

AN APPRAISAL OF
**THE MIXED-USE
RESTAURANT & RESIDENTIAL PROPERTY
LOCATED AT
201-203 EAST MCNAB ROAD
POMPANO BEACH, FLORIDA**

OUR FILE NUMBER: 20-80422

PREPARED FOR
CITY OF POMPANO BEACH

AS OF
FEBRUARY 24, 2020

BY
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March 9, 2020

Mr. Greg Harrison
City Manager
City of Pompano Beach
100 West Atlantic Boulevard
4th Floor
Pompano Beach, FL 33060

Dear Mr. Harrison:

We have made an investigation and analysis of the mixed-use restaurant (Cypress Nook) and residential dwelling located at 201-203 East McNab Road, in the City of Pompano Beach, Broward County, Florida 33060. The Subject Property will be further described both narratively and legally within the following Appraisal Report. The purpose of this investigation and analysis was to estimate the Market Value of the Fee Simple Estate of the Subject Property (real estate only) as of February 24, 2020. We are not qualified to appraise the equipment at the Subject. Therefore, at the direction of the client, we have included the Market Value of the Furniture, Fixtures & Equipment (FF&E) for the Subject Property based on the appraisal prepared by Allied Appraisal Services, Inc.(equipment appraisers) as of January 14, 2020, which is incorporated herein by reference and a portion of which is included in the Addenda.

This report has been prepared for our client and intended user, the City of Pompano Beach. The intended use was to assist the client in decision making for internal purposes. The scope of work performed is specific to the needs of the intended user and the intended use. No other use is intended, and the scope of work may not be appropriate for other uses.

The scope of work performed included a complete analysis of the Subject Property. A detailed scope of work description can be found in the body of this report.

Mr. Greg Harrison
City Manager
City of Pompano Beach
March 9, 2020
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Based upon the scope of the assignment, our investigation and analysis of the information contained within this report, as well as our general knowledge of real estate valuation procedures and market conditions, it is our opinion that:

The Market Value of the
Fee Simple Estate of the
Subject Property
(Real Estate Only) as of
February 24, 2020 was:

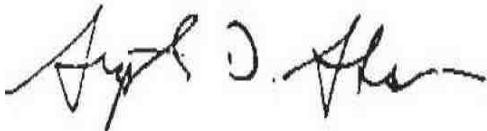
\$740,000

The Market Value of the
FF&E of the Subject Property
Based on the appraisal
Prepared by Allied Appraisal
Services, Inc. as of
January 14, 2020 was:

\$60,600

A description of the property appraised, together with an explanation of the valuation procedures utilized, is contained in the body of the attached report. For your convenience, an Executive Summary follows this letter. Your attention is directed to the Limiting Conditions and underlying assumptions upon which the value conclusions are contingent.

Respectfully submitted,
CALLAWAY & PRICE, INC.



Stephen D. Shaw, MAI, AI-GRS
Cert Gen RZ1192



James H. Mader, Associate Appraiser
Cert Gen RZ832



Executive Summary

PROPERTY TYPE	: Mixed-use restaurant (Cypress Nook) and residential
LOCATION	: South side of East McNab Road, approximately 750 feet east of South Cypress Road, in the City of Pompano Beach, Broward County, Florida, 33060. Its street address is 201-203 East McNab Road
DATE OF VALUATION (real estate)	: February 24, 2020
DATE OF VALUATION (FF&E)	: January 14, 2020 (date of Allied Appraisal Services, Inc. appraisal)
DATE OF REPORT	: March 9, 2020
PROPERTY DESCRIPTION:	
LAND	: Irregular shaped parcel containing 16,517 square feet, or approximately .38 acres, more or less
BUILDING IMPROVEMENTS	: The Subject Property is improved with two, detached buildings. The first is a one-story, masonry restaurant building containing 1,139+/- square feet of leasable area. The second is a two bedroom/two bath residential building containing 864+/- square feet of leasable area. The improvements were constructed in 1950 according to the Broward County Property Appraiser's Office and were in average to good condition as of the date of valuation, in our opinion
ZONING	: RM-20, Multiple-Family Residence, by the City of Pompano Beach, Florida
LAND USE PLAN	: Medium Density Residential 10-16 du/acre, by the City of Pompano Beach, Florida
HIGHEST AND BEST USE	: Continued use of existing improvements



VALUE INDICATIONS – REAL ESTATE ONLY:

COST APPROACH : N/A

SALES COMPARISON
APPROACH : \$685,000

INCOME CAPITALIZATION
APPROACH : \$790,000

MARKET VALUE OF THE
FEE SIMPLE ESTATE OF
THE SUBJECT PROPERTY
(REAL ESTATE ONLY) AS
OF FEBRUARY 24, 2020 : \$740,000

MARKET VALUE OF THE
FF&E OF THE SUBJECT
PROPERTY BASED ON THE
APPRAISAL PREPARED BY
ALLIED APPRAISAL
SERVICES, INC. AS OF
JANUARY 14, 2020 : \$60,600



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ADDENDA

Engagement Letter

Allied Equipment Appraisal

Qualifications:

Stephen D. Shaw, MAI, AI-GRS

James H. Mader, Associate Appraiser



CERTIFICATION

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved.
4. We have not performed services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our 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. Further, this appraisal assignment was not made, nor was the appraisal rendered on the basis of a requested minimum valuation, specific valuation, or an amount which would result in approval of the loan.
8. The analyses, opinions, and conclusion were developed, and this report was prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) and The Interagency Appraisal and Evaluation Guidelines, December 10, 2010.
9. Stephen D. Shaw, MAI, AI-GRS made a personal inspection (interior and exterior) of the property that is the subject of this report.
10. No one provided significant real property appraisal assistance to the persons signing this certification.



Certification

11. The use of this report is subject to the requirements of the State of Florida relating to review by the Florida Real Estate Appraisal Board.
12. This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
13. The reported analyses, opinions and conclusions were developed, and this report was prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
14. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
15. As of the date of this report, Stephen D. Shaw, MAI, AI-GRS has completed the continuing education program for Designated Members of the Appraisal Institute.

A handwritten signature in black ink, appearing to read "Stephen D. Shaw". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Stephen D. Shaw, MAI, AI-GRS
Cert Gen RZ1192

A handwritten signature in black ink, appearing to read "James H. Mader". The signature is bold and stylized, with a large initial "J" and a long horizontal stroke extending to the right.

James H. Mader, Associate Appraiser
Cert Gen RZ832



General Assumptions and Limiting Conditions

GENERAL ASSUMPTIONS

1. Unless otherwise stated, the value appearing in this appraisal represents the opinion of the Market Value or the Value Defined AS OF THE DATE SPECIFIED. Market Value of real estate is affected by national and local economic conditions and consequently will vary with future changes in such conditions.
2. The value opinion in this appraisal report is gross, without consideration given to any encumbrance, restriction or question of title, unless specifically defined.
3. It is assumed that the title to the premises is good; that the legal description is correct; that the improvements are entirely and correctly located on the property described and that there are no encroachments on this property, but no investigation or survey has been made.
4. No responsibility is assumed for matters legal in nature, nor is any opinion of title rendered. No right to expert testimony is included, unless other arrangements have been completed. In the performance of our investigation and analysis leading to the conclusions reached herein, the statements of others were relied on. No liability is assumed for the correctness of these statements; and, in any event, the appraiser's total liability for this report is limited to the actual fee charged.
5. No rights to expert witness testimony, pre-trial or other conferences, depositions, or related services are included with this appraisal. If as a result of this appraisal process Callaway and Price, Inc., or any of its principals, its appraisal consultants or experts are requested or required to provide any litigation services, such shall be subject to the provisions of the engagement letter or, if not specified therein, subject to the reasonable availability of Callaway and Price, Inc. and/or said principals or appraisers at the time and shall further be subject to the party or parties requesting or requiring such services paying the then applicable professional fees and expenses of Callaway and Price, Inc. either in accordance with the engagement letter or arrangements at the time, as the case may be.
6. Any material error in any of the data relied upon herein could have an impact on the conclusions reported. We reserve the right to amend conclusions reported if made aware of such error. Accordingly, the client-addressee should carefully review all assumptions, data, relevant calculations, and conclusion within 30 days of delivery of this reported and should immediately notify us of any questions or errors.
7. The market value reported herein assumes that all taxes and assessments have been paid and assumes a fee simple interest unless otherwise reported. The body of the report will define the interest appraised if it differs.



General Assumptions and Limiting Conditions

8. Neither all nor any part of the contents of this report (especially any conclusions, the identity of the appraiser or the firm with which he is connected, or any reference to the Appraisal Institute or any of its designations) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without our prior written consent and approval.
9. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. The appraiser assumes no responsibility for such conditions or the engineering which might be required to discover these factors.
10. Our opinion of value was based on the assumption of competent marketing and management regarding the property. If there is no competent marketing and management, then the market value opinion herein may not apply.
11. Typically, the best indication of site size and boundaries is a boundary survey. A survey on the Subject Property was not provided, and the site size and other site characteristics were obtained from the Broward County Property Appraiser's Office.

LIMITING CONDITIONS

1. No hypothetical conditions are part of this appraisal assignment.
2. No extraordinary assumptions are part of this appraisal assignment.
3. Unless otherwise stated in this report, the existence of hazardous substances, including without limitation stachybotrys chartarum (mold), asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, was not called to the attention of, nor did the appraisers become aware of such during their inspection. The appraisers have no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraisers, however, are not qualified to test for 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 proximity thereto that would cause a loss in value. We are unaware of very wet conditions that may have existed for days or weeks which are required to grow mold. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them.



General Assumptions and Limiting Conditions

4. 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 the 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.



Subject Photos



NORTHERLY VIEW OF FRONT OF SUBJECT RESTAURANT



UPCLOSE VIEW OF FRONT OF SUBJECT RESTAURANT



Subject Photos



VIEW OF REAR OF SUBJECT RESTAURANT



VIEW OF REAR OF SUBJECT RESTAURANT



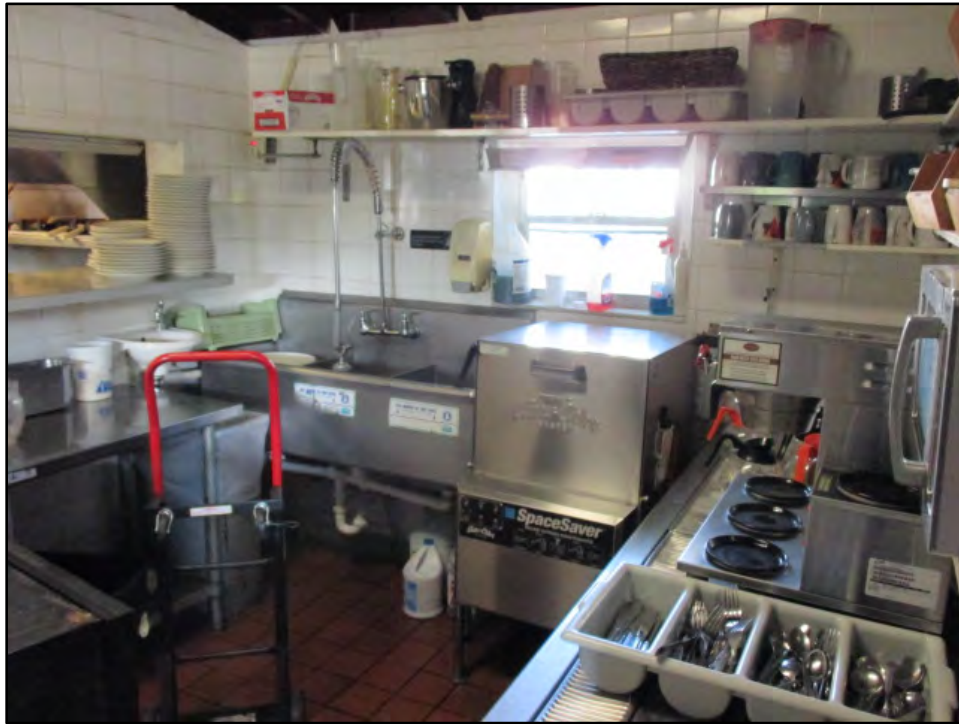
Subject Photos



TYPICAL INTERIOR VIEW OF RESTAURANT



TYPICAL INTERIOR VIEW OF RESTAURANT



TYPICAL INTERIOR VIEW OF RESTAURANT



TYPICAL INTERIOR VIEW OF RESTAURANT



TYPICAL INTERIOR VIEW OF RESTAURANT



TYPICAL INTERIOR VIEW OF RESTAURANT



Subject Photos



EXTERIOR VIEW OF FRONT OF RESTAURANT AND OUTDOOR DINING AREA



EXTERIOR VIEW OF RESTAURANT OUTDOOR DINING AREA



Subject Photos



VIEW OF FRONT OF SUBJECT RESIDENTIAL BUILDING



TYPICAL INTERIOR VIEW OF SUBJECT RESIDENTIAL UNIT



Subject Photos



TYPICAL INTERIOR VIEW OF SUBJECT RESIDENTIAL UNIT



TYPICAL INTERIOR VIEW OF SUBJECT RESIDENTIAL UNIT



Subject Photos



TYPICAL INTERIOR VIEW OF SUBJECT RESIDENTIAL UNIT



LOOKING EAST ALONG EAST MCNAB ROAD WITH SUBJECT AT LEFT



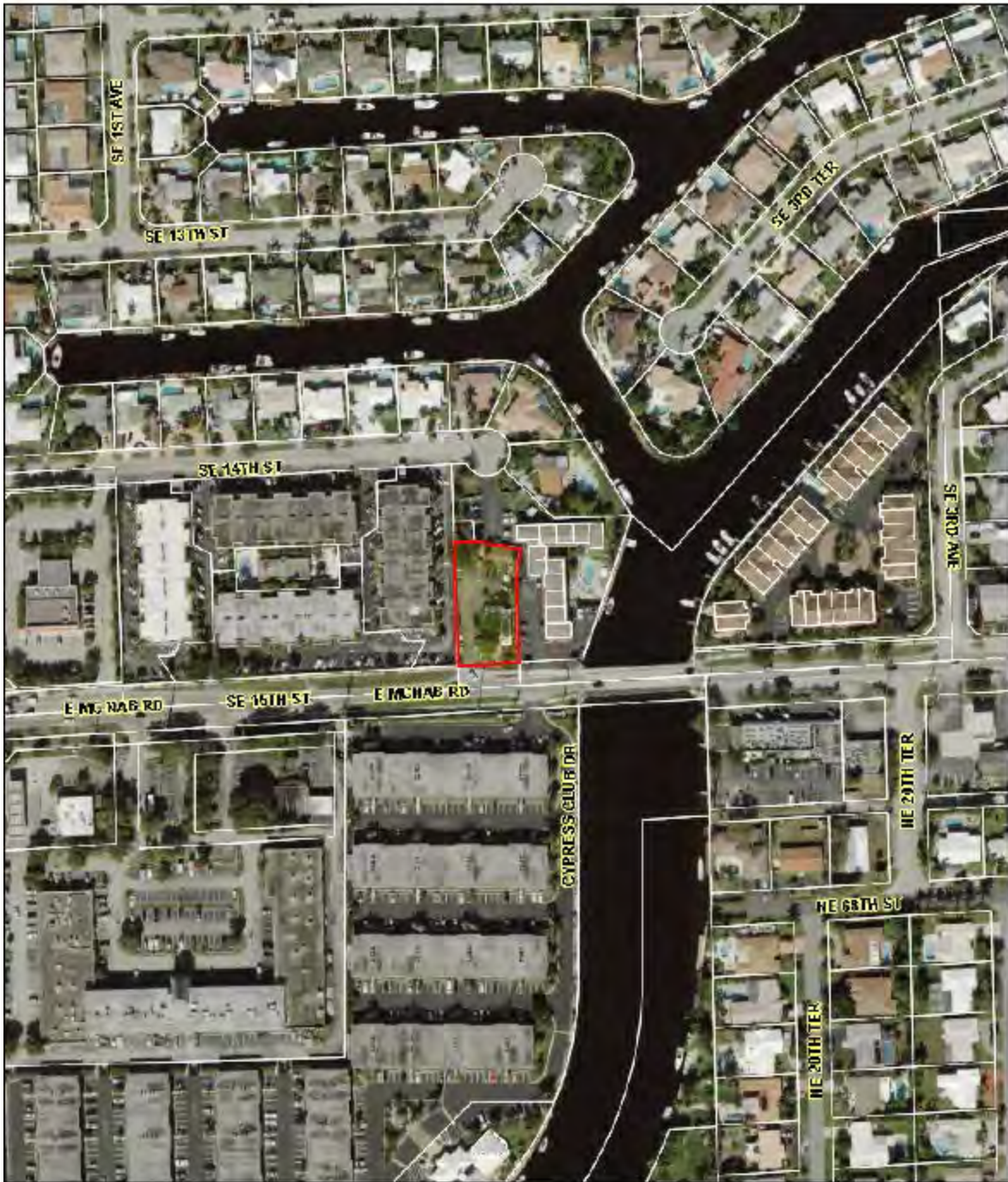
Subject Photos



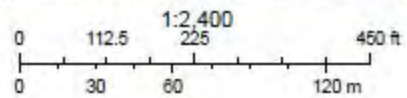
LOOKING WEST ALONG EAST MCNAB ROAD WITH SUBJECT AT RIGHT



Subject Photos



March 5, 2020



AERIAL PHOTO



Definition of the Appraisal Problem

DEFINITION OF THE APPRAISAL PROBLEM

Purpose, Date of Value, and Interest Appraised

The purpose of this investigation and analysis was to estimate the Market Value of the Fee Simple Estate of the Subject Property (real estate only) as of February 24, 2020. We are not qualified to appraise the equipment at the Subject. Therefore, at the direction of the client, we have included the Market Value of the Furniture, Fixtures & Equipment (FF&E) for the Subject Property based on the appraisal prepared by Allied Appraisal Services, Inc. (equipment appraisers) as of January 14, 2020, which is incorporated herein by reference, with a portion included in the Addenda.

