
**APPRAISAL REPORT
OF
PINES PLACE APARTMENT COMPLEX
LOCATED AT
8103 SOUTH PALM DRIVE
8210 FLORIDA DRIVE
8203 SOUTH PALM DRIVE
PEMBROKE PINES, FLORIDA**

BY
G. ADRIAN GONZALEZ, JR., ASA, MRICS
State-Certified General Real Estate Appraiser No. RZ1555

PREPARED FOR



Mr. Michael Stamm, Jr.
Director/Assistant City Manager
Planning and Economic Development Department
601 City Center Way
Pembroke Pines, FL 33025

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PART ONE - INTRODUCTION

ADRIAN GONZALEZ & ASSOCIATES, P.A.

REAL ESTATE APPRAISERS • CONSULTANTS • LICENSED BROKER

May 22, 2023

Michael Stamm, Jr.
Director/Assistant City Manager, Planning and Economic Development City of Pembroke Pines
601 City Center Way
Pembroke Pines, Florida 33025

RE: Pines Place Apartment Complex
8103 South Palm Drive
8210 Florida Drive
8203 South Palm Drive
Pembroke Pines, Florida

Dear Mr. Stamm:

I have completed an appraisal of the above captioned property in accordance with your Appraisal Request dated. The purpose of the appraisal is to determine the client's leasehold interest in the subject property for internal decision-making purposes. The function is to assist the City of Pembroke Pines in internal decision/disposal making purposes for the property. This appraisal is intended to be an **Appraisal Report**.

The subject site is appraised as clean of any contaminants. If extensive contamination were found, it could change the value conclusions in this report. The report was prepared in compliance with the Uniform Standards of Professional Appraisal Practices.

The subject is located just west of University Drive between Pines Boulevard on the north and Pembroke Road on the south. The property consists of three residential towers containing 614 apartment units. It is within the **Howard C. Foreman Human Services Campus** in the City of Pembroke Pines, Florida. The definition of market value and legal description for the subject property can be found in the body of the report.

I respectfully submit that in my opinion the market value via a 10-year term and an 11th year reversion of the leasehold interest of the subject property, both **including real estate taxes** and **excluding real estate taxes**, as of May 1, 2023, is as follows:

\$67,500,000
\$84,950,000

Submitted with this letter is an appraisal report containing information and exhibits pertinent to the subject property. Thank you for the opportunity of serving you.

Respectfully submitted,
ADRIAN GONZALEZ & ASSOCIATES, P.A.



G. Adrian Gonzalez, Jr., ASA, MRICS
President
State-certified general real estate appraiser
License Number RZ1555

CERTIFICATION

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and is my personal, unbiased, professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
4. I have performed services, as an appraiser regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment. This was provided in January 2021.
5. My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
6. My analyses, opinions, or conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice, and the provisions of Chapter 475, Part II, Florida Statutes.
7. The use of this report is subject to the requirements of the State of Florida relating to review by the Florida Real Estate Appraisal Board.
8. My analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the requirements of the State of Florida for state-certified appraisals.
9. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Principles of Appraisal Practice and Code of Ethics of the American Society of Appraisers, Standard of Practice and Codes of Ethics of the Royal Institution of Chartered Surveyors, which include International Valuation Standards (IVS), as well as in conformity with USPAP as prepared by the Appraisal Standards Board and published by the Appraisal Foundation.
10. The use of this report is subject to the requirements of the American Society of Appraisers and the Royal Institution of Chartered Surveyors, relating to review by their duly authorized representatives.
11. I have made a personal inspection of the property that is the subject of this report. I have also made a personal field inspection of the comparable sales relied upon in making this appraisal. The subject and the comparable sales relied upon in making this appraisal were as represented by the photographs contained in this appraisal.

CERTIFICATION (Continued)

12. Significant professional assistance was rendered by Bruce Ownby, State-certified general real estate appraiser RZ988 (expiration date November 30, 2024) in the preparation of this report.
13. As of the date of this report G. Adrian Gonzalez, Jr. has completed the requirements of the continuing education program of the American Society of Appraisers. The undersigned appraiser currently holds the appropriate state certification (State-certified general real estate appraiser RZ1555, expiration date November 30, 2024) allowing the performance of real estate appraisals in connection with federally related transactions in the state in which the subject property is located.
14. This appraisal is intended to be an **Appraisal Report**.



May 22, 2023

Date

G. Adrian Gonzalez, Jr., ASA, MRICS
State-Certified General Real Estate Appraiser License
Number RZ1555

Competency Rule - USPAP

The Competency Rule of USPAP states: "An appraiser must determine, prior to agreeing to perform an assignment, that he or she can perform the assignment competently. Competency requires: 1. the ability to properly identify the problem to be addressed; 2. the knowledge and experience to complete the assignment competently; and 3. recognition of, and compliance with, laws and regulations that apply to the appraiser or to the assignment."¹

I have provided consultation and value estimates for similar type properties in Southeast Florida over the past 40 years. My specific qualifications are included in the Addenda of this appraisal report and serve as evidence of my competence for the completion of this appraisal assignment.

¹ The Appraisal Foundation, Uniform Standards of Professional Appraisal Practice (Washington D.C.: The Appraisal Foundation, 2020-2021, extended to December 31, 2023)

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AREA DATA AND ANALYSIS	
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SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Property Owner's Name & Address:	City of Pembroke Pines 601 City Center Way Pembroke Pines, Florida 33025
Client:	Michael Stamm, Jr. Director, Planning and Economic Development City of Pembroke Pines 601 City Center Way Pembroke Pines, Florida 33025
Purpose & Function of Report:	The purpose of this appraisal is to estimate the market value of Pembroke Pines' leasehold interest in the subject property as of March 21, 2023. The <i>Intended Use</i> is to assist the City of Pembroke Pines, the <i>Intended User</i> , for internal decision making/disposal purposes.
Property Location:	The west side of University Drive lying between Pines Boulevard on the north and Pembroke Road on the south. The common street addresses are 8103 South Palm Drive, 8210 Florida Drive and 8203 South Palm Drive. It is within the Howard C. Foreman Human Services Campus in the City of Pembroke Pines, Florida.
Site Size:	The total site size is 25.92± acres
Present Use:	Improved with three (3) five-story apartment towers which contain a total of 614 units
Highest and Best Use:	Continued use as currently improved.
Effective Date of Value:	May 1, 2023
Dates of Inspection:	The appraiser performed a complete inspection of the subject of the three buildings and took photographs of the property on May 20, 2021. Another inspection was provided on March 21, 2023. Only three units were physically inspected in Tower II, which represent typical rental units and with a couple undergoing renovations. A cursory inspection from the street was provided on May 1, 2023.
Income Approach: (Leasehold Value)	\$67,500,000 (inc. RE Taxes) \$84,950,000 (exc.RE Taxes)
Cost Approach (Improved):	N/A
Sales Comparison Approach (Improved):	N/A
Market Value Opinion:	\$67,500,000 (inc. RE Taxes) \$84,950,000 (exc. RE Taxes)

PART TWO-PREMISES OF THE APPRAISAL

QUALIFYING AND LIMITING CONDITIONS

1. The appraisers assume no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor do the appraisers render any opinion as to the title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership. The legal description and property description used in this report is assumed to be correct.
2. This appraisal is an estimate of the total value for purposes of estate and is prohibited for any other use.
3. The building plans and/or property sketches in this report are included to assist the reader to visualize the subject property and we assume no responsibility for their accuracy. Unless otherwise stated in this report, we have assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass. The appraiser has relied upon the Pembroke Pines for site areas and dimensions.
4. Information furnished by others is assumed to be true, correct and reliable. A reasonable effort has been made to verify such information; however, the appraiser assumes no responsibility for its accuracy.
5. The appraiser, by reasons of this report, is not required to give testimony in court with reference to the property herein appraised, nor is he obligated to appear before any governmental body, board or agent except those previously made.
6. Disclosure of the contents of this appraisal report is governed by the By-Laws and Regulations of the Professional Appraisal Organizations with which the appraisers are affiliated.
7. Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to the attention of nor did the appraiser become aware of such during the appraiser's inspection. The appraiser does not have knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test such substances or conditions. If present, such substances including asbestos, urea-formaldehyde foam insulation, or other potentially hazardous substances or environmental conditions may affect the value of the property. The value estimate is predicated on the assumption no such condition exists on or in the property or in such proximity thereto to cause a loss in value. Responsibility is not assumed for any such conditions and not for any expertise or engineering knowledge required to discover them.
8. Sub-surface rights (minerals, oil, or water) were not considered in this report.

9. The value estimate herein is predicated upon the assumption the improvements comply with or are exempt from compliance with Title III of the Americans with Disabilities Act. We have not been provided with information, which would identify compliance with or exemption from the public accommodations' requirement of the Act. Should an analysis of the property reveal compliance with the Act is required, and should the property require modification for compliance, the value estimate herein may be invalid.
10. Employment in and compensation for making the appraisal are in no manner contingent upon the value reported.
11. All mortgages, liens, encumbrances, leases and servitudes have been disregarded unless so specified within the report.
12. We have not inspected or tested the soil or subsoil. We are therefore unable to report that any such part of the subject property is free of defects or in such condition as to render the subject property less valuable. For this report, we have assumed that no inadequacies, insufficiencies, or faults in the subject property that is not easily detectable. We assume no responsibility for such conditions or any inspection, which might be required to discover such conditions.
13. The appraiser shall not be held liable for errors, omissions, breach of contract or warranty, unfair trade practice, gross or ordinary negligence, and non-malicious torts in acquiring, compiling, assessing, analyzing, adjusting and/or evaluating any of the information included or excluded in this appraisal report and/or resulting in the opinion included herein.
14. Neither all, nor any part of the content of this report or copy thereof (including conclusions as to the property value, the identity of the appraisers, professional designations, reference to any professional organizations, or the firm with which the appraisers are connected), shall be used for any purposes by anyone but the client specified in the report, the mortgagee or its successors and assignees, mortgage insurers, consultants, professional appraisal organizations, any provincial or federally approved financial institution, any department, agency or instrumentality of the federal government or any state without the previous written consent of the appraisers; nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or other media, without written consent and approval of the appraisers.
15. The appraiser enforcing the herein set forth contingent conditions against any entity, person or persons claiming damages because of reliance upon or use of this appraisal report or opinion, shall be entitled to all reasonable attorney's fees, costs and expenses incurred by the appraiser enforcing the contingent conditions set forth in this appraisal report, defending this contract, or collecting the fees and expenses due for this report and testimony in support thereof, including that incurred without suit, with suit, during all trials and appeals thereof.
16. The appraiser reserves the right to consider and evaluate additional data that becomes available between the date of this report and the date of trial, if applicable, and to make any adjustments to the value opinions that may be required.

17. This report is prepared for the sole use of the City of Pembroke Pines, only.
18. The subject buildings are located on a long-term lease from the State of Florida to the City of Pembroke Pines, thus statutorily exempt from real estate taxes. For appraisal purposes the client has asked two valuation scenarios: one included estimated real estate taxes and one excluding estimated real estate taxes.

PURPOSE, FUNCTION (INTENDED USE), AND INTENDED USER OF THE APPRAISAL

The purpose of this appraisal is to estimate of the market value of Pembroke Pines' leasehold interest in the subject property as of May 1, 2023, which is the effective date of value. The function of the appraisal is to assist Pembroke Pines in internal decision-making purposes for the subject property. The client and intended user are the City of Pembroke Pines.

DEFINITION OF MARKET VALUE

For the purposes of this analysis, market value is defined as follows:

The most probable price, as of a specified date, in cash or in terms equivalent to cash or other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under conditions requisite to a fair sale with the buyer and seller each acting prudently, knowledgeably and for self-interest and assuming that neither is under duress. [Appraisal Institute's *Dictionary of Real Estate Appraisal*, Sixth Edition, 2015, page 141]

DATE OF VALUE OPINION (EFFECTIVE DATE OF VALUE)

May 1, 2023

PROPERTY RIGHTS (INTEREST) APPRAISED

The definitions below are as defined by the Appraisal Institute's *Dictionary of Real Estate Appraisal*, Sixth Edition, 2015, page 128.

Leased Fee Interest - The ownership interest held by the lessor includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

Leasehold Interest - The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

The subject apartment complex is built on a site that is sub leased from the State of Florida. It is being considered for possible sub sublease of the leasehold interest by the City of Pembroke Pines. The interest appraised will be the **Pembroke Pines' Leasehold Value or Interest**.

SCOPE OF WORK

The appraisal process is an orderly program in which the data used in estimating the value of the subject property is gathered, analyzed and presented in report form. The scope of the appraisal is the extent of the process of collecting, confirming and reporting data. The extent to which the market is researched is contingent upon the type of property included in the appraisal assignment.

The appraiser undertook this appraisal assignment under the following scope of work:

- ◆ The purpose of the appraisal is to determine the client's sub leasehold interest in the subject property for internal decision-making purposes;
- ◆ The subject property was inspected and photographed on March 21, 2023 with a cursory inspection on May 1, 2023.
- ◆ The physical characteristics of the subject property was considered;
- ◆ The various laws and governmental policies regulating the use of the subject property will be considered;
- ◆ Information provided by the client was reviewed;
- ◆ The subject property's Highest and Best Use was formulated;
- ◆ A search for rental market data in the general market area was conducted;
- ◆ The terms and conditions of market data discovered was verified;
- ◆ Market data was analyzed with respect to market trends and market values. All comparable rentals used were confirmed. Public records will be utilized to check the market data;
- ◆ The appropriate appraisal approach to value was developed, only the Income Approach to Value was considered since the subject is improved with three apartment buildings located on leased land, using a Discounted Cash Flow Analysis;
- ◆ The current leasehold value of the subject including real estate taxes and excluding real estate taxes was estimated.

APPRAISAL PROBLEM

Since entering into a land lease sub-lease agreement with the Department of Children and Family Services of the State of Florida on March 15, 2001, Pembroke Pines has improved the property with three, five-story apartment buildings consisting of a 614-unit complex named Pines Place. The appraisal problem involves properly analyzing the factors that create value in Pembroke Pines' leasehold interest.

As outlined above under Scope of the Appraisal, the appraiser has considered and analyzed historic income/expense information pertaining to Pines Place as well as market related information from similar apartment developments. This information is relied upon in estimating annual cash flows from apartment rents over the remaining lease term. The cash flows, not including loan (bond) repayments are then discounted to provide a present leasehold value. With the actual historic and market derived data outlined and considered, the appraisal problem is solved by properly analyzing all available data and accurately estimating future income streams so that a reliable estimate of Pembroke Pines' sub leasehold interest can be provided.

In appraising the subject property, the Discounted Cash Flow Analysis will be developed including real estate taxes and excluding real estate taxes.

PART THREE-PRESENTATION OF DATA

IDENTIFICATION OF PROPERTY

This site is leased from the Department of Children and Family Services of the State of Florida by the City of Pembroke Pines and was developed with two apartment buildings in 2005 and a third building in 2008. Collectively these buildings are known as “Pines Place” and are operated the city of Pembroke Pines. There are no income requirements for individuals renting the units.

LEGAL DESCRIPTION

As mentioned above, the subject is a portion of Parcel “A” of the plat known as The Pembroke Pines Health Park as recorded in Plat Book 174, Page 179 of the Public Records of Broward County, Florida. The legal description is three pages long and was provided by the client. It is presented in the addenda of this report.

