

AN APPRAISAL OF
**THE 3.21 ACRES OF VACANT LAND LOCATED
ADAJACENT TO THE WEST SIDE OF THE WELLINGTON ARMS
CONDOMINIUM PROPERTY AT 6520 N. OCEAN BOULEVARD,
IN THE TOWN OF OCEAN RIDGE, FLORIDA**

FILE NUMBER 20-81242

PREPARED FOR
MR. WILLIAM B. SWAIM

AS OF
SEPTEMBER 11, 2020

BY
MICHAEL R. SLADE, MAI, SRA, CRE
CALLAWAY & PRICE, INC.



Callaway & Price, Inc.

Real Estate Appraisers And Consultants

www.callawayandprice.com

Licensed Real Estate Brokers

Please respond to the South Florida Office

E-Mail: m.slade@callawayandprice.com

SOUTH FLORIDA

1410 Park Lane South
Suite 1
Jupiter, FL 33458
Phone (561) 686-0333
Fax (561) 686-3705

Michael R. Slade, MAI, SRA, CRE
Cert Gen RZ116
m.slade@callawayandprice.com

Stephen D. Shaw, MAI, AI-GRS
Cert Gen RZ1192
s.shaw@callawayandprice.com

Robert A. Callaway, MRICS
Cert Gen RZ2461
r.callaway@callawayandprice.com

TREASURE COAST

1803 South 25th Street
Suite 1
Fort Pierce, FL 34947
Phone (772) 464-8607
Fax (772) 461-0809

Stuart
Phone (772) 287-3330
Fax (772) 461-0809

Stephen G. Neill, Jr., MAI
Cert Gen RZ2480
s.neill@callawayandprice.com

SPACE COAST

1120 Palmetto Avenue
Suite 1
Melbourne, FL 32901
Phone (321) 726-0970
Fax (321) 726-0384

Curtis L. Phillips, MAI
Cert Gen RZ2085
c.phillips@callawayandprice.com

CENTRAL FLORIDA

2816 E. Robinson Street
Orlando, FL 32803
Phone (321) 726-0970
Fax (321) 726-0384

Curtis L. Phillips, MAI
Cert Gen RZ2085
c.phillips@callawayandprice.com

September 22, 2020

Mr. William B. Swaim
Waterfront ICW Properties, LLC
5455 Via Delray
Delray Beach, FL 33484

Dear Mr. Swaim:

We have made an investigation and analysis of the 3.21-acre parcel of vacant land located adjacent to the west side of the Wellington Arms Condominium property at 6520 N. Ocean Boulevard, in the Town of Ocean Ridge, Florida. The Subject Property currently consists entirely of submerged land and mangrove marshland. However, at the client's request, we are valuing the Subject Property based on the hypothetical condition that it is comprised of high and dry, developable vacant land with a bulkhead unencumbered by easements or other restrictions potentially impeding residential development. In addition, our subdivision analysis is based on the hypothetical condition that the land has been legally subdivided into three single-family residential lots improved with a bulkhead and ready for development.

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 provide our opinion of the Market Value of the Fee Simple Estate of the Subject Property, as of September 11, 2020, via the Sales Comparison Approach, based on the Hypothetical Conditions outlined. At the client's request, we have also provided our opinion of the Market Value of the Fee Simple Estate of the Subject Property, as proposed via the Subdivision Analysis, based on the Hypothetical Conditions outlined.

This report has been prepared for our client and intended user, Waterfront ICW Properties, LLC. The intended use is for internal decision making. 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 is contained in the report.

The global outbreak of a "novel coronavirus" known as COVID-19 was officially declared a pandemic by the World Health Organization (WHO). It is currently unknown what direct, or indirect, effect, if any, this event may have on the national economy, the local economy or the market in which the subject property is located. The reader is cautioned and reminded that the data presented in this appraisal report is considered the most relevant as of the date of value, however in most cases occurred before this outbreak.

It should be noted the real estate market for this asset class (vacant, single-family land) still has not had enough time to reflect any changes that may occur in the sales data. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that our client keep the valuation of this property under frequent review.

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,
via the Sales Comparison Approach,
Based on the Hypothetical Conditions Outlined,
as of September 11, 2020, was: **\$4,200,000**

The Market Value of the Fee
Simple Estate of the Subject Property,
As Proposed Via the Subdivision Analysis,
Based on the Hypothetical Conditions Outlined,
as of September 11, 2020, was: **\$4,300,000**

Mr. William Swaim
September 22, 2020
Page Three

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 General Assumption and Limiting Conditions and underlying assumptions upon which the value conclusions are contingent.

Respectfully submitted,

CALLAWAY & PRICE, INC.

A handwritten signature in cursive script that reads "Michael Robert Slade".

Michael R. Slade, MAI, SRA, CRE
Cert GenRZ116

A handwritten signature in cursive script that reads "James D. Murray, Jr.".

James D. Murray, Jr., MAI
Cert Gen RZ2419

MRS/JDM/KPD/20-81242
Attachments



Executive Summary

- PROPERTY TYPE : 3.21 gross acres of submerged land (also known as the Spanish Creek Lagoon); with approximately 89,921 square feet, or 2.06 acres, of usable area based on the Hypothetical Conditions outlined throughout the report.
- LOCATION : The Subject Property is located adjacent to the west side of the Wellington Arms Condominium property located at 6520 N. Ocean Boulevard, in the Town of Ocean Ridge. The Subject lies approximately 0.25 miles north of E. Ocean Avenue.
- DATE OF VALUATION : September 11, 2020
- DATE OF REPORT : September 22, 2020
- PROPERTY DESCRIPTION:
- LAND : The Subject parcel contains approximately 139,705 square feet of land, or 3.21 gross acres. The net usable area excluding ingress/egress and canal easements, is approximately 89,921 square feet, or 2.06 acres (see Hypothetical Conditions).
- ZONING : RSF, Single-Family Residential District, with a small portion along the eastern boundary zoned RMM, Medium Density Multiple-Family Residential District, by the Town of Ocean Ridge. The RMM allows a density up to 5.0 DU per gross acre.
- LAND USE PLAN : The Future Land Use for the Subject Property is primarily Single-Family Residence with a portion being Multi-Family Residence, by the Town of Ocean Ridge.
- HIGHEST AND BEST USE:
- AS VACANT : Residential Development.



VALUE INDICATIONS:

MARKET VALUE OF THE FEE
SIMPLE ESTATE OF THE SUBJECT
PROPERTY, VIA THE SALES
COMPARISON APPROACH, BASED ON
THE HYPOTHETICAL CONDITIONS
OUTLINED, AS OF SEPTEMBER 11, 2020 : \$4,200,000

MARKET VALUE OF THE FEE
SIMPLE ESTATE OF THE SUBJECT
PROPERTY, AS PROPOSED VIA THE
SUBDIVISION ANALYSIS, BASED ON
THE HYPOTHETICAL CONDITIONS
OUTLINED, AS OF SEPTEMBER 11, 2020 : \$4,300,000



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Qualifications:	
Michael R. Slade, MAI, SRA, CRE	
James D. Murray, Jr., MAI	



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 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 (July 2, 2018).
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.
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. James D. Murray, Jr., MAI, has made a personal inspection of the property that is the subject of this report. Michael R. Slade, MAI, SRA, CRE, did not inspect the property.
10. No one provided significant real property appraisal assistance to the persons signing this 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, Michael R. Slade, MAI, SRA, and James D. Murray, Jr., MAI, have completed the continuing education program for Designated Members of the Appraisal Institute.

Michael R. Slade, MAI, SRA, CRE
Cert Gen RZ116

James D. Murray, Jr., MAI
Cert Gen RZ2419



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. The value indications estimated herein are based on the Subject site containing 3.21 acres, or approximately 139,705 square feet. This site area was provided by the ALTA/ACSM Land Title Survey, dated 11/2/15, performed by PM Surveying. The net site area, excluding access easements and water areas between the proposed bulkhead and the eastern boundary of the Subject was estimated based on the Erosion Control Plan performed by McLeod, McCarthy & Associates, P.A. (Project #15-047, dated 9/28/15). This information is considered to be accurate; however, if any discrepancies exist between the information provided and actual information, the values reached herein may not apply.
12. This appraisal report is based upon a hypothetical condition that the Subject Property is comprised of high and dry, developable vacant land. The Subject Property consists of submerged land and a portion of mangrove marshland, as depicted on the ALTA/ACSM Land Title Survey. At the client's request we have valued the land as high and dry upland with a bulkhead unencumbered by easements potentially impeding residential development (see Hypothetical Conditions).



LIMITING CONDITIONS

1. As detailed in the Definition of the Appraisal Problem section of this report, the client has requested that our analyses be based upon a Hypothetical Condition that the Subject Property is comprised of high and dry, developable vacant land. The Subject Property consists of submerged land and mangrove marshland, as depicted on the ALTA/ACSM Land Title Survey. At the client's request we have valued the land as high and dry upland with a bulkhead unencumbered by easements potentially impeding residential development. In addition, our subdivision analysis is based on the hypothetical condition that the land has been legally subdivided into three single-family residential lots improved with a bulkhead and ready for development. The use of a Hypothetical Condition might have affected the opinions and conclusions herein.
2. No extraordinary assumptions are part of this 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.
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.



VIEW OF SUBJECT PROPERTY FACING WEST



VIEW OF SUBJECT PROPERTY FACING NORTHWEST



VIEW OF SUBJECT PROPERTY FACING SOUTHWEST



AERIAL VIEW OF SUBJECT PROPERTY



DEFINITION OF THE APPRAISAL PROBLEM

Purpose, Date of Value, and Interest Appraised

The purpose of this investigation and analysis was to provide our opinion of the Market Value of the Fee Simple Estate of the Subject Property as of September 11, 2020, via the Sales Comparison Approach, based on the Hypothetical Conditions outlined. At the client's request, we have also provided our opinion of the Market Value of the Fee Simple Estate of the Subject Property, as proposed via the Subdivision Analysis, based on the Hypothetical Conditions outlined.

Intended Use and User of Appraisal

This report has been prepared for our client and intended user, Waterfront ICW Properties, LLC. The intended use is for internal decision making. 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

PARCEL A LEGAL DESCRIPTION:

A PARCEL OF LAND IN GOVERNMENT LOT 5, SECTION 22, TOWNSHIP 45 SOUTH, RANGE 43 EAST, TOWN OF OCEAN RIDGE, PALM BEACH COUNTY, FLORIDA, WHOLLY CONTAINED WITHIN HOMESTEAD CERTIFICATE # 2408 AS RECORDED IN DEED BOOK G, PAGE 400, PALM BEACH COUNTY RECORDS, BEING THE NORTH 300 FEET OF THE SOUTH 1220.17 FEET OF GOVERNMENT LOT 5 WEST OF SPANISH CREEK OF SECTION 22, TOWNSHIP 45 SOUTH, RANGE 43 EAST, PALM BEACH COUNTY, FLORIDA, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTH WEST CORNER OF THE SOUTHEAST QUARTER OF SAID SECTION 22, BEING THE SOUTHWEST CORNER OF SAID GOVERNMENT LOT 5; THENCE N01°17'25"W, AS A BASIS OF BEARINGS, ALONG THE WEST LINE OF SAID LOT 5, A DISTANCE OF 920.17 FEET TO THE POINT OF BEGINNING AND THE SOUTHWEST CORNER OF THIS PARCEL; THENCE CONTINUE N01°17'25"W, ALONG SAID WEST LINE, A DISTANCE OF 300.00 FEET; THENCE N89°56'20"E, PARALLEL TO THE SOUTH LINE OF SAID SOUTHEAST QUARTER OF SECTION 22 AND GOVERNMENT LOT 5, ALONG THE NORTH LINE OF THIS PARCEL, A DISTANCE OF 472.94 FEET TO A POINT ON THE WEST LINE OF THE PLAT OF MC CORMICK MILE, AS RECORDED IN PLAT BOOK 24 PAGE 191, IN THE PUBLIC RECORDS OF PALM BEACH COUNTY, FLORIDA, SAID WEST LINE BEING THE CENTERLINE OF SPANISH CREEK; THENCE S00°07'43"W, ALONG SAID WEST LINE, A DISTANCE OF 138.26 FEET TO A POINT OF CURVATURE OF A CURVE, CONCAVE TO THE WEST, HAVING A RADIUS OF 698.03 FEET AND A CENTRAL ANGLE OF 13°23'49"; THENCE SOUTH AND SOUTHWESTERLY, ALONG THE ARC OF SAID CURVE, A DISTANCE OF 163.22 FEET; THENCE S89°56'20"W, ALONG THE SOUTH LINE OF THIS PARCEL, A DISTANCE OF 446.51 FEET TO THE POINT OF BEGINNING, CONTAINING 139705 SQUARE FEET OR 3.207 ACRES.