Intended Use and User of Appraisal

This report has been prepared for our client and intended user, the City of Pompano Beach. The intended use was to assist the client in decision making for internal purposes. The scope of work performed is specific to the needs of the intended user and the intended use. No other use is intended, and the scope of work may not be appropriate for other uses.

Legal Description

Beginning at the Southwest Corner of the Southeast 1/4, of the Southwest 1/4, of the Southwest 1/4, of Section 1, Township 49 South, Range 42 East;

Thence North 220 feet along the West Line of the Southeast 1/4, of the Southwest 1/4, of the Southwest 1/4, of Section 1.

Thence East 30 feet, at Right Angles;

Thence Southeasterly 69.58 feet along a line forming an included angle of 168 deg.19 feet 01 inches;

Thence Southwesterly 46.46 feet along a line forming an included angle of 92 deg. 50 feet 28 inches to a point 91 feet East of said West Line of the Southeast 1/4, of the Southwest 1/4, of the Southwest 1/4;



Definition of the Appraisal Problem

Thence South 157.78 feet along a line parallel to and 91 feet East of Said West Line of the Southeast 1/4, of the Southwest 1/4, of the Southwest 1/4, to the South Line of aforesaid Section 1;

Thence West 91.03 feet along the South Line of Section 1, to the POINT OF BEGINNING:

Excepting therefrom the South 35 feet thereof.

Source: Client, Broward County Property Appraiser's Office and deed recorded in Official Record Book 20300, Page 69, of the public records of Broward County, Florida.

Market Value

"As defined in the Agencies' appraisal regulations, 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:

- a. Buyer and seller are typically motivated;
- b. Both parties are well informed or well advised, and acting in what they consider their own best interests;
- c. A reasonable time is allowed for exposure in the open market;
- d. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- e. 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: The Interagency Appraisal and Evaluation Guidelines, Federal Register, Volume 75, No. 237, December 10, 2010, Pgs. 61-62.



Definition of the Appraisal Problem

Fee Simple Estate

The Dictionary of Real Estate Appraisal, Sixth Edition 2015, by the Appraisal Institute, defines Fee Simple Estate on page 90 as follows:

"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."

Exposure Time

The Dictionary of Real Estate Appraisal, Sixth Edition 2015, by the Appraisal Institute, defines Exposure Time on page 83 as follows:

1. "The time a property remains on the market."
2. "The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market."

There is a requirement under Standard Two to report exposure time according to the latest USPAP publication. "Exposure Time" is different for various types of property under different market conditions.

We have reviewed the exposure time on the sales utilized in the Sales Comparison Approach and sales of similar properties from our database. Based on that data and market conditions as of the appraisal date, it is our opinion that the Subject Property would have had an exposure time of approximately 6 to 12 months.

Marketing Time

The Dictionary of Real Estate Appraisal, Sixth Edition 2015, by the Appraisal Institute, defines Marketing Time on page 140 as follows:

"An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal."

"Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time."



Definition of the Appraisal Problem

As in most markets, properties that are priced competitively and marketed professionally will sell before others which are not. Based on this, the Subject should have a marketing time of approximately 6 to 12 months, provided adequate financing is available, the property is listed for sale at market value and is marketed by a competent brokerage firm.



SCOPE OF WORK

According to the 14th Edition of The Appraisal of Real Estate, page 38, "Scope of work encompasses all aspects of the valuation process, including which approaches to value will be used; how much data is to be gathered, from what sources, from which geographic area, and over what time period; the extent of the data verification process; and the extent of property inspection, if any.

The scope of work decision is appropriate when it allows the appraiser to arrive at credible assignment results and is consistent with the expectations of similar clients and the work that would be performed by the appraiser's peers in a similar situation."

The first step in the appraisal process involved defining the appraisal problem which included the purpose and date of value, determining the interest being appraised, intended use and user of the appraisal, and identifying the real estate (legal description). This step also determined if the appraisal were subject to any extraordinary assumptions or hypothetical conditions.

The next step involved the inspection of the Subject Property (interior and exterior) in February 2020 by Stephen D. Shaw, MAI, AI-GRS. The inspection allowed us to understand the physical components of the Subject Property. In addition to the inspection of the Subject Property, we also began the data-collection process and, subsequently, an analysis of the factors that affect the market value of the Subject Property, including a market area analysis, neighborhood analysis, and property data analysis. We gathered and reviewed information from the Broward County Property Appraiser's Office, the City of Pompano Beach Planning and Zoning Department and the client to understand and describe the Subject Property and its surroundings.

The third step in the process was to determine the Highest and Best Use of the Subject Property as improved. Through the Highest and Best Use analysis, we determined the issues that have an effect on the final opinion of value. To determine the Highest and Best Use, we relied on information obtained from the data-collection process.

The fourth step was the application of the appropriate approach for valuation. Three conventional approaches to value are typically utilized in the valuation of real estate. They are the Cost, Sales Comparison and Income Capitalization Approaches. *No approaches were specifically omitted from this appraisal by the client.*

The Subject Property is improved with two, detached buildings. The first is a one-story, masonry restaurant building containing 1,139+/- square feet of leasable area. The second is a two bedroom/two bath residential building containing 864+/- square feet of leasable area. The improvements were constructed in 1950 according to the Broward County Property Appraiser's Office and were in average to good condition as of the date of valuation, in our opinion. The buildings are 100% occupied.



The Cost Approach has as its premise the valuation of the site by direct comparison with similar sites that have recently sold plus the addition of the depreciated cost to replace the improvements. The Cost Approach requires estimating the reproduction or replacement cost new of all the improvements including an allowance for entrepreneurial profit. The appraiser must then deduct all forms of depreciation that have accrued against the property in order to reach a value indication by this approach.

In our opinion, the Cost Approach is not applicable in the appraisal of the Subject. The improvements were built in 1950 according to the Broward County Property Appraiser's Office and were 70 years old as of the appraisal date. Although it is our opinion that the effective age is less than that, an estimate of physical depreciation by the age/life method would be difficult, if not impossible to substantiate by market evidence. In our opinion, the utilization of the Cost Approach for a project that is 70 years old is not particularly meaningful in the current investment market. Most importantly, buyers and sellers of this type of property are typically giving little to no credence to this valuation method in their purchase decisions. For these reasons, the use of the Cost Approach would be inappropriate in our opinion, and we have not utilized it in this report.

The Sales Comparison Approach is based on the premise that value may be determined by the direct comparison of the Subject with sales of buildings of similar utility and quality which have recently sold. In order to arrive at a value indication by this approach, adjustments are considered to the comparables for dissimilarities relative to the Subject. The more similar a comparable sale is to the Subject, the fewer and smaller the adjustments will be and the more reliable the value conclusion. In our analysis, we will break up the Subject into its two use categories; a restaurant and a residential building; analyze data for each component and provide a value conclusion for both to estimate the Subject's real estate only value.

The Income Capitalization Approach, as used for investment properties, has as its premise the estimation of the amount of net income, which when capitalized in a manner that is commensurate with the risk and life expectancy of the investment, will indicate the present value of the income stream. In this method, the potential rental income that the property could command in the market is estimated (we will estimate market rents for the Subject's two uses, a restaurant and a residential building), reduced by an appropriate market supported vacancy factor, and then further reduced by the operating expenses that will be borne by the property owner. The result is the net income the property is expected to earn. The net income, when capitalized or discounted by a rate which reflects the market return on investments for similar properties, produces a value indication by this approach. In our analysis, we have Direct Capitalization Approach to estimate the value of the Subject's Fee Simple Estate.



Scope of Work

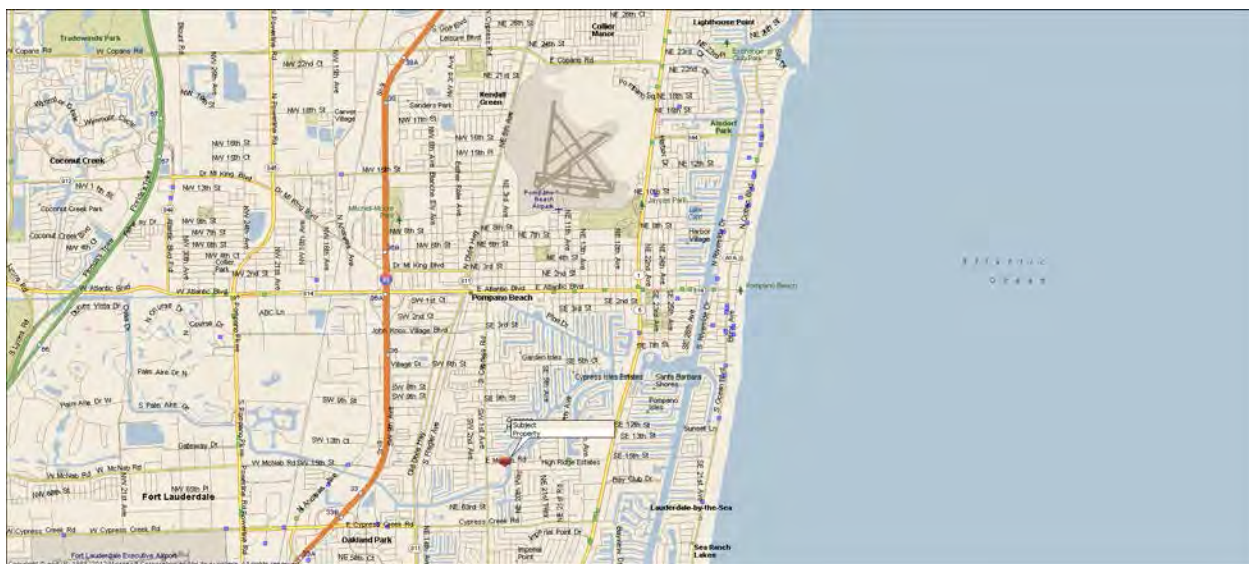
The applicable approaches are then correlated into a final estimate of Market Value. This reconciliation is a weighting of the strengths and weaknesses of each approach. The methodology of the value techniques utilized is described in detail within the following sections of this report along with the appropriate analysis of each as it applies to the Subject Property.

For the value of the Subject's FF&E, the client has directed us to utilize the appraisal prepared by Allied Appraisal Services, Inc. The appraisal is dated January 14, 2020 and is incorporated herein by reference with a portion being incorporated into the Addenda.



NEIGHBORHOOD DATA

The relationship of the Subject Property with surrounding properties forms the basis of neighborhood analysis. The Appraisal of Real Estate, 14th Edition on page 165 states: "The boundaries of market areas, neighborhoods, and districts identify the areas that influence a subject property's value. These boundaries may coincide with observable changes in land use or demographic characteristics. Physical features such as structure types, street patterns, terrain, vegetation, and lot sizes help to identify land use districts. Transportation arteries (highways, major streets, and railroads), bodies of water (rivers, lakes, and streams), and changing elevation (hills, mountains, cliffs, and valleys) can also be significant boundaries."



The Subject's neighborhood is considered to include portions of the City of Pompano Beach and the City of Fort Lauderdale bounded on the north by Copans Road (NW 24th Street), the south by East Cypress Creek Road, on the east by the Intracoastal Waterway, and the west by Interstate 95. Access to and through the neighborhood is very good. The primary north/south traffic arteries are US Highway One, Dixie Highway, and Interstate 95. The primary east/west roadways are Cypress Creek Road, Atlantic Boulevard, Copans Road and McNab Road.

There are two railroads extending through the neighborhood including the Florida East Coast and the Seaboard Coastline. Interstate 95 is a major interstate highway that traverses the length of Florida and the eastern coast of the United States. Dixie Highway is a four-lane roadway running through the neighborhood providing access to local traffic. US Highway 1 (Federal Highway), like Interstate 95 to the west, is an important thoroughfare providing north/south access through the neighborhood and extending up and down the country's eastern seaboard.



The neighborhood is essentially built-out with a variety of property types, but is dominated by older commercial and residential structures, with residential representing the majority of the land area. Commercial development is situated along the aforementioned thoroughfares such as Atlantic Boulevard, Cypress Creek Road and Copans Road, as well as Federal Highway and Dixie Highway. Uses include, but are not limited to, strip shopping centers, retail stores, low to mid-rise office buildings, etc. Most of the commercial development is older, but for the most part, has been adequately maintained. Atlantic Boulevard and Federal Highway are considered the main commercial roadways within the Subject's neighborhood and are lined with a wide variety of retail commercial uses.

As with many areas of South Florida, some of the improvements have reached the end of their economic lives and the properties are ripe for redevelopment. The City of Pompano Beach has actively renovated its beach front and historic downtown area. Several old buildings have been or are in the process of being renovated and several properties have been purchased for redevelopment. The end goal is to mirror what was created on the Atlantic Avenue Shopping and Arts District within the City of Delray Beach.

Pompano Beach is home to numerous public and private schools from the elementary level through college. Its nearby high schools include Pompano High School and Blanche Ely High School, as well as well-regarded private high schools Pine Crest and Cardinal Gibbons. At the college level, there is Florida Atlantic University in Boca Raton as well as Nova Southeastern University and Broward College in Davie. The Subject neighborhood has all public services including utilities, police and fire protection and healthcare facilities.

Conclusion

The Subject neighborhood is a well-established area with a broad range of land uses, served by a good transportation network. The neighborhood consists of a mixture of low and medium density residential communities developed between the 1960s and 1970s with commercial development along the major roadways. Commercial development is concentrated along major arteries including Federal Highway (US Highway 1) and Atlantic Boulevard.

In our opinion the long term outlook for the Subject neighborhood remains positive; the Subject neighborhood should see some value appreciation as economic conditions improve/stabilize, due primarily to its easily accessible and desirable location.



FORT LAUDERDALE RETAIL MARKET OVERVIEW

Overview

Fort Lauderdale Retail

12 Mo Deliveries in SF	12 Mo Net Absorption in SF	Vacancy Rate	12 Mo Rent Growth
785 K	230 K	4.1%	3.0%

Fort Lauderdale is South Florida's second-largest retail market, with a stock of 109 million SF. Fort Lauderdale's strong economy, favorable demographics, and the large number of visitors that come to the area every year have continued to support the metro's retail sector.

Vacancies in the metro have been stable at close to 4.1% over the past year, despite the new supply that came to market over the past year. Demand consistently rose and met newly delivered product, but absorption rates have started to slow in some of the submarkets seeing higher levels of construction. The prelease rate for new construction is currently close to 70%, about

10% below that of other Sunbelt metros. The big casualty of the past year, at a national level, has been rent growth, which has turned negative across the country. Fort Lauderdale's annual rent growth is currently at 3.0% and is under negative pressure given the high level of supply.

Investors continue to show a keen interest in this metro and have become more opportunistic. Over the past year, investors have focused on suburban shopping centers that enjoy high occupancy and are located in areas that have seen strong multifamily development over this cycle.

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Malls	9,805,486	2.5%	\$28.96	4.3%	23,810	0	279,594
Power Center	5,198,992	4.8%	\$27.43	5.6%	(23,001)	0	0
Neighborhood Center	39,803,765	5.6%	\$25.83	7.6%	(76,495)	0	170,362
Strip Center	8,859,569	4.5%	\$23.77	5.4%	(12,767)	0	10,400
General Retail	43,598,050	2.8%	\$27.02	4.2%	196,427	234,843	500,016
Other	1,657,378	6.2%	\$36.22	8.0%	5,742	0	0
Market	108,923,240	4.1%	\$26.66	5.7%	113,716	234,843	960,372

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	0.2%	5.5%	4.5%	8.5%	2008 Q4	3.1%	2008 Q2
Net Absorption SF	230 K	774,888	660,954	2,219,605	2017 Q1	(2,011,117)	2009 Q3
Deliveries SF	785 K	1,037,045	1,056,011	3,112,747	2008 Q3	190,661	2011 Q1
Rent Growth	3.0%	1.7%	1.8%	5.6%	2017 Q1	-5.1%	2010 Q1
Sales Volume	\$851 M	\$743.3M	N/A	\$1.2B	2015 Q1	\$142.8M	2009 Q3



Leasing

Fort Lauderdale Retail

On the back of elevated deliveries over the past couple of years, vacancies have trended upwards from the cycle lows seen at the end of 2017. But at 4.1%, the vacancy rate for this metro is close to the national average, holding reasonably steady over the past year.

Demand for retail space remains healthy and has consistently risen to meet the new supply over the past year. Like many of Florida's larger metros, Fort Lauderdale sees above-average demand for retail due to positive net migration and tourism spending.

Over the past five years, Fort Lauderdale household growth has exceeded the national average and is forecast to remain robust. Both the local economy, as well as the number of visitors, continued to grow over the past year.

