete block with drywall in warehouse office.	

Ceilings:	Exposed concrete I-beams in warehouse and Skills Center, suspended 2' x 2' acoustical tiles in warehouse office. Building at southeast corner has exposed wood.
Ceiling Heights:	18.0 feet with 16.5 clear ceiling height in main warehouse. 15.5 to 16.0 feet in Skills Center Lab (older grade level southeast portion of building). Approximately 8 feet in Skills Center (two story area).
Lighting:	High intensity halogen lamps in warehouse, 2’ x 4’ fluorescent fixtures in warehouse office
Air Conditioning:	Window A/C units
Restrooms:	One men’s and one women’s in main warehouse.
Loading Doors:	Four dock height doors and two street level doors.
Other:	Building attached halogen lights

Condition of the Improvements

The subject property’s improvements are in average condition for their age. There were signs of deferred maintenance that needs to be completed, mostly to the Skills Center at the southeast corner of the subject property.

Description of the Site Improvements

Parking:	There are 13 striped parking spaces, equal to one space per 6,869 square feet
Paving:	Approximately 30,000 square feet of asphalt paving
Fencing:	Chain link fencing along the southeast, south and southwest perimeters

Neighborhood Overview

General Neighborhood Data

Location:	Urban
Built Up:	70% to 80%
Growth Rate:	No growth
Property Values:	Decreasing
Demand/Supply:	Oversupply
Present Land Use:	Industrial
Change in Present Land Use:	Not likely
Predominant Use:	Industrial

Neighborhood Rating

Adequacy of Shopping:	Below average
Employment Opportunity:	Below average
Recreational Facilities:	Average
Adequacy of Utilities:	Above average
Property Compatibility:	Average
Protection from Detrimental Condition:	Average
Police and Fire Protection:	Average
General Appearance of Properties:	Fair
Appeal to Market:	Below average

Adjacent Uses

East:	Vacant land
West:	Vacant land
South:	I-395 Overpass and Warehouses
North:	Warehouse Building Used as Night Club

Linkage	**Distance**	**Access**
Public Transportation:	Within a few blocks	Very good
Employment Centers:	One to two miles	Good
Expressway Access:	Within a few blocks	Very good
Miami International Airport:	Five to seven miles	Good

Supply and Demand

Overall Market Conditions

The real estate market in Miami-Dade County and much of the nation is currently experiencing a recession after an unprecedented boom in construction and redevelopment that occurred during 2005 to 2007. This has been caused by significant declines in the fundamentals that drive demand for commercial properties (in particular, employment and household income), and by an oversupply of most property types due to the completion of many new projects. Compounding the effects of weakening demand and excess supply, the financial crisis that began in 2007 with the sub-prime mortgage debacle caused significant turmoil in the commercial credit markets, resulting in a sudden tightening of lending standards. By early 2008, the volatility in the credit markets, the much tighter credit environment and the increasing evidence of a slowing economy and declining consumer confidence, had begun to cause widespread uncertainty in the market for commercial real estate. Many investors began to re-evaluate their assumptions about the risks of their real estate investments. Much of the turmoil was initially fueled by the residential market which was the first to soften due to significant speculation in construction and purchasing for re-sales. By 2009, the economy had entered the deepest recession in decades, and it had become evident that all sectors of commercial real estate, which had until then suffered less than the residential market from the recent downturn, were being hit hard by the overall economic decline. The office and retail sectors experienced sharp increases in vacancy rates during the past year as the weak economy has resulted in many business closings, as businesses and consumers both scaled back their spending due to declining confidence. Many of the largest projects conceived and begun during the height of the boom reached completion precisely as demand had sharply dropped, resulting in widespread real estate failures as many new residential, office and retail developments struggled to sell out or lease up.

By mid-2009, the investment climate for most property types had become very gloomy. Due to significant uncertainty about when an economic recovery might begin and how long it would take to become sustainable, investors had become generally very skeptical about most market forecasts. Market conditions have been further eroded by the inability to obtain financing for almost all real estate transactions (especially new construction). At the beginning of 2010, the situation remained largely the same, with most investors patiently awaiting signs of both economic recovery and renewed willingness on the part of banks to take on the risks of new real estate loans.

The Subject Market Area

The subject property is located on the north side of the Interstate 395 overpass, six blocks west of Biscayne Boulevard, and approximately one mile north of the downtown Central Business District (CBD). During the last few years, the area just north of the CBD between Biscayne

Boulevard and I-95, which for many years has been one of the most blighted and run down areas of the city, has been the site of some the most intense land acquisition activity in the region, driven by widespread speculation about the area's redevelopment possibilities. Most notable has been the large scale land assemblage by the Miami Worldcenter Group, which acquired over 15 acres of land in Park West (just south of the I-395 overpass) between 2004 and 2009, with a view to developing a very large scale, master-planned, mixed-use project incorporating residential, office, retail and lodging uses that was to be tightly integrated with the existing MetroMover system. As a result of the sharp declines in demand across all commercial and residential property types, as well as difficulties obtaining further financing and the loss of investor confidence, the Worldcenter project is now at a standstill. With the developer having assembled one of the largest single blocks of contiguous land in the downtown area, after having spent over $140,000,000, the now increased likelihood of the developer's failure casts a significant shadow over the prospect of the area's revival.

The most significant development in the area just north of the I-395 overpass is the completion in recent years of the Performing Arts Center, along Biscayne Boulevard between 13th and 14th Streets. The area just west of the center has also been the site of much speculative land buying over the past few years, based on the hope that the Performing Arts Center would be the catalyst for the area's redevelopment. However, no significant development has occurred. The most active buyer in this area, a partnership between an Israeli investor and a New York developer, cancelled their development plans in 2009 and began to sell off their holdings in the area mostly at a loss. Another prominent failed project is the Bayview Market project planned at NE 2nd Avenue and 17th Street. This was to be a 500,000 square foot retail and office project to be anchored by a Lowe's home improvement store. Construction never began.

Not so lucky were the developers of the Filling Station Lofts, a 10-story condominium originally planned as 77 residential units with ground floor retail, located at the corner of North Miami Avenue and 17th Street. Construction was stalled in 2008 due to difficulties obtaining continued funding, and the project remains unfinished, with a cost to complete estimated at over $9,000,000, but with nearly $20,000,000 having already been spent.

Many smaller sites in the area were purchased during the 2004-2007 time frame by speculators hoping to cash in on the land rush. Many of these owners are now distressed, as they face difficulties in continuing to cover the carrying costs of a holding period much longer than they had originally anticipated. Those who borrowed face the added distress of having to carry loan payments, and many of the loans made during this time will be coming due in the next several quarters, at a time in which borrowers will find it extremely difficult to refinance due to the recent crisis in the financial markets.

The area just to the west of the subject property, called Overtown, is one of the more economically underdeveloped areas of the city, with average household incomes and employment levels near the bottom of the range for the County. The recent market downturn has severely diminished any hope of a significant revival of Overtown in the foreseeable future.

In summary, the failure of numerous prominent development projects in the areas immediately surrounding the subject property makes the prospects for the redevelopment of the subject neighborhood any time in the next few years virtually non-existent. In addition, the current oversupply and weak demand are placing strong downward pressure on real estate values across all property types. Furthermore, the prospect of a wave of new loan foreclosures and distressed properties entering the market only makes the near term outlook even more gloomy.

The Industrial Market Within the Subject Area

The area surrounding the subject property consists of many older industrial buildings, most of which are much smaller than the subject. Many of these buildings have been vacant for many years, following a typical historical pattern seen in many urban areas, in which demand for manufacturing, distribution and storage facilities shifted from the traditional areas near the urban center to more modern industrial areas further out near the airports and major expressways. In many cities, this process of decay has been followed by a wave of redevelopment and adaptive reuse of older industrial properties to other uses for which there is demand near the urban core. In the subject area, there has been some activity in recent years in which older warehouses have been converted for use as night clubs, taking advantage of zoning regulations that permit 24-hour entertainment uses. Virtually all of these clubs are clustered along the south side of NE 11th Street, between NE 1st and North Miami Avenues, with a small number just south of that. Most of these clubs occupy spaces about the size of a typical larger restaurant, though there is one club operator that occupies approximately 29,000 square feet (at 950 NE 2nd Avenue) and operates three clubs under one roof (with different branding but common management).

However, the property directly across from the subject property to the north, which is similar to the subject (it consists of two industrial buildings totaling about 72,000 square feet on a three acre site) is the site of an ultra-luxury night club called Karu & Y. The club includes a separate restaurant, extensively decorated indoor and outdoor spaces including a waterfall, a private lounge, movable stage and catwalk for fashion shows, and other lavish details. It was reported in the press that the original owner spent $25,000,000 in renovations (including a $1,000,000 sound system), but was forced to close the business in June 2009 because it was losing money, and sell it for $10,000,000 to a British Guyana born entrepreneur. The new owner re-opened in September 2009 and lowered the price for drinks and admission.

It should be noted that this club is unique in the area in its size, scope and level of luxury detail, and that there are no other prominent night clubs in the subject neighborhood north of the I-395 overpass (which functions as a barrier cutting off access to the subject site from the bulk of the night club district). While this may be an indication of some limited demand for night club use at the subject location, consideration should also be given to the adjacent club's recent difficulties, and the fact that all the other clubs in the area are both much smaller and clustered together in a superior area south of the Interstate-395 overpass. The more established part of the nightclub

district is closer to Biscayne Boulevard, the American Airlines Arena, and a number of recently completed residential condominiums, as well as the Metro Mover station. This diminishes the likelihood that a night club would succeed at the subject location. Finally, it should also be noted that some of the clubs closer to the heart of the club district (along NE 11th Street) have been having difficulty staying profitable, with landlords being forced to reduce their rents to enable tenants to remain in occupancy. This further reduces the likelihood that a club would be successful in a less established area like the subject site.

Finally, it should be noted that in recent years, there has been some limited activity due to the presence of the annual Art Basel art show and the opening of numerous galleries in the Wynwood Arts District directly to the north. While the subject property could be readily adapted for use as a museum or contemporary exhibition space, it should be noted that the art market has been very severely impacted by the global recession, with many of the financially weaker galleries in Wynwood being forced to shut down during the past year. This, together with numerous failures of new condominium projects which many had hoped would fuel the revitalization of the area, has sharply diminished the prospects of further redevelopment in Wynwood. In short, with increasing vacancies and weak demand for art spaces in nearby Wynwood, demand for the subject property as an art exhibition space is likely to be very weak.

A vacancy rate is estimated at 10%, which considers current market conditions and the market vacancies as noted on page 68. The subject property is a large building and would likely take one year to secure a ten-year lease. This would indicate a vacancy rate of 9% (1 year ÷ 11 years), which has been rounded to 10%.

Reasonable Exposure Time

Reasonable exposure time is always presumed to precede the effective date of the appraisal. Reasonable exposure time is the estimated time the property would have been offered on the market prior to a hypothetical sale at market value on the effective date of the appraisal. The actual exposure time may differ from reasonable exposure time. Reasonable exposure time varies by type of real estate. A property may be exposed to the market for an extended period of time if it is overpriced. This analysis considers the reasonable exposure time at a market related price such as the estimated market value(s) herein.

In estimating a reasonable exposure time for the subject property, conversations with real estate brokers and property owners familiar with the subject property type and area were also made. It should be noted that the subject property is occupied by an owner/user. As there is very limited demand for large industrial spaces in the subject area, the typical buyer would most likely either be another owner/user, or an investor who would have secured an agreement with a suitable tenant in advance of the purchase. It is likely to take a considerably longer time to obtain such a buyer, compared to a buyer for properties that are more readily leased or for which there is a more active user market. Based on the above, it is estimated that a reasonable exposure time, based upon the subject's location, size and design, would be 12 to 18 months. This considers that the property would have been properly marketed and priced. If the property were not to have been priced correctly or marketed through proper channels, then it is not likely that the estimated market value and the estimated reasonable exposure time would have been achieved.

Typical Purchaser of the Subject

The subject is a warehouse building. The immediate area of the subject neighborhood consists mostly of industrial buildings. It is believed that the typical purchaser of the subject would be either an owner/user seeking a large industrial space near the downtown area, or an investor who would have secured (prior to the purchase) an agreement with a user to lease the space. This would not be the type of property that would be purchased by a typical investor as a vacant building on speculation in hopes of obtaining a tenant, without having previously obtained that tenant.

Highest and Best Use

The site is valued for its highest and best use, which may be defined as follows:

That reasonable and probable use that will support value
as defined as of the effective date of the appraisal.