AREA DATA AND ANALYSIS

Please refer to the Addendum of the report

NEIGHBORHOOD ANALYSIS

A neighborhood can be described as “a portion of a larger community, or an entire community, in which there is a homogeneous grouping of inhabitants, buildings, or business enterprises. Inhabitants of a neighborhood usually have a more than casual community of interest. Neighborhood boundaries may consist of well-defined natural or man-made barriers; or they may be more or less well defined by a distinct change in land use or in the character of the inhabitants.”

The subject neighborhood can be described as a portion of southwestern Broward County that is comprised of the Pembroke Pines Health Park on the west side of University Drive along with North Perry Airport and Broward College South located on east side of the Airport. The boundaries of the subject neighborhood are considered to be Pines Boulevard (Hollywood Boulevard) on the north, Pembroke Road on the south, SW 89 Avenue (aka Douglas Road) on the west and SW 72 Avenue on the east. These approximate neighborhood boundaries describe land that is within the City of Pembroke Pines and which is bordered to the south by the City of Miramar. These manmade boundaries effectively isolate the Health Park and airport along with other publicly owned located land in the northeast corner from the single family and multi-family residential neighborhoods to the east and west.

The subject property is located within the ***Howard C. Foreman Human Services Campus***, which was once the site of a state-owned mental health facility. This facility was built in 1957 and located on a $300\pm$ acre site located at the northwest corner of Pembroke Road and University Drive. In 2001 the state-owned hospital was being phased out and being replaced with new health related facilities operated by for profit and some non-profit organizations. Additionally, the site has a parcel used by Broward County School as a bus parking lot. There is also a state driver’s license facility and a juvenile detention facility. In early 2001, the site was managed by the state Department of Children and Family Services (DCF) and it was decided that approximately 161 acres would be leased to the City of Pembroke Pines to develop and manage a $161\pm$ acre health park. The lease was executed in 2001 and the site was platted as “The Pembroke Pines Health Park” and recorded in the public records in 2005. In 2001, the state legislature named the park after State Senator Howard C. Foreman.

The city built two of the subject buildings in 2005 and the third in 2008 and has operated them as low-income housing since they were built. According to information provided by the city, Bond financing was used to construct these buildings. “The total estimated construction cost of the project was Tower I at \$17,800,000 and Tower II at \$13,500,000. Tower I project costs included the planning, financial, development, design, engineering and construction of a five-story building of approximately 170,000 square feet, comprising 208 one bedroom residential units, together with the site development costs of approximately 25.92 acres, related off-site improvements including concurrency costs and perimeter roadway improvements, fuel depot installation, installation of off-site utilities, furniture, fixtures and equipment for 208 residential units included in Tower I as well as mobile safety equipment consisting of a fire ladder truck and other related equipment). Tower I project costs also included the engineering and permitting costs related to the Project. Tower II project costs include the cost of planning, designing, constructing and equipping Tower II, included furniture, fixtures and equipment for 186 residential units to be installed in Tower Two.”

“The 2007 Project consisted of the design and construction of capital improvements relating to Tower III which included, without limitation: (i) the design, construction, and equipping of approximately 220 residential units to become part of the City's senior housing facilities to be owned and operated by the City, to be located on the Senator Howard C. Forman Human Services Campus and related subordinate facilities, and (ii) renovations to existing senior housing facilities owned and operated by the City.”

The large health park in which the subject is located is a portion of other major publicly owned complexes within this area. North Perry Airport, owned and operated by Broward County is located on the east side of University Drive along with the South Campus of Broward College.

The N. Perry Airport land was purchased by the US Navy from Mr. Perry, a dairy farmer during World War II in 1943. Broward County took ownership of the airport between 1950 and 1957. The Broward County Aviation Department (BCAD) operates and maintains the airport, which includes four runways, a control tower, BCAD administrative office, two fixed base operations and a variety of tenants and sub-tenants. Airport related services provided by the tenants include fuel sales, repair and maintenance, aircraft storage, parts and sales, flight training, charter services and banner towing. Non-aviation related uses include the Paul J. Maxwell Park along the east boundary and accessed from SW 72 Avenue, Pines recreation Center (occupied as Pembroke Pines Optimist Club) at the northeast corner along Pines Blvd., State of Florida Department of Health (on subject property) at the southwest corner, US Border Patrol at the southeast corner and Village Shopping Center at the northwest corner. Besides the Broward County Aviation Department (BCAD), other government related uses include Mosquito Control along the western side and Pembroke Pines Fire Department station at the northeast corner along SW 72 Avenue.

The northeast corner of the subject neighborhood, not within the airport boundaries, includes other institutional type uses. The South Regional Library is at the signalized McArthur Parkway entrance and Broward College South Campus extends to SW 72 Avenue.

University Drive, Pembroke Road and Pines Boulevard are all six-lane, divided thoroughfares. SW 72 Avenue is a local, two-lane road that forms a T-intersection at Pembroke Road and extends for about 2.25 miles north of Pines Blvd. to where it merges with Davie Road Extension. Douglas Rd. is four lanes and becomes Pine Island Rd approximately 1.5 miles north of Pines Blvd. at Sheridan St. The four corners of the defined neighborhood are signalized intersections with the University Drive intersections in the middle being the most prominent.

The subject property is located near the middle of the subject neighborhood and the roadways influencing it most is the Pembroke Road / University Drive intersection. Improvements at this intersection corner include The Broward County Health Department at the northeast corner, Division of Driver's Licenses at the northwest corner, gas-mart at the southwest corner and attached one story residences at the southeast corner. Wal-Mart and a Sam's Club surround the southwest corner gas-mart.

The defined neighborhood is virtually built out and in the stability stage of the neighborhood life cycle. While there is no commercial development trend, there is also virtually no available land along the immediate neighborhood corridors. This is with the exception of the obsolete or underutilized land in the Howard C. Foreman Human Services Campus and North Perry Airport. BCAD has entertained allowing private development near and along its perimeter and there have been plans for a Perimeter Road relocation at the airports southwest corner. This indicates that new development is possible and that Pembroke Road/University drive intersection may experience some revitalization in the foreseeable future.

Stages of a Neighborhood

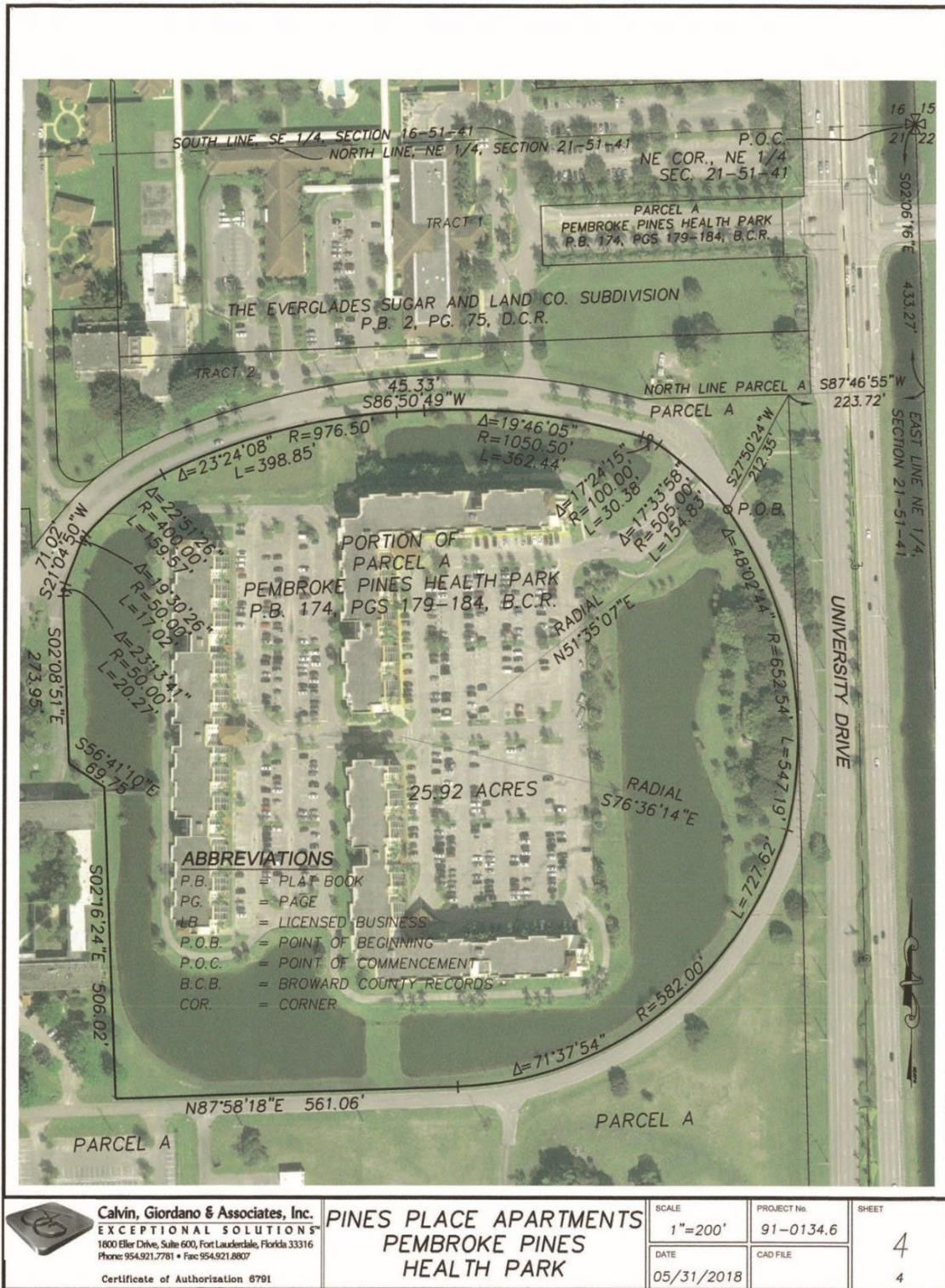
- (1) Growth -** a period during which the neighborhood gains public favor and acceptance.
- (2) Stability -** a period of equilibrium without marked gains or losses.
- (3) Decline -** a period of diminishing demand.
- (4) Revitalization -** a period of renewal, modernization, and increasing demand.

The subject neighborhood is considered to be in a period of stability with some growth while some vacant land is available.

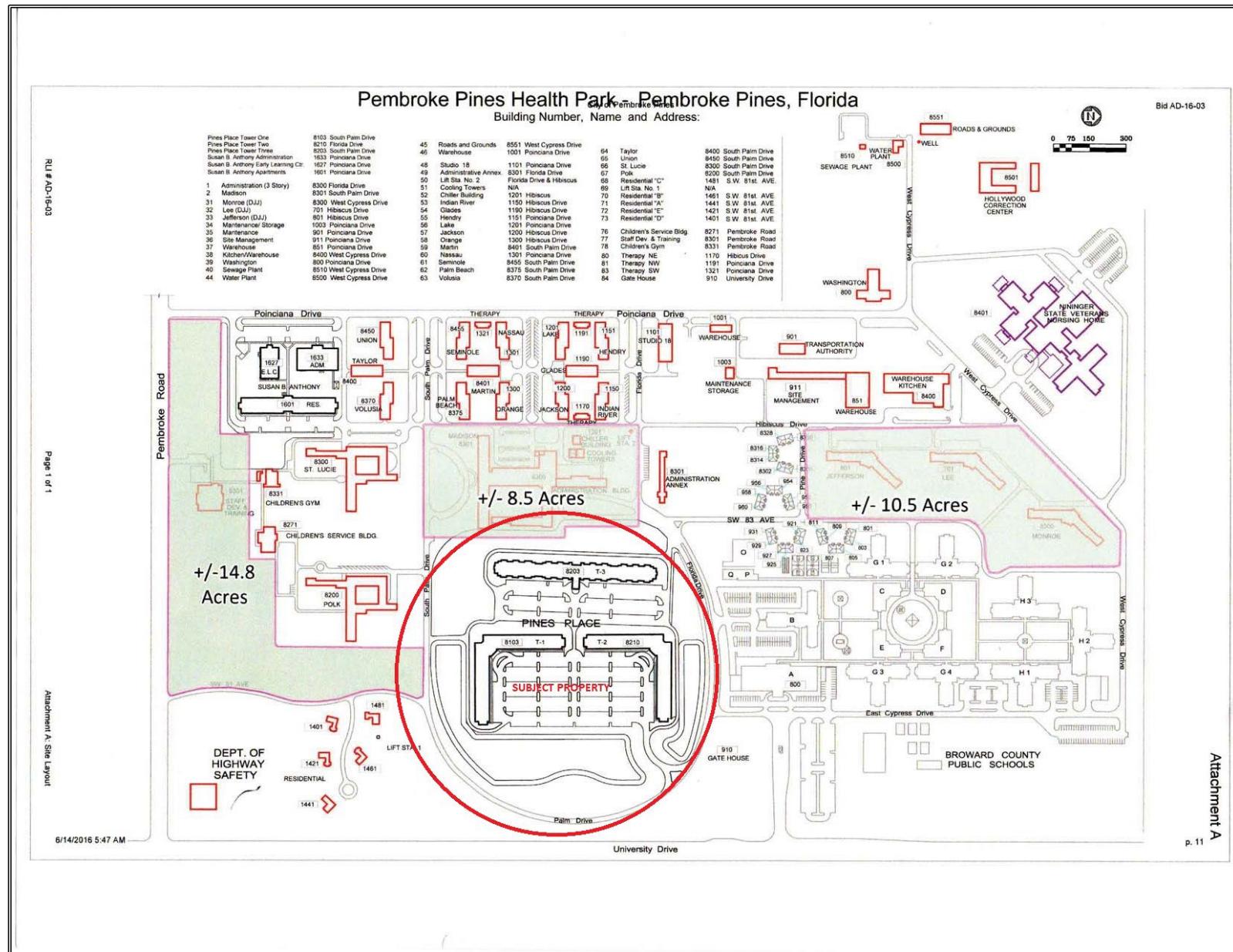
LOCATION MAP



AERIAL SITE PLAN OF THE SUBJECT



PROPERTY SKETCH



PROPERTY DESCRIPTION

Property Type: The subject property is located at the NW quadrant of University Drive and Pembroke Road in the ***Senator Howard C. Foreman Human Services Campus***. The site is improved with the three subject buildings with associated open parking lots and on-site storm-water drainage areas.

Existing Use: The larger subject property is generally an irregular parcel of land. The site was zoned CF – Community Facility, by the city of Pembroke Pines;

Land: The subject parcel has unity of ownership, unity of use and contiguity.

Area: The total subject site is composed of 25.92± acres.

Shape: The overall subject property is generally irregular in shape.

Ingress/Egress: The site fronts along the west side of University Drive. Access is provided by South Palm Drive which wraps around the subject's north and south. This road provides access from University Drive. The University drive entrance is signalized and is also the entrance to the Senator Howard C. Foreman Human Services Campus. A second ingress/egress is at the southwest corner of the campus at Poinciana Dr. Ingress/egress to the subject site is considered to be adequate for current development.

Topography: Generally flat topography near road grade.

Drainage: Drainage appears to be adequate.