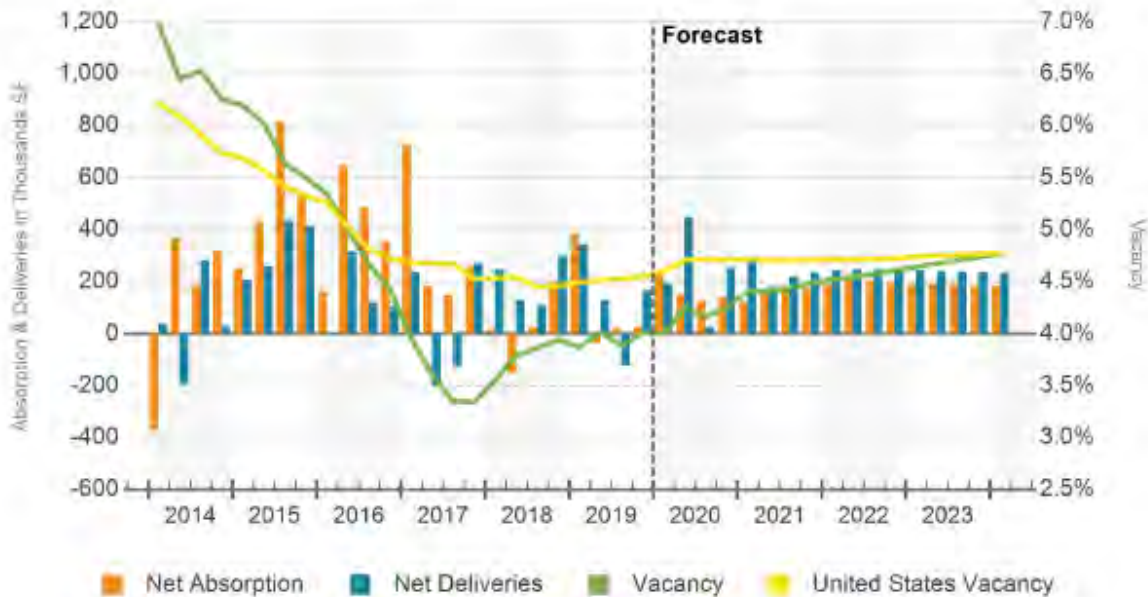
But while the economy has continued to expand, marginal gains are lower, as the national economy has

been growing for over 120 months. As a result, Fort Lauderdale metro employment gains decelerated over the past year. Total metro employment increased by 1% or about 9,000 jobs. Over the past five years, Fort Lauderdale metro employment increased by 2.6% annually on average. With a metro unemployment rate of close to 3%, a record low, it is getting harder for employers to find workers, and they are finally beginning to raise salaries to attract talent, something that is likely to benefit local spending.

New supply over the past year has been above the national average and is set to remain elevated. The metro saw annual deliveries of 470,000 SF, translating into a stock increase of close to 4%, significantly higher than the national average of close to 0.5%.

On the back of high supply, the forecast is calling for vacancies to trend slightly higher over the next year but remain very close to the national average.

NET ABSORPTION, NET DELIVERIES & VACANCY





Rent

Fort Lauderdale Retail

Rental rates are currently at \$27.00/SF and are higher than the national average. The Downtown Fort Lauderdale and Southwest Broward submarkets register rents that are close to \$35/SF. These are areas that have seen significant multifamily and retail development over this cycle.

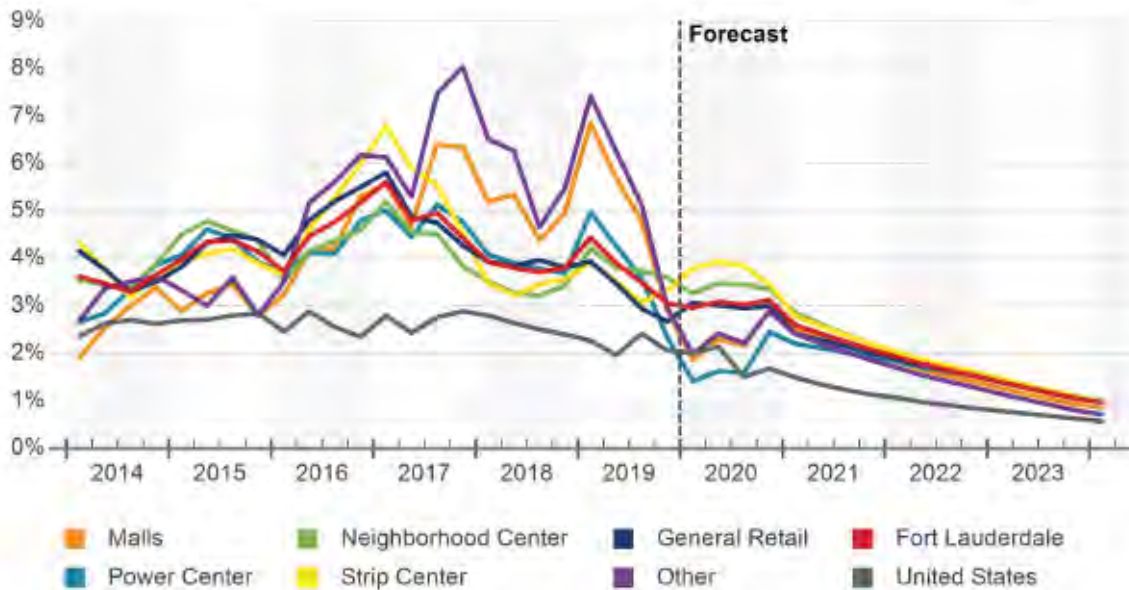
Rent growth has been the large casualty of the national retail sector transformation, and rents have consistently declined across the country over the past couple of years. Fort Lauderdale's annual rent growth stands at 3.0% and, while significantly lower than the metro's cycle average, it compares favorably to the 2.0% national

average. Fort Lauderdale's rent growth outperforms despite new supply and construction activity.

But larger submarkets that are seeing a higher level of development, such as Downtown Fort Lauderdale and Southwest Broward, are already seeing declining rents. The negative rent growth in these submarkets is likely associated with a mild slowdown in the absorption of retail space over the past couple of quarters.

The elevated supply will continue to put negative pressure on rent growth across the metro over the next year, with the forecast calling for continued deceleration.

MARKET RENT GROWTH (YOY)





Construction

Fort Lauderdale Retail

Developers have been busy in Fort Lauderdale, and the metro's construction pipeline currently holds 960,000 SF. The new construction is set to increase the metro's stock by 1.2%, double the national average of 0.6%. The prelease rate for the product underway is close to 70%, slightly below that for neighboring Miami.

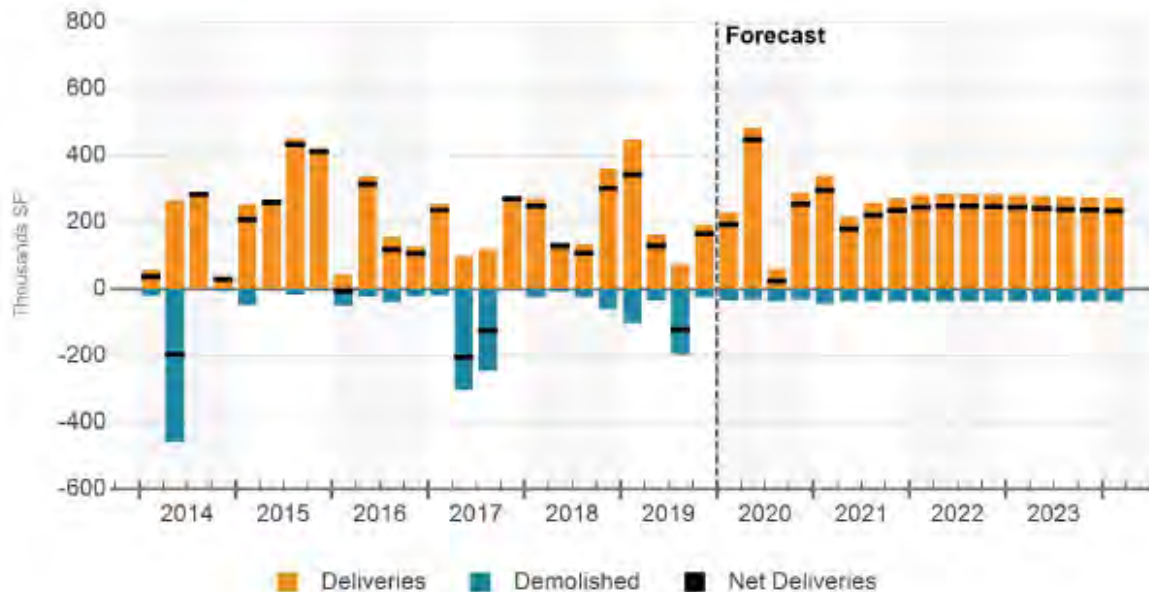
Malls and general retail continue to do well in Fort Lauderdale, despite the national retail market headwinds. The top three construction projects have very little available space, reflecting the metro's demand strength.

The largest under-construction project is the 3 Star, 210,000-SF Holman Auto Dealership, located at 900 E Sunrise Blvd. in the Downtown Fort Lauderdale Submarket. The development will deliver in early 2020, and it is fully leased.

The second-largest under construction project is the 4 Star, 160,000-SF NWC Flamingo Road and Miramar Parkway retail community center, located in the Southeast Broward Submarket. Publix will be the anchor tenant for this development, while other tenants include Ross Dress for Less and Five Below. The project is set to deliver in mid-2020, and most space has been leased.

The third-largest under-construction project is the 4 Star, 135,00-SF Pines Market, located at 16000 Pines Blvd. in the Southwest Broward Submarket. This development is scheduled to deliver in late 2020 and is part of a mixed-use project that will include retail, restaurant, office space and 122 single-family homes. Close to 80% of this development has already been leased.

DELIVERIES & DEMOLITIONS





Sales

Fort Lauderdale Retail

Though close to 30% off the 2015 cycle highs, retail investors remain engaged in this metro, and sales totaled \$825 million over the past year.

Retail space in this market trades for an average of \$250/SF, which is a 20% premium over the national average. Downtown Fort Lauderdale and surrounding areas remain a popular target for investors, particularly because of the developing live/work/play atmosphere and the high-end shopping along Las Olas Boulevard. Prices have appreciated by close to 20% over the past five years.

With price growth declining over the past year, buyers became much more opportunistic, targeting shopping centers in suburban parts of the metro.

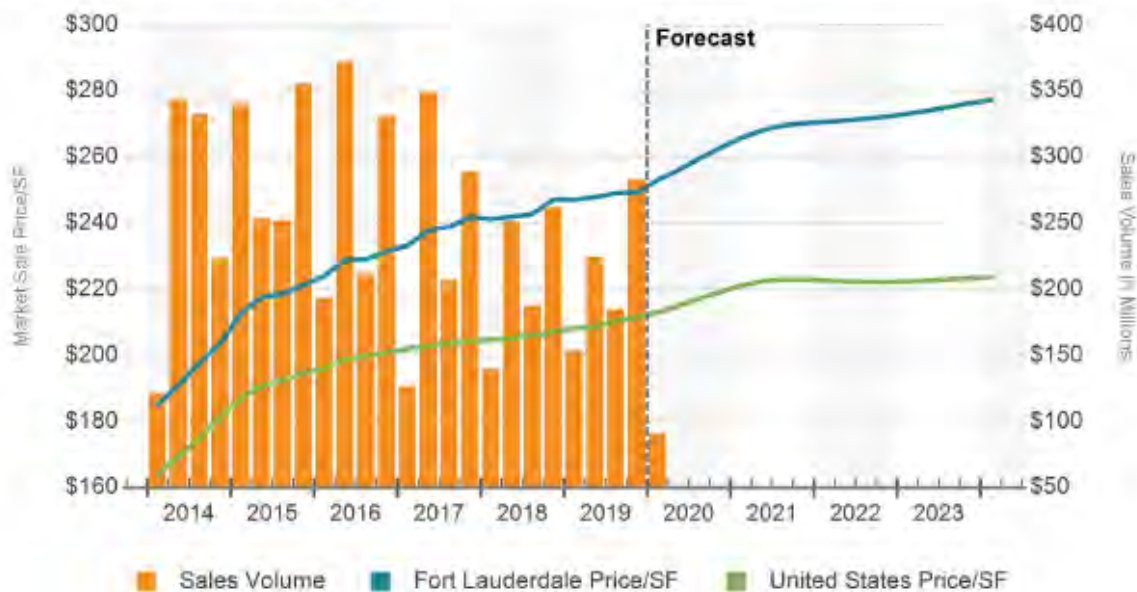
One of the most significant sales over the past year occurred in April 2019, when the Sterling Organization

sold the 3 Star, 160,000-SF Pembroke Place shopping center, located at 10101-10501 Pines Blvd. in the Hollywood Submarket, to Longpoint Realty Partners for \$38 million, or approximately \$237/SF. At the time of sale, the property was fully occupied, and a 7% cap rate was reported.

Another significant recent transaction occurred in October 2019, when the Bar Invest Group, sold the 3 Star, 78,000-SF Palm Square shopping center, located at 9801-9965 Pines Blvd. in the Hollywood Submarket, to Galium Capital for \$20.5 million, or approximately \$264/SF. At the time of sale, the property was fully occupied, and a 6.6% cap rate was reported.

The forecast is calling for prices to continue rising over the next year, albeit at a slower pace when compared to the five year average of 4%.

SALES VOLUME & MARKET SALE PRICE PER SF





Submarkets

Fort Lauderdale Retail

SUBMARKET INVENTORY

No.	Submarket	Inventory				12 Month Deliveries				Under Construction			
		Bldgs	SF (000)	% Market	Rank	Bldgs	SF (000)	Percent	Rank	Bldgs	SF (000)	Percent	Rank
1	Commercial Blvd	98	1,595	1.5%	11	1	1	0.1%	10	1	4	0.3%	10
2	Cypress Creek	218	2,673	2.5%	10	0	0	0%	-	2	29	1.1%	8
3	Downtown Fort Lauderdale	426	5,333	4.9%	7	5	232	4.3%	2	6	72	1.4%	4
4	Fort Lauderdale	2,124	19,960	18.3%	1	18	278	1.4%	1	8	134	0.7%	3
5	Hallandale	528	4,547	4.2%	9	3	32	0.7%	7	3	45	1.0%	6
6	Hollywood	1,088	11,896	10.9%	5	2	16	0.1%	8	2	47	0.4%	5
7	NW Broward/Coral Springs	667	13,813	12.7%	4	4	65	0.5%	4	4	17	0.1%	9
8	Outlying Broward County	27	527	0.5%	12	1	0	0%	11	0	-	-	-
9	Plantation	564	11,840	10.9%	6	5	35	0.3%	5	17	176	1.5%	2
10	Pompano Beach	1,094	16,034	14.7%	3	3	32	0.2%	6	2	41	0.3%	7
11	Sawgrass Park	80	4,582	4.2%	8	1	2	0%	9	0	-	-	-
12	Southwest Broward	642	16,148	14.8%	2	6	91	0.6%	3	7	394	2.4%	1

SUBMARKET RENT

No.	Submarket	Market Rent		12 Month Market Rent		QTD Annualized Market Rent	
		Per SF	Rank	Growth	Rank	Growth	Rank
1	Commercial Blvd	\$18.65	12	4.1%	1	4.2%	8
2	Cypress Creek	\$24.65	9	3.3%	3	4.1%	9
3	Downtown Fort Lauderdale	\$37.07	1	1.8%	11	4.6%	3
4	Fort Lauderdale	\$24.84	8	2.7%	9	4.5%	4
5	Hallandale	\$28.77	3	2.7%	8	3.8%	10
6	Hollywood	\$26.43	6	3.0%	7	4.3%	7
7	NW Broward/Coral Springs	\$24.27	10	3.0%	6	4.4%	6
8	Outlying Broward County	\$28.30	4	-0.3%	12	-0.4%	12
9	Plantation	\$23.58	11	3.2%	4	4.8%	2
10	Pompano Beach	\$25.41	7	4.0%	2	5.1%	1
11	Sawgrass Park	\$27.60	5	2.2%	10	3.6%	11
12	Southwest Broward	\$31.32	2	3.2%	5	4.4%	5



Submarkets

Fort Lauderdale Retail

SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Net Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construct. Ratio
1	Commercial Blvd	126,157	7.9%	11	(11,968)	-0.8%	9	-
2	Cypress Creek	131,241	4.9%	9	(678)	0%	8	-
3	Downtown Fort Lauderdale	181,127	3.4%	4	228,456	4.3%	1	0.9
4	Fort Lauderdale	862,038	4.3%	6	133,807	0.7%	2	1.7
5	Hallandale	140,129	3.1%	3	24,858	0.5%	5	1.1
6	Hollywood	550,188	4.6%	8	(123,646)	-1.0%	11	-
7	NW Broward/Coral Springs	547,094	4.0%	5	81,212	0.6%	4	-
8	Outlying Broward County	63,267	12.0%	12	(47,693)	-9.0%	10	-
9	Plantation	538,833	4.6%	7	(156,732)	-1.3%	12	-
10	Pompano Beach	864,599	5.4%	10	14,521	0.1%	6	0.9
11	Sawgrass Park	76,081	1.7%	1	1,749	0%	7	-
12	Southwest Broward	364,563	2.3%	2	81,793	0.5%	3	1.1