In analyzing the highest and best use, the following four questions are answered:

1. **Legally Permissible.** What uses are legally permitted on the subject site with respect to zoning ordinances and deed restrictions?

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

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

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

As Improved

As currently improved, the highest and best use of the subject property would be continued use as a storage warehouse. The building would also be suitable for conversion to use as a large night club space, as a production space for TV, music or film, or for use as a large art exhibition space.

As Vacant

If the site were vacant, the highest and best use at this time would be to hold for development in the future when market conditions improve. At present, development of any kind would not be economically feasible.

Appraisal Process

An analysis of three separate approaches to value, sales comparison approach, cost approach, and income capitalization approach will be considered to estimate the value of the subject property. Although these three approaches to value are considered within every appraisal report, they may not be applicable to each and every property being appraised.

The cost approach is based on the principle of substitution which states that an informed purchaser would not pay more for a property than the cost of reproducing a property with the same utility. The cost approach can often yield reliable estimates of value for new construction. This approach entails estimating the cost of producing the improvements, deducting an estimate of depreciation, then adding the value of the site as if vacant. To this value an entrepreneurial incentive is added to arrive at the estimated value by the cost approach.

The income capitalization approach is based on the concept that value is created by the expectations of future benefits and higher earnings should result in higher values. Income producing real estate is purchased for the right to receive future income. The income capitalization approach consists of methods to analyze a property's capacity to generate income, and a reversion, and convert these monetary benefits into an estimate of value.

The sales comparison approach is based on the principle of substitution which suggests that, within competitive markets, similar products will realize similar prices. Inherent in this concept is the premise that a purchaser would not pay more for a property than the cost to acquire another property with the same amenities and utility.

The final steps in the appraisal process are review and reconciliation of the data and conclusions. In reaching a final conclusion of value, the entire process involving the approaches that were estimated must be reviewed for accuracy, completeness and consistency. After analysis, evaluation and reconciliation of the indications a value is estimated. The essence of this final reconciliation should be a defensible and rational conclusion of value.

The approaches used in this appraisal are the cost approach, income capitalization approach and sales comparison approach.

Cost Approach

The basis of the cost approach is the principle of substitution. This principle suggests that a prudent buyer would not pay more for a property than the cost to acquire a similar site and construct comparable improvements.

Following are the procedures for preparing the cost approach.

1. Estimate the value of the land as though vacant and available to be developed to its highest and best use.
2. Determine which cost basis is most applicable to the assignment: reproduction cost or replacement cost.
3. Estimate the direct (hard) and indirect (soft) costs of the improvements as of the effective appraisal date.
4. Estimate an appropriate entrepreneurial profit or incentive from analysis of the market.
5. Add estimated direct costs, indirect costs, and the entrepreneurial profit or incentive to arrive at the total cost of the improvements.
6. Estimate the amount of depreciation in the structure and, if necessary, allocate it among the three major categories: physical deterioration, functional obsolescence, and external obsolescence.
7. Deduct the estimated depreciation from the total cost of the improvements to derive an estimate of their depreciated cost.
8. Estimate the contributory value of any site improvements that have not already been considered. (Site improvements are often appraised at their contributory value - i.e., directly on a depreciated-cost basis - but may be included in the overall cost calculated in Step 2 and depreciated, if necessary).
9. Add the land value to the total depreciated cost of all the improvements to arrive at the indicated value of the property.
10. Adjust the value conclusion if for any personal property (e.g., furniture, fixtures, and equipment) or intangible assets are included in the appraisal assignment. If necessary this value, which reflects the value of the fee simple interest, may be adjusted for the property interest being appraised to arrive at the indicated value of the specified interest in the property.[1]

An analysis of the land value and building cost estimates follows.

[1] *The Appraisal of Real Estate,* 13th Edition, 2008, Page 384 and 385

Land Value by Sales Comparison

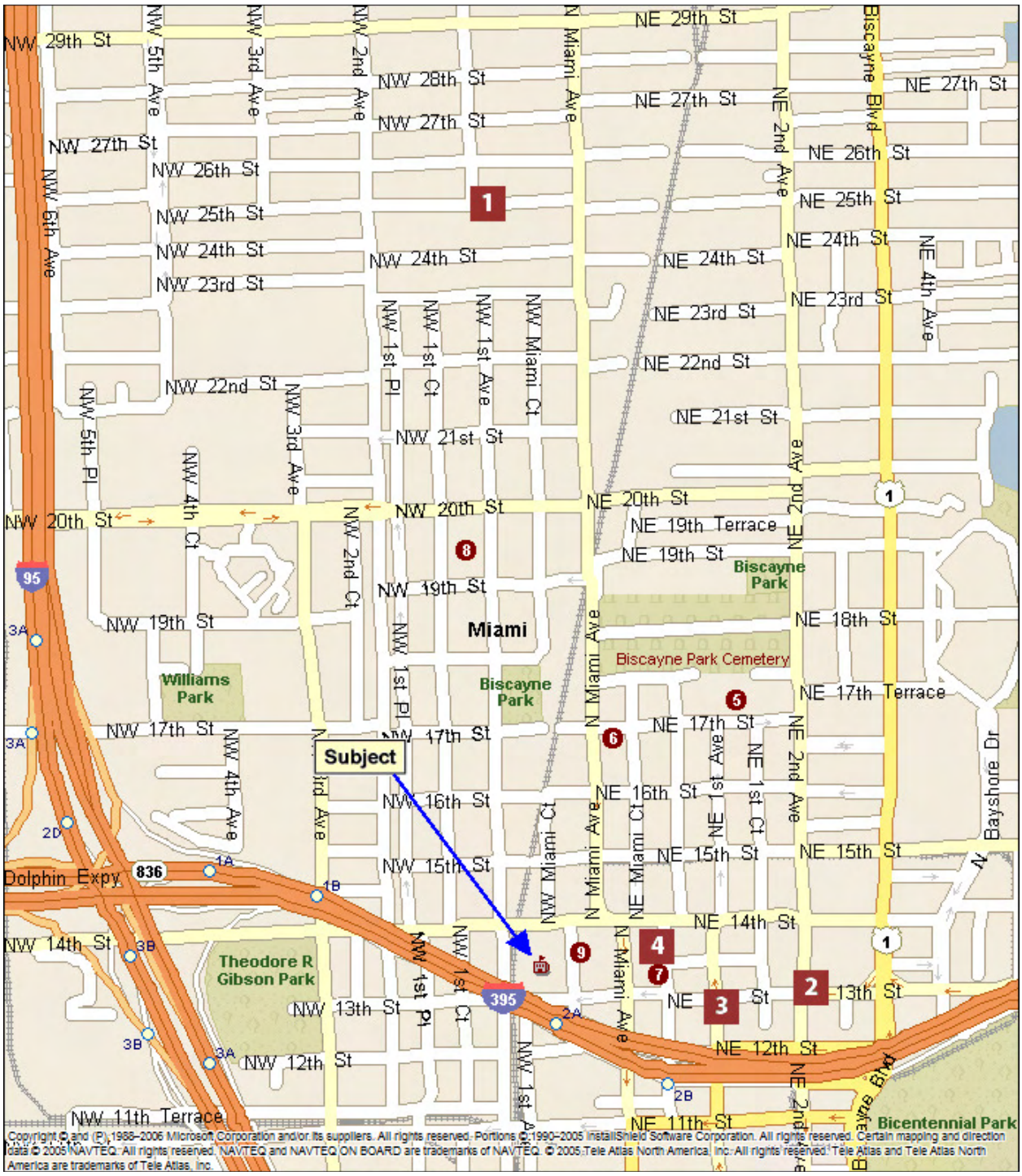
Following are vacant land sales used for comparison to the subject property.

Sale No.	Sale Date	Location	Zoning	Sale Price	Sq. Ft. Size	Price/ Sq. Ft.
1	12/09	85 N.W. 25th Street Miami	C-2	$150,000	10,750	$13.95
2	3/09	1302 N.E. 2nd Avenue Miami	C-2	$2,000,000	49,610	$40.31
3	12/08	1295 N.E. 1st Avenue Miami	C-2	$1,200,000	12,500	$96.00
4	2/07	1344 N.E. Miami Court Miami	C-2	$500,000	5,000	$100.00
Subject		**29 NW 13th Street Miami**	**C-2**		**121,447**	

In addition to the four sales above, several older sales of similar properties within the subject area (numbered Sale Nos. 5 through 9 on the map) were also considered. These sales, which occurred mainly during 2004-2005, were excluded from the main comparable sales analysis due to the difficulty of estimating a market conditions adjustment over a five to six year period. However, an attempt was made to estimate an appropriate adjustment. This analysis follows the analysis of Sale Nos. 1 through 4.

On the following page is a sales map, indicating the location of the sales and the subject property

Vacant Land Sales Map



Comparable Vacant Land Sale 1

Pertinent Data

Location:	85 NW 25th Street, Miami, Florida 33127
Sale Price:	$150,000
Sale Date:	December 2009
Land Size:	10,750 sq.ft., equal to 0.25 acres
Price Per Sq.Ft.:	$13.95
Price Per Acre:	$600,000

Recording Information

ORB/Page:	27138/3543
Grantor:	85 NW 25th Street, LLC
Grantee:	Windsor Investments Wynwood II, Inc.
Legal Description:	Lots 15 and 16, less the South 7.5 feet of lot 15, in Block 6, of DONMOORE VILLA AMENDED PLAT, as recorded in Plat Book 6, Page 7, of the Public Records of Miami-Dade County, Florida
Folio No.:	01-3125-029-1270 and -1260

Financing & Prior Sale

Financing:	All cash to seller
Prior Sale:	None in the past five years

Property Description

Zoning:	C-2, Liberal Commercial by the City of Miami, Florida
Shape:	Square
Topography:	Grade level

Comments

This site is located at the northeast corner of NW 25th Street and NW 1st Avenue in Overtown. According to an attorney involved in the deal, the seller had purchased the site in 2005 on speculation that a zoning would change to allow higher density, but was forced to sell at a loss of two thirds due to financial difficulty. He confirmed that this was an arm's length cash transaction between unrelated parties.

Database Tracking

WRI No.:	302595

Comparable Vacant Land Sale 1 *(continued)*

AERIAL MAP

Comparable Vacant Land Sale 2

Pertinent Data

Location:	1302 NE 2nd Avenue, Miami, Florida 33132
Sale Price:	$2,000,000
Sale Date:	March 2009
Land Size:	49,610 sq.ft., equal to 1.14 acres
Price Per Sq.Ft.:	$40.31
Price Per Acre:	$1,754,386

Recording Information

ORB/Page:	26800/787
Grantor:	Tenor, LLC and Prime Garage, LLC
Grantee:	PAC Center Garage, LLC
Legal Description:	Lengthy legal description. See warranty deed.
Folio No.:	01-3136-045-0010, -0020, -0050, -0040

Financing & Prior Sale

Financing:	All cash to seller
Prior Sale:	None in the past five years

Property Description

Zoning:	C-2, Liberal Commercial by the City of Miami, Florida
Shape:	Trapezoidal
Topography:	Grade level

Comments

This property consists of the entire block bounded by NE 2nd Avenue and NE 1st Court on the east and west, and NE 13th Street and NE 13th Terrace on the south and north, respectively. It is located directly across the street to the west from the Performing Arts Center, one block west of Biscayne Boulevard. The seller had acquired the property in two separate purchases by two entities under its control. They purchased the 24,540 sq. ft. southern portion of the block in April 1999 for $36.67 per sq. ft., and completed the assemblage of the block in January 2004 by purchasing the north 25,070 sq. ft. for $4,011,200 ($160.00 per sq. ft.). The seller, an Israeli development company, had made numerous land purchases in the area during the past few years and planned to develop several large scale mixed use projects. They canceled development plans and began selling those holdings in 2008, mostly at a loss, as market conditions worsened. At the time of the sale, the site was leased to a parking operator. The buyer is a group of investors, one of which is also a parking operator, but unrelated to the previous tenant. An attorney involved in the deal confirmed that this was an arm's length transaction.