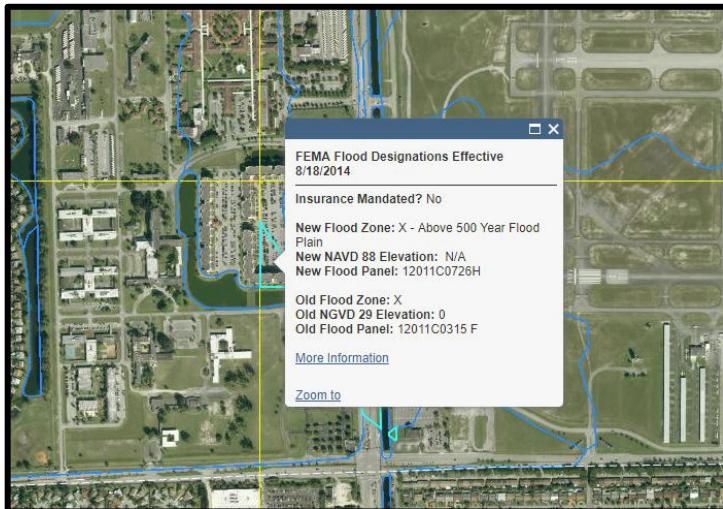
Soil Characteristics: Being beyond the scope of the appraiser's duties, no soil samples were taken or analyzed by the appraiser. The underlying soil type appears to be **UR - Urban Land**. This is the map unit delineation according to the Soil Survey of Broward County Area prepared by the U.S. Department of Agriculture, Natural Resources Conservation Service. This is land that is more than 85% covered with streets, buildings, parking lots, shopping centers, lawns, playgrounds etc. to such an extent that the former soils cannot be easily recognized.

Utilities on Site: Electric, telephone, sewer and water.

Utilities Available: Utilities are readily available to the subject property include water and sewage disposal, telephone and electricity.

Flood Hazard Area

The subject property lies within the Flood Zone X designations. This description is according to the FEMA Flood Insurance Rate Map Control Panel No.12011C0545H dated August 18, 2014. This flood zone classification states that no mandatory flood insurance purchase is required.



Drainage – Ground percolation and sheet flow runoff into the lakes that surround the buildings.

Site Improvements – Surrounding paved and landscaped parking areas. Ample parking is available and all spaces are lined and bumpered. Adequate light poles are on concrete stanchions throughout the site. Concrete walkways surround the buildings, metal guard rails protect driveways from the lakes and fire hydrants are protected and served by steel bollards. Landscaping includes well-manicured lawns, mature palms, medium sized shade trees and maintained shrubbery.

Easements, encroachments or restrictions and their effect or limitation – Based on a review of lease, there does not appear to be any adverse easements related to the subject property.

Environmental – An Environmental Site Assessment Report on the subject property was not provided. During the appraiser's inspection there were no readily apparent items such as containers, hazardous chemical usage or spillage that would give an indication of environmental considerations that might possibly adversely affect the property's marketability, its value or its highest and best use.

Building Description - The subject is improved with three (3) five-story, combination CBS and other, apartment buildings, two of which were built in 2005 and one in 2008. The mix of units in these three buildings is summarized as follows:

Tower I @ 8103 S. Palm Drive - This building has 138 Small one-bedroom / one bath units which are reported to be 575 square feet. There are also 70 Large one bedroom / one bath units that are reported to have a living area of 750 square feet. Tower I has a total of 208 units.

Tower II @ 8210 S. Florida Drive - This building has 78 Small one-bedroom / one bath units which are reported to be 575 square feet. There are also 108 two-bedroom one bath units that are reported to have a living area of 750 square feet. Tower II has a total of 186 units.

Tower III @ 8203 S. Palm Drive - This building has 210 Small one-bedroom / one bath units which are reported to be 575 square feet. There are also 10 Large one-bedroom /one bath units that are reported to have a living area of 750 square feet. Tower III has a total of 220 units.

The three building contain a total of 614 units.

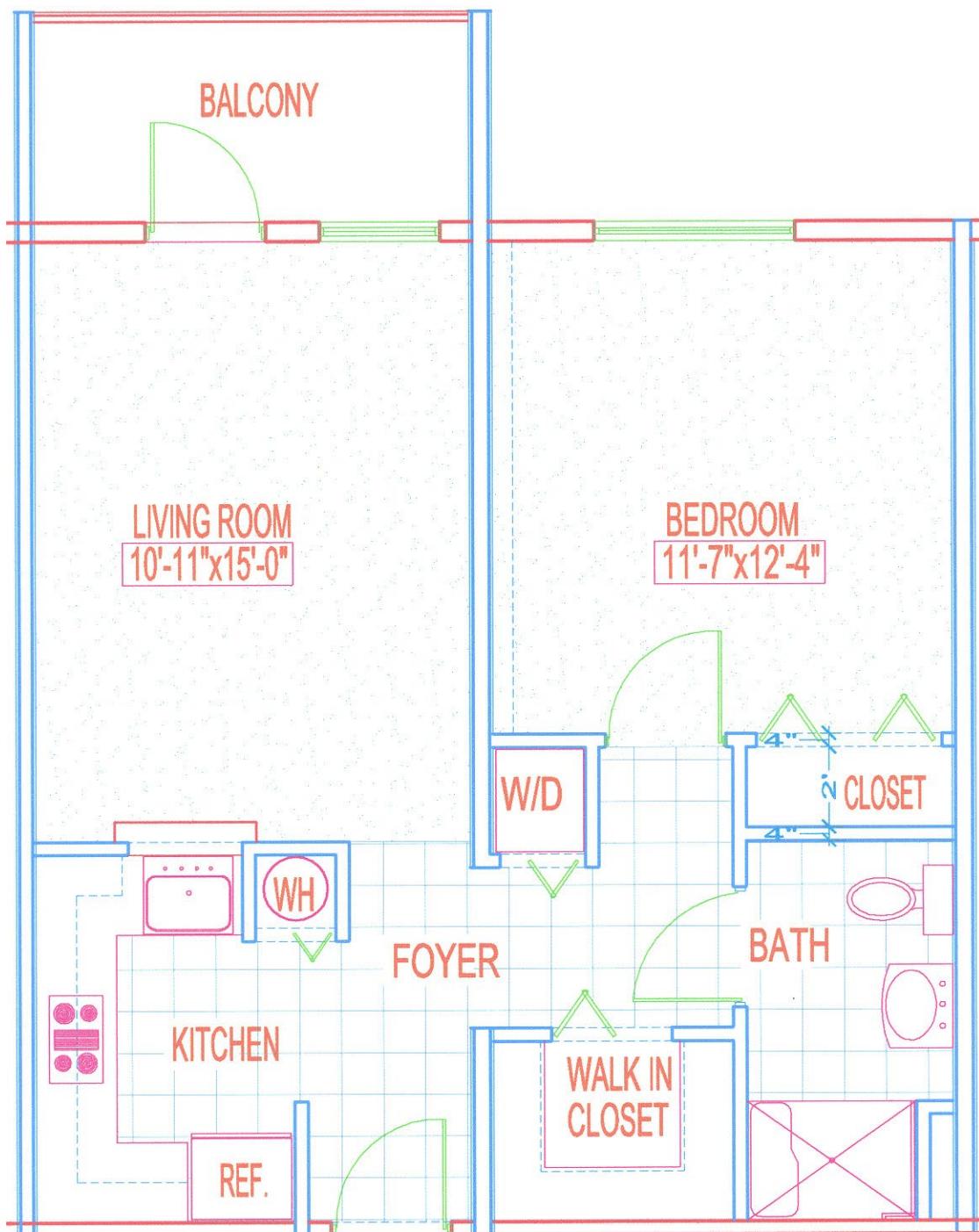
The representative apartments inspected all appeared to be in average condition. When long time tenants move out the apartments are renovated with new vinyl flooring and new kitchen counter tops. Each kitchen is furnished with a complete kitchen including a garbage disposal. The smaller apartments have through-the-wall HVAC units while the larger units have central HVAC. The apartments also have stacked washer/dryer combinations and a wall mounted de-humidifier. The older apartments have commercial grade carpet and vinyl flooring.

- a. Construction – Towers I & II are five-story buildings which were constructed in 2005. These buildings have exterior framing with concrete walls on the sides with corrugated metal panels gypsum wallboard, an asphalt-impregnated moisture-resistant barrier, metal lathe plaster, and two-coat stucco finish at the fill-in walls. All exterior walls are covered with cementitious stucco. Tower III is built with concrete block and stucco which is typical in the South Florida area.
- b. Quality – Average
- c. Condition – Average
- d. Physical age – 18 for Tower I and II. 15 years for Tower III.
- e. Effective age – 10 to 15 years
- f. Remaining economic life – the effective for Towers I and II is 15 years and the effective for Tower III is 10 years. With an expected life of 45 to 50 years for similar Towers I & II and 55-60 for Tower III. Thus, the remaining economic life of Towers I & II is 45 (with the major capital improvement underway) and 50 years for Tower III.

It should be noted that the client provided a **Structural Evaluation Report** of the subject buildings provided by Rimkus Consulting Group, Inc. dated October 2016. This report indicated that indicated that Towers I and II had mold and moisture damages due to their construction. A cure plan was established and this capital improvements plan is currently underway on Tower II. We have utilized the capitalized costs provided by the client to assist in developing Reserves and Replacement Allowance in the Income Approach.

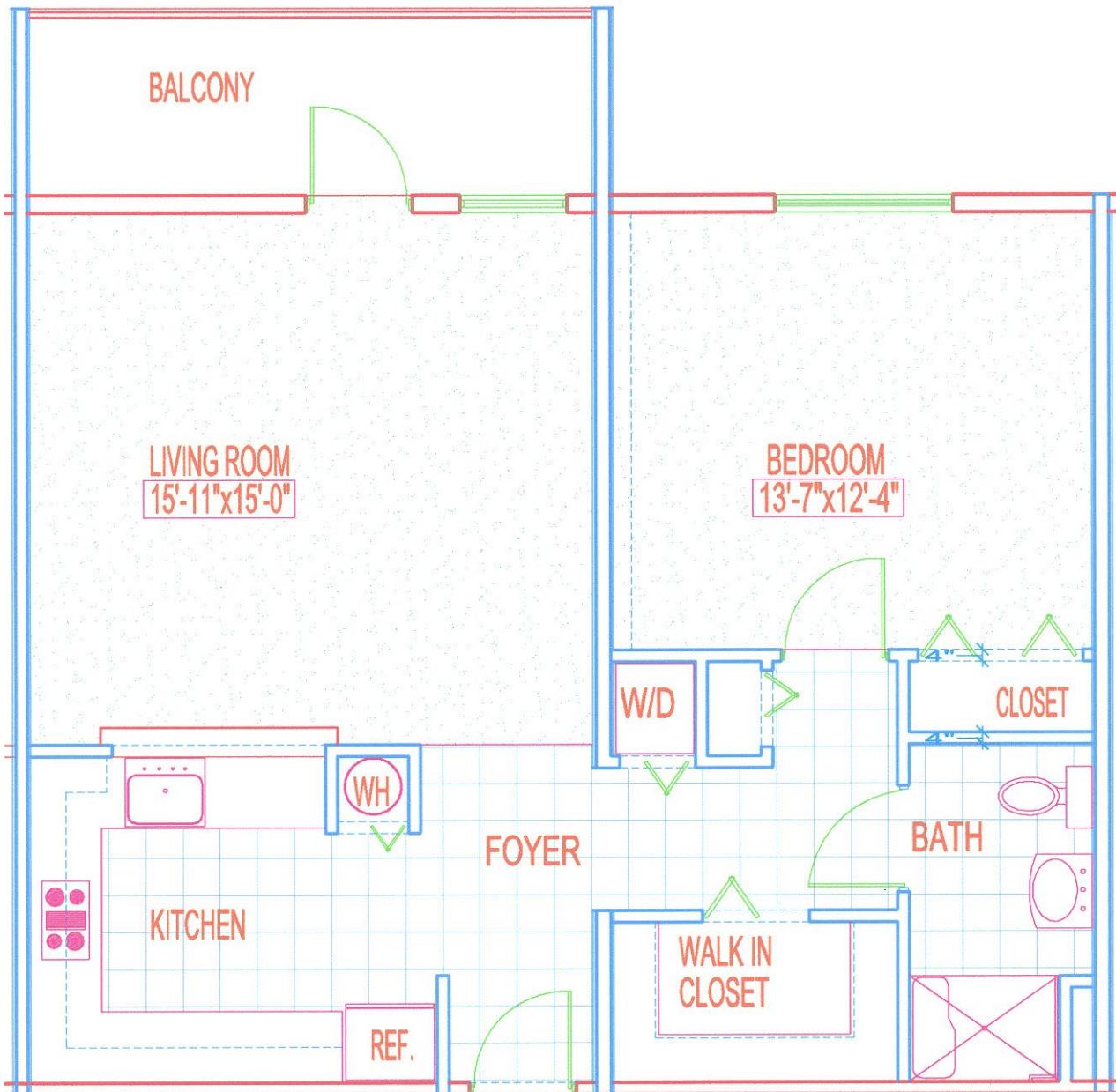
The following pages contain floor plans of the different unit type found in the subject buildings. On the pages after the floor plans are photographs of the subject.

Small One Bedroom Floorplan



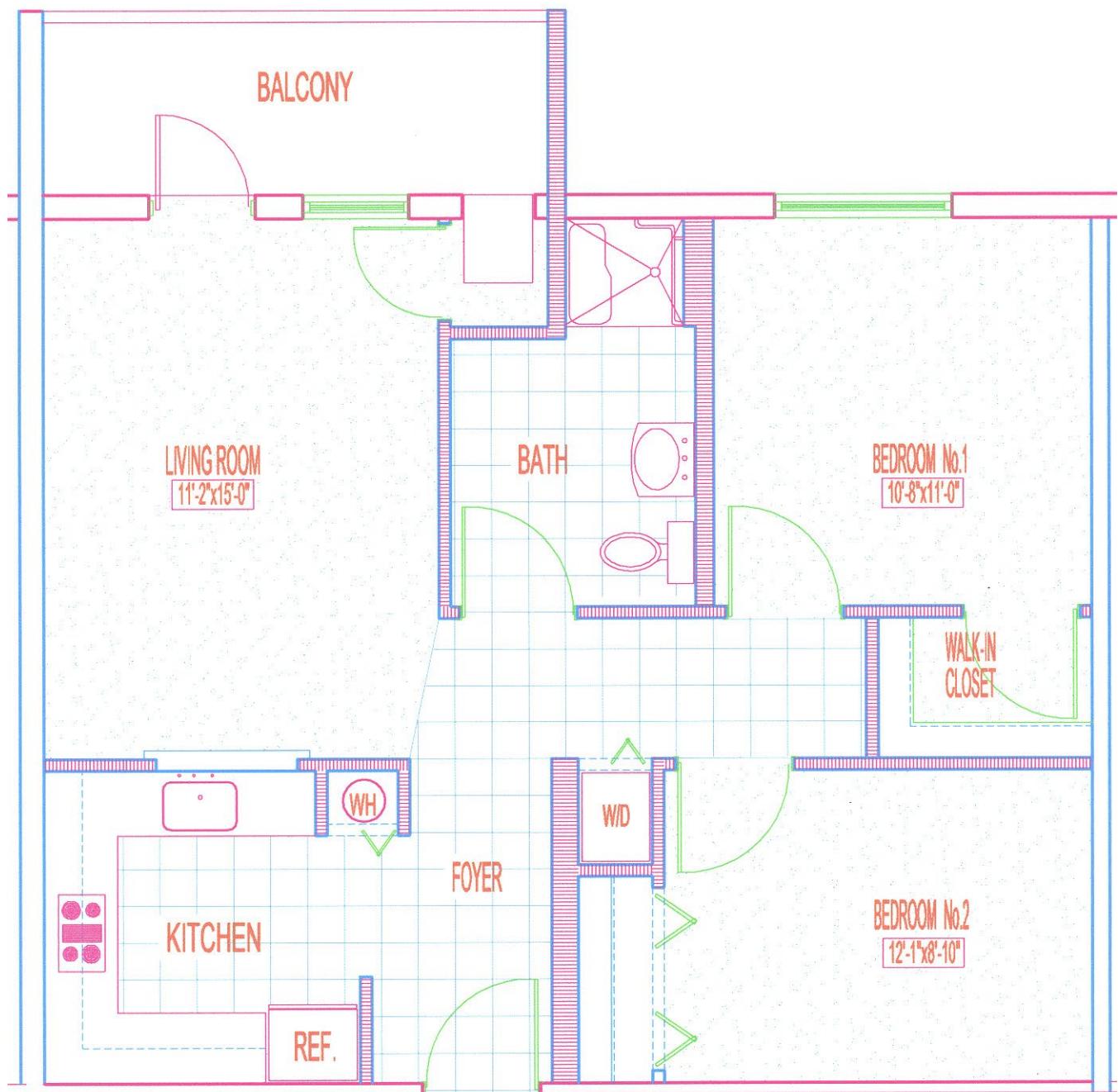
TYPE "B" - 1BR UNIT FLOOR PLAN (575 SF.)