Conclusion1

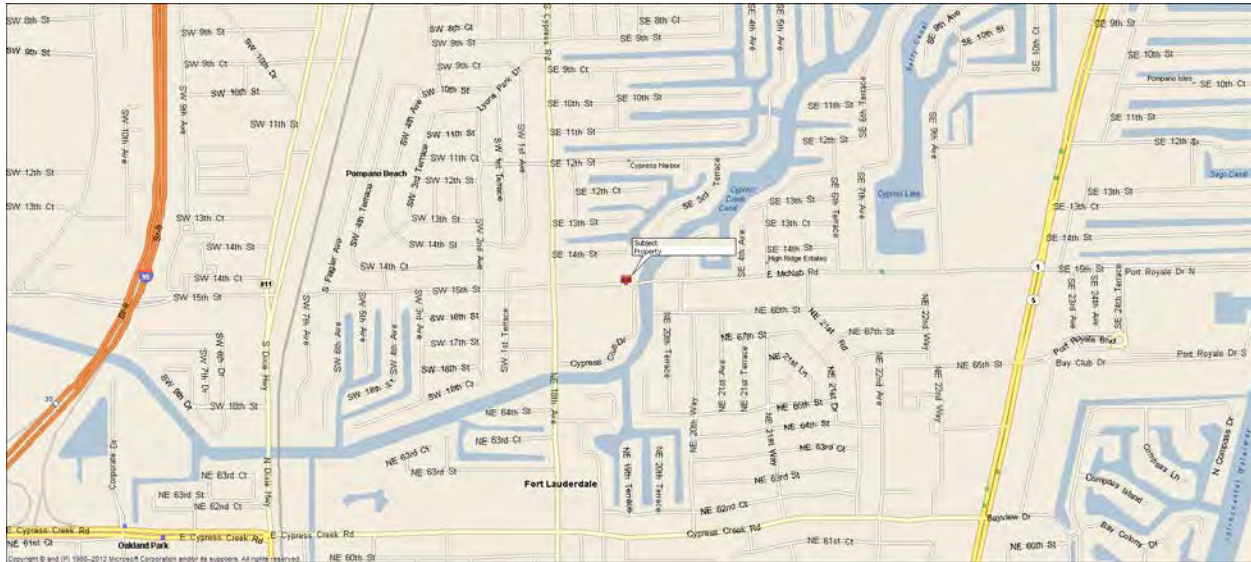
The overall market conditions for the Fort Lauderdale retail market remained mostly stable, with the year to date vacancy rate remaining steady at 4.1%, up slightly from the 2019 rate of 4.0%. Year to date rental rates increased slightly from \$26.45 in 2019, to a current rate of \$26.66 per square foot, with an average cap rate of 6.4%. The CoStar report forecasts increasing market rents over the next five years. Further, they forecast that vacancy rates should increase over the next five years, with a maximum vacancy rate of 4.8% in 2024.



PROPERTY DATA

Location

The Subject Property is located on the north side of East McNab Road, approximately 750 feet east of South Cypress Road, in the City of Pompano Beach, Broward County, Florida, 33060. Its street address is 201-203 East McNab Road.



Zoning

The Subject Property is zoned RM-20, Multiple-Family Residence, by the City of Pompano Beach, Florida. The RM-20 district is established and intended to accommodate primarily multifamily dwellings (including townhouse development) including community residences and recovery communities at moderate densities. The district also accommodates single-family and two-family dwellings, zero-lot-line development, and continuing care retirement communities. Limited neighborhood-serving nonresidential uses, as well as office buildings, financial institutions, hotels/motels, and condo hotels, are allowed as Special Exceptions. The Subject is developed with a restaurant and a single-family residence built in 1950 per the Broward County Property Appraiser's Office. The restaurant use appears to be a legal non-conforming use that is grandfathered in and/or a special exception use.

Land Use Plan

The Subject Property is designated Medium Density Residential 10-16 du/acre, by the City of Pompano Beach, Florida.

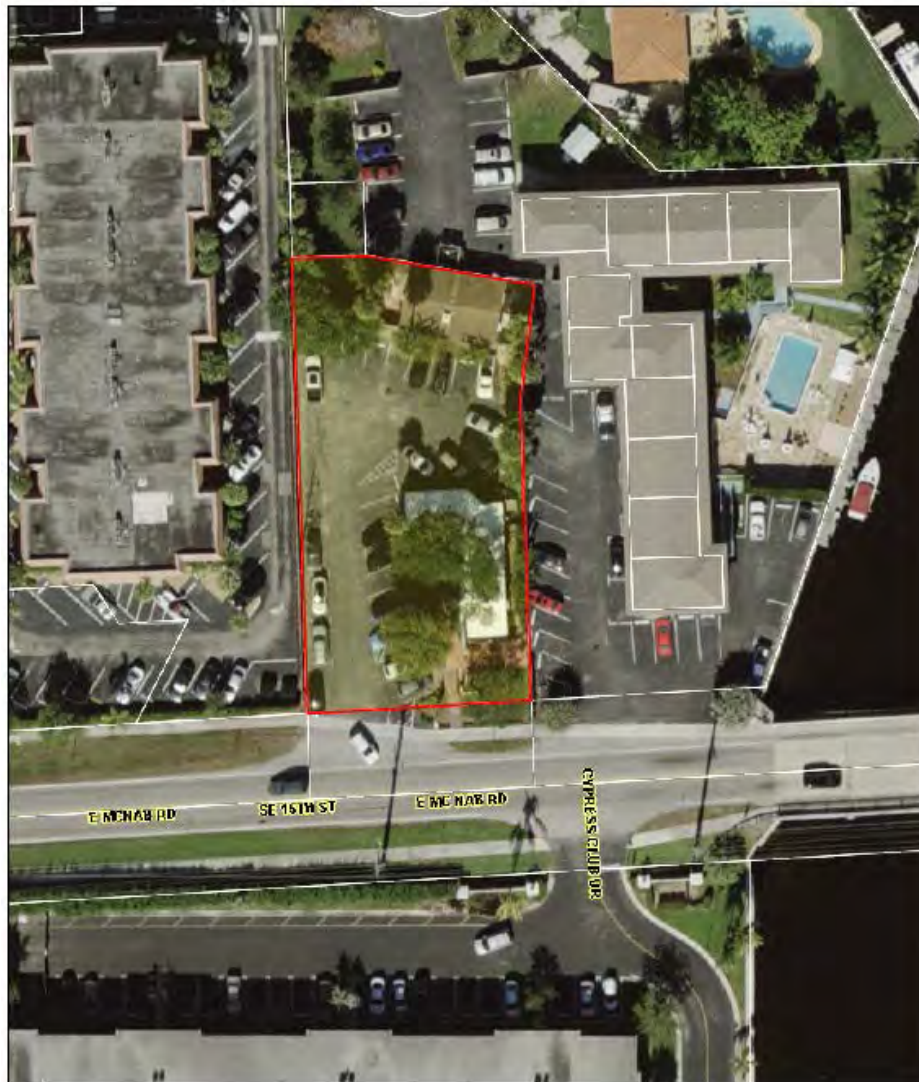


Easements and Deed Restrictions

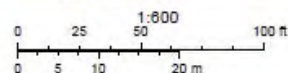
We have not been provided a title search for the Subject Property. Based upon our inspection of the public records, no adverse deed restrictions or easements were noted.

Site Size, Shape and Access

The Subject site is irregular in shape and contains a total of 16,517 square feet or approximately .38 acres, more or less. The site has approximately 91+/- feet of frontage along the north side of East McNab Road, with an average depth of approximately 181+/- feet. Access is available from East McNab Road. Overall, access is considered to be good. A site aerial for the Subject is shown below:



March 6, 2020





Utilities

Water and sewer service is provided by the City of Pompano Beach, electricity by FPL, and telephone service by AT&T.

Topography

The Subject site is level and at the approximate grade of the surrounding roadways. There were no apparent drainage problems noted upon inspection.

Census Tract

Address: 201 E MCNAB RD, POMPANO BEACH, FL, 33060
MSA: 22744 - FORT LAUDERDALE-POMPANO BEACH-SUNRISE, FL
State: 12 - FLORIDA
County: 011 - BROWARD COUNTY
Tract Code: 0309.04

Summary Census Demographic Information

Tract Income Level	Middle
Underserved or Distressed Tract	No
2019 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$88,600
2019 Estimated Tract Median Family Income	\$75,337
2010 Tract Median Family Income	\$87,880
Tract Median Family Income %	109.82
Tract Population	4898
Tract Minority %	14.76
Tract Minority Population	723
Owner-Occupied Units	1665
1- to 4- Family Units	1713

Census Income Information

Tract Income Level	Middle
2010 MSA/MD/statewide non-MSA/MD Median Family Income	\$81,809
2019 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$88,600
% below Poverty Line	13.11
Tract Median Family Income %	109.82
2010 Tract Median Family Income	\$87,880
2019 Estimated Tract Median Family Income	\$75,337
2010 Tract Median Household Income	\$46,989

Census Population Information

Tract Population	4898
Tract Minority %	14.76
Number of Families	1287
Number of Households	2196
Non-Hispanic White Population	4175
Tract Minority Population	723
American Indian Population	0
Asian/Hawaiian/Pacific Islander Population	55
Black Population	117
Hispanic Population	505
Other/Two or More Races Population	48

Census Housing Information

Total Housing Units	2463
1- to 4- Family Units	1713
Median House Age (Years)	49
Owner-Occupied Units	1665
Renter Occupied Units	531
Owner Occupied 1- to 4- Family Units	1385
Inside Principal City?	YES
Vacant Units	287



Flood Hazard Zone

Flood Report

Address (from parcels)	201 E MCNAB RD
FEMA Data Source	DFIRM - Digital Flood Information Rate Map
Inside Special Flood Hazard Area?	OUTSIDE SPECIAL FLOOD HAZARD AREA
Risk Level	MODERATE RISK AREAS
Flood Zone(s)	X500
Description(s)	X500 = 500-YEAR FLOODPLAIN
Base Flood Elevation	-9999.000000000
NFIP Community Name	CITY OF POMPANO BEACH
County	BROWARD
State	Florida
NFIP Community Number	120055
NFIP Map Number or Community Panel Number	12011C0378H
Inside CBRA?	FALSE
CBRA Type	N/A
Map Panel Effective Date	8/18/2014
LOMA/LOMR (yes/no)	UNKNOWN - check map
LOMA/LOMR Date	UNKNOWN - check map



Assessed Value and Taxes

Assessed Value and Taxes 201-203 East McNab Road, Pompano Beach, Fla Callaway & Price, Inc. 30-80422					
Folio Number	Allocations	2019 Assessed Value	2019 Ad Valorem Taxes	2019 Non Ad Valorem Taxes	2019 Total Taxes
49-42-01-00-0720	Land	N/A			
	Improvements	N/A			
	Total	\$358,210	\$7,675.65	\$577.65	\$8,253.30



Property History

No title history was provided, nor was a title search performed by this office. According to the Broward County Property Appraiser's Office, the owner of record for the Subject is PIW Restaurant Inc. It has been under this ownership for more than 10-years. To the best of our knowledge, the Subject is not listed for sale or under contract as of the appraisal date.



DESCRIPTION OF IMPROVEMENTS

Land Improvements

The area of the site not occupied by the building or paving is nicely landscaped. Parking, along with the vehicle ingress/egress, is asphalt paved. There are approximately 21+/- parking spaces. Parking appeared adequate at the time of inspection. Additional improvements consist of concrete, brick and paver stone patios and a project sign. The site improvements were observed to be in average to good condition, in our opinion.

Building Improvements





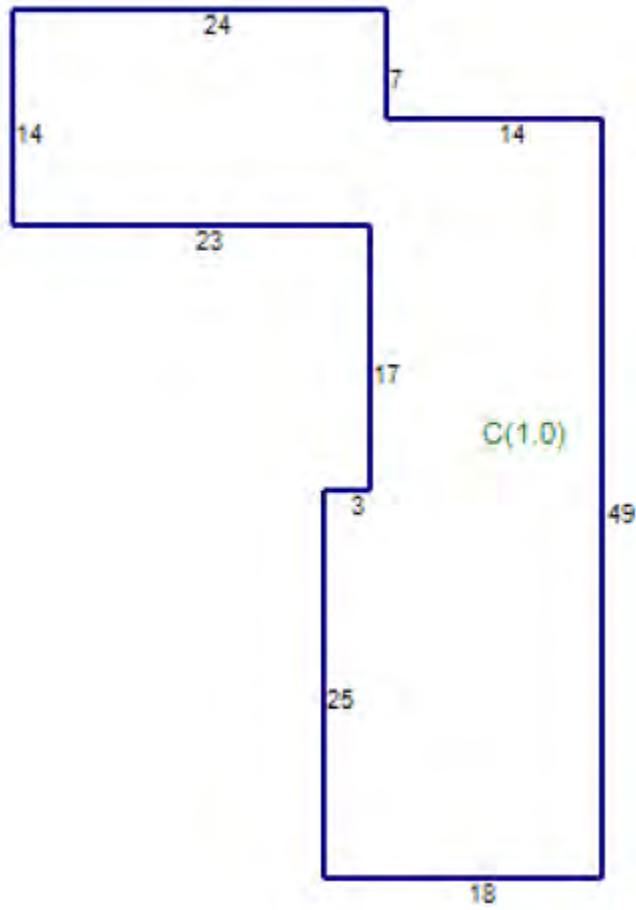
Description of Improvements

Type of Building	:	Restaurant with residential single-family residence
Date of Construction	:	1950
Height	:	One-story
Type of Construction	:	Masonry
Roof	:	Gable-type with asphalt shingle
Exterior Walls	:	Painted stucco
Windows	:	Fixed and single hung in aluminum frames
Floor	:	Various floor coverings including tiles and carpet
Interior Walls	:	Primarily painted drywall
Ceilings	:	Various including exposed wood, acoustical drop type in a metal grid system and painted drywall
Air Conditioning & Heat	:	Central system
Electricity	:	Assumed adequate
Lighting	:	Fluorescent and incandescent
Plumbing	:	Adequate. Restaurant has 2 restrooms, along with typical plumbing (sinks, etc.) for restaurant use. Single family home has two bathrooms
Contains	:	The restaurant building contains 1,139+/- square feet of leasable area and has an indoor seating capacity of approximately 40 persons, and outdoor seating of approximately 30 persons. The single family home contains two bedrooms/two baths and 864 square feet of area
Condition & Comments	:	The Subject Property building improvements are in average to good condition and there does not appear to be any major deferred maintenance. Overall, the functional utility of the improvements appears to be good and typical for its intended and current uses. Sketches of the building improvements can be found on the following page.

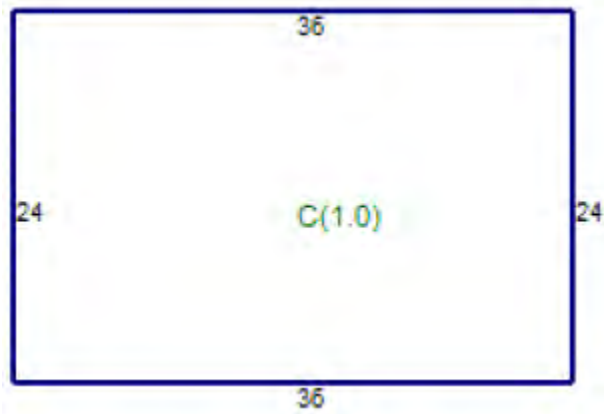


Description of Improvements

Restaurant



Residential Single Family





Description of Improvements

Based on the physical condition of the property, we estimated the Subject has an economic life as follows:

Total Economic Life	:	50 years
Actual Age	:	70 years
Effective Age	:	30 years
Remaining Economic Life	:	20 years
Indicated Depreciation	:	60%

It should be noted that many of the properties in the area of the Subject were constructed in the early 1950's through the 1970's and are still serving the purpose for which they were constructed. Therefore, in this location, the concept of economic life has little meaning since it is quite likely that with occasional remodeling and renovations, the Subject Property might well have an indefinite economic life.



HIGHEST AND BEST USE

The Dictionary of Real Estate Appraisal, Sixth Edition 2015, by the Appraisal Institute defines Highest and Best Use on page 109 as follows:

1. "The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity."
2. "The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS)"
3. "The highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)."

To estimate the Highest and Best Use of the Subject, we have considered those uses which are legally permissible, physically possible, economically feasible, and maximally productive. Consideration was given to individual features of the land such as size, shape, location, access to roadways, and the availability of utilities. Consideration was also given to the surrounding land uses and the demand for property in the current real estate market.

In cases where properties are improved, the Highest and Best Use of the site "as though vacant" and the Highest and Best Use of the property "as improved" may be different. This is due to the principle of "contribution" which holds that if an improvement adds value to the site over and above land value, the Highest and Best Use of the property is as improved until such time as the improvements add no contributory value to the property.

Conclusion

It is our opinion that the current improvements represent the Highest and Best Use of the Subject Property for the following reasons:

1. The existing improvements are a legal non-conforming use per the zoning and land use plan designations by the City of Pompano Beach, Florida. They are allowed and permitted to be utilized for their existing uses.



