

APPRAISAL REPORT
(APPRAISER FILE: 15-1641)

OF

RETAIL STRIP CENTER PROPERTY

WILES ROAD RETAIL STRIP CENTER

11010 - 11016 WILES ROAD
CORAL SPRINGS, FLORIDA
Client File: OB# 15-000699-01

FOR

Ocean Bank
Miami, Florida

AS OF

November 4, 2015

AUCAMP, DELLENBACK & WHITNEY
APPRAISERS & CONSULTANTS

AUCAMP, DELLENBACK & WHITNEY

APPRAISERS & CONSULTANTS

November 16, 2015

Ms. Belky Hernandez
Real Estate Generalist
Ocean Bank
780 NW 42nd Avenue
Miami, Florida 33126-5597

RE: Appraisal of Real Property
Retail Strip Center Property
Wiles Road Retail Strip Center
11010 - 11016 Wiles Road
Coral Springs, Florida 33076
Client File: OB# 15-000699-01
(Appraiser File: 15-1641)

Dear Ms. Hernandez:

As you requested, we made the necessary investigation and analysis to form an opinion of value for the above referenced real property. This report is an appraisal of the property.

To assist Ocean Bank and-or affiliates in loan underwriting and-or credit decisions regarding this property, this appraisal provides an estimate of market value for the leased fee interest in the subject real property in its "as is" condition. This report is written in **APPRAISAL REPORT** format.

This appraisal assignment and report have been prepared in accordance with requirements of the Uniform Standards of Professional Appraisal Practice (USPAP) developed by the Appraisal Standards Board of the Appraisal Foundation, with the appraisal requirements of Title XI of the Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), with the Interagency Appraisal and Evaluation Guidelines of 2010, with the Appraisal Institute's Code of Professional Ethics and Standards of Professional Appraisal Practice, with requirements of the State of Florida for state-certified general real estate appraisers, and with bank policies.

The subject property is located along Wiles Road within the municipality of Coral Springs, Broward County, Florida. The subject property is located within the Wiles Road commercial corridor.

The site consists of 23,629 square feet (SF), or 0.54 acres. The site is zoned B-3, General Business District, which allows a variety of commercial uses including most retail and office uses.

In 1976, the site was improved with a one-story retail strip building containing a gross and leasable area of 4,748 SF. The building is configured with four bays ranging in size from 600 SF to 2,000 SF. The subject property is currently 100% occupied by four local tenants.

Ms. Belky Hernandez
November 16, 2015

The subject property is currently under contract to be purchased by Forest Hills Investments LLLP for \$875,000. The property was listed for sale on the open market for approximately three months at \$850,000 prior to going under contract. A conclusion within this report is that the current contract price is consistent with market prices.


After careful and thorough investigation and analysis, we estimate market value for the leased fee interest in the subject real property in its "as is" condition, subject to assumptions and contingent and limiting conditions as well as any extraordinary assumptions and hypothetical conditions, as explained in this report, as of November 4, 2015, is:


**EIGHT HUNDRED SEVENTY-FIVE THOUSAND DOLLARS
(\$875,000)**

Aucamp Dellenback & Whitney has not performed services concerning this property during the past three years. Thank you for this opportunity to assist in meeting your appraisal needs.

Respectfully submitted,

AUCAMP, DELLENBACK & WHITNEY



Douglas S. Whitney, MAI
State-certified General Real Estate Appraiser RZ1062

Jon C. Mullins
State-certified General Real Estate Appraiser, RZ 3111

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SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

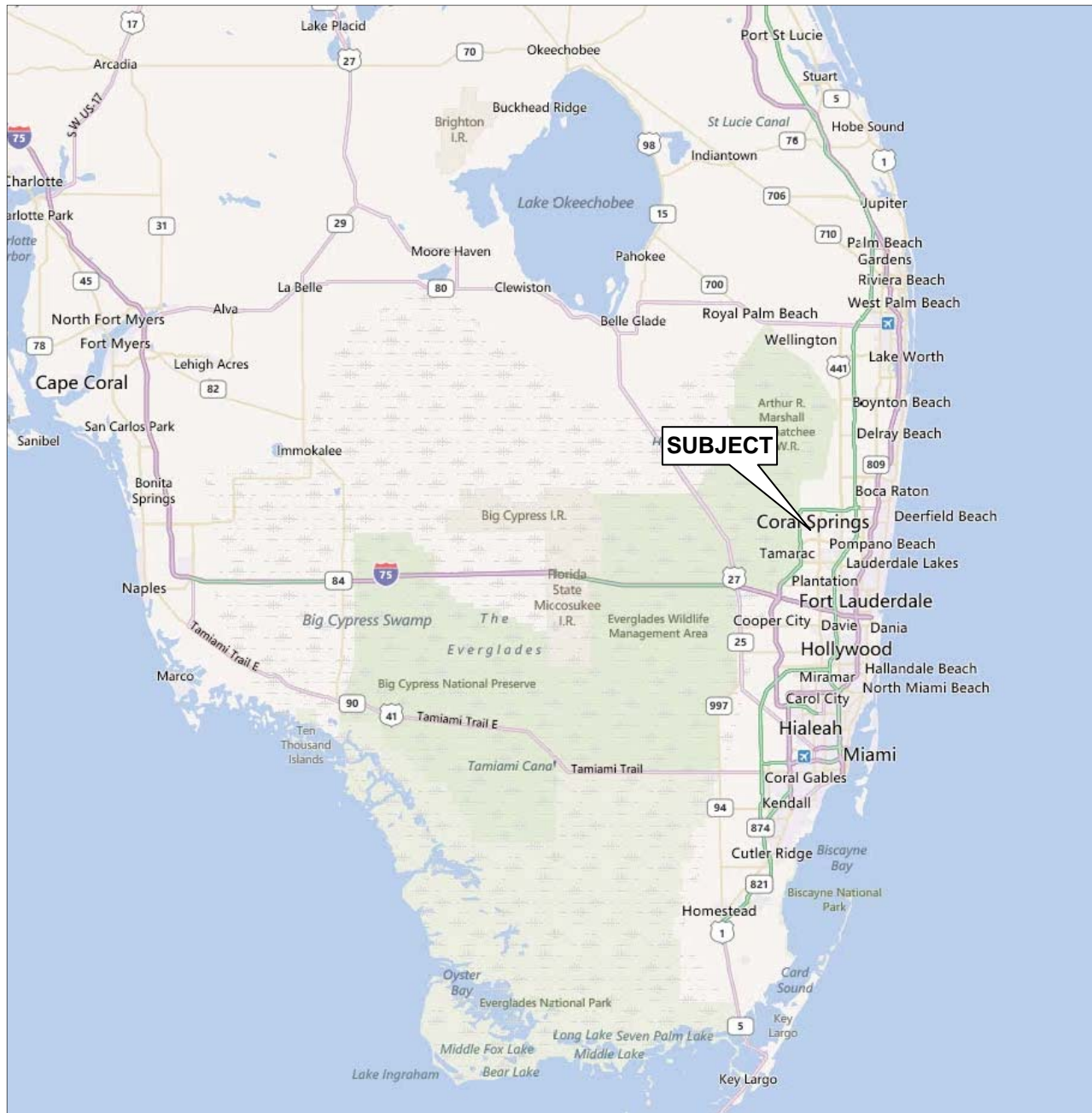
REPORT TYPE	Appraisal Report
PROPERTY TYPE	Shopping Center property
LOCATION	11010 - 11016 Wiles Road, Coral Springs, Florida 33076
REPORT DATE	November 16, 2015
VALUATION DATE	November 4, 2015
INTENDED USER	Ocean Bank and-or affiliates
INTENDED USE	To assist in loan underwriting and-or credit decisions regarding this property
SITE	23,629 SF or 0.54 acres
IMPROVEMENTS	A one-story retail strip building containing 4,748 SF; constructed in 1976
OCCUPANCY	100% occupied by four local tenants
ZONING	General Business District (B-3) by the City of Coral Springs
CENSUS TRACT	203.26
FLOOD ZONE	X, flood insurance is typically not required in this zone
HIGHEST AND BEST USE	
As Vacant:	Immediate development of commercial improvements for an owner user, or for development of a commercial project for multiple tenants consistent with market demand and financial feasibility
As Improved:	Continued retail use of the existing improvements
NORMAL MARKETING PERIOD	12 months or less
REASONABLE EXPOSURE TIME	12 months or less

ASSIGNMENT OVERVIEW

The subject is an attractive property for an investor. The sales comparison approach and the income capitalization approach provide the most useful indications of market value.

MARKET VALUE INDICATIONS		
Analysis	Value Indication	\$/SF
Cost	Omitted	N/A
Sales Comparison	\$875,000	\$184
Income Capitalization	<u>\$870,000</u>	<u>\$183</u>
Market Value Conclusion	\$875,000	\$184

LOCATION MAP



SUBJECT PHOTOGRAPHS



Bird's eye view of subject's (outlined) east elevation



Facing the east elevation (front) of the subject building from NW 110th Avenue



Facing the north elevation of the building



Facing the east and south elevations of the building



Facing the west elevation (rear) of the building



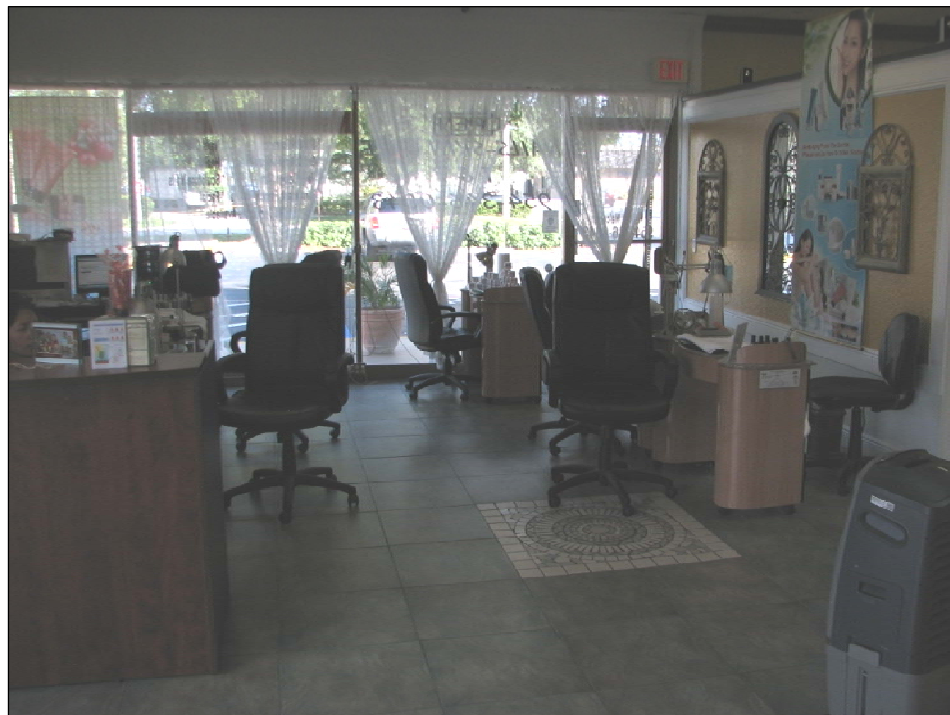
Interior of Unit 11010



Unit 11012



Unit 11014



Unit 11016

SCOPE OF WORKAppraisal

Purpose:	To estimate market value in "as is" condition
Interest Appraised:	Leased fee interest
Client:	Ocean Bank
Intended User:	Ocean Bank and-or affiliates
Intended Use:	To assist in loan underwriting and-or credit decisions regarding this property
Report Format:	Appraisal Report
Inspection Date:	November 4, 2015
Effective Date:	November 4, 2015
Report Date:	November 16, 2015
Competency Rule:	We had the knowledge and experience necessary to complete this assignment competently at the time of its acceptance
Definitions:	Shown in the addendum of this report
Hypothetical Conditions:	None
Extraordinary Assumptions:	None
Valuation Approaches:	The sales comparison approach provides an estimate of market value based on an analysis of comparable property sales. The income capitalization approach provides an estimate of market value based on direct capitalization of net operating income.
Other:	Jon Mullins inspected the readily accessible areas of the subject site and improvements, performed the research and analysis, and wrote this report. Douglas Whitney also inspected the property and reviewed this report.

Subject Property

Name:	Wiles Road Retail Strip Center
Address:	11010 - 11016 Wiles Road, Coral Springs, Florida 33076
Location:	The subject property is located along Wiles Road within the municipality of Coral Springs, Broward County, Florida
Legal Description:	Lot 1, Block B, Chevy Chase Commercial, according to the Plat thereof, as recorded in Plat Book 73, Page 11, of the Public Records of Broward County, Florida Shown on the following page (source: Quit Claim Deed, Book 44860, Page 464)
Current Owner:	C&C Wiles Road Corp. (source: Quit Claim Deed and Broward County Property Appraiser records)
Ownership History:	The subject has not sold during the prior three years. The subject property is currently under contract to be purchased by Forest Hills Investments LLLP for \$875,000. The property was listed for sale on the open market for approximately three months at \$850,000 prior to going under contract.
Items Received:	The following items were provided by Alex Rich, the buyer's broker: <ul style="list-style-type: none">▪ A current rent roll▪ 2014 operating expenses▪ A copy of the purchase contract

Market

Data Sources:	CoStar Realty (subscription service), LoopNet.com (subscription service), Multiple Listing Service (subscription service), PwC Real Estate Investor Survey (subscription service), published reports from national brokerage firms, RealQuest (subscription service), Site-To-Do-Business (subscription service), Floodmaps.com (subscription service), RealtyRates.com (subscription service), local county property appraiser's records (public records), Circuit Court recordings (public records), and appraisal files in this office
Types of Data:	Retail shopping center sales, listings, rental rates, occupancies, operating expenses, and investment rates
Geographic Area:	Primary: Coral Springs; secondary: Broward County; tertiary: South Florida
Verification:	Sales and rental rates were verified by a party to each transaction, unless otherwise noted

PART 2: DESCRIPTIONS, ANALYSES, AND VALUE CONCLUSIONS

The subject property is located in Coral Springs, a municipality situated within Broward County, Florida. The Addendum contains an Area Description and Analysis of the state, South Florida, and Broward County.

MUNICIPALITY

The City of Coral Springs is located in northern Broward County and is considered to be within the greater Fort Lauderdale area. The general boundaries of the city are: State Road 7 and residential communities east of Riverside Drive to the east, the Sawgrass Expressway to the north, the Sawgrass Expressway and the Everglades to the west, and the Pompano Canal to the south.

Coral Springs is a master planned city incorporated in 1963 and encompasses an area of approximately 24 square miles. The City is a full service community offering police service and fire-rescue protection, public works, water and sewer utilities, community development, code enforcement and parks and recreation services. A majority of the city's growth occurred from 1980 to 2000 with the population growing from 37,349 to 117,549 residents. Currently, the city is nearly fully developed with only infill sites remaining for development. According to the City, the population as of 2010 is 127,985.