Large One Bedroom Floorplan



TYPE "A" - 1BR UNIT FLOOR PLAN (750 SF.)

Two Bedroom Floorplan



TYPE 'E' - 2BR UNIT FLOOR PLAN (750 SF)

Subject Photographs

View NW at Entrance to Complex



View E at Entrance Gate to Complex



View NW along Palm Dr. near entrance



View S along Palm Dr. near Entrance Drive



View S along Palm Dr. at NEC of Complex



View E along Palm Dr. N of Tower III



View SE at Palm Dr. near NWC of Complex-
Tower III on right



View W along Palm Dr. at SEC of Complex



View SW along Palm Dr. showing Tower I



View S along Palm Dr. near Entrance Drive



View N along Palm Dr. near SEC of Complex



View NW of Porte Cochere to Tower II



Subject Photographs (Continued)

View N of renovations to Tower II



View W of NEC of Tower II-renovated portion



View W of Tower II-Notherly Elevation



View SW of Tower II-Notherly Elevation



View SE at NWC of Tower II



View S across parking showing Tower II (L) & Tower III (R)



Subject Photographs (Continued)

View SW at NEC of Tower III



View S along W side of Tower III



View S along W side of Tower III



View SE at NWC of Tower III



View W at SWC of Tower III showing W side of Tower I



View NW of SEC of Tower III



Subject Photographs (Continued)

View W of Porte Couchere to Tower III



View W between Towers I & II with Tower III



View S along near NEC of Tower I



View N showing Tower II near NEC of Tower I



View SW of Tower I from NE parking area



View N of Tower II near NE parking area of Tower I



Subject Photographs-Sample of Interior-Tower II

Typical Lobby View Bldg. 8210



Typical View Living Room Unit 117



Typical View looking toward Kitchen



Typical View in Kitchen



Unit #117 Bedroom



Unit #117-Bathroom



Subject Photographs-Sample of Interior-Tower II (Continued)

Unit #117-Closet



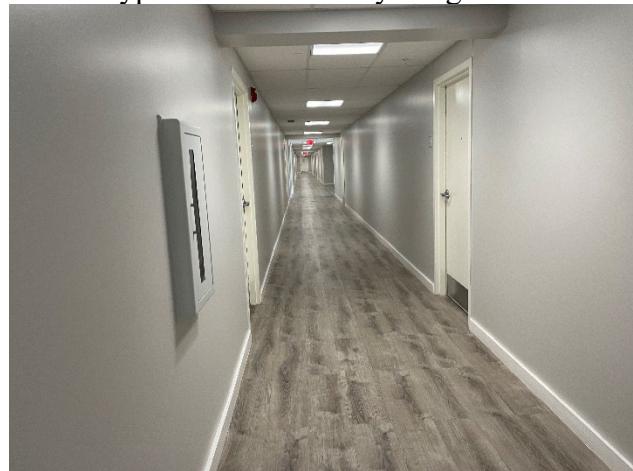
Unit #117-Entrance from Hallway



Unit # 117 Washer/Dryer



Typical View Hallway Bldg. 8210



Unit # 111 Kitchen being renovated



Unit # 111 Living Room being renovated

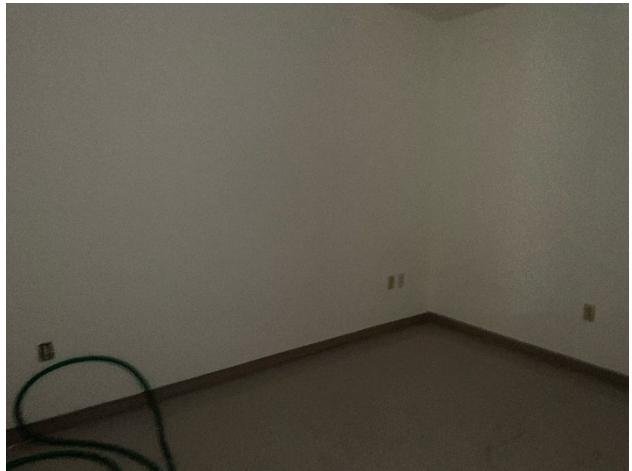


Subject Photographs-Sample of Interior-Tower II (Continued)

View of bathroom Unit #111



Unit # 111-Bedroom



Unit # 111-Pass Through From Living Room



Unit # 111-Renovations



Unit # 111 Closet with Washer/Dryer Hook-Up



Unit #109-Kitchen

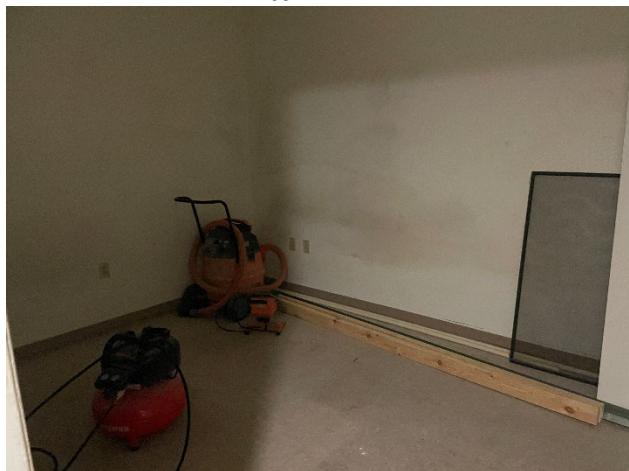


Subject Photographs-Sample of Interior-Tower II (Continued)

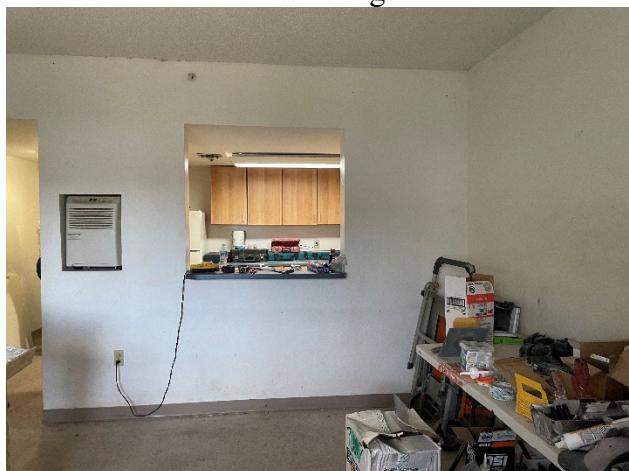
Unit #109-Living Room



Unit #109 Bedroom #1



Unit #109 Living Room showing Kitchen Pass-through



Bathroom Unit #109



Unit #109 Bedroom #2



Unit #109 Entrance



ZONING - LAND USE

The current Zoning is CF, Community Facility, by the City of Pembroke Pines. The CF zoning allows a variety of community related uses and the subject use is not specifically listed. The subject is a legally permitted use by virtue of it being developed and owned by the city. According to the plat the current use is regarded as a Special Residential Facility Category 3. The zoning is in conformity, and identical to, the Community Facilities Future Land Use designation.

CONCURRENCY - PLATTING - IMPACT FEES

The subject property is acceptably platted as Parcel A of Pembroke Pines Health Park and does not have concurrency issues.

ASSESSED VALUE AND TAXES

In Florida, the assessed values for real and commercial personal properties are established each year as of January 1 by the Property Appraisers Office. Under the Florida Constitution and Statutes, the assessment is to be based on market value. A millage rate is then applied to the assessed value to establish annual taxes. Amendment 10 effective in 1993, capped annual increases on "Homestead" properties to 3% or the rate of inflation, whichever is less. This ceiling applies as long as the home is owned by the same person. Effective January 2008 a constitutional amendment passed overwhelmingly which set a 10% cap on assessment increases for non-homesteaded properties. The subject property is owned by the State of Florida and leased to the City of Pembroke Pines and no taxes are paid.

The subject property is a developed $25.92\pm$ acre parcel as described in other sections of this report. The subject property is currently part of one folio number that includes other buildings operated by non-profit and for-profit organizations. As a result, the current assessment does not breakout the various properties for assessment purposes. The following assessment information includes all properties in Parcel "A" under one folio number. This subject property is part of Folio No. 51-41-21-25-0010. The underlying land is owned by the State of Florida the land is not taxed. The subject improvements are owned by the City of Pembroke Pines and also are not taxed. If the subject improvements were sub-leased to another entity, they could be taxed depending on the structure of the entity owning the improvements. Given that the subject is comprised of a large, three-building apartment complex containing 614 units it seems likely that it would be purchased by a sophisticated operator who will know how such a deal should be structured to minimize taxes. However, at this time the improvements are being valued *As Is*, or as a leasehold interest of the city so taxes were not calculated or applied. If they are taxed, the taxing authority for the parent tract is Broward County.

The property's real estate assessment for all properties under this folio are as follows:

Year	Land	Bldg/Improvements	Just/Market Value	Assessed/SOH Value	Taxes
2022	\$22,605,240	\$88,217,010	\$110,822,250	\$110,822,250	\$0.00
2021	\$23,725,920	\$88,217,010	\$111,942,930	\$111,942,930	\$0.00
2020	\$23,725,920	\$88,952,070	\$112,677,990	\$112,677,990	\$0.00
2019	\$23,725,920	\$88,952,070	\$112,677,990	\$112,677,990	\$0.00
2018	\$23,725,920	\$88,952,070	\$112,677,990	\$112,677,990	\$0.00

Again, the subject is owned by the city of Pembroke Pines and is tax exempt. The above listed tax information is based on the 2018 through 2022 tax assessments, with 2022 being the most recent year for which recorded tax data is available. There are no current or known anticipated Special Assessments levied on the property.

HISTORY OF PROPERTY

The subject site is leased from the State of Florida which has owned the site for more than 50 years. In March 2001 the City of Pembroke Pines entered into Inter-local Agreement with the Florida Department of Children & Families (DCF), to develop, operate and maintain the 157-acre site. The agreement specifies that the City will sublease the site from DCF for a 50-year period from July 1, 2001, to June 30, 2051, for a \$300 annual administration fee and is subject to other terms and conditions relating to the City's management of the site. Two rental apartment towers were constructed in 2005 and a third tower was constructed in 2008 for a total of 614-units (subject property). This project was financed the construction with various bonds. On September 22, 2020, at a meeting of the Florida Cabinet, the Board of Trustees approved an extension of the term of the DCF Lease, and the City's Sublease with the DCF, to January 3, 2090. The proposed Amendment 5 would amend Sublease 2628-14 between the City and the DCF to extend the term of the City's Sublease to January 3, 2090. This will provide a remaining term of approximately 69 years.

There have been no arm's length transfers of title within the past five years. There are no current listings or contracts for the subject property.

EXPOSURE TIME

Exposure time may be defined as follows:

The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.

Source: *The Uniform Standards of Professional Appraisal Practice*, 2020-2021 Edition, Extended to December 31, 2023, the Appraisal Foundation.

Exposure time required for comparable properties have ranged from two (2) to twelve (12) months. I have concluded that up to twelve (12) months is a reasonable estimate of exposure time for the subject, as of the date of valuation.

PART FOUR - ANALYSIS OF DATA AND CONCLUSIONS

HIGHEST AND BEST USE ANALYSIS

Definition

The Dictionary of Real Estate Appraisal, Six Edition, Appraisal Institute, defines highest and best use as:

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

In determining the highest in the best use of the subject property, it is important to first analyze the site as though vacant and then to analyze the property as currently improved.

Legally Permissible - Zoning and land use principally govern legally permissible uses for the subject property. The CF zoning allows various public related uses and also Special Residential Facilities. The plat permits the existing use as a Special Residential Facility and it is a legally permissible use.

Physically Possible - The subject improvements have an actual age between 15 and 18 years old but slightly lower effective ages. They are positioned on the site in a manner that tends to maximize the 25.92± acres. The development provides for ample parking, is aesthetically pleasing and is readily accessible off of two primary thoroughfares. The complex is designed in a manner that provides security and isolation from neighboring uses. It is well maintained and has no apparent physical deficiencies that would hinder its continued rental apartment use as improved.

Financially Feasible - The determination of financial feasibility involves analyzing the supply and demand and the cost of development with the potential benefit. After eliminating the possible uses of the site, which are not physically possible or legally permissible, it is necessary to analyze the remaining possibilities to determine which are likely to produce a positive return.

In the existing situation, the subject property is already improved with an appropriate and legally permissible use. Historical income records over before the health pandemic was between the past five years show that it has been from 85 - 95% occupied, with the most recent year data indicating an overall 92% occupied. It also appears to be generating a substantial income. This is consistent with surrounding apartment buildings in southwest Broward County which are purchased and managed by investors for their rental income generating potential.

The financial feasibility of the subject property for continued apartment use is supported by demand in the extended subject neighborhood. Multi-story apartment use is common in the southwest Broward market and the subject's successful operating history supports continued apartment use. These facts and opinions all support the financial feasibility of the existing use.

Maximally Productive - In addition to being legally permissible, physically possible, and financially feasible, the highest and best use of the site as though vacant must represent the maximally productive use. The maximally productive use is the use that returns the highest value to the land from among those uses which are legally permissible, physically possible and financially feasible.

The subject improvements tend to maximize the site and while the subject has an expanded front (east side) yard, this area is used for water retention and as a buffer from University Dr. and N. Perry Airport. Expanding the existing use or developing new improvements in this area is not practical. There is no indication in the current market that demolition and redevelopment is a viable option. In the appraiser's opinion, no alternative use would result in a higher value to the subject property.

