



CBRE, Inc.
Valuation & Advisory Services
 225 Water Street, Suite 110
 Jacksonville, FL 32202

+1 904 634 1200 Office
 +1 904 791 8953 Fax

www.cbrehotels.com

May 3, 2016

Ms. Bonnie Miskel, Esq.
 Dunay, Miskel and Backman, LLP
 14 S.E. 4th Street, Suite 36
 Boca Raton, Florida 33432

Dear Ms. Miskel:

In accordance with our engagement letter, we are submitting this letter summarizing our findings and conclusions regarding the market study we have conducted for a proposed 150-room upper upscale boutique hotel to be located on a 2.4944-acre site (2507 N. Ocean Blvd. and 2629 N. Riverside Drive) fronting the Atlantic Intracoastal Waterway and North Ocean Boulevard in Pompano Beach, Florida. Our conclusions have been presented in an abbreviated format and may not disclose the full extent of our analysis or the complete support for our conclusions. Rather, this letter report should be viewed as a brief summary of our work.

SUMMARY OF CONCLUSIONS

Based on the results of our fieldwork and analyses, we have concluded that an upper upscale boutique hotel on the subject site is not feasible. This conclusion is based on following factors:

- Developers of upper upscale boutique resort properties are typically attracted to markets recognized as high end destinations. Examples in Florida include Naples, Miami Beach, Palm Beach, etc. Such markets offer substantial upscale amenities and/or attractions that are consistent with a luxury guest experience. Further, the rate potential in these markets is sufficient to support the development costs of an upper upscale property. In this case, the internal rate of return (IRR) generated by the subject property is only 6.58 percent, far below the 15 to 18 percent return typically required by investors in hotels of this type.
- Pompano Beach is generally not recognized as a luxury resort destination and there are no other upper upscale boutique properties in the area. Accordingly, the market presents relatively low

rate ceiling. Even those hotels with beachfront locations experience average daily rate (ADR) levels below those necessary to support their replacement cost.

- The area surrounding the subject site lacks the support amenities (e.g. restaurants, boutique retail, etc.) that typically characterize a high end resort destination. The site is well removed from the existing and developing dining and shopping corridor along Atlantic Boulevard.
- The site lacks direct access to major arteries, particularly I-95. The nearest direct access points are Hillsboro Boulevard (four miles north) and Atlantic Boulevard (two-miles south).
- The property's lack of ocean frontage would likely be a significant competitive disadvantage. Based on a pairing of performance levels between oceanfront and Intracoastal Waterway hotels, the disparity can be as much as 25 percent. The nearest beach access from the subject site is approximately two miles.

SITE AND FACILITY DESCRIPTION

- The property consists of two separate physical tracts. The southern tract is vacant and cleared, fronting North Ocean Boulevard (A1A), while the northern tract is developed with a bulkhead, piers, two small buildings, a pool, and pavement for parking. It is our understanding that the City of Pompano Beach abandoned the section of Riverside Drive that divided the property. Riverside Drive has been relocated and is west of the subject tracts. The subject property's immediate environs are as follows:
 - The Atlantic Intracoastal Waterway borders the site to the north;
 - To the south and southeast, across North Ocean Boulevard (A1A), are the Hillsboro Inlet Plaza retail shopping center and McDonalds Corner Store. This is followed by single-family residential homes;
 - East and northeast are the mid-rise Hillsboro Light Towers multi-family building and the Hillsboro Inlet Fishing Fleet Marina.; and
 - Water's Edge, a mid-rise multi-family building, is to the west.
- A specific facilities program has not been determined. For purposes of this analysis, we have assumed the property will consist of approximately 150 rooms and will be an upper upscale boutique hotel, similar in concept to many four star brands. We have further assumed the property will include an upscale restaurant, a lounge, 3,000 to 4,000 square feet of meeting space, street level retail, 25 transient boat slips and structured parking.

THE ECONOMIC ENVIRONMENT

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- The Miami-Fort Lauderdale-West Palm Beach MSA has some 5.9 million persons, with Broward County representing 31.4 percent of the population base. The MSA is projected to grow at a 1.2 percent compounded annual rate through 2020, while Broward County is projected to grow at 1.3 percent annually.
- As of December 2015 Broward County unemployment of 4.3 percent was below that of the MSA (5.0 percent), the State of Florida (5.1 percent), and the U.S. (5.0 percent). According to Woods & Poole, Broward County employment is projected to grow at 1.8 percent annually through 2025, exceeding the 1.7 percent projected growth rate of the MSA.
- CBRE Research estimates Broward County has approximately 28.4 million square feet of office space, with the largest submarkets being Downtown Central Business District Fort Lauderdale (5.2 million square feet), Cypress Creek (4.1 million square feet), and Plantation (3.9 million square feet). Fort Lauderdale hosts larger office related commercial demand generators such as Citrix, AutoNation, and Microsoft's Latin American Headquarters, with the three companies representing some 5,500 employees. Plantation is home to American Express, with approximately 3,500 employees, and DHL Express with 1,400 employees. By contrast, the Pompano Beach office inventory amounts to only 732,536 square feet of net rentable area, with a current vacancy rate of 20.4 percent, and asking rents averaging \$12.96 per square foot. Net absorption in 2015 was 75,002 square feet, with no new buildings under construction.
- As noted, there are few office parks or industrial areas in the City of Pompano Beach east of I-95. Thus, commercial lodging demand is somewhat limited. According to the 2010 census, per capita income for Pompano Beach was 47 percent below that of Boca Raton and 14 percent below that of Fort Lauderdale.

NEIGHBORHOOD

- The subject's greater neighborhood is generally defined as that area bounded by I-95 to the west, NE 50th Street to the south, NE 7th Street to the north and the Atlantic Ocean to the east. The subject is in the eastern edge of the primarily residential neighborhood, in Pompano Beach, between the Atlantic Ocean and the Atlantic Intracoastal Waterway. It is slightly less than three miles east of I-95, between Hillsboro Beach to the north and Lauderdale By-The-Sea to the south.
- I-95 links the three MSA counties of Broward, Miami-Dade, and Palm Beach with other cities along the east coast of the United States and is one of the most heavily traveled interstate highways in the nation. Florida's Turnpike, a toll road extending from Miami to Wildwood, is less than three miles west of I-95, providing an alternate north/south artery into the MSA. While access to the broader neighborhood is good, access to the subject site is less than desirable. The

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site lacks direct access to I-95 and Florida's Turnpike. The nearest direct access points are Hillsboro Boulevard, some four miles north of the subject, and Atlantic Boulevard, two-miles south. The subject fronts Florida Highway A1A, a secondary eastern scenic byway that connects Fernandina Beach to Key West. Air travel to the MSA is handled by three major international airports: Miami International Airport, Fort Lauderdale-Hollywood International Airport and Palm Beach International Airport.

- The subject is on the west side of North Ocean Boulevard (A1A), at the North Riverside Drive intersection, just south of a drawbridge over the Hillsboro Inlet. This is the northern portion of Pompano Beach, just south of Hillsboro Beach. North of Hillsboro Inlet is The Hillsboro Club, a master-planned 144-home subdivision on 15-acres with 1,000 feet of private beach. This development is followed by high-end single-family residential homes on the east side of North Ocean Boulevard (A1A) some of which have dockage along the west side of the road fronting the Atlantic Intracoastal Waterway. Multi-family development and hotels are present one to two miles north of the subject in the northern portion of Hillsboro Beach and the southern portion of Deerfield Beach.
- South on North Ocean Boulevard (A1A) are single-family residential homes and private beaches to Dow Street, where the neighborhood becomes more dense. South of Dow Street, multi-family housing, hotels, and retail are common. Most hotels are non-branded, older vintage, exterior corridor structures, with some having condominium ownership. They include such properties as La Costa Beach Club Resort, Lighthouse Cove Resort, Budget Lodge, and Shores Terrace Resort. However, there are two well branded hotels in Pompano Beach: the Residence Inn Fort Lauderdale Pompano Beach Oceanfront and the Fort Lauderdale Marriott Pompano Beach Resort and Spa.
- Roughly two miles south of the subject is North Pompano Beach Boulevard, home to public beach access, a public pier, and open space.
- In addition to beaches, Pompano Beach offers several tourist attractions including those below. However, these attractions pale in comparison to those offered by most luxury resort destinations:
 - There are three golf courses (Pompano Beach Golf Course, Palm Aire Country Club and Crystal Lake Golf Club).
 - Isle Casino Racing Pompano Park, west of I-95 on SW 3rd Street, features 1,500 slots, 38 poker tables, harness racing, six restaurants, and live entertainment.
 - Pompano Beach Aquatics Center and Houston/Sworn Aquatics Center have Olympic and 25-meter lap pools available to the public.
 - Pompano Beach Amphitheatre is a 3,000 seat open-air venue for live concert, movie, and other cultural events.

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- The subject site has water frontage and should afford excellent views from the upper floors. However, the lack of walkable public beach access in the subject's section of the neighborhood is a clear competitive disadvantage. This is particularly relevant when considering the dearth of commercial demand generators and the resulting need to rely upon leisure guests. This is not an area with complimentary retail, restaurant, and upscale leisure activities that draw upscale boutique clientele in a way that nearby Boca Raton and Fort Lauderdale do. The relatively low rate ceiling of the existing competitive set is reflective of this limitation. Given these limitations, it is unlikely a hotel on the site could attract a luxury flag.