PARCEL B LEGAL DESCRIPTION:

NON-EXCLUSIVE EASEMENTS FOR INGRESS AND EGRESS GRANTED BY THE WARRANTY DEED RECORDED IN DEED BOOK 1136, PAGE 115, PUBLIC RECORDS OF PALM BEACH COUNTY, FLORIDA, OVER AND ACROSS THE FOLLOWING DESCRIBED PARCELS OF LAND:

THE NORTH 207.56 FEET OF THE SOUTH 324.54 FEET OF THE EAST 80 FEET OF THE SOUTHEAST QUARTER (SE 1/4) OF THE SOUTHWEST QUARTER (SW 1/4) OF SECTION 22, TOWNSHIP 45 SOUTH, RANGE 43 EAST, PALM BEACH COUNTY, FLORIDA,

AND

THE WESTERLY 60 FEET OF THE NORTH 500 FEET OF THE SOUTH 920.17 FEET OF GOVERNMENT LOT 5, SECTION 22, TOWNSHIP 45 SOUTH, RANGE 43 EAST, PALM BEACH COUNTY, FLORIDA.

Source: ALTA/ACSM Land Title Survey, dated 11/2/2015, performed by PM Surveying.



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.

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."

Hypothetical Conditions

The Dictionary of Real Estate Appraisal, Sixth Edition 2015, by the Appraisal Institute, defines Hypothetical Conditions on page 113 as follows:

1. "A condition that is presumed to be true when it is known to be false."
2. "A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis."

"Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to



Definition of the Appraisal Problem

the property, such as market conditions or trends; or about the integrity of data used in an analysis.”

Per the client's request, our analyses are based upon a Hypothetical Condition that the Subject Property is comprised of high and dry, developable vacant land. The Subject Property consists of submerged land and mangrove marshland, as depicted on the ALTA/ACSM Land Title Survey. At the client's request we have valued the land as high and dry upland with a bulkhead unencumbered by easements potentially impeding residential development. In addition, our subdivision analysis is based on the hypothetical condition that the land has been legally subdivided into three single-family residential lots improved with a bulkhead and ready for development. The use of a Hypothetical Condition might have affected the opinions and conclusions herein.

Extraordinary Assumption

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

“An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal or economic characteristics of the Subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis.”

This appraisal assignment is not subject to any extraordinary assumptions.

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 contained in the Sales Comparison Approach in this appraisal. Based on that data and the current market, it is our



Definition of the Appraisal Problem

opinion that the Subject Property would have had an exposure time of approximately 12 months or less.

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.”

As in most markets, properties that are priced competitively and marketed professionally will sell before others which are not. We have reviewed the marketing time on the sales contained in the Sales Comparison Approach in this appraisal, as well as other sales and current listings in the market. As in most markets, properties that are priced competitively and marketed professionally will sell quicker than those which have higher or above market asking prices. Prior to the outbreak of the COVID-19 virus, it is our opinion that the Subject would have a marketing period of 12 months or less. However, this pandemic has created a great deal of market uncertainty and there is now a very strong possibility that the marketing time could take more than 12 months (say 12 to 18 months).



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, of which there were none.

The next step involved the inspection of the Subject Property in September 2020 by James D. Murray, Jr. The Subject site contains 139,705 square feet, or 3.21 acres, according to a boundary survey provided by the client. The inspection allowed us to understand the physical components of the Subject Property. In addition to the inspection of the Subject Property, we also we 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 Palm Beach County Property Appraiser's Office and the Town of Ocean Ridge Planning and Zoning Department, Public Records, and interviews with a potential investor and broker to understand and describe the Subject Property.

The third step in the process was to determine the Highest and Best Use of the Subject Property as vacant and based on the Hypothetical Conditions previously discussed. 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 the site valuation. *No approaches were specifically omitted from this appraisal either by the client or the appraiser.* Since the site is being valued as vacant upland based on the Hypothetical Conditions outlined, the most reliable way to estimate land value is by Sales Comparison. When few sales are available, however, or when the value indications produced through Sales Comparison need additional support, alternative techniques like extraction or allocation may be applied. In the case of the Subject Property, we have used the Sales Comparison Approach to value the Subject Property's underlying land as a whole. As the Hypothetical Condition is based on the Subject as legally subdivided into three contiguous improved lots, we have also valued the Subject site using the Subdivision Analysis. As the two approaches are based on different scenarios, no reconciliation is necessary.



NEIGHBORHOOD DATA

Preface

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 neighborhood is considered to include the northeastern portion of the Town of Ocean Ridge bounded on the north by the Ocean Ridge/Delray Beach line (C-15 Canal), the south by Glades Road, on the east by the Intracoastal Waterway, and the west by Military Trail.

Access to and through the neighborhood is considered to be very good. The primary east/west roadways include Clint Moore Road, Yamato Road (NW 51st Street), NE Spanish River Boulevard (NE 40th Street) and Glades Road. Yamato Road and Glades Road provide access to Interstate 95, which is South Florida's primary commuter route. Florida's Turnpike, which is a highly traveled north/south toll road, is accessible via Glades Road. Military Trail, Congress Avenue and N. Federal Highway (U.S. Highway 1) all extend through the neighborhood in a north/south direction. Congress Avenue provides access to Interstate 95 in the northern portion of the neighborhood. Clint Moore Road is a four-lane roadway which is a moderate to heavily traveled east-west roadway which extends from NW 2nd Avenue in eastern Ocean Ridge, westward to State Road 7.

Greater Ocean Ridge is in the southeast corner of Palm Beach County. This community is one of affluence having some of the highest average home prices in the county. There are several commercial/industrial areas within the Subject neighborhood including the Arvida Park of Commerce, T-Rex Technology Center (formerly the Blue Lake Corporate Center), Arvida Executive Center, South Congress Industrial Center (Subject Property), and Boca Commerce Center. In addition to the industrial parks which comprise a portion of the Subject neighborhood, Glades Road represents one of the area's primary commercial corridors. This road is bordered by retail and office facilities, the majority of which are concentrated along the one-mile stretch between Interstate 95 and Jog Road. The 1.3 million square foot Town Center regional shopping mall is situated in this area. The N. Federal Highway corridor is also a main commercial retail and office arterial roadway throughout the neighborhood. Overall, the Subject neighborhood is estimated to be approximately 95% developed.



The Arvida Park of Commerce (APOC) is in the northern portion of the Subject neighborhood between Yamato and Clint Moore Road. APOC is comprised of approximately 2,252,155 square feet of owner-user/single tenant space situated on approximately 266 acres. There is also approximately 2,117,090 square feet of multi-tenant space situated on about 198 acres.

Retail and commercial development is concentrated primarily along the major arterial roadways with its highest density area centered near Glades Road and Interstate 95. Retail development consists mainly of neighborhood and national retailers as well as many offices. The 1,300,000 square foot Town Center Mall, one of the areas main shopping attractions, is located approximately 3.6 miles southwest of the Subject on Glades Road. Other commercial land uses in the neighborhood are primarily office and light industrial in nature with low-rise office buildings and high technology commerce parks being commonplace. Office projects within the immediate neighborhood are mixed between multi-tenant, owner-user, and office/condominium development. Some of the office condominium projects are conversions. There are also several hotels throughout and around the neighborhood.

The Ocean Ridge Airport, which is used primarily by corporate jets and private aircraft, is located within the Subject neighborhood east of Interstate 95 and north of Glades Road, approximately two miles west of the Subject. Florida Atlantic University is located adjacent to and southeast of the airport. The Ocean Ridge Community Hospital and numerous medical office facilities are located just south of FAU and Glades Road.

Conclusion

The Subject neighborhood is a portion of the Town of Ocean Ridge, which is one of the most affluent communities in Palm Beach County, Florida and is the second largest city. Ocean Ridge is considered the major business submarket between West Palm Beach and Fort Lauderdale. The Subject neighborhood includes numerous light industrial parks, high-tech facilities, corporate headquarters, Florida Atlantic University, the Town Center Mall, the Mizner Park cultural center, as well as a wide array of exclusive boutique stores, restaurants and cultural facilities. All of these features were well thought out and planned to service and contribute to the surrounding residential base. The neighborhood continues to grow and is experiencing slow and stable but well-planned growth. The City continues to work with local owners and developers to stimulate and promote smart controlled growth and a well-rounded tax base.

This area of eastern Palm Beach County area is generally considered to be desirable and in strong demand. The character of the neighborhood is not expected to change substantially, and property values are expected to continue to increase/stabilize, in our opinion. Prior to Covid-19, both rents and occupancies in most sectors of the real estate market were continuing to improve. In our opinion, the long-term outlook for the Subject neighborhood remains positive; the area should continue to see value appreciation over time.



RESIDENTIAL MARKET OVERVIEW

The housing market in Palm Beach County has stabilized after recovering from the economic crisis of a decade ago. The County's median price for existing houses rose very slightly during the past quarter and even over the previous year's median price, and single-family home permits increased during the past year, as well. Positive local job growth, price appreciation, and shrinking inventories helped South Florida builders continue to expand their focus westerly and northerly into the less densely developed areas of the County. Palm Beach County's housing market is a model of stability, with little variation quarter-over-quarter in starts, completions, and housing units under construction. Finished, vacant inventory remains in the healthy range, as builders are able to stagger the release of lots in order to control supply and efficiently to meet demand.

We have consulted the Palm Beach County Quarterly Housing Report, 2nd Quarter 2020 by Reinhold P. Wolff Economic Research, Inc. for housing statistics in Palm Beach County. Overall the housing market increased from the fourth quarter of 2019 in terms of new multi-family housing absorption. During the 1st Quarter, 821 new multi-family housing units were absorbed in Palm Beach County, which was 161.5% greater than the 314 absorbed in the prior quarter, and 36.6% more than during the 1st Quarter of 2018. Housing resales increase somewhat, as well, with the 7,299 units resold in the 1st Quarter of 2020 indicating a 14.2% decline from the 8,507 in the 4th Quarter of 2019, but a 7.8% increase over the 6,770 during the 1st Quarter of 2018.

There were 12 new condominium units sold (deeded) during the 1st Quarter of 2020, which was 47.8% less than were sold in the prior quarter, and also 47.8% less than those sold during the same quarter a year ago. New condominium projects in the county experienced a sales pace of 0.7 sales per month during the quarter with a median price of \$399,999 for the new units sold. This median price reflected a 20% increase over the prior quarter.

While data on new single-family homes sales was not published, 4,059 single-family homes were resold during the 1st Quarter of 2020, representing a 11.2% decline from the prior quarter, but 16.3% more than the number sold during the 1st Quarter of 2019. The median price of home resold during the quarter was reported to be \$336,956, which was 0.1% less than the median price of the prior quarter and 12.6% more than one year ago.

In the 4th Quarter 2019, a total of 1,420 new housing units were authorized by building permits in Palm Beach County. This was 25.0% more than the 3rd Quarter of 2019, and 6.4% more than the 4th Quarter of 2018. Multi-family permits increased by 28.1% while single-family permits increased by 16.8%, from 659 to 770, during the 4th Quarter of 2019. The 3,062 homes permitted during 2019 was 3.1% greater than the 2,969 permitted during 2018.

The building permit activity for Palm Beach County is shown in the following chart.



NEW HOUSING AUTHORIZED BY BUILDING PERMITS
Palm Beach County
Quarterly, 2015 - 1st Quarter 2020

	UNITS PERMITTED	
	Quarterly	12-Month Totals
2015		
1st Quarter	1,278	7,318
2nd Quarter	952	5,997
3rd Quarter	1,354	5,176
4th Quarter	2,137	5,721
2016		
1st Quarter	1,292	5,735
2nd Quarter	2,481	7,264
3rd Quarter	2,236	8,146
4th Quarter	1,328	7,337
2017		
1st Quarter	1,235	7,280
2nd Quarter	932	5,731
3rd Quarter	1,415	4,910
4th Quarter	1,169	4,751
2018		
1st Quarter	1,489	5,005
2nd Quarter	1,049	5,122
3rd Quarter	1,087	4,794
4th Quarter	1,335	4,960
2019		
1st Quarter	1,130	4,601
2nd Quarter	1,756	5,308
3rd Quarter	1,136	5,357
4th Quarter	1,420	5,442
Percentage Change:		
	1Q20 vs. 4Q19 = +25.0%	
	1Q20 vs. 1Q19 = +6.4%	

Source: Analysis by Reinhold P. Wolff Economic Research, Inc. of permit data provided by the University of Florida, Bureau of Economic and Business Research.



As illustrated in the table below, total housing starts increased by 21.6%, from 1,136 units to 1,381, during the 4th Quarter of 2019. A total of 3,062 single-family homes were started in 2019, a 3.1% increase over the 2,969 started in 2018. Multifamily starts totaled 2,341 units in 2019, a 17.6% increase over the 1,991 started in 2018.