Highest & Best Use Conclusion

In the appraiser's opinion, the highest and best use of the subject property is continued apartment use as currently improved.

APPROACHES TO VALUE USED AND EXCLUDED

There are three generally recognized approaches that provide indications of market value in the appraisal process, which are summarized below.

Cost Approach - This approach is premised upon the concept that a purchaser will pay no more for a property than would be spent to produce a comparable substitute property. This theory is based on the cost of production. A value indication via the Cost Approach is derived by estimating the cost new of the improvements, minus any loss of accrued (physical, functional and/or external or economic) depreciation. Using sales comparison approach techniques, the appraiser develops a value opinion of the site and adds it to the depreciated value of the improvements. The addition of entrepreneurial profit, if any, completes this process.

The Cost Approach will not be utilized in estimating the market value of the subject property. The Cost Approach is most applicable when used in estimating the value of new improvements, or in situations where depreciation is low and can be estimated with a reliable degree of accuracy. This approach starts losing its validity as a property gets older and its condition deteriorates. This is due to the lack of available market evidence from which to derive reliable estimates of physical, functional and locational obsolescence. Also, buyers and sellers do not typically make decisions based on the cost new less depreciation when the improvements are old.

Sales Comparison Approach - This approach is based on a theory that a typical purchaser is only willing to pay for a substitute property of equal utility. This approach compares the subject property to similar properties and adjusts for such factors as date of sale, conditions of sale, age, physical characteristics, and market conditions. Adjustments are applied to the comparable sales to reflect the subject features.

Income Approach - The Income Approach converts the anticipated income to be derived from the ownership of property into a value estimate. Under this approach, the relationship of income is compared to the sale's price.

The subject site is improved 614-apartment complex consisting of three, 5-story towers. The buildings were constructed by the lease holder. The Cost and Sales Comparison Approaches to Value will not be utilized in this appraisal. The Income Approach will be relied upon solely in providing an estimate of the subject's market leasehold value.

THE INCOME CAPITALIZATION APPROACH

The Income Capitalization Approach per is defined as:

A set of procedures through which an appraiser derives a value indication for an income-producing property by converting its anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market-derived capitalization rate or at a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate.

The income approach is based on the principal of anticipation with value reflected as the present worth of the right to future benefits. The future benefits which accrue to ownership are based on the income generating potential of the subject property. The process of income capitalization requires the following analysis:

1. *An estimate of potential gross income based on market rents.*
2. *An estimate and deduction for vacancy and collection losses, resulting in effective gross income (gross receipts or revenues).*
3. *An estimate and deduction of the operating and fixed expenses and reserves for replacement in order to arrive at net operating income (before debt service or recapture).*
4. *An estimate of the durability of the projected income stream.*
5. *The development and selection of an appropriate capitalization rate and technique.*
6. *Application of the estimated capitalization rate to the estimated net income, resulting in an indication of value.*

Gross income estimates should be based on economic rent, which is the amount the rental space would currently bring in the open market. Economic rent is also often termed "market rent."

Market rent is defined in *The Dictionary of Real Estate Appraisal-Sixth Edition, Page 140* as: *The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).*

The gross income estimate, therefore, is the amount the rental space would bring in the open market, on the date of the appraisal.

At this point any other income is added to the estimated gross income. Other income may be from a laundry, vending machines and miscellaneous income. In the case of the subject property, which is a 614-unit apartment complex, there is other miscellaneous income such as income from lock outs, application fees, background checks for renewals and repairs. From the estimate of gross income, estimated expenses and allowance for vacancies and collection losses must be deducted to arrive at net operating income. The first step in the Income capitalization approach is estimating net operating income.

The income capitalization approach supports two basic methodologies: direct capitalization and yield capitalization. Yield capitalization, which considers a series of cash flows over time together with any resale proceeds, is the method employed in valuing Pembroke Pines' sub leasehold interest. In yield capitalization, conclusions must be drawn about changes in net income, cash flow and value over time. In valuing the subject's leasehold interest, cash flows are estimated for the 10-year term with a reversion in the 11th year.

The subject property is currently leased on a gross basis, where each tenant is individually metered for electric. The owner is responsible for all other expenses, which include management, property taxes (if any), hazard insurance, trash removal, water and maintenance and miscellaneous expenses. This is the typical way expenses are distributed among the comparable rentals.

Below is the last five years of rental income for the subject property as provided by the client.

SUBJECT INCOME HISTORY					
Year	2021/2022	2020/2021	2019/2020	2018/2019	2017/2018
Annual Rent	\$ 6,688,123	\$ 6,112,387	\$ 6,366,474	\$ 6,235,104	\$ 5,930,022
Misc. Fees	\$ 36,183	\$ 27,198	\$ 63,170	\$ 56,035	\$ 50,913.00
App. Fees	\$ 14,939	\$ 4,635	\$ 13,990.00	\$ 21,925.00	\$ 18,350.00
Total Income	\$ 6,739,245	\$ 6,144,220	\$ 6,443,634	\$ 6,313,064	\$ 5,999,285

Additionally, the appraiser has analyzed the local market to compare current market rents to the subject complex on the following page.

MARKET RENT COMPARABLE GRID

Rent Comp.	Subject	Rent No. 1	Rent No. 2	Rent No. 3	Rent No. 4
Property Name	Pines Place	Pembroke Villas	Sorrento at Miramar	Pembroke Tower	Pines Point
City	Pembroke Pines	Pembroke Pines	Miramar	Pembroke Pines	Pembroke Pines
Address	8103 S. Palm Dr. 8210 FL Dr. 8203 S. Palm Dr.	4801 SW 41 St.	8991 SW 41 St.	2201 N. University Dr.	501 NW 103 Ave.
Bldg. Type/ No. of Units	5 story 614 units	2-story 180 units	3- story 320 units	5- story 100 units	5-story 190 units
Bldg. Size	163,087± SF 163,087± SF 166,121± SF	221,420 SF	270,000 SF	66,650 SF	242,856
Beds/Baths	1/1 small 1/1 large 2/1	1/1 2/2 3/2	1/1 2/2 3/2	Studio 1/1	Studio 1/1 small 1/1 large
Unit Size	575 SF 750 SF 750 SF	620 SF 842 SF 1,052	651 SF. 898 SF 1,187 SF	600 SF	554 SF 580 SF 750 SF
Monthly Rent	\$1,175 - \$1,250 Ask \$1,350 Ask \$1,475	\$887 \$1,066 \$1,205	\$1,006 \$1,096 \$1,360	\$1,027	\$1,125 \$1,250 \$1,250
Rent Per SF	\$2.04 - \$1.43 \$1.19 - \$2.17. \$1.97.	\$1.43 \$1.27 \$1.15	\$1.55 \$1.22 \$1.15	\$1.71	\$1.44 \$1.51 \$1.30
Year Built	2005 2005 2008	2003	2011	1980	1969
Condition	Average	Average	Average	Average	Average
Parking	Abundant	450 spaces 2.5 / unit	Appears Adequate	130 spaces 1.3/ unit	Appears Adequate

Market Rent Conclusion - In estimating the subject's income generating potential, rent per apartment unit provides the best unit of comparison. The rents being received are within the range provided by the comparable rentals. The current asking rents at the subject are being achieved and are also supported by the market. In the appraiser's opinion, the subject's actual and asking rents are supported by the market.

To develop an estimate of the current leasehold value for the 10-year term with an 11th year reversion. In year two (2) until the end of the term, the annual income will be increased by 3.0%. This conclusion is based on the CPI history.

Other Income

Based on discussions with the property managers, along with a review of the income statements, I have concluded that an additional 1.25% of Potential Gross Rental Income (PGRI) should be added to account for additional income.

Rent Concessions

According to our market study, significant rental concessions were not common in the subject market. The common practice is to provide the new tenant a few free weeks to move in or to transition from a prior location. The surrounding market generally displays stabilized occupancies and landlords are reported to be in control of rates as the supply and demand for apartments tends to be in balance.

VACANCY and RENT COLLECTION LOSS

A vacancy and collection loss is an appropriate item to include in estimating effective gross income. Although the subject has an ultimate income generating potential based on complete occupancy, periods of vacancy and uncollectible rent have the effect of reducing the amount actually received in rental income. The amount that can be expected differs from a property's potential and is referred to as Effective Gross Income. In estimating effective gross income, the potential gross income is reduced for periods of vacancy and uncollectible rent. Observation of existing multi-family apartment buildings within the subject neighborhood and the surrounding local market revealed relatively high occupancies in the 90% - 100% range. The following chart shows the estimated vacancy for the subject over the past four years:

Year	2017	2018	2019	2020	2021	2022
Tower #1 Estimated Vacancy	<u>13.80%</u>	<u>8.17%</u>	<u>6.73%</u>	<u>6.73%</u>	<u>10.10%</u>	<u>5.29%</u>
Tower #2 Estimated Vacancy	<u>6.02%</u>	<u>13.60%</u>	<u>6.82%</u>	<u>10.00%</u>	<u>14.09%</u>	<u>6.24%</u>
Tower #3 Estimated Vacancy	<u>14.38%</u>	<u>4.84%</u>	<u>2.15%</u>	<u>6.45%</u>	<u>21.51%</u>	<u>13.44%</u>
Total Estimated Vacancy	11.39%	8.69%	5.37%	7.82%	14.98%	8.31%

The operation of the subject has been that units are renovated as they come vacant. However, some of renovations have to wait until city staff or maintenance personnel can accommodate them such as replacing carpet with vinyl floor coverings. This means that even though there is a waiting list of tenants available to lease the units, there may be an added period such as an extra month before the unit is ready for the new tenant. Therefore, for the first two years of the cash flow a vacancy rate of 7.5% will be used and decreasing in the third year to 5% until the end of the term.

EXPENSES

Operating Expenses & Net Operating Income Estimates

The following expense categories are considered in arriving at net operating income that were provided by the client.

Description of Expenses	Year	Year	Year	Year	Year
	2021/2022	2020/2021	2019/2020	2018/2019	2018/2017
Professional services-Outside Legal	\$ 12,113.00	\$ 6,505.00	\$ 3,684.95	\$ 1,874.11	\$ 13,704.80
Professional services- other	\$ 725.00	\$ 1,637.00	\$ 5,088.48	\$ 1,551.00	\$ 49,564.63
Contract- laundry & cleaning	\$ 836.00	\$ 1,241.00	\$ 1,236.93	\$ 606.12	\$ -
Contract- building maintenance	\$ 107,824.00	\$ 108,201.00	\$ 104,690.80	\$ 96,100.80	\$ 93,798.43
Function sourcing- Grounds/Facilities	\$ 1,325.00	\$ 1,325.00	\$ 1,325.04	\$ 129,060.73	\$ 219,759.35
Contractual service provider	\$ 539,297.00	\$ 507,627.00	\$ 472,567.66	\$ 263,833.04	\$ 147,486.76
Contractual services- other	\$ 137,225.00	\$ 139,631.00	\$ 132,221.76	\$ 128,781.88	\$ 128,898.09
Other Service IT	\$ 1,579.00	\$ 1,878.00	\$ 900.00	\$ 900.00	\$ 900.00
Telephone	\$ 31,946.27	\$ 31,871.00	\$ 21,319.86	\$ 19,598.56	\$ 16,707.98
Cable Fees	\$ 136,631.00	\$ 133,121.00	\$ 124,022.16	\$ 117,838.88	\$ 112,239.20
Electric	\$ 166,199.00	\$ 151,118.00	\$ 118,771.22	\$ 117,099.63	\$ 118,376.65
Water & sewer	\$ 406,054.00	\$ 409,549.00	\$ 443,648.73	\$ 455,933.20	\$ 379,810.39
Rents- machinery & equipment	\$ 1,690.00	\$ 23,244.00	\$ 1,690.20	\$ 2,793.98	\$ 5,803.99
Credit Application	\$ 63.00	\$ -	\$ -	\$ -	\$ 9,370.00
Insurance	\$ 86,298.00	\$ 55,771.00	\$ 72,861.00	\$ 58,606.00	\$ 80,480.00
R & M- land- building & improvement	\$ 542,831.00	\$ 567,280.00	\$ 286,813.71	\$ 343,365.68	\$ 210,213.30
Energy Savings Project	\$ 43,471.00	\$ 42,483.00	\$ 41,524.30	\$ 37,279.66	\$ 43,002.47
R & M equipment	\$ 23,411.00	\$ 14,882.00	\$ 19,451.50	\$ 24,645.58	\$ 44,714.35
Maintenance contracts	\$ 20,014.00	\$ 19,400.00	\$ 18,896.51	\$ 18,198.88	\$ 17,917.61
Advertising	\$ -	\$ -	\$ -	\$ -	\$ -
License fees	\$ 1,120.00	\$ 1,950.00	\$ 990.00	\$ 2,715.00	\$ 990.00
Administrative fees	\$ 459,593.00	\$ 403,593.00	\$ 332,726.00	\$ 323,188.00	\$ 260,847.00
Office supplies	\$ 1,073.00	\$ 3,581.00	\$ 975.02	\$ 2,699.06	\$ 1,940.13
Operating supplies	\$ 4,025.00	\$ 6,960.00	\$ 3,005.99	\$ 4,511.55	\$ 2,591.65
Cleaning/janitorial supplies	\$ 4,731.00	\$ 4,085.00	\$ 4,832.67	\$ 15,548.81	\$ 14,432.52
Expendable tools	\$ 239.00	\$ 154.00	\$ 5,135.81	\$ -	\$ 43.69
Fuel	\$ -	\$ -	\$ 86.13	\$ -	\$ -
Equip < than \$1000	\$ 29,538.00	\$ 27,804.00	\$ -	\$ 8,869.56	\$ 5,156.11
Memberships/ dues/ subscription			\$ 21,929.53	\$ 192.00	
Machinery & equipment		\$ 7,906.00	\$ 2,465.04	\$ 2,215.84	\$ 3,546.30
Computer Programs	\$ 3,912.00		\$ 7,145.00	\$ -	\$ -
Total Expenses	\$ 2,763,763.27	\$ 2,672,797.00	\$ 2,250,006.00	\$ 2,178,007.55	\$ 1,982,295.40

Taxes

Real estate taxes for the subject are currently not paid due to the City's tax exempt status. However, if the subject were to be sold to a private entity they would be responsible for taxes of the improvements only since the land is leased. Based on estimates provided, the appraiser has used a tax rate of \$1,100,000 for the first year, increasing it to the end of the reversionary period by a reasonable 3% per year. Additionally, the client has asked us to provide an estimate of value excluding taxes.

Insurance

The subject's actual insurance expense is \$86,298, which is the amount for the most recent year and has been used as the amount in the expenses.

Electric

The tenants pay for their own individual unit electric. However, the property owner has common area electric expenses which were \$166,199 for 2022. One item we noted in the expenses was an energy savings project to reduce the amount of power used. In estimating an appropriate electric expense, the actual expenses from 2022 are used.

Water & Sewer

Water and sewer service is an owner expense. The subject's actual water and sewer expense was \$406,054 for 2022. As with most the expenses, I have used the 2022 actual expenses as a basis for the subject's first year expenses.