SUPPLY AND DEMAND

- CBRE Hotels owns the database for *Trends in the Hotel Industry*[®], the statistical review of U.S. hotel operations which first appeared in 1935 and has been published every year since. Beginning in 2007, CBRE Hotels (formerly PKF) unveiled its powerful *Hotel Horizons*[®], an econometrically-developed hotel forecasting model that projects five years of supply, demand, occupancy, ADR and revenue per available room (RevPAR) for the U.S. lodging industry with a high degree of accuracy. *Hotel Horizons*[®] reports are published on a quarterly basis for 59 of the nation's largest markets and six national chain-scales.
- CBRE Hotels has determined through econometric analysis that strong relationships exist between employment, income, price and demand for hotel rooms. Using proprietary models developed in the course of this research the firm produces national quarterly forecasts for demand, occupancy, ADR, RevPAR and supply. These forecasts use baseline historical hotel operating data from STR Global, and historic and forecast economic data from Moody's Analytics.
- The subject property is located in the Coral Springs/Pompano Beach submarket of the Fort Lauderdale area, as defined by CBRE Hotels, which includes 78 hotels with 6,091 hotel rooms. An additional six hotels with 484 rooms are in some phase of the planning process. Over the past five years, growth in RevPAR has been substantial, with the bulk of these gains driven by ADR. The following charts depict a summary of the submarket's performance.

Coral Springs / Pompano Beach Performance - All Hotels

YEAR	OCC	Δ OCC	ADR	Δ ADR	REVPAR	Δ REVPAR
2011	69.0%	-	\$87.91	-	\$60.69	-
2012	70.6%	2.2%	\$91.44	4.0%	\$64.52	6.3%
2013	71.4%	1.3%	\$98.05	7.2%	\$70.05	8.6%
2014	73.2%	2.5%	\$108.43	10.6%	\$79.39	13.3%
2015	76.4%	4.3%	\$115.77	6.8%	\$88.43	11.4%

All Hotels Penetration vs. Market Total

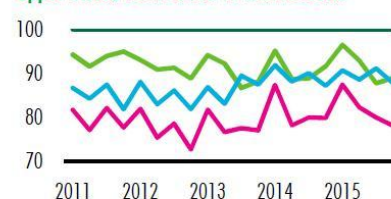
YEAR	OCC	ADR	REVPAR
2011	97.9%	79.3%	77.6%
2012	97.4%	79.5%	77.4%
2013	95.6%	81.8%	78.2%
2014	94.0%	84.9%	79.8%
2015	96.9%	85.3%	82.7%

Coral Springs / Pompano Beach Performance - Upper-Priced Hotels

YEAR	OCC	Δ OCC	ADR	Δ ADR	REVPAR	Δ REVPAR
2011	67.3%	-	\$121.71	-	\$81.96	-
2012	67.8%	0.7%	\$124.56	2.3%	\$84.51	3.1%
2013	69.5%	2.5%	\$129.63	4.1%	\$90.13	6.7%
2014	72.9%	4.8%	\$143.95	11.0%	\$104.87	16.4%
2015	73.7%	1.1%	\$154.46	7.3%	\$113.81	8.5%

Source: STR Inc., Q4 2015

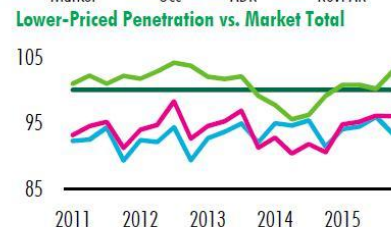
Upper-Priced Penetration vs. Market Total



Coral Springs / Pompano Beach Performance - Lower-Priced Hotels

YEAR	OCC	Δ OCC	ADR	Δ ADR	REVPAR	Δ REVPAR
2011	70.0%	-	\$68.66	-	\$48.09	-
2012	72.2%	3.1%	\$72.28	5.3%	\$52.21	8.6%
2013	72.7%	0.7%	\$78.12	8.1%	\$56.80	8.8%
2014	73.5%	1.0%	\$84.41	8.0%	\$62.01	9.2%
2015	78.2%	6.5%	\$91.24	8.1%	\$71.36	15.1%

Source: STR Inc., Q4 2015



Source: STR Inc., Q4 2015

Source: STR Inc., Q4 2015

The broader Fort Lauderdale hotel market is projected to reach peak occupancy in 2017, with decreased occupancy thereafter. Still, further increases in ADR should lead to overall RevPAR gains through 2020.

- The defined competitive set includes six hotels with a total of 896 guest rooms. It is instructive to note that the competitive set (both existing and proposed) is geographically dispersed, stretching from northern Fort Lauderdale to Deerfield Beach. While additional lodging facilities are present in the market area, they are not considered to be directly competitive due to disparities in terms of product, pricing, affiliation, markets served and/or quality.
- The table below presents a summary profile of the existing competitive properties. Exhibit II depicts the location of each property relative to the subject. It is instructive to note the ADR of the various properties is relatively low for beachfront hotels. Of particular note, the newly constructed Marriott achieved an ADR of \$175-\$184 in 2015, likely beneath that required to support its replacement cost.

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DEFINED COMPETITIVE SUPPLY POMPANO BEACH, FLORIDA						
Hotel	Opened	Rooms	Occupancy	ADR	RevPAR	
Residence Inn Pompano Beach	2002	88	75%-84%	\$195 - \$204	\$155-\$164	
Marriot Pompano Beach	2013	219	75 - 84	175 - 184	135 - 144	
Residence Inn IL Lugano	2008	104	80 - 89	175 - 184	145 - 154	
Comfort inn Deerfield Beach	1971	69	70 - 79	120 - 129	90 - 99	
Wyndham Deerfield Beach	1971	172	70 - 79	200 - 209	145 - 154	
Embassy Suites Deerfield Beach	1987	244	75 - 84	200 - 209	160 - 169	
Totals/Averages		896	77.60%	\$187.35	\$145.38	

- The following paragraphs present additional information about each of the competitive properties
A map depicting the location of each property relative to the subject site is presented as Exhibit II.

- The 88-unit *Residence Inn Fort Lauderdale Pompano Beach Oceanfront* is located on A1A one block south of the 14th Street intersection. This hotel has direct frontage on the Atlantic Ocean in Pompano Beach. It features 2,533 square feet of meeting space, covered ground floor parking, two pools, a fitness room, complimentary breakfast, the Ocean Bistro & Lounge, and valet parking. All rooms have full kitchens. Parking is charged at a rate of \$20 per day. The 10-story hotel was constructed in 2002 and is scheduled to undergo an extensive guest room and common area renovation starting in April of 2016.



- *Fort Lauderdale Marriott Pompano Beach & Spa* is south, but on the same block, as the Residence Inn Fort Lauderdale Pompano Beach Oceanfront. It also has direct frontage on the Atlantic Ocean in Pompano Beach. The 219-unit hotel was constructed in 2013 and is the newest hotel in the competitive set. 25 of the property's guest rooms are suites. The nine-story hotel features a pool, a fitness center, McCoy's Oceanfront restaurant and SiSpa. There is a breakfast buffet, at \$25 per person. Parking is restricted to valet service at \$25 per night.



- Fronting the Atlantic Intracoastal Waterway, the 104-unit *Residence Inn Fort Lauderdale IL Lugano* is on the west side of NE 32nd Avenue, one block north of East Oakland Park Boulevard, in Fort Lauderdale. It is three blocks northwest of public beach access at Earl Lifshey Ocean Park at the eastern terminus of East Oakland Park Boulevard. This hotel was constructed in 2008 in conjunction with IL Lugano Residences, a 23-unit condominium development, which is located in the same building. The condominiums are not rented by the hotel. The hotel features complimentary breakfast, a fitness center, a pool, the 307 Degrees Celsius restaurant, bike rentals, and a boat dock on the Atlantic Intracoastal Waterway. All rooms have full kitchens. The property has a 1,400 square foot meeting room. Parking is valet only, charged at a rate of \$18 per night. Boat dockage is \$25 to \$100 per night depending on the length of stay.



- The 69-room *Comfort Inn Oceanside* opened in 1971 and is one lot west of public beach assess at Deerfield Beach. Further, it fronts A1A at an interchange with East Hillsboro Boulevard, a main artery



from I-95. This six-story hotel features complimentary breakfast, a business center, a fitness center, an outdoor heated pool with a waterslide, a poolside bar and open asphalt parking. Rooms feature microwave ovens and mini refrigerators. Parking is charged at a rate of \$10 per night. The hotel has a small amount of meeting space (950 square feet). A Subway restaurant is located on the ground level. Due to its limited service branding and inferior quality, this hotel would be only marginally competitive with the subject hotel.

- The 172-room *Wyndham Deerfield Beach Resort* opened in 1971 as the Howard Johnson Plaza Resort Deerfield Beach, but was converted to Wyndham in 2011. The property fronts the public beach of Deerfield Beach, separated only by NE 21st Avenue, with no view obstructions. It is adjacent to a number of restaurants and a public pier. Three of the rooms are suites, with the remaining rooms having refrigerators. This Wyndham features a pool, a fitness center, the Patio Bar & Grill, Burger Craze, Café Med, Vaniglia E Cioccolato Gelateria, Poolside Splash bar, 4,230 square feet of flexible meeting space, concierge service and beach chair/umbrella rentals. Parking is offered at a rate of \$14 per night for self-parking or \$19 per night for valet.



- The *Embassy Suites Deerfield Beach by Hilton Resort & Spa* is located on A1A in Deerfield Beach, several blocks south of the Comfort Inn Oceanside and the Wyndham Deerfield Beach Resort. Like the Wyndham Deerfield Beach Resort this property fronts the public beach of Deerfield Beach, only being separated by South Ocean Way, with no view obstructions. Built in 1987, this 244-room property is in overall good condition. It was converted in 1995 to an Embassy Suites. Consistent with brand standards, the hotel features complimentary cooked-to-order breakfast, a complimentary beer/wine happy hour, two room suite designs, a fitness center, a pool, 7,706 square feet of flexible meeting space, BT's Oceanfront restaurant and a full-service 3,300 square foot spa (Spa950). Parking is offered at a rate of \$20 per night for self-parking and \$25 per night for valet.