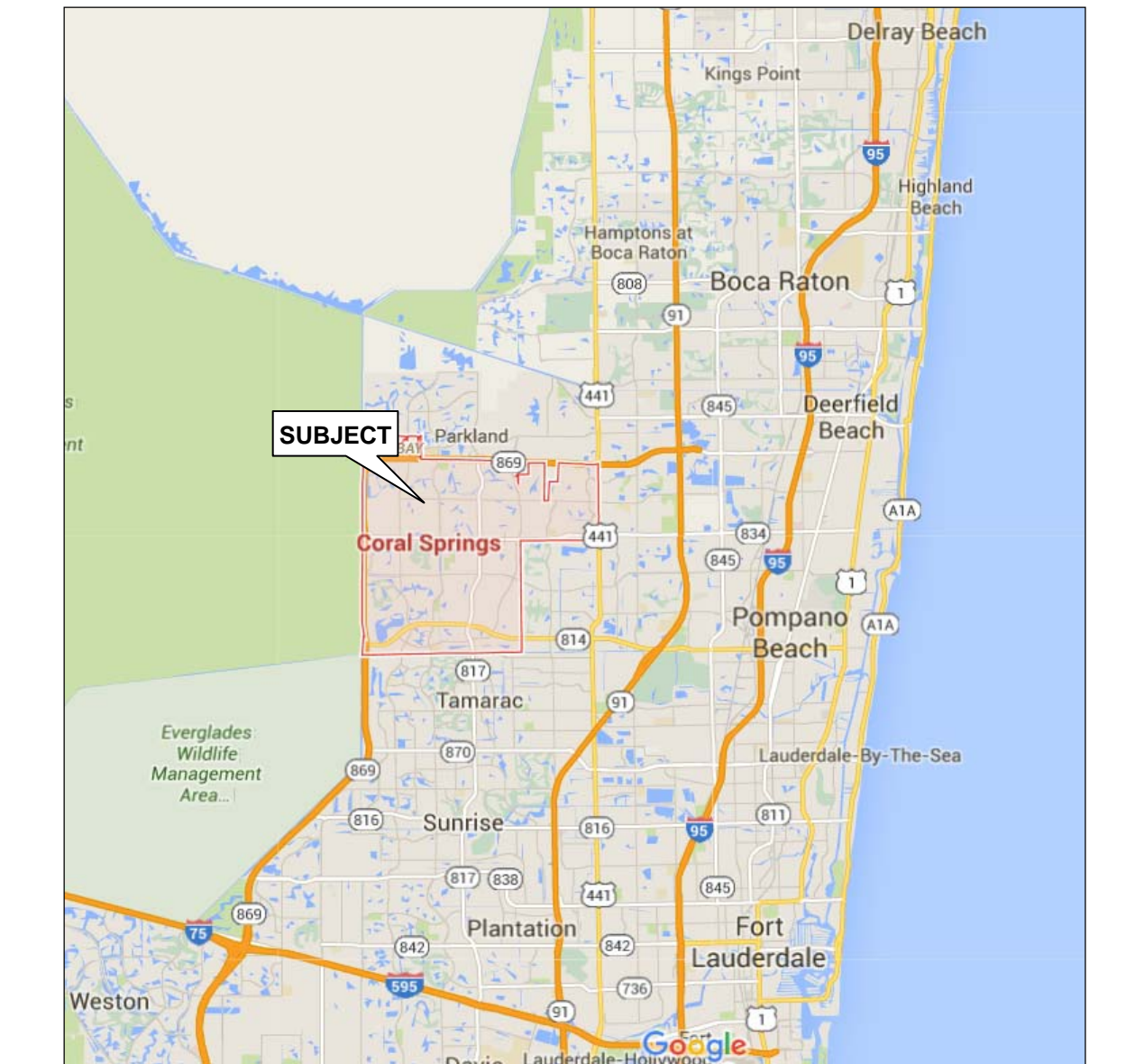
The automobile is the primary mode of transportation in the city. The city has a grid-like pattern to its roads. Major north-south roadways are U.S. Highway 441 (State Road 7), Rock Island Road, University Drive, Coral Springs Drive and Coral Ridge Drive. Primary east-west roadways include Atlantic Boulevard, Royal Palm Boulevard, Sample Road and Wiles Road. The Sawgrass Expressway is toll-operated north-south highway with a bend to the east at the north end of Coral Springs. Several roads have intersections with the Sawgrass Expressway.

The city has a variety of office, industrial, retail and residential uses, typical of a suburban-style development pattern. The primary commercial corridors are University Drive and Sample Road, which consist of a variety of local, regional and national retailers. The City is encouraging development of city center near the intersection of these two roads. A light industrial park, the Coral Springs Research and Development Park, contains roughly 646 acres at the western end of the city.

Recently, Money Magazine ranked Coral Springs within its top 100 places to live, based on criteria including recreational amenities, job growth, affordability, quality of schools and crime rate.

Fort Lauderdale is located roughly five miles to the southeast of Coral Springs. It is the principal city for Broward County, and contains several large concentrations of office and industrial uses. The city of Boca Raton is located a few miles northeast of Coral Springs, and also contains a substantial amount of office space and light industrial space. These concentrations within each of these communities are considered regional employment centers.

Overall, Coral Springs is poised for future sustainability.



NEIGHBORHOOD

The subject property is located within the Wiles Road commercial corridor. The subject neighborhood is the stretch of the Wiles Road corridor extending west from Coral Springs Drive to Coral Ridge Road, a distance of approximately one mile. The neighborhood is fully developed and is in the stability phase of a typical neighborhood life cycle. A map of the subject neighborhood is shown on the following page.

The subject neighborhood has good transportation links. The Sawgrass Expressway north and west of the neighborhood can be accessed southwest of the subject property from Sample Road and northeast of the subject property from University Drive. The Florida Turnpike to the east of the neighborhood can be accessed from Sample Road and the Sawgrass Expressway. University Drive to the east of the subject property is a major north-south arterial road in the local and South Florida areas. Wiles Road is a major east-west arterial road in the local area. The stretch of Wiles Road near the subject property is a four-lane roadway with an average daily traffic count of 23,000 in early 2015.

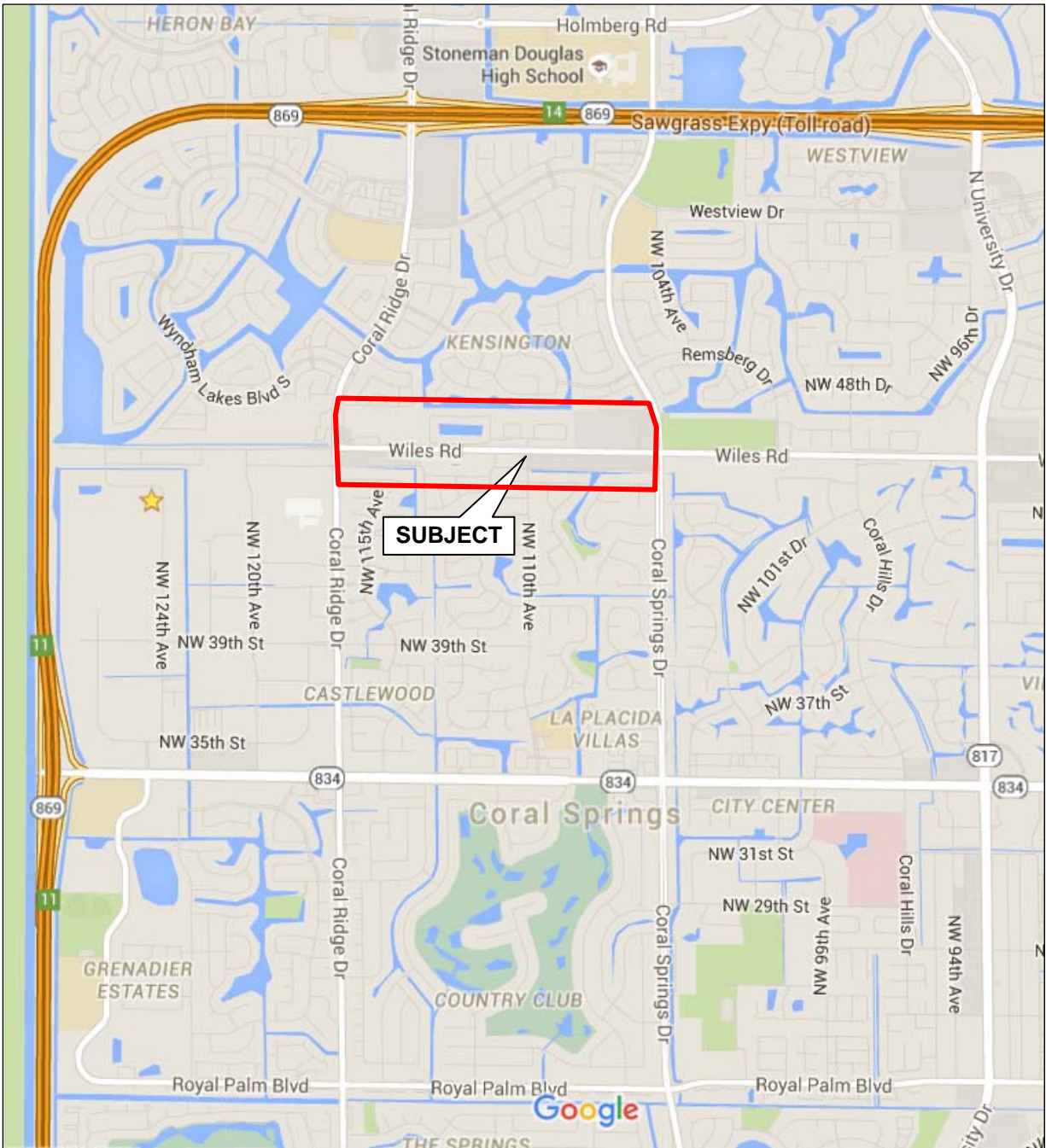
The neighborhood contains a mixture of commercial and residential uses. Commercial uses in the area include multiple retail stores, office buildings, automobile service facilities, convenient store/gas stations, retail strip centers, and neighborhood shopping centers. Retail centers in the neighborhood contain mostly local tenants with a small mix of regional and national tenants. Rental rates and occupancy levels for retail properties in the area have been increasing during the past year.

The subject property is located near the middle of the neighborhood. Land uses in the immediate vicinity of the subject property consist mostly of retail strip centers and single-family homes. An aerial map of the subject neighborhood is shown on Page 19.

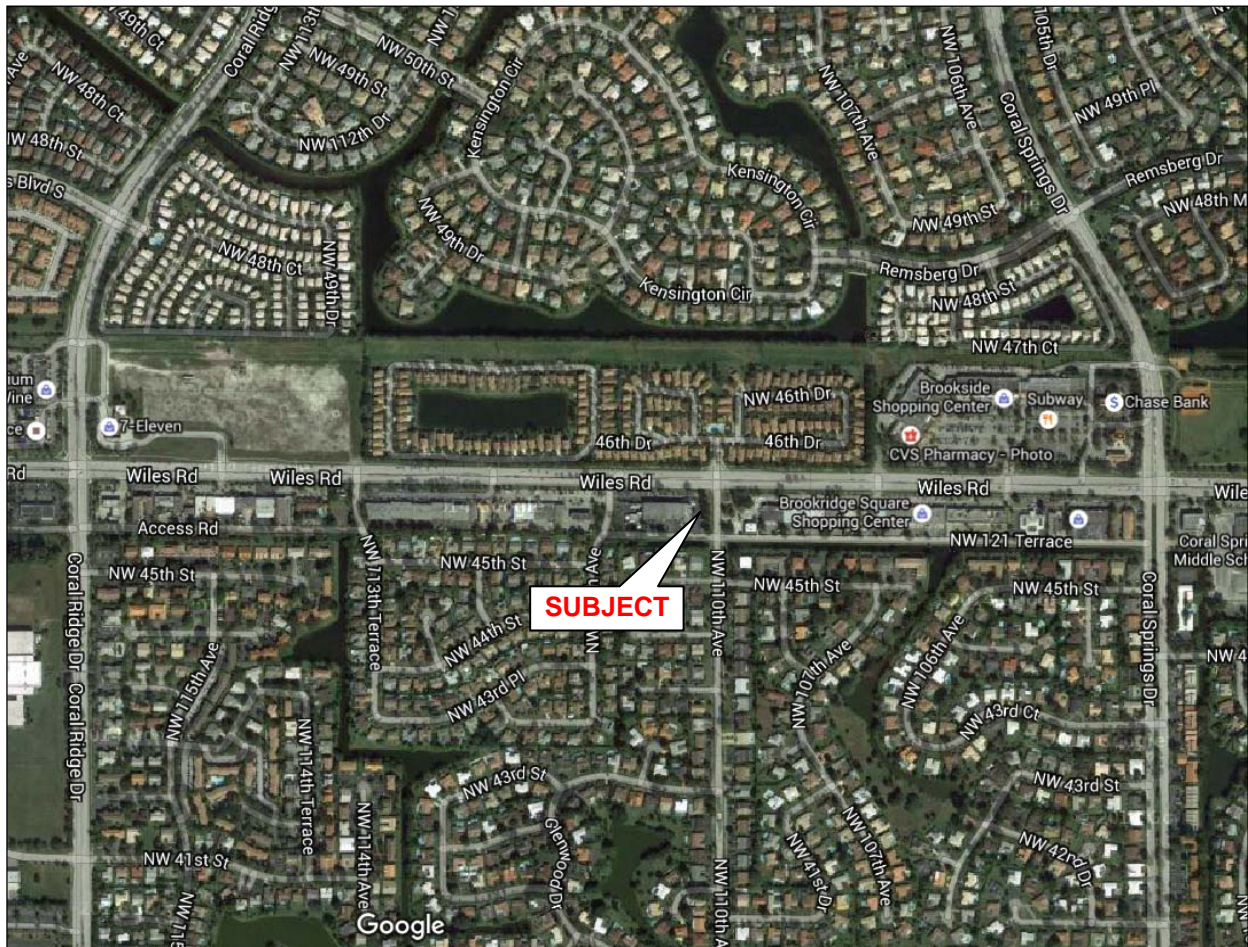
A significant amount of residential development is located in the neighborhood and the surrounding areas. ESRI Business Information Services reports that the area within a three-mile radius of the subject property had a population of 102,711 in early 2015. The area is forecast to have a slight increase in population from 2015 to 2020. The median home value for residents within a three-mile radius of the subject property is \$296,398. The median household income level for residents within a three-mile radius of the subject property is \$73,532, which is significantly above the Broward County median level of about \$55,000. Overall, the demographics show well established residential development with mostly middle- to higher-income residents.

Overall, the subject neighborhood is considered an average location for retail and office uses in the local market.

NEIGHBORHOOD MAP
The neighborhood is outlined in red



NEIGHBORHOOD AERIAL MAP



MARKET

This market section was developed as a result of multiple discussions with market participants, reviewing published reports as well as analyzing trends involving sales, rent rates and occupancies. The South Florida real estate market, consisting of the industrial, commercial and residential markets in Palm Beach County, Broward County and Miami-Dade County, has been quite volatile during the past decade. Currently, nearly all sectors are experiencing appreciation.

The Gross Domestic Product (GDP) for the United States has been on a slow year-over-year percentage increase for several years ever since the national recession was officially over in 2009. Unemployment has been on a slow, steady decline in recent years and is reported to be 5.3% as of mid 2015. While interest rates continue to remain at historic lows, rates are expected to increase. However, while domestic pressure exists for increases, global pressure tends to keep rates low.

The South Florida retail market has experienced significant fluctuations over the past 10 years. The local retail market is generally in a period of improvement.

The following chart shows shopping center property sales in South Florida. During recent years, the sales volume has increased, and mean and median prices are showing year-over-year increases. The Median Days-on-Market (DOM) have been less than six months during the past two years. Prices for shopping center properties similar to the subject property have been less than the median price levels of shopping center sales in South Florida.