Database Tracking

WRI No.:	302536R

AERIAL MAP

NE 14TH ST
NE 2ND AVE
NE 13TH TER
NE 13TH ST
NE 1ST AVE
NE 1ST CT
NE 12TH ST

Comparable Vacant Land Sale 3

Pertinent Data

Location:	1295 N.E. 1st Avenue, Miami, Florida 33132
Sale Price:	$1,200,000
Sale Date:	December 2008
Land Size:	12,500 sq.ft., equal to 0.29 acres
Price Per Sq.Ft.:	$96.00
Price Per Acre:	$4,137,931

Recording Information

ORB/Page:	26682/2907
Grantor:	1233 N.E. 1st Avenue, LLC
Grantee:	Coconut Grove Park, Inc.
Legal Description:	Lots 7 and 8, in Block 24, of the SUBDIVISION OF GOVERNMENT LOT 2, Section 36, Township 53 South, Range 41 East, and fractional Section 31, Township 53 South, Range 42 East as surveyed and platted by George L. McDonald for Alice Baldwin, Jennie M. Oxar and Charles E. Oxar, according to the plat thereof, as recorded in Plat Book A, Page 57, which said Plat was further amended by Plat recorded in Plat Book B, at Page 87, which said (second) Plat was further amended by Plat recorded in Plat Book B, at Page 105; which said (third) Plat was further amended by Plat recorded in Plat Book 3, at Page 101, all of which said Plats are duly recorded in the Office of the Clerk of the Circuit Court, of the Public Records of Miami-Dade County, Florida
Folio No.:	01-3136-013-0070

Financing & Prior Sale

Financing:	All cash to seller
Prior Sale:	None in the past five years

Property Description

Zoning:	C-2, Liberal Commercial by the City of Miami, Florida
Shape:	Rectangular
Topography:	Grade level

Comments

This property is located on the southeast corner of N.E. 13th Street and N.E. 1st Avenue, one block north of the I-395 overpass, and two blocks west of the Arsht Center for the Performing Arts. The site is improved with a one-story, 5,979 sq. ft. warehouse in poor to fair condition. The purchaser has owned all the other lots comprising the block since 1983. With this purchase, the owner now owns the entire block, for a total of approximately 68,000 sq. ft. The other parcels on

the block are paved over and used for surface parking, mainly serving the Performing Arts Center. The building has been offered for lease since the sale, but remains vacant.

Database Tracking
WRI No.: 302494R

AERIAL MAP

Comparable Vacant Land Sale 4

Pertinent Data

Location:	1344 N.E. Miami Court, Miami, Florida
Sale Price:	$500,000
Sale Date:	February 2007
Land Size:	5,000 sq.ft., equal to 0.11 acres
Price Per Sq.Ft.:	$100.00
Price Per Acre:	$4,545,455

Recording Information

ORB/Page:	25406/1872
Grantor:	Judith Landis
Grantee:	30 N.E. 14th Street, LLC
Legal Description:	Lot 3, Block 2 North, BALDWIN AND OXARS AMENDED SUBDIVISION, as recorded in Plat Book B at Page 87 of the Public Records of Miami-Dade County, Florida., of the Public Records of Miami-Dade County, Florida
Folio No.:	01-3136-009-0100

Financing & Prior Sale

Financing:	All cash to seller
Prior Sale:	September 2006 for $300,000

Property Description

Zoning:	C-2, Liberal Commercial by the City of Miami, Florida
Shape:	Rectangular
Topography:	Grade level

Comments

This property is located on the west side of N.E. Miami Court, between N.E. 14th Street and N.E. 13th Terrace. Currently on the site is a 1,203 square foot house built in 1925. The house is in poor condition and appears to be abandoned.

Database Tracking

WRI No.:	302499

Comparable Vacant Land Sale 4 *(continued)*

AERIAL MAP

Adjustment Grid

Below is a grid which illustrates qualitative adjustments used to compare the sales to the subject property. Percentage adjustments were not utilized. In order to utilize percentage adjustments it would be necessary to pair (compare) sales to extract value differences. This is difficult as there is normally insufficient data to provide pairing for all value differences. Below is a grid of the applicable adjustments. A plus (+) sign indicates the unit of comparison of the sale must be adjusted upward as that characteristic is inferior to the subject. A minus (–) sign indicates the price unit of comparison of the sale must be adjusted downward since the characteristic is superior to the subject. An equal (=) sign indicates the comparable sale characteristic is similar to the subject.

Sale No.	Price per Sq. Ft.	Conditions of Sale	Market Conditions	Location	Zoning	Size	Overall Adjustment	Conclusion
1	$14	+ +	=	+	=	–	+ +	Above
2	$40	=	–	– –	=	=	– – – –	Significantly Below
3	$96	– –	– –	–	=	=	– – – –	Significantly Below
4	$100	=	– – – –	=	=	– –	– – – –	Significantly Below

After considering the individual differences, either a plus (+), minus (–) or equal (=) sign has been placed in the "Overall" column. This indicates the overall adjustment that the sale would require as compared to the subject site.

Conclusion of Land Value

A search was made for the most recent comparable vacant land sales. The sales found have sales prices ranging from $14 to $100 with a mean of $63 per square foot and a median of $68 per square foot. The properties reflect a very wide range due to the scarcity of recent sales of similar sites. The subject property is an unusually large tract of land for the area, which consists of mostly smaller lots.

Sale Nos. 1 and 3 required adjustments for conditions of sale (No. 1 because it was a distressed sale and No. 3 because the buyer was an adjoining owner who completed the acquisition of an entire block with that sale). Other adjustments were required for market conditions (time), location, zoning, and size. After adjustments, the sales indicate that the subject should be expected to achieve a sales price per square foot significantly below Sale Nos. 2, 3 and 4 ($40, $96 and $100, respectively), but above Sale No. 1 at $14. This indication is very broad, but generally points to a value between $15 and $30 per square foot.

As a check on reasonableness, and in an attempt to refine the estimate further, several older sales of similar nearby properties were considered. These were shown on the comparable sales map, and are summarized in the table below.

Sale No.	Sale Date	Location	Sale Price	Sq. Ft. Size	Price/ Sq. Ft.	Comment
5	2/04	NWC NE 2nd Ave and NE 17th St, Miami	$11,700,000	272,947	$43	Bayview Market site. Planned 500,000 sf retail center anchored by Lowe's. Construction never began.
6	12/03 and 3/05	SEC N. Miami Ave. and NE 17th St., Miami	$1,343,000	26,750	$50	Adjacent parcels bought on different dates. Site of Filling Station Lofts, a failed residential condominium project. Price includes estimate of value of one unit in condo offered as consideration to seller on 2nd purchase in addition to cash.
7	2/05 and 4/05	1326-1334 NE Miami Ct., Miami	$550,000	10,000	$55	Adjacent parcels bought from different sellers two months apart. Site remains vacant.
8	2/04	1950 NW 1st Ave., Miami	$1,625,000	108,334	$15	Entire block between NW 19th & 20th Streets and NW 1st Ave. & 1st Ct. MUSP approved for 360,000 sf mixed use project with 350 residential condo units. Site remains vacant.
9	3/04 and 5/05	1331 NW Miami Ct. and 18 NW 14th St., Miami	$1,000,000	27,000	$37	Together with smaller parcel in between these owned by buyer since 1998, comprises north 2/3 (33,750 sf) of block. Site remains vacant, but used as parking for nearby night club site owned by same owner.

Note that Sale No. 9 is located directly across from the subject property to the east, making it the most similar of these additional sales except for its size. These sales all occurred during the recent boom in land acquisition in the surrounding area, mostly in 2004 and 2005, most with specific plans to develop the sites in the near term. None of the sites were developed, though on one (Sale No. 6) construction was partially completed but stalled in 2008 after the developer had spent nearly $20,000,000. The project remains stalled, as completion would not be financially feasible. If appropriate adjustments were made for important differences (e.g., location, size, etc.), these sales fall generally in the range of the mid- $20s to mid-$40 per square foot. None of these sites has sold again recently so as to provide a direct indication of the decline in market value since 2004-2005. However, an indirect indication is provided by observing other paired vacant land sales that occurred during the period in question (i.e., sites that sold in the 2004-2005 time frame and which sold again more recently). The table below includes a list and brief description of such properties. All of the sites shown are located within the general area of the subject property.

Paired Sales
(sorted by age of prior sale)

Property Information				Prior Sale			Newer Sale						
Paired Sale	Address	Type	Size (sq. ft.)	Date	Amount	Price / Sq. Ft.	Date	Amount	Price / Sq. Ft.	% Chg (Total)	Time (Yrs)	Avg Annual % Chg*	Comments
A	1302-1324 NE 2nd Ave	Vacant land	49,610	Jan-04	$4,011,200	$160	Mar-09	$2,000,000	$40	-75%	5.2	-14%	Size is for entire block. Prior sale is for purchase of north 25,070 sf that completed acquisition of block. Owner then sold entire block in newer sale. Across from Performing Arts Center.
B	80 NE 13th St Miami	Improved site purchased for land in Prior Sale	25,000	Aug-04	$2,000,000	$80	Jun-09	$1,500,000	$60	-25%	4.8	-5%	Newer sale requires negative adjustment for value of building because buyer uses the building. Buyer on the prior sale bought for land.
C	3235 N.W. 41st St. Miami	Vacant land	23,015	Dec-04	$500,000	$22	Jul-09	$400,000	$17	-20%	4.6	-4%	—
D	29-59 SW 9th Street Miami	Vacant land	60,000	Jun-05	$18,000,000	$300	Dec-08	$9,000,000	$150	-50%	3.5	-14%	—
E	2921 N.W. 6th Ave. Miami	Vacant land	5,050	Jun-05	$550,000	$109	Jan-09	$460,000	$91	-16%	3.6	-5%	Located within the fashion district. Improved with an older building.
F	1750-60 S.W. 1st Ave. Miami	Vacant land	15,000	Aug-05	$2,667,000	$178	May-09	$2,000,000	$133	-25%	3.8	-7%	Originally purchased to build an 87-room hotel.
G	85 NW 25th Street Miami	Vacant land	10,750	Sep-05	$450,000	$42	Dec-09	$150,000	$14	-67%	4.3	-16%	Distressed sale. Seller had purchased on speculation that zoning would change.
H	700 & 701 S. Miami Ave	Vacant land	246,753	Dec-05	$46,500,000	$188	Oct-08	$41,300,000	$167	-11%	2.8	-4%	—
I	420 and 434 NE 23rd St Miami	Vacant land	15,000	Feb-06	see comment	$193	Mar-08	$1,150,000	$77	-60%	2.1	-28%	Prior Sale refers to the average of two sales of similar nearby parcels (at 501NE 26th Tr and 454 NE 23rd St) occurring in Jan. and Mar. 2006.
J	130 N.E. 44th Street Miami	Improved site purchased for land in prior sale	5,250	Jan-07	$675,000	$129	Jan-09	$350,000	$67	-48%	2.0	-24%	Purchased for land value on the Prior Sale

* Total % change divided by years elapsed (not compounded)

The paired sales noted in the table above reflect very significant total declines between the 2004-2005 and 2009 time frames, with average annual declines from a low of 4% or 5% up to as high as 24% to 28%. The steepest declines are indicated by Sales I and J, but note that these properties first sold closer to the market peak in 2007. Since values first increased between 2004-05 and 2007, and then declined after 2007, the average annual decline between 2004-05 and 2010 should be expected to be lower than 20%. Overall, the paired sales reflect average annual declines in the range of 8% to 12%, which when applied to the older sales considered (Sale Nos. 5 through 9), would indicate a value in the range of $15 to $25 per square foot. This supports the indication from the more recent sales (Sale Nos. 1 through 4), though it provides a strong indication that the value would be toward the low end of the range indicated by those sales. This is reasonable, considering how sharply demand has fallen in the subject area as a result of the recent market downturn, and considering the significant number of properties that are expected to enter the market in the next several quarters as the many failed projects are liquidated, a factor which is likely to place very strong downward pressure on prices in the near term.

Based on the above, it is concluded that the subject site has a value, as if vacant, of $18 to $20 per square foot. Based on the land area of 121,447 square feet, this indicates a land value in the range of $2,200,000 to $2,400,000. Correlating within this range, a value of $2,300,000 is estimated.

Depreciation by Economic Age-Life Method

The subject improvement was built in 1947 with an original estimated life of 50 years. At present the property is in average physical condition, as it has been renovated over the years. Its estimated effective age is 40 years. The remaining economic life is estimated at 10 years.

Only the economic age-life method of depreciation was used according to the following formula:

$$\text{Depreciation} = \frac{\text{Effective Age}}{\text{Total Economic Life}}$$

$$\text{Depreciation} = \frac{40}{50}$$

$$\text{Depreciation} = .80 \text{ or } 80\%$$

Therefore, the depreciation of the subject property by the economic age-life method is estimated at 80%. The economic age-life method considers depreciation from all sources.

The estimated original life is based on the "Typical Building Lives Chart", Marshall Valuation Service, Section 97, Page 7, dated March 2009.