- Exhibit I depicts trends in occupancy, ADR and revenue per available room (RevPAR) for the defined competitive supply since 2010. The decline in RevPAR for 2011 was essentially due to the Wyndham being out of service for the last five months of 2010 in conjunction with its refurbishment and re-branding. Since that point, significant gains in RevPAR have been achieved. Occupancy for the broader Broward County market is expected to decline to a slight degree over the next five years, though greater than inflationary ADR growth is expected.
- Based on our fieldwork, we have identified three additions to the competitive supply beyond the subject property. The 136-room Plunge Beach Hotel is to be located at the corner of North Ocean Drive and Pine Avenue in Lauderdale-By-The-Sea. The property, currently under renovation, will feature a beachfront bar, a marketplace, a lobby bar, and a food truck. It is scheduled to open in the summer of 2016. Ryf is the redevelopment of the former Holiday Inn at the eastern terminus of El Mar Drive in Lauderdale-By-The-Sea. The 215-room hotel will feature a restaurant/lounge, a beach bar and meeting space. The specific facilities program is still being

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planned. The property is scheduled to open January 2018. A 303-unit luxury oceanfront hotel is proposed at 20 North Oceanside in Pompano Beach. The property will include 18,000 square of meeting space, a spa, a restaurant/lounge, two pools and a small amount of retail space. It is scheduled to open January 2019. It should be noted that the Lauderdale-By-The Sea hotels will be only marginally competitive with the subject, competing also with hotels in the northern areas of Fort Lauderdale.

- The principal sources of demand for transient lodging accommodations for the defined competitive set are the leisure, commercial and group related segments. From our analysis of the operating performance of the existing competitive properties, it is estimated that the total demand accommodated by these properties in 2015 was segmented as follows:

ESTIMATED ACCOMMODATED DEMAND SEGMENTATION DEFINED COMPETITIVE SUPPLY POMPAÑO BEACH, FLORIDA 2015		
Demand Segmentation	Annual Accommodated Room-Nights	Percent of Total Demand
Leisure	153,400	61%
Group	54,300	21
Commercial	<u>46,100</u>	<u>18</u>
Total	<u>253,800</u>	<u>100%</u>

- Generally, demand for lodging accommodations in the Pompano Beach area is strongest in the first quarter of the year, from January through April, and weakest during the summer months. Peak season demand is generated by northeastern United States, Canadian and European tourists seeking Florida's temperate climate during the winter months, family vacationers during the summer months, and spring break periods. Weekends are particularly strong during peak months. In recent years, this demand has been supplemented by Latin American guests. The market often fills during peak periods, especially on weekends, and demand is turned away from the market.
- Leisure Demand: The leisure demand segment consists primarily of destination tourists traveling independent of groups or tours and other miscellaneous transient demand. Generally, tourist demand consists of couples and families who plan their vacations themselves, usually booking hotel arrangements either by calling the hotel direct, through a hotel chain's central reservations system, via a retail travel agent or through a third-party booking site (e.g., Expedia, Orbitz, Priceline, etc.). Also included in leisure is wholesale demand. Wholesale operators contract large blocks of rooms at significant discounts, then resell them through retail travel agents. These prepackaged travel arrangements sold to individual travelers for a particular destination often include in addition to the room, meals, car rentals, ground transfers and/or attraction admissions.

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among other items. Area hoteliers have worked closely in the past with wholesalers, especially during the slower months. In recent years, however, this relationship has diminished as occupancy has increased.

- Commercial Demand: This segment consists of demand generated by vendors, service representatives, corporate executives and other visitors to area businesses and industries. Government demand also is included here. Those commercial travelers on a per diem, such as government employees, tend to choose lower-priced facilities offering a good price/value relationship, while business people on an expense account consider the quality of the accommodations to be more important than the price charged. Commercial demand within the subject market, while nominal, is generated by businesses located primarily in Pompano Beach. Further, local municipalities and state agencies are generators of commercial room demand, though government offices are generally not located proximate to the competitive hotels. There also are hospitals and medical facilities in the area which generate hotel demand. A significant portion of the commercial demand in any market is most likely to select accommodations which are as convenient as possible to their place of business. In projecting commercial demand growth, we have examined historical and projected employment trends for the MSA. The aforementioned population growth statistics have also been considered.
- Group Demand: The group segment consists of meeting-related demand from area companies, associations, and SMERF (social, military, educational, religious and fraternal) groups. Group activity has a moderate impact in the defined hotel market. The larger properties with the most amount of meeting space tend to capture the bulk of this demand.
- The segmented growth rates and overall lodging demand growth anticipated for the subject lodging market area are as shown in Exhibit III. The estimated relationship between supply and demand and resulting market area occupancy are presented as Exhibit IV. The higher growth rates from 2016 through 2018 reflect the presence of demand “induced” by the introduction of the four new hotels.

PROJECTED UTILIZATION

- We have assumed the subject property will open by January 1, 2018. Projections of occupancy, ADR and RevPAR are presented as Exhibit V. Factors influencing these and future penetration levels are as follows:
 - Current market occupancy exceeds 77 percent. The addition of four new hotels, however, will clearly weaken the market to some degree and occupancy is projected to decline to as low as 71 percent by 2019.

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- While the subject property will have water frontage, it is not within walking distance of the beach. This is a significant competitive disadvantage, particularly with respect to those hotels who are located oceanfront. To demonstrate the disparity between properties located on the ocean versus the Atlantic Intracoastal Waterway, we analyzed five southeastern Florida markets where a legitimate “pairing” of data could be made. Based on this analysis, it appears the rate discount for non-ocean frontage is at least 25 percent.
- The subject property will be reasonably sized at 150 rooms, will be new and will be aesthetically superior to many of its competitors. Still, its lack of beach frontage, distance to public beach access, lack of nearby upscale amenities, and the general seasonality of the market are likely to prevent it from achieving full occupancy penetration.
- The market is somewhat rate sensitive and ADR levels for beachfront properties in Pompano Beach are well beneath those located further south.

FINANCIAL PROJECTIONS

- Estimates of cash flow before management fees, marketing expense, debt service and income taxes have been prepared for the property’s first five years of operation, 2018 through 2022.
- All projections and calculations were based on an analysis of the proposed facilities, operating data for comparable hotels, the experience of the consultants and industry statistics for similar type properties. Property taxes were based upon the assessments of comparable hotels located in Broward County, along with assessment ratios typically applied.
- In preparing the financial projections, stabilized year amounts were projected first on the bases presented in the following table. The fixed and variable components of each line item were then estimated and the projections for the years prior to stabilization were prepared. The fixed and variable components presented in the table were based on industry standards and the consultants’ experience. Replacement reserves are expected to be lower in the first two years of operation.
- Each line item was evaluated on the most appropriate basis for that particular revenue or expense. For example, rooms department payroll was projected on a “per occupied room” basis versus a percentage basis since increases in average daily rate do not result in corresponding increases in payroll.
- Prospective revenues and expenses were first prepared and expressed in constant 2015 dollars. These amounts were then inflated at 3.0 percent annually and rounded to the nearest thousand dollars. The 3.0 percent inflation rate was selected based upon the results of recent investor surveys. Statements were then prepared in inflated dollars (see Exhibits VI and VI-A). If higher or lower inflation rates are experienced, these statements would thus be affected.

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would be appropriate. All account classifications generally conform to the definitions prescribed in the Uniform System of Accounts for the Lodging Industry.

BASES OF PROJECTIONS AND FIXED AND VARIABLE COMPONENT PERCENTAGES			
Line Item	Basis	Fixed	Variable
Food Sales	\$50.00/occupied room	25%	75%
Beverage Sales	\$25.00/occupied room	25	75
Other Food & Beverage Income	\$10.00/occupied room	25	75
Minor Operated Departments	\$30.00/occupied room	10	90
Rentals and Other Income (Net)	\$2.00/occupied room	5	95
Rooms Payroll	\$30.00/occupied room	70	30
Rooms Other Expense	\$18.00/occupied room	35	65
Food Cost	30.0 % of food sales	10	90
Beverage Cost	22.0 % of beverage sales	5	95
Food & Beverage Payroll	38.0 % of food & beverage sales	65	35
Food & Beverage Other Expenses	8.0 % of food & beverage sales	35	65
Minor Operated Departments Exp.	65.0% of MOD revenues	10	90
Administrative & General	\$8,000/available room	75	25
Management Fees	3.5% of Gross revenue	0	100
Marketing	\$6,500/available room	75	25
Utility Costs	\$7.25/occupied room	65	35
Property Operation & Maintenance	\$3,500/available room	70	30
Property Taxes	\$570,000 annually	100	0
Insurance	\$1,500/available room	100	0
Replacement Reserve	2.0% to 4.0% of total revenues	0	100

INVESTMENT SUMMARY

- Based on the foregoing, we have prepared an investment summary as presented in Exhibit VII reflecting hypothetical return levels given certain investment parameters. The following assumptions were employed:

INVESTMENT SUMMARY ASSUMPTIONS	
Assumption	Amount
Project costs	\$40,750,000 ¹
Interest rate	5.0%
Terminal capitalization rate	7.5%
Sales costs	2.0%
Amortization period (monthly payments)	20 years
Debt Ratio	65.00%

¹ Based on an estimated cost of \$225,000 per room plus land of \$7,000,000.

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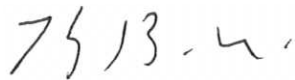
- As depicted by the investment summary, the project would generate an unleveraged internal rate of return (IRR) of 5.57 percent and a leveraged IRR of 6.58 percent. These return levels are well beneath those required to attract a qualified developer. Based on investor surveys, and our observation of other development projects, an unleveraged IRR of 10.00 to 12.00 percent and a leveraged IRR of 15.00 to 18.00 percent would likely be required. Obviously, these returns will vary depending upon the actual project costs and debt terms. The less than desirable returns are due to the current high costs of construction, the high land costs (for hotel use) and the relatively low ADR ceiling in the Pompano Beach market for a non-oceanfront hotel.