FORECAST OF HOUSING STARTS (1)
Palm Beach County
2016 - 2020

	2016	2017	2018	2019	2020	
Single Family						
1st Quarter	527	770	764	764	690	F
2nd Quarter	1,403	769	766	869	720	F
3rd Quarter	1,322	885	699	659	675	F
4th Quarter	528	547	740	770	570	F
TOTAL	3,780	2,971	2,969	3,062	2,655	F
% Change From Prior Year	+ 1.2%	- 26.1%	- 0.1%	+ 3.1%	- 7.7%	
Multiple Family						
1st Quarter	765	465	725	366	490	F
2nd Quarter	1,078	226	283	887	440	F
3rd Quarter	914	646	388	477	475	F
4th Quarter	800	622	595	611	560	F
TOTAL	3,557	1,959	1,991	2,341	1,965	F
% Change From Prior Year	+ 79.3%	- 44.9%	+ 1.6%	+ 17.6%	- 16.1%	
Total Starts						
1st Quarter	1,292	1,235	1,489	1,130	1,180	F
2nd Quarter	2,481	995	1,049	1,756	1,160	F
3rd Quarter	2,236	1,531	1,087	1,136	1,150	F
4th Quarter	1,328	1,169	1,335	1,381	1,130	F
TOTAL	7,337	4,930	4,960	5,403	4,620	F
% Change From Prior Year	+ 28.2%	- 35.2%	+ 0.6%	+ 8.9%	- 14.5%	

(1) For purposes of this analysis, units permitted and starts are assumed to be the same.
 (2) An "F" following a number indicates it is a forecast figure.

Source: Actual building permit data provided by individual building departments; forecast by Reinhold P. Wolff Economic Research, Inc.

The number of housing starts forecasted for 2020 will decline to 4,620, or by 14.5%, over those started in 2019. According to the report, single-family starts are forecast to decline by 7.7% to 2,655, while multi-family starts are forecast to decrease by 16.1% to 1,965 during 2020.



Regarding the rental apartment market, the current vacancy rate in mature rental apartment complexes in Palm Beach County increased from 3.3% in February 2020 to 3.4% in May 2020. The vacancy rate in the Subject's Central West Palm Beach/Royal Palm Beach submarket was reported to be 3.7% in the recent report.

There is an estimated annual demand for additional 6,683 rental apartments in Palm Beach County during 2020 to 2023. The report indicates that the market could support up to 3,342 new units in inventory without having an excessive supply.

Multi-family land sales have increased both in terms of price levels and volume of sales transactions. Developers and market participants have reengaged in the market, especially in the rental market with rental rates being higher than they have been in 10 years and the historically low vacancy rates being experienced within the Palm Beach County market area. Locally, there has been an active buyer market in terms of redevelopment of previously improved single family, waterfront lots along the Intracoastal Waterway and connecting canals.

Conclusion

Overall the housing market is showing positive signs of having stabilized from the sharp downturn of a decade ago and the peak in 2014 in terms of new housing authorizations. New construction is taking place as demand for new housing units is growing stronger due to limited supply and a stronger overall economy prior to the COVID-19 pandemic. Absorption is generally good for new projects. While financing is available, tougher lending standards are prevalent. It is our opinion that the market should remain stable to increasing given the continued growth in the County, especially in the northern and increasingly western sectors, and the overall quality of life in Palm Beach County.

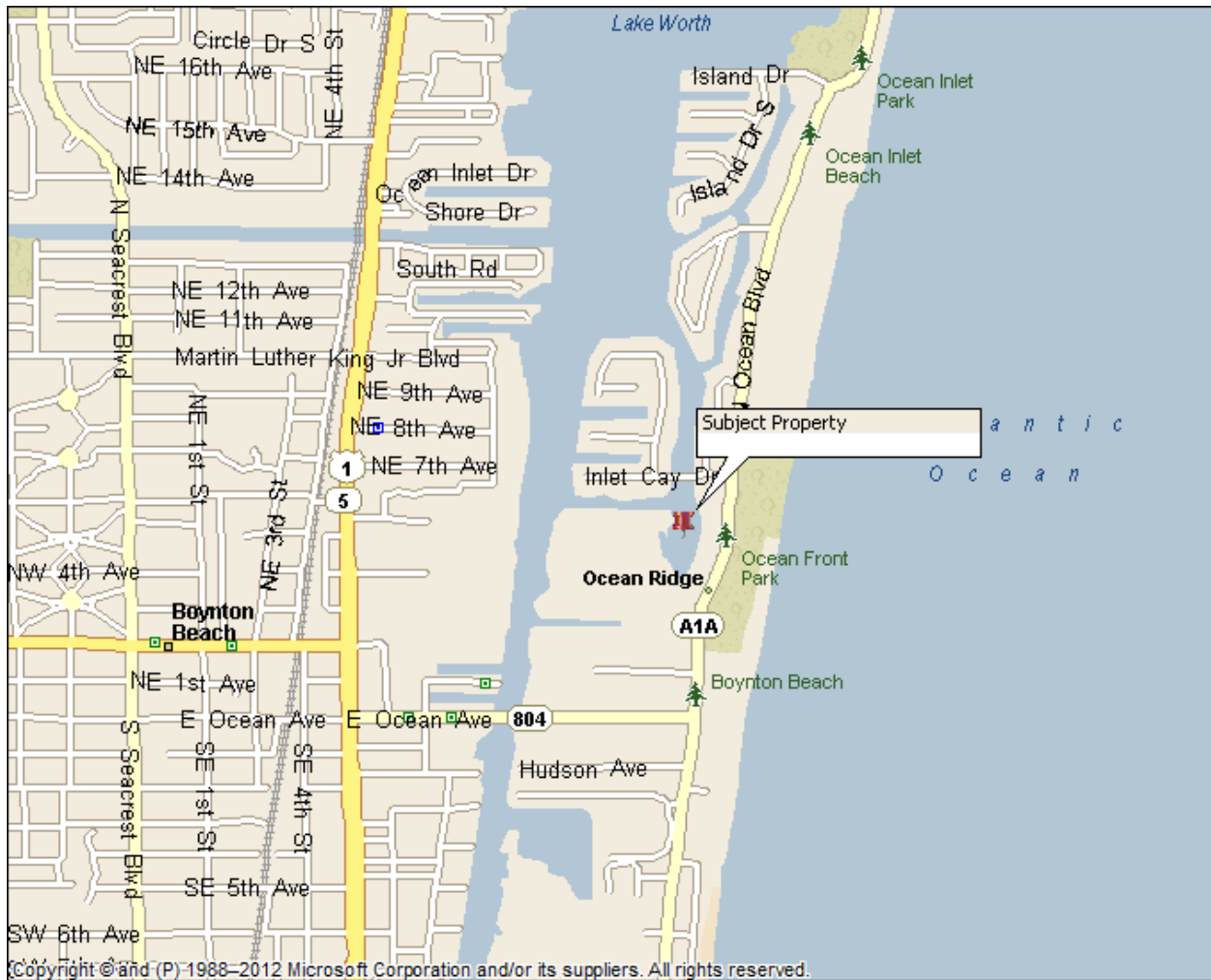
However, the COVID-19 pandemic has created a high degree of uncertainty and it is unclear how this may affect the real estate markets. All sectors of real estate in South Florida have been impacted at the same time. Unemployment has risen and some redevelopment projects are on hold or have been curtailed.



PROPERTY DATA

Location

The Subject Property is located adjacent to the west side of the Wellington Arms Condominium development, approximately 0.25 miles north of E. Ocean Avenue in Ocean Ridge, Florida. The Subject Property does not have a mailing address, as it is currently submerged, undeveloped land. A location map of the Subject Property is shown below.

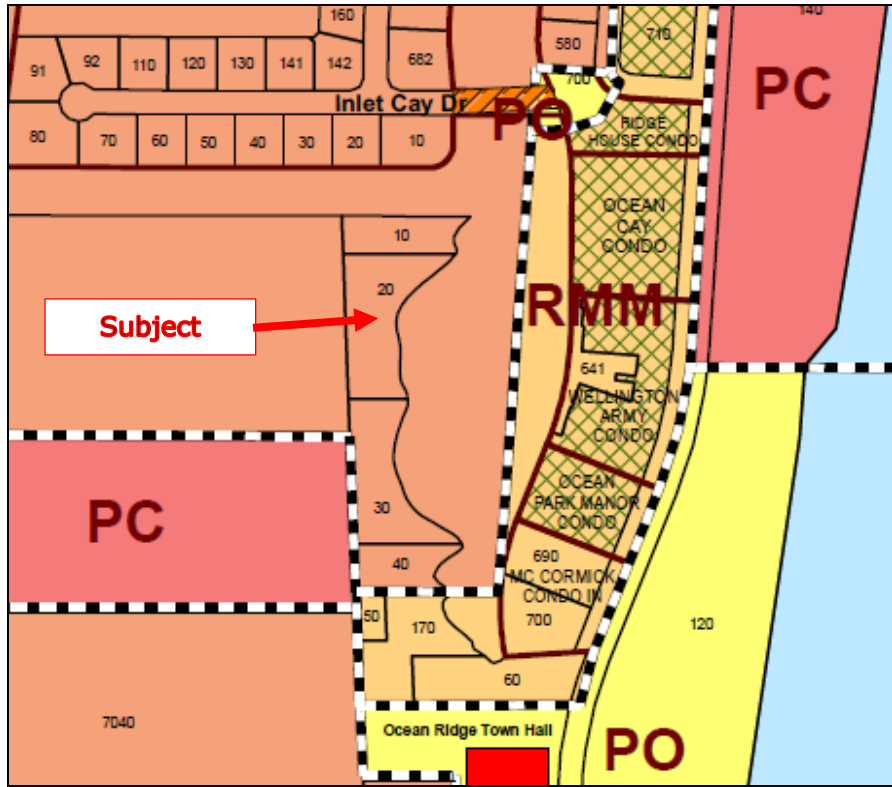


Zoning and Land Use

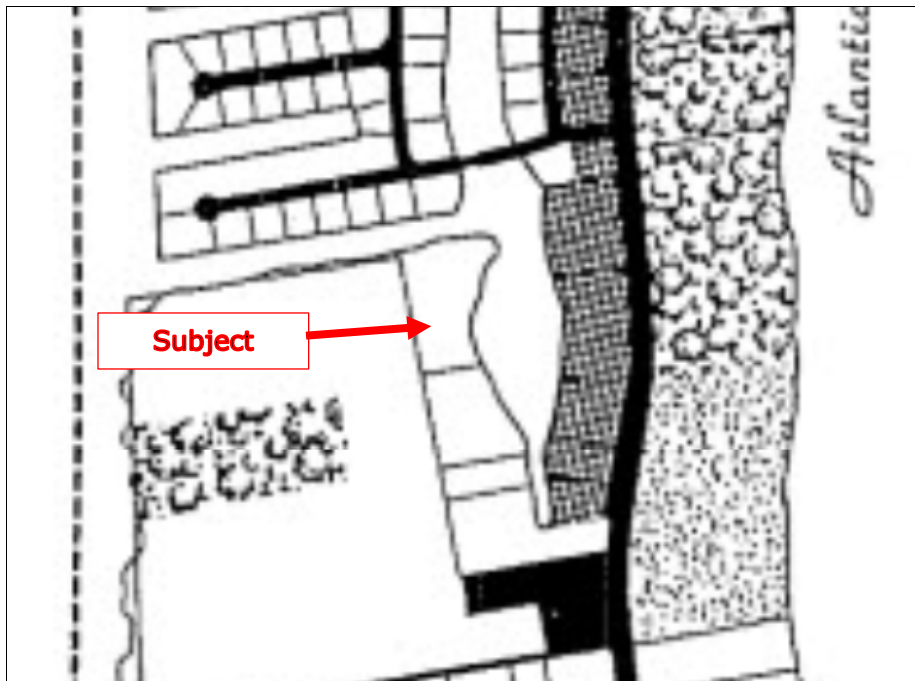
The Subject Property primarily is zoned RSF, Single-Family Residential District, with a portion along the eastern boundary zoned RMM, Medium Density Multiple-Family Residential District, by the Town of Ocean Ridge. Similarly, the Future Land Use designations are primarily Single Family Residence with a portion on the eastern boundary being Multi-Family Residence.



Zoning Map



Future Land Use Map





Easements and Deed Restrictions

We have not been provided a title search for the Subject Property. The boundary survey provided by the client indicated that the site is comprised primarily of submerged land areas with a mangrove foliage on the western portion. As depicted on the survey, an 80-foot wide access easement is located along the 300' height of the Subject site. Further, in the hypothetical condition, a 75-foot access canal will exist along water traffic past the property on its eastern boundary. Based upon the information provided regarding the Hypothetical Conditions previously discussed, our analysis considers no adverse deed restrictions or easements that would impede development of the usable site area to the Subject Property's Highest and Best Use.