Estimated Replacement Cost

On the following page, the value by the cost approach is obtained by estimating the replacement cost of all building and site improvements. The depreciated value of these improvements is added to the estimated value of the vacant site.

The cost estimated from Marshall Valuation Service includes the cost of labor, materials, supervision, contractor's profit and overhead, architect's plans and specifications, sales taxes and insurance. Not included are escrow fees, legal fees, property taxes, demolition, storm drains, or rough grading. Additionally, discounts or bonuses paid for financing, costs of land planning or preliminary concept and layout for large developments, and interest or tax on the land are not included.

The building replacement cost was estimated by utilizing the calculator method of Marshall Valuation Service, a continuously updated compendium of building costs. Following is a breakdown of those cost estimates.

Good Storage Warehouse Building Class C: (section 14, page 26, dated Feb. 2010)

Basic Cost per Square Foot	$51.67
Less: Allowance for elevator (section 14, page 26, dated Feb. 2010)	- 2.15
Plus: Sprinklers (section 14, page 36, dated Feb. 2010)	+ 1.50
Plus: Dock height floors (section 14, page 27, Feb. 2010)	+ 1.95
Refined Cost per Square Foot (rounded)	$53.00
Multipliers:	
Floor Area (section 14, page 37, dated Feb. 2010)	.89
Story Height (section 14, page 38, dated Feb. 2010)	1.086
Regional and Time (section 99, page 3, dated Feb. 2010)	1.00
Local Costs (section 99, page 7, dated Jan. 2010)	.97
Complex/Congested areas (section 14, page 27, dated Feb. 2010)	1.05
Estimated Cost per Square Foot (rounded)	$52.00

Building Improvements:

Estimated Replacement Cost (new)	
81,167 gross sq.ft. x $52 per sq.ft.	$4,220,684
Less Depreciation: 80% (from a previous page)	- 3,376,547
Depreciated Replacement Cost of the Building Improvements	$844,137
Site Improvements: (Value Added)	
Asphalt paving, land exterior lighting, chain link fence	- 80,000
Estimated Value of All Improvements (rounded)	$924,000
Plus Land Value by Sales Comparison (brought forward)	+ 2,300,000
Value Before Entrepreneurial Incentive	$3,225,000
Plus Entrepreneurial Incentive at 0% (following page)	+ 0
Conclusion of Value by the Cost Approach (rounded)	$3,225,000

*See preceding page

Note: Any use (purported, attempted, actual or otherwise) of the "replacement cost" calculations contained in this appraisal by the client, property owner, their designees, assignees or agents for purposes of binding or obtaining insurance for the appraised property is strictly prohibited. Said information is not furnished for that reason and cannot be used for that purpose. It is strongly suggested that a licensed general contractor be engaged to calculate the insurable value of the appraised property for insurance purposes.

Entrepreneurial Incentive

Entrepreneurial incentive is a market-derived figure that represents the amount an entrepreneur expects to receive for his or her contribution to a project and risk. Entrepreneurial profit is the difference between total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. [1]

Developers have been interviewed regarding anticipated returns. Most developers state that they expect a return based upon their actual cash invested. The range seems to be from 25% to 100% of cash invested. The norm is 50% to 100%. Typically, cash invested in a property is approximately 25% of the total price or cost whether it is a proposed development or an existing building. When applying a 50% return on the cash invested to the 25% cash down, the profit margin is 12.5% and with a ratio of 75% the profit margin is 18.75%. These calculations are demonstrated on the chart below:

Percentage Cash Investment		Desired Return Cash on Cash		Indicated Entrepreneurial Incentive
25%	x	10%	x	2.50%
25%	x	25%	x	6.25%
25%	x	35%	x	8.75%
25%	x	50%	x	12.50%
25%	x	75%	x	18.75%
25%	x	100%	x	25.00%

Entrepreneurial incentive is estimated at 0% which considers the current economic conditions which make new construction not feasible.

[1] *The Appraisal of Real Estate, 13th Edition,* Appraisal Institute, 2008, Page 389

Income Capitalization Approach

Income producing real estate is typically purchased as an investment, and from an investor's point of view earning power is the critical element affecting property value. One basic investment premise holds that the higher the earnings, the higher value, provided the amount of the risk remains constant. An investor who purchases income-producing real estate is essentially trading present dollars for the expectation of receiving future dollars. The income capitalization approach to value consists of methods, techniques, and mathematical procedures that an appraiser uses to analyze a property's capacity to generate benefits (i.e., usually the monetary benefits of income and reversion) and convert these benefits into an indication of present value.[1]

In the income capitalization approach, an appraiser analyzes a property's capacity to generate future benefits and capitalizes the income into an indication of present value. The principle of anticipation is fundamental to the approach.[2]

The subject property is owner-occupied. Therefore, a market rental rate must be estimated to apply the income capitalization approach. On the following page begins a market rental analysis.

[1] Appraisal of Real Estate, 13th Edition, 2008, Page 445
[2] Ibid., 445

Market Rental Analysis

A survey was made of rental rates from comparable properties. The following are rentals considered most comparable to the subject.

Rental	Location	Rent/Sq. Ft.	Vacancy	Terms
A	47 N.E. 15th Street Miami	$5.00	0%	Utilities and interior maintenance
B	1325 N.E. 1st Avenue Miami	$9.00	100%	Utilities and interior maintenance
C	31 N.E. 17th Street Miami	$9.00	100%	Utilities and interior maintenance
D	1729 North Miami Avenue Miami	$9.00	100%	Utilities and interior maintenance
E	1915 N.W. Miami Court Miami	$12.00	100%	Utilities only
Subject	29 NW 13th Street Miami			

On the following page is a map indicating the location of the above comparable rentals.

Rental A

Address
47 NE 15th Street
Miami, FL 33132

Property Type
Warehouse

Rental Information

Rental Rate/Sq.Ft.:	$5.00
Type of Lease:	Industrial gross
Length of Lease:	3 years
Vacancy Rate:	0%
Rent Escalation:	CPI
Tenant Allowance:	None
Tenant Expenses:	Utilities and interior maintenance

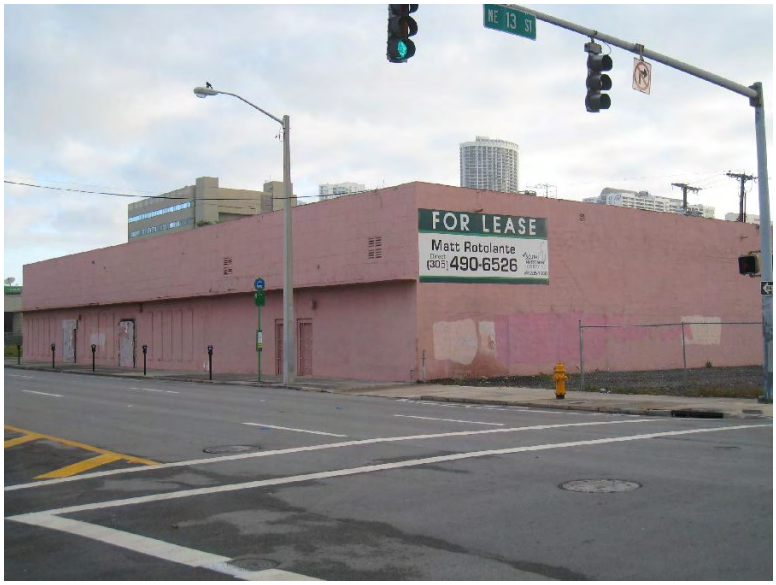
Property Description

Year Built:	1980
Building Size:	10,000 square feet
No. of Stories:	2
Parking Spaces:	12
Condition:	Average

Comments
This is a warehouse building located at the northeast corner of NE 15th Street and NE Miami Court, across the street from the School Board Station MetroMover stop. The lease was signed in February 2009. The space had been listed for 5 months with an asking rent of $8 per sq. ft.

Database Tracking
WAR No.: 401703

Rental B



Address
1325 NE 1st Avenue
Miami, FL 33132

Property Type
Warehouse

Rental Information

Rental Rate/Sq.Ft.:	$9.00
Type of Lease:	Industrial gross
Length of Lease:	Negotiable
Vacancy Rate:	100%
Rent Escalation:	CPI
Tenant Allowance:	Negotiable
Tenant Expenses:	Utilities and interior maintenance

Property Description

Year Built:	1946
Building Size:	16,500 square feet
No. of Stories:	1
Condition:	Poor to fair

Comments
This is a rental listing of a grade-level warehouse located at the southeast corner of NE 1st Avenue and NE 13th Terrace. The building is in poor to fair condition. The only parking available is a 12,500 sq. ft. unpaved area along the south of the building.

Database Tracking
WAR No.: 401704

Rental C

Address
31 NE 17th Street
Miami, FL 33132

Property Type
Warehouse

Rental Information

Rental Rate/Sq.Ft.:	$9.00
Type of Lease:	Industrial gross
Length of Lease:	Negotiable
Vacancy Rate:	100%
Rent Escalation:	CPI
Tenant Allowance:	Negotiable
Tenant Expenses:	Utilities and interior maintenance

Property Description

Year Built:	1948
Building Size:	21,000 square feet
No. of Stories:	2
Condition:	Poor

Comments
This is a rental listing of a two story warehouse building located on NE Miami Court, between NE 17th Street and 17th Terrace. The building consists of two 10,500 sq. ft. spaces (one on each floor) which are available for lease separately or as a single 21,000 sq. ft. space. The building is in poor to fair condition. Parking is available on a 14,600 sq. ft. area on the north side of the building that is paved but in poor condition.

Database Tracking

WAR No.:	401705

Rental D

Address
1729 North Miami Avenue
Miami, FL 33136

Property Type
Warehouse

Rental Information

Rental Rate/Sq.Ft.:	$9.00
Type of Lease:	Industrial gross
Length of Lease:	Negotiable
Vacancy Rate:	100%
Rent Escalation:	CPI
Tenant Allowance:	Negotiable
Tenant Expenses:	Utilities and interior maintenance

Property Description

Year Built:	1939
Building Size:	14,800 square feet
No. of Stories:	1
Condition:	Fair

Comments
This is a rental listing of a one-story, grade level warehouse building located on North Miami Avenue, between NE 17th Street and 17th Terrace. The building is in fair condition.

Database Tracking
WAR No.: 401706

Rental E

Address
1915 NW Miami Court

Miami, FL 33127

Property Type
Warehouse

Rental Information

Rental Rate/Sq.Ft.:	$12.00
Type of Lease:	Gross - net of utilities
Length of Lease:	Negotiable
Vacancy Rate:	100%
Rent Escalation:	CPI
Tenant Allowance:	None
Tenant Expenses:	Utilities only

Property Description

Year Built:	
Building Size:	19,403 square feet
No. of Stories:	1936
Condition:	Above average

Comments
This is a rental listing of a grade level warehouse located at the northeast corner of NW 19th Street and NW Miami Court. The property consists of two attached buildings, an approximately 10,500 sq. ft. portion built in 1936, and an approximately 8,800 sq. ft. portion built in 1947. There are three loading doors, one of which is inside a covered and fenced area of the building. There is no parking. The building interior has been renovated, and would be suitable for showroom, loft-style office, or TV/music production uses (with appropriate finishes).

Database Tracking
WAR No.: 401707

Discussion of Comparable Rentals

Comparable rentals were found ranging from a low of $5.00 per square foot to a high of $12.00 per square foot.

The lowest of the rentals (Rental A at $5.00 per sq.ft.) was an actual contracted rent, the higher rentals all being asking rents. These properties have been on the market for a considerable time, with no leasing activity. Most area brokers report extremely weak interest in warehouse space interior he subject area. Based on this, it is considered that all the asking rents are significantly above market, and that the subject is not likely to achieve a rent level above that of Rental A, the only actual lease. The market rental rate for the subject property is estimated at $5.00 on an industrial gross basis.

Following is the Projected Stabilized Operating Statement.

Projected Stabilized Operating Statement

Potential Gross Income (PGI)

87,167 sq. ft. x	$5.00 per sq. ft.			$ 435,835
Less Vacancy & Collection Allowance		10.00%	-	$ 43,584
Effective Gross Income (EGI)				$ 392,252

Less Operating Expenses

	Annual	Per sq. ft.
Real Estate Taxes	$ 75,000	$ 0.86
Insurance	30,000	0.34
Management at 3%	11,768	0.14
Repairs & Maintenance	30,000	0.34
Utilities	Tenant Pays	-
Miscellaneous Expenses	9,000	0.10
Replacement Allowance	8,000	0.09
Totals:	$ 163,768	$ 1.88

Total Expenses	42% of EGI	-	$ 163,768
Projected Net Operating Income (NOI)			**$ 228,484**

Warehouse Expense Survey

Below is a summary of industrial comparable property expenses.