SOUTH FLORIDA SHOPPING CENTER SALES										
Source: CoStar Comps										
Sales			Volume		Average Levels		Median Levels			
Year	Qty	%	Amount	%	Sale Price	%	Sale Price*	%	DOM	DOM#*
2005	126		\$957,347,573		\$158		\$147		60	59
2006	96	-24%	\$658,859,927	-31%	\$180	14%	\$162	10%	68	115
2007	91	-5%	\$989,220,100	50%	\$216	20%	\$178	10%	168	75
2008	53	-42%	\$329,134,941	-67%	\$175	-19%	\$191	7%	224	81
2009	7	-87%	\$58,942,893	-82%	\$157	-10%	\$163	-15%	133	108
2010	36	414%	\$186,558,789	217%	\$170	8%	\$160	-2%	211	125
2011	60	67%	\$267,112,825	43%	\$83	-51%	\$134	-16%	145	38
2012	76	27%	\$350,894,146	31%	\$153	84%	\$132	-1%	191	25
2013	86	13%	\$470,045,695	34%	\$167	9%	\$138	5%	308	38
2014	110	28%	\$606,278,170	29%	\$200	20%	\$140	1%	176	54
3Q 2015	116	5%	\$1,097,408,499	81%	\$260	30%	\$167	19%	144	63
Listings	142		\$448,923,459		\$196		\$185		290	142
* DOM = days-on-market and DOM# = number of DOM sales										

Data from the 3rd Quarter, 2015 Edition of the CoStar Retail Report for Broward County indicated an overall vacancy of 8.5% for shopping center properties in the NW Broward/Coral Springs submarket of Broward County. The following table shows existing inventory, vacancy rates, year-to-date absorption, and rental rates for shopping center properties in the major areas of Broward County.

As shown from the table, the Coral Springs area has 144 shopping center properties with a total of 8,468,193 SF. The overall vacancy rate for shopping center properties in the Coral Springs area of 8.5% is slightly higher than the county's overall average of 8.1%. The average annual NNN base rent for shopping center properties in the Coral Springs area of \$16.96/SF is below the county's overall average of \$19.90/SF. The Coral Springs area has had 73,846 SF of net shopping center absorption during 2015.

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %				
Commercial Blvd	18	798,243	59,131	59,131	7.4%	(2,280)	0	0	\$15.31
Cypress Creek	39	1,661,544	150,451	150,451	9.1%	(32,177)	0	0	\$19.64
Downtown Fort Lauderdale	28	999,676	25,088	25,088	2.5%	12,324	0	0	\$28.04
Fort Lauderdale	234	5,853,651	475,695	477,570	8.2%	43,699	0	253,989	\$20.77
Hallandale	96	1,728,862	158,560	159,810	9.2%	27,490	48,444	0	\$20.00
Hollywood	157	4,669,940	377,797	377,797	8.1%	(59,005)	0	0	\$21.24
NW Broward/Coral Springs	144	8,468,193	701,213	723,263	8.5%	73,846	0	0	\$16.96
Outlying Broward County	5	483,703	20,925	20,925	4.3%	16,955	0	0	\$19.14
Plantation	107	6,964,835	733,609	735,371	10.6%	89,635	0	0	\$18.75
Pompano Beach	178	7,968,778	590,325	605,630	7.6%	181,223	14,117	0	\$19.21
Sawgrass Park	13	1,131,664	49,257	49,257	4.4%	(18,227)	0	2,500	\$27.39
Southwest Broward	95	7,660,160	545,508	547,137	7.1%	67,246	0	0	\$24.22
Totals	1,114	48,389,249	3,887,559	3,931,430	8.1%	400,729	62,561	256,489	\$19.90

Source: CoStar Property®

As part of this analysis, we also performed a market rent survey of comparable retail center properties in the local market. Annual gross rents for properties similar to the subject property are generally ranging from \$14/SF to \$21/SF in the local market. Vacancy rates for similar retail centers in the local area are generally ranging from 0% to 10%.

Brokers in the local market reported that capitalization rates for retail centers similar to the subject property have been decreasing during the past three years. The brokers also opined that capitalization rates for retail centers similar to the subject property are between 6.50% and 7.50%.

Marketability strengths for the subject property include its location within an established commercial corridor and good access to major regional transportation arteries, the Sawgrass Expressway, the Florida Turnpike, and I-95.

SUBJECT PROPERTY

This section addresses physical characteristics of the site and improvements plus other factors, such as zoning and taxes. Analysis and conclusions for these features are included at the end of this section.

Site Features

Adjacent Uses:	North: Wiles Road South: canal East: NW 10 th Avenue West: commercial strip center
Size:	23,629 SF or 0.54 acres (source: Broward County Property Appraiser records)
Shape:	Rectangular
Frontage:	Along Wiles Road, a four-lane, divided, public road (AADT: 23,000), NW 110 th Avenue, a two-lane, undivided, public road, and a public alley
Topography:	Generally flat and slightly above street grade
Soils:	Generally sandy, typical of the area. We assume the site has no adverse conditions.
Hazards:	An environmental site assessment report was not provided. We are not aware of any environmental hazards affecting the subject; we assume the site has no adverse environmental conditions.
Utilities:	Public water and sewer service as well as electricity and communication services
Easements:	No survey was available to us. The site likely has cross access and cross parking easements as well as typical utility easements along the perimeter. We are not aware of any easements which present unusual or adverse development conditions for the subject.
Encroachments:	We are not aware of any encroachments which involve the subject.
Census:	203.26 (source: floodmaps.com)
Flood Zone:	X, Community-Panel: 120033-0145H, dated August 18, 2014; flood insurance is typically not required in this zone (source: floodmaps.com)
Zoning:	General Business District (B-3) by the City of Coral Springs. This district permits a variety of commercial uses including most retail and office uses. The subject site, use and improvements appear to be legally conforming. <ul style="list-style-type: none">▪ Minimum site size: None

- Maximum height: 25'
- Maximum FAR: None
- Parking: 3.3/1,000

Taxes: The County's Property Appraiser establishes assessments annually. The millage rate is the amount paid to each taxing body for every \$1,000 of assessed value. Millage rates applied to properties in this neighborhood are for the state, county, city, and special districts. In addition, property owners are obligated to pay non-ad valorem taxes.

The 2015 millage rate is 20.4063. The subject's assessed value is 73% of our market value conclusion of \$875,000. 2015 Taxes have not yet been paid.

Property		Year: 2015		Year: 2014	
Parcel ID	Component	Assessment	Taxes	Assessment	Taxes
48-41-17-07-0200	Land	\$289,460		\$289,460	
	Improvements	<u>\$349,440</u>		<u>\$326,920</u>	
	Total	\$638,900	\$14,239	\$616,380	\$13,800

Site Improvements

Access:	Paved vehicular access from NW 110 th Avenue and a public alley
Paving:	Asphalt drives and parking areas
Parking:	32 spaces for a ratio of 6.7 spaces per 1,000 SF of building area
Curbing:	Concrete curbs along the parking areas and walkway perimeter
Walkways:	Concrete
Drainage:	Positive drainage away from improvements
Landscaping:	Grass, shrubs, and trees; considered average and typical of the area
Lighting:	Overhead pole-mounted lighting in the parking areas
Street Right-of-Way:	Concrete sidewalks, concrete curbing, storm water catchment basins, overhead lighting, and landscaped; curbed median along Wiles Road with a break in front of the subject property; no median along NW 110 th Avenue

Building Improvements

In 1976, the site was improved with a one-story retail strip building containing a gross and leasable area of 4,748 SF (source: Broward County Property Appraiser records and appraiser measurements). The building is configured with four bays ranging in size from 600 SF to 2,000 SF. The subject property is currently 100% occupied by four local tenants.

Building Shell and Exterior Features:

Structure:	Concrete walls and a steel joist roof system (assumed)
Foundation:	Monolithic slab or spread footings
Walls:	Painted stucco and stones in stucco
Story Height:	One floor with a story height of approximately 14'
Roof:	Built-up composition over lightweight concrete and metal deck (assumed)
Doors:	Glass entry doors and metal pedestrian doors
Windows:	Fixed glass in metal frames
Access:	Direct access to each unit along the east elevation (front) of the building
Other:	Covered entries

Interior Features:

Flooring:	Ceramic tile
Walls:	Painted drywall
Trim/Baseboards:	Wood
Doors:	Solid core wood
Ceilings:	Suspended acoustical tiles
Clear height:	10' to 12'
Lighting:	Fluorescent fixtures
Restrooms:	Each unit has at least one restroom
Fire Protection:	None
HVAC:	Rooftop package units

Electrical: Appears to be adequate; units are separately metered

Occupancy: 100% occupied by four local tenants

Analysis and Conclusions:

The site plan consists of the subject building located in the western half of the site and parking areas east and north of the building. The property's floor area ratio (FAR) is 0.20, which is considered a typical floor area ratio for similar retail centers in the local market. The subject's parking ratio is considered average for retail center properties in the local market. Overall, the site improvements have average utility and do not display any significant functional obsolescence.

The subject retail center has average appeal in the local market. The center is currently configured for four occupants. Two of the units are built-out as restaurants with a dining area in the front of the unit and a kitchen in the rear of the unit. The remaining two units are built-out for retail uses (a convenient store and a nail salon). The floor plans of the units appear to have average utility and the units do not display any prominent functional obsolescence.

The building was constructed in 1976. The improvements appear to be in average condition with no significant deferred maintenance.

The overall quality of construction of the building improvements is considered to be average for retail centers within the local market. Based on Marshall Valuation Service (MVS) classifications, the subject building is consistent with an Average Type, Class C, Neighborhood Shopping Center. The following chart shows our life expectancy estimations for the subject property. The total useful life estimation is based on the guidelines provided via Marshall Valuation Service.

SUBJECT LIFE EXPECTANCY	
<i>Source: MVS</i>	
MVS Building	Neighborhood Center
MVS Building Class	C
MVS Building Type	Average
Year Built	1976
Actual Age	39
Effective Age	20
Total Useful Life	40
Remaining Useful Life	20

AERIAL PARCEL MAP
Subject is outlined in red



HIGHEST AND BEST USE

The concept of highest and best use has the following definition.

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

Appraisal Institute, The Dictionary of Real Estate Appraisal, Fifth Edition (2010), p. 93.

The highest and best use concept takes into account contribution of a specific use to the community and community development goals as well as benefits of that use to individual property owners. An additional aspect is the use determined from this analysis represents an opinion, not a fact to be found. The concept of highest and best use represents the premise upon which value is based.

The highest and best use must meet four tests or criteria.

Legally permissible: What uses are permitted or have reasonable probability of being permitted by zoning and deed restrictions on the site in question?

Physically possible: What uses are possible based upon the site's physical constraints such as size, shape, area, terrain, soil conditions, topography, and access to utilities?

Financially feasible: Which possible and permissible uses will produce a net return to the owner of the site?

Maximally productive: Among the feasible uses, which one is most probable and will produce the highest net return and highest present worth?

Analysis of highest and best use for a property typically involves analyzing the site as though it were vacant and available for development, as well as analyzing the site as improved and proposed to be improved. In the subject's case, this analysis focuses on highest and best use as vacant and as improved.

Concerning legally permissible uses, the subject sites are zoned for commercial improvements. For financial feasibility, only commercial projects in prime locations are being constructed in the county because depressed market conditions have dropped values to levels below financial feasibility thresholds for other locations. The highest and best use as vacant is for immediate development of commercial improvements for an owner user, or for development of a commercial project for multiple tenants consistent with market demand and financial feasibility.

The site is developed with a retail strip center. These improvements are consistent with the highest and best use as vacant and these improvements provide a significant contribution to overall value of the property. The highest and best use of the subject property as improved is for continued retail use of the existing improvements.

The subject building is configured for four occupants and the subject property is 100% occupied by four local tenants with multiple years remaining on their current lease terms. The most probable purchaser of the subject property is an investor.

VALUATION PROCESS

The previous sections contain identification and analysis of the area including the neighborhood and local market as well as data and analysis of the subject site as a basis for determining the highest and best use of the property. Estimating market value for property under its highest and best use typically involves analysis of three separate approaches: cost approach, sales comparison approach, and income capitalization approach.

The cost approach is based on the principle of substitution that states an informed purchaser will not pay more for a property than the cost of reproducing a property with identical improvements having the same utility. This approach consists of estimating value for the site as vacant, adding direct and indirect costs of construction, deducting an estimate of accrued depreciation, and adding an appropriate entrepreneurial profit. The cost approach is not relevant for estimating market value because numerous assumptions are necessary for estimating obsolescence, thereby reducing its credibility, and because a most probable purchaser would place no weight on valuation in the cost approach.

The sales comparison approach is also based upon the principle of substitution whereby similar properties within competitive markets will realize similar prices. An informed purchaser would not pay more for the subject property than the cost to acquire another property with the same amenities and utility. The sales comparison approach provides an estimate of market value based on an analysis of comparable property sales.

The income capitalization approach is based on the principle of anticipation whereby an investor expects benefits to be derived in the future. In evaluating future benefits, an informed purchaser will analyze income as well as how change affects income-producing characteristics of the property. This approach consists of analyzing a property's income and deducting appropriate expenses as well as evaluating appropriate capitalization methods. The income capitalization approach provides an estimate of market value based on direct capitalization of net operating income.

The final step in the valuation process is reconciliation of the value indications into a single final value by analyzing the appropriateness, accuracy and quantity of evidence in each approach.

SALES COMPARISON APPROACH

The sales comparison approach is a method for estimating the subject's value by analyzing sales of similar properties. The underlying theory is that a prudent buyer would not buy one property at a price any higher than the cost to acquire a comparable, competitive property. This approach provides a reliable indication of market value when properties are bought and sold regularly.

A search of the local market provided five comparable sales and the subject's contract for estimating value for the subject property. These comparables are summarized within the chart on the following page, shown on a following map, and explained in the subsequent detailed descriptions.

The comparables are analyzed on the basis of the most relevant unit of comparison which, in this case, is price per SF of building. The unadjusted prices of the comparable properties range from \$175/SF to \$193/SF.

SUMMARY OF COMPARABLES						
Wiles Road Retail Strip Center, 11010 - 11016 Wiles Road, Coral Springs, Florida (15-1641)						
	SUBJECT	COMP 1	COMP 2	COMP 3	COMP 4	COMP 5
Property Name	Wiles Road Retail Strip Center	Second Ave Center	Prado Plaza	Sunrise Lakes Plaza	2nd Ave Shopping Plaza	East Oakland Park Center
Address	11010 - 11016 Wiles Road	1949 NW 2nd Ave	6201 N. Federal Hwy	2692 N University Dr	1799-1819 NW 2nd Ave	777 - 799 E. Oakland Park Blvd
City	Coral Springs	Boca Raton	Fort Lauderdale	Sunrise	Boca Raton	Oakland Park
<u>Sale:</u>						
Sale Price	\$875,000	\$2,200,000	\$4,500,000	\$1,900,000	\$2,400,000	\$1,150,000
Sale Status	In-Contract	Closed	Closed	Closed	Closed	Closed
Marketing Period	3 months	N/A	N/A	5 months	N/A	5 months
Date of Sale	N/A	Apr-15	Feb-15	Jan-15	Nov-14	Mar-14
Price/SF Bldg	\$184	\$193	\$175	\$182	\$179	\$177
<u>Site:</u>						
Site Size Acres	0.54	1.08	2.39	0.75	1.57	0.53
Site Size SF	23,629	46,871	104,019	32,457	68,389	23,244
Floor Area Ratio	0.20	0.24	0.25	0.32	0.20	0.28
Zoning	B-3	B-1	B-1	B-3	B-1	B-1
Prkg Ratio/1,000 SF	6.7	5.0	9.6	3.4	5.7	4.0
<u>Building:</u>						
Property Type	Retail Center	Retail Center	Retail Center	Retail Center	Retail Center	Retail Center
Building Size (SF)	4,748	11,391	25,723	10,464	13,400	6,500
Year Built	1976	1960	1965	1976	1974	1979
Condition	Average	Average	Average	Average	Average	Average
Quality	Average	Average	Average	Average	Average	Average
Stories	One	One	One	One	One	One
<u>Economics:</u>						
Occupancy	95%	88%	97%	100%	100%	100%
Single/Multiple	Multiple	Multiple	Multiple	Multiple	Multiple	Multiple
NOI Per SF	\$12.82	\$10.86	N/A	\$13.13	\$12.54	\$13.80
OAR	7.00%	5.63%	N/A	7.23%	7.00%	7.80%
	(Conclusions)					

Comparable 1



General Data

Property Name: Second Avenue Center
Property Type: Neighborhood Center
Address: 1949 NW 2nd Ave, Boca Raton, Florida 33431
County: Palm Beach
Parcel ID: 06-43-47-17-28-019-0030
Legal Description: Lots 3, 4, and 5, Block 19, Boca Raton Hills Section 2

Site Data

Site Size: 1.08 acres or 46,871 SF
Floor Area Ratio (FAR): 0.24
Zoning: B-1
Parking Ratio: 5.1 spaces per 1,000 SF

Building Data

Size SF: 11,391
Year Built: 1960
Condition: Average
Quality: Average
Stories: One

Financial Data

Occupancy at Sale:	88%	
Single/Multiple	Multiple	
Occupant(s):	Tenants	
Net Operating Income:	\$123,757	\$10.86/SF
Overall Capitalization Rate:	5.6%	
Financial Data Remarks:	Proforma net income was \$184,926 by the broker. Low overall rate was a result of below market rents according to the buyer.	