Site Size, Shape and Access

The Subject site, identified as "Parcel A" on the ALTA/ACSM Land Title Survey as shown on the following page, is generally rectangular in shape and contains a total of 139,705 square feet, of 3.21 gross acres. The site has a width of 300 feet and a depth from approximately 447 to 473 feet. The eastern boundary of the site borders the Wellington Arms Condominium project. As depicted on the survey, the western boundary of the site consists of a 60' access easement which provides legal access to the Subject site. Currently, the Subject site and the access easement are undeveloped allowing no vehicular or pedestrian access.

In its present state, the Subject consists primarily of some mangrove vegetation and submerged land comprising a portion of the Spanish Creek Lagoon. The owner is planning eventually to develop the Subject site by obtaining the necessary approvals (environmental, legal, etc.) and preparing the site and its access for residential use.

As proposed, the Subject site will be comprised of approximately 89,921 square feet, or 2.06 of usable land area, excluding the 60-foot access easement and a 105-foot area between the Subject's proposed seawall and the existing seawall of the adjacent Wellington Arms condominium project. This area is proposed for a 75-foot canal easement allowing water access to the condominium project and the property owners to the south. The proposed site will have approximately 302.7 feet of water frontage along the waterway as depicted in the seawall drawing provided by the property owner (please refer to Hypothetical Conditions). As proposed, access to the site will continue to be provided by the 60-foot egress/access easement, as shown. Access is considered to be average.



Utilities

Water and sewer utilities are provided in the Hypothetical scenario to the Subject Property by the City of Boynton Beach, telephone service is by AT&T, and electricity is from FPL.

Topography

The Subject site consists of vacant submerged land and small area of mangrove marshland. As stated throughout the report, we have based our analysis on the Hypothetical Condition that Subject Property is comprised of high and dry, developable vacant land. At the client's request we have valued the land as high and dry upland with a bulkhead, unencumbered by easements potentially impeding development to its Highest and Best Use.

Census Tract

The Subject site lies within Census Tract 0054.11.



Flood Hazard Zone

The Subject Property lies within Flood Zone "AE", according to the Flood Insurance Rate Map (Panel Number 12099C 0791 F) prepared for the National Flood Insurance Program of the U.S. Department of Housing and Urban Development (H.U.D.). Flood Zone "AE" is included in the Special Flood Hazard Areas subject to inundation by the 1% annual chance flood. The 1% annual chance flood (100-year flood), also known as the base flood, is the flood that has a 1% chance of being equaled or exceeded in any given year. The Special Flood Hazard Area is the area subject to flooding by the 1% annual chance flood. The Base Flood Elevation is the water-surface elevation of the 1% annual chance flood. Zone "AE" indicates Base Flood Elevations determined.





Assessed Value and Taxes

The Subject Property's assessed value and taxes proposed for 2020 are summarized below.

2020 Proposed Assessed Value and Taxes				
<u>Folio Number</u>	<u>Land Value</u>	<u>Improvement Value</u>	<u>Total Assessed Value</u>	<u>Total Taxes</u>
46-43-45-22-00-005-0020	\$58,738	\$0	\$58,738	\$1,141

Property History

It should be noted that this office has not performed a title search, nor has a title search been provided. According to public records, the Subject Property is under the ownership of Waterfront ICW Properties, LLC, as of the appraisal date. The property was acquired on October 14, 2015, from Todd Alan Flato and Diana Lynn Fenimore via Warranty Deed recorded in the public records of Palm Beach County as O.R. Book 27865, Page 1766. The recorded purchase price was \$25,000. According to the owner, the property was not being marketed for sale; he approached the sellers who were out-of-town owners to begin negotiations to purchase the substantially submerged property. As far as we could determine, there have been no other transactions involving the Subject Property within the past five years. Further, it is our understanding that the Subject is not being marketed or under contract for sale.



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.

The Subject Property, based on the Hypothetical Conditions outlined, is a 3.21-acre vacant site with extensive Intracoastal Waterway frontage, that will have approximately 89,921 square feet, or 2.06 acres, of usable area. The Highest and Best Use of the Subject site is for residential development, based on the following criteria:

Legally Permissible

The predominate zoning and future land use designations are RSF, Single-Family Residential, and Single Family Residence, respectively. A portion of the eastern side of the site is zoned RMM, Medium Density Multiple-Family Residential, with a future land use designation of Multi-Family Residence.

The proposed use, according to our client who owns the property, is for a townhome project, three single family lots, or a single estate lot. Although multi-family condominium projects are located along the water in the Subject's immediate area, the vast majority of the properties are single family residences. Single family residential use is consistent with the zoning and future land use codes and is legally permissible. It is unclear the extent to which increased density would be allowed given the more intense zoning and land use on the eastern portion of the site.



Attempts to discuss this issue with officials of the Town of Ocean Ridge were not successful given ongoing litigation.

Physically Possible

The subject site is generally rectangular in shape and contains 139,705 gross square feet, or 3.21 total acres. The net usable area, considering the access easement and the bulkhead per the Hypothetical Condition, totals approximately 89,921 square feet, or 2.06 acres. As was shown in the Property Data section, the proposed usable site will have approximately 303 feet of water frontage and a depth from 302 to 368 feet (excluding access easement and water area beyond proposed bulkhead). As such, the site has adequate size and configuration to offer several development scenarios that are permissible in terms of zoning and future land use, although proposed access and exposure are considered to be below average.

Financially Feasible

The surrounding land uses are an important consideration, especially in regard to the principle of conformity. The Subject's immediate land uses consist primarily of single-family waterfront homes. A prudent investor would likely develop the property with the proposed single-family use based on the existing predominate zoning/land use, site attributes of the net usable land area, and demand for waterfront residential property. Based on the aforementioned market conditions, it is our opinion that the financially feasible use for the Subject site would be for single family residential development.

Of the proposed single-family residential scenarios envisioned by our client, a large estate single family lot or three single family lots, it is necessary to rely on market sales evidence to determine Highest and Best Use. We performed a detailed search of sales within the past two years of land sales (either vacant at the time of sale or for redevelopment after razing the existing structures) along the waterfront (Intracoastal or feeder canals) north and south within approximately ten miles of the Subject Property from Boca Raton to Lake Worth.

Our research revealed more than 40 closed sales, in addition to active listings, of parcels ranging in size from roughly 0.18 to 2.87 acres with an average of 0.40 acres. Only three of the comparable properties exceeded one acre in size. Based on the preponderance of data, nearly all of the waterfront (ICW and canal front) land sales that have occurred in the competitive market area have been single family parcels. It is also noted that the majority of the sales parcels have 50 to 125 feet of waterfrontage.

Maximally Productive (under Hypothetical Conditions)

Considering the Subject's proposed access, the zoning characteristics of the properties adjacent to the north and south of the Subject (single family) and the very strong demand exhibited in the market for waterfront homes, it is our opinion that the Highest and Best Use of the Subject Property, based on the Hypothetical



Conditions discussed throughout, is for single family subdivision development. The Subject owner is considering three single family lots. In our opinion, this is the optimal number of lots given the resulting water frontage of each parcel would equate to approximately 101 feet with sufficient width to develop each site with a single-family residence on 0.69+/- acres, as shown below:

	<u>Acres</u>	<u>Square Feet</u>	<u>Front Feet</u>
Lot 1	0.69	29,974	101
Lot 2	0.69	29,974	101
Lot 3	0.69	29,973	101
	<hr/>	<hr/>	<hr/>
	2.06	89,921	302.7

The most probable buyer of the Subject Property would be an investor/speculator looking to develop the subject site with residential development, such as is the case of our client.



LAND VALUE ANALYSIS

According to the 14th Edition of The Appraisal of Real Estate the valuation of land begins by identifying the real estate and property rights valued, any encumbrances, use restrictions, and the land's physical characteristics. An appraiser can use several techniques to obtain an indication of land value:

- Sales Comparison
- Market Extraction
- Allocation
- Land Residual Technique
- Ground Rent Capitalization
- Subdivision Development Analysis

Usually the most reliable way to estimate land value is by sales comparison. When few sales are available, however, or when the value indications produced through sales comparison need additional support, procedures like extraction or allocation may be applied. In the case of the Subject Property, we have used the Sales Comparison Approach to value the Subject Property total usable site area. As the Highest and Best Use under the Hypothetical Conditions outlined is based on the Subject as legally subdivided into three contiguous improved lots, we have also valued the Subject site based on the Subdivision Development Analysis.

Discussion of Vacant Land Sales

In order to estimate the value of the Subject site, a search was made for sales of properties with canal or Intracoastal Waterway frontage and development potential similar to the Subject. We searched for residential land sales with the same or similar zoning as the Subject Property, where possible, that have potential for development of more than one dwelling. We looked for sales occurring within the past three years in the Ocean Ridge area. However, based on the lack of similar land sales occurring within the Subject's immediate area we expanded our search parameters to include older sales and sales with water frontage throughout Palm Beach County. Waterfront property is typically analyzed based on the waterfront foot of land. Therefore, we will analyze the comparables on a price per front foot basis, which is the best unit of comparison for this property type.

Our research revealed some relatively recent sales, but they were multi-family sites with substantially greater allowable density and were not suitable for comparison to the Subject Property. The sales in our analysis were considered to be the most comparable available with canal or Intracoastal Waterway frontage.

As mentioned in the Property History section of the report, the current owner purchased the Subject Property in October of 2015 for \$25,000. However, this was the purchase of the property in its "as is" condition, as submerged land, and is not relevant under the Hypothetical Conditions used in our valuation of the Subject, as if it consisted of high and dry residential land.



All of the comparables were considered with regard to property rights appraised, financing, conditions of sale, time or market conditions, location, size, site quality and zoning. The five comparable sales indicated a sale price range from \$13,100 to \$54,545 per front foot prior to adjustments.

Details of each sale along with a location map are located on the following pages. A sales chart and discussion follow.

Discussion of Adjustments

As mentioned, to value the Subject's total usable site area, based on the Hypothetical Conditions outlined, we analyzed the Subject Property based on a price per front foot basis. All of the comparables were considered with regard to property rights appraised, financing, conditions of sale, time or market conditions, location, size, site quality and zoning. The data vary considerably but were considered to be the best available for direct comparison to the Subject Property.

WATERFRONT LAND SALES						
CALLAWAY AND PRICE, INC. #20-81242						
Sale Number	Subject Property	1	2	3	4	5
Record ID	N/A	10358	9773	9620	9622	9642
O.R. BK/PG	N/A	29951/970	29817/1611	29372/0434	29232/1291	29200/711
Location	Facing Wellington Arms Condos, 0.25+/- miles N of E. Ocean Ave.	600 NE 5th Avenue	120 NE 5th Avenue	3611 S. Flagler Drive	725 S. Ocean Boulevard	202 N. Lake Drive
City	Ocean Ridge	Boca Raton	Boca Raton	West Palm Beach	Boca Raton	Lantana
Date of Appraisal/Sale	Sep-20	Jun-18	Apr-18	Sep-17	Jul-17	Jul-17
Sale Price	-	\$12,000,000	\$6,400,000	\$3,700,000	\$17,300,000	\$655,000
Size - Square Feet	89,921	95,383	54,450	18,252	69,696	14,375
Size - Acres	2.06	2.19	1.25	0.42	1.60	0.33
Frontage	Canal	ICW	ICW	ICW	ICW	ICW
Front Feet	303	220	160	100	765	50
Price per Sq. Ft. of Land	-	\$125.81	\$117.54	\$202.72	\$248.22	\$45.57
Price per Front Foot	-	\$54,545	\$40,000	\$37,000	\$22,614	\$13,100
Zoning	RSF	R1B	R1B	MF-32	R5 (PUD)	R-15
Density (Dwelling Units/Acre)	0.93	1.86	2.40	14.32	11.27	15.00
Vacant/Improved	Vacant	Vacant	Improved	Improved	Improved	Vacant
Conditions of Sale	-	0%	0%	0%	0%	0%
Market Condition Adj.	-	5%	5%	10%	10%	10%
Adj Price Per Front Foot	-	\$57,273	\$42,000	\$40,700	\$24,876	\$14,410
Physical Adjustments						
Location/Access	-	-30%	-30%	-25%	-35%	0%
Size	-	-15%	-15%	-15%	15%	-20%
Site Quality	-	-15%	-15%	-10%	-15%	-10%
Zoning/Density	-	0%	0%	-15%	-15%	-5%
Total Adjustments	-	-60%	-60%	-65%	-50%	-35%
Adj Price Per Front Foot	-	\$22,909	\$16,800	\$14,245	\$12,438	\$9,367

Average \$15,152
Minimum \$9,367
Maximum \$22,909



COMPARABLE LAND SALES MAP





Land Sale No. 1



Property Identification

Record ID 10358
Property Type Vacant, Single family
Address 600 NE 5th Avenue, Boca Raton, Palm Beach County, Florida 33432
Location East side of NE 5th Avenue at NE 5th Court
Tax ID 06-43-47-20-00-004-0040
Legal Description Lengthy

Sale Data

Grantor Steve W. Fowler, et ux
Grantee Andrew Robins
Sale Date June 22, 2018
Deed Book/Page 29951/970
Property Rights Fee Simple
Conditions of Sale Arm's length
Financing Cash to seller
Sale History May 2015 for \$8,300,000
Verification Confirmed by Jim Murray

Sale Price \$12,000,000
Cash Equivalent \$12,000,000

Land Data

Zoning R1-B
Topography Vacant, cleared
Utilities All to site
Shape Generally rectangular



Land Sale No. 1 (Cont.)