Comparable	1	2	3	4	5	Appraiser's Projection
Size (Sq.Ft.)	90,000	75,678	135,648	64,320	98,300	87,167
Year Built	2003	1971/19789	2001	1988	1977 /1979	1947
% of Office	25%	12%	4%	15% to 20%	8%	
Floor Height	Street level	Street level	Street level	Dock high	Dock high	Dock high
EXPENSES						
Real Estate Taxes	$1.29	$.61	$1.27	$.61	$1.14	$.86
Insurance	.63	.18	.49	.52	.07	.34
Management/ Administration	.47	.38	.27	.08	.21	.14
Repairs & Maintenance	.28	.48	.15	.57	.30	.34
Utilities	.00	.00	.00	.00	.73	Tenant pays
Misc./Commissions	.11	.07	.28	.28	.13	.10
Total	**$2.79**	**$2.46**	**$2.06**	**$2.06**	**$2.62**	**$1.79**

Source: WRI Industrial Exp.01109

On the following page begins the analysis of the estimated operating expenses.

Conclusion of Expense Estimates

The typical range for expenses based upon the survey(s) is $2.06 to $2.79 per square foot. These expenses do not include replacement allowances. Typically expenses for replacement allowances are found in the repair and maintenance category since most owners do not place funds in reserve. The actual expenses are not known, as no expense history was provided. The subject property's expenses are estimated at $1.79 per square foot excluding replacement allowance. This is below the range of expenses in the survey, but note that the projected management expense, which is based on effective gross income, is lower than the properties in the survey. This is reasonable, given that the projected effective gross income per square foot is likely much lower than for the properties in the survey. If a management expense similar to the amounts reflected in the survey were projected for the subject, the total expenses would fall toward the low end of the range of expenses.

On the following pages is an estimate of the overall capitalization rate.

Discussion of the Overall Capitalization Rate

Any interest in real estate that is capable of generating income can be valued by direct capitalization. For owner-occupied properties or properties not subject to a lease, it is most common to appraise the fee simple interest. However, if a property is subject to a lease, then the appropriate interest to appraise may be the leased fee interest. [1] The direct capitalization formula that applies to these types of valuation assignments is

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

Overall capitalization rates may be derived from comparable sales, effective gross income multipliers and net income ratios, band-of-investment or weighted average techniques (based on mortgage and equity components with R_M and R_E or land and building components with R_L and R_B), debt coverage ratios (DCRs) and yield capitalization techniques.

In formulating the overall capitalization rate by band of investment, the debt and equity portion of the investment are summed to yield the overall capitalization rate (R_0). If the data utilized for the assumptions within the band of investment is sufficient from the market, the band of investment is considered an excellent indication of an overall capitalization rate.

Beginning on the following pages is a discussion of equity capitalization rates and lending rates used to estimate the overall capitalization rate by the band of investment and by the debt coverage ratio methods.

[1] There are specific exceptions to appraisals of leased fee interests, such as assignments relating to real estate taxes and many litigation appraisal assignments. The property interest to be appraised is determined based on the intended use and intended user.

Equity Capitalization Rate

Within the band-of-investment method of estimating the overall capitalization rate, the equity capitalization rate (R_E) composes a portion of the equation. The equity capitalization rate is the "cash on cash" return. This is calculated by dividing the cash investment into the available cash after expenses and debt service is paid. Discussion with investors and real estate agents typically indicates a desire for an 8% to 10% equity capitalization rate. This is not a true cash-on-cash return. This return is normally based on expenses which do not include management, replacement allowance and other miscellaneous expenses. Below is an example investment which calculates the R_E with all expenses considered (Example 1) and then without management and replacement allowance (Example 2).

	Example 1	**Example 2**
Purchase Price	$800,000	$800,000
Mortgage (75%)	(600,000)	(600,000)
Equity	$200,000	$200,000
Gross Income	110,000	110,000
Vacancy (5%)	(5,500)	(5,500)
Effective Gross Income (A)	$104,500	$104,500
Less: Management (5%)	(5,225)	N/A
Less: All other expenses	(38,000)	(38,000)
Replacement Allowance	(2,000)	N/A
Total Expenses (B)	$45,225	$38,000
Net Income (A-B)	59,275	66,500
Debt Service ($600,000 at 6.5%/25 years)	48,615	48,615
Cash-on Cash Return (cash throw off)	$10,660	$17,885
Equity (Divided by)	200,000	200,000
Indicated R_E (Equity Capitalization Rate)	5%	9%

This example demonstrates that an investor requiring a 9% equity capitalization rate without allowing for management and reserves in reality is receiving a 5% equity capitalization rate. Investments in areas that expect greater than typical appreciation will have lower equity capitalization rates. Those investments in areas that are expected to depreciate will have higher equity capitalization rates.

Today's investor is looking for a 6% to 10% equity return. Within the band-of-investment method of estimating the overall capitalization rate, an 8% equity capitalization rate was utilized.

Current Lending Rates

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

Prime Rate

Below is a summary of the prime rate over the past years.

Date	Prime Rate (Monthly Average)
Current Rate (since 12/08)	3.25%
11/08	4.00%
5/05	5.00%
3/08	5.25%
3/08	5.00%
2/08	6.00%
1/08	6.50%
12/07	7.25%
10/07	7.50%
9/07	7.75%
1/07	8.25%
10/06	8.25%
7/06	8.25%
5/06	8.25%

Source: www.bankrate.com

Discussions with local lenders indicate a belief that the prime rate will be stable through the first quarter of 2010.

Wachovia, a Wells Fargo Company

Terms for commercial loans are being quoted within a range which depends upon the property and the sponsorship. Loan to value ratios typically would not exceed 75% and a minimum 1.25 x debt service ratio is generally required. Floating interest rates are quoted at a spread of 175 to 400 basis points over one-month LIBOR. Fixed rate loans are available at market spreads over the corresponding US Treasury yield or through interest rate hedging alternatives. Loan terms range from two to 10 years with a typical amortization schedule of 20 to 30 years. Commitment fees are usually .5% to 1%, depending on term, property and sponsorship.

Regions Bank

Commercial real estate loans are being quoted at 6% to 7.25%. Terms are fixed for three to five years. Loan origination fees are .5% to 1%. Loan-to-value ratios 70% to 80% and amortization periods are 20 to 30 years. Debt coverage ratios range from 1.20 to 1.50. Loan size is $1,000,000 to $30,000,000 and generally requires borrower recourse. This information was provided by Patricia Lubian (305-774-5215).

BNY Mellon Bank

General rates range from 6.25% to 8.25%. Debt coverage ratios range from 1.20 to 1.60. Loan amortization ranges from 20 to 30 years. Loans with lower loan-to-value ratios and higher debt coverage are priced at the lower end of the range scale. Loan origination fees are generally in the .75% to 1.5% range. "Floating rates over LIBOR are generally priced at 200 basis points to 300 basis points over depending on leverage, quality of product type and quality of sponsorship. This translates to "all-in" rates of 6% to 7%, respectively. Depending on term, fixed rates are generally in the 6.5% to 7.5% range. Amortization schedules are generally 25 years. Depending on quality of product type, DSCR's are in the 1.15(x) to 1.5(x), with hospitality being at the higher end of this range. For most product types, LTV's are in the 75% to 80% range, with hospitality and non-income producing land loans being in the 60% to 65% range." This data was provided by William Gallagher (305-808-2230).

Capitalquest Group

General rates range from 6.2% to 7.25%. Debt coverage ratios range from 1.25 to 1.40. Loan amortization ranges from 25 to 30 years. Loans with lower loan-to-value ratios and higher debt coverage are priced at the lower end of the range scale, i.e., Treasury Bills plus 230 basis points, LIBOR plus 175 basis points (floating rate index). Floating rate loans (LIBOR based) are priced between 200 to 500 basis points over LIBOR with terms of 12 to 60 months. Loan sizes vary from $2,500,000 to $250,000,000. Loan origination fees are generally in the .5% to 1% range. This firm provides loan origination, real estate sales and financial consultations for clients and over 65 institutional investors. This data was provided by John McLeod, President (305-361-1201).

TD Bank

TD Bank is quoting commercial real estate loans in Florida based on a floating interest rate, typically at a spread equivalent to 1.75% to 2.75% over the corresponding Libor index. The bank provides interest rate swaps for floating rate loans. Currently, the spot swap rate on three- to five-year term loans, utilizing a 25-year amortization is in the range of 4% to 4.25%. Interest rates could be fixed in the range of 5.75% to 7.0% depending on the strength of the underlying deal and sponsorship. The bank is willing to consider limited recourse on a select basis. Rates pertain to both construction loans; mini-permanent loans of stabilized income producing properties. The bank will entertain bridge and turnaround loans as well. Leverage is typically limited to not in excess of 75%. Loan size preferred is in the $5,000,000 to $40,000,000 range. Larger transactions can be considered with the intent to sell down a portion of the loan. This information was provided by Mr. Jonathan Rehman (786-369-7070).

Conclusion of Current Lending Rates and Terms

The previously quoted lending rates range from approximately 5.75% to 8% with loan-to-value ratios up to 80%. Debt coverage ratios range from 1.20 to 1.60 and amortization periods range from 10 to 30 years. The debt coverage ratio tends to be lower for owner-user product and commercial condominium units.

Within the band of investment and the debt coverage analysis, the following assumptions were used based on the lender data supplied:

Mortgage Interest Rate (I)	6.5%
Mortgage Term (monthly)	25 Years
Loan-to-Value Ratio	75%
Debt Coverage ratio (DCR)	1.25:1
Mortgage Constant (R_M)	.081

Estimate of Overall Capitalization Rate

Three methods will be used to estimate the overall capitalization rate; debt coverage ratio (DCR), band-of-investment and market transactions. These methods are discussed below and on the following pages.

Overall Capitalization Rate by Debt Coverage Ratio

The overall capitalization rate can be estimated by the following formula:

Calculations:

Debt Coverage Ratio	x	Mortgage %	x	Mortgage Constant	=	Overall Capitalization Rate
1.25	x	.75	x	.081	=	.0759

This indicates an overall capitalization rate of 7.6%, rounded. The debt coverage method is considered a market derived rate as it is based upon current available lending rates and terms.

Overall Capitalization Rate by Band of Investment

Calculations:

Capital	Ratio	x	Rate	=	Weighted Rate
Mortgage (V_M)	.75	x	.081	=	.0608
Equity V_E	.25	x	.08	=	.020
Total Overall Capitalization Rate					.0808

This indicates an overall capitalization rate of 8.1%, rounded by the band of investment method.

Rates of Return – Industrial

Following is a summary of going-in capitalization rates and residual capitalization rates from national investor surveys.

Survey	Period	Type	Average R_O	Range R_O	Average R_N	Range R_N
CBRE (Industrial)	2009-2 Q	Class A Class B Class C		7.5% to 8.75% 8.25% to 9.25% 9.00% to 11.00%		
Korpacz	2009 - 4 Q	Flex Space	9.14%	7.5% to 11.5%	9.2%	7.5% to 12.5%
Korpacz	2009 - 4 Q	Warehouse	8.8%	6.5% to 12.0%	8.73%	6.5% to 12.0%
Korpacz	2009 - 4 Q	National Net Lease	8.94%	7.0% to 10.0%	9.13%	8.00% to 10.00%
RealtyRates.com	2009 - 4 Q	Warehouse	8.78%	5.76% to 11.87%		
RealtyRates.com	2009 - 4 Q	Flex/R & D	10.48%	7.17% to 13.72%		
RealtyRates.com	2009 - 4 Q	Climate Controlled/ Manufacturing	9.50%	6.48% to 13.02%		
RealtyRates.com	2009 - 4 Q	Industrial Land Leases	7.52%	3.50% to 11.14%		
RERC.com	2009 - 4 Q	Warehouse	8.30%		8.9%	
RERC.com	2009 - 4 Q	R & D	8.70%		9.2%	
RERC.com	2009 - 4 Q	Flex	8.80%		9.4%	

R_O = Going-in capitalization rate *Reference: Rates of ReturnIndustrial 2/10*

R_N = Going-out (terminal) capitalization rate

The surveys referenced above are for investment grade properties and include higher investment quality properties. Older properties of lesser quality have rates at the higher end of the range. Based upon the above surveys, an overall capitalization rate of 8.75% has been correlated from the market.

Conclusion of Overall Capitalization Rate

The three methods used to estimate the overall capitalization rate indicated the following.