Sale Data

Sale Status:	Closed
Price:	\$2,200,000
Price/SF of Building:	\$193.13
Sale Date:	April 2015
O.R. Book-Page:	27459-1753
Grantor:	Graces Center, Inc.
Grantee:	Second Avenue Market Investments, LLC
Property Rights:	Leased fee
Financing:	Cash
Prior Transactions:	No sales in the prior three years
Verification Source:	Davor Lebinac, for the owner, 561-392-8920, Kent Dellenback, July 2015 (15-1138)
Sale Remarks:	88% occupied by multiple local tenants at the time of sale.

Comparable 2



General Data

Property Name: Prado Plaza
 Property Type: Neighborhood Center
 Address: 6201 N. Federal Hwy, Fort Lauderdale, Florida 33308
 County: Broward
 Parcel ID: 49-42-12-00-0240
 Legal Description: Lengthy

Site Data

Site Size: 2.39 acres or 104,019 SF
 Floor Area Ratio (FAR): 0.25
 Zoning: B-1
 Parking Ratio: 9.6 spaces per 1,000 SF

Building Data

Size SF: 25,723
 Year Built: 1965
 Condition: Average
 Quality: Average
 Stories: One

Financial Data

Occupancy at Sale:	97%
Occupant(s):	Tenants

Sale Data

Sale Status:	Closed
Price:	\$4,500,000
Price/SF of Building:	\$174.94
Sale Date:	February 2015
O.R. Book-Page:	112836214
Grantor:	Michel, LLC
Grantee:	Plaza 6201, LLC
Financing:	Cash
Marketing Period:	Not listed
Prior Transactions:	No sales in the prior three years
Verification Source:	Costar Realty, Loopnet & Public Records, Jon Mullins, March 2015 (15-0394)
Sale Remarks:	Neighborhood shopping center 97% occupied by local tenants at the time of sale.

Comparable 3**General Data**

Property Name: Sunrise Lakes Plaza
Property Type: Neighborhood Center
Address: 2692 N University Dr, Sunrise, Florida 33322
County: Broward
Parcel ID: 49-41-28-11-0900
Legal Description: Tract J, Sunrise Golf Village, Section 20, Part 3

Site Data

Site Size: 0.75 acres or 32,457 SF
Floor Area Ratio (FAR): 0.32
Zoning: B-3
Parking Ratio: 3.4 spaces per 1,000 SF

Building Data

Size SF: 10,464
Year Built: 1976
Condition: Average
Quality: Average
Stories: One

Financial Data

Occupancy at Sale:	100%	
Occupant(s):	Tenants	
Net Operating Income:	\$137,370	\$13.13/SF
Overall Capitalization Rate:	7.2%	
Financial Data Remarks:	OAR based on actual income in-place	

Sale Data

Sale Status:	Closed
Price:	\$1,900,000
Price/SF of Building:	\$181.57
Sale Date:	January 2015
O.R. Book-Page:	112784213
Grantor:	Jim Levy Management Group, LLC
Grantee:	University Drive Realty, LLC
Property Rights:	Leased fee
Financing:	Cash
Marketing Period:	5 months
Prior Transactions:	No sales in the prior three years
Verification Source:	Floyd Cerf, listing broker, 305-371-3592, Jon Mullins, November 2015 (15-1641)
Sale Remarks:	Retail strip center 100% occupied by local tenants at the time of sale.

Comparable 4**General Data**

Property Name: 2nd Ave Shopping Plaza
Property Type: Neighborhood Center
Address: 1799-1819 NW 2nd Ave, Boca Raton, Florida 33432
County: Palm Beach
Parcel ID: 06-43-47-17-28-016-0140
Legal Description: Lots 14-17, Block 16, Boca Raton Hills, Section 2

Site Data

Site Size: 1.57 acres or 68,389 SF
Floor Area Ratio (FAR): 0.20
Zoning: B-1
Parking Ratio: 5.7 spaces per 1,000 SF

Building Data

Size SF: 13,400
Year Built: 1974
Condition: Average
Quality: Average
Stories: One

Financial Data

Occupancy at Sale:	100%	
Occupant(s):	Tenants	
Net Operating Income:	\$168,000	\$12.54/SF
Overall Capitalization Rate:	7.0%	
Financial Data Remarks:	OAR based on actual income in-place	

Sale Data

Sale Status:	Closed
Price:	\$2,400,000
Price/SF of Building:	\$179.10
Sale Date:	November 2014
O.R. Book-Page:	27175-1188
Grantor:	Romeo Properties, Inc.
Grantee:	P&G NW 2nd Avenue, Inc.
Property Rights:	Leased fee
Financing:	Centerstate Bank provided \$1,200,000 in financing
Prior Transactions:	No sales in the prior three years
Verification Source:	Howard Bregman, listing agent, 954-245-3417, Kent Dellenback, July 2015 (15-1138)
Sale Remarks:	Tenants include a restaurant and retail stores.

Comparable 5



General Data

Property Name:	East Oakland Park Strip
Property Type:	Neighborhood Center
Address:	777 - 799 E. Oakland Park Blvd, Oakland Park, Florida 33334
County:	Broward
Parcel ID:	49-42-23-05-4860
Legal Description:	Oakland Park Second Addition

Site Data

Site Size:	0.53 acres or 23,244 SF
Floor Area Ratio (FAR):	0.28
Zoning:	B-1
Parking Ratio:	4.0 spaces per 1,000 SF

Building Data

Size SF:	6,500
Year Built:	1979
Condition:	Average
Quality:	Average
Stories:	One

Financial Data

Occupancy at Sale:	100%	
Occupant(s):	Tenants	
Net Operating Income:	\$89,700	\$13.80/SF
Overall Capitalization Rate:	7.8%	
Financial Data Remarks:	OAR based on actual income in-place	

Sale Data

Sale Status:	Closed
Price:	\$1,150,000
Price/SF of Building:	\$176.92
Sale Date:	March 2014
O.R. Book-Page:	11219-1399
Grantor:	Banyan Tree Investments, Inc.
Grantee:	890 Investments, LLC
Property Rights:	Leased fee
Financing:	\$747,500 (65% LTV) by Desjardins Bank
Marketing Period:	5 months
Listing Price at Sale:	\$1,200,000
Prior Transactions:	No sales in the prior three years
Verification Source:	George Coloney, listing broker, 954-564-4666, Mark Worch, September 2014 (14-1176)
Sale Remarks:	Building was 100% occupied by two local tenants at the time of sale.

Adjustments are appropriate and necessary based on differences in elements of comparison. The following elements of comparison are characteristics of properties and sale transactions causing variations in prices. The first five elements of comparison are considered transactional adjustments; each of the transactional adjustments is made prior to making further adjustments. The remaining five elements of comparison are referred to as property adjustments and their total net adjustment is applied at the end.

1. Real property rights conveyed
2. Financing terms
3. Conditions of sale
4. Expenditures immediately after purchase
5. Market conditions
6. Location
7. Physical characteristics
8. Economic characteristics
9. Use
10. Non-realty components of sale

The comparables are adjusted quantitatively. The percentage adjustment indicates the degree of the appropriate adjustment based on our knowledge of the local market, discussion with market participants and reviewing data. A chart on Page 46 shows comparison of the comparables with the subject, and contains adjustments as explained in the following items and summarized on a following chart.

1. Real Property Rights Conveyed. No differences are noted.

2. Financing Terms. No differences are noted.

3. Conditions of Sale. No differences are noted.

4. Expenditures Immediately After Purchase. No differences are noted.

5. Market Conditions. Current market conditions are superior to market conditions in 2014.

- Comparables 4 and 5 received an adjustment of 5%. These adjustments are made prior to making further adjustments.

6. Location. No differences are noted.

7. Physical Characteristics. Differences in prices are evident for several considerations.

Parking ratio: A direct relationship typically exists between the parking ratio and price per square foot. As the parking ratio increases, the price per square foot tends to increase.

- Comparable 2 has a superior parking ratio and is adjusted -5%. Comparable 3 has an inferior parking ratio and is adjusted 5%.

Building size: Typically, prices per square foot have an inverse relationship to building size. As building size increases, price per square foot generally decreases, based in part on economies of scale.

- Comparable 2 is significantly larger than the subject property and an adjustment of 10% is applied to this sale.

8. Economic Characteristics. Remaining differences in occupancy, NOI, and OAR are reflected in this adjustment.

- Comparable 1 has lower rents than the subject property, but was purchased based on a significantly lower capitalization rate. When considering all the economic characteristics of this sale, Comparable 1 received an adjustment of -5%.

9. Use. No differences are noted.

10. Non-realty Components of Sale. No differences are noted.

The adjusted prices of the comparable sales range between \$183/SF and \$191/SF, and have a mean of \$186/SF. The subject's contract price of \$184/SF is consistent with market prices. This analysis indicates a reasonable value for the subject property in "as is" condition is \$184/SF, or \$875,000 (rounded).

We conclude the value of the subject real property in its "as is" condition via the sales comparison approach is **\$875,000**.

ADJUSTMENTS TO COMPARABLES						
Wiles Road Retail Strip Center, 11010 - 11016 Wiles Road, Coral Springs, Florida (15-1641)						
	SUBJECT	COMP 1	COMP 2	COMP 3	COMP 4	COMP 5
Sale Status	In-Contract	Closed	Closed	Closed	Closed	Closed
Sale Date	N/A	Apr-15	Feb-15	Jan-15	Nov-14	Mar-14
Parking Ratio	6.7	5.0	9.6	3.4	5.7	4.0
Building Size (SF)	4,748	11,391	25,723	10,464	13,400	6,500
Year Built	1976	1960	1965	1976	1974	1979
Condition	Average	Average	Average	Average	Average	Average
Quality	Average	Average	Average	Average	Average	Average
Occupancy	95%	88%	97%	100%	100%	100%
NOI Per SF	\$12.83	\$10.86	N/A	\$13.13	\$12.54	\$13.80
OAR	7.00%	5.63%	N/A	7.23%	7.00%	7.80%
Unadjusted Price/SF Bldg	\$184	\$193	\$175	\$182	\$179	\$177
Market Conditions	SIMILAR	SIMILAR	SIMILAR	SIMILAR	INFERIOR	INFERIOR
Adjustment	0%	0%	0%	0%	5%	5%
Adjusted Price/SF	\$184	\$193	\$175	\$182	\$188	\$186
<u>Property Adjs:</u>						
Parking Ratio	SIMILAR	SIMILAR	SUPERIOR	INFERIOR	SIMILAR	SIMILAR
Adjustment	0%	0%	-5%	5%	0%	0%
Building Size	SIMILAR	SIMILAR	LARGER	SIMILAR	SIMILAR	SIMILAR
Adjustment	0%	0%	10%	0%	0%	0%
Economic	SIMILAR	SUPERIOR	SIMILAR	SIMILAR	SIMILAR	SIMILAR
Adjustment	0%	-5%	0%	0%	0%	0%
Net Adjustment	0%	-5%	5%	5%	0%	0%
Adjusted Price/SF	\$184	\$183	\$184	\$191	\$188	\$186
Gross Adjustment	N/A	5%	15%	5%	5%	5%

INCOME CAPITALIZATION APPROACH

In the income capitalization approach, or income approach, the subject's income stream provides a basis for estimating value. Income producing real estate has earning power and is attractive as an investment. The amount an investor will pay represents the present value of anticipated future benefits.

Income

The subject retail strip center contains a total leasable area of 4,748 SF. The center is configured with four bays ranging in size from 600 SF to 2,000 SF. The property is currently 100% occupied by four local tenants. We requested, but did not receive a copy of the leases. We did receive a copy of the current rent roll, which is summarized in the chart on the following page.

As shown from the rent roll, the annual rents in the subject retail center range from \$11.10/SF to \$19.00/SF on a NNN basis, and the average rent is \$14.11/SF. The tenants pay pro rata share of the operating expenses except for structural maintenance to the building. The rents vary depending on the size, type, and the interior build-out of the space. The current lease terms of the tenants range from two to five years.

To determine if the existing rents in the subject center are consistent with market rent levels, a market rent survey of comparable rentals was prepared and is summarized in chart on Page 49. A map and descriptions of the comparable rentals are shown on the following pages.

As shown from the market rent survey, the quoted and actual annual NNN base rents of the comparable rentals range from \$14.00/SF to \$21.00/SF. Based on the market rent survey and discussions with brokers active in the local retail market, we conclude the contract rents for the subject units are consistent with market rent levels except for the contract rent of Unit 11010 at \$11.10/SF, which is below market rent levels. However, the lease term with the tenant of Unit 11010 has five years remaining, and a most probable purchaser would recognize this income. We use the contract rent to estimate potential gross income. The total scheduled annual NNN base rent of \$66,984 is used to estimate potential gross income for the subject property.