Future Land Use RL, Residential Low

Land Size Information

Gross Land Size 2.190 Acres, or 95,383 SF
Allowable Units 4
Front Footage NE 5th Avenue; 220 ft Intracoastal

Indicators

Sale Price/Gross Acre \$5,480,222
Sale Price/Gross SF \$125.81
Sale Price/Allowable Unit \$3,000,000
Sale Price/Front Foot \$54,545

Remarks

This is the purchase of a previously developed residential site with 220' of frontage along the west side of Intracoastal Waterway. The property was vacant, cleared, and has a maximum density of 1.86 DU/acre, allowing for up to four residential units. Specific plans are unknown.



Land Sale No. 2



Property Identification

Record ID	9773
Property Type	Vacant, Condominium
Property Name	5th Avenue Enclave
Address	120 NE 5th Avenue, Boca Raton, Palm Beach County, Florida 33432
Location	East side of NE 5th Ave., approx.300' north of E. Palmetto Park Rd.
Tax ID	06-43-47-20-03-000-0040
Legal Description	Lots 4-6, Kinney and Gates Sub No. 2, PB 6, PG 62

Sale Data

Grantor	Regina Thomas
Grantee	120 NE 5th Avenue
Sale Date	April 30, 2018
Deed Book/Page	29817/1611
Recorded Plat	6/62
Property Rights	Fee Simple
Conditions of Sale	Arm's Length
Financing	Conventional



Land Sale No. 2 (Cont.)

Verification Other sources: Costar; Deed; other, Confirmed by Jim Murray

Sale Price \$6,400,000

Land Data

Zoning R1B
Topography Flat; improved
Utilities All available
Shape Rectangular
Future Land Use Single Family

Land Size Information

Gross Land Size 1.250 Acres, or 54,450 SF
Planned Units 3
Front Footage NE 5th Avenue; 160 ft Intracoastal Waterway

Indicators

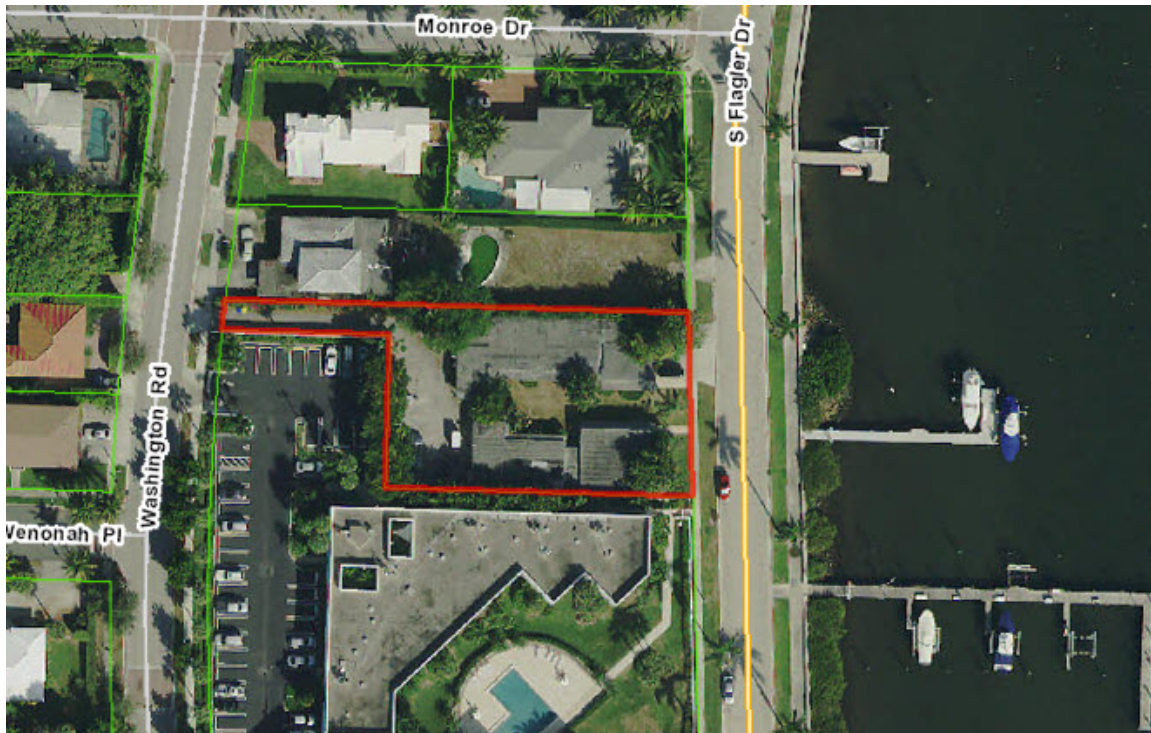
Sale Price/Gross Acre \$5,120,000
Sale Price/Gross SF \$117.54
Sale Price/Planned Unit \$2,133,333
Sale Price/Front Foot \$40,000

Remarks

Property overlooks the Intracoastal Waterway and was improved with a 3,836 square foot single family residence that contributed no value. The property had no approvals but was planned for "5th Avenue Enclave" that would be comprised of three luxury townhome units. The site had originally been platted for three narrow adjacent sites; therefore buyer was able to release Unity of Title and develop with three TH units. The effective density, therefore, is 2.40 dwelling units per acre.



Land Sale No. 3



Property Identification

Record ID	9620
Property Type	Vacant, Condominium
Property Name	The Crystal
Address	3611 S. Flagler Drive, West Palm Beach, Palm Beach County, Florida 33405
Location	West side of Flagler Drive, approx. 150' south of Monroe Drive
Tax ID	74-43-43-34-00-000-0043
Legal Description	Lengthy legal

Sale Data

Grantor	Crystal Palm Beach Development LLC
Grantee	Coordinates Solutions LLC
Sale Date	September 26, 2017
Deed Book/Page	29372/0434
Recorded Plat	12/67
Property Rights	Fee Simple
Conditions of Sale	Arm's Length
Financing	Conventional
Sale History	\$1.67 million in February 2016
Verification	Other sources: Costar; Deed; other, Confirmed by Jim Murray



Land Sale No. 3 (Cont.)

Sale Price \$3,700,000

Land Data

Zoning MF32
Topography Flat; partially improved
Utilities All available
Future Land Use Multi-family
Density 14.32 units per acre
Depth 170 feet

Land Size Information

Gross Land Size 0.419 Acres, or 18,252 SF
Planned Units 6
Front Footage 100 ft S. Flagler Drive; Intracoastal Waterway
Washington Road

Indicators

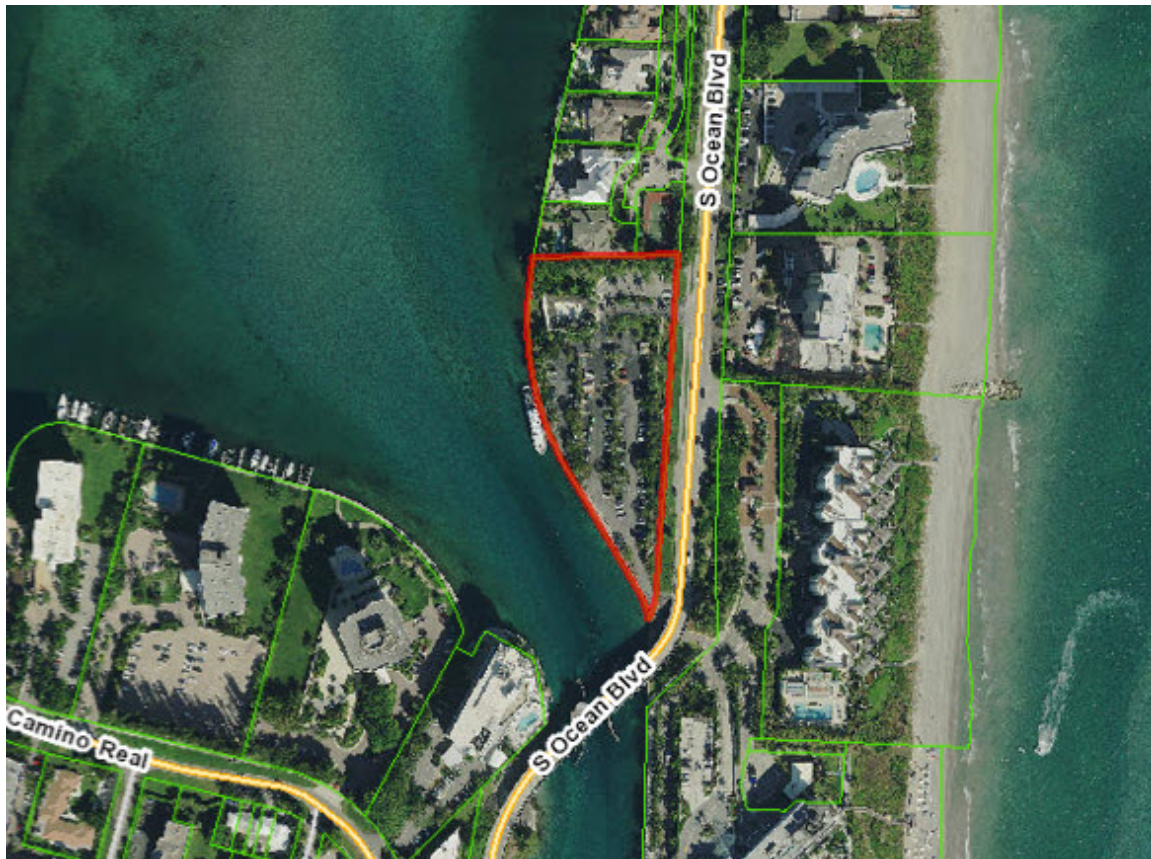
Sale Price/Gross Acre \$8,830,375
Sale Price/Gross SF \$202.72
Sale Price/Planned Unit \$616,667
Sale Price/Front Foot \$37,000

Remarks

Property overlooks the Intracoastal Waterway and has riparian rights, but no direct water frontage. Property had site plan approvals for a six-unit, seven-story luxury condominium complex to be known as "The Crystal" that would be comprised of three- and four-bedroom units ranging from 2,800 to 4,400 square feet with elevators and 9'6" foot ceilings. The property was improved with two older single-family homes that contributed no value. The density equates to 14.32 dwelling units per acre.



Land Sale No. 4



Property Identification

Record ID	9622
Property Type	Vacant, Condominium
Address	725 S. Ocean Boulevard, Boca Raton, Palm Beach County, Florida 33432
Location	West side of S. Ocean Boulevard, approx. 1000' north of E. Camino Real
Tax ID	06-43-47-28-14-002-0000
Legal Description	Parcel "B" of Boca Beach Club, PB/PG 67/148

Sale Data

Grantor	Boca Lake Parcel L.L.C.
Grantee	Boca Lake Acquisitions LLC
Sale Date	July 20, 2017
Deed Book/Page	29232/1291
Recorded Plat	67/148
Property Rights	Fee Simple
Marketing Time	2+/- mos.
Conditions of Sale	Arm's Length
Financing	Conventional



Land Sale No. 4 (Cont.)

Verification Other sources: Costar; Deed; other, Confirmed by Jim Murray

Sale Price \$17,300,000

Land Data

Zoning R5(PUD)
Topography Flat; partially improved
Utilities All available
Dimensions Irregular
Future Land Use RH, Residential High
Density 11.27 units per acre
Depth 250 feet

Land Size Information

Gross Land Size 3.193 Acres, or 139,087 SF
Usable Land Size 1.600 Acres, or 69,696 SF, 50.11%
Planned Units 36
Front Footage 765 ft Intracoastal Waterway; S. Ocean Blvd.