CBRE Hotels will make no representations or warranty as to the accuracy or completeness of the information contained within this report, including any estimates, and shall have no liability for any representations (expressed or implied) contained herein. Neither our letter, nor any reference to our firm, may be included or quoted in any offering circular or registration statement, prospectus, sales brochure or appraisal.

We appreciate your consideration of CBRE Hotels for professional services. Please contact us should you have any questions regarding this report.

Sincerely,



Henry B. Staley, Jr.
Managing Director

P&Z

**PZ15-92000004
SEP 28 2016**

**HISTORICAL OCCUPANCY, ADR, REVPAR, SUPPLY AND DEMAND
DEFINED COMPETITIVE SUPPLY
POMPANO BEACH, FLORIDA**

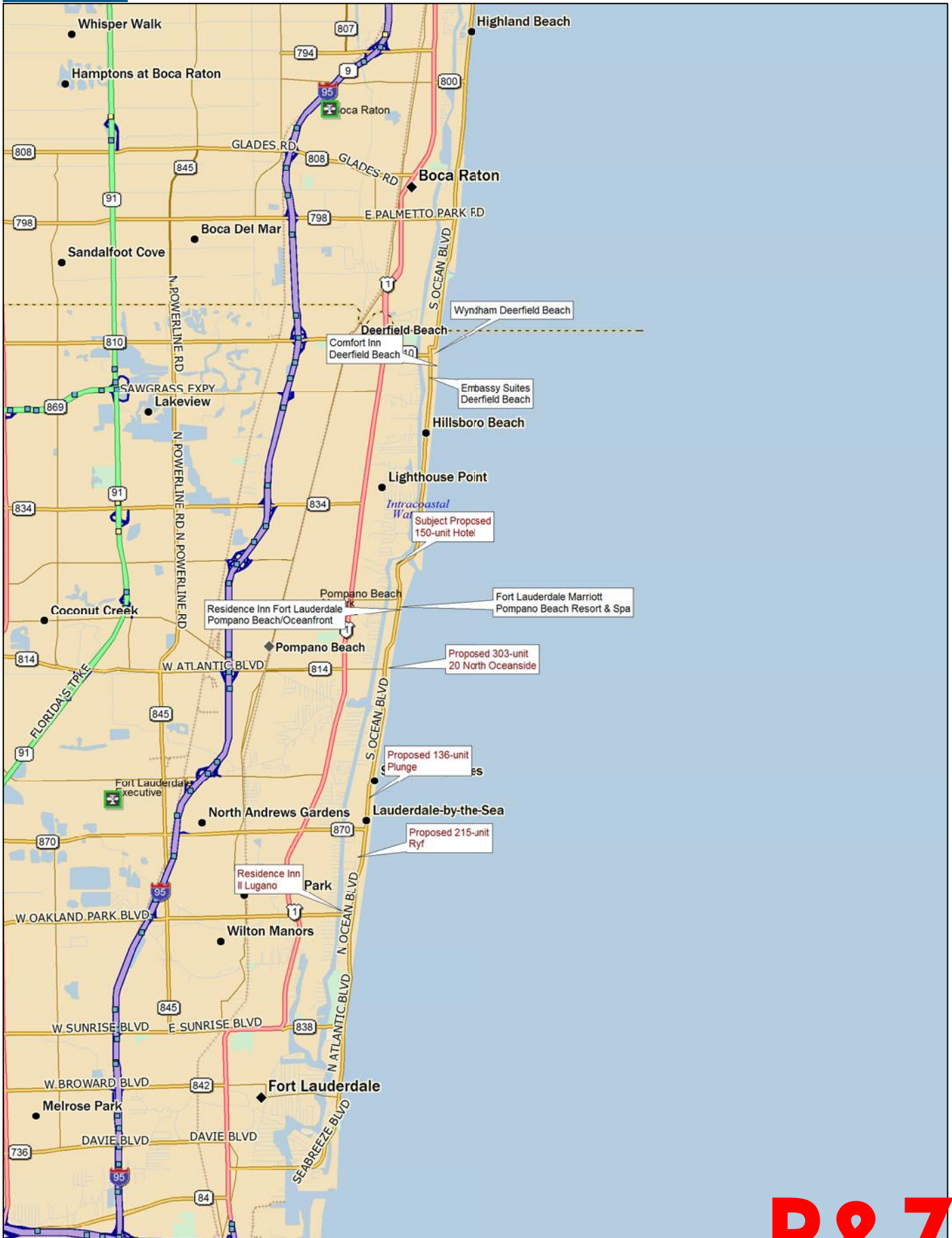
EXHIBIT I

Occupancy																
Year	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Jan YTD	% Change	% Change YTD
2010	58.8%	76.2%	79.6%	78.2%	65.3%	59.4%	64.8%	64.3%	50.8%	65.4%	68.6%	66.3%	66.8%	58.8%	-	-
2011	51.5	76.2	77.1	69.8	66.7	65.3	73.2	62.3	46.4	58.3	67.7	66.7	65.0	51.5	-2.6%	-12.4%
2012	69.4	82.6	86.2	74.8	70.9	68.8	73.3	67.4	49.7	59.6	66.8	65.9	69.6	69.4	7.0	34.7
2013	76.0	88.5	88.6	80.4	74.8	77.0	80.3	60.8	47.5	63.8	69.8	72.3	72.2	76.0	3.8	9.5
2014	77.3	90.9	88.0	77.9	75.9	71.7	81.8	74.0	51.1	67.6	73.2	80.1	75.7	77.3	4.9	1.7
2015	80.4	92.6	88.7	83.6	74.1	71.4	81.0	73.0	57.2	73.0	75.6	81.2	77.6	80.4	2.4	4.0
2016	77.0												77.0	77.0	-	-4.2
Avg	71.0%	85.2%	85.1%	77.8%	71.6%	69.2%	76.5%	67.3%	50.6%	65.1%	70.7%	73.1%	71.8%	71.0%		
ADR																
Year	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Jan YTD	% Change	% Change YTD
2010	\$174.15	\$200.36	\$176.09	\$147.50	\$120.07	\$114.52	\$121.50	\$108.30	\$111.39	\$124.80	\$132.25	\$164.24	\$143.67	\$174.15	-	-
2011	183.88	207.23	203.28	181.82	145.97	129.72	131.82	124.40	121.86	129.21	133.42	162.00	156.14	183.88	8.7%	5.6%
2012	187.17	215.85	209.93	176.24	139.63	128.52	135.67	123.00	119.29	136.98	142.63	176.80	160.47	187.17	2.8	1.8
2013	196.43	220.37	230.57	172.43	143.42	130.68	131.96	130.47	122.88	136.58	146.47	185.51	163.06	196.43	1.6	4.9
2014	212.10	241.19	232.80	208.64	151.57	138.22	145.82	138.42	130.37	142.57	155.21	195.71	177.64	212.10	8.9	8.0
2015	224.46	258.19	250.27	207.81	164.52	150.80	154.30	144.16	139.13	151.73	161.32	200.61	187.35	224.46	5.5	5.8
2016	228.03												228.03	228.03	-	1.6
Avg	\$205.59	\$227.81	\$220.51	\$185.22	\$146.04	\$133.80	\$138.46	\$130.00	\$126.04	\$138.91	\$147.44	\$184.51	\$167.47	\$205.59		
RevPAR																
Year	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Jan YTD	% Change	% Change YTD
2010	\$102.45	\$152.67	\$140.25	\$115.40	\$78.35	\$68.01	\$78.75	\$69.67	\$56.59	\$81.63	\$90.73	\$108.89	\$95.93	\$102.45	-	-
2011	94.77	157.89	156.78	126.84	97.31	84.73	96.55	77.55	56.53	75.38	90.27	108.01	101.56	94.77	5.9%	-7.5%
2012	129.90	178.34	181.05	131.77	99.06	88.49	99.45	82.89	59.33	81.59	95.25	116.43	111.64	129.90	9.9	37.1
2013	149.24	195.05	204.25	138.60	107.31	100.63	106.02	79.32	58.31	87.16	102.22	134.14	117.73	149.24	5.5	14.9
2014	163.96	219.18	204.77	162.47	115.05	99.17	119.28	102.49	66.62	96.43	113.57	156.74	134.56	163.96	14.3	9.9
2015	180.38	238.98	222.00	173.71	121.91	107.62	124.94	105.17	79.60	110.74	121.96	162.84	145.33	180.38	8.0	10.0
2016	175.53												175.53	175.53	-	-2.7
Avg	\$146.04	\$194.05	\$187.55	\$144.01	\$104.62	\$92.57	\$105.88	\$87.48	\$63.84	\$90.43	\$104.25	\$134.91	\$120.17	\$146.04		
Supply																
Year	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Jan YTD	% Change	% Change YTD
2010	21,173	19,124	21,173	20,490	21,173	20,490	21,173	21,173	15,180	15,686	15,180	15,686	227,701	21,173	-	-
2011	21,018	18,984	21,018	20,340	21,018	20,340	21,018	21,018	20,340	21,018	20,340	21,018	247,470	21,018	8.7%	-0.7%
2012	21,018	18,984	21,018	20,340	21,018	20,310	20,987	20,987	20,310	20,987	20,310	20,987	247,256	21,018	-0.1	0.0
2013	20,987	18,956	20,987	20,310	20,987	20,310	27,776	27,776	26,880	27,776	26,880	27,776	287,401	20,987	16.2%	-0.1%
2014	27,776	25,088	27,776	26,880	27,776	26,880	27,776	27,776	26,880	27,776	26,880	27,807	327,071	27,776	13.8	32.3
2015	27,807	25,088	27,776	26,880	27,776	26,880	27,776	27,776	26,880	27,776	26,880	27,776	327,071	27,807	0.0	0.1
2016	27,776												27,776	27,776	-	-0.1
Avg	23,936	21,037	23,291	22,540	23,291	22,535	24,418	24,418	22,745	23,503	22,745	23,508	277,328	23,936		
Demand																
Year	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Jan YTD	% Change	% Change YTD
2010	12,456	14,572	16,863	16,030	13,817	12,169	13,724	13,620	7,712	10,260	10,414	10,400	152,037	12,456	-	-
2011	10,833	14,464	16,210	14,189	14,011	13,286	15,394	13,102	9,435	12,261	13,761	14,013	160,959	10,833	5.9%	-13.0%
2012	14,587	15,685	18,126	15,207	14,912	13,983	15,384	14,142	10,101	12,500	13,564	13,821	172,012	14,587	6.9	34.7
2013	15,945	16,778	18,591	16,326	15,703	15,639	22,317	16,886	12,756	17,726	18,759	20,085	207,511	15,945	20.6	9.3
2014	21,471	22,798	24,431	20,932	21,084	19,286	22,721	20,566	13,736	18,787	19,668	22,269	247,749	21,471	19.4	34.7
2015	22,346	23,222	24,638	22,469	20,583	19,184	22,491	20,264	15,380	20,272	20,321	22,547	253,717	22,346	2.4	4.1
2016	21,381												21,381	21,381	-	-4.3
Avg	17,003	17,920	19,810	17,526	16,685	15,591	18,672	16,430	11,520	15,301	16,081	17,189	198,998	17,003		