Maintenance and Repairs

The successful operation of a residential apartment building requires ongoing maintenance and repair. Maintenance items include air conditioning, appliances, electrical, flooring, exterior repair, roofing, fence, interior repair, landscaping, parking lot, painting, pest control, plumbing, safety expense, windows and doors and supplies. Although painting and roof repair are not necessary every year, maintenance for an apartment building is important and ongoing. The subject expenses show that the subject maintenance project is carried out by sub-contractors employed by the city. In our cash flow analysis a capital cost of roof replacement will be used as a line item reduction of \$3,121,607 for the first two years. The following chart shows the expenses per unit over the past three years as provided by the client.

Expenses Summary

Year	2021/2022	2020/2021	2019/2020	2018/2019	2017/2018
Annual Rent	\$ 6,688,123	\$ 6,112,387	\$ 6,366,474	\$ 6,235,104	\$ 5,930,022
Misc. Fees	\$ 36,183	\$ 27,198	\$ 63,170	\$ 56,035	\$ 50,913.00
App. Fees	\$ 14,939	\$ 4,635	\$ 13,990.00	\$ 21,925.00	\$ 18,350.00
Total Income	\$ 6,739,245	\$ 6,144,220	\$ 6,443,634	\$ 6,313,064	\$ 5,999,285
Total Expenses	\$ 2,763,763	\$ 2,672,797	\$ 2,250,006	\$ 2,178,008	\$ 1,982,295
Net Operating Income	\$ 3,975,482	\$ 3,471,423	\$ 4,193,628	\$ 4,135,056	\$ 4,016,990
Vacancy Rate	8.31%	14.10%	7.82%	5.37%	8.96%
Expenses/EGI	41.01%	43.50%	34.92%	34.50%	33.04%
Expenses/Unit (614)	\$ 4,501.24	\$ 4,353.09	\$ 3,664.50	\$ 3,547.24	\$ 3,228.49
Average Income/Unit	\$ 10,940.33	\$ 9,974.38	\$ 10,460.44	\$ 10,248.48	\$ 9,739.10

Reserves for Replacement

It is generally recommended that anticipated replacement expenses for the short-lived building components be allocated or distributed over the life expectancy of the item through the establishment of reserve accounts. As mentioned above, the typical costs of reserves and replacements is included within the expenses.

The Reserves for Replacement for the first year is \$188,000 and increased 3% per year. The calculations are presented as follows:

<u>RESERVES FOR REPLACEMENT CALCULATIONS</u>			
	Costs/Unit	Costs/Year	
Unit Renovations - Ongoing as Units become vacant.	\$ 3,000	\$ 138,000	
Roof Replacement			
Capital Costs Remaining			
Tower #2	\$ 1,180,655.58		
Tower #1	\$ 1,400,000		
Total	\$ 2,580,656		
Extended Bldg. Life (Years)		45 Years	
Cost/Year	\$ 57,348		
614 Units @ 7.5% Vacancy = 46 Units /Unit			
Layover	\$ 1,524,298.41		
Tear off	\$ 2,094,260.92		
Permits	\$ 44,000		
Total Roof	\$ 3,662,559		
Expected Life (Years)	\$ 20		
Costs/Year	\$ 183,128		
Reserves Needed Per Year	\$ 138,000		
Plus Contingency	\$ 50,000		
	\$ 188,000		

ESTIMATE OF DISCOUNT AND CAPITALIZATION RATES

Discount Rate

The discount rate converts the annual income to a present value. This rate reflects the average anticipated cost of debt and equity over the holding period. The PricewaterhouseCoopers (PwC) Real Estate Investor Survey shows institutional grade multifamily properties range from an average of 6.86% in the 4th Quarter 2022 compared to 6.13% in 4th Quarter 2021. In the Southeast Region where the subject is located, the current average discount rate is 5.90% and one-year ago it was 6.71%.

Discount Rates - National Apartment Market 4th Quarter 2022					
	Current	Last Quarter	1 Year Ago	3 Years Ago	5 Years Ago
Range	4.75% - 10.00%	4.75% - 10.00%	5.0% - 10.00%	5.50% - 10.00%	5.50% - 10.00%
Average	6.86%	6.79%	6.63%	7.10%	7.26%
Discount Rates - Southeast Region Apartment Market 4th Quarter 2022					
	Current	Last Quarter	1 Year Ago	3 Years Ago	5 Years Ago
Range	5.00% - 7.00%	5.00% - 7.00%	5.00% - 7.00%	5.50% - 7.00%	5.75% - 10.00%
Average	5.90%	6.71%	6.13%	7.00%	7.50%

However, at the beginning of 2023 the multi-family market in South Florida and the nation has slowed considerably, in addition to the economic news of recent bank failures. Based in the recent economic activity, a discount rate of 6.50% for the subject is considered reasonable with real estate taxes. Additionally, we have been asked to consider a second scenario without taxes. In the appraiser's opinion this second scenario creates an additional risk factor and conclude to a discount rate of 7% excluding taxes. The subject's recent operating history along with the factor that the land is leased from the State of Florida, leads us to conclude that based on a 10-year discounted cash flow analysis with an 11th year reversion.

The following pages show the discounted cash flow calculations for the subject's market value via the Income Approach as of May 1, 2023.

Discounted Cash Flow Scenario and Present Value Estimate-with RE Taxes

Discount Rate:	6.50%
Reversion OAR	6.00%
Marketing Cost	1.00%
Annual Increase of Income	3.00%

Discounted Cash Flow Scenario and Present Value Estimate-excluding RE Taxes

Discount Rate:	7.00%
Reversion OAR	6.00%
Marketing Cost	1.00%
Annual Increase of Income	3.00%

LEASEHOLD VALUE CONCLUSION

Leasehold Value with a 10-year discounted cash analysis including real estate taxes, with an 11th reversion term - \$67,500,000, rounded.

Leasehold Value with a 10-year discounted cash analysis without real estate taxes an 11th reversion term and including- \$84,950,000, rounded.

The Income Approach was the only appropriate method for valuing the subject property and the conclusions indicated through the discounted cash flow analysis are considered to provide the most reliable indications of value as of May 1, 2023.

RECONCILIATION OF APPROACHES

Cost Approach	N/A
Sales Comparison Approach	N/A
Income Approach	\$67,500,000 (with RE Taxes)
	\$84,950,000 (without RE Taxes)

Of the three commonly utilized approaches to value, only the Income Approach (Discounted Cash Flow) has been employed. As previously described, the subject property is an apartment complex on a long-term lease of the land. For this reason, the Cost and Sales Comparison Approaches to value were not appropriate techniques to utilize.

The Income Approach to Value using a Discounted Cash Flow is the most appropriate technique to utilize in estimating the leasehold value of the subject property which was improved with an apartment complex on leased land. The Income Approach provides the best indication of the leasehold market value of the subject property and is relied upon solely.

The market value leasehold interest of the subject property, as of May 1, 2023, is **\$67,500,000, including real estate taxes.**

The market value leasehold interest of the subject property, as of May 1, 2023, is **\$84,950,000, excluding real estate taxes.**

ADDENDA

BROWARD COUNTY MAP



AREA DATA AND ANALYSIS

General

A general geographic, economic and a demographic overview of the county is helpful in gaining a proper perspective of those factors that influence real estate values.

Broward County is located in the center of the tri county area that comprises the “Gold Coast” of Florida. These three counties have extensive Atlantic Ocean shorelines with excellent beaches. The waters are warmed and the climate is greatly affected by the proximity of the Gulf Stream. The Gold Coast enjoys a semitropical climate because of the warming effect of this ocean river, which is approximately one mile from shore. Dade County, whose principal city is Miami, borders Broward on the south and Palm Beach County the principal city being West Palm Beach, lies to the north.

Broward County, whose principal city and county seat is Fort Lauderdale, contains 1,224.7 square miles. The county is roughly rectangular in configuration, measuring about 25 miles from north to south and 50 miles from east to west. The western two thirds, encompassing 796.9 square miles, consists of both a water conservation area and an Indian Reservation, leaving approximately 427.8 square miles of Urban areas of or developable land.

Broward County was formed in 1915, from portions of Dade and Palm Beach Counties. Fort Lauderdale, the county seat, although established many years before, was not incorporated until 1915. Currently there are 31 municipalities within the County along with an area referred to as “BMSD” or Broward Municipal Service District, which is an areas that are not within an incorporated municipality. These areas along with Tribal Lands have an area of 11.3 square miles within the urban area.

Population

Over the past several decades, South Florida has been one of the fastest growing urban regions in the United States. The Gold Coast counties of Miami-Dade, Broward, and Palm Beach increased almost one million persons during the decade of the 1970's, which is approximately four times the national growth rate. Approximately 9% of the state's population currently resides in Broward County, Florida, the state's second largest county.

Broward County, according to the 2000 United States Census, had a population of approximately 1,623,018, an increase of 29.3% over the 1990 Census population estimate. On the following page is a chart showing the population increases for Broward County's 31 municipalities

	Census 2010	Census 2020	% Change
Florida	18,801,310	21,538,187	14.56%
Broward County	1,748,066	1,944,375	11.23%
BMSD	14,615	15,462	5.80%
Coconut Creek	52,909	57,833	9.31%
Cooper City	28,547	34,401	20.51%
Coral Springs	121,096	134,394	10.98%
Dania Beach	29,639	31,723	7.03%
Davie	91,992	105,691	14.89%
Deerfield Beach	75,018	86,859	15.78%
Fort Lauderdale	165,521	182,760	10.41%
Hallandale Beach	37,113	41,217	11.06%
Hillsboro Beach	1,875	1,987	5.97%
Hollywood	140,768	153,067	8.74%
Lauderdale Lakes	32,593	35,954	10.31%
Lauderdale-by-the-Sea	6,056	6,198	2.34%
Lauderhill	66,887	74,482	11.35%
Lazy Lake	24	33	37.50%
Lighthouse Point	10,344	10,486	1.37%
Margate	53,284	58,712	10.19%
Miramar	122,041	134,721	10.39%
North Lauderdale	41,023	44,229	7.82%
Oakland Park	41,363	44,229	6.93%
Parkland	23,962	34,670	44.69%
Pembroke Park	6,102	6,260	2.59%
Pembroke Pines	154,750	171,178	10.62%
Plantation	84,955	91,750	8.00%
Pompano Beach	99,845	112,046	12.22%
Sea Ranch Lakes	670	540	-19.40%
Southwest Ranches	7,345	7,607	3.57%
Sunrise	84,439	97,335	15.27%
Tamarac	60,427	71,897	18.98%
West Park	14,156	15,130	6.88%
Weston	65,333	68,107	4.25%
Wilton Manors	11,632	11,426	-1.77%
Seminole Tribal Land	1,742	1,426	-18.14%

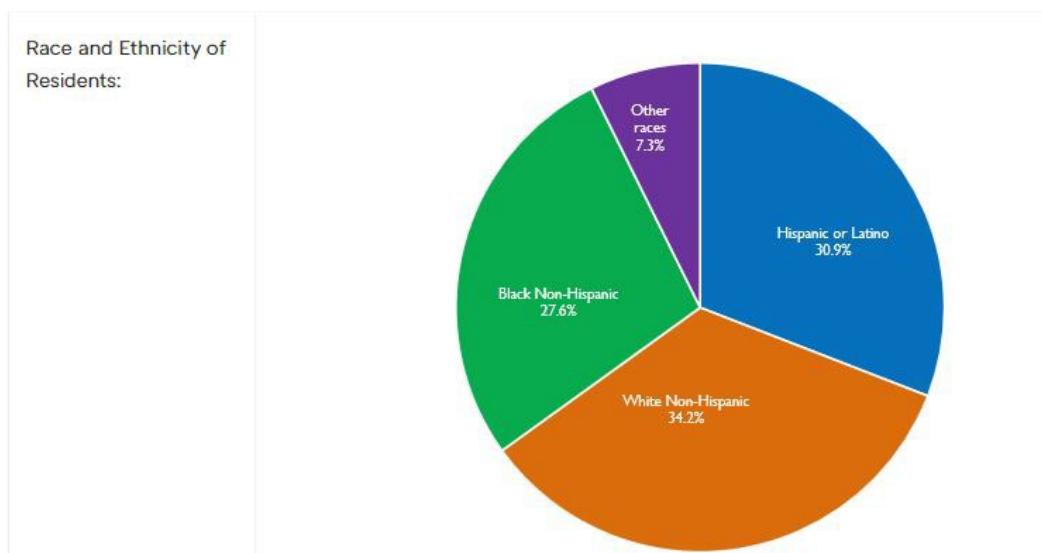
BMSD - Broward Municipal Services District

2010 & 2020 Decennial Census Count - The 2020 Census is one of the decennial censuses conducted by the U.S. Census Bureau. The decennial census is constitutionally mandated and is conducted to determine an official count of the people living in the United States. The data collected is used to reapportion seats in the House of Representatives, to realign congressional districts, and as a factor in the formulas that distribute hundreds of billions of dollars in federal funds each year.

It should be noted that with populations patterns changing due to the Covid-19 Pandemic the population of Broward County has continued to increase showing an increase to 1,969,099 by the end of 2022. This population resides in an estimated 732,464 households.

The population density for Broward County is approximately 4,545 persons per square mile of the Urban Area. While the great rates of growth were experienced in the 1920's through the 1950's, the greatest volume of growth was during the 1960's and 1970's. While the rate of growth in the 1970's was only two thirds the growth rate of the 1960's, nevertheless, the county added nearly 400,000 new residents. The 1980's marked a large increase in the Latin American population.

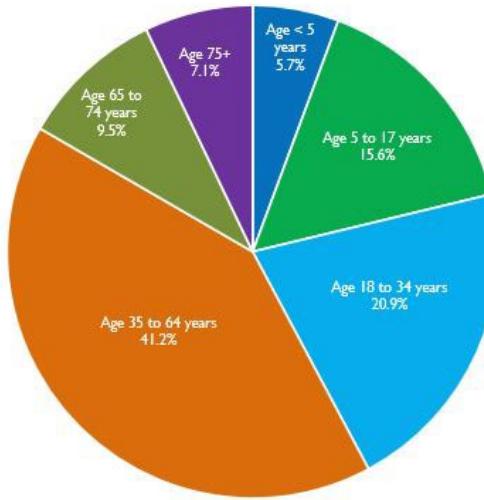
The population of Broward County (as of 2020) is racially and ethnically diverse with the following breakdown:



34.2% of the population being White Non-Hispanic, 30.9% being Hispanic or Latino and 27.6% is Black Non-Hispanic, with the balance of 7.3% being Other races.

The 2020 population of Broward County by age is as follows: 5.7%, age under 5, 15.6% age 5 to 17 years, 20.9% ages 18 to 34 years, age 35 to 64 years 41.2%, age 65 to 74 years, 9.5% and 7.1% age 75 or older. As of 2020, there are 665,037 households within Broward County.

Residents by Age:



Topography, Soil and Sub-soil

Broward County has an elevation ranging from sea level along the eastern coastline to a maximum of approximately 25 feet above mean sea level. In the developed eastern portion, the elevation average is less than 5 feet. The soil is all fine grain sand with no natural topsoil. Depth varies from one to fifteen feet and is supported by coral formations along the coast with limerock ridges in the western portions of the county. Black muck is also found in the western portions of Broward County. Over the centuries, these muck deposits have been formed by the decomposition of the tropical foliage. Broward County has numerous manmade lakes, freshwater rivers and approximately 126 miles of navigable canals.