Indicators

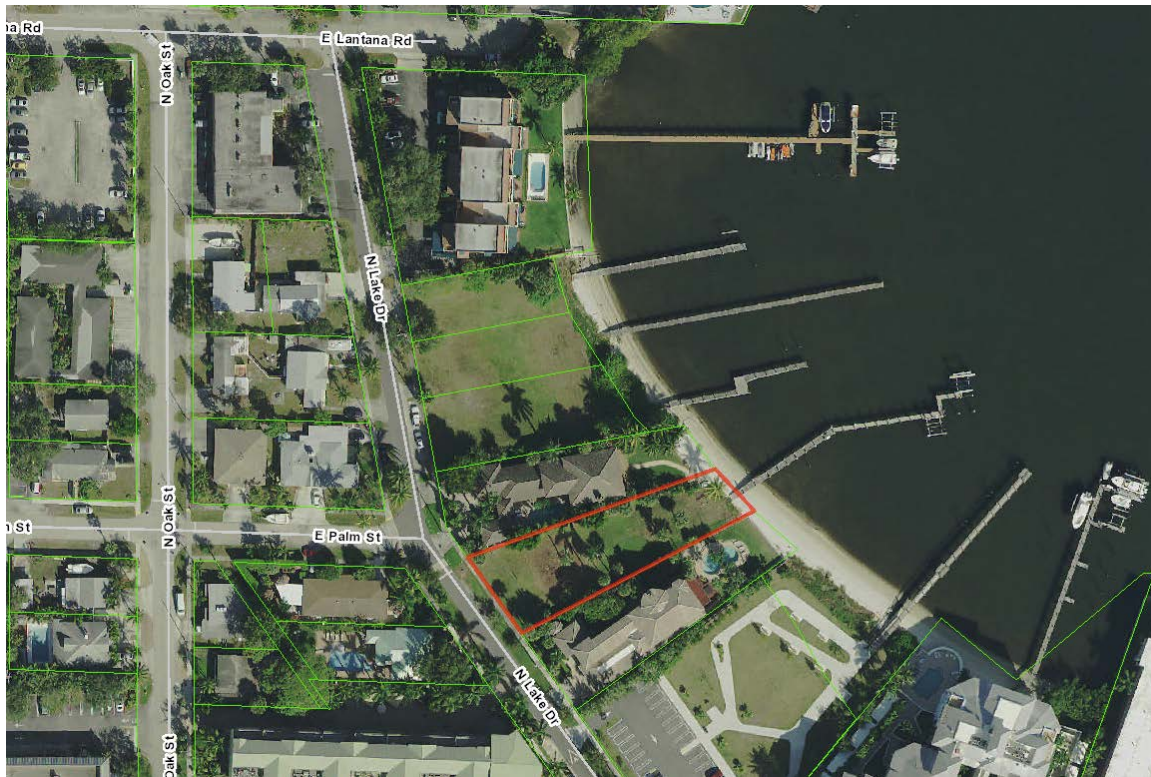
Sale Price/Gross Acre \$5,418,105
Sale Price/Gross SF \$124.38
Sale Price/Usable Acre \$10,812,500
Sale Price/Usable SF \$248.22
Sale Price/Planned \$480,556
Unit
Sale Price/Front Foot \$22,614

Remarks

According to the broker, the usable area for development was limited due to deed restrictions which required approximately 50% of the site to be maintained as a park. Property has extensive Intracoastal Waterway frontage in an exclusive area of Boca Raton. The site sits at the north end of the bridge leading to the Boca Raton Inlet. The site was purchased by Blackstone Group as part of a much larger deal in 1997. The site was previously used as the sales center for the One Thousand Ocean ocean-front condo complex nearby. The buyers are developers (Key International and Integra Investments) who plan to develop a boutique condo project of approximately 36 units in the spring of 2018. According to the broker, site plan approvals were in place that may be modified somewhat. The sales center and improved parking lot had no contributory value. At 36 planned units, the density equates to 11.27 dwelling units per acre.



Land Sale No. 5



Property Identification

Record ID	9642
Property Type	Vacant, Multifamily
Address	202 N Lake Drive, Lantana, Palm Beach County, Florida 33462
Tax ID	40-43-45-03-14-005-0072
Legal Description	Lantana Point Add, Lots 7, 8, 9 & 10

Sale Data

Grantor	Southern Homes of Miami, Inc.
Grantee	202 Lake, LLC
Sale Date	July 19, 2017
Deed Book/Page	29200/711
Property Rights	Fee Simple
Marketing Time	2 months
Conditions of Sale	Market
Financing	Cash to seller
Verification	Other sources: Costar; Deed, Confirmed by Nicci Ellefson
Sale Price	\$655,000



Land Sale No. 5 (Cont.)

Land Data

Zoning	R-15
Topography	Ready to build
Utilities	All to site
Shape	Rectangular
Future Land Use	Multifamily
Depth	232

Land Size Information

Gross Land Size	0.330 Acres, or 14,375 SF
Front Footage	50 ft Intracoastal

Indicators

Sale Price/Gross Acre	\$1,984,848
Sale Price/Gross SF	\$45.57
Sale Price/Front Foot	\$13,100

Remarks

Property is a multi-family waterfront parcel on the Intracoastal Waterway in Lantana, close to U.S. 1 where redevelopment is occurring. The land is currently zoned for four units but can also be developed for a single-family home. It shares a finger dock for easy dockage. The site is located directly across from Hypoluxo Island, which is an area of high-end, luxury homes. The allowable density is 15 dwelling units per acre.



Property Rights Conveyed, Terms of Financing and Conditions of Sale

All the comparables in this analysis involved the transfer of a Fee Simple Estate basis, with the buyers receiving full property rights ownership. 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.

The transaction price of one property may differ from that of a similar property due to atypical financing arrangements. In a case where favorable financing is established, a cash equivalency adjustment is often necessary. However, all of the sales analyzed herein involved either market terms or cash to Grantor. Therefore, no adjustments were made, nor any cash equivalency performed.

Adjustments for conditions of sale usually reflect the motivations of the buyer and seller at the time of conveyance. Within the confirmation process, detailed attention was made to ensure the conditions of each sale. Based on our research, no adjustments were required to the sales for atypical conditions of sale.

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 July 2017 to June 2018. As mentioned, our research revealed more recent sales, but sales that had significantly greater density and were not suitable for comparison to the Subject Property. In addition, there were notably fewer sales during 2020 year-to-date likely due to the economic turmoil resulting from the COVID-19 pandemic.

In this dataset, all of the sales transpired during a period of improving, or strengthening market conditions, thus requiring upward adjustments. Sales 1 and 3 had prior transactions indicating pricing increases of 1.20% and 6.40% per month, respectively. Although the data does not indicate a definitive market derived adjustment, we have applied upward adjustments to all of the sales to reflect the inferior market conditions based on their date of sale, with Sales 3 through 5 receiving greater adjustments having occurred in 2017.

Location

The Subject Property is located in Ocean Ridge, an area that is desirable and in strong demand. However, as proposed in the Hypothetical Conditions, the site has inferior access. Sale 3 is located near the West Palm Beach downtown and overlooks the Island of Palm Beach. This sale is considered to have a significantly superior location relative to the Subject site and warranted a downward adjustment for this factor. Similarly, Sales 1, 2 and 4 are located in Boca Raton, in an exclusive area with excellent visibility along both sides of the Intracoastal Waterway, and are also



superior locations. These sales warranted significant downward adjustments as well, in our opinion.

Sale 4 was located in an area with lower surrounding property values, however, due to its superior access this sale was not adjusted for location characteristics.

Size

The Subject Property contains 2.06 usable acres, or approximately 89,921 square feet, with 303 feet (rounded) of water frontage along the Spanish Creek Lagoon. The comparables indicate a range of site sizes from 0.33 to 2.19 net usable acres. The comparables indicate a range of water frontage from 50 to 765 front feet. On a price per front foot basis, the comparables ranged from \$13,100 to \$54,545 front feet, which was more consistent than the range on a price per square foot basis (\$45.57 to \$248.22 per square foot prior to adjustments).

As with parcel size, the smaller the unit (square feet or front feet), the larger the price per unit, and vice versa. As a result, it is our opinion that all of the sales except Sale 4 had significantly less frontage and required relatively large downward adjustments on a price per front foot basis. Conversely, Sale 5 had a much larger amount of frontage compared to the Subject Property and required a significant upward adjustment for this factor.

Site Quality

The Subject Property's usable site is generally rectangular in shape and has significant water frontage and sufficient depth to allow a variety of development scenarios. All of the sales had frontage along (or rights to access) the Intracoastal Waterway which is considered superior to that of adjoining canals. As a result, the sales required downward adjustments due to their superior water frontage. Sales 3 and 5 were relatively narrow in width which alters development potential. These two sales were not adjusted downward as significantly, as a result. In addition, although Sales 2, 3 and 4 were partially improved with older single-family homes (Sales 2 and 3), and a former sales center and parking lot (Sale 4), the improvements did not contribute value and were not substantial in terms of demolition costs. These sales were not adjusted based on their improvements at the time of sale.

Zoning/Density

The Subject Property has an RSF zoning classification, according to its Highest and Best Use under the Hypothetical Conditions, which allows single family development with a proposed density of 0.93 dwelling units per *gross* acre. Sales 1 and 2 had a relatively similar zoning classification or proposed density as the Subject and no adjustments were warranted to these sales. Sales 3, 4 and 5, however, had zoning classifications allowing higher density and more intense development. It is our opinion these classifications are superior to the Subject's density requiring downward adjustments.



It is also noted that Sales 3 and 4 had approvals in place for development. Due to the associated costs, expertise, effort, time and risk required to obtain approvals, these sales warranted relatively significant downward adjustments based on this superior attribute.

Conclusion – Land Value Analysis

As shown on the comparable land sales chart displayed earlier, the sales indicate an adjusted range from \$9,367 to \$22,909 per front foot, with an average of \$15,152 per front foot. Eliminating the low and high ends of the range (Sales 1 and 5, respectively) narrows the range from \$12,438 to \$16,800 per front foot, with a similar average of \$14,494 per front foot. We have considered the adjusted prices of all of the sales as Sales 1 and 2 are the most recent sales, but Sales 4 and 5 required less net adjustment.

The Subject Property contains approximately 303 front feet. Based on the available market data, it is our opinion that the Subject Property had a Market Value of \$13,000 to \$15,000 per front foot, via the Sales Comparison Approach and based on the Hypothetical Conditions outlined, as of September 11, 2020, or \$4,200,000, computed as follows:

303 Front Feet X \$13,000 per Front Foot = \$3,939,000

303 Front Feet X \$15,000 per Front Foot = \$4,545,000

Say, \$4,200,000



SUBDIVISION ANALYSIS (DISCOUNTED SELLOUT ANALYSIS)

Preface

In an analysis of a residential project by the Discounted Sellout Approach, the appraisal problem is the estimation of the Market Value of future receipts generated by the sale of the vacant lots. The steps necessary for the Market Value estimate by the Discounted Sellout Approach are as follows:

1. Estimate the individual lot retail prices through market comparison and subsequently the Total Sellout of the Subject lots.
2. Estimate the absorption period or time required to sell the lots based on market comparison.
3. Deduct all expenses and selling costs including developer's profit.
4. Discount the net future receipts back to a present value at an appropriate rate.

Total Sellout Estimate

The Total Sellout estimate is simply a summation of the retail values of the individual lots. The individual retail prices are estimated by comparing the sale prices of comparable lots in the relevant market to the Subject lots. When actual lot sales are not available, a lot value based as a percentage of the end unit pricing is used.

Absorption Period Estimate

This estimate is based on the rate of sales of similar type lots in the competitive market area. Consideration is also given to the overall absorption for this type of product in the market area and anticipated future demand.

Expense Estimate

An estimate of expenses considered necessary to properly market the lots in a competitive environment must be deducted from the Total Sellout to arrive at the net proceeds. These expenses would include such items as marketing, real estate sales commissions, closing costs, administrative salaries, and a profit that the developer would expect to receive for his entrepreneurial efforts.



Pricing of Finished Lots

Finished lots such as those being valued herein do not typically sell in new standardized communities. Rather, a developer sells the lot and home package to the individual home buyer with lot prices directly related to the value of the finished home that could be built and marketed at a particular location on a particular sized lot. However, in the case of the Subject Property, we are analyzing the Subject Property based on the Hypothetical Condition that the lots are legally subdivided and are being sold as vacant, upland lots improved with a bulkhead.

Due to the demand for such lots and sales activity in the competitive market area we have based our estimates of the individual retail values of the proposed finished Subject lots on comparable lots sales with Intracoastal Waterway or canal frontage. We have based our analysis on the average lot size and frontage indicated by the usable area presented in the Property Data section of the report, divided essentially into three separate adjacent lots with similar water frontage and proposed road access. The figures are presented again below:

	<u>Acres</u>	<u>Square Feet</u>	<u>Front Feet</u>
Lot 1	0.69	29,974	101
Lot 2	0.69	29,974	101
Lot 3	0.69	29,973	101
	2.06	89,921	302.7

We were not provided with proposed asking prices of the Subject lots as they are not currently available. We analyzed six lot sales with canal or Intracoastal Waterway access/frontage that have occurred since November 2018. Most sales in the market involved improved lots that were purchased for demolition and redevelopment. The sales were analyzed on a price per square foot basis, as well as price per front foot, and consideration was given for the varying differences in location, site size, zoning and site quality. The comparable sales are shown on the following table, along with a location map and our discussion.