2. The physical attributes of the Subject site are obviously sufficient to accommodate the existing uses, as the buildings already exist. They are in average to good condition and would not be demolished in favor of an alternative use at this time, in our opinion.
3. When determining the financially feasible use of a property "as improved", we must analyze whether the improvements add value to the site over and above the land value itself. The existing improvements are in average to good condition and have operated "as is" for many years. The Subject Property appears feasible based on current market conditions and its history. We can conceive of no other alternative use that would justify the razing or radically changing of the existing improvements as of the appraisal date (see following paragraph).

Additionally, the improvements represent a substantial monetary investment and contribute significantly to the overall property value over and above the land value alone. Restructuring or replacing the existing improvements are not practical at this time. The Highest and Best Use of the Subject Property "as improved" will remain the same until such a time that the improvements add no contributory value to the site.

4. Therefore, by definition, when the above reasons exist, the Subject improvements represent the Highest and Best and Maximally Productive Use of the Subject Property as improved. The most typical purchaser for the Subject would be an owner/user/investor, in our opinion.



SALES COMPARISON APPROACH

The Dictionary of Real Estate Appraisal, Sixth Edition 2015, by the Appraisal Institute defines Sales Comparison Approach on page 207 as follows:

"The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant when an adequate supply of comparable sales is available."

The Subject Property is improved with two, detached buildings. The first is a one-story, masonry restaurant building containing 1,139+/- square feet of leasable area. The second is a two bedroom/two bath residential building containing 864+/- square feet of leasable area. The improvements were constructed in 1950 according to the Broward County Property Appraiser's Office and were in average to good condition as of the date of valuation, in our opinion. The buildings are 100% occupied.

In our analysis, we will break up the Subject into its two use categories; a restaurant and a residential building; analyze data for each component and provide a value conclusion for both to estimate the Subject's real estate only value.

In order to estimate the Market Value of the Subject Property by the Sales Comparison Approach a search was made for recent sales of properties considered similar to the Subject Property. We analyzed the comparables based on a price per square foot of leasable/livable building area basis, as this is the most recognized unit of comparison in this market. Adjustments were made to the comparables to account for differences from the Subject.

Adjustments considered included property rights conveyed, conditions of sale, financing, time or market conditions, location, building age and condition, outdoor seating areas, building size, occupancy and land to building ratios of the properties at time of sale. Sales charts and details of the sales utilized, along with a location map, are located on the following pages, followed by a discussion.



Sales Comparison Approach

Discussion of Improved Restaurant Sales

As shown below, our search revealed five sales of properties located in the Subject's market area. We analyzed the Subject and the comparables on a price square foot of building area basis, which is the most common unit of comparison used by participants in this market. The data is summarized below:

Improved Restaurant Sales Summary 201-203 East McNab Road, Pompano Beach, Fla Callaway & Price, Inc. 20-80422						
Sale No	1	2	3	4	5	
Instrument #	116263145	116100471	116103167	115732858	115308432	
Record ID	10266	10267	10181	10273	10278	
Building Name	N/A	N/A	N/A	N/A	N/A	N/A
Address	3064 N Andrews Ave Wilton Manors	1551 NW 6th St Ft. Lauderdale	1190 E Commercial Blvd Oakland Park	499 E Oakland Prk Blvd Oakland Park	1441 S Dixie Hwy Pompano Bch	
Sale Date	Feb-20	Dec-19	Oct-19	Oct-19	Apr-19	Aug-18
Effective Sale Price	-	\$525,000	\$300,000	\$1,618,500	\$1,325,000	\$290,000
Year Built	1950	1955	1958	1974	1971	1972
Age at Sale	70 years	64 years	61 years	45 years	48 years	46 years
Building Area (sqft)	1,139	1,189	1,180	2,964	2,172	896
Price per Sq.ft.	-	\$441.55	\$254.24	\$546.05	\$610.04	\$323.66
Occupancy at Sale	100%	0%	Owner user	0%	Owner user	Owner user
Land Area (sqft)	16,517	19,226	4,893	24,750	14,019	5,037
Land to Building Ratio	8.25:1.0 (1)	16.17:1.0	4.15:1.0	8.35:1.0	6.45:1.0	5.62:1.0
ADJUSTMENT CONSIDERATIONS						
Financing	Market	Market	Market	Market	Market	Market
Adjustment	0%	0%	0%	0%	0%	0%
Adjusted Price/Sqft	\$441.55	\$254.24	\$546.05	\$610.04	\$610.04	\$323.66
Conditions of Sale	Market	Market	Market	Market	Market	Market
Adjustment	0%	0%	0%	0%	0%	0%
Adjusted Price/Sqft	\$441.55	\$254.24	\$546.05	\$610.04	\$610.04	\$323.66
Market Conditions	Similar	Similar	Similar	Similar	Similar	Have Improved
Adjustment	0%	0%	0%	0%	0%	5%
Adjusted Price/Sqft	\$441.55	\$254.24	\$546.05	\$610.04	\$610.04	\$339.84
Other Adjustments						
Location	-5%	25%	-10%	-10%	-10%	10%
Building Age/Condition	0%	0%	-5%	-5%	-5%	-5%
Outdoor Seating	10%	10%	10%	10%	10%	10%
Building Size	0%	0%	5%	5%	0%	0%
Occupancy	0%	0%	0%	0%	0%	0%
Land to Building Ratio	-5%	5%	0%	0%	0%	5%
Net Adjustment	0%	40%	0%	0%	0%	20%
Adjusted Price per Sqft	\$441.55	\$355.93	\$546.05	\$610.04	\$610.04	\$407.81
(1) Overall ratio including residential unit				Mimumum	\$355.93	
				Maximum	\$610.04	
				Average	\$472.28	
				Average without high and low	\$465.14	



Improved Sale No. 1



Property Identification

Record ID 10266
Property Type Restaurant, Commercial
Property Name N/A
Address 3064 North Andrews Avenue, Wilton Manors, Broward County, Florida 33311
Location Southeast corner of East Oakland Park Boulevard and North Andrews Avenue
Tax ID 4942 27 17 0200
Legal Description Por Lts 1&2, Blk 2, Almar Ests Resub, PB 32, PG 36 & por Tr A PB 43, PG 30
Sec/Township/Range 27/49/42

Sale Data

Grantor University of Florida Foundation, Warrington Family Limited Partnership
Grantee Andrews Avenue Wilton Manors, LLC
Sale Date December 30, 2019
Deed Book/Page 116263145
Financing Cash to seller
Sale Price \$525,000

Land Data

Land Size 0.441 Acres or 19,226 SF
Front Footage East Oakland Park Boulevard; North Andrews Avenue;

General Physical Data

Building Type Single Tenant
Leasable SF 1,189
Construction Type Masonry



Improved Sale No. 1 (Cont.)

Roof Type	Flat, built-up
Stories	1
Year Built	1955
Condition	Average

Indicators

Sale Price/Leasable SF	\$441.55
Floor Area Ratio	0.06
Land to Building Ratio	16.17:1
Occupancy at Sale	0%

Remarks

Average quality restaurant that appears to be a converted service station. Building area shown does not include a covered canopy area containing approximately 622 square feet. Buyers plans for the property were not provided.



Improved Sale No. 2



Property Identification

Record ID	10267
Property Type	Restaurant, Commercial
Property Name	N/A
Address	1551 NW 6th Street, Fort Lauderdale, Broward County, Florida 33311
Location	NW corner of NW 6th Street & NW 15th Way
Tax ID	5042 04 23 0070
Legal Description	DORSEY PARK 19-5 B LOT 13 LESS RD BLK 1
Sec/Township/Range	4/50/42

Sale Data

Grantor	Cut On This LLC
Grantee	1551 Sistrunk, LLC
Sale Date	October 30, 2019
Deed Book/Page	116100471



Improved Sale No. 2 (Cont.)

Marketing Time 2.80+/- months
Financing Cash to seller

Sale Price \$300,000

Land Data

Land Size 0.112 Acres or 4,893 SF
Front Footage 55 ft NW 6th Street;

General Physical Data

Building Type Single Tenant
Leasable SF 1,180

Construction Type Masonry
Roof Type Flat, built-up
Stories 1
Year Built 1958
Condition Average

Indicators

Sale Price/Leasable SF \$254.24
Floor Area Ratio 0.24
Land to Building Ratio 4.15: 1
Occupancy at Sale Owner user

Remarks

The building is a restaurant which was purchased by an owner user. Property was listed for \$349,000, and previously sold in June 2017 for \$160,000.



Improved Sale No. 3



Property Identification

Record ID	10181
Property Type	Restaurant, Commercial
Property Name	N/A
Address	1190 E Commercial Boulevard, Oakland Park, Broward County, Florida 33334
Location	SW corner of E Commercial Boulevard and NE 12th Avenue
Tax ID	4942-14-00-0521
Legal Description	Lengthy, portion of Sec 14, Twnshp 49, Rng 42
Sec/Township/Range	14/49/42



Improved Sale No. 3 (Cont.)

Sale Data

Grantor 1190 E Commercial, LLC
Grantee VDM Oakland Park Retail, LLC
Sale Date October 03, 2019
Deed Book/Page 116103167
Marketing Time 6 months +/-
Financing Cash to Seller

Sale Price \$1,618,500

Land Data

Land Size 0.568 Acres or 24,750 SF
Front Footage Commercial Boulevard; NE 12th Avenue;

General Physical Data

Building Type Single Tenant
Net Rentable SF 2,964

Construction Type CBS/Stucco
Roof Type Flat
Stories 1
Year Built 1974 Renovated in 2005
Condition Good

Indicators

Sale Price/Net \$546.05
Rentable SF
Floor Area Ratio 0.13
Land to Building Ratio 8.35:1
Occupancy at Sale 0%

Remarks

This restaurant building was vacant at the time of sale. The property was marketed for approximately 6 months prior to going under contract. The property was formerly a Burger King restaurant and most recently a BBQ restaurant. The buyers operate a chicken fast food restaurant chain and purchased the property to expand their market presence. The property was observed to be in good condition.



Improved Sale No. 4



Property Identification

Record ID	10273
Property Type	Retail
Property Name	N/A
Address	499 East. Oakland Park Boulevard, Oakland Park, Broward County, Florida 33334
Location	Northwest corner of NE 5th Avenue and East Oakland Park Boulevard
Tax ID	49-42-23-05-6340
Legal Description	E 120 ft Lts 16-18, Blk 91, Oakland Park Second Add, PB 1, PG 39
Sec/Township/Range	23/49/42

Sale Data

Grantor	The Marias, LLC
Grantee	WN Properties & Investments LLC
Sale Date	April 09, 2019
Deed Book/Page	115732858
Marketing Time	11.5+ \- months
Financing	Cash to seller



Improved Sale No. 4 (Cont.)

Sale Price \$1,325,000

Land Data

Land Size 0.322 Acres or 14,019 SF

Front Footage East Oakland Park Boulevard; NE 5th Avenue;

General Physical Data

Building Type Single Tenant

Leasable SF 2,172

Construction Type CBS/metal/stucco

Roof Type Flat, built-up

Stories 1

Year Built 1971

Condition Average

Indicators

Sale Price/Leasable SF \$610.04

Floor Area Ratio 0.15

Land to Building Ratio 6.45:1

Occupancy at Sale Owner occupancy

Remarks

This is a former restaurant building that was purchased for a medical marijuana dispensing facility. The property was observed to be in average condition at the time of sale and was vacant. Property had been listed for \$1,450,000, and previously sold in March 2017 for \$675,000.



Improved Sale No. 5



Property Identification

Record ID	10278
Property Type	Restaurant, Commercial
Property Name	N/A
Address	1441 South Dixie Highway, Pompano Beach, Broward County, Florida 33060
Location	Northwest corner of SE Dixie Highway and SW 14th Court
Tax ID	4942 02 10 0170
Legal Description	Lots 1 and 2, Blk 2, Amended Plat of Pen-Mar PB 12, PG 36
Sec/Township/Range	02/49/42

Sale Data

Grantor	DNA Sottinis Holding LLC
Grantee	Diana Castro
Sale Date	August 30, 2018
Deed Book/Page	115308432
Financing	Cash to seller
Sale Price	\$290,000



Improved Sale No. 5 (Cont.)

Land Data

Land Size 0.116 Acres or 5,037 SF
Front Footage SE Dixie Highway; SW 14th Court;

General Physical Data

Building Type Single Tenant
Leasable SF 896

Construction Type Masonry
Roof Type Flat, built-up
Stories 1
Year Built 1972
Condition Average

Indicators

Sale Price/Leasable SF \$323.66
Floor Area Ratio 0.18
Land to Building Ratio 5.62:1
Occupancy at Sale Owner occupancy

Remarks

Average quality restaurant sold by an owner user.



IMPROVED RESTAURANT SALES



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Property Rights Conveyed

All the sales in this analysis were transferred on a Fee Simple Estate basis. We are also unaware of any adverse deed restrictions or any other property rights limitations which would have affected the sales. Therefore, no adjustment was considered necessary for property rights conveyed.

Terms of Financing (Cash Equivalency)

The first adjustment considered was for advantageous financing. Since all the sales took place under typical financing terms, no adjustments were required, nor were any cash equivalencies performed on the sales.

Conditions of Sale

Adjustments for conditions of sale usually reflect the motivations of the buyer and seller at the time of conveyance. In our opinion, no adjustments were required to the sales for this factor.

Time or Changes in Market Conditions

Market conditions generally change over time and may be caused by inflation, deflation, fluctuations in supply and demand, or other factors. The comparable sales occurred from August 2018 (Sale 5) to December 2019 (Sale 1). In our opinion, market conditions have improved since the date of Sale 5, and it was adjusted upward for improving market conditions. The remaining sales were considered to be reflective of current market conditions and no adjustments were made for this factor.

Location

The Subject Property is considered to have a good location on East McNab Road. McNab Road is a secondary commercial thoroughfare that runs east and west through north/central Broward County. It does not have an interchange to I-95. In our opinion, Sales 1, 3 and 4 were located in areas that were superior to the Subject, and they were adjusted downward for this factor. On the other hand, Sales 2 and 5 were considered to have an inferior locations based on the surrounding development as compared to the Subject, and they were adjusted upward for this locational difference.

Building Age/Condition

The Subject building was originally constructed in 1950 and was in average to good condition, in our opinion. Sale 3, 4 and 5 were newer buildings, and in our opinion, they required a downward adjustment for this difference. Sales 1 and 2 were reasonably similar to the Subject in terms of building age/condition, and they were not adjusted for this factor.



Outdoor Seating

The Subject has a total seat capacity of approximately 70 person, with 30+/- seats being located on a landscaped patio. All the sales were considered inferior to the Subject in this respect and they were adjusted upward for this difference.

Building Size

The Subject Property contains a total of 1,139+/- square feet. The comparable sales range in size from 896 to 2,964 square feet of building area. Typically, larger properties will sell for less on a price per square foot basis than smaller properties, all other things being equal, and vice versa. Sales 3 and 4 were larger than the Subject and they were adjusted upward slightly on the price per square foot basis for their larger size, lower price per square foot characteristic. Sales 1, 2 and 5 were reasonably similar in terms of size and were not adjusted for this factor.

Occupancy

Typically, properties that are fully leased generally sell for higher prices than those which are not at a stabilized occupancy level. This is more applicable for multitenant properties versus single tenant properties like the Subject. Sales 2, 4 and 5 were purchased for owner occupancy. They were not adjusted for this factor. Sales 1 and 3 were vacant at time of sale, but this gives the buyers the flexibility to use for owner occupancy or find and lease the property to a tenant they choose. They were not adjusted for occupancy differences.

Land-to-Building Ratio

This is an important consideration in the analysis of this type of property since a higher ratio can indicate additional land available for expansion, more paved areas for parking and/or more open landscaped areas. The Subject has an overall land to building ratio (including the residential units building area) of 8.25:1.0, or 8.25 square feet of land for every square foot of building. Sale 1 had a superior ratio and it was adjusted downward for this factor. On the other hand, Sales 2 and 5 had inferior ratios in our opinion, and they were adjusted upward for this difference. Sales 3 and 4 had reasonably similar ratios and were not adjusted for this factor.

Conclusion – Sales Comparison Approach – Restaurant Component

As can be seen on the comparable sales chart displayed earlier, after adjustments the comparables indicated values ranging from \$355.93 to \$610.04 per square foot of building area, with an average of \$472.28 per square foot. If the high and low ends of the range are eliminated, the average equated to \$465.14 per square foot.