Vacancy and Collection Loss

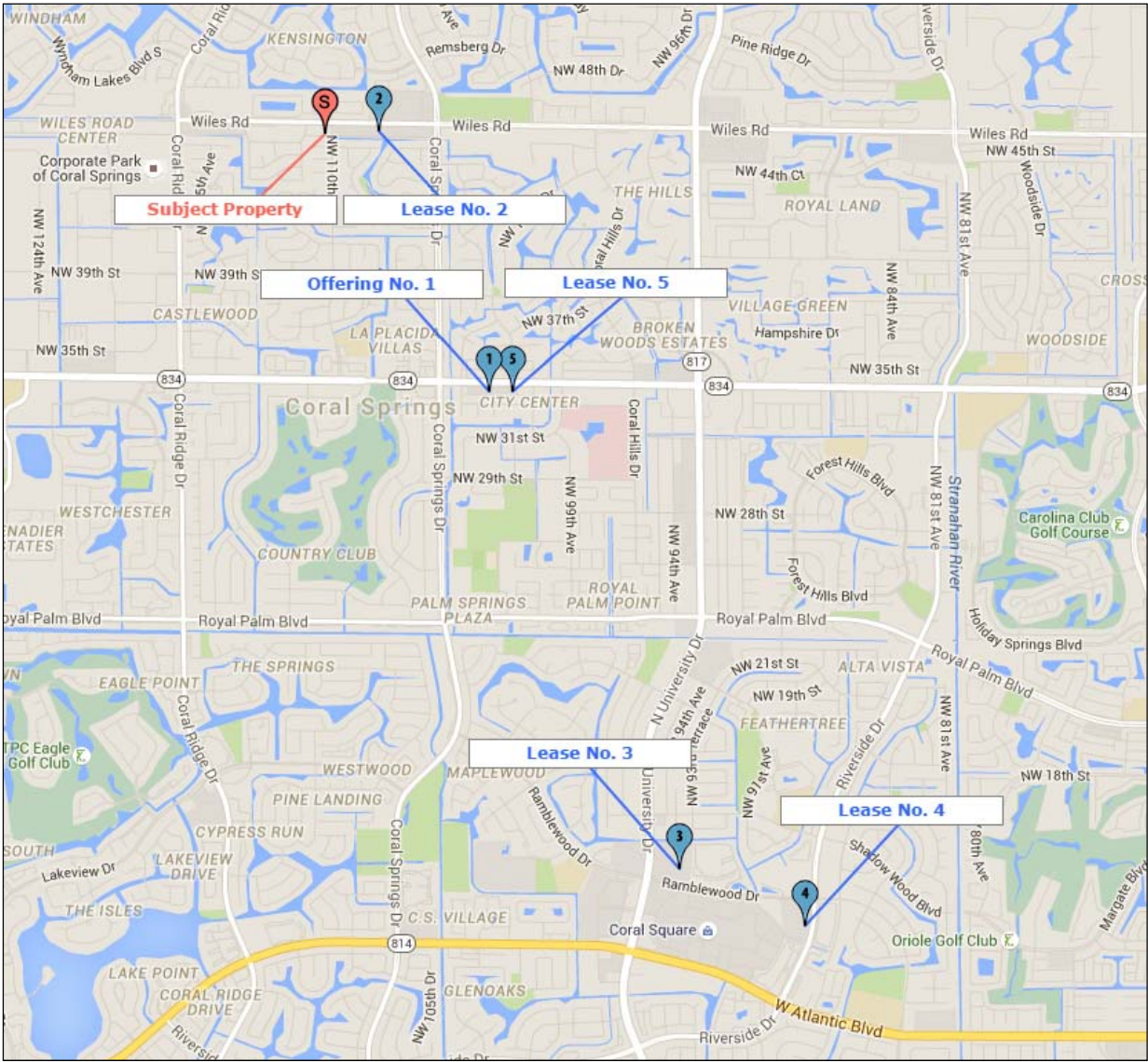
The subject property is 100% occupied. However, a deduction for vacancy and collection loss is appropriate to account for times of turnover. As discussed in the Market section, the overall vacancy rate for shopping centers in the Coral Springs area is 8.5%. Typical rates for vacancy and collection loss for properties similar to the subject property are 5% to 10% in the local market. We conclude a reasonable allowance for long-term vacancy and collection loss is 5.0% for the subject property.

SUBJECT PROPERTY'S RENT ROLL

Unit	Tenant	Leased Area	Monthly NNN Base Rent,		Start, End	Options, Increases
			Annual NNN Base Rent	Annual NNN Base Rent \$ / SF		
11010	Jammin Restaurant	2,000 SF	\$1,850	\$11.10	N/A	N/A
			\$22,200		03/01/20	5%/yr
11012	Luxe Burgers	600 SF	\$950	\$19.00	N/A	N/A
			\$11,400		05/01/17	5%/yr
11014	Convenience Z-Mart	1,000 SF	\$1,470	\$17.64	N/A	N/A
			\$17,640		05/01/17	5%/yr
11016	Nail Salon	1,148 SF	\$1,312	\$13.71	N/A	N/A
			\$15,744		06/01/17	5%/yr
Scheduled Annual Base Rent			\$66,984			
Total SF			4,748			
Occupied SF			<u>4,748</u>			
Current Occupancy Rate			100%			
Avg Annual NNN Base Rent/SF			\$14.11			

COMPARABLE RENTS			
Wiles Road Retail Strip Center, 11010 - 11016 Wiles Road, Coral Springs, Florida (15-1641)			
PROPERTY	TERMS		RENT
Address	Status Type	Suite Size (SF)	NNN Base Rent
R1 10260 W. Sample Rd Coral Springs	Listing NNN	3,000	\$14.00
R2 10750 Wiles Rd Coral Springs	Executed NNN	3,561	\$15.00
R3 1269 N. University Dr Coral Springs	Executed NNN	3,107	\$21.00
R4 650 Riverside Drive Coral Springs	Executed NNN	2,270	\$18.00
R5 10150 W. Sample Rd Coral Springs	Executed NNN	1,988	\$16.00
SUBJECT			
11010 - 11016 Wiles Road Coral Springs	Contract Rents NNN	600 - 2,000	\$11.10 - \$19.00

MAP OF COMPARABLE RENTALS



Rent 1**General Data**

Property Name: Coral Center
Property Type: Neighborhood Center
Address: 10260 W. Sample Rd, Coral Springs, Florida 33065
County: Broward
Parcel ID: 48-41-21-05-0699

Building Data

Size SF: 21,894
Year Built: 1981
Condition: Average
Quality: Average
Stories: One

Lease Data

Bay Size: 3,000
Lease Status: Listing
Type of Lease: NNN
Effective Rental Rate (PSF): \$14.00

Verification Source: Gillian Rahael, listing agent, 954-340-6000, Jon Mullins,
November 2015 (15-1641)

Lease Remarks: Retail space for lease in the Coral Creek shopping center.

Rent 2**General Data**

Property Name:	Shoppes at Wiles
Property Type:	Neighborhood Center
Address:	10750 Wiles Rd, Coral Springs, Florida 33076
County:	Broward
Parcel ID:	48-41-17-07-0100

Building Data

Size SF:	21,510
Year Built:	1986
Condition:	Average
Quality:	Average
Stories:	One

Lease Data

Bay Size:	3,561
Lease Status:	Executed
Date:	October 2015
Type of Lease:	NNN

Effective Rental Rate (PSF): \$15.00

Verification Source: Charlie Exelbirt, listing agent, 954-309-7151, Jon Mullins,
November 2015 (15-1641)

Lease Remarks: Retail space in the Shoppes of Wiles.

Rent 3**General Data**

Property Name:	Ramblewood Square Shopping Center
Property Type:	Neighborhood Center
Address:	1269 N. University Dr, Coral Springs, Florida 33071
County:	Broward
Parcel ID:	48-41-18-08-0030

Building Data

Size SF:	110,228
Year Built:	1989
Condition:	Average
Quality:	Average
Stories:	One

Lease Data

Bay Size:	3,107
Lease Status:	Executed
Date:	February 2015
Type of Lease:	NNN

Effective Rental Rate (PSF): \$21.00

Verification Source: Kim Fitzgerald, listing agent, 561-447-8940, Jon Mullins,
November 2015 (15-1641)

Lease Remarks: Retail space in the Ramblewood Square Shopping Center.

Rent 4**General Data**

Property Name: The Plaza at Coral Springs
Property Type: Neighborhood Center
Address: 650 Riverside Drive, Coral Springs, Florida 33071
County: Broward
Parcel ID: 48-41-27-03-6250

Building Data

Size SF: 92,878
Year Built: 1985
Condition: Average
Quality: Average
Stories: One

Lease Data

Bay Size: 2,270
Lease Status: Executed
Date: September 2015
Type of Lease: NNN

Effective Rental Rate (PSF): \$18.00

Verification Source: Travis Langhorst, listing agent, 561-471-0212, Jon Mullins,
November 2015 (15-1641)

Lease Remarks: Retail space in The Plaza at Coral Springs.

Rent 5**General Data**

Property Name: Coral Place
Property Type: Neighborhood Center
Address: 10150 W. Sample Rd, Coral Springs, Florida 33065
County: Broward
Parcel ID: 48-41-21-05-0600

Building Data

Size SF: 13,481
Year Built: 1983
Condition: Average
Quality: Average
Stories: One

Lease Data

Bay Size: 1,988
Lease Status: Executed
Date: June 2015
Type of Lease: NNN

Effective Rental Rate (PSF): \$16.00

Verification Source: Sharon Demuth, 954-340-6000, 954-340-6000, Jon Mullins,
November 2015 (15-1641)

Lease Remarks: Retail space in the Coral Place shopping center.

Operating Expenses

We received 2014 operating expenses for the subject property. These expenses along with the operating expenses of other retail properties in the area are summarized in the chart on the following page, along with our conclusions for expense items based on the subsequent analysis. We have estimated the operating expenses and separated them into two categories, recoverable expenses and non-recoverable expenses.

Recoverable Expenses

- Real Estate Taxes: The 2015 assessment for the subject property is 73% of our estimated market value conclusion. Assessments are typically 80% to 90% of market value in the local market. Based on 80% of our market value conclusion, the 2015 millage rate, adding non-ad valorem taxes, and after deducting 4% for early payment, taxes are \$3.13/SF for the subject property.
- Insurance: Based on historical costs for the subject property and comparable data, we estimate a reasonable cost for property insurance is \$1.94/SF.
- Repairs and Maintenance: Based on historical costs, comparable data, and the age/condition of the subject building, we estimate \$0.85/SF is reasonable for landlord maintenance and repairs on the property.
- General & Administrative: General and administrative expenses are nominal. We estimate \$0.10/SF.
- Management: For management expenses, a reasonable cost in this market for the subject property is 5% of rental revenues. At this rate, the expense is \$0.67/SF for the subject property.

Recoverable operating expenses for the subject property are estimated to total \$6.69/SF.

Non-recoverable Expenses

- Utilities and Trash: The tenants are responsible for their own utility and trash expenses. We estimate \$0.05/SF is reasonable to account for the landlord's utilities and trash expenses during times of turnover.
- Miscellaneous: Miscellaneous expenses are nominal. We estimate \$0.05/SF is reasonable for these expenses.
- Reserves: Based on the age/condition of the subject building, an annual reserve allowance of \$0.15/SF is reasonable.

Non-recoverable operating expenses for the subject property are estimated to total \$0.25/SF.

COMPARABLE OPERATING EXPENSES (PER SF)						
Wiles Road Retail Strip Center, 11010 - 11016 Wiles Road, Coral Springs, Florida (15-1641)						
	SUBJECT		COMP 1	COMP 2	COMP 3	COMP 4
Property Type	Retail Center		Retail Center	Retail Center	Retail Center	Retail Center
City	Coral Springs		Cooper City	Boca Raton	Lake Worth	Weston
Building Area (SF)	4,748		9,613	6,065	7,920	27,370
Year Built	1976		1999	1989	1986	2003
Occupancy	95%	100%	100%	100%	95%	100%
12 Months Ending	Nov-16	Nov-15	Dec-15	Dec-15	Dec-14	Dec-14
Source	Conclusions	Mgt	Budget	Budget	Actual	Proforma
Operating Expenses:						
<u>Recoverable Expenses:</u>						
Real Estate Taxes	\$3.13	\$2.79	\$5.20	\$3.30	\$2.61	\$4.92
Property Insurance	\$1.94	\$1.94	\$1.44	\$1.72	\$3.61	\$1.28
Repairs & Maint.	\$0.85	\$0.85	\$0.79	\$1.31	\$0.84	\$0.74
General & Admin.	\$0.10	\$0.00	\$0.00	\$0.00	\$0.04	\$0.10
Management	\$0.67	\$0.00	\$0.75	\$0.65	\$0.00	\$0.00
<u>Non-recoverable Exps:</u>						
Utilities & Trash	\$0.05	\$0.00	\$1.80	\$1.54	\$0.16	\$0.51
Miscellaneous	\$0.05	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Capital Reserves	\$0.15	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Expenses	\$6.94	\$5.58	\$9.98	\$8.97	\$7.26	\$7.55

Capitalization

The two methods for capitalizing net operating income for estimating value are direct capitalization and yield capitalization. Direct capitalization is appropriate for a project with a relatively stable income stream, and yield capitalization is appropriate for a project with a fluctuating income stream. In this analysis, direct capitalization will be applied for estimating value of the subject's fee simple estate based on market rent.

Two common methods for estimating a capitalization rate are derivation from comparable sales and from a band of investment. For derivation from comparable sales, investment retail center property sales shown in the chart at the top of the following page provide capitalization rates ranging from 5.63% to 7.80%.

As part of this assignment, we also surveyed brokers that are currently active in the local retail market to determine what investors have been seeking for properties similar to the subject property. Our survey of brokers indicated investors are seeking capitalization rates for properties similar to the subject property at 6.50% to 7.50%. The data from the comparable sales and our survey of brokers indicates a reasonable capitalization rate for the subject property is 7.00%.

COMPARABLE OVERALL CAPITALIZATION RATES						
Wiles Road Retail Strip Center, 11010 - 11016 Wiles Road, Coral Springs, Florida (15-1641)						
Sale Date	City	Type	Bldg SF Occ. %	Price/SF NOI/SF	OAR	Comments
Jun-15	Delray Beach	Retail Center	48,175 88%	\$143 \$9.88	6.90%	Based on actual income in-place
Apr-15	Boca Raton	Retail Center	11,391 88%	\$193 \$10.86	5.63%	Based on buyer's proforma
Apr-15	Boca Raton	Retail Center	22,589 92%	\$241 \$16.55	6.86%	Based on actual income in-place
Apr-15	Davie	Retail Center	18,807 88%	\$299 \$19.94	6.68%	Based on actual income in-place
Jan-15	Sunrise	Retail Center	10,464 100%	\$182 \$13.13	7.23%	Based on actual income in-place
Nov-14	Boca Raton	Retail Center	13,400 100%	\$179 \$12.54	7.00%	Based on actual income in-place
Sep-14	Davie	Retail Center	14,255 90%	\$253 \$18.03	7.14%	Based on actual income in-place
Mar-14	Oakland Park	Retail Center	6,500 100%	\$177 \$13.80	7.80%	Based on actual income in-place
Jun-14	Weston	Retail Center	20,950 100%	\$477 \$33.12	6.94%	Based on actual income in-place
Subject	Coral Springs	Retail Center	4,748 95%	N/A \$12.82	7.00%	Conclusion

The band of investment technique is based on the premise that properties are purchased with debt and equity capital and the overall capitalization rate must satisfy the market return requirements of both investment positions. In this methodology, separate capitalization rates for the debt and equity components are summed to calculate a single overall capitalization rate for the property.

Reasonable loan terms were an interest rate of 5.0%, 70% LTV, and a 20-year term. The corresponding mortgage constant is 7.92%. Rates for the equity component usually are more difficult to estimate. They have been 5.0% to 10.0% for shopping center properties in the local market. We estimate a rate of 5.0% is reasonable for the subject property. The capitalization rate derived from the band of investment technique is 7.00% and is shown in the following chart.

BAND OF INVESTMENT
Mortgage Component = $M \times R_m$ Equity Component = $(1 - M) \times R_e$ OAR (R_o) = Mortgage Component + Equity Component Mortgage Component = $0.70000 \times 0.07919 = 0.05544$ Equity Component = $(1 - 0.70000) \times 0.05000 = 0.01500$ OAR = $0.05544 + 0.01500$ OAR = 0.07044 OAR Rounded to: = 7.00%

This rate from the band of investment technique does not incorporate effects of future adjustments in interest rates, downward adjustments for equity build-up, nor downward adjustments for property value appreciation. Market data are not readily available to precisely estimate such factors.

The capitalization rate derived from comparable sales and from the band of investment is 7.00%. This capitalization rate is applied to the subject's income stream.

Conclusion

The following chart summarizes the calculations for estimating value for the subject property via the income capitalization approach. We conclude the value of the subject property in "as is" condition, per the income capitalization approach, is **\$870,000**.