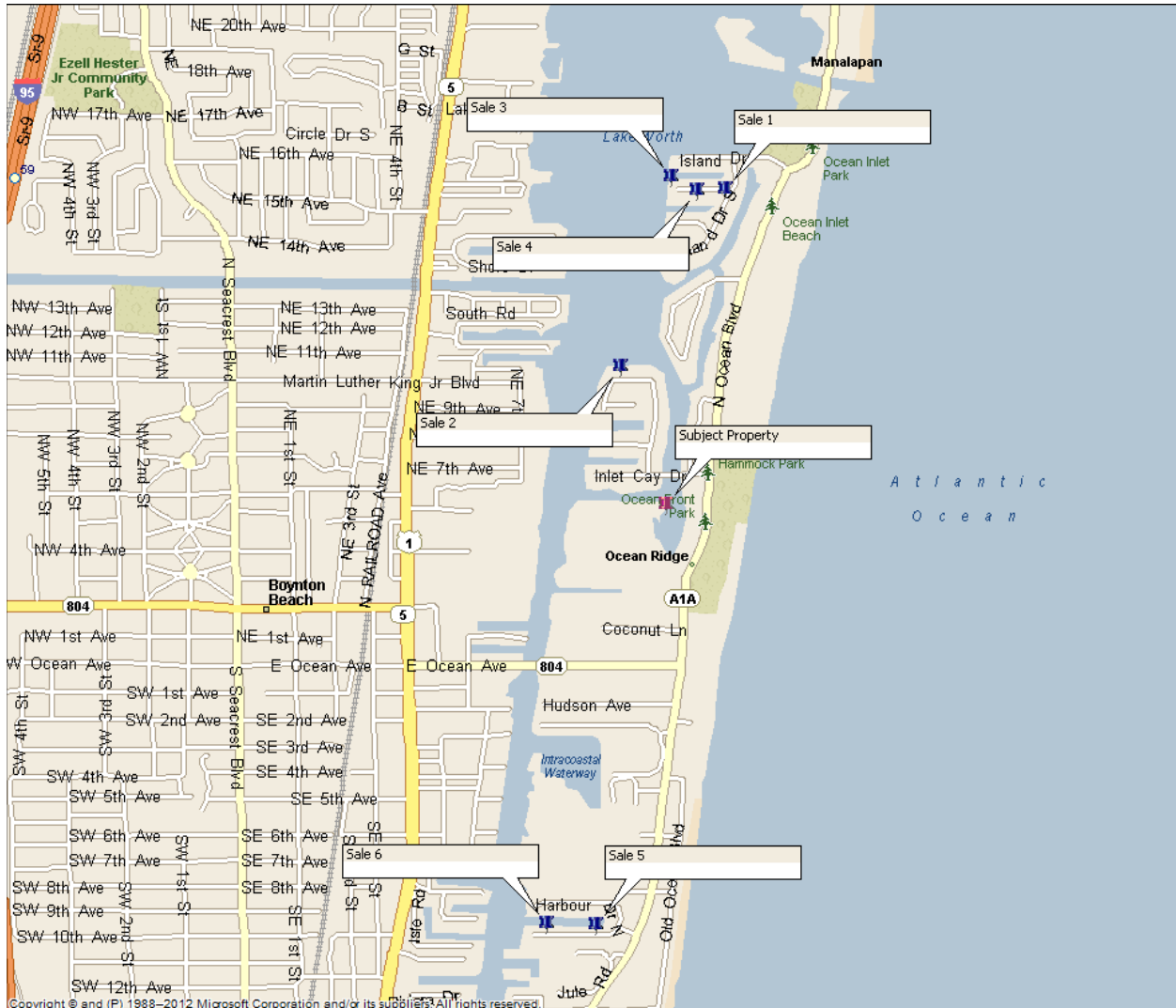
Subdivision Analysis

WATERFRONT RESIDENTIAL LOT SALES							
Callaway & Price, Inc. #20-81242							
Sale Number	Subject	1	2	3	4	5	6
O. R. BK/PG	N/A	31183/0226	31166/1333	30530/1704	30496/1707	30346/0555	30251/0960
Address	N/A	113 Island Drive S.	54 Spanish River Dr.	120 Marlin Drive	117 Marlin Drive	18 Harbour Drive S.	42 Harbour Drive S.
Location	Facing Wellington Arms Condos, 0.25 +/- miles N of E. Ocean Ave., Ocean Ridge	SW corner of Island Drive S. and Marlin Drive	North side of Spanish River Dr., 1,095' +/- north of Inlet Cay Dr. Ocean Ridge	NW side of Marlin Drive cul-de-sac	South side of Marlin Dr., 170' +/- west of Island Drive S.	North side of Harbour Drive S., approx. 420' west of N. Ocean Blvd. Ocean Ridge	North side of Harbour Drive S., approx. 980' west of N. Ocean Blvd. Ocean Ridge
City	Ocean Ridge	Ocean Ridge	Ocean Ridge	Ocean Ridge	Ocean Ridge	Ocean Ridge	Ocean Ridge
Date of Appraisal/Sale	Sep-20	Jan-20	Jan-20	Mar-19	Mar-19	Dec-18	Nov-18
Sale Price	-	\$825,000	\$2,435,000	\$2,700,000	\$800,000	\$890,000	\$1,000,000
Size - Acres	0.69	0.31	0.28	0.42	0.28	0.23	0.23
Size - Square Feet	29,974	13,408	12,271	18,086	12,001	10,058	10,058
Price per Square Foot	Avg. usable lot size -	\$61.53	\$198.44	\$149.29	\$66.66	\$88.49	\$99.42
Frontage	Canal	Canal	ICW	ICW	Canal	Canal	Canal
Front Feet	101	40	100	255	100	95	95
Price per Front Foot	-	\$20,625	\$24,350	\$10,588	\$8,000	\$9,368	\$10,526
Zoning	RSF	RSF	RSF	RSF	RSF	RSF	RSF
Conditions of Sale		0%	0%	0%	0%	0%	0%
Market Condition Adj.		0%	0%	5%	5%	5%	5%
Adj Price Per Square Ft.		\$61.53	\$198.44	\$156.75	\$70.00	\$92.91	\$104.39
Physical Adjustments							
Location		5%	-15%	-15%	5%	5%	5%
Size		-20%	-20%	-10%	-20%	-20%	-20%
Zoning/Density		0%	0%	0%	0%	0%	0%
Site Quality		15%	-10%	-15%	-10%	-10%	-10%
Total Adjustments		0%	-45%	-40%	-25%	-25%	-25%
Adj Price Per Square Ft.		\$61.53	\$109.14	\$94.05	\$52.50	\$69.68	\$78.30
Indicated Price/Front Ft.		\$20,625	\$13,393	\$6,671	\$6,300	\$7,378	\$8,289

Average \$77.53
Minimum \$52.50
Maximum \$109.14



Comparable Lot Sales Map





Property Rights Conveyed, Terms of Financing and Conditions of Sale

All the comparables in this analysis involved the transfer of a Fee Simple Estate basis, with the buyers receiving full property rights ownership. 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.

The transaction price of one property may differ from that of a similar property due to atypical financing arrangements. In a case where favorable financing is established, a cash equivalency adjustment is often necessary. However, all of the sales analyzed herein involved either market terms or cash to Grantor. Therefore, no adjustments were made, nor any cash equivalency performed.

Based on our research, no adjustments were required to the sales for atypical conditions of sale.

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 lot sales occurred from November 2018 to January 2020. Sales 3 through 6 transpired during improving, or strengthening market conditions, and required upward adjustments. Sales 1 and 2 occurred during early 2020 prior to the COVID-19 pandemic outbreak and were considered to reflect current market conditions. These sales did not warrant adjustments, in our opinion.

Location

As stated, the Subject Property is located in an area that is desirable and in strong demand. Further, the proposed Subject lots are located on the Spanish Creek Lagoon which is a wide interior waterway that links with the Intracoastal Waterway. All of the sales were located in close proximity to the Subject Property within the community of Ocean Ridge. In this way the comparable sites are considered to be similar to the Subject. Sales 2 and 3, however, are situated along the Intracoastal Waterway and considered to have superior access and view amenity. These sales, in our opinion, required downward adjustments based on this factor. The remaining sales, however, were situated along narrow canals with inferior views relative to the Subject Property. Sales 1, 4, 5 and 6 were given upward adjustments due to this consideration.

Size

The Subject lots, on average, contain approximately 29,974 square feet, or 0.69 acres, and have with 101 feet of frontage along the Spanish Creek Lagoon. The comparable lot sales indicate a range of sizes from 10,058 to 18,086 square feet. The average Subject lot size is significantly larger than the comparable lot sales.



Typically, smaller properties will sell for more on a price per square foot basis than larger properties, all other things equal, and vice versa. Based on this rationale, all of the sale required downward adjustments due to their much smaller lot sizes.

Site Quality

The Subject lots, per our Highest and Best Use discussion, are rectangular in shape with typical water frontage (estimated at 101 feet), but relatively narrow, which negatively impacts the development potential of each site. A mitigating factor is that all of the sales were improved at the time of sale and were purchased for demolition and redevelopment.

In terms of lot configuration, all of the comparable lots are superior with the exception of Sale 1 which has an irregular shape and much less water frontage. This sale was not adjusted for the factor. The remaining sales warranted downward adjustment for their superior configuration. Sale 3 warranted a more substantial adjustment, in our opinion, based on its extensive water frontage.

Zoning/Density

All of the sale properties were selected because they were single family lots that were purchased for development or redevelopment. As a result, no adjustments were warranted for this criterion.

Conclusion – Lot Pricing

As was shown on the previous chart, the sales indicated adjusted prices from \$52.50 to \$109.14 per square foot, with an average of \$77.53 per square foot. Eliminating the high and low indications (lot Sales 2 and 4, respectively), the range narrows from \$61.53 to \$94.05 per square foot, with a slightly lower average of \$75.89 per square foot. Due to the difficulty in deriving appropriate location adjustments for Intracoastal Waterway frontage, we have analyzed the sales excluding Sales 2 and 3. This range is \$52.50 to \$78.30 per square foot, with an average of \$65.50 per square foot. Sales 2 and 3 indicated an average adjusted price of \$101.59 per square foot.

It is also noted that on a per front foot basis, the comparable lot sales indicated an adjusted range of prices from \$6,300 to \$20,625 per front foot.

Based on the data and our analysis, we have concluded that the average price per square foot of the Subject lots is well supported at approximately **\$70** per square foot and the average price on a front foot basis is approximately **\$13,000** per front foot. The data suggests that the price per square foot is the more relevant and important factor in the sales of similar waterfront residential sites. Therefore, we have placed more reliance on the adjusted sales prices per square foot with some consideration of the indicated price per front foot.



These conclusions indicate the following retail sale prices for each of the Subject lots:

Conclusions:

	\$70.00	Per Sq. Ft.					
	\$13,000	Per Front Ft.					
			Value	Value	Retail	Value	Value
			<u>by Sq. Ft.</u>	<u>by Front Ft.</u>	<u>Lot Price</u>	<u>per Sq. Ft.</u>	<u>per Front Ft.</u>
Lot 1	29,974	101	\$2,098,180	\$1,311,700	\$1,900,000	\$63	\$18,831
Lot 2	29,974	101	\$2,098,180	\$1,311,700	\$1,900,000	\$63	\$18,831
Lot 3	29,973	101	\$2,098,110	\$1,311,700	\$1,900,000	\$63	\$18,831
Totals	89,921	302.7		Total Sales	\$5,700,000	\$63	\$18,831
				Average Lot Price	\$1,900,000		

As shown, the average retail lot price was \$1,900,000, or \$63 per square foot and \$18,831 per front foot. The estimated Total Sellout amount equates to **\$5,700,000**.

Absorption Period Estimate

This estimate is based on the seasonal nature of the market for similar properties, the marketing period of the comparable and other waterfront sales, and data in our files. Consideration is also given to information discussed previously in the Market Overview section of this report, as well as the overall absorption for this type of product in the general market area and anticipated future demand.

Discussion of Absorption

The absorption period is a critical part of the valuation process. It provides a timeline over which the sales receipts will occur. It is one of the most difficult items to estimate since absorption rates for future sales are dependent upon external factors such as the national and local economies which are currently being impacted by the COVID-19 pandemic, recent actions of the stock market, the availability of mortgage funds, and supply of competitive units. In addition, the estimated absorption rate must be considered in light of the Market Value estimates of the individual units.

In typical subdivision analyses, the best indication of absorption is often indicated by the recent sales activity in comparable projects. However, the Subject lots are not situated within a defined subdivision and cannot be compared with planned subdivisions with homogenous product. They are unique in terms of their frontage along the Spanish Creek Lagoon and their estimated site sizes. As discussed previously, Palm Beach County as whole indicated improved absorption, and the housing market is showing signs of continued strengthening.