Source: STR, Inc.

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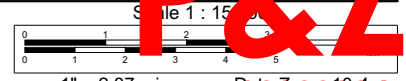
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PZ15-92000004
SEP 28 2016

**ESTIMATED GROWTH IN TOTAL DEMAND
PROPOSED 150-UNIT UPPER UPSCALE BOUTIQUE HOTEL
POMPANO BEACH, FLORIDA**

<u>Year</u>	<u>Commercial</u>		<u>Leisure</u>		<u>Group</u>		<u>Total</u>	
	<u>Nights</u>	<u>Growth %</u>	<u>Nights</u>	<u>Growth %</u>	<u>Nights</u>	<u>Growth %</u>	<u>Nights</u>	<u>Growth %</u>
2015	54,700	-	182,700	-	64,000	-	301,400	-
2016	57,500	5.1%	191,400	4.8%	67,000	4.6%	315,900	4.8%
2017	60,900	5.9%	202,100	5.6%	70,700	5.5%	333,700	5.6%
2018	70,500	15.9%	231,700	14.6%	79,800	12.9%	382,000	14.5%
2019	91,900	30.2%	260,800	12.6%	86,200	8.0%	438,900	14.9%
2020	93,100	1.3%	264,800	1.5%	87,600	1.6%	445,500	1.5%
2021	94,300	1.3%	268,900	1.6%	89,100	1.6%	452,300	1.5%
2022	95,500	1.3%	273,100	1.6%	90,600	1.7%	459,200	1.5%

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PZ15-92000004

**RELATIONSHIP OF SUPPLY TO DEMAND
PROPOSED 150-UNIT UPPER UPSCALE BOUTIQUE HOTEL
POMPANO BEACH, FLORIDA**

<u>Year</u>	<u>Rooms Supply</u>		<u>Annual Demand</u>		<u>Estimated Occupancy</u>
	<u>Daily</u>	<u>Annual</u>	<u>Total</u>	<u>Accommodated</u>	
2015	896	327,040	301,400	253,800	78%
2016	¹ 964	351,860	315,900	276,200	78%
2017	² 1,033	377,045	333,700	302,700	80%
2018	³ 1,398	510,270	382,000	379,500	74%
2019	⁴ 1,701	620,865	438,900	438,900	71%
2020	1,701	620,865	445,500	445,500	72%
2021	1,701	620,865	452,300	452,300	73%
2022	1,701	620,865	459,200	459,200	74%

Notes: ¹ First partial year of operation for the 137-unit Plunge
² First full year of operation for the 137-unit Plunge
³ First full year of operation for the subject 150-unit hotel and the 215-unit Ryf
⁴ First full year of operation for the 303-unit 20 N Oceanside

**ESTIMATED MARKET PENETRATION
PROPOSED 150-UNIT UPPER UPSCALE BOUTIQUE HOTEL
POMPANO BEACH, FLORIDA**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Commercial					
Market Area Accommodated Demand	70,500	91,900	93,100	94,300	95,500
Subject's Capture Percentage	9.94%	8.00%	8.22%	8.18%	8.10%
Room Nights Captured	7,000	7,300	7,600	7,700	7,700
Penetration as a Percentage of Fair Market Share	92.60%	90.69%	93.21%	92.78%	91.85%
Leisure					
Market Area Accommodated Demand	229,300	260,800	264,800	268,900	273,100
Subject's Capture Percentage	10.40%	9.38%	9.63%	9.63%	9.48%
Room Nights Captured	23,800	24,500	25,500	25,900	25,900
Penetration as a Percentage of Fair Market Share	96.89%	106.34%	109.22%	109.21%	107.47%
Group					
Market Area Accommodated Demand	79,600	86,200	87,600	89,100	90,600
Subject's Capture Percentage	7.02%	6.73%	6.73%	6.73%	6.62%
Room Nights Captured	5,600	5,800	5,900	6,000	6,000
Penetration as a Percentage of Fair Market Share	65.45%	76.35%	76.31%	76.27%	75.05%
Total					
Market Area Accommodated Demand	379,500	438,900	445,500	452,300	459,200
Subject's Capture Percentage	9.60%	8.57%	8.77%	8.76%	8.63%
Room Nights Captured	36,400	37,600	39,100	39,600	39,600
Penetration as a Percentage of Fair Market Share	89.50%	97.17%	99.40%	99.30%	97.83%
Market Segmentation					
Commercial	19.2%	19.4%	19.4%	19.4%	19.4%
Leisure	65.4%	65.2%	65.2%	65.4%	65.4%
Group	<u>15.4%</u>	<u>15.4%</u>	<u>15.1%</u>	<u>15.2%</u>	<u>15.2%</u>
Total	<u>100.0%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Projected Occupancy					
	66%	69%	71%	71%	71%
Average Daily Rate					
	\$191.25	\$200.25	\$208.75	\$211.50	\$211.50
RevPAR					
	\$126.23	\$138.17	\$148.21	\$148.80	\$148.80

EXHIBIT VI

**PROPOSED 150-UNIT UPPER UPSCALE BOUTIQUE HOTEL
POMPANO BEACH, FLORIDA
PROJECTED CASH FLOW FROM OPERATIONS BEFORE
DEBT SERVICE AND INCOME TAXES
EXPRESSED IN THOUSANDS OF INFLATED DOLLARS**

	Fiscal Years Ending June 30									
	2018		2019		2020		2021		2022	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Revenues:										
Rooms	\$6,893	59.4%	\$7,546	60.1%	\$8,095	60.5%	\$8,456	60.6%	\$8,702	60.6%
Food and Beverage	3,441	29.6	3,653	29.1	3,837	28.7	3,991	28.6	4,111	28.6
Telephone	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Minor Operated Departments	1,192	10.3	1,278	10.2	1,350	10.1	1,409	10.1	1,451	10.1
Rentals and Other Income (Net)	79	0.7	85	0.7	90	0.7	94	0.7	97	0.7
	<u>11,605</u>	<u>100.0</u>	<u>12,562</u>	<u>100.0</u>	<u>13,373</u>	<u>100.0</u>	<u>13,949</u>	<u>100.0</u>	<u>14,360</u>	<u>100.0</u>
Departmental Expenses:										
Rooms	1,988	28.8	2,086	27.6	2,175	26.9	2,254	26.7	2,321	26.7
Food and Beverage	2,475	71.9	2,594	71.0	2,702	70.4	2,798	70.1	2,882	70.1
Minor Operated Departments	<u>781</u>	<u>65.5</u>	<u>834</u>	<u>65.3</u>	<u>879</u>	<u>65.1</u>	<u>916</u>	<u>65.0</u>	<u>943</u>	<u>65.0</u>
	<u>5,245</u>	<u>45.2</u>	<u>5,514</u>	<u>43.9</u>	<u>5,756</u>	<u>43.0</u>	<u>5,968</u>	<u>42.8</u>	<u>6,147</u>	<u>42.8</u>
Gross Operating Income	<u>6,360</u>	<u>54.8</u>	<u>7,048</u>	<u>56.1</u>	<u>7,617</u>	<u>57.0</u>	<u>7,981</u>	<u>57.2</u>	<u>8,214</u>	<u>57.2</u>
Undistributed Operating Expenses:										
Administrative and General	1,278	11.0	1,332	10.6	1,383	10.3	1,429	10.2	1,472	10.3
Management Fees	406	3.5	440	3.5	468	3.5	488	3.5	503	3.5
Franchise Fees	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Marketing	1,039	9.0	1,083	8.6	1,124	8.4	1,161	8.3	1,196	8.3
Utility Costs	302	2.6	316	2.5	329	2.5	340	2.4	351	2.4
Property Operation and Maintenance	<u>559</u>	<u>4.8</u>	<u>583</u>	<u>4.6</u>	<u>605</u>	<u>4.5</u>	<u>625</u>	<u>4.5</u>	<u>644</u>	<u>4.5</u>
	<u>3,585</u>	<u>30.9</u>	<u>3,754</u>	<u>29.9</u>	<u>3,910</u>	<u>29.2</u>	<u>4,045</u>	<u>29.0</u>	<u>4,166</u>	<u>29.0</u>
Cash Flow From Operations Before Fixed Charges	<u>2,775</u>	<u>23.9</u>	<u>3,294</u>	<u>26.2</u>	<u>3,708</u>	<u>27.7</u>	<u>3,937</u>	<u>28.2</u>	<u>4,048</u>	<u>28.2</u>
Fixed Charges:										
Property Taxes	621	5.4	640	5.1	659	4.9	679	4.9	699	4.9
Insurance	<u>245</u>	<u>2.1</u>	<u>253</u>	<u>2.0</u>	<u>260</u>	<u>1.9</u>	<u>268</u>	<u>1.9</u>	<u>276</u>	<u>1.9</u>
	<u>867</u>	<u>7.5</u>	<u>893</u>	<u>7.1</u>	<u>919</u>	<u>6.9</u>	<u>947</u>	<u>6.8</u>	<u>975</u>	<u>6.8</u>
Cash Flow From Operations Before Reserve For Replacement of Fixed Assets	<u>1,909</u>	<u>16.4</u>	<u>2,402</u>	<u>19.1</u>	<u>2,789</u>	<u>20.9</u>	<u>2,990</u>	<u>21.4</u>	<u>3,072</u>	<u>21.4</u>
Reserve For Replacement of Fixed Assets	<u>232</u>	<u>2.0</u>	<u>377</u>	<u>3.0</u>	<u>535</u>	<u>4.0</u>	<u>558</u>	<u>4.0</u>	<u>574</u>	<u>4.0</u>
Cash Flow From Operations Before Debt Service and Income Taxes	<u>\$1,677</u>	<u>14.4%</u>	<u>\$2,025</u>	<u>16.1%</u>	<u>\$2,254</u>	<u>16.9%</u>	<u>\$2,432</u>	<u>17.4%</u>	<u>\$2,498</u>	<u>17.4%</u>
Statistics:										
Number of Rooms	150		150		150		150		150	
Percentage of Occupancy	66%		69%		71%		72%		72%	
Average Daily Rate	\$190.75		\$199.75		\$208.25		\$214.50		\$220.75	
Occupied Rooms	36,135		37,778		38,873		39,420		39,420	