DIRECT CAPITALIZATION SUMMARY		
Wiles Road Retail Strip Center, 11010 - 11016 Wiles Road, Coral Springs, Florida (15-1641)		
	Totals	Per SF
Rental Income	\$66,984	\$14.11
Recoverables	\$31,764	\$6.69
Potential Gross Income	\$98,748	\$20.80
Less Vacancy & Collection Loss (-5.0%)	(\$4,937)	(\$1.04)
Effective Gross Income	\$93,811	\$19.76
Less Operating Expenses		
<u>Recoverable Expenses</u>		
Real Estate Taxes	\$14,861	\$3.13
Property Insurance	\$9,211	\$1.94
Repairs & Maintenance	\$4,036	\$0.85
General & Administration	\$475	\$0.10
Management Fees	\$3,181	\$0.67
<u>Non-recoverable Expenses</u>		
Utilities & Trash	\$237	\$0.05
Miscellaneous	\$237	\$0.05
Capital Reserves	\$712	\$0.15
Total Expenses	(\$32,951)	(\$6.94)
Net Operating Income	\$60,860	\$12.82
CAPITALIZATION		
Net Operating Income		\$60,860
Overall Rate		7.00%
Capitalized Value Indication		\$869,423
Value Conclusion		\$870,000
Per SF		\$183

RECONCILIATION AND FINAL VALUE CONCLUSION

The approaches provided the following market value estimations for the subject property.

MARKET VALUE INDICATIONS		
Analysis	Value Indication	\$/SF
Cost	Omitted	N/A
Sales Comparison	\$875,000	\$184
Income Capitalization	<u>\$870,000</u>	<u>\$183</u>
Market Value Conclusion	\$875,000	\$184

The quality of data in the sales comparison approach is good and the methods of analysis are typical for analyzing retail center properties similar to the subject property. This approach is the most useful approach to an owner user.

The income capitalization approach shows a value supported by local market rents, vacancies, operating expenses, and capitalization rates. The local and South Florida markets provided good data. The valuation methods are appropriate for this property and this assignment. The income capitalization approach provides the most useful value for an investor.

The quality of market data in each approach is good, and the methods of analysis in each approach are reasonable. The value indications from the sales comparison approach and the income capitalization approach indicate that the subject's current contract price of \$875,000 is consistent with market prices.

After careful and thorough investigation and analysis, we estimate market value for the leased fee interest in the subject real property in its "as is" condition, subject to assumptions and contingent and limiting conditions as well as any extraordinary assumptions and hypothetical conditions, as explained in this report, as of November 4, 2015, is:

EIGHT HUNDRED SEVENTY-FIVE THOUSAND DOLLARS
(\$875,000)

NORMAL MARKETING PERIOD AND REASONABLE EXPOSURE TIME

Normal marketing period is the most probable amount of time necessary to expose a property, in its entirety, to the open market in order to achieve a sale. Implicit in this definition are the following characteristics.

1. The property will be actively exposed and aggressively marketed to potential purchasers through marketing channels commonly used by sellers of similar type properties.
2. The property will be offered at a price reflecting the most probable markup over market value used by sellers of similar type properties.
3. A sale will be consummated under the terms and conditions of the definition of market value.

As shown in the Sales Comparison Approach section, the comparable sales had marketing times of less than five months. As shown in the Market section, the median marketing time for shopping center properties has been less than six months in recent years. The subject property was on the open market approximately three months prior to going under contract. We conclude a reasonable marketing time for sale of the subject property in "as is" condition and at a price similar to the estimate of market value is less than 12 months.

Exposure time is the amount of time likely to have been experienced for sale of the subject property on the valuation date. We estimate a reasonable exposure time is less than 12 months based on the same market data.

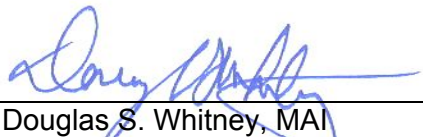
PART 3: ADDENDUM

CERTIFICATION

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
- I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results, a specific valuation, or the approval of a loan.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the State of Florida.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Douglas Whitney and Jon Mullins made a personal, visual inspection of the readily accessible areas of the property that is the subject of this appraisal.
- No one provided significant real property appraisal or appraisal consulting assistance to the person signing this certification.
- As of the date of this report, I have completed the continuing education program of the State of Florida.

- As of the date of this report, Douglas Whitney has completed the continuing education program of the Appraisal Institute.
- As of the date of this report, Jon Mullins has completed the Standards and Ethics Education Requirement for Practicing Affiliates of the Appraisal Institute.
- Aucamp Dellenback & Whitney has not provided services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period preceding acceptance of this assignment.



Douglas S. Whitney, MAI
State-certified General Real Estate Appraiser RZ1062

November 16, 2015



Jon Mullins
State-certified General Real Estate Appraiser RZ3111

November 16, 2015

CONTINGENT AND LIMITING CONDITIONS

This appraisal is subject to the following contingent and limiting conditions:

1. The legal description and maps are assumed to be correct.
2. No responsibility is assumed for matters which are legal in character, nor is any opinion rendered as to title, which is assumed to be good and marketable. Any existing liens or encumbrances have been disregarded, and the property is appraised as free and clear. This appraisal is made, assuming that all public improvements of any kind affecting the property appraised are fully paid for, unless otherwise specifically set forth in the property description.
3. No survey has been made of the property on behalf of the appraisers and no responsibility is assumed in connection with such matters. The sketches contained in this report are for illustrative purposes only and are included to assist the reader to better visualize the property. The information furnished by others is believed to be reliable and no responsibility is assumed for its accuracy.
4. In this report, the distribution of the total valuation between land and improvements applies only under the existing program of utilization. The separate valuations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
5. Possession of this report, or a copy thereof, does not carry with it the right of publication, nor may it be used for any purpose by any but the recipient without written consent of the appraiser.
6. The contract for appraisal, consultation, or analytical service is fulfilled and total fee is payable upon completion of the report. The appraisers will not be required to give testimony in court or hearing because of having made the appraisal in full or in part, nor engage in post-appraisal consultation with the client or third parties, except under separate and special arrangement and at additional fee.
7. The appraisers may not divulge material contents of the report, analytical findings or conclusions or give a copy of the report to anyone other than the client or his designee as specified in writing, except as may be required by the Appraisal Institute as it may request in confidence for ethics enforcement or by a court of law of body with the power of subpoena.
8. Liability of Aucamp, Dellenback & Whitney is restricted to the client. Aucamp, Dellenback & Whitney has no accountability or liability to any third party.
9. It is assumed there are no hidden or unapparent conditions of the property, subsoil or structures which make it more or less valuable. The appraiser assumes no responsibility for such conditions or engineering which might be required to cover these facts. No topographical survey was provided.
10. No environmental impact study, special market study or analysis, highest and best use analysis or feasibility study has been requested or made unless otherwise specified in an agreement for services or in the report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or

conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

11. The market value estimated and the cost used are as of the date of the estimate of value. All dollar amounts are based on the purchasing power and price of the dollar as of the date of the value estimate.

12. This appraisal expresses our opinion and employment to make this appraisal was in no way contingent upon reporting a predetermined value or conclusion. The fee for this appraisal or study is for the service rendered and not for time spent on the physical report.

13. The value estimated in this appraisal report is gross without consideration given to any encumbrance, restriction, or question of title unless specifically defined. The estimate of value in the appraisal report is not based in whole or in part upon race, color or national origin of the present owners or occupants of properties in the vicinity of the property appraised.

14. Responsible ownership and competent property management are assumed.

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

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

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

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

19. Authentic copies of this report are signed in ink.

20. 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 has no 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 the presence of such substances, such as asbestos, urea formaldehyde foam insulation, or other hazardous substances or environmental conditions may affect the value of the property, the value estimated is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them.

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

22. The report may contain estimates of prospective value for the subject property. Forecasts and prospective values are based upon current market conditions and trends. Aucamp, Dellenback & Whitney cannot be held responsible for unforeseeable events that alter market conditions prior to the prospective dates.

23. Acceptance and/or use of this appraisal report constitutes acceptance of the preceding conditions.

HYPOTHETICAL CONDITIONS AND EXTRAORDINARY ASSUMPTIONS

Hypothetical Conditions

This appraisal is subject to the following hypothetical conditions:

None

Extraordinary Assumptions

This appraisal is subject to the following extraordinary assumptions:

None

DEFINITIONS

Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

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

(Source: Interagency Appraisal and Evaluation Guidelines, Federal Register, Volume 75, No. 237, December 10, 2010)

Prospective Opinion of Value

*A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy. (Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal, Fifth Edition*, Chicago, 2010, page 153)*

Retrospective Value Opinion

*A value opinion effective as of a specified historical date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. (Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal, Fifth Edition*, Chicago, 2010, page 171)*

Investment Value

*The value of a property interest to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. (Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal, Fifth Edition*, Chicago, 2010, page 105)*

Liquidation Value

The most probable price that a specified interest in real property should bring under the following conditions:

1. *Consummation of a sale within a short time period.*
2. *The property is subjected to market conditions prevailing as of the date of valuation.*
3. *Both the buyer and seller are acting prudently and knowledgeably.*
4. *The seller is under extreme compulsion to sell.*
5. *The buyer is typically motivated.*
6. *Both parties are acting in what they consider to be their best interests.*
7. *A normal marketing effort is not possible due to the brief exposure time.*
8. *Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.*
9. *The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.*

(Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal, Fifth Edition*, Chicago, 2010, page 116)

Use Value

In real estate appraisal, the value a specific property has for a specific use; may be the highest and best use of the property or some other use specified as a condition of the appraisal.

(Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal, Fifth Edition*, Chicago, 2010, page 204)

Insurable Value

A type of value for insurance purposes. (Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal, Fifth Edition*, Chicago, 2010, page 102)

Limited-Market Property

A property or property right that has relatively few potential buyers. (Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal, Fifth Edition*, Chicago, 2010, page 114)

Special-Purpose Property

A property with a unique physical design, special construction materials, or a layout that particularly adapts its utility to the use for which it was built; also called a special-design property. (Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal, Fifth Edition*, Chicago, 2010, page 184)

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

(Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal, Fifth Edition*, Chicago, 2010, page 78)

Leased Fee Interest

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease). (Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal, Fifth Edition*, Chicago, 2010, page 111)

Leasehold Interest

The tenant's possessory interest created by a lease. (Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, Fifth Edition, Chicago, 2010, page 111)

Real Property

The interests, benefits, and rights inherent in the ownership of real estate. (Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, Fifth Edition, Chicago, 2010, page 161)

Personal Property

1.) Identifiable tangible objects that are considered by the general public as being "personal" – for example, furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment; all tangible property that is not classified as real estate. 2.) Consists of every kind of property that is not real property; movable without damage to itself of the real estate; subdivided into tangible and intangible. (Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, Fifth Edition, Chicago, 2010, pages 145-146)

Intended Use

The manner in which the intended users expect to employ the information contained in a report. (Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, Fifth Edition, Chicago, 2010, page 102)

Intended User

1.) The client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or appraisal consulting report by the appraiser on the basis of communication with the client at the time of the assignment. 2.) A party who the appraiser intends will employ the information contained in a report. (Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, Fifth Edition, Chicago, 2010, pages 102-103)

Hypothetical Condition

That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, Fifth Edition, Chicago, 2010, page 97)

Extraordinary Assumption

An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. (Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, Fifth Edition, Chicago, 2010, page 73)

Competence

The state of having the requisite or adequate ability or qualities to perform the specific assignment and produce credible assignment results. (Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, Fifth Edition, Chicago, 2010, page 39)

AREA DESCRIPTION AND ANALYSIS

Florida is a major U.S. state as seen in population and employment figures. As of April 1, 2014, Florida's estimated population was 19,507,369 according to the Office of Economics and Demographic Research. Among the 50 states, Florida is ranked as the third most populous state. Florida is forecasted to reach a population of over 21,000,000 people by 2020. By 2040, it is projected to have over 25,000,000. Between 2010 and 2013, the majority of Florida growth was due to net migration of 73.9%, while natural increase accounted for 26.1% of the growth in the state

The majority of job growth in the next ten years will come in the service industry led by new jobs in business services, health care, and government employment. Manufacturing will continue to be a relatively reduced part of the state's economy.

Florida's geography, climate, and location are important reasons for its population and economic growth. Florida's coastline with 1,197 miles along the Atlantic Ocean and Gulf of Mexico is the longest of any state, except Alaska. Temperature variations are mild, and the southern part of the state has a subtropical climate. Florida is strategically located for access to the Caribbean Islands as well as to South and Central America.

SOUTH FLORIDA

South Florida is the tri-county region consisting of Miami-Dade, Broward, and Palm Beach. The metropolitan area stretches from Miami to West Palm Beach, a distance of about 65 miles, and extends 15 to 20 miles west from the Atlantic Ocean. The three counties are the state's three most populous with an estimated population of 5,777,833, as of April 1, 2014, and comprised almost one-third of the state's population. The tri-county region's growth averaged 0.67% annually during the past five years and is forecasted to grow an average of 0.93% during the next ten years. Growth between 2020 and 2040 in the tri-county region is projected to increase 11.7%, according to the Florida Demographic Estimating Conference, February 2014 and UF, BEBR, Florida Population Studies, Volume 46, Bulletin 165, March 2013. The basis for population growth has largely been migration from northern U.S. states and Canada as well as countries in the Caribbean.

Economic growth in South Florida is centered on services and retail trade for tourists, seasonal residents, permanent residents and retirees. Construction had been a strong economic contributor over the past 30 years but has slowed due in part to a declining real estate market. South Florida is also known as a major export/import center for trade with South America and the Caribbean and as an attractive location for clean, high-tech industries.

Within this region, a primary trend has been northward movement of population from Miami-Dade County into Broward County, and from Broward County into Palm Beach County. This trend accelerated with the dislocation of residents due to Hurricane Andrew in 1992. The movement continues today as residents seek less stress and congestion in comparison to Miami-Dade County.

BROWARD COUNTY

Broward County is located along Florida's southeast coast on the Atlantic Ocean to the east and Lake Okeechobee to the west. The county, located between Miami (Dade County) and West Palm Beach (Palm Beach County), is about 200 miles south of Orlando and 300 miles south of Jacksonville.

Broward County, with approximately 1,200 square miles of land area, is one of the largest counties in the United States and is the second largest of Florida's 67 counties. Elevation changes range from 0-20 feet with the average elevation at 15 feet above sea level. The terrain is generally sandy and flat with some gently sloping coastal ridges.

The county's subtropical climate has an average temperature of 74 degrees Fahrenheit. Winters are mild because of the proximity to the warm Gulf Stream currents of the Atlantic Ocean. Prevailing winds are from the east. Average annual rainfall is 62 inches according to the Broward County Office of Urban Planning and Redevelopment.

Broward County contains 31 incorporated municipalities nearly all located east of Florida's Turnpike. County government, mainly located within Fort Lauderdale, handles the unincorporated areas. Rapid population growth has put constant pressure on government planning and services.

Land Use Pattern

Broward County has a well-established area of urban development surrounded by conservation areas and Indian reservations which cannot be developed. The urban corridor stretches along the eastern portion of the county while the conservation areas and the reservations are located in the middle and western portions of the county.

The urban corridor represents continuous development from the municipalities of Hallandale Beach to Deerfield Beach. While some pockets of vacant land remain and are ready for development, most future development will be infill development and adaptive reuse of existing structures. The City of Fort Lauderdale urban core has undergone significant redevelopment and gentrification.

Population

The county has an estimated population of 1,803,903 in 2014 representing 9.2% of the state's population. Population growth in the county from 2010 to 2014 totaled 3.21% (0.8% average per year) compared with 3.8% for the state (0.9% average per year). Population growth from 2015 to 2020 is projected at 2.9% for the county versus 7.0% for the state. The county's modest future growth rate reflects the county's advanced stage of development and diminishing supply of land available for development.