Assuming market-oriented pricing and aggressive marketing over the time frame of the sell-out, it is our opinion that the Subject will require a sell-out period of approximately 24 months (8 months per lot), or 2.00 years, which equates to an overall absorption rate of 1.50 lots per year on average over the sell-out period. Based on the above discussion with consideration given to the continued strengthening of the residential market, this appears reasonable in our opinion. Based on the overall



average price of each unit, strength of the local and national economy, and the market conditions, we have projected 3% annual increases in pricing during the absorption period.

Selling Expenses

Expenses must be deducted from the total sellout estimate to arrive at net sale proceeds. Expenses include those costs necessary to market and sell the Subject units. These expenses include sales commissions, general & administrative expenses, developer's profit, real estate taxes and miscellaneous expenses. These expenses are discussed individually below.

Sales Commissions

This expense item includes sales commissions for the salespersons associated with the developer. This expense typically ranges between 3% and 8% of gross sales. The lower end of the range is representative of developments which maintain an in-house sales staff, while the upper end of the range relies primarily upon outside brokerage. In this instance we have estimated a sales expense of 3% of the Total Sellout which is consistent with projects of this caliber.

Entrepreneurial Profit

As discussed before, a developer's profit target has traditionally been in the 10% to 15% range for good quality residential projects. This charge is on total retail sales. The entrepreneurial incentive is the compensation for the time and risk necessary to develop and sell a project. Based on the current market, it is our opinion that an entrepreneurial profit of 10% is adequate for the Subject. This will be considered in our choice of a discount rate, as discussed on the following page.

Real Estate Taxes

As discussed, the Subject Property is currently assessed at \$58,738 for 2020 with proposed real estate taxes of \$1,141. However, based on the Hypothetical Conditions that the Subject consists of upland with legally subdivided, finished lots, it is necessary to estimate real estate taxes during the sellout period. As a result, we researched the taxes of similar vacant residential lots that are situated along waterfront canals in Ocean Ridge. Our research revealed that taxes per square foot typical total approximately \$0.77 to \$1.32 per square foot for similar lots. Therefore in our analysis, we have estimated taxes per lot of \$1.25 per square foot for the average lot size of 29,974 square feet (0.69 acres), or \$37,468 per lot remaining in inventory. We have increased this figure by 3% in Year 2.



Miscellaneous Expenses

This expense covers such items as insurance and other miscellaneous operating expenses. These expenses are estimated at 1% of the Total Sellout which is supported by the expenses of other developments of similar magnitude.

Discount Rate

The selection of the discount rate is of great importance since the discount rate, or internal rate of return, must measure the type of income to be received and how profit is accounted for. Such a rate, often referred to as a yield rate, is influenced by the degree of apparent risk, prospective rates of return for alternative investment opportunities, historical rates of return earned by comparable properties, market attitudes with respect to future inflation or deflation, supply of and demand for mortgage funds, availability of tax shelter, et cetera.

Although the suitability of a particular discount rate generally cannot be proven on the basis of market evidence, the chosen rate should be consistent with the available evidence. The discounting of future benefits to obtain an indication of present value also requires the use of a prospective yield rate, as distinguished from a historical yield rate.

Land development rates (including developers' profit), as reported in the PwC Real Estate Investor Survey, 2nd Quarter 2020, indicate a range from 10% to 25% with an average of 15.20%. In our opinion a discount rate of 10% would be appropriate for the Subject Property considering we have already deducted an entrepreneurial incentive of 10% on total retail sales.



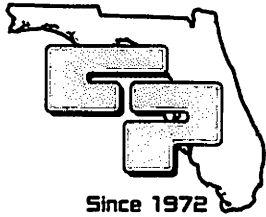
Subdivision Analysis Conclusion

Based upon our analysis of projected sellout, our estimate of the Market Value of the proposed three finished residential lots via the Subdivision Analysis (Discounted Sellout Approach) was **\$4,300,000**, as calculated below.

SUBDIVISION ANALYSIS					
Callaway & Price, Inc. #20-81242					
<u>Assumptions:</u>					
Lots		3			
Average Price Per Lot		\$1,900,000		\$1,957,000	
Total Sellout; ARV (Aggregate Retail Value)		\$5,700,000			
Sellout Period		2.00 years			24 months
Average Annual Lot Sales		1.50 per year			
Annual Discount Rate		10%			
		Yr. 1	Yr. 2	Total	
Lots Sold		1.50	1.50	3	
Remaining Lots	3	1.50	-		
Annual Receipts		\$ 2,850,000	\$ 2,935,500	\$ 5,785,500	
Less Variable Expenses:					
Sales Expenses	3.0%	\$ 85,500	\$ 88,065	\$ 173,565	
Developers Profit	10.0%	285,000	293,550	578,550	
Miscellaneous	1.0%	28,500	29,355	57,855	
Total Variable Expenses	14.0%	\$ 399,000	\$ 410,970	\$ 809,970	
Less Fixed Expenses:					
Real Estate Taxes	\$ 37,468	\$ 56,202	-	\$ 56,202	
	Per Lot				
Total Expenses		\$ 455,202	\$ 410,970	\$ 866,172	
Net Lot Sales Receipts		\$ 2,394,798	\$ 2,524,530	\$ 4,919,328	
Cumulative Cash Flow		\$ 2,394,798	\$ 4,919,328		
		Net Present Value @		\$ 4,263,478	
					\$ 4,300,000

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
E-Mail: m.slade@callawayandprice.com

SOUTH FLORIDA

1410 Park Lane South, Suite 1
Jupiter, FL 33458
561.686.0333 | 561.686.3705 Fax

Michael R. Slade, MAI, SRA, CRE
Cert Gen RZ116
m.slade@callawayandprice.com

Stephen D. Shaw, MAI, AI-GRS
Cert Gen RZ1192
s.shaw@callawayandprice.com

Robert A. Callaway, MRICS
Cert Gen RZ2461
r.callaway@callawayandprice.com

TREASURE COAST

1803 South 25th Street, Suite 1
Fort Pierce, FL 34947
772.464.8607 | 772.461.0809 Fax
Stuart: 772.287.3330

Stephen G. Neill, Jr., MAI
Cert Gen RZ2480
s.neill@callawayandprice.com

CENTRAL FLORIDA

2816 E. Robinson Street
Orlando, FL 32803
Phone (321)726-0970
Fax (321)726-0384

Curtis L. Phillips, MAI
Cert Gen RZ2085
c.phillips@callawayandprice.com

SPACE COAST

1120 Palmetto Avenue
Suite 1
Melbourne, FL 32901
Phone (321)726-0970
Fax (321)726-0384

Curtis L. Phillips, MAI
Cert Gen RZ2085
c.phillips@callawayandprice.com

July 17, 2020

Mr. William Swaim
Waterfront ICW Properties, LLC
5455 Via Delray
Delray Beach, FL 33484

VIA EMAIL: swaim35@msn.com

Dear Mr. Swaim:

We would be pleased to prepare an appraisal on approximately 3.2 acres of vacant land identified as parcel control #46-43-45-22-00-005-0020 owned by Waterfront ICW Properties LLC in Ocean Ridge, Florida. It is our understanding that the purpose of the assignment is to estimate Market Value.

The intended user is Waterfront ICW Properties, LLC. The intended use is to assist in internal decision making. 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 to complete the report will be _____ It is our policy to request a retainer and _____ will suffice for this purpose.

Mr. William Swaim
July 17, 2020
Page Two

We will provide you with the completed appraisal in approximately 4 weeks provided that we receive your authorization.

If the above is agreeable to you, please sign below as our authorization and return it together with the retainer and we will 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.



Michael R. Slade, MAI, SRA, CRE
Cert Gen RZ116

MRS:
Attachments

Client:

William Swain

Accepted By\Date:



Signature

Name and Title (Printed or Typed):

William Swaim , Manager

Quotes20/Swaim



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, 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.

QUALIFICATIONS



Qualifications – Michael R. Slade, MAI, SRA, CRE

Professional Designations\Licenses\Certifications

Member, Appraisal Institute, MAI Designation # 6864, and SRA Designation
Member, American Society of Real Estate Counselors, CRE Designation Florida
State-certified general real estate appraiser RZ116
Real Estate Broker BK0128222, State of Florida
Appraisal Institute Approved Instructor (1986-1993) for:
 Course 201 - Principles of Income Property Appraisal
 Course 310 - Basic Income Capitalization

Professional Experience

Principal, Callaway & Price, Inc. since 1981
Staff Appraiser, Callaway & Price, Inc., 1975 to 1981
Past Magistrate, Tax Appeal Hearings, Palm Beach County

Qualified As An Expert Witness

Broward County, Florida
Palm Beach County, Florida
Martin County, Florida
Federal District Court of Southern District of Florida
United States Bankruptcy Court Southern Florida
Supreme Court of the State of New York (for Florida properties)

Geographic Experience

Throughout Florida

Education

Masters of Business Administration, Florida Atlantic University
Bachelor of Science, Accounting, Florida Atlantic University
Society of Real Estate Appraisers:
 Course 101 - Introduction to Appraising Real Estate
 Course 201 - Principles of Income Property Appraising
 Course 202 - Advanced Applications
American Institute of Real Estate Appraisers:
 Course II - Urban Properties
 Course IV - Condemnation
 Standards of Professional Practice
Numerous seminars sponsored by the Appraisal Institute and other organizations



Qualifications – Michael R. Slade, MAI, SRA, CRE

Organizations and Affiliations

Appraisal Institute:

Past National Chairman of Professional Practice and Compliance & Enforcement Committee

Past Member of Strategic Planning Committee

Ethics Administration, Past Chairman

Ethics & Counseling, Past National Vice Chairman

Review & Counseling Division, Past National Chairman

South Florida-Caribbean Chapter, Past President

American Society of Real Estate Counselors:

Southern Florida Chapter, past Treasurer

Palm Beach County Housing Authority:

Past Chairman/Board Member (Gubernatorial Appointment)

Chamber of Commerce of the Palm Beaches:

Past Board of Directors, Past Member of the Executive Committee,

Treasurer Economic Development Committee, Past Chair and Member

Society of Real Estate Appraisers (now Appraisal Institute):

Young Advisory Council, Past National Chairman and Member

Past Chairman of the Board of Directors of Boys Town of South Florida

Past Guardian ad Litem Volunteer, South Florida

Awards and Honors

Robert L. Foreman Memorial Award from the Appraisal Institute, 1999

Alumni Talon Award from Florida Atlantic University, 2001

Volunteer of Distinction Award from the Appraisal Institute, 2012



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

SLADE, MICHAEL ROBERT

1410 PARK LANE SOUTH #1
JUPITER FL 33458

LICENSE NUMBER: RZ116

EXPIRATION DATE: NOVEMBER 30, 2020

Always verify licenses online at MyFloridaLicense.com



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Qualifications – James D. Murray, Jr., MAI

Professional Designations\Licenses\Certifications

Member, Appraisal Institute, MAI Designation #50208
State-certified general real estate appraiser RZ2419
Real Estate Salesperson SL517992, State of Florida

Professional Experience

Appraisal Consultant, Callaway & Price, Inc., from 2004
Commercial Real Estate Analyst, Interbay Funding, 2002 to 2004
Senior Manager, Real Estate Analyst, Ocwen Realty Advisors, 1996 to 2002
Real Estate Appraiser, Assistant Vice President, Landauer Associates, Inc., 1991-1996
Graduate Research Assistant, Real Estate Research Center, University of Florida, 1990-1991
Project Manager, Klusza and Associates, Inc., 1986-1989

Geographic Experience

Throughout Florida

Property Types

Auto Service and Repair	Office/Warehouse
Commercial Condos	Proposed Projects
Day Care Facilities	Restaurants
Mixed Use Properties	Retail
Mobile Home Parks	Self-storage Facilities
Motels/Hotels	Vacant Land
Multifamily Residential	Warehouse Distribution Centers
Office	

Education

Master of Business Administration, Real Estate Concentration, University of Florida
Bachelor of Science, Business Administration, with Honors, University of Florida

Appraisal Institute Courses:

Appraisal Principles	Advanced Applications
Appraisal Procedures	Report Writing and Valuation Analysis
Basic Income Capitalization	Highest and Best Use and Market Analysis
General Applications	
Advanced Income Capitalization	
Standards of Professional Practice (Parts A, B, C)	
Advanced Sales Comparison and Cost Approaches	



RICK SCOTT, GOVERNOR

JONATHAN ZACHEM, SECRETARY



STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION

FLORIDA REAL ESTATE APPRAISAL BD

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PROVISIONS OF CHAPTER 475, FLORIDA STATUTES

MURRAY, JAMES D JR

1043 SHADY LAKES CIR S
PALM BEACH GARDENS FL 33418

LICENSE NUMBER: RZ2419

EXPIRATION DATE: NOVEMBER 30, 2020

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