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**PZ15-92000004
SEP 28 2016**

EXHIBIT VI-A

**PROPOSED 150-UNIT UPPER UPSCALE BOUTIQUE HOTEL
POMPANO BEACH, FLORIDA
PROJECTED ROOMS AND
FOOD AND BEVERAGE DEPARTMENTAL INCOME
EXPRESSED IN THOUSANDS OF INFLATED DOLLARS**

	2018		2019		2020		2021		2022	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Rooms Department:										
Room Revenue	\$6,893	100.0%	\$7,546	100.0%	\$8,095	100.0%	\$8,456	100.0%	\$8,702	100.0%
Payroll and Related Expenses	1,257	18.2	1,311	17.4	1,362	16.8	1,409	16.7	1,451	16.7
Other Expenses	732	10.6	775	10.3	813	10.0	845	10.0	871	10.0
Departmental Income	\$4,904	71.2%	\$5,460	72.4%	\$5,920	73.1%	\$6,202	73.3%	\$6,381	73.3%
Food and Beverage Department:										
Revenues:										
Food	\$2,014	58.5%	\$2,144	58.7%	\$2,256	58.8%	\$2,348	58.8%	\$2,418	58.8%
Beverage	1,024	29.8	1,081	29.6	1,131	29.5	1,174	29.4	1,209	29.4
Other	403	11.7	429	11.7	451	11.8	470	11.8	484	11.8
	3,441	100.0	3,653	100.0	3,837	100.0	3,991	100.0	4,111	100.0
Cost of Food Sales	608	30.2	645	30.1	677	30.0	704	30.0	725	30.0
Cost of Beverage Sales	226	22.1	238	22.0	249	22.0	258	22.0	266	22.0
Total Gross Profit	2,607	75.8	2,770	75.8	2,911	75.9	3,029	75.9	3,119	75.9
Payroll and Related Expenses	1,360	39.5	1,415	38.7	1,467	38.2	1,517	38.0	1,562	38.0
Other Expenses	281	8.2	295	8.1	308	8.0	319	8.0	329	8.0
Departmental Income	\$966	28.1%	\$1,059	29.0%	\$1,136	29.6%	\$1,193	29.9%	\$1,228	29.9%

Notes:

- Percentages of departmental expenses are to departmental revenue.
- Totals may not add due to rounding.

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PZ15-92000004

INVESTMENT SUMMARY
PROPOSED 150-UNIT UPPER UPSCALE BOUTIQUE HOTEL
POMPANO BEACH, FLORIDA

ASSUMPTIONS:			
LOAN AMORTIZATION PERIOD (MONTHS):	240	EQUITY AMOUNT	\$12,225,000
INTEREST RATE (MONTHLY):	0.42%	DEBT AMOUNT:	\$28,525,000
COST PER ROOM:	\$271,667	MONTHLY PAYMENT:	\$188,252
ROOMS:	150	TERMINAL CAPITALIZATION RATE:	7.50%
TOTAL COSTS:	\$40,750,000	SALES COSTS:	2.00%
EQUITY PERCENT:	30.00%		
DEBT PERCENT:	70.00%		

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
CASH FLOW BEFORE DEBT SERVICE	\$1,677,000	\$2,025,000	\$2,254,000	\$2,432,000	\$2,498,000	\$2,578,000	\$2,652,000	\$2,731,000	\$2,813,000	\$2,899,000
ANNUAL DEBT SERVICE (MONTHLY AMORTIZATION)	2,259,028	2,259,028	2,259,028	2,259,028	2,259,028	2,259,028	2,259,028	2,259,028	2,259,028	2,259,028
CASH FLOW AFTER DEBT SERVICE	-582,028	-234,028	-5,028	172,972	238,972	318,972	392,972	471,972	553,972	639,972
CASH ON CASH RETURN	-4.76%	-1.91%	-0.04%	1.41%	1.95%	2.61%	3.21%	3.86%	4.53%	5.23%
UNLEVERAGED INTERNAL RATE OF RETURN										5.57%
LEVERAGED INTERNAL RATE OF RETURN										6.58%
DEBT SERVICE COVERAGE	0.74	0.90	1.00	1.08	1.11	1.14	1.17	1.21	1.25	1.28

NOTE: THE FOREGOING IS BASED UPON MARKET, FINANCIAL AND COSTS ASSUMPTIONS THAT MAY DIFFER MATERIALLY FROM ACTUAL CIRCUMSTANCES. ACCORDINGLY, THESE PROJECTIONS SHOULD NOT BE CONSTRUED AS RESULTS WHICH WILL ACTUALLY BE ACHIEVED.

APPENDIX II

LEGAL DESCRIPTION OF AMENDMENT AREA-HILLSBORO SHORES

LOTS 14 AND 15, BLOCK 19, OF "HILLSBORO SHORES SECTION "B"", ACCORDING TO THE PLAT THEREOF, AS RECORDED IN PLAT BOOK 22, PAGE 39, OF THE PUBLIC RECORDS OF BROWARD COUNTY, FLORIDA, LESS AND EXCEPT THEREFROM THE WEST 60 FEET OF SAID LOT 14. TOGETHER WITH:

LOTS 19, 20, 21, 22 AND 23, BLOCK 20, OF "HILLSBORO SHORES SECTION "B"", ACCORDING TO THE PLAT THEREOF, AS RECORDED IN PLAT BOOK 22, PAGE 39, OF THE PUBLIC RECORDS OF BROWARD COUNTY, FLORIDA. TOGETHER WITH:

THAT PORTION OF NORTH RIVERSIDE DRIVE RIGHT-OF-WAY BEING LOCATED WITHIN "HILLSBORO SHORES SECTION "B"", ACCORDING TO THE PLAT THEREOF, AS RECORDED IN PLAT BOOK 22, PAGE 39, OF THE PUBLIC RECORDS OF BROWARD COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT THE SOUTHEAST CORNER OF LOT 23, BLOCK 20, OF THE AFOREMENTIONED "HILLSBORO SHORES SECTION "B"", THENCE SOUTH 76°49'08" WEST (BASIS OF BEARING), ALONG THE SOUTH LINE OF THE AFOREMENTIONED BLOCK 20, ALSO BEING THE NORTH RIGHT OF WAY LINE OF NORTH RIVERSIDE DRIVE, A DISTANCE OF 53.12 FEET TO THE POINT OF BEGINNING, ALSO BEING THE POINT OF CURVATURE OF A 75.00 FOOT RADIUS CURVE TO THE LEFT CONCAVE SOUTHEASTERLY; THENCE ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 90°00'00", FOR AN ARC DISTANCE OF 117.81 FEET TO THE POINT OF CUSP OF A 25.00 FOOT RADIUS CURVE CONCAVE SOUTHWESTERLY, A RADIAL LINE OF SAID POINT BEARS NORTH 76°49'08" EAST, THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 90°00'00", FOR AN ARC DISTANCE OF 39.27 FEET TO THE POINT OF TANGENCY; THENCE SOUTH 76°49'08" WEST, ALONG THE SOUTH RIGHT OF WAY LINE OF NORTH RIVERSIDE DRIVE, ALSO BEING THE NORTH LINE OF BLOCK 19, A DISTANCE OF 245.52 FEET; THENCE NORTH 23°29'23" WEST, A DISTANCE OF 0.75 FEET TO THE POINT OF CUSP OF A 60.00 FOOT RADIUS CURVE TO THE LEFT CONCAVE SOUTHWESTERLY; THENCE ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 79°41'29", FOR AN ARC DISTANCE OF 83.45 FEET TO A POINT ON THE NORTH RIGHT OF WAY LINE OF THE AFOREMENTIONED NORTH RIVERSIDE DRIVE, ALSO BEING THE SOUTH LINE OF THE AFOREMENTIONED BLOCK 20; THENCE NORTH 76°49'08" EAST, ALONG THE AFOREMENTIONED NORTH RIGHT OF WAY LINE, A DISTANCE OF 404.69 FEET TO THE POINT OF BEGINNING.