Based on the indications from the comparable sales, and considering the Subject's location, age and condition, and attributes, and considering current market conditions, it is our opinion that the indicated Market Value of the Subject Property's



Sales Comparison Approach

restaurant component via the Sales Comparison Approach was approximately \$450.00 to \$475.00 per square foot of leasable building area. Therefore, our opinion of the value of the restaurant portion of the Subject Property by the Sales Comparison approach is calculated below:

$$1,139 \text{ sqft} \times \$450.00 \text{ /sqft} = \$512,550$$

$$1,139 \text{ sqft} \times \$475.00 \text{ /sqft} = \$541,025$$

$$\text{Say, } \underline{\underline{\$525,000}}$$



Sales Comparison Approach

Discussion of Improved Residential Sales

As shown below, our search revealed six sales of residential properties located in close proximity to the Subject Property. We analyzed the Subject and the comparables on a price square foot of building area basis. The data is summarized below:

Improved Residential Sales Summary 201-203 East McNab Road, Pompano Beach, Fla Callaway & Price, Inc. 20-80422								
Sale No		1	2	3	4	5	6	
Instrument #		116319389	116172056	115946098	115834604	115741359	115541514	
Address	Subject Property	173 S Cypress Rd Pompano Bch	01 E McNab Rd #425 Pompano Bch	99 E McNab Rd #101 Pompano Bch	248 SW 2nd Terr Pompano Bch	140 SW 12th St Pompano Bch	242 SW 1st Terr Pompano Bch	
Property Type		Single Family	Condominium	Condominium	Single Family	Single Family	Single Family	
Bed/Bath		2/2	3/2	2/1	3/2	2/2	3/2	
Effective Sale Price		Feb-20 -	Jan-20 \$285,000	Nov-19 \$127,000	Jul-19 \$112,000	May-19 \$339,900	Apr-19 \$345,000	Jan-19 \$265,000
Year Built		1950	1956	1972	1978	1958	1958	1957
Age at Sale		70 years	64 years	47 years	41 years	61 years	61 years	62 years
Building Area (sqft)		864	1,828	1,000	683	1,468	1,584	1,773
Price per Sq.ft.		-	\$155.91	\$127.00	\$163.98	\$231.54	\$217.80	\$149.46
Land Area (sqft)		16,517	11,590	N/A	N/A	7,500	7,866	7,500
Land to Building Ratio		8.25:1.0 (1)	6.34:1.0	N/A	N/A	5.10:1.0	4.97:1.0	4.23:1.0
(1) Overall ratio including restaurant							Minimum all sales	\$127.00
							Maximum all sales	\$231.54
							Average all sales	\$174.28
							Average without high and low all sales	\$171.79
							Minimum single family sales	\$149.46
							Maximum single family sales	\$231.54
							Average single family sales	\$188.68
							Average without high and low single family sales	\$186.86

A sale location map for the comparables is shown on the following page.



Sales Comparison Approach

IMPROVED RESIDENTIAL SALES



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Sales Comparison Approach

Conclusion – Sales Comparison Approach – Restaurant Component

As can be seen, we have analyzed sales of both single family homes and condominiums located in very close proximity to the Subject Property. Overall, the sales ranged from \$127.00 to \$231.54 per square foot. For all the sales, the average equated to \$174.28 per square foot. If the high and low ends of the range are eliminated, the average equated to \$171.79 per square foot.

The single family sales ranged from \$149.46 to \$231.54 per square foot, with an average of \$188.68 per square foot. If the high and low ends of the range are eliminated, the average equated to \$186.86 per square foot.

Based on the indications from the comparable sales, and considering the Subject's location, age and condition, and attributes, and considering current market conditions, and giving more weight to the single family sales, it is our opinion that the indicated Market Value of the Subject Property's residential component via the Sales Comparison Approach was approximately \$180.00 to \$190.00 per square foot of leasable building area. Therefore, our opinion of the value of the residential portion of the Subject Property by the Sales Comparison approach is calculated below:

$$\begin{array}{r} 864 \text{ sqft} \times \$180.00 \text{ /sqft} = \$155,520 \\ 864 \text{ sqft} \times \$190.00 \text{ /sqft} = \$164,160 \\ \text{Say,} \quad \underline{\underline{\$160,000}} \end{array}$$

Overall Sales Comparison Approach Conclusion

Combining the two valuation components comprising the Subject indicates a total market value by the Sales Comparison Approach as follows:

Value of Restaurant Component	\$525,000
Value of Residential Component	<u>\$160,000</u>
Total	<u>\$685,000</u>



INCOME CAPITALIZATION APPROACH

The Dictionary of Real Estate Appraisal, Sixth Edition 2015, by the Appraisal Institute defines Income Capitalization Approach on page 115 as follows:

"Specific appraisal techniques applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income."

The value estimate by the Income Capitalization Approach is based upon capitalization or discounting of the net income estimated for the Subject improvements. In our opinion, Direct Capitalization is the applicable method in this analysis. The steps involved in estimating the value of the Subject by this method are detailed below.

1. Estimate the potential gross income that can be generated by the Subject based upon market rent levels.
2. Estimate the applicable vacancy rate and operating expenses for the Subject Property and deduct them from the potential gross income to arrive at a net operating income.
3. Estimate an appropriate overall (or cap) rate based upon the current market conditions for properties similar to the Subject.
4. Capitalize the net operating income into an indication of Market Value utilizing a market oriented overall rate.

Estimate of Potential Income

The Subject Property is improved with two, detached buildings. The first is a one-story, masonry restaurant building containing 1,139+/- square feet of leasable area. The second is a two bedroom/two bath residential building containing 864+/- square feet of leasable area. The improvements were constructed in 1950 according to the Broward County Property Appraiser's Office and were in average to good condition as of the date of valuation, in our opinion. The buildings are 100% occupied.

As previously discussed, we will break up the Subject into its two use categories; a restaurant and a residential building and analyze market rental data for each component in the estimation of market value by the Income Capitalization Approach.

In order to estimate the Subject's potential income, we have surveyed similar type rental properties in the Subject's market area. The following pages summarize some of the properties considered to be similar to the Subject Property.



Income Capitalization Approach

Discussion of Comparable Restaurant Rents

Shown below are the comparable rents for similar properties followed by a location map and project photographs.

Restaurant Rent Comparables 201-203 East McNab Road, Pompano Beach, Fla Callaway & Price, Inc. 20-80422							
No	Location	Sqft Available	Year Built	Asking Rental Rate /sqft	Lease Type	Overall Bldg Occup Rate	Comments
1	1417 NE 26th St Wilton Manors	3,571	1965	\$35.00	Net	N/A	One story single tenant restaurant. Bldg is also for sale for \$2,999,999. Negotiable term
2	801-819 NE 2nd Ave Ft. Lauderdale	17,858	1969	\$30.00	Net	26%	One story retail center currently being renovated. Bays range from 1,024 to 17,858 sqft available. Negotiable term
3	3064 N Andrews Ave Wilton Manors	1,189	1955	\$68.00	Net	0%	Comp is the same as Sale 1 in the Sales Comparison Approach. Negotiable term
4	2715 E Atlantic Blvd Pompano Beach	9,000	1971	\$25.00	Net	0%	One story retail/office center. Available bays 1,400 to 9,000 sqft. 3-5 year term
5	4300 Broward Blvd Ft. Lauderdale	700	1961	\$50.00	Gross	0%	One story single tenant restaurant. Negotiable term
6	2822 E Commercial Blvd Ft. Lauderdale	2,508	1967	\$40.00	Net	100%	Actual lease info for a single tenant restaurant. Lease commenced in Jan 2019 and is for 5-years
7	1190 E Commercial Blvd Oakland Park	2,964	1974	\$32.00	Net	100%	One story single tenant retail bldg. Asking rent. Actual rent was N/A. Comp is the same as Sale 3 in the Sales Comparison Approach
	Subject	1,139	1950	-	-	100%	



RESTAURANT RENT COMPARABLES



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Income Capitalization Approach



COMP 1



COMP 2



Income Capitalization Approach



COMP 3



COMP 4



Income Capitalization Approach



COMP 5



COMP 6



COMP 7

The Subject is owner occupied and has been for many years. All of the rent comparables but one are basing their leases on a net lease, wherein all operating expenses are passed through to the tenants on a pro-rata basis. This type of lease protects the landlord from increasing overhead and leaves him/her responsible for those expenses associated with vacant space only. One of the comparables is offering space on a gross lease wherein the tenant pays one set figure for rent from which the landlord must pay all operating expenses. We will estimate the Subject's market rent based on a net lease.

The locational attributes, building design, services included, adequacy of parking, as well as the age, condition and quality of the competing buildings, are significant determinants of rent levels and lease types as is supply and demand for this type of space.

Market Rent Conclusion - Restaurant

The comparables indicated net rents ranging from \$25.00 to \$68.00 per square foot, with one of the comparables quoting a gross rent of \$50.00 per square foot. Based on the data, we have concluded at a market rent of \$35.00 per square foot net. This is reasonable, in our opinion, given all of the Subject's attributes.



Income Capitalization Approach

Discussion of Comparable Residential Rents

Shown below are the comparable rents for similar properties followed by a location map and project photographs.

Residential Rent Comparables 201-203 East McNab Road, Pompano Beach, Fla Callaway & Price, Inc. 20-80422							
No	Location	Property Type	Bed/Bath	Size in sqft	Year Built	Asking Rent	Asking Rental Rate /sqft
1	1071 SW 4th Ave Pompano Beach	Single Family	3/2	1,292	1955	\$2,145	\$1.66
2	1320 SW 2nd Ave Pompano Beach	Single Family	2/1	1,207	1957	\$2,000	\$1.66
3	199 E McNab Rd #208 Pompano Beach	Condominium	2/2	656	1978	\$1,400	\$2.13
4	120 Cypress Club Dr #221 Pompano Beach	Condominium	2/2	966	1972	\$1,650	\$1.71
	Subject	Single Family	2/2	864	1950	-	-



RESIDENTIAL RENT COMPARABLES



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Income Capitalization Approach



COMP 1



COMP 2



Income Capitalization Approach



COMP 3



COMP 4



Market Rent Conclusion - Residential

As can be seen, we have surveyed several single family homes and condominium units located in close proximity to the Subject Property in order to estimate a reasonable market rent for the Subject's residential unit. The comparables indicated rents ranging from \$1,400 to \$2,145 per month, for units ranging in size from 656 to 1,292 square feet. On a per square foot basis, the data ranged from \$1.66 to \$2.13. Based on the data, we have concluded at a market rent of \$1,500 per month for the Subject, or \$1.74 per square foot. This is reasonable, in our opinion, given all of the Subject's attributes.

Vacancy and Collection Loss

The Subject is currently 100% occupied. Even though, it is reasonable to assume the property would experience some vacancy or collection loss over a typical investor holding period. According to the *CoStar Group, Inc.*, Fort Lauderdale had a February 2020 overall retail vacancy rate of 4.10%. Further, according to research prepared by Reinhold P. Wolff Economic Research, Inc., the Broward County residential apartment market had an overall vacancy rate of 3.9%, with the Subject's Pompano Beach area having a 4.5% vacancy rate as of November 2019 (most recent data available). Based on the data, we have concluded at a stabilized occupancy of 95% for the Subject, indicating a 5% vacancy and collection loss estimate.

Operating Expense Analysis

As noted in a previous paragraph, our estimate of market rent for the restaurant space is based on a net lease, where the tenant is responsible for reimbursing all operating expenses. The rent estimate for the residential unit is gross, with the landlord responsible for all expenses except tenant utilities. Expenses involved in the operation of income properties like Subject include real estate taxes, insurance on the buildings, common area maintenance of the building and grounds, reserves, as well as management.

Real Estate Taxes

Real estate taxes typically account for a sizable portion of the total property expenses. The Subject is assessed and taxed under one folio number, with no allocation between the two components. Given that the restaurant space is presumed to be leased on a net lease basis, and utilizes the majority of the property, we are concluding that the restaurant tenant would be responsible for payment of the entire real estate tax bill. Therefore, the landlord's responsibility would be \$0.



Insurance

In our opinion, the restaurant tenant would be responsible for the insurance on the restaurant building, with the landlord having no insurance responsibility except for the expenses attributable to the residential building. We have concluded at an annual insurance expense of \$1,000 for the residential building.

Maintenance

This expense includes the costs incurred in the upkeep of the buildings and grounds. Again, given the net lease nature of the assumed restaurant lease, all maintenance expenses would be borne by the restaurant tenant, with the landlord having no maintenance responsibility except for the expenses attributable to the residential building. We have concluded at an annual maintenance expense of \$1,300 for the residential building on a stabilized basis.

Reserves

Reserves are a category where the landlord escrows a certain amount of net operating income each year to defray the costs of non-recurring structural and mechanical repairs and/or replacements. This expense is usually incurred on a "pay as you go" basis and may vary widely over the term of ownership. However, prudent owners within the marketplace are providing for these costs in their annual expense budgets. We have included a reserve for replacement of \$.15 per square foot of buildings, or \$300. This expense is typically not reimbursable.

Restaurant Miscellaneous

Even though the restaurant lease is assumed to be net, it is our opinion that it is reasonable to include a miscellaneous expense for any unforeseen expenses the landlord may incur for the restaurant building over the assumed holding period. We have concluded at an expense of 2% of the restaurant's effective gross income, or \$757 (\$39,865 potential income less 5% times 2%).

Management

Income producing properties like the Subject require supervision in the collection of rents, tenant relations and making sure maintenance is performed adequately. These charges are proper expenses of operation, whether they are contracted to an outside management company, or provided by the property owner. This expense is usually quoted on a percentage of effective gross income (EGI) and typically ranges between 3% and 5%. We have concluded that a management expense of 4% of EGI is reasonable and market oriented given the dollars involved and the relatively small number of tenants.



Income Capitalization Approach

Expense Summary

The expense estimates for the Subject are shown below and indicate a total annual expense of \$5,556.

Landlord Expenses		
Insurance Residential Unit		(\$1,000)
Maintenance Residential Unit		(\$1,300)
Reserves		(\$300)
Restaurant Miscellaneous	2%	(\$757)
Management	4% of EGI	<u>(\$2,199)</u>
Total Operating Expenses		<u>(\$5,556)</u>



Overall Rate Selection

The Dictionary of Real Estate Appraisal, by the Appraisal Institute, Sixth Edition, 2015 defines Capitalization on page 165 as follows:

"The relationship between a single year's net operating income expectancy and the total property price or value ($R_o = I_o \div V_o$)."

In estimating an overall capitalization rate appropriate for the Subject, we have considered overall rates abstracted from the market, as well as the current mortgage/equity requirements.

Abstraction of Overall Rate

The equation utilized to abstract overall rates directly from market sales is as follows:

$$R_o = I/V$$

R_o = overall rate

I = net income

V = value (purchase price)

We were unable to derive an overall rate from the sales utilized in the Sales Comparison Approach. Therefore, we have included overall rates from other restaurant properties in the Subject's market area that indicate investor requirements for these types of properties. The data is summarized on the following page.



Income Capitalization Approach

Overall Rate Support 201-203 East McNab Road, Pompano Beach, Fla Callaway & Price, Inc. 20-80422			
<u>Instrument #</u>	<u>Sale Date</u>	<u>Location</u>	<u>Cap Rate</u>
116340498	Feb-20	5950 N Federal Hwy Ft. Lauderdale	5.50%
116122124	Oct-19	900 NE 20th Ave Ft. Lauderdale	8.00%
30896/1651	Sep-19	25 SE 6th Ave Delray Beach	5.00%
3076/2966	Aug-19	2660 SE Federal Hwy Stuart	5.84%
115951057	Jul-19	7700 W McNab Rd North Lauderdale	5.58%
30477/228	Mar-19	7900 S Dixie Hwy West Palm Beach	5.38%
115583346	Jan-19	2910 Hollywood Blvd Hollywood	6.96%
30020/660	Jul-18	100 N State Rd 7 Royal Palm Beach	6.55%
114969980	Mar-18	1239 S Federal Hwy Ft. Lauderdale	7.02%
		Average	6.20%

Overall Rate Conclusion – Direct Capitalization Summary

As can be seen, the overall rates obtained from the market indicated a fairly tight range from 5.00% to 8.00%, with an average indication of 6.20%. These rates take into account a number of factors, including the location and income producing capabilities of the properties along with the buyer's perceptions as to risk and future market conditions.



Income Capitalization Approach

Based on the data, we have concluded that an overall rate of 6.00% to 6.50% is reasonable, given all the Subject attributes and current market conditions. Therefore, our opinion of the Subject's value by the Income Capitalization Approach (Direct Capitalization) is shown below:

Direct Capitalization Summary				
201-203 East McNab Road, Pompano Beach, Fla				
Callaway & Price, Inc. 20-80422				
Potential Income				
Restaurant:	1,139 sqft	x	\$35.00 per sqft net	= \$39,865
Residential Unit:	1 unit	x	\$1,500 per mo x 12 mo	= <u>\$18,000</u>
Total Potential Income				\$57,865
Less Vacancy & Collection Loss		5%		<u>(\$2,893)</u>
Effective Gross Income (EGI)				\$54,972
Less, Landlord Expenses				
Insurance Residential Unit			(\$1,000)	
Maintenance Residential Unit			(\$1,300)	
Reserves			(\$300)	
Restaurant Miscellaneous	2% (1)		(\$757)	
Management	4% of EGI		<u>(\$2,199)</u>	
Total Operating Expenses				<u>(\$5,556)</u>
Net Operating Income (NOI)				\$49,415
CAPITALIZATION				
	<u>NOI</u>	<u>divided by</u>	<u>Overall Rate</u>	= <u>Value</u>
	\$49,415	divided by	6.00% =	\$823,578
	\$49,415	divided by	6.50% =	\$760,226
(1) 2% of Restaurant EGI			Say,	<u>\$790,000</u>



RECONCILIATION

The value indications by the applicable approaches as of the date of the appraisal assuming completion of the renovations are as follows:

Cost Approach	N/A
Sales Comparison Approach	\$685,000
Income Capitalization Approach	\$790,000

The Cost Approach is based on the assumption that a potential purchaser would pay no more for the property than the cost of constructing a substitute property with the same utility as the Subject. This approach is most reliable when the improvements are generally new and suffer from little depreciation, and it becomes less reliable when the improvements are older and suffer from large amounts of physical and other types of depreciation. Due to the age of the Subject ("bone structure" of the building is 70 years old) and the amount of depreciation, as well as market conditions existing as of the appraisal date, this approach was not considered to offer a reliable indication of value for the Subject, therefore it was not performed.