Debt Coverage Ratio	7.60%
Band of Investment	8.10%
Market Transactions	8.75%

Correlating between these rates, an overall capitalization rate of 8.5% is estimated.

Direct Capitalization

On the previous pages an overall capitalization rate was estimated. This rate is divided into the net operating income to indicate a value by the income capitalization approach.

$228,484	Projected Net Operating Income
Divided by .085	Overall Capitalization Rate
$2,700,000	Indicated Value by the Income Capitalization Approach using Direct Capitalization (Rounded)

Sales Comparison Approach

The *sales comparison approach* is based on the principle of substitution. *The principle of substitution holds that the value of a property tends to be set by the price that would be paid to acquire a substitute property of similar utility and desirability within a reasonable amount of time.*[1]

In the sales comparison approach, an opinion of market value is developed by comparing properties similar to the subject property that have recently sold, are listed for sale, or are under contract (i.e., for which purchase offers and a deposit have been recently submitted). A major premise of the sales comparison approach is that an opinion of the market value of a property can be supported by studying the market's reaction to comparable and competitive properties.

Qualitative analysis is a relative comparison process without mathematics. Sales are ranked based upon their desirability as compared to the subject. Comparisons can be expressed as plus or minus as opposed to dollar or percentage adjustments.

Quantitative analysis is the process of applying mathematical techniques. Sales are adjusted to the subject property on a dollar or a percentage basis. One method of supporting adjustments is through *paired data analysis*. This method analyzes two sales and attributes the difference in their sales prices to the characteristic which is different. This analysis requires an abundance of sales data which is frequently not available.

On the following page is a grid of the sales used for comparison.

[1] The Appraisal of Real Estate 13th Addition, 2008, page 298-299

Improved Sales Grid

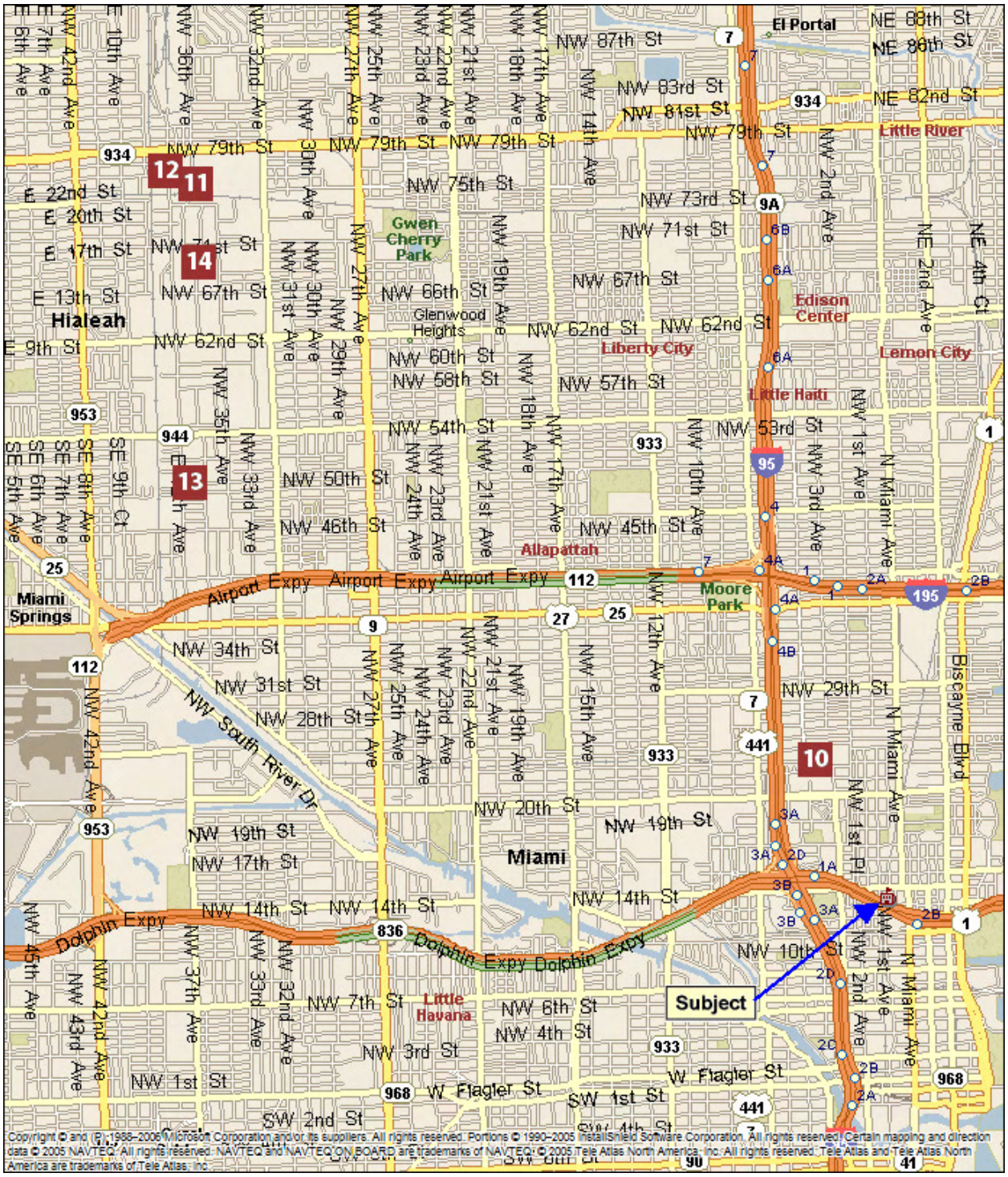
Following is an improved sales grid of the comparable properties used for comparison to the subject property.

Sale No.	Sale Date	Location	Cash Equivalent Sale Price	Bldg. Sq. Ft. (A)	Price Sq. Ft. (B)	L/B Ratio (C)	Year Built
10	1/10	2235 N.W. 5th Avenue Miami	$5,000,000	159,400	$31	2.28:1	1998
11	11/09	7700 N.W. 36th Avenue Miami	$1,200,000	37,428	$32	3.30:1	1962
12	8/09	3775 N.W. 77th Avenue Hialeah	$4,500,000	157,002	$29	1.29:1	1959
13	7/09	3661 N.W. 50th Street Hialeah	$1,550,000	$40,000	$39	1.13:1	1951
14	4/08	6955 N.W. 36th Avenue Miami	$2,250,000	$49,290	$46	1.44:1	1963
Subj.		29 NW 13th Street Miami		**87,167**		**1.39:1**	**1947**

(A) Rentable square footage
(B) Includes land
(C) Land-to-building ratio

On the following page is a map indicating the location of the sales and the subject.

Improved Sales Map



Comparable Improved Sale 10

Name of Property

Gateway Business Center at Wynwood

Address

2235 NW 5th Avenue

Miami, FL 33127

Property Type

Warehouse

Recording Information

Sale Price:	$5,000,000
Sale Date:	January 2010
Grantor:	A) Wynwood Community Economic Development Corporation. B) Realty Investment Mortgage Corporation, Inc.
Grantee:	Mannigan Holdings, LLC
ORB/Page:	A) 27171/1071 B) 27171/1068
Financing:	All cash to seller
Prior Sale:	None in the past five years

Units of Comparison

Price Per Rentable Sq.Ft.:	$31
Price Per Adjusted Sq.Ft.:	$31
Price Per Gross Sq.Ft.:	$31

	Sq. Ft. Size	Land/Bldg Ratio	Sq. Ft. Per Parking Space
Rentable Area:	159,400	2.28:1	741
Adjusted Area:	159,110	2.28:1	740
Gross Area:	159,400	2.28:1	741

Comparable Improved Sale 10 *(continued)*

Property Description

Year Built:	1998
No. of Stories:	1
Land Size	363,327 square feet, equal to 8.34 acres
Zoning:	I, Industrial by the city of Miami, Florida
Parking Spaces:	215
Tax Folio No.:	01-3125-074-0010, and -0020
Floor Height:	Dock height
Ceiling Height:	28
Office Percentage:	7%
Legal Description:	Lengthy legal description. See recording instrument.

Comments

This is a failed economic development project located on NW 5th Avenue, between NW 22nd and 23rd Streets. The property was was sold at a bankruptcy auction in January 2010, the buyer being the only bidder. The site had been promoted as a Foreign Trade Zone in the 1990s when the City deeded the land to the Wynwood Community Economic Development Corp., but development was stalled for years amid disputes between the various parties involved. Construction was finally completed in 1998 on a 142,000 sq. ft. dock high warehouse building with 28 foot ceilings, a two-story, 10,700 sq. ft. office building, and a grade level, 6,700 sq. ft. warehouse. However, after the trade zone defaulted on its lease and after disputes between the owner and the City, the project stood empty and vandalized for a number of years. At present, the building is badly deteriorated, all the windows and overhead doors having been stolen, and electrical and other components having been ripped out. The cost to cure the damage from years of vandalism and exposure to the elements is likely in the range of $12 to $18 per sq. ft. Adding this estimate to the sale price would result in a total cost in the range of 43 to $49 per sq. ft. of building improvements. This would be the estimated equivalent cost if the building did not require extensive renovation.

Database Tracking

WRI No.:	13581
Record Locator:	71223854

Comparable Improved Sale 11

Address
7700 NW 36th Avenue
Miami, FL 33147

Property Type
Warehouse

Recording Information

Sale Price:	$1,200,000
Sale Date:	November 2009
Grantor:	Delrey Holdings Group, LLC
Grantee:	Lucky Lot, LLC
ORB/Page:	27097/2922
Financing:	All cash to seller
Prior Sale:	None in the past five years

Units of Comparison

Price Per Rentable Sq.Ft.:	$32
Price Per Adjusted Sq.Ft.:	$32
Price Per Gross Sq.Ft.:	$32

	Sq. Ft. Size	Land/Bldg Ratio
Rentable Area:	37,428	3.30:1
Adjusted Area:	37,228	3.32:1
Gross Area:	37,428	3.30:1

Comparable Improved Sale 11 *(continued)*

Property Description

Year Built:	1962
No. of Stories:	1
Land Size	123,632 square feet, equal to 2.84 acres
Zoning:	IU-1, Industrial Light Manufacturing by Miami -Dade County, Florida
Tax Folio No.:	30-3109-030-0070, -0080, and -000-0361
Floor Height:	Grade level
Legal Description:	Lots 1, 2 and 3, in Block 2, LESS the South 15 feet of Lot 3, in Block 2, 36th AVENUE INDUSTRIAL PLAZA, as recorded in Plat Book 67, Page 96, of the public records of Miami-Dade County, Florida. AND The West 20 feet of the South 150 feet of the North 200 feet of the East 1/2 of the NW 1/4 of the NW 1/4 of the SW 1/4 of Section 9, Township 53 South, Range 41 East, lying and being in Miami-Dade County, Florida., of the public records of Miami-Dade County, Florida
Comments	This property is located at the southwest corner of NW 79th Street and NW 36th Avenue, with almost all its frontage is along NW 36th Avenue. The area, which is just east of Hialeah and north of the airport, consists of mostly older warehouses, mostly in poor to fair condition.

Database Tracking

WRI No.:	13585
Record Locator:	71244483

Comparable Improved Sale 12

Address

3775 NW 77th Street

Hialeah, FL 33147

Property Type

Warehouse

Recording Information

Sale Price:	$4,500,000
Sale Date:	August 2009
Grantor:	Von Drehle Holdings, LLC
Grantee:	Laparkan Trading Ltd.
ORB/Page:	27014/0957
Financing:	All cash to seller
Prior Sale:	None in the past five years

Units of Comparison

Price Per Rentable Sq.Ft.:	$29
Price Per Adjusted Sq.Ft.:	$30
Price Per Gross Sq.Ft.:	$29

	Sq. Ft. Size	Land/Bldg Ratio	Sq. Ft. Per Parking Space
Rentable Area:	157,002	1.29:1	7,850
Adjusted Area:	149,774	1.36:1	7,489
Gross Area:	157,002	1.29:1	7,850

Comparable Improved Sale 12 *(continued)*

Property Description

Year Built:	1959
No. of Stories:	1
Land Size	202,990 square feet, equal to 4.66 acres
Zoning:	M-1, Industrial District by the city of Hialeah, Florida
Parking Spaces:	20
Tax Folio No.:	04-3108-000-0050
Floor Height:	Dock height
Ceiling Height:	18 feet to 26 feet
Office Percentage:	3%
Legal Description:	Lengthy Legal: A portion of the NE 1/4 of the SE 1/4 of Section 8, Township 53 South, Range 41 East, of the public records of Miami-Dade County, Florida

Comments

This is a large industrial warehouse building located in the city of Hialeah. More specifically it is located between NW 37th Avenue and a railway, just south of NW 79th Street. The building has 12 dock height loading doors and four double wide street level loading doors, and it is fully fire sprinklered. It features a large fenced yard with a guard house at the entrance. The building was in fair condition at the time of sale.