SAID LANDS CONSISTING OF 4.2079 ACRES +/-.

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**PZ15-92000004
SEP 28 2016**

APPENDIX III- SURVEY

P&Z

**PZ15-92000004
SEP 28 2016**

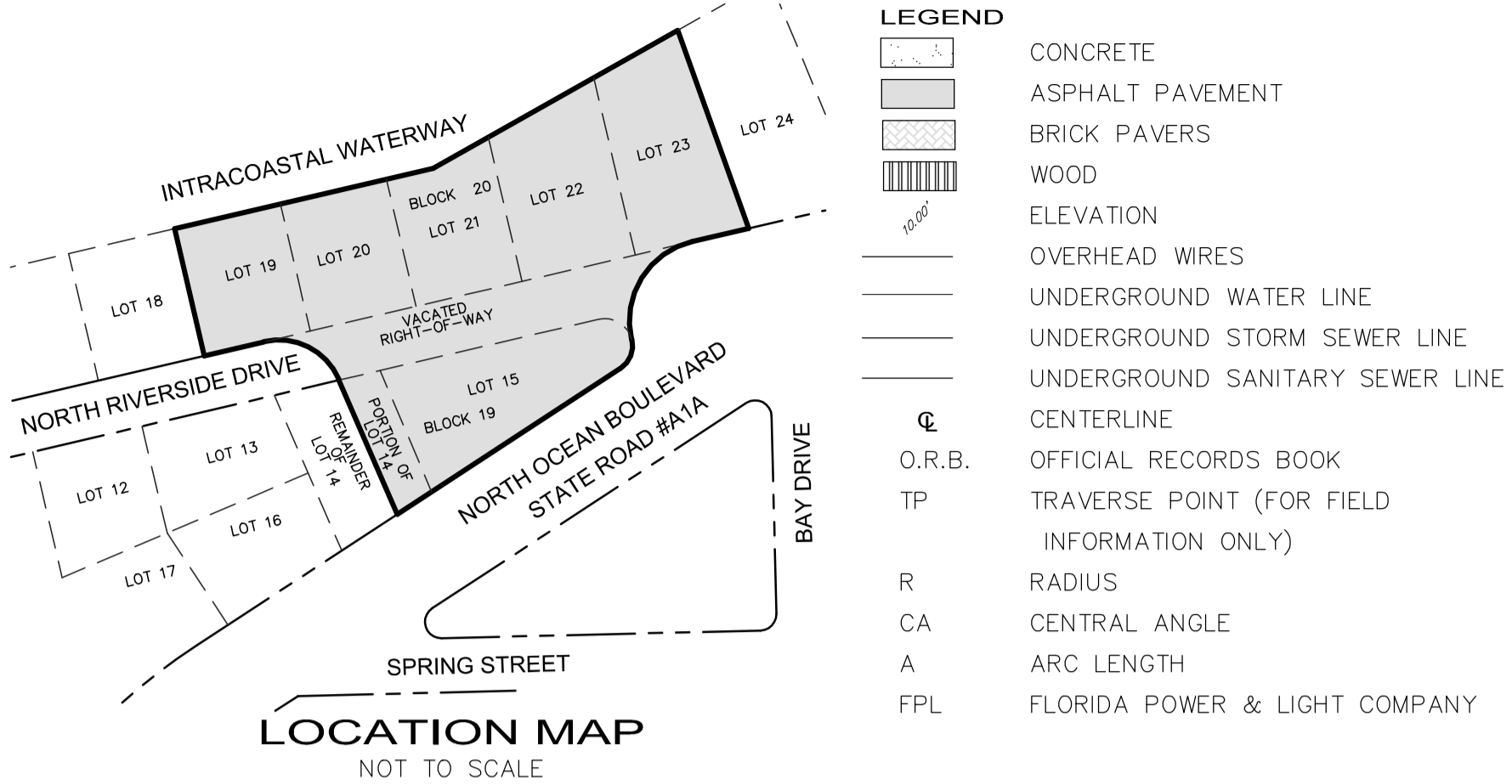
LEGAL DESCRIPTION:

LOTS 14 AND 15, BLOCK 19, OF "HILLSBORO SHORES SECTION "B"", ACCORDING TO THE PLAT THEREOF, AS RECORDED IN PLAT BOOK 22, PAGE 39, OF THE PUBLIC RECORDS OF BROWARD COUNTY, FLORIDA, LESS AND EXCEPT THEREFROM THE WEST 60 FEET OF SAID LOT 14. TOGETHER WITH:

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- NOTES:
- 1) THIS SITE CONTAINS 108,656 SQUARE FEET (2.4944 ACRES) MORE OR LESS.
 - 2) ELEVATIONS ARE BASED ON NORTH AMERICAN VERTICAL DATUM OF 1988. BROWARD COUNTY BENCHMARK #1923; ELEVATION: 1.76 FEET.
 - 3) FLOOD ZONE: AE; BASE FLOOD ELEVATION: 6 FEET; PANEL #120055 0189H; MAP DATE: 8/18/14.
 - 4) THIS SITE LIES IN SECTION 29, TOWNSHIP 48 SOUTH, RANGE 43 EAST, BROWARD COUNTY, FLORIDA.
 - 5) BEARINGS ARE BASED ON THE CENTERLINE OF N RIVERSIDE DRIVE BEING N76°49'08"E.
 - 6) REASONABLE EFFORTS WERE MADE REGARDING THE EXISTENCE AND THE LOCATION OF UNDERGROUND UTILITIES. THIS FIRM, HOWEVER, DOES NOT ACCEPT RESPONSIBILITY FOR THIS INFORMATION. BEFORE EXCAVATION OR CONSTRUCTION CONTACT THE APPROPRIATE UTILITY COMPANIES FOR FIELD VERIFICATION.
 - 7) THIS SURVEY IS CERTIFIED EXCLUSIVELY TO: GG HILLSBORO SHORES, LLC.
 - 8) THE HORIZONTAL POSITIONAL ACCURACY OF WELL DEFINED IMPROVEMENTS ON THIS SURVEY IS ±0.2'. THE VERTICAL ACCURACY OF ELEVATIONS OF WELL DEFINED IMPROVEMENTS ON THIS SURVEY IS ±0.1'.
 - 9) THIS SITE CONTAINS 64 TOTAL PARKING SPACES (59 REGULAR & 5 HANDICAPPED).
 - 10) THIS SURVEY WAS PREPARED WITHOUT BENEFIT OF A COMMITMENT FOR TITLE INSURANCE. ONLY PLATTED OR KNOWN EASEMENTS ARE DEPICTED HEREON.

CERTIFICATION:

I HEREBY CERTIFY: THAT THIS SKETCH OF SURVEY MEETS THE STANDARDS OF PRACTICE SET FORTH BY THE FLORIDA DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES ("DOACS") CHAPTER 5J-17, FLORIDA ADMINISTRATIVE CODE, PURSUANT TO SECTION 472.027, FLORIDA STATUTES.

NOT VALID WITHOUT THE SIGNATURE AND THE ORIGINAL RAISED SEAL OF A FLORIDA LICENSED SURVEYOR AND MAPPER.

John F. Pulice, PSM

JOHN F. PULICE, PROFESSIONAL SURVEYOR AND MAPPER LS2691
BETH BURNS, PROFESSIONAL SURVEYOR AND MAPPER LS6136
STATE OF FLORIDA

NO.	REVISIONS	BY
1		
2		
3		
4		
5		

HILLSBORO SHORES SITE
2507 NORTH OCEAN BOULEVARD
POMPAHO BEACH, BROWARD COUNTY,
FLORIDA 33062

BOUNDARY AND TOPOGRAPHIC SURVEY

P215-92000004
SEP 28 2016

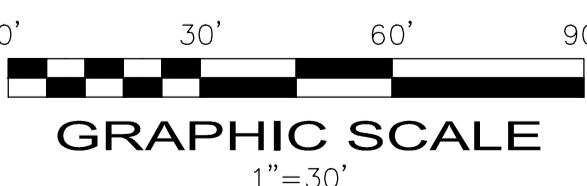
PULICE LAND SURVEYORS, INC.
5381 NOB HILL ROAD
SUNRISE, FLORIDA 33351
TELEPHONE: (954) 572-1777
FAX: (954) 572-1778
E-MAIL: surveys@pulicelandsurveyors.com
CERTIFICATE OF AUTHORIZATION LB#3870

DRAWN BY: L.S.
CHECKED BY: J.F.P.

SCALE: 1" = 30'
SURVEY DATE: 8/7/15

FILE: GG HILLSBORO SHORES, LLC
ORDER NO.: 59383

COPYRIGHT 2015 BY PULICE LAND SURVEYORS, INC.
ALL RIGHTS RESERVED. NO PART OF THIS SURVEY
MAY BE REPRODUCED, IN ANY FORM OR BY ANY
MEANS, WITHOUT PERMISSION IN WRITING FROM AN
OFFICER OF PULICE LAND SURVEYORS, INC.



APPENDIX 1V

SANITARY SEWER CORRESPONDENCE

December 7, 2015

Peter R. Gallo, PE
Landplan Engineering Group, Inc.
1475 NW 126th Drive
Coral Springs, Florida 33071

RE: Hillsboro Shores

Dear Mr. Gallo,

The City of Pompano Beach Utilities is the provider of potable water services and wastewater collection system for the subject amendment area in the City of Pompano Beach.