The Sales Comparison Approach is based upon the assumption that a potential and knowledgeable investor would pay no more for the property than the cost of acquiring an existing property with basically the same utility. The Sales Comparison Approach has been utilized in order to estimate the Market Value of the Subject by the comparison of similarly improved properties that have recently sold. The comparables used were the most recent and comparable sales available and were considered to offer a reasonable indication of value for the Subject, in our opinion.

The Income Capitalization Approach converts anticipated future benefits of property ownership into an estimate of present value. We have reviewed a number of properties in the Subject's area and performed a detailed analysis of rental rates, vacancy and collection losses, and operating expenses associated with comparable projects. Given that properties like the Subject Property are often purchased for investment purposes, this approach was considered to render a generally reliable indication of value for the Subject.

After careful consideration was given to the value indications of the applicable approaches, and giving consideration to both, it is our opinion that the Market Value of the Fee Simple Estate of the Subject as of the appraisal date was:

\$740,000



FF&E (Furniture, Fixtures, and Equipment)

A restaurant property is a unique form of real estate which consists of at least three components; land, improvements, and personal property. Furniture, Fixture and Equipment (FF&E) includes all restaurant food preparation equipment, kitchen equipment, walk-in freezers and coolers, bar and bar equipment, tables, chairs, booths, and small wares.

We are not qualified to appraise the equipment at the Subject. Therefore, at the direction of the client, we have included the Market Value of the Furniture, Fixtures & Equipment (FF&E) for the Subject Property based on the appraisal prepared by Allied Appraisal Services, Inc.(equipment appraisers) as of January 14, 2020, which is incorporated herein by reference and a portion of which is included in the Addenda.

The value indication for the equipment at the Subject is \$60,600

ADDENDA

ENGAGEMENT LETTER



Callaway & Price, Inc.

Real Estate Appraisers and Consultants

Licensed Real Estate Brokers

www.callawayandprice.com

Please respond to the South Florida office

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February 3, 2020

Greg Harrison
City Manager
City of Pompano Beach
100 West Atlantic Boulevard
4th floor
Pompano Beach, FL 33060

E-Mail: gregharrison@copbfl.com

Dear Mr. Harrison:

We would be pleased to prepare an Appraisal Report of the Cypress Nook restaurant located at 201 E. McNab Road in Pompano Beach, Florida. It is our understanding that the purpose of the appraisal is to estimate the Market Value of the Fee Simple Estate.

This report will be prepared for our client and intended user, City of Pompano Beach. The intended use is to assist the client for internal purposes. The scope of work performed is specific to the needs of the intended user and the intended use. No other use is intended, and the scope of work may not be appropriate for other uses.

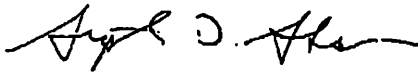
The fee would be \$3,000. The fee is due and payable upon delivery of the report. We will provide a PDF of the final report and a hard copy upon request.

We will have the report completed in approximately 2-3 weeks from the day we receive your authorization and information requested; **be aware that delays in our receipt of information requested could postpone completion.**

Greg Harrison
City Manager
City of Pompano Beach
February 3, 2020
Page Two

If the above is agreeable to you, please sign below as our authorization and return it so that we may begin work immediately. This agreement is subject to the Agreements and Conditions listed on the attached pages, a copy of which should also be signed and returned to us. Our work will be done in accordance with the Appraisal Institute Code of Ethics and Standards of Professional Practice. Thank you for the opportunity to be of service.

Respectfully submitted,
CALLAWAY & PRICE, INC.



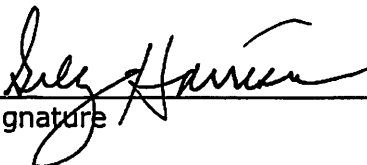
Stephen D. Shaw, MAI, AI-GRS
Cert.Gen. RZ1192

SDS/js
Attachments

Client:

City of Pompano Beach

Accepted By\Date:

 2-3-2020
Signature Date

Name and Title (Printed or Typed):



CONDITIONS OF AGREEMENT

1. **Premise:** The completed report shall comply with the professional and ethical standards of the Appraisal Institute. The report will be addressed to the Client, or, as directed by the Client.
2. **Compensation:** The fee is due and payable as designated in the contract letter; the retainer is to be sent to the Appraiser along with the signed contract letter, which constitutes authorization to commence the assignment. The Appraiser's/Consultant's compensation is in no event contingent upon a predetermined value or conclusion.
3. **Completion Date:** Every effort will be made to deliver the report as per the specified date in the contract letter. If delays occur for reasons beyond the control of the Appraiser/Consultant, such as not receiving necessary data requested from the Client in a timely manner, changes in the scope of services of the assignment, acts of God, et cetera, the due date shall be extended.
4. **Changes:** The Appraiser/Consultant shall, to the best of his ability, complete the assignment in compliance with professional and ethical standards of the appraisal industry. Changes which are not in keeping with these standards will necessitate a new contract letter and renegotiation of the original fee; or billed on a time basis plus the original fee.
5. **Cancellation:** This agreement may be cancelled by the Client by written notice, or telephone followed by written notice. Appraiser/Consultant shall submit a statement based on professional time and expenses accrued, if applicable, for all services expended to the date of cancellation.
6. **Additional Report Copies:** Additional copies will be furnished upon request, and prepayment of \$1 per page per report.
7. **Collection:** All fees and expenses are due upon delivery of the final report. A late charge of 1.5% per month shall be imposed on balances unpaid 30 days after the statement date. If collection efforts become necessary, all costs for same, including court costs and attorney's fees will be added to the balance due. We are currently operating under an agreement with a collection agency which charges us 53.8%. IF THEIR COLLECTION SERVICES ARE REQUIRED, CLIENT'S TOTAL BALANCE DUE WILL BE INCREASED BY 53.8%.
8. **Limiting Conditions:** This agreement and the completed report shall be subject to the attached Limiting Conditions (also included in said report).



Conditions of Agreement

9. **Confidential Data:** Data assembled for the assignment will remain the property of the Appraiser/Consultant. Data provided by the Client will be held in file, unless otherwise instructed by the Client, and considered confidential. Appraiser/Consultant is authorized by the Client to disclose the report to appropriate representative of the Appraisal Institute to comply with the Bylaws and regulations of this professional organization.

I hereby agree to the Conditions of Agreement outlined above.

Client's Name

Date of Acceptance



LIMITING CONDITIONS

1. Unless otherwise stated, the value appearing in this appraisal represents the opinion of the Market Value or the Value Defined AS OF THE DATE SPECIFIED. Market Value of real estate is affected by national and local economic conditions and consequently will vary with future changes in such conditions.
2. The value estimated in this appraisal report is gross, without consideration given to any encumbrance, restriction or question of title, unless specifically defined.
3. This appraisal report covers only the property described and any values or rates utilized are not to be construed as applicable to any other property, however similar the properties might be.
4. It is assumed that the title to the premises is good; that the legal description is correct; that the improvements are entirely and correctly located on the property described and that there are no encroachments on this property, but no investigation or survey has been made.
5. This appraisal expresses our opinion, and employment to make this appraisal was in no way contingent upon the reporting of predetermined value or conclusion.
6. No responsibility is assumed for matters legal in nature, nor is any opinion of title rendered. In the performance of our investigation and analysis leading to the conclusions reached herein, the statements of others were relied on. No liability is assumed for the correctness of these statements; and, in any event, the appraiser's total liability for this report is limited to the actual fee charged.
7. Neither all nor any part of the contents of this report (especially any conclusions, the identity of the appraiser or the firm with which he is connected, or any reference to the Appraisal Institute or any of its designations) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without our prior written consent and approval.
8. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. The appraiser assumes no responsibility for such conditions or the engineering which might be required to discover these factors.



Limiting Conditions

9. Unless otherwise stated in this report, the existence of hazardous substances, including without limitation stachybotrys chartarum (mold), asbestos, polychlorinated biphenyls, petroleum leakage, "Chinese drywall" 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 for 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 proximity thereto that would cause a loss in value. We are unaware of very wet conditions that may have existed for days or weeks which are required to grow mold. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them.

10. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. The appraiser has not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the 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 the value of the property. Since the appraiser has 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.

ALLIED EQUIPMENT APPRAISAL

AA FILE 1912-006A

**INVENTORY AND VALUATION
CYPRESS NOOK RESTAURANT
201 - 203 E MCNAB ROAD, POMPANO BEACH, FL 33060**

AS OF 1/14/2020

TOTAL PROPERTY

ID.	QTY.	DESCRIPTION OF PROPERTY APPRAISED	R.C.N.	DEP.	F.M.V.
BUSINESS EQUIPMENT (MOVEABLE)					
EXTERIOR					
1	3	EQUIPMENT, FREEZERS & COOLERS: 1 - CHEST FREEZER, KELVINATOR COMMERCIAL APPROX. 4 FT. L 1 - ICE MACHINE, ICE-O-MATIC, 30 IN. OPENING 1 - KEGERATOR, TRUE, STAINLESS STEEL TOP, APPROX. 6 FT. L ESTIMATED PHYSICAL CONDITION: GOOD MARKET DATA REFERENCE NUMBER: 1	1,850	35	1,203
2	17	PATIO FURNITURE: 7 - PICNIC TABLES, WOOD, APPROX. 6 FT. L 1 - PICNIC TABLE, CHILDREN SIZE, APPROX. 4 FT. L, 3 - SEATING WITH TABLE PORTION, ADIRONDACK STYLE, CUSTOM-MADE, APPROX. 5 FT. 6 - CHAIRS, PLASTIC, STACK ESTIMATED PHYSICAL CONDITION: GOOD MARKET DATA REFERENCE NUMBER: 2	3,000	55	1,350
3	1	SHED, CRAFTSMAN, RESIN, APPROX. 8 FT. W X 4 FT. L ESTIMATED PHYSICAL CONDITION: GOOD MARKET DATA REFERENCE NUMBER: 3	420	45	231
4	LOT	SHELVING, CARTS, STORAGE, ETC.: 1 - METRO WIRE SHELF (SHED), APPROX. 4 FT. W X 6 FT. H 1 - SHELF UNIT, PLASTIC, APPROX. 3 FT. W X 5 FT. H 1 - PODIUM, FOR MENU STAND, SMALL 1 - ROLLING CART, PLASTIC, 3 - TIER 2 - PLASTIC TOWEL ORGANIZERS APPROX. 2 FT. ESTIMATED PHYSICAL CONDITION: GOOD MARKET DATA REFERENCE NUMBER: 4	390	45	215

AA FILE 1912-006A

**INVENTORY AND VALUATION
CYPRESS NOOK RESTAURANT**

AS OF 1/14/2020

201 - 203 E MCNAB ROAD, POMPANO BEACH, FL 33060

TOTAL PROPERTY

ID.	QTY.	DESCRIPTION OF PROPERTY APPRAISED	R.C.N.	DEP.	F.M.V.
5	LOT	<p>WALL DÉCOR & FURNISHINGS: LOT - MINOR DECORATIONS, SMALL, ASSORTED WROUGHT IRON, SMALL PLANTERS, ETC. LOT - CONDIMENTS, SALT, PEPPER, SUGAR PACKET ORGANIZERS LOT - WALL ART & DECOR, ASSORTED, WALL ART, ARTIFICIAL PLANTERS, ETC. (BATHROOMS) 1 - CLAY POT, MEXICAN 1 - HOSE ORGANIZER, METAL, WALL MOUNTED 1 - HOSE ORGANIZER, WALL MOUNTED, PLASTIC 1 - INSECT LIGHT, OUTDOOR, DYNATRAP 1 - SIGN, FRAMED CHALK BOARD TYPE, APPROX. 30 IN. W X 42 IN. H 1 - SIGN, SINGLE FACE, ESTIMATED PAINTED WOOD, "CYPRESS NOOK, SERVING BREAKFAST LUNCH AND DINNER, ETC." APPROX. 3 FT. W X 4 FT. H 2 - FLAGS, GERMAN & AMERICAN, INCLUDING METAL ADJUSTABLE 10 FT. H FLAG POLE 2 - PAPER TOWEL DISPENSERS (BATHROOMS) 2 - HAND SOAP DISPENSERS (BATHROOMS) 2 - SMALL PLANTER, WALL MOUNTED, WROUGHT IRON, APPROX. 3 FT. W 6 - PATIO UMBRELLAS</p> <p>ESTIMATED PHYSICAL CONDITION: GOOD MARKET DATA REFERENCE NUMBER: 5</p>	1,800	50	900
KITCHEN & DINING AREA					
6	3	<p>EQUIPMENT, COOK LINE, GAS: 1 - BURNER, LARGE STOCK POT, IMPERIAL, 2 - KNOBS 1 - FOOD FORMING STATION, WITH UNDER SHELF, ESTIMATED LP GAS, INCLUDING ADDITIONAL METAL WARMING BINS, APPROX. 5 FT. L 1 - RANGE, IMPERIAL, WITH 3 BURNERS & LARGE GRIDDLE SECTION, WITH OVER SHELF, APPROX. 6 FT. L</p> <p>ESTIMATED PHYSICAL CONDITION: GOOD MARKET DATA REFERENCE NUMBER: 6</p>	10,500	55	4,725
7	4	<p>EQUIPMENT, COOLERS & FREEZERS: 1 - FREEZER, SELF-CONTAINED REFRIGERATION, ICON SERIES, SINGLE DOOR, 26 IN. W 1 - WINE FRIDGE, GLASS DOOR, UNDER COUNTER TYPE 1 - REFRIGERATOR, WHIRLPOOL, STANDARD 1 - COOLER, SELF-CONTAINED, DELFIELD, WITH SIDE-BY-SIDE DOOR, 3 - DOORS, DIGITAL, 4 FT. W</p> <p>ESTIMATED PHYSICAL CONDITION: GOOD MARKET DATA REFERENCE NUMBER: 7</p>	7,900	40	4,740

AA FILE 1912-006A

**INVENTORY AND VALUATION
CYPRESS NOOK RESTAURANT
201 - 203 E MCNAB ROAD, POMPANO BEACH, FL 33060**

AS OF 1/14/2020

TOTAL PROPERTY

ID.	QTY.	DESCRIPTION OF PROPERTY APPRAISED	R.C.N.	DEP.	F.M.V.
8	2	EQUIPMENT, ELECTRONICS RELATED: 1 - POINT OF SALE SYSTEM TICKET PRINTER, INCLUDING ADDITIONAL TOUCH SCREEN 1 - WIRELESS ROUTER ESTIMATED PHYSICAL CONDITION: GOOD MARKET DATA REFERENCE NUMBER: 8	2,150	35	1,398
9	LOT	EQUIPMENT, KITCHEN RELATED: LOT - KNIVES, KITCHEN UTENSILS, STRAINERS, MAGNETIC STRIPS, LARGE POTS, PANS, ETC. 1 - COFFEEMAKER, CURTIS ALFA 3GT, SINGLE BREWER WITH 5 - HOT PLATES 1 - MEAT SLICER, HOBART, INCLUDING STAINLESS STEEL STAND, APPROX. 30 IN. W 1 - MICROWAVE, COMMERCIAL, SOLWAVE 1 - MICROWAVE, FRIGIDAIRE, MEDIUM 1 - MICROWAVE, RETAIL TYPE, SMALL 2 - PIZZA OVENS, HORIZONTAL SLOT, WISCO INDUSTRIES 421 4 - TOASTERS, 4 SLOT, BLACK & DECKER, RETAIL ESTIMATED PHYSICAL CONDITION: GOOD MARKET DATA REFERENCE NUMBER: 9	4,500	45	2,475
10	LOT	EQUIPMENT, MAINTENANCE RELATED: LOT - COMMERCIAL BROOM 1 - HAND TRUCK 1 - STEP, FOLDING 1 - VACUUM CLEANER, COMMERCIAL TYPE, RELIACVAC 1 - WASTE BIN, BRUTE TYPE 2 - MATS, ANTIFATIGUE 2 - WASTE BINS, RECYCLING ESTIMATED PHYSICAL CONDITION: GOOD MARKET DATA REFERENCE NUMBER: 10	320	50	160
11	41	SEATING: 38 - CHAIRS, LADDER BACK, WOOD WITH VINYL SEAT 3 - HIGH CHAIRS, WOOD ESTIMATED PHYSICAL CONDITION: GOOD MARKET DATA REFERENCE NUMBER: 11	2,100	50	1,050
12	LOT	SHELF UNITS, TABLEWARE, & RELATED: LOT - COFFEE MUGS, CUPS, WINE GLASSES, PLATES, SILVERWARE, SALT & PEPPER SHAKERS, ETC. 1 - ICE BIN, ROLLING, PLASTIC APPROX. 22 IN. W 1 - SHELF UNIT, LAMINATE, 16 IN. D X 8 FT. L 3 - SHELF UNITS, METRO WIRE (ONE CORNER TYPE) APPROX. 4 FT. W X 6 FT. H 4 - METRO WIRE SHELVES, PAINTED 4 FT. W X 6 FT. H 2 - PLASTIC ORGANIZERS, WITH LIDS ESTIMATED PHYSICAL CONDITION: GOOD MARKET DATA REFERENCE NUMBER: 12	2,000	45	1,100