Economy

Broward County has an employment base comprised mostly of several sectors: Trade, Transportation and Utilities; Professional and Business Services; Education and Health Services; and Leisure and Hospitality. These sectors are geared toward the seasonal and retiree segments that have been large part of the county's population.

During the past several years, total employment declined in conjunction with the national economic recession that began in December 2007 and officially ended in June 2009, according to the National Bureau of Economic Research. The national economy and local economy continue to be soft, and recession effects linger.

Broward County's seasonally unadjusted annual unemployment rate during 2012 and 2013 was 7.4% and 6.1%. These rates are much lower compared to state averages of 8.6% and 7.2% and national levels of 8.1% and 7.4% for the same period. Through September 2014, seasonally unadjusted unemployment in Broward County is 5.2% and 6.1% for the state. Unemployment at the national level through September 2014 is higher at 5.8% (source: State of Florida Labor Market Statistics Center and the Local Area Unemployment Statistics (LAUS) Program). The sectors showing the largest signs of improvement in 2013 are Construction, Government, and Other Services.

BROWARD COUNTY LABOR FORCE TRENDS									
<i>Source: FL Agency for Workforce Innovation, Labor Market Statistics Center, FL LAUS Program with the U.S. Department of Labor, BLS</i>									
	2013		2012		2011		2010		2009
	Amount	change	Amount	change	Amount	change	Amount	change	Amount
<u>Broward County Labor Force:</u>									
Civilian Labor Force	1,033,081	1.7%	1,015,805	1.7%	998,992	1.4%	985,251	0.1%	984,024
Employment	970,449	3.2%	940,417	3.4%	909,659	2.7%	885,915	-1.2%	896,879
Unemployment	62,632	-16.9%	75,388	-15.6%	89,333	-10.1%	99,336	14.0%	87,145
County	6.1%		7.4%		8.9%		7.8%		4.6%
Florida	7.2%		8.6%		9.4%		7.8%		4.4%
US	7.4%		8.1%		8.9%		7.1%		4.8%
<u>Industry Title:</u>									
Total Nonagricultural Employment									
Construction	34,900	9.4%	31,900	4.9%	30,400	-3.2%	31,400	-16.3%	37,500
Manufacturing	26,000	0.8%	25,800	2.8%	25,100	5.5%	23,800	-7.0%	25,600
Trade, Trans., and Utilities	178,000	5.5%	168,700	3.2%	163,400	3.1%	158,500	-1.8%	161,400
Information	18,800	3.9%	18,100	4.6%	17,300	5.5%	16,400	-4.7%	17,200
Financial Activities	55,600	2.2%	54,400	2.8%	52,900	-1.5%	53,700	-2.5%	55,100
Prof. and Business Services	128,800	5.6%	122,000	1.5%	120,200	3.6%	116,000	1.8%	113,900
Education and Health Services	99,000	2.1%	97,000	0.6%	96,400	1.0%	95,400	1.7%	93,800
Leisure and Hospitality	87,000	5.6%	82,400	4.2%	79,100	3.9%	76,100	-0.1%	76,200
Total Government	102,900	6.4%	96,700	-1.5%	98,200	-2.3%	100,500	-0.9%	101,400
<u>Other Services</u>	<u>36,700</u>	<u>7.0%</u>	<u>34,300</u>	<u>7.2%</u>	<u>32,000</u>	<u>3.2%</u>	<u>31,000</u>	<u>-0.3%</u>	<u>31,100</u>
Total	767,700	5.0%	731,300	2.3%	715,000	1.7%	702,800	-1.5%	713,200

<http://www.floridajobs.org/labor-market-information/data-center/statistical-programs/current-employment-statistics#>

As shown in a subsequent chart, income levels in Broward County are much higher than average income levels in the state. The county has several communities with wealthy residents.

Housing

The Online Site To Do Business (STDB), an online resource center providing demographic information, reports an increase in total housing units in Broward County by approximately 165,055 units between the years 2000 and 2014 representing a total increase of 10.2% for the 14-year period or an average of 0.73% annually. In 2014, housing units in the county totaled 826,486 of which 435,558, or 52.7%, are owner occupied. Renter occupied units comprised 31.7% of the total with 261,996 units, and vacant units numbered 116,014 representing 14.4% of total housing units.

STDB also reports median home value in Broward County is \$176,262, compared to a median home value of \$190,791 for the U.S. In five years, the median home value is projected to

change 4.3% annually to \$214,195.

Services

The county has good medical care facilities consisting of 34 hospitals and 6,898 beds. The county has an abundance of licensed physicians, both as private practitioners and employees of the hospitals. A recent trend in local health care is construction of satellite facilities with outpatient services.

Broward County Public Schools was founded in 1915 and is a public school district ranked sixth largest in the nation and the largest fully accredited district in the nation with more than 310 schools and education centers. The countywide school board provides public education through 12th grade. Approximately 263,000 students attended Broward County schools for the 2013/2014 school year. Numerous private schools are also available. Overcrowding is present in some areas. Prominent academic colleges in the county consist of Florida Atlantic University, Florida International University, Nova Southeastern University, and Broward Community College. The county has many vocational, technical, and trade schools.

Public water and sewer utilities are provided throughout the county by either incorporated municipalities, special districts, or by the county. Telephone service is provided by BellSouth and other telecommunication vendors. Standard electric service is generally available from Florida Power and Light. Natural gas is provided by main or delivered as liquefied petroleum gas by Peoples Gas System.

Transportation in Broward County consists of Fort Lauderdale/Hollywood International Airport (FLL), Palm Beach Park Airport, Fort Lauderdale Executive Airport, North Perry Airport, Pompano Beach Airpark, Broward County Transit (BCT) public bus services, Port Everglades and Tri-Rail. FLL is conveniently located to serve the air trade area of Broward County and the three surrounding counties. FLL is ranked as the 21st busiest airport (in terms of passenger traffic) in the United States as well as the nation's 14th busiest international air gateway. The facility also ranks as one of the world's 50 busiest airports. FLL is classified by the US Federal Aviation Administration as a "Major Hub" facility serving commercial air traffic. The airport accommodates 30 commercial airlines and serviced over 23 million passengers in 2013. By 2020, FLL is projected to handle 36 million passengers annually. Fort Lauderdale Executive Airport, North Perry Airport and Pompano Beach Airpark are general aviation airports serving private and corporate airplanes.

Broward County Transit (BCT), public bus service runs seven days a week serving more than 410 square miles of Broward County as well as a recently added route servicing Miami/Dade and Palm Beach Counties. It provides close to 40 million rides a year.

Port Everglades is the busiest container port and deepest in Florida and among the busiest in the U.S. This port encompasses nearly 2,190 acres of land. At the end FY 2013, the port's cumulative cargo tonnage topped 22.5 million tons with 3,850 ships annually. Port Everglades is also one of the busiest cruise ports in the world with more than 3.6 million passengers expected during 2013 and more home-ported cruise ships than any cruise port worldwide. Twelve cruise lines and 42 cruise ships sail from the South Florida seaport. The port holds the world record of most cruise passengers in a single day with over 53,000 passengers in November 2011. Recent expansion at the port includes a new terminal for Allure of the Seas, the world's largest cruise ship which started service November 2010.

Tri-Rail is also a means of transportation in Broward County. Formed in 1987, this system extends roughly 72 miles and runs parallel to Interstate 95 from West Palm Beach to Miami serving 17 stations. Ridership exceeded 4.3 million passengers in 2013. Tri-Rail shares its tracks with Amtrak.

Trends

Broward County is a well-established urban area with a growing population base. Economic soundness is supported with a higher than average income, expanding employment centers, a wide range of commercial and public services and facilities, and many recreational opportunities. Overall, the county is poised to continue growing within the future.

Future trends show steady population growth and a favorable outlook for Broward County's economy. As the population migrates north from Dade County and migrates south from the northeastern states, jobs will continue to increase and fuel economic growth in the county.

Problems typically associated with growth will continue to challenge Broward County. The major challenges are schools, roadways and utilities to meet needs of a growing population.

Broward County					
Page 2					
Employment by Industry					
Average Annual Employment, % of All Industries, 2013	Broward County	Florida	Average Annual Wage, 2013	Broward County	Florida
All industries	718,801	7,517,572	All industries	\$45,599	\$43,651
Natural Resource & Mining	0.1%	1.1%	Natural Resource & Mining	\$26,438	\$27,654
Construction	4.5%	4.9%	Construction	\$46,520	\$42,129
Manufacturing	3.6%	4.3%	Manufacturing	\$53,043	\$54,087
Trade, Transportation and Utilities	22.8%	20.9%	Trade, Transportation and Utilities	\$40,511	\$39,181
Information	2.4%	1.0%	Information	\$80,226	\$68,514
Financial Activities	7.3%	6.7%	Financial Activities	\$62,042	\$63,006
Professional & Business Services	16.7%	14.9%	Professional & Business Services	\$52,491	\$52,963
Education & Health Services	13.3%	14.8%	Education & Health Services	\$46,060	\$45,582
Leisure and Hospitality	11.7%	13.8%	Leisure and Hospitality	\$22,746	\$22,490
Other Services	3.9%	3.2%	Other Services	\$30,757	\$31,139
Government	13.7%	13.7%	Government	\$52,033	\$48,376
Industries may not add to the total due to confidentiality and unclassified.					
Labor Force					
Labor Force as Percent of Population Aged 18 and Older	Broward County	Florida	Unemployment Rate	Broward County	Florida
1990	67.0%	64.3%	1990	5.9%	6.3%
2000	69.0%	63.0%	2000	3.0%	3.0%
2010	72.1%	61.7%	2010	9.6%	11.3%
2013	73.6%	61.2%	2013	6.1%	7.2%
Income and Financial Health					
Personal Income (\$000s)	Broward County	Florida	Per Capita Personal Income	Broward County	Florida
1990	\$29,713,548	\$259,952,130	1990	\$23,521	\$19,945
2000	\$51,328,591	\$474,532,877	2000	\$31,478	\$29,570
% change 1990-2000	72.7%	82.0%	% change 1990-00	33.8%	48.3%
2010	\$72,583,891	\$725,160,439	2010	\$41,411	\$38,478
% change 2000-10	41.4%	52.8%	% change 2000-10	31.6%	30.1%
2011	\$75,730,468	\$767,448,404	2011	\$42,433	\$40,215
% change 2010-11	4.3%	5.8%	% change 2010-11	2.5%	4.5%
2012	\$78,329,199	\$792,950,493	2012	\$43,161	\$41,041
% change 2011-12	3.4%	3.3%	% change 2011-12	1.7%	2.1%
2013	\$80,525,783	\$811,376,557	2013	\$43,792	\$41,497
% change 2012-13	2.8%	2.3%	% change 2012-13	1.5%	1.1%
Earnings by Place of Work (\$000s)			Median Income		
1990	\$15,519,764	\$161,317,329	Median Household Income	\$51,251 +/- \$393	\$46,956 +/- \$149
2000	\$31,071,376	\$310,699,734	Median Family Income	\$61,526 +/- \$630	\$56,738 +/- \$247
% change 1990-2000	100.2%	92.0%	+/- = margin of error based on a 90% confidence level.		
2010	\$44,767,044	\$438,640,988	Percent in Poverty, 2012		
% change 2000-10	44.1%	41.2%	All ages in poverty	15.2%	17.2%
2011	\$45,928,667	\$449,167,809	Under age 18 in poverty	21.4%	25.6%
% change 2010-11	2.6%	2.4%	Ages 5-17 in families in poverty	19.9%	24.1%
2012	\$48,267,545	\$470,879,450			
% change 2011-12	5.1%	4.8%			
2013	\$50,231,327	\$489,019,912			
% change 2012-13	4.1%	3.0%			
Personal Bankruptcy Filing Rate (per 1,000 population)	Broward County	Florida	Public Education Institutions	Broward School District	Florida
2012	4.97	4.06	Total	344	4,141
2013	4.45	3.77	Elementary	185	1,989
State Rank	5	NA	Middle	54	615
Note: Florida numbers exclude Miami-Dade County.					
			Senior High	65	976
			Combination	40	561
Quality of Life					
Crime	Broward County	Florida	Educational attainment Persons aged 25 and older		
Crime rate, 2013 (index crimes per 100,000 population)	4,022.5	3,627.3	% HS graduate or higher	87.8% +/- 0.3%	86.1% +/- 0.1%
Admissions to prison FY 2013-14	2,339	32,442	% bachelor's degree or higher	29.9% +/- 0.4%	26.4% +/- 0.2%
Admissions to prison per 100,000 population FY 2013-14	131.1	168.4	+/- = margin of error based on a 90% confidence level.		
Workers Aged 16 and Over					
Place of Work in Florida					
Worked outside county of residence	22.2 +/- 0.4	17.6 +/- 0.1			
Travel Time to Work					
Mean travel time to work (minutes)	27.2 +/- 0.2	25.9 +/- 0.1			
+/- = margin of error based on a 90% confidence level.					

Broward County

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Reported County Government Revenues and Expenditures

Revenue 2011-12			Expenditures 2011-12		
Broward County			Broward County		
Florida*			Florida*		
Total - All Revenue Account Codes (\$000s)	\$2,691,171.0	\$34,425,008.3	Total - All Expenditure Account Codes (\$000s)	\$2,586,414.00	\$34,385,708.99
Per Capita \$	\$1,519.49	\$1,891.00	Per Capita \$	\$1,460.34	\$1,888.84
% of Total	100.0%	100.0%	% of Total	96.1%	99.9%
Taxes (\$000s)	\$782,665.0	\$10,666,412.1	General Government Services** (\$000s)	\$397,471.00	\$6,203,886.58
Per Capita \$	\$441.91	\$585.92	Per Capita \$	\$224.42	\$340.78
% of Total	29.1%	31.0%	% of Total	14.8%	18.0%
Permits, Fee, and Special Assessments (\$000s)	\$25,316.0	\$1,193,666.3	Public Safety (\$000s)	\$722,287.00	\$7,813,840.38
Per Capita \$	\$14.29	\$65.57	Per Capita \$	\$407.82	\$429.22
% of Total	0.9%	3.5%	% of Total	26.8%	22.7%
Intergovernmental Revenues (\$000s)	\$330,058.0	\$4,346,473.9	Physical Environment (\$000s)	\$207,454.00	\$4,014,821.78
Per Capita \$	\$186.36	\$238.76	Per Capita \$	\$117.13	\$220.54
% of Total	12.3%	12.6%	% of Total	7.7%	11.7%
Charges for Services (\$000s)	\$1,048,347.0	\$10,959,204.3	Transportation (\$000s)	\$481,340.00	\$4,159,690.05
Per Capita \$	\$591.92	\$602.00	Per Capita \$	\$271.77	\$228.50
% of Total	39.0%	31.8%	% of Total	17.9%	12.1%
Judgments, Fines, and Forfeits (\$000s)	\$23,628.0	\$141,680.8	Economic Environment (\$000s)	\$27,094.00	\$1,279,096.80
Per Capita \$	\$13.34	\$7.78	Per Capita \$	\$15.30	\$70.26
% of Total	0.9%	0.4%	% of Total	1.0%	3.7%
Miscellaneous Revenues (\$000s)	\$52,687.0	\$996,360.7	Human Services (\$000s)	\$134,825.00	\$3,027,557.91
Per Capita \$	\$29.75	\$54.73	Per Capita \$	\$76.13	\$166.31
% of Total	2.0%	2.9%	% of Total	5.0%	8.8%
Other Sources (\$000s)	\$428,470.0	\$6,121,210.3	Culture / Recreation (\$000s)	\$145,238.00	\$1,383,527.91
Per Capita \$	\$241.92	\$336.24	Per Capita \$	\$82.00	\$76.00
% of Total	15.9%	17.8%	% of Total	5.4%	4.0%
			Other Uses and Non-Operating (\$000s)	\$382,958.00	\$5,598,084.42
			Per Capita \$	\$216.23	\$307.51
			% of Total	14.2%	16.3%
			Court-Related Expenditures (\$000s)	\$87,747.00	\$905,203.16
			Per Capita \$	\$49.54	\$49.72
			% of Total	3.3%	2.6%

* All County Governments Except Duval - The consolidated City of Jacksonville / Duval County figures are included in municipal totals rather than county government totals.