Database Tracking

WRI No.:	13534R
Record Locator:	67373434

Comparable Improved Sale 13

Name of Property

Address

3661 NW 50th Street

Hialeah, FL 33142

Property Type

Warehouse

Recording Information

Sale Price:	$1,550,000
Sale Date:	July 2009
Grantor:	Richard Kohn
Grantee:	Colonial III
ORB/Page:	27006/3478
Financing:	All cash to seller
Prior Sale:	None in the past five years

Units of Comparison

Price Per Rentable Sq.Ft.:	$39
Price Per Adjusted Sq.Ft.:	$41

	Sq. Ft. Size	Land/Bldg Ratio	Sq. Ft. Per Parking Space
Rentable Area:	40,000	1.13:1	1,429
Adjusted Area:	37,882	1.19:1	1,353

Comparable Improved Sale 13 *(continued)*

Property Description

Year Built:	1951
No. of Stories:	1
Land Size	45,139 square feet, equal to 1.04 acres
Zoning:	M-1, Light Industrial District by the city of Hialeah, Florida
Parking Spaces:	28
Tax Folio No.:	04-3121-040-0020
Floor Height:	Grade level
Ceiling Height:	17 ft.
Office Percentage:	7.5%
Legal Description:	West 19 feet of Lot 12 and all of Lots 13 to 17 inclusive, of Block 4, VANGEL SUBDIVISION of Plat Book 50, Page 70, of the public records of Miami-Dade County, Florida

Comments

This is a one-story, one or two tenant industrial building located in the city of Hialeah. More specifically, the site is located along the north side of NW 50th Street between NW 36th Avenue and NW 37th Avenue. The building was originally listed at $2,800,000. It can be divided into a 25,000 square foot unit and a 15,000 square foot unit or combined for a 40,000 square foot single tenant building. It features 3,000 square feet of office space, 17-foot ceiling height, street level loading with four overhead doors and it is fully fire sprinklered.

Database Tracking

WRI No.:	13544
Record Locator:	68223658

Comparable Improved Sale 14

Name of Property
N/A

Address
6955 NW 36th Avenue
Miami, FL 33147

Property Type
Warehouse

Recording Information

Sale Price:	$2,250,000
Sale Date:	April 2008
Grantor:	Jan & Ted Corporation
Grantee:	P & S Martin, LLC
ORB/Page:	26359/1835
Financing:	All cash to seller
Prior Sale:	None in the past five years

Units of Comparison

Price Per Rentable Sq.Ft.:	$46
Price Per Adjusted Sq.Ft.:	$46
Price Per Gross Sq.Ft.:	$46

	Sq. Ft. Size	Land/Bldg Ratio	Sq. Ft. Per Parking Space
Rentable Area:	49,290	1.44:1	1,174
Adjusted Area:	49,200	1.45:1	1,171
Gross Area:	49,290	1.44:1	1,174

Comparable Improved Sale 14 *(continued)*

Property Description

Year Built:	1963
No. of Stories:	1
Land Size	71,200 square feet, equal to 1.63 acres
Zoning:	IU-2, Industrial Heavy Manufacturing District by Miami-Dade County, Florida
Parking Spaces:	42
Tax Folio No.:	30-3116-010-0170
Floor Height:	Dock height
Ceiling Height:	24 feet
Legal Description:	Lots 19 & 20, in Block 1, CENTRAL INDUSTRIAL SITES SECTION ONE, according to the plat thereof, as recorded in Plat Book 52, Page 24, of the public records of Miami-Dade County, Florida

Comments

This is an industrial building located just east of the city limits of the City of Hialeah, with frontage along the east side of NW 36th Avenue, just south of NW 71st Street. The building has two-stories of office space, four overhead doors and could be rail served from the rear of the site.

Database Tracking

WRI No.:	13536R
Record Locator:	67374304

Adjustment Grid

Below is a grid which illustrates qualitative adjustments used to compare the comparable sales to the subject property. Percentage adjustments were not utilized. In order to utilize percentage adjustments it would be necessary to pair (compare) sales to extract value differences. This is difficult as there is normally insufficient data to provide pairings for all value differences. Below is a grid which illustrates the adjustments made. A plus (+) sign indicates the unit of comparison of the sale must be adjusted upward as that characteristic is inferior to the subject. A minus (–) sign indicates the unit of comparison of the sale must be adjusted downward since the characteristic is superior to the subject. An equal (=) sign indicates the comparable sale characteristic is similar to the subject.

Sale No.	Price per Sq. Ft.	Conditions of Sale	Market Conditions	Location	Design	Age	Condition	Land/Bldg Ratio	Overall Adjustment	Conclusion
10	$31	+ + +	=	+	– –	– –	+ + +	– –	+	Slightly Above
11	$32	=	=	+ +	+	–	+	– –	+	Slightly Above
12	$29	=	=	+ +	–	–	+	=	+	Slightly Above
13	$39	=	– –	+ +	+	=	–	=	=	Near
14	$46	=	– – –	+ +	=	–	–	=	– – –	Well Below

After considering the individual differences, either a plus (+), minus (–) or equal (=) sign has been placed in the "Overall" column. This indicates the overall adjustment that the sale would require as compared to the subject property.

Analysis of Sales

Following is the discussion and comparison of various characteristics of the sales as compared to the subject property.

Financing:

The financing of the sales did not indicate any adjustments of their sale prices are warranted for favorable financing. The sales were all financed with loans at or near market rates, or purchased for all cash. Presently the prime rate is 3.25%.

Conditions of Sale:

All of the sales were arm's length transactions between unrelated parties. However, Sale No. 10 occurred at a court-ordered bankruptcy auction in which the buyer was the only bidder. Due to these conditions, it is likely that the sale price was lower than what would have been achieved if the property had been adequately marketed without the pressure of the bankruptcy. Therefore, this sale requires a significant positive adjustment for conditions of sale.

Market Conditions (Time):

This adjustment considers current market conditions as compared to market conditions in place at the time of the respective sale. Sale No. 13 occurred in mid-2009, and values have continued to decline somewhat since then, though at a slower rate than observed during the prior two years, indicating a negative adjustment is required. Sale No. 14 requires a larger negative adjustment because it occurred in early 2008 and values have declined significantly since then.

Location:

Sale No. 10 is located in an inferior area just west of the Wynwood Arts District. The subject is also considered superior due to better transportation linkages and closer proximity to the central business district and developed areas along Biscayne Boulevard. Sale Nos. 11 through 14 are located in a significantly inferior area just east of Hialeah, in an industrial district made up of older warehouses similar to the subject. However, the area benefits even less from the transportation linkages and proximity to more developed areas that the subject does, and so these sales require a larger negative adjustment.

Design:

Sale No. 10 is superior in design due to higher ceilings and more loading docks relative to its size. Similarly, Sale No. 12 is superior for its larger number of loading docks. These sales require negative adjustments for design. Sale Nos. 11 and 13 require positive adjustments because they are street level buildings, which are less desirable than dock height warehouses like the subject.

Age:

The subject property was constructed in 1947. It is the oldest of the sales, though Sale No. 13 is considered to be comparable in age. The other sales all require negative adjustments due to their lesser age, in particular Sale No. 10 which was built in 1998.

Condition:

Sale No. 10 requires significant positive adjustments for its deteriorated condition, as noted previously. Sale Nos. 11 and 12 are in slightly inferior condition and require positive adjustments, whereas Sale Nos. 13 and 14 are in slightly superior condition and require negative adjustments.

Size:

The sizes of the comparable properties were not considered sufficiently different from that of the subject to have significantly influenced the sale price per square foot. No adjustments were made for size.

Land-to-Building Ratio:

The land-to-building ratio (land size divided by improvement size) indicates the relationship of the land size to the improvement size. The higher this ratio, the more land is available for parking, landscaping and open areas. Sale Nos. 10 and 11 have significantly higher land-to-building ratios and require negative adjustments.

Conclusion of Value by the Sales Comparison Approach

The sales comparison approach compared similar properties to the subject property and adjustments were made for the pertinent characteristics. Based on these comparisons a value was estimated for the subject property.

Sale prices per square foot range from $31.37 to $45.65 with a mean of $35.30 per square foot and a median of $32.06 per square foot. The adjustments discussed in the previous section indicate that the subject property should be expected to achieve a sales price per square foot slightly above Sale Nos. 10 through 12 (a range of approximately $29 to $32), below Sale No. 14 (approximately $46), and near Sale No. 13 ($39). Though Sale No. 10 was a bankruptcy sale and there is some uncertainty about how strongly the conditions of the sale influenced the final price, it is also the closest to the subject and is located in a similar area. The other sales are all similar types of properties, but at a location that has many different characteristics. Therefore, greater weight should be given to Sale No. 10 in the analysis.

Based upon analysis of these and other factors affecting value described above, it is concluded that the subject property has a value of $38 per square foot times 87,167 rentable square feet, equal to $3,300,000, rounded

Reconciliation of Value

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

Cost Approach	**$3,225,000**
Income Capitalization Approach	**$2,700,000**
Sales Comparison Approach	**$3,300,000**

The cost approach estimates the land value and adds the depreciated value of the improvements. This approach is more typically relied upon by owner-users. Within the cost approach estimates of depreciation tend to be subjective and therefore limit the reliability of the approach. The cost approach does serve as support for the values indicated by the other two approaches.

The income capitalization approach analyzed the actual and projected income and expenses of the subject property and capitalized the net income into a value estimate by direct capitalization. Direct capitalization is the process of dividing the overall capitalization rate into the net operating income to indicate value. Assumptions for the projections were based on those of typical investors of income-producing properties and are market supported. The income capitalization approach is considered a reliable indication of the market value.

The sales comparison approach compared sales of similar properties to the subject property. These sales were analyzed for differences such as conditions of sale, market conditions, location, design, size, age and condition, and land-to-building ratio. Based on these comparisons, a value was estimated for the subject property. The strength of this approach relies on the quality of the comparable sales. Sales which closely resemble and can be compared easily with the subject are most desirable. The more comparable the sales, the more reliable the sales comparison approach. The sales used were not considered truly comparable and make the sales comparison approach a less reliable indication of value.

As the subject property is an income producing property, predominant reliance is placed on the income capitalization approach. However, the purchaser of the property is also likely to be a user of the property (as is the current owner), and owner/users typically give less importance to a property's income producing potential than they do to other factors. Therefore, the sales comparison approach has relevance as well, and was given reliance as the second most reliable approach. The cost approach serves only as support for the other two approaches. Based on the data, analysis and applicable approaches to value within this appraisal, the subject property has an indicated market value of the fee simple interest as of February 22, 2010 in the amount of $3,000,000.

ADDENDA

Waronker
real
estate
appraisers
and
consultants
Rosen
INCORPORATED

ADDENDUM A

COUNTY AREA DESCRIPTION

Miami-Dade County and Area Description

General Overview

Miami-Dade County is at the southeastern tip of Florida and is the south-easternmost state in the continental United States. With land area of approximately 1,946 square miles, it is the most populous county in the state and is often referred to as Greater Miami, in combination with its most populous city, Miami. It is bordered on the north by Broward County, on the west and south by Collier and Monroe Counties, respectively, with the east side bordered by the Atlantic Ocean.

Within the county's borders are two national parks (Everglades and Biscayne National), 15 state water conservation and wildlife management areas, four state parks, 135 area-wide parks and 571 local parks, totaling 727 park and recreations areas.

Demographics

The early 1960's marked the beginning of the arrival of large numbers of Cuban Refugees into Miami-Dade County and South Florida which has transformed Miami into having a Latin flavor. In the years following, have come significant numbers of immigrants from Haiti, Cuba and other Latin American countries.

Estimated population in 2008 was 2,478,745, a 4.02% increase from 2,382,961 in 2007. The increased population has led to the increased need for housing and supportive industries. South Florida experienced a growth in the professional and technology-related industries, contributing greatly to the growth of the area in population and economy. The primary industries that support Miami-Dade County's economy are import and export, air and sea transportation, international banking, light manufacturing and agriculture.

The largest average annual employment percentage in 2007 was in the trade, transportation and utilities category, followed by professional and business services and then education and health services. The highest average annual wage was in the financial activities field, followed by information services and then professional and business services. The largest two categories of public employment for Miami-Dade County are educational and municipal.