AA FILE 1912-006A

**INVENTORY AND VALUATION
CYPRESS NOOK RESTAURANT
201 - 203 E MCNAB ROAD, POMPANO BEACH, FL 33060**

AS OF 1/14/2020

TOTAL PROPERTY

ID.	QTY.	DESCRIPTION OF PROPERTY APPRAISED	R.C.N.	DEP.	F.M.V.
13	14	TABLES, SINGLE PEDESTAL, ESTIMATED WOOD: 3 - SQUARE 3 FT. 2 - SQUARE, CONVERTIBLE TO ROUND, 3 FT. 3 - SQUARE, 2 FT. 6 - RECTANGULAR, 30 IN. W ESTIMATED PHYSICAL CONDITION: GOOD MARKET DATA REFERENCE NUMBER: 13	2,000	50	1,000
14	6	TABLES: 1 - KITCHEN PREP TABLE, WOOD, APPROX. 3 FT. W 1 - KITCHEN WORK TABLE, WITH UNDER SHELF, INCLUDING WITH CUTTING BOARD SECTION & MANUAL CAN OPENER, APPROX. 5 FT. W, 1 - KITCHEN WORK TABLE, WITH UNDER SHELVES, APPROX. 18 IN. D X 11 LINEAR FT. L 1 - STAND, STAINLESS STEEL, WITH DRAIN PORTION, AND DOUBLE UNDER SHELVES, APPROX. 7 FT. L 1 - TABLE, KITCHEN PREP, STAINLESS STEEL, WITH UNDER SHELF, APPROX. 3 FT. 1 - TABLE, KITCHEN PREP, WITH UNDER SHELF APPROX. 4FT. L ESTIMATED PHYSICAL CONDITION: GOOD MARKET DATA REFERENCE NUMBER: 14	9,500	45	5,225
15	LOT	WALL DÉCOR & FURNISHINGS, GERMAN THEME PLATES, BEER STEINS, WALL CLOCK, DRY ERASE BOARDS, MENU ORGANIZERS, ETC. ESTIMATED PHYSICAL CONDITION: GOOD MARKET DATA REFERENCE NUMBER: 15	500	45	275
THROUGHOUT					
16	LOT	EQUIPMENT, MAINTENANCE RELATED: LOT - BROOMS, MOPS, ETC. 1 - MOP BUCKET, SPINNING TYPE 1 - POLE SAW, REMINGTON 1 - TRIMMER 1 - BLOWER, ELECTRIC 1 - VACUUM CLEANER, COMMERCIAL 1 - STEP LADDER, WERNER, APPROX. 8 FT. HE ESTIMATED PHYSICAL CONDITION: GOOD MARKET DATA REFERENCE NUMBER: 16	720	50	360
TOTAL BUSINESS EQUIPMENT (MOVEABLE):			\$49,650		\$26,407

AA FILE 1912-006A

**INVENTORY AND VALUATION
CYPRESS NOOK RESTAURANT
201 - 203 E MCNAB ROAD, POMPANO BEACH, FL 33060**

AS OF 1/14/2020

TOTAL PROPERTY

ID.	QTY.	DESCRIPTION OF PROPERTY APPRAISED	R.C.N.	DEP.	F.M.V.
BUSINESS EQUIPMENT INSTALLATION					
THROUGHOUT					
17	1	COSTS, DELIVERY & INSTALLATION, SUCH AS TAX, FREIGHT, INSTALLATION RELATED COSTS, ETC.			7,500
		ESTIMATED PHYSICAL CONDITION:			
		MARKET DATA REFERENCE NUMBER: 35			
TOTAL BUSINESS EQUIPMENT INSTALLATION:					\$7,500
TRADE FIXTURES					
EXTERIOR					
18	1	AC UNIT, WALL, FRIGIDAIRE ESTIMATED PHYSICAL CONDITION: GOOD MARKET DATA REFERENCE NUMBER: 17	800	45	440
19	3	AWNINGS, PAINTED METAL FRAME WITH VINYL TYPE FABRIC, PVC TYPE FABRIC 1 - APPROX. 3 FT. D X 9 FT. L 1 - WITH 2 - POSTS, APPROX. 7 D. X 11 L 1 - WITH POST, APPROX. 3 FT. D X 14 FT. L ESTIMATED PHYSICAL CONDITION: GOOD MARKET DATA REFERENCE NUMBER: 18	5,900	45	3,245
20	1	BOLLARD, METAL POST WITH POURED CONCRETE, APPROX. 9 IN. D X 39 IN. H ESTIMATED PHYSICAL CONDITION: GOOD MARKET DATA REFERENCE NUMBER: 19	250	55	113
21	LOT	FIXTURES, LIGHTING: LOT - STRING LIGHTS, INCLUDING 2 - WOODEN POSTS (FOR 2 PATIO AREAS) 2 - GROUND ILLUMINATION, LED 2 - LAMPS, WALL MOUNTED, WROUGHT IRON TYPE ESTIMATED PHYSICAL CONDITION: GOOD MARKET DATA REFERENCE NUMBER: 20	740	50	370

AA FILE 1912-006A

**INVENTORY AND VALUATION
CYPRESS NOOK RESTAURANT
201 - 203 E MCNAB ROAD, POMPANO BEACH, FL 33060**

AS OF 1/14/2020

TOTAL PROPERTY

ID.	QTY.	DESCRIPTION OF PROPERTY APPRAISED	R.C.N.	DEP.	F.M.V.
22	5	<p>SIGNS:</p> <p>1 - WINDOW DECAL, "CYPRESS NOOK, ETC." APPROX. 1 FT. W X 1 FT. H</p> <p>1 - WINDOW DECAL, "CYPRUS NOOK HOURS BREAKFAST, ETC." APPROX. 1 FT. W X 1 FT. H</p> <p>1 - POST, ESTIMATED ILLUMINATED, CYPRUS NOOK GERMAN-AMERICAN RESTAURANT, DOUBLE-SIDED, WITH APPROX. 6.5 D X 9 FT. H SINGLE METAL POST, SIGN APPROX. 8 FT. W X 5 FT. H</p> <p>1 - GLASS DECAL, "BREAKFAST LUNCH DINNER," SMALL</p> <p>1 - BUILDING, SINGLE FACE, ILLUMINATED, "BREAKFAST LUNCH DINNER, BEER, WINE PATIO" ESTIMATED 2 FT. W X 2 H</p> <p>ESTIMATED PHYSICAL CONDITION: GOOD MARKET DATA REFERENCE NUMBER: 21</p>	10,400	55	4,680
KITCHEN & DINING AREA					
23	4	<p>CABINETRY:</p> <p>1 - COUNTER TOP SECTION, (LOCATED AT THE PASS-THROUGH) 6 FT. W X 2 FT. D</p> <p>1 - COUNTERTOP, LAMINATE, WITH UNDER SHELVES & DOORS, APPROX. 2 FT. D X 7 FT. L X 40 IN. H</p> <p>1 - COUNTERTOP, UNDER SHELF'S, INCLUDING BUILT-IN PLUMBED BASIN, APPROX. 2 FT. D X 36 IN. H X 7 FT.</p> <p>1 - WALL CABINET, WITH GLASS, APPROX. 1 FT. W</p> <p>ESTIMATED PHYSICAL CONDITION: GOOD MARKET DATA REFERENCE NUMBER: 22</p>	3,000	45	1,650
24	1	<p>COOLER, WALK-IN, ARTIC INDUSTRIES, ESTIMATED REMOTE REFRIGERATION ON ROOF, BUILT-IN FLOOR, 3 - BEER TAPS WITH SMALL CATCH BASIN, SINGLE DOOR, APPROX. 8 FT. L X 6 FT. W X 7 FT. H</p> <p>ESTIMATED PHYSICAL CONDITION: GOOD MARKET DATA REFERENCE NUMBER: 23</p>	13,700	45	7,535
25	LOT	<p>SHELVING, WALL MOUNTED</p> <p>ESTIMATED PHYSICAL CONDITION: GOOD MARKET DATA REFERENCE NUMBER: 24</p>	1,600	55	720
26	1	<p>WINDOW COVERINGS, ROLLUP SHADES WICKER TYPE</p> <p>ESTIMATED PHYSICAL CONDITION: GOOD MARKET DATA REFERENCE NUMBER: 25</p>	300	45	165
32	4	<p>LIGHTING FIXTURES, LAMPS, HANGING WITH 5 LIGHTS</p> <p>ESTIMATED PHYSICAL CONDITION: GOOD MARKET DATA REFERENCE NUMBER: 31</p>	500	45	275

AA FILE 1912-006A

**INVENTORY AND VALUATION
CYPRESS NOOK RESTAURANT
201 - 203 E MCNAB ROAD, POMPANO BEACH, FL 33060**

AS OF 1/14/2020

TOTAL PROPERTY

ID.	QTY.	DESCRIPTION OF PROPERTY APPRAISED	R.C.N.	DEP.	F.M.V.
THROUGHOUT					
27	4	CEILING FANS: 1 - CEILING FAN, DECORATIVE, SINGLE LAMP (DINNING AREA) 1 - CEILING FAN, NO LIGHTS 2 - CEILING FANS, SINGLE LIGHT (BATHROOMS)	750	45	413
		ESTIMATED PHYSICAL CONDITION: GOOD MARKET DATA REFERENCE NUMBER: 26			
TOTAL TRADE FIXTURES:			\$37,940		\$19,606
TRADE SYSTEMS					
EXTERIOR					
28	1	FIXTURE, PLUMBING, GREASE INTERCEPTOR SYSTEM	3,000	55	1,350
		ESTIMATED PHYSICAL CONDITION: GOOD MARKET DATA REFERENCE NUMBER: 27			
KITCHEN & DINING AREA					
29	1	CLOSED CIRCUIT SURVEILLANCE SYSTEM	400	45	220
		ESTIMATED PHYSICAL CONDITION: GOOD MARKET DATA REFERENCE NUMBER: 28			
30	1	EXHAUST HOOD WITH MAKEUP AIR, VENTILATION DIRECT, INCLUDING FIRE SUPPRESSION SYSTEM, APPROX. 4 FT. D X 7 FT. L	5,600	50	2,800
		ESTIMATED PHYSICAL CONDITION: GOOD MARKET DATA REFERENCE NUMBER: 29			
31		FIXTURES, PLUMBING: 1 - SINK, HAND WASH, PORCELAIN 2 - ROUGH INS 1 - SINK, HAND, PORCELAIN SMALL 1 - SINK UTILITY PLASTIC, 3 - ROUGH INS 1 - SINK, TRIPLE TUB, WITH OVER RINSE, APPROX. 4 FT. L 2 - ROUGH INS 1 - FLOOR DRAIN, 1 - FLOOR DRAIN, 1 - ROUGH IN 1 - FLOOR DRAIN (ADJACENT PARKING LOT, REAR IN	5,700	55	2,565
		ESTIMATED PHYSICAL CONDITION: GOOD MARKET DATA REFERENCE NUMBER: 30			

AA FILE 1912-006A

**INVENTORY AND VALUATION
CYPRESS NOOK RESTAURANT
201 - 203 E MCNAB ROAD, POMPANO BEACH, FL 33060**

AS OF 1/14/2020

TOTAL PROPERTY

ID.	QTY.	DESCRIPTION OF PROPERTY APPRAISED	R.C.N.	DEP.	F.M.V.
THROUGHOUT					
33	1	AUDIO SYSTEM, INCLUDING HARDWARE & INTERIOR & EXTERIOR SPEAKERS ESTIMATED PHYSICAL CONDITION: GOOD MARKET DATA REFERENCE NUMBER: 32	300	45	165
TOTAL TRADE SYSTEMS:			<u>\$15,000</u>		<u>\$7,100</u>
THIRD PARTY PROPERTY					
EXTERIOR					
34	1	TANK, GREENSTAR, BIODIESEL, COOKING OIL WASTE CONTAINMENT TANK, CUBE ESTIMATED PHYSICAL CONDITION: MARKET DATA REFERENCE NUMBER: 33			
KITCHEN & DINING AREA					
35	2	EQUIPMENT, THIRD PARTY PROPERTY: 1 - AT&T HYBRID SYSTEM 1 - AUTO RINSE SYSTEM, AUTO CHLOR SYSTEMS ESTIMATED PHYSICAL CONDITION: MARKET DATA REFERENCE NUMBER: 34			
TOTAL THIRD PARTY PROPERTY:					
TOTAL ALL PROPERTY:			<u>\$102,590</u>		<u>\$60,613</u>

QUALIFICATIONS



Qualifications – Stephen D. Shaw, MAI, AI-GRS

Professional Designations\Licenses\Certifications

Member, Appraisal Institute, MAI Designation #10461
Member, Appraisal Institute, AI-GRS
State-certified general real estate appraiser RZ1192
Florida State Licensed Real Estate Salesman 0495422

Professional Experience

Principal, Callaway & Price, Inc., since January 1999
Senior Appraisal Consultant, Callaway & Price, Inc., since July 1997 – December 1998
Appraisal Consultant, Callaway & Price, Inc., since April 1994
Associate Appraiser, Pinel & Carpenter, Inc., Orlando, April 1992 - March 1994
Appraiser/Researcher, Callaway & Price, Inc., September 1987 - March 1992
Special Magistrate Palm Beach County 1996-2012
Special Magistrate, Martin County, 2009

Qualified as an Expert Witness

Palm Beach County, Florida
Martin County, Florida
Broward County, Florida
Sarasota County, Florida

Education

Bachelor of Science Degree, Business Administration, Major in Real Estate and Finance, University of Florida

Appraisal Institute:

Course 101 - An Introduction to Appraising Real Property, 1992
Course 201 - Principles of Income Producing Properties, 1991
Course 2-1 - Case Studies in Real Estate Valuation, 1992
Course 540 - Report Writing and Valuation Analysis, 1993
Course 2-3 - Standards of Professional Practice Parts A & B, 1991
Review Theory - General

Numerous seminars sponsored by the Appraisal Institute

Appraising\Consulting Expertise

Acreage	Medical Office Sites
ACLFs	Surgery Centers
Apartment Complexes	Self-Storage Facilities
Automotive Service Facilities	Office Buildings
Bowling Alleys	Office/Warehouses
Commercial Buildings	Retail Buildings
Condominium Projects	Restaurants
Eminent Domain	Special Purpose Properties
Golf Courses	Shopping Centers
Hospitals	Vacant Commercial Land
Hotels	Vacant Industrial Land
Marinas	Vacant Multifamily Pods
Medical Office Buildings	Vacant Residential Land
Medical Office Condominiums	Vacant Single-Family Subdivisions
Medical Campus Sites	Warehouses



Qualifications – Stephen D. Shaw, MAI, AI-GRS

Organizations and Affiliations

Appraisal Institute:

Experience Review Committee

Ethics & Counseling Committee

South Florida Chapter Board of Directors

Business Development Board Palm Beach County, Member



RICK SCOTT, GOVERNOR

JONATHAN ZACHEM, SECRETARY



STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION
FLORIDA REAL ESTATE APPRAISAL BD

THE CERTIFIED GENERAL APPRAISER HEREIN IS CERTIFIED UNDER THE
PROVISIONS OF CHAPTER 475, FLORIDA STATUTES

SHAW, STEPHEN DAY

1639 FORUM PLACE
SUITE 5
WEST PALM BEACH FL 33401

LICENSE NUMBER: RZ1192

EXPIRATION DATE: NOVEMBER 30, 2020

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Professional Designations\Licenses\Certifications

State-certified general real estate appraiser RZ832
Florida Licensed Real Estate Salesman 0435885

Professional Experience

Appraisal Consultant, Callaway & Price, Inc since February 1985
Researcher, Callaway & Price, Inc., June 1982 to January 1985

Qualified As An Expert Witness

Palm Beach County, Florida

Education

Bachelor of Business Administration, Marketing Major, Florida Atlantic University
Florida Real Estate Commission, Course I
Society of Real Estate Appraisers:

An Introduction to Appraising Real Property, 1983
Principles of Income Property Appraising, 1984
Applied Income Property Valuation, 1984

American Institute of Real Estate Appraisers:

Appraising Troubled Property, 1992
Appraisal Theory Update, 1992
Appraisal Review - Residential Property, 1994
USPAP Update Core Law for Appraisers, 1994
Standards of Professional Practice, 1986, 1992, 1994
Capitalization Theory and Techniques, Part A, 1986
Capitalization Theory and Techniques, Part B, 1986
Real Estate Appraisal Principles, 1986
Basic Valuation Procedures, 1986

Appraising\Consulting Expertise

Acreage	Easements	Road Abandonment
Automobile Dealerships	Groves	RV Parks
Apartment Buildings	Industrial Properties	Shopping Centers
Commercial Buildings	Life Care Facilities	Special Purpose Properties
Condominiums (Individual Units and Total Sellout)	Marinas	Strip Centers
Churches	Mobile Home Parks	Subdivisions/Residential
Country Club/Golf Courses	Motels	Vacant Commercial
Day Care Facilities	Office Buildings	Vacant Residential
Duplexes	Ranches	Warehouses
	Restaurants	



RICK SCOTT, GOVERNOR

JONATHAN ZACHEM, SECRETARY



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PROVISIONS OF CHAPTER 475, FLORIDA STATUTES

MADER, JAMES H

1410 PARK LANE SOUTH SUITE 1
JUPITER FL 33458

LICENSE NUMBER: RZ832

EXPIRATION DATE: NOVEMBER 30, 2020

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