Climate

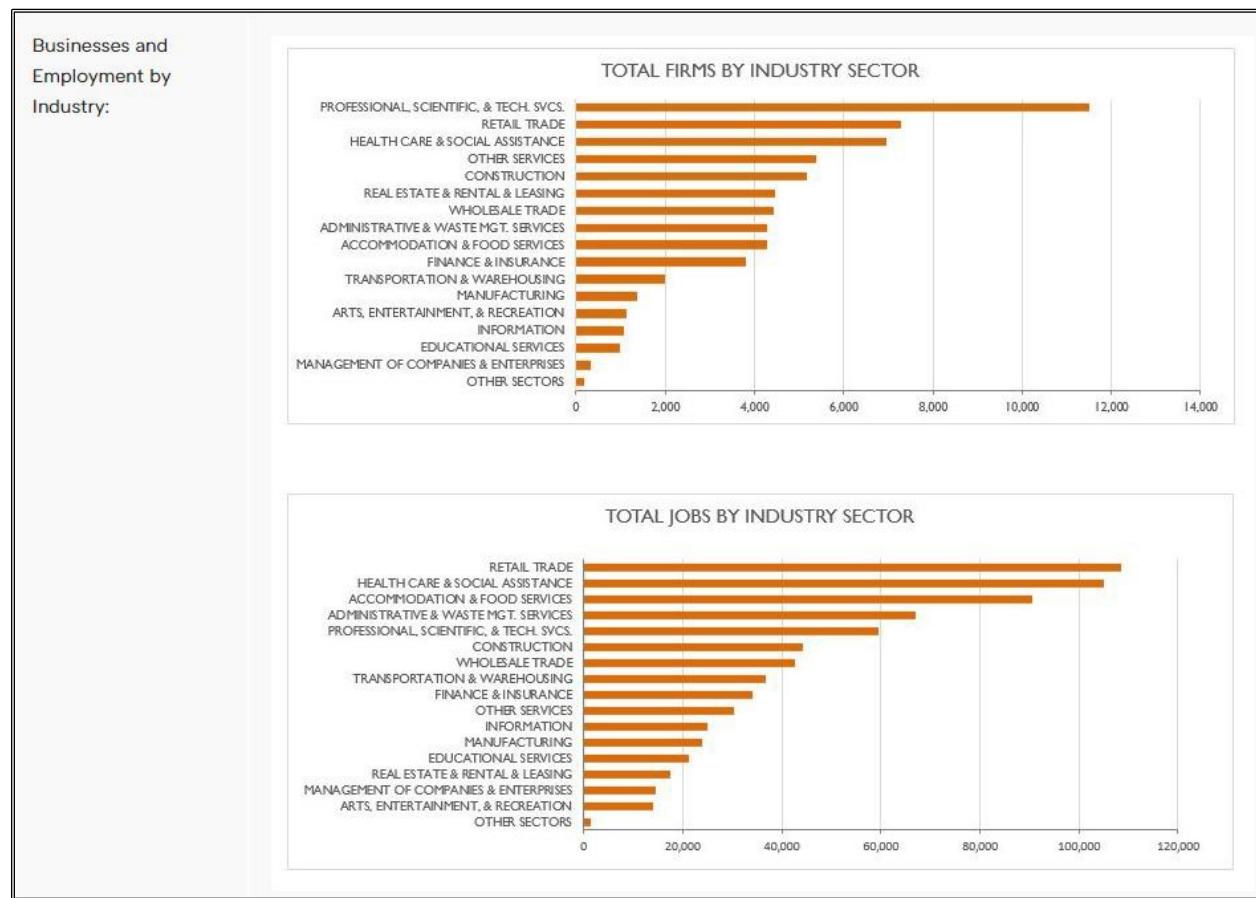
Broward County, with its subtropical climate and prevailing southeasterly breezes, has one of the best climates in the continental United States. The average annual temperature is 75.4 degrees Fahrenheit with a winter mean temperature of 66.5 degrees Fahrenheit and a summer mean temperature of 82.8 degrees Fahrenheit. Average rainfall is about 62 inches per year.

The period of June through November is known as "hurricane season." Though few storms ever hit Broward County, precautions are taken to keep the area residents informed and aware of any factors affecting the weather conditions.

Employment and Economic Base

The economic base is defined as “The economic activity of a community that enables it to attract income from outside its borders.” (SOURCE: The Dictionary of Real Estate Appraisal, Appraisal Institute) At one time, tourism was the most important business activity in Broward County. Today the size of industry has grown to the point where the two stand side-by-side in importance. Some of the reasons for the growth of industry are:

1. No state income tax on personal earnings.
2. No inheritance tax.
3. Minimum taxes on corporate earnings.
4. A state law allowing a means of financing and provision of capital projects through revenue bonds.
5. A good business climate in the county with available labor.



The largest opportunities in current job market are in financial services, medical technologies and construction. This is due to the rapid increase in population over the past decade. Growth is expected to continue in South Florida, thereby necessitating increased demand for services, construction, and industry. Hurricane Andrew has increased the demand for construction and related service workers. Because of this need, opportunities for employment are good and unemployment is expected to remain below the national average.

Florida also allows a homestead exemption of \$50,000 for legal residents. The first \$50,000 of the assessed value of a personal residence is exempt from taxation if it has a homestead exemption.

Principal employment, in Broward County, is in the wholesale and retail trades, with personal services a close second. The total civilian labor force has increased from 771,811 in 1998 to an estimated over 1,000,000 employable in 2014, an increase of nearly 30%. Of those employed in the non-agricultural industries, 57% were employed in the service sector, 12% were employed in the retail sector, and the government employed 12%.

Foreign funds in Broward County, until recently, have been invested in banking, real estate, manufacturing, building materials, etc. Though difficult to determine the extent of these enterprises, conservative estimates place the value of foreign ownership in excess of one billion dollars. Motives prompting this have been financial security, tax advantages, high inflation abroad, rising labor costs and a declining U.S. dollar.

Drug smuggling activities comprise a large segment of the underground economy. Though the economic impact cannot be measured or estimated with accuracy, it is important to consider this enterprise because it affects the base industries of Broward County, i.e., retail trade, service, and real estate.

Industrial Growth

Since the establishment of the Broward County Land Use Plan in 1977, industrial growth has become a prime concern in Broward County's economic development. With the goal of a diverse economic base in mind, the Broward Economic Development Board continues to attract a number of industries to the area. Through these efforts, there has been a steady increase of industrial firms in the area since 1977.

More than 137 industrial parks and office complexes have been built in Broward County to accommodate this growth. During the period of 1984 1986, the county's 78 industrial parks offered more than 3,000 Square Feet of planned industrial land and buildings, which were available for immediate occupancy. These industrial parks and office complexes are prime locations for the high technology and computer-oriented firms that Broward County wishes to attract to the area.

According to various industrial surveys, the future outlook of Broward County's industrial growth is number one in the nation. Broward County was named the number one business climate in the country a few years back. This is attributed to a rapidly growing labor force and a strong and friendly business climate.

Since the development of the Land Use Plan in 1977, hundreds of companies have expanded, relocated or started new ventures in Broward County. With this expansion and relocation came new jobs and retention of jobs, all utilizing over 1.6 million square feet of industrial and office space.

The motion picture and television industries have also become a prime target of the Broward Economic Development Board. Broward County is being promoted as an excellent location for filming feature films and television commercials. During the period of 1984 - 1994, eight major motion pictures, totaling nearly 27.5 million dollars in revenues, were shot in Broward County. Canada Dry, Toyota, Pampers, Revlon Flex, Lipton Tea, Eastman Kodak, Yellow Pages and Burroughs are examples of television commercials that were made in Broward County during this same time period. Broward County is also focusing on international trade and is seeking to take advantage of its prime location to Central and South American markets.

With a rapidly growing labor force and strong, friendly business climate, Broward County will continue to attract industry to the area and grow. This growth will be shown through the expansion of industrial growth and development with the help of a professional approach to land planning and financial incentives at every level.

Government

The government processes for Broward County are fairly efficient with a few services overlapping due to city boundaries. The general administration of the county government is under the supervision of a nine-member Board of County Commissioners and a full-time County Administrator. Departments under their direct supervision include the Sheriff, Property Appraiser, Supervisor of Elections and members of the judiciary who hold elected offices. As of 2015, the judiciary (17th Judicial Circuit) includes 90 circuit and county court judges, 11 general magistrates and hearing officers, a State Attorney, the Clerk of the Circuit Court and a Public Defender.

Education

Public education is provided by the Broward County School Board. Presently, with 310 schools, centers and charter schools and over 258,000 students, Broward County Public Schools is the sixth largest school district in the nation and remains the largest fully accredited district in the country. The county provides bus transportation to any student who lives in excess of two miles from his designated school boundary. Some of the high schools have been designated as community schools and offer a wide variety of courses to the general public. These courses are provided at a nominal charge generally ranging from \$2.00 to \$60.00 per course, and any optional equipment or books. Broward County's vocational centers offer certificates of completion in adult education courses, including, but not limited to, business, secretarial, medical, fashion, automotive, industrial and technical courses. Broward College, with its main campus in the west-central area of Broward County, has three branches located strategically throughout the county. Other colleges offering four-year degrees include a branch of Florida Atlantic University, Nova University and Fort Lauderdale College. Numerous parochial and private schools that offer a full spectrum of educational opportunities supplement these educational facilities.

Recreation

Recreation activities, in Broward County, are many and varied. Having more than thirty miles of public oceanfront beaches and approximately three hundred miles of waterway has given Fort Lauderdale the title, "The Venice of America." Numerous county and state parks provide active, passive and waterfront activities. The thirty golf courses within the county offer both executive and championship play. There are tracks that offer pari-mutuel betting on dog races, horse races, and Jai Alai. In addition, the nightclubs and theaters in the area provide other forms of entertainment. There are more than 2,300 restaurants offering foods to satisfy most palates. The availability of many forms of entertainment and recreational facilities has attracted many tourists, as well as permanent residents, to Broward County.

Medical Facilities

Broward County is broken up into two separate districts, the North Hospital District and the South Hospital District. Each district has a Board of Governors that regulates policy and administers the hospitals. There are approximately 30 major hospitals and approximately 52 nursing homes that provide good medical protection to the County. Numerous private health centers and a mobile health unit to service residents in the outlying areas supplement these facilities. In 2015, there were 7,161 licensed physicians and 1,950 licensed dentists practicing in the county, providing adequate medical and dental care.

Utilities

Broward County receives its electrical service from Florida Power and Light. Florida Power and Light is one of the largest utilities in the nation, with service to over 3 million customers. Electric service is generally available to all sections of Broward County. BellSouth provides telephone service. Broward County has available the most sophisticated services in telecommunications. Peoples Gas System supplies natural gas to Broward County. Any area not serviced by natural gas mains can be supplied liquefied petroleum gas for residential and commercial use. Water can be obtained from 49 municipal and private utility companies throughout the county.

Transportation

All forms of transportation service Broward County. Fort Lauderdale/Hollywood International Airport, one of the busiest in the nation, is a United States Port of Entry and is serviced by most major airlines. Several other small airports are located throughout the county. Port Everglades, also a United States Port of Entry and one of the largest deep-water ports in Florida, is approximately one mile east of Fort Lauderdale/ Hollywood International Airport. Many cruise ships, as well as tankers; cargo ships, both foreign and domestic and the United States Navy visit the port regularly. Interstate bus and rail service, as well as local bus and taxi service, complete the available public transportation service.

Broward County is served by a number of major highways. Interstate 95 and the Florida Turnpike bisect the county north and south with numerous other north/south highways in the area. The Sawgrass Expressway is a 23-mile toll road that reaches through the western area of Broward County from the I-75/S.R. 84/I 595 interchanges northward to Coral Springs and eastward into Deerfield Beach. I-75 currently provides a link between Broward County and Miami-Dade County and reaches north all the way to Michigan. I-75 also links up with the Sawgrass Expressway and I-595, creating a transportation “loop” for commuters in the tri-county region. I-595 provides any east/west connection from I-75 and the Sawgrass Expressway in the west to the Fort Lauderdale/Hollywood International Airport and Port Everglades in the east.

Conclusion

Broward County has historically been one of the fastest growing counties in the United States due to its excellent climate, living conditions and employment opportunities. A March 20, 2008 Sun-Sentinel Newspaper article indicates that Broward County lost approximately 13,154 residents in 2007, the first such decline. This is largely attributable to increasing property taxes and insurance costs, and a general rise in the cost of living. The increasing demands on all levels of construction and on all manufacturing and industrial operations give the area a diversified economy. This region is the most populated area in the State of Florida, and it continues to grow. In many respects, Broward County is quickly running out of land, as development has encroached upon the Everglades. At this point, many of the “infill” locations that were previously overlooked are now being developed. The housing market was strong during the years leading up to Hurricane Wilma in October 2005, primarily due to a very long period of historically low interest rates but has since slowed down. Various construction starts have also contributed to a great deal of revitalization and renovation of older structures (especially in the eastern/coastal areas).

A substantial amount of price appreciation occurred from the year 2005 until 2007-8, when the real estate market and national economic downturn occurred. The real estate market in

the early 2020's has again increased as once again people from the northeastern United States Generally speaking, most of the commercial price levels have also increased. Broward County is well diversified and in a good position for the future. There is still a skilled and large employment base, substantial tourism dollars' flow into the region, and the transportation/shipping network is also good. All of these factors contribute to a more stable economy, even when other parts of the United States experience minor economic fluctuations. The unsold inventories of condominiums and homes in South Florida have declined and construction is up over the past two years. At the present time, vacancies are down, rental rates have increased, particularly in apartment buildings, and price levels have increased since the last recession. The unemployment rates in the region, State of Florida, and entire United States prior to 2020 had declined. However, the world-wide health pandemic over the 2020-2021 time period slowed the economy and unemployment increased to an unprecedented level. Beginning with the latter part of 2021 the unemployment numbers decreased and things appeared to be back to as they were prior to pre-pandemic levels.