** (Not Court-Related)

State Infrastructure

Transportation		
Broward County		
Florida		
State Highway		
Centerline Miles	95.9	12,085.9
Lane Miles	195.5	43,337.4
State Bridges		
Number	440	6,702
State Facilities		
Buildings/Facilities (min. 300 Square Feet)		
Number	442	15,493
Square Footage	10,060,530	214,003,935
State Lands		
Conservation Lands		
Parcels	445	38,277
Acreage	249,697.0	3,151,774.9
Non-Conservation Lands		
Parcels	224	5,859
Acreage	24,306.5	163,209.3

State and Local Taxation

2013 Ad Valorem Millage Rates		
Broward County		
County-Wide		
Not County-Wide*		
County	5.7230	0.0257
School	7.4800	
Municipal		5.5903
Special Districts	0.9337	1.3966

* MSTU included in Not County-Wide "County" category

Prepared by:
Florida Legislature
Office of Economic and Demographic Research
111 W. Madison Street, Suite 574
Tallahassee, FL 32399-6588
(850) 487-1402 <http://edr.state.fl.us>



December 2014

ENGAGEMENT LETTER



OCEAN BANK

COMMERCIAL APPRAISER ENGAGEMENT LETTER

Date: 11/3/2015

Appraiser: Douglas Whitney
 Aucamp, Dellenback & Whitney
 1900 NW Corporate Blvd, 215E
 Boca Raton, FL 33431

Re: Property Details: 15-000699-01
 11010-11016 Wiles Rd, na
 Coral Springs FL 33076

Folio Number: 4841 17 07 0200
 Property Type: Shopping Center Convenience/Strip Center
 Types of report: Summary, Narrative
 Approaches to Value: All applicable approaches
 Intended Use: Use - Loan Underwriting
 Intended User: User - Bank
 Additional Work: None.
 Scope:

Interest to Appraise:	<u>Valuation Premise</u>	<u>Premise Qualifier</u>	<u>Property Interest</u>
	Market Value	As-Is	Fee Simple

Comments:

Contact Person(s): Billy Sahni
 Contact Phone Number(s): 786-291-1600
 Email(s):

Dear Douglas S Whitney:

This letter authorizes you to provide appraisal services in accordance with the following terms and conditions. Please read the agreement closely as it defines the terms, conditions and scope of work required by the appraiser to fulfill our contract for services. **Please include the Ocean Bank Property ID, OB#, 15-000699-01 on the cover sheet and letter of transmittal.**

Scope of Work:

- A) For a 3 year period preceding this engagement, if your Appraisal Firm has appraised the property under this engagement, Ocean Bank is adding an addition to the Scope of Work. Please include within the **Executive Summary** a comparison of market changes from the prior report(s) to the current assignment. This should include a brief commentary on the reasons for the change in value, positive or negative. At a minimum, included comments on changes to market conditions between the two reports and adjustments made. The Sales Comparison Approach should compare the data set(s) used between the two reports and discuss major changes/adjustments that

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impact differences in value. If the Income Approach was used, comment on the differences and impacts to NOI and reasons for the changes. In the capitalization and/or discount rates, assumptions made, etc. The intent of this section is for Ocean Bank to better understand changes to market conditions that impact value from a prior report to the current assignment within this time line period.

- B)** As further support for the capitalization rates, discount rates, IRR's (internal rates of return), etc. used within the appraisal report we are requiring that you include a survey of at least two (2) real estate professionals (market participants) within the local market. This can include a combination of brokers, owners, developers, etc. We will need you to indicate at a minimum the date the survey was conducted, as well as the company and respondent (s) interviewed. The reason for this request is for the bank to have a better understanding of current market expectations which might impact the subject property.
- 1) Your appraisal will be utilized in connection with a "federally related transaction" as defined in Section 1121(4) of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA"), and must comply with the standards promulgated by the Appraisal Standards Board (ASB) of the Appraisal Foundation known as the Uniform Standards of Professional Appraisal Practice (USPAP). Guidelines applicable to federally related transactions excerpted in Appendix A to 12 C.F.R. Part 34 also applies.
 - 2) Your delivered appraisal report will be subject to review by one or a combination Ocean Bank's internal review appraisers, or an outside review appraiser for compliance with USPAP, the Uniform Guidelines for Real Estate Appraisal Policies and Review Procedures adopted by the Comptroller of the Currency, the FDIC, and any other bank supervisory agencies and with the specific guidelines of and terms of engagement with Ocean Bank.
 - 3) Payment of the appraisal fee provided for herein is subject to the appraisal report being found to be in compliance with the agreement to cooperate with Ocean Bank's internal review process and to respond promptly to any inquiries or questions the Bank's internal or independent reviewer may have.
 - 4) As agreed your fee for completing and delivering to Ocean Bank the appraisal as defined in this engagement shall be ~~\$2,400.00~~ **3800** and the reports delivered on or before **11/23/2015** **11/16/2015**. Payment of which shall be subject to all of the requirements of this letter.
 - 5) We will need one (1) PDF copy of your appraisal report uploaded to the project through RIMSCentral at www.rimscentral.com, with one (1) signed original sent after the reports have been reviewed and accepted. Your appraisal report should be addressed and delivered to the attention of: Belky Hernandez, Real Estate Generalist-Appraisal Department at the physical address indicated in this correspondence and of the undersigned.
 - 6) Please include replacement cost estimate for insurance purposes and a copy of this engagement letter in your appraisal report.
 - 7) This letter contains our entire agreement with respect to your engagement to render appraisal services relating to the subject property and supersedes all prior

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understandings between us, written or oral, with regard to such engagement.

- 8) Any variance in the appraisal services for which you are engaged, whether with respect to the subject premises or otherwise, shall be defined in a separate agreement between us.
- 9) The Appraiser expressly agrees that **time is of the essence** for delivery of all appraisals reports. The fee being paid is for specific performance of the assignment as defined and that a penalty of \$100 per day may be subtracted (at the sole discretion of Ocean Bank) from the compensation due to Appraiser for each business day the report is delivered after the due date without the written consent of the undersigned. In the event the report is 30 days or more past due and Ocean Bank has not granted an extension in writing, the appraisal assignment is cancelable at Ocean Bank's sole discretion and the contract appraiser's rights to any and all appraisal fees are forfeited.
- 10) The client/intended user is Ocean Bank. The report will be used for loan underwriting, collateral assessment, risk analysis or other uses associated with the interests of Ocean Bank. There are no other intended users and your client is only Ocean Bank, however it is possible that there could be another intended user, however this will be outlined under the additional requirements section of this engagement letter.
- 11) All information obtained in the course of this assignment and all findings/conclusions reached during and at completion of the assignment are confidential. Ocean Bank is the sole intended user (unless indicated under the additional requirements section) and the intended use is to establish a value of the real estate for use as collateral in proper loan underwriting, loan classification or other matters pertaining to the interests of Ocean Bank. A source of payment of the fee, parties other than Ocean Bank, does not entitle the payee to a confidential client relationship or make them an intender user. This is consistent with the Confidentiality section of the Ethics Rule of Uniform Standards of Professional Appraisal Practice (USPAP). All items of a personal or privileged nature, not in the public domain, are to be treated as confidential.
- 12) **DISCLOSURE:** You must disclose in your certification or in the letter of transmittal whether you were contacted by any bank official or other party associated with the transaction regarding loan amounts or desired values in association with the subject of appraisal. Please indicate to any such individual that you are bound by this disclosure agreement to include a statement in the certification or transmittal regarding such discussions and that your engagement is subject to such disclosure.

If the foregoing is acceptable to you, please indicate your agreement with the terms of this letter by signing in the space provided below and uploading to the project through the Award in RIMSCentral.

Sincerely yours,



Belky Hernandez
Real Estate Generalist

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Off: 305-569-5011
Fax: 305-569-5956
bhernandez@oceanbank.com

ACCEPTED AND AGREED:



Signature of Appraiser

11/3/15

Date

APPRAISER QUALIFICATIONS AND LICENSE

DOUGLAS S. WHITNEY, MAI

State-certified General Real Estate Appraiser RZ 1062

Professional Affiliations And Activities

Member of Appraisal Institute (MAI)

Florida State-certified General Real Estate Appraiser RZ 1062

Board of Directors, South Florida Chapter of the Appraisal Institute, 2005 to 2008

Special Master, Palm Beach County Value Adj. Board, 1994 to 2010

Member of Admissions Committee for S. FL/Caribbean Chapter of the Appraisal Institute, 1993 to 1998

National instructor for Robert Morris & Associates, 1996 to 1997

S. Florida/Caribbean Ch. Rep. to Appraisal Institute Region X, 1994

Chairman of the Financial Institution Employed Appraisers Committee of S. FL/Caribbean Chapter of the Appraisal Institute, 1993

Work Experience

1994-Present Principal, Aucamp Dellenback & Whitney, Boca Raton, FL (COMMERCIAL FEE APPRAISER).

1991-1994 Staff Appraiser, Barnett Banks, Inc., Miami, Delray Beach & West Palm Beach, FL (COMMERCIAL REVIEW APPRAISER).

1989-1991 V. P., Commercial R. E. Lending Dept., Barnett Bank of S. FL, Miami, FL.

1987-1989 Staff Appraiser, M.R. Ford & Associates, Palm Beach Gardens (COMMERCIAL FEE APPRAISER), and AppraisalFirst, Inc., West Palm Beach, FL (COMMERCIAL AND RESIDENTIAL FEE APPRAISER).

1979-1987 V.P. and A.V.P. in Commercial Real Estate Lending at three South Florida financial institutions: Southeast Bank, AmeriFirst Federal, and First National Bank of Palm Beach.

1973-1979 City Planner in Boca Raton and St. Petersburg, FL, Lexington, MA, and Burlington, VT.

Types Of Appraisal Assignments

Real estate appraisal assignments have involved a wide variety of property types such as industrial properties, warehouses, mini-warehouses, office buildings, retail centers, restaurants, ACLFs, child-care/preschools, hotels/motels, apartments, condominiums, single-family homes, subdivisions, and vacant land. Other assignments have been feasibility studies, market studies, commercial appraisal reviews, and courtroom testimony.

Education

Master in City Planning, Harvard University, 1974

Bachelor of Science, University of Massachusetts, 1971

Appraisal Institute Courses during the past five years:

That's Logistics – The Valuation of Warehouses, 2014

Behind the Headlines – the New Real Estate Economy, 2014

National USPAP Update Course, 2014

Florida Appraisal Law, 2014

Liability Issues for Appraisers, 2014

Critical Thinking in Appraisals, 2013

Business Practices & Ethics, 2012

Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets, 2012

National USPAP Update Course, 2012

Florida Appraisal Law, 2012

Lessons from the Old Economy, 2012

Agreement for Services-Instructions for Use, 2011

Appraisal Curriculum Overview, 2011

Understanding and Using Investor Surveys Effectively, 2011

Common Errors, Issues & Workfiles, 2010

National USPAP Update, 2010

Florida Appraisal Law, 2010

Supervisor trainee Roles and Rules, 2010

Clients

Appraisal assignments are performed for institutional lenders, particularly financial institutions, as well as for estates, government entities, private companies and individuals. Financial institution clients include:

Banescor

CenterState Bank

Fifth Third Bank

Floridian Community Bank

JP Morgan Chase Bank

PNC

Stonegate Bank

WellsFargo Bank

Bank of America

City National Bank

First Citizens Bank

Gibraltar Private Bank

Landmark Bank

Regent Bank

SunTrust Bank

BankUnited

CNL Bank

FirstCity Bank

HSBC

Legacy Bank

Regions Bank

TD Bank

BB&T

Ever Bank

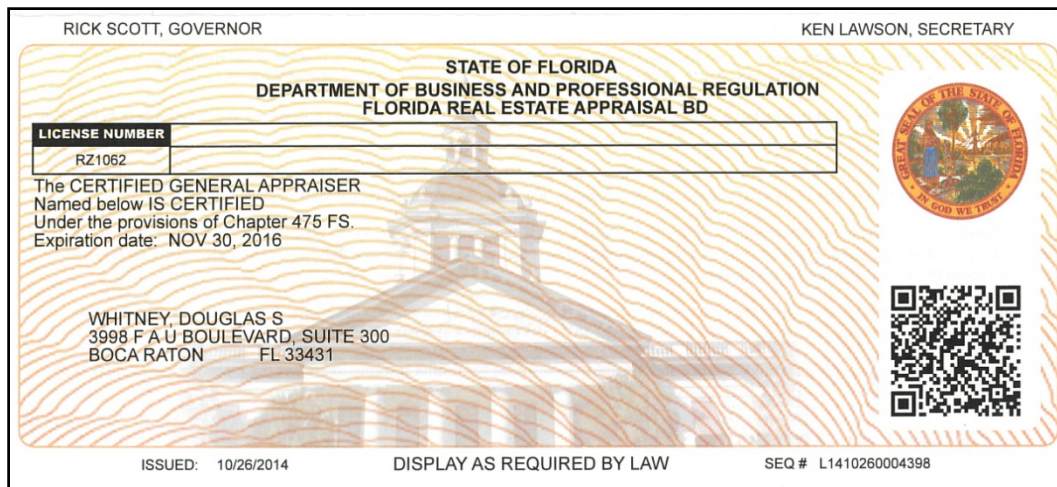
Florida Community Bank

IberiaBank

Paradise Bank

Seacoast National Bank

Valley National Bank



JON C. MULLINS, APPRAISER

State-certified General Real Estate Appraiser RZ 3111

WORK EXPERIENCE

2007-Pres. Staff Appraiser, Aucamp, Dellenback & Whitney, Boca Raton, FL (COMMERCIAL FEE APPRAISER).

1999-2007 Staff Appraiser, Estep & Company, Lexington, KY (COMMERCIAL FEE APPRAISER).

TYPES OF APPRAISAL ASSIGNMENTS

Real estate appraisal assignments have involved a wide variety of property types such as industrial properties, warehouses, mini-warehouses, office buildings, retail centers, restaurants, ACLFs, daycare/preschools, hotels/motels, apartments, condominiums, single family homes, subdivisions, and vacant land. Other assignments have been feasibility studies and marketability studies.

EDUCATION

Bachelor of Science, University of Kentucky, 1992

Appraisal Courses during the past 12 years:

USPAP Review, 2006, 2008, 2010, 2012, 2014

Litigation Appraising, 2014

Appraisal Review, 2012

Florida Law For Real Estate Appraisers, 2008, 2010, 2012, 2014

Advanced Sales Comparison and Cost Approaches, 2010

General Appraiser Income Approach II, 2008

Advanced Income Capitalization, 2004

Advanced Cost Approach Analysis, 2003

Farm & Rural Property Appraisal, 2005

Environmental Analysis of Commercial and Industrial Properties, 2005

Report Writing & Valuation Analysis, 2002

Site & Site Improvement Analysis, 2001

Real Estate Appraisal Valuation Procedures, 2000

USPAP, 1999