Tourism

A major industry for Miami-Dade County is tourism and related industries. Per the Miami Greater Miami Convention and Visitors Bureau (GMCVB), overnight visitors for the latest tabulated ten-month period (October 2008 to July 2009) reflected 10.1 million overnight visitors, or just 2.9% fewer than the same period for the previous year. Regarded as a resilient area, jobs in the tourism industry were down just 1.8% versus 8.6% for all jobs, according to GMCVB.

Per the GMCVB, listed were total overnight expenditures in 2007 at close to $17.1 billion, with approximately $10.166 billion from international visitors (45.9% of total overnight visitors). The primary reason given for all tourists were vacation/pleasure or for business. Miami Beach was the destination of 40.9% of visitors. As the population grows, it is believed that increased population will lead to the increased need for housing and supportive industries.

Ports of Entry

The Port of Miami is the world's leading port for cruise line passenger traffic, while also showing impressive strength in international freight. The port's biggest ocean freight trading partner is China, and vice versa. Five major cruise lines dock at the port, home to 18 cruise ships, the largest home-ported in the world. The GMCVB reported a 23.2% decrease in passengers from August 2008 (362,189) to August 2009 (278,088) after the highest increase of 48.5% between August 2007 (243,887) and August 2008 (362,189). As part of the growing environmental concerns, the Port has implemented procedures that integrate pollution prevention and waste reduction. It conserves natural resources by reusing and recycling materials, purchasing recycled materials and products that do not adversely affect the environment, and that can be reused, recycled and disposed of in a safe manner. A lease signed in 2007 to run through 2038 with Seaboard Marine (Seaboard) in partnership with Seaboard, will redevelop approximately 80 acres of cargo terminal to meet the growing demands of international trade for decades to come.

Economic Base

Miami-Dade County is the top vegetable supplier production in the country. It is in the top ten in state agriculture and the top 20 nationally. Farmers grow an abundance of tomatoes, bush beans, avocados and yucca, as well as nursery plants. Miami-Dade County supplies 25% of all ornamental plants sold in the United States. The production of tropical produce is No. 1 in the nation. The climate is considered Subtropical Marine with an annual average temperature of approximately 77 degrees, a 70% probability of sunshine and an approximate average annual precipitation of 79 inches. Average elevation is 12 feet. Its semi-tropical location and very suitable climate allow for year round outdoor activity.

In 2008 and 2009, like most other parts of the country, Miami-Dade County has seen a significant decline in the housing market. The chart on the next page reflects these issues which are considered to continue into the near future.

Existing Single-Family Home Sales		Housing	
Percent Change in Homes Sold		***Units Permitted***	
2001-2002	7.4%	2000	12,045
2002-2003	1.9%	2001	13,537
2003-2004	.4%	% change from 2000 to 2001	12.4%
2004-2005	-12.7%	2002	13,398
2005-2006	-21.1%	% change from 2001 to 2002	-1.0%
2006-2007	-39.2%	2003	15,055
2007-2008	-17.2%	% change from 2002 to 2003	12.4%
		2004	21,820
Percent Change in Median Sale Price		% change from 2003 to 2004	44.9%
2001-2002	15.7%	2005	29,545
2002-2003	20.8%	% change from 2004 to 2005	35.4%
2003-2004	22.8%	2006	22,300
2004-2005	28.2%	% change from 2005 to 2006	-24.5%
2005-2006	7.0%	2007	8,891
2006-2007	1.1%	% change from 2006 to 2007	-50.1%
2007-2008	-27.2%	2008	3,395
		% change from 2007 to 2008	-60.2%
		Total Units Permitted 2000 to 2008	139,635

Source: www.edr.state.fl.us

Sports

Professional, college and even local neighborhood sports draw spectators, participants and investors to a high degree and create a positive atmosphere. Professional football (Miami Dolphins), basketball (Miami Heat), baseball (Florida Marlins) and ice hockey (Florida Panthers) are continual draws. There are three horse tracks, a dog track and the Miami Jai-Alai Fronton. Several of these tracks have been approved for slot gambling or table gambling, depending upon location in a municipality or Indian reservation. Also offered are golf, tennis, as well as the numerous water sports, given the significant bodies of water.

The Orange Bowl Stadium was the home of the University of Miami Hurricanes. The stadium has recently been demolished and under construction is a new stadium for the Florida Marlins baseball team.

Linkages

Transportation systems include Metrorail, an elevated rail rapid transit system running north and south through portions of Miami-Dade County. The Metromover automated people mover system is located in downtown Miami and is an off-shoot of the Metrorail system. There are also Metrobus buses, most of which are in service daily throughout the county. The Metromover system includes the Brickell Avenue financial district and also runs north to the Omni area. Other transportation services in Miami-Dade County include Tri-Rail, railroads and taxicabs.

Railroad service by Amtrak is accessible in northwest Miami-Dade. Tri-Rail is South Florida's commuter train system which services Miami-Dade, Broward and Palm Beach Counties.

In the construction stage and nearing completion is the Miami Intermodal Center (MIC), which will link the airport, East/West Rail (companion project), Amtrack, Tri-Rail, Airport/Seaport Connector and Metrorail mainline rail. Located near the State Road No. 836/State Road 112 Connector, just east of the airport will be parking, retail, commercial, residential and tourist-designed development. Much of the development is projected for completion in 2009. The Metropolitan Planning Organization (MPO) lists as a priority the efficient movement of residents, visitors and freight throughout Miami-Dade County while maintaining the quality of life in urban neighborhoods by protecting them from undesired traffic intrusion.

Within Miami-Dade County, major roads include the Palmetto Expressway (State Road No. 826), a major north/south expressway, the Dolphin Expressway (State Road No. 836), a major east/west expressway, Interstate No. 95 and the Florida Turnpike. All of these represent Miami's expressway network and make almost any destination in Miami-Dade County within 30 to 45 minutes driving time. Miami International Airport is the driving force behind the area along with the linkages. The Port of Miami is approximately nine miles to the southeast.

Government

Within Miami-Dade County there are 34 individual municipal jurisdictions with the largest jurisdiction being the unincorporated area. Miami-Dade County has a strong mayor form of government, with nine elected individuals (one mayor and eight commissioners) making up the Miami-Dade County Board of Commissioners. The mayor appoints a professional administrator to manage the daily activities of the county government and a county attorney to handle its legal matters. Its largest municipality, Miami, is comprised of a nonvoting executive mayor elected citywide and five commissioners from five districts.

Some governmental activities, services and functions previously handled by individual municipalities are now handled by the county. Among these are real property assessment and valuation, health and welfare, most water and sewers, traffic engineering, public libraries, public transportation, public housing, urban renewal, seaport, airport, regional parks and air and water pollution control. In addition to these, Miami-Dade County provides services to the unincorporated areas of the county such as: police and fire protection, building and zoning regulation, trash and garbage collection and disposal, parks and recreation, consumer protection and corrections and rehabilitation of adults and youth offenders.

Education

Miami-Dade's education system is governed by an elected 7-member board who in turn appoints a superintendent whose responsibility is to manage the daily activities of the school system. Based upon student population, the Miami-Dade County School system is the fourth largest school system in the nation. Several colleges and universities are located in the county, including

Barry University, Florida International University, Miami-Dade Community College, St. Thomas University, Florida Memorial College and Johnson & Wales University. Many private institutions at each academic level exist as alternative choices for the public.

Medical

Miami-Dade County has the largest concentration of medical facilities in Florida. The largest institution is Jackson Memorial Medical Center , the second largest public hospital in the nation which shares many teaching, treatment and research capacities with the University of Miami.

Arts and Culture

Known for the wealth of ethnic diversity and heritage, Miami-Dade County has a cultural mix of festivals, concerts, theater and dance performances. A state-of-the art performing arts complex opened in late 2006. Five companies occupy the two buildings: The Concert Association of Florida, Florida Grand Opera, Florida Philharmonic Orchestra, Miami City Ballet and the New World Symphony. The complex contains an opera house, symphony hall, flexible space studio theater, outdoor performance space, tower and restaurant, banquet hall, education center and commissioned artwork. Adjacent parking is available.

Summary

During its history, Miami-Dade County and the Greater Miami area have experienced significant changes and growth. Trends indicate that the growth will continue, albeit at a much lower pace into the future.

The diverse economic base and the bilingual population should continue to attract new residents and businesses into the Greater Miami/Miami-Dade County area.

Sources various websites including, but not limited to,
www. greatermiami.com/gmcc/about (Greater Miami Chamber of Commerce)
www.beaconcouncil.com (Beacon Council)
Rev. 12/09

ADDENDUM B
FLOOD ZONE MAP

FLOOD ZONE MAP

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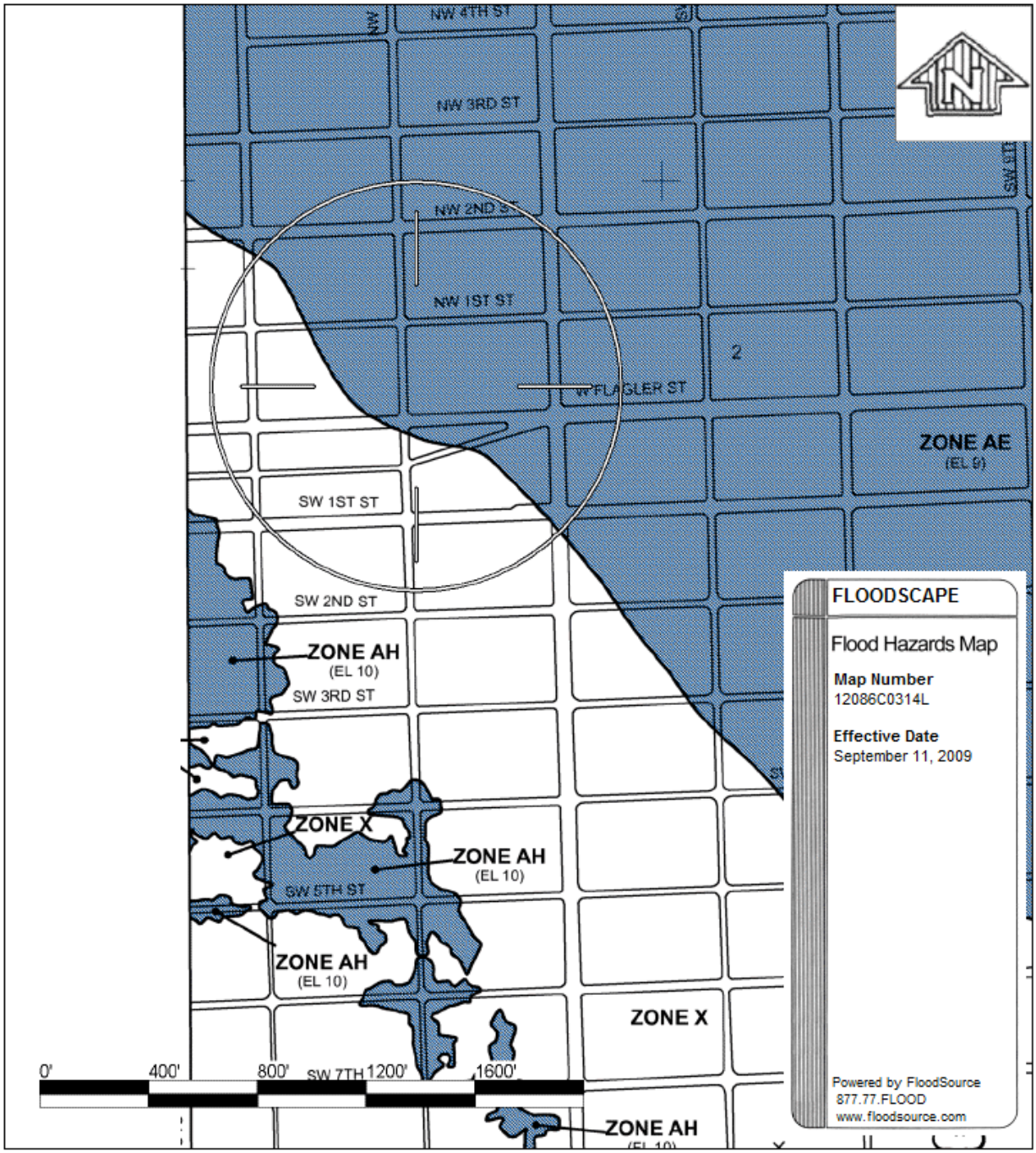

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