Sources: US Census Bureau

LEGAL DESCRIPTION

**SKETCH AND LEGAL DESCRIPTION
PINES PLACE APARTMENTS
PEMBROKE PINES HEALTH PARK
CITY OF PEMBROKE PINES, FLORIDA**

A parcel of land being a portion of Parcel A, PEMBROKE PINES HEALTH PARK, according to the plat thereof as recorded in Plat Book 174, Pages 179-184, of the Public Records of Broward County, Florida, said parcel being more particularly described as follows:

COMMENCE at the Northeast corner of the Northeast One-Quarter (NE 1/4) of Section 21, Township 51 South, Range 41 East;

THENCE on an assumed bearing of S 02°06'16" E along the East line of the said Northeast One-Quarter (NE 1/4) of Section 21, a distance of 433.27 feet to the Easterly extension of the North line of said Parcel A;

THENCE S 87°46'55" W along the said Easterly extension and the North line of Parcel A, a distance of 223.72 feet;

THENCE S 27°50'24" W a distance of 212.35 feet to a point on the arc of a non-tangent curve concave to the Southwest, a radial line of said curve through said point having a bearing of N 51°35'07" E, said point being the POINT OF BEGINNING;

THENCE Northwesterly along the arc of said curve to the left, having a central angle of 17°33'58" and a radius of 505.00 feet for an arc distance of 154.83 feet to a point of compound curvature of a tangent curve concave to the Southwest;

THENCE Northwesterly and Westerly along the arc of said curve to the left, having a central angle of 17°24'15" and a radius of 100.00 feet for an arc distance of 30.38 feet to a point of compound curvature of a tangent curve concave to the South;

THENCE Westerly along the arc of said curve to the left, having a central angle of 19°46'05" and a radius of 1050.50 feet for an arc distance of 362.44 feet to a point of tangency;

THENCE S 86°50'49" W a distance of 45.33 feet to a point of curvature of a tangent curve concave to the South;

Prepared By:
CALVIN, GIORDANO AND ASSOCIATES, INC.
1800 Eller Drive, Suite 600
Fort Lauderdale, Florida 33316
May 31, 2018
P:\Projects\1991\910134 City of PP general engineering\SURVEY\Legal Descriptions\Pines Place Apts

THENCE Westerly and Southwesterly along the arc of said curve to the left, having a central angle of $23^{\circ}24'08''$ and a radius of 976.50 feet for an arc distance of 398.85 feet to a point of compound curvature of a tangent curve concave to the Southeast;

THENCE Southwesterly along the arc of said curve to the left, having a central angle of $22^{\circ}51'26''$ and a radius of 400.00 feet for an arc distance of 159.57 feet to a point of compound curvature of a tangent curve concave to the Southeast;

THENCE Southwesterly and Southerly along the arc of said curve to the left, having a central angle of $19^{\circ}30'26''$ and a radius of 50.00 feet for an arc distance of 17.02 feet to a point of tangency;

THENCE S $21^{\circ}04'50''$ W a distance of 71.02 feet to a point of curvature of a tangent curve concave to the East;

THENCE Southerly along the arc of said curve to the left, having a central angle of $23^{\circ}13'41''$ and a radius of 50.00 feet for an arc distance of 20.27 feet to a point of tangency;

THENCE S $02^{\circ}08'51''$ E a distance of 273.95 feet;

THENCE S $56^{\circ}41'10''$ E a distance of 69.75 feet;

THENCE S $02^{\circ}16'24''$ E a distance of 506.02 feet;

THENCE N $87^{\circ}58'18''$ E a distance of 561.06 feet to a point of curvature of a tangent curve concave to the Northwest;

THENCE Easterly, Northeasterly and Northerly along the arc of said curve to the left, having a central angle of $71^{\circ}37'54''$ and a radius of 582.00 feet for an arc distance of 727.62 feet to a point on the arc of a non-tangent curve concave to the West, a radial line of said curve through said point having a bearing of S $76^{\circ}36'14''$ E;

THENCE Northerly and Northwesterly along the arc of said curve to the left, having a central angle of $48^{\circ}02'44''$ and a radius of 652.54 feet for an arc distance of 547.19 feet to the POINT OF BEGINNING.

Said lands situate within the City of Pembroke Pines, Broward County, Florida, containing 25.92 Acres, more or less.

Prepared By:
CALVIN, GIORDANO AND ASSOCIATES, INC.
1800 Eller Drive, Suite 600
Fort Lauderdale, Florida 33316
MaY 31, 2018
P:\Projects\1991\910134 City of PP general engineering\SURVEY\Legal Descriptions\Pines Place Apts

NOTES:

1. Lands described hereon were not abstracted, by the surveyor, for ownership, easements, rights-of-way or other instruments that may appear in the Public Records of Broward County, Florida.
2. The legal description shown hereon was prepared by Calvin, Giordano & Associates, Inc.
3. Bearings shown hereon are assumed and based on the East line of the Northeast One-Quarter (NE 1/4), Section 21, Township 51 South, Range 41 East as shown on the plat of PEMBROKE PINES HEALTH PARK, according to the plat thereof as recorded in Plat Book 174, Pages 179-184, of the Public Records of Broward County, Florida, having a bearing of S 02°06'16" E
4. The description contained herein does not represent a field boundary survey.
5. This document is intended to provide for a legal description of the environs of the Pines Place Apartment complex located at the Pembroke Pines Health Park.

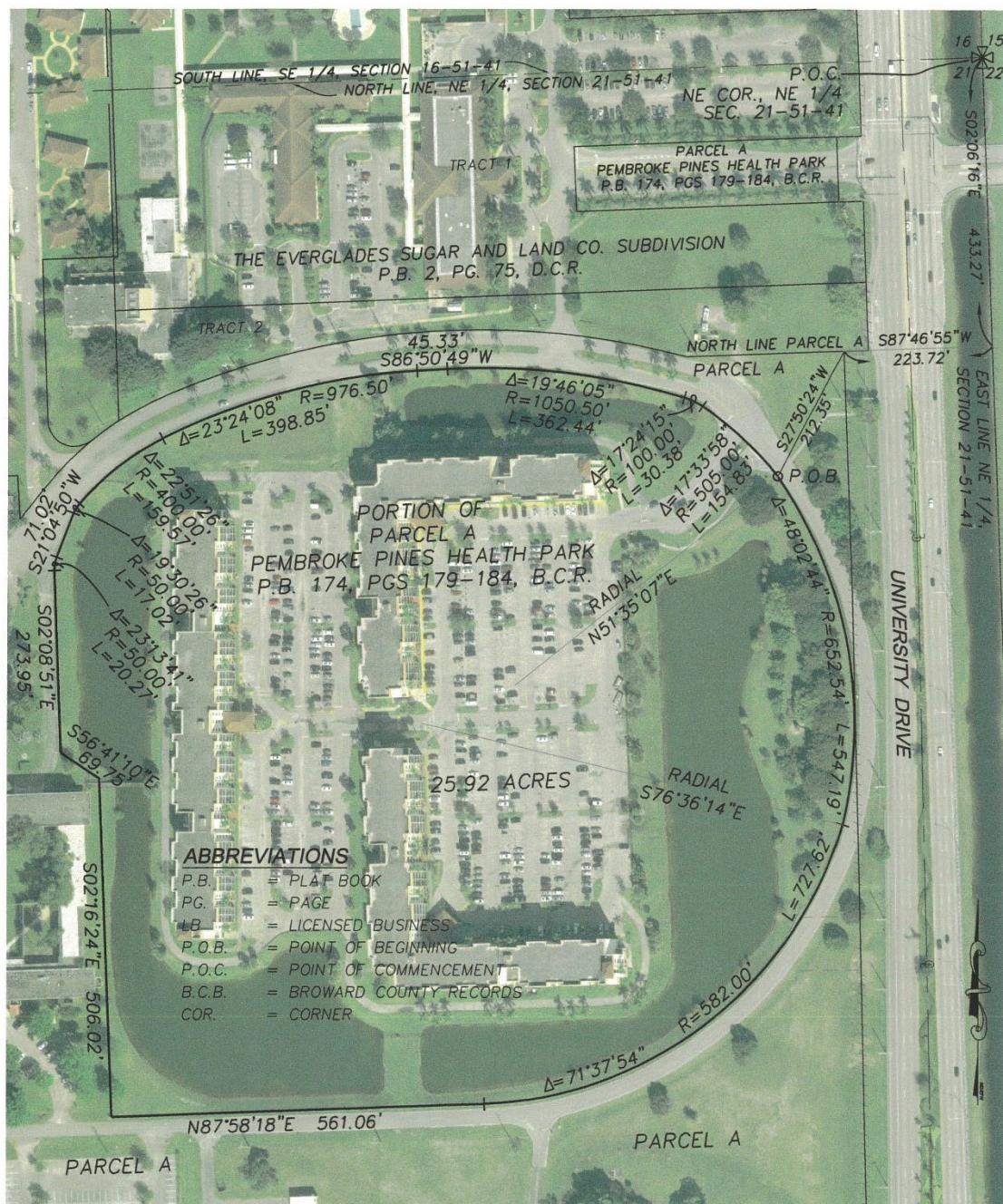
CALVIN, GIORDANO AND ASSOCIATES, INC.



Date: 6/4/2018

Steven M. Watts
Professional Surveyor and Mapper
Florida Registration Number PSM 4588

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Certificate of Authorization 6791

PINES PLACE APARTMENTS
PEMBROKE PINES
HEALTH PARK

SCALE

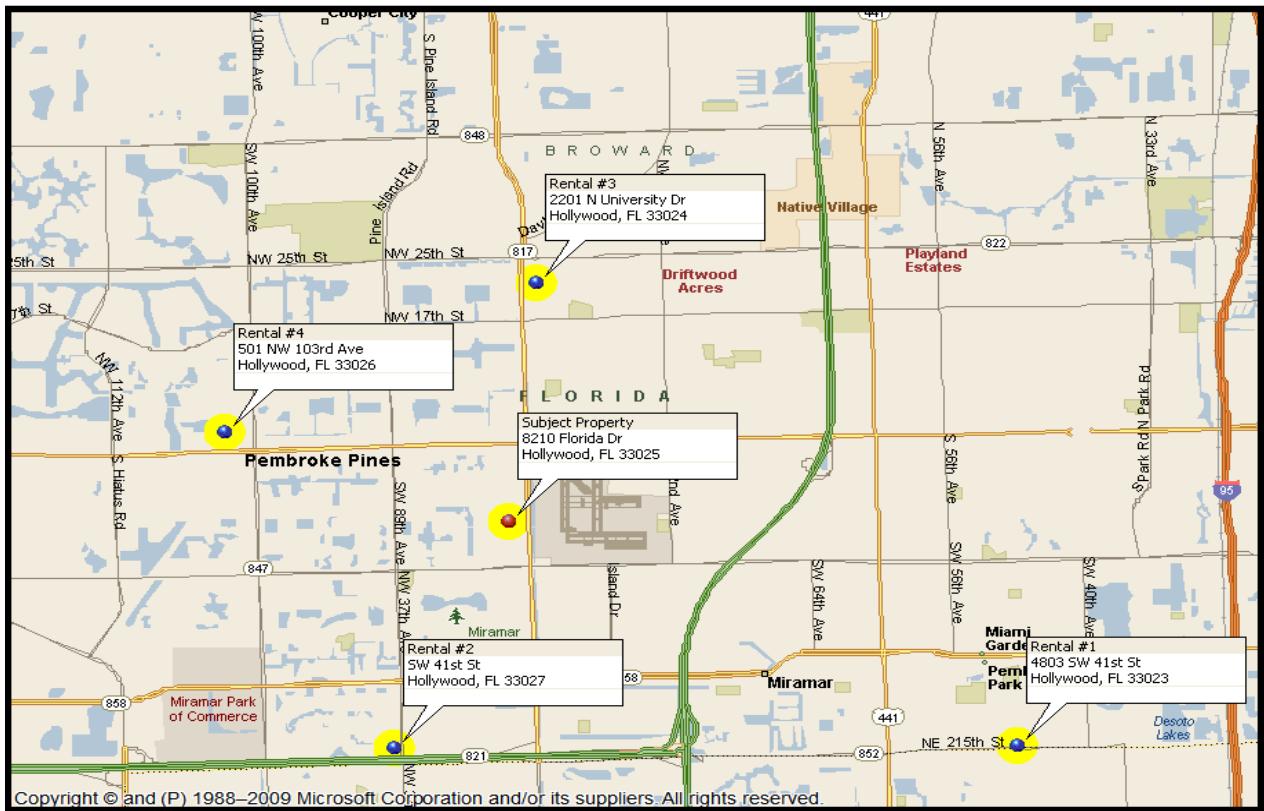
$$1'' = 200$$

PROJECT No.
91-0134.6

SHEET

4

RENT COMPARABLES MAP



QUALIFICATIONS OF THE APPRAISER

**APPRAISAL QUALIFICATIONS OF
G. ADRIAN GONZALEZ, JR., ASA, MRICS**

2040 Polk Street, Hollywood, Florida 33020

(954)916-3400 FAX (954)-239-5724

Email: agonzalezandassociates@gmail.com

Education: B.S. Degree - 1980 - University of Florida, Gainesville, Florida;
Business Administration with major in Real Estate and Urban Analysis

Continuing Education:

As of January 1994:

Has completed and passed most course work required for the Appraisal Institute's MAI designation.

Sample of additional Courses and Seminars provided by the Appraisal Institute and/or Others:

Uniform Standards for Federal Land Acquisition Seminar – 2003

Eminent Domain Super Conference Seminar – 2003

Appraisal Project Management – 2012

Methodology and Applications of the Sales Comparison Approach – 2014

FHA Property Analysis – 2016

The Cost Approach: Unnecessary or Vital to a Healthy Practice? - 2020

Appraisal Techniques for the Current Market - 2022

Uniform Standards of Professional Appraisal Practice (USPAP) Update & Law – 2022

Licenses and Certifications:

1981 to 1984: Licensed Florida Real Estate Salesperson

1984 to Present: Licensed Florida Broker, License No. BK 353263 & CQ1022847

1992 to Present: State-certified general real estate appraiser, License No. RZ1555 (FL)

Professional Affiliations:

Senior Member, American Society of Appraisers (ASA)

Chartered Valuation Surveyor, Royal Institution of Chartered Surveyors (MRICS)

International Right of Way Association

National and Florida Associations of Realtors

Rho Epsilon Real Estate Fraternity

Professional Other:

Qualified as an Expert Witness in Broward, Glades, Hendry, Miami Dade, Palm Beach & Sarasota Counties Circuit Courts

Qualified as an Expert Witness in Wilkinson County (MS) Circuit Court

Special Magistrate for Broward County Value Adjustment Board – 1994 – 2015, 2017-Present

Special Magistrate for Miami-Dade County Value Adjustment Board – 2004 – Present

Special Magistrate for Palm Beach County Value Adjustment Board – 2009 – 2012

State of Florida Notary Public- Commission Number CC675135

Certified DBE-Florida Department of Transportation

Certified MBE-State of Florida

Certified SBE/MBE-Broward County

Professional Offices Held:

Director - American Society of Appraisers South Florida-Atlantic Chapter 1993-1994

Secretary - American Society of Appraisers South Florida-Atlantic Chapter 1994-1995

Vice President - American Society of Appraisers South Florida-Atlantic Chapter 1995-1996 & 2013

President - American Society of Appraisers South Florida-Atlantic Chapter 1996-1997&2013-2016

Governor - American Society of Appraisers – Region 2- 2017-2021

ASA International Secretary/Treasurer-2022-2023

Appraisal Experience:

Adrian Gonzalez has over forty years of real estate experience and with an emphasis in preparing and reviewing appraisal reports for governmental/condemning authorities and private property owners. Currently, he is a Fee Appraiser and for the past 23 years President of Adrian Gonzalez & Associates, P.A. based in South Florida. His responsibilities revolve around all aspects of the appraisal function including the preparation of individual real estate appraisal reports which conform to the stringent Federal Uniform Act, State of Florida requirements, Uniform Standards of Professional Appraisal Practice, the Uniform Appraisal Standards for Federal Land Acquisition requirements and the International Valuation Standards. Also, he is involved in the management and administration of appraisal assignments, appraisal/review functions and litigation support for the firm. Additional duties include appraisal review of contract and staff appraisers. Adrian is experienced in providing real estate appraisal and consulting services throughout the State of Florida and other states.