Potable Water: Estimations include in this application reflect increase in demand of 52,500, GPD. Our Utility Department can accommodate the increase in demand by this development. The 2013 South Florida Water Management District Lower East Coast Plan lists our 2010 usage/ demand as 13.59/17.75 MGD. Based on these numbers and with current reuse and conservation projects, the City will meet its projected demand for 2030.

There are no known impediments to the proposed development for obtaining potable water service, subject to the payment of hook up or installation fees, line extensions to be paid for by the applicant in connection with the construction of development or other such routine administrative procedure. The City's water system is in full compliance with all regulatory requirements.

Sincerely,



Alessandra Delfico, PE CFM

P&Z

PZ15-92000004
SEP 28 2016



Public Works Department – Water and Wastewater Services

WATER MANAGEMENT DIVISION

2555 West Copans Road • Pompano Beach Florida 33069 • PHONE: 954-831-0751 • FAX: 954 831-3285

TO: Peter Gallo
Land Plan Engineering Group
1475 NW 126th Drive
Coral Springs, FL 33071

FROM: Joe Heilman
Broward County Water Management Division

SUBJECT: Hillsboro Shores

Dear Mr. Gallo,

The information in your LUPA package is essentially correct. The Water Management Division has no objection to this LUPA.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe Heilman", is written over the typed name.

Joe Heilman
Construction Project Manager
Broward County Water Management Division
2555 W. Copans Road, Pompano Beach, FL 33069
Office:(954)-831-0764
E-mail: JHeilman@Broward.org

April 11, 2016

APPENDIX VIII

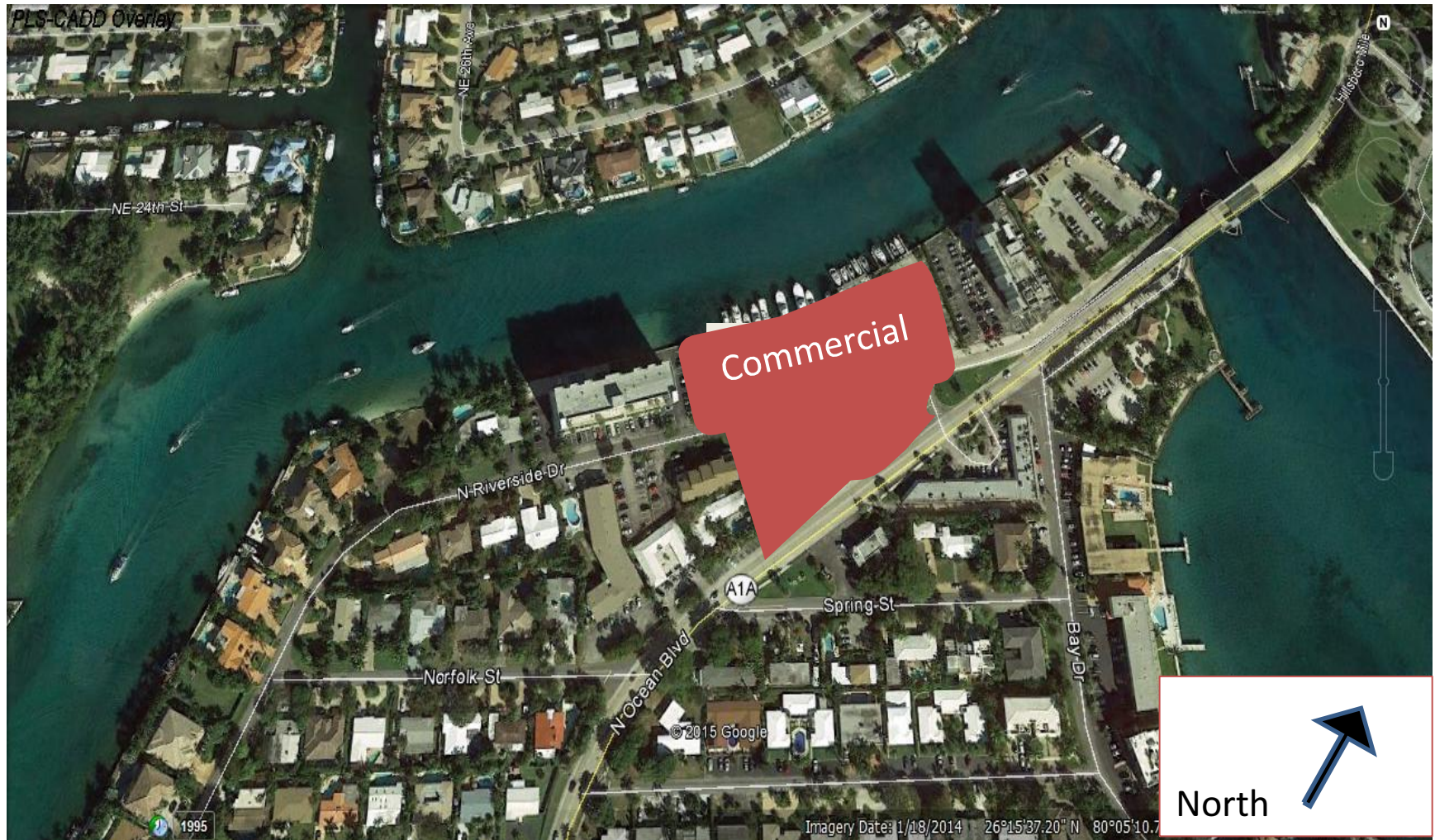
MASS TRANSIT CORRESPONDENCE

Exhibit A- Location Map



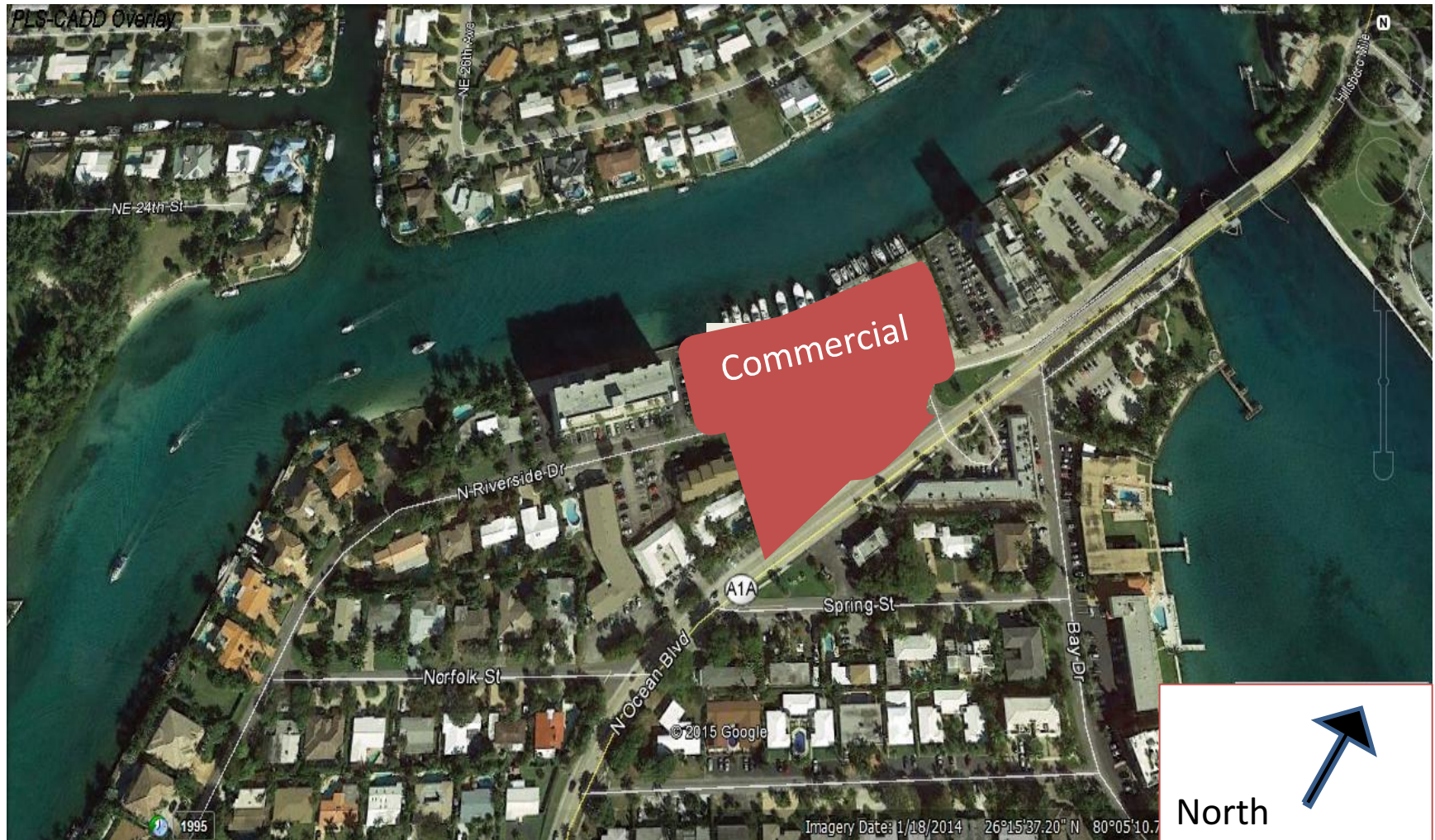
P&Z

Exhibit B- City of Pompano Beach Existing Land Use



P&Z

Exhibit C- Broward County Existing Land Use



P&Z

Exhibit D- City of Pompano Beach Proposed Land Use



P&Z

Exhibit E- Broward County Proposed Land Use



P&Z