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October 28, 2015

Mr. James K. Scholl, City Manager
City of Key West
P.O. Box 1409
Key West, FL 33040

Subject: Appraisal Report of:
Peary Court At Key West
541 White Street
Key West, Monroe County, Florida 33040
Our File No.: 220-15

Dear Mr. Scholl:

I have performed an Appraisal Report and formed my opinion of the "As Is" Market Value of the above referenced property as of September 18, 2015. The assumptions and the real estate referenced above are more clearly defined in the General and Extraordinary Assumptions and Limiting Conditions plus in the Property Description section of this report. The attached Appraisal Report has been prepared to comply with my understanding of the requirements of the Uniform Standards of Professional Appraisal Practice.

The subject property is located in the "Old Town" section of Key West, specifically on the southerly side of Palm Avenue, the southeasterly side of Eaton Street, the easterly side of White Street, the northwesterly border of the City of Key West Cemetery, the northwesterly side of Angela Street and the southwesterly side of Eisenhower Drive. The subject property is surrounded mostly by residential uses with some commercial uses nearby on White Street and the Garrison Bight Marina on Palm Avenue and Eisenhower Drive to the Southeast. The subject improvements are located on a polygon, irregular-shaped, corner parcel fronting along the southerly side of Palm Avenue, the southeasterly side of Eaton Street, the easterly side of Street and the southwesterly side of Eisenhower Drive for a total site size of 1,053,434 square feet or 24.1835 acres. The subject site, however, does not include 2+ acres in the middle of the site, which will be retained by the seller for development of 48 affordable housing units. As a result, the net subject site area is approximately 22 acres, or 958,320 square feet. A survey, performed by F.H. Hildebrandt, Island Surveying 3152 Northside Drive, Key West, FL 33040 dated January 31, 2012 and a site plan performed by Allen E. Perez, P.E., Perez Engineering and Development, 1010 East Kennedy Drive Suite 201, Key West, FL 33040, dated July 29, 2015, were utilized for site size, dimensions and building measurements. Any deviations from these sizes would could result in a change in value.

The subject property consists of 49, 2-story wood frame townhouse buildings containing 157, 2-bedroom nontransient residential, units. The total gross rentable building area of the entire complex is 200,382 square feet. Each unit has a one carport with enclosed storage area measuring 351 square feet. The multi-family dwellings were constructed in 1996, according to the Monroe County Tax Appraiser's records. On the table below, a summary of the subject buildings, unit mix and grossing building areas are depicted:

Peary Court at Key West						
Gross Living Area Calculations and Unit Mix						
Building #	Building and Bed/Bath Description	No. of Bldgs.	No. of Stories	No. of Units	Bldg. G.B.A.	Gross Rentable
Bldg. Type A	4 Unit Townhouse-2/1.5	10	2	40	51,440	51,440
Bldg. Type B	3 Unit Townhouse-2/1.5	28	2	84	108,024	108,024
Bldg. Type C	2 Unit Townhouse-2/1.5	3	2	6	7,716	7,716
Bldg. Type D	4 Unit Townhouse w/1 H.C.-2/1.5, 2/1	3	2	12	14,862	14,862
Bldg. Type E	3 Unit Townhouse w/1 H.C. -2/1.5, 2/1	5	2	15	18,340	18,340
Totals:		49		157	200,382	200,382

Market Value is defined as the most probable price in cash (or its equivalency) for which the appraised property will sell in a competitive market under all conditions requisite to a fair sale. Market value assumes a normal or reasonable time for exposure on the open market.

This report contains the results of my investigation and analysis made in order to furnish an estimate of the *Market Value of the Fee Simple Interest* of the property described herein. The Fee Simple Interest is the unencumbered value of the subject property; basically, market rents and terms are considered with no regard to existing leases and terms. Since there are no long-term leases encumbering the subject property, and as the tenants are renting on an annual basis or less, a Leased Fee valuation was not applicable in the case at hand. Forty-eight of the existing 157 units are deed restricted as moderate affordable housing units; however, these restrictions will be removed once the new 48 affordable units are constructed (not part of this assignment). Per the City's request, I have valued the subject as an apartment complex with 157 market rate units and also as 157 units leased as moderate affordable (work-force) housing. The reader is cautioned that a title search was not made; thus, no other encumbrances are considered herein.

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Based on analysis of market data, inspection, and research, it is my opinion that the “*As Is*” *Market Value of the Fee Simple Interest* of Subject Property commonly known as the Peary Court At Key West, 541 White Street, Key West, Monroe County, Florida, subject to moderate affordable housing rental restrictions for all 157 units, and also subject to definitions, assumptions and limiting conditions, as of September 18, 2015 is:

FIFTY THREE MILLION DOLLARS
(\$53,000,000)

In addition, based on analysis of market data, inspection, and research, it is my opinion that the “*As Is*” *Market Value of the Fee Simple Interest* of Subject Property commonly known as the Peary Court At Key West, 541 White Street, Key West, Monroe County, Florida, subject to market rate rentals all 157 units, and also subject to definitions, assumptions and limiting conditions, as of September 18, 2015 is:

FIFTY SEVEN MILLION DOLLARS
(\$57,000,000)

Finally, based on research analysis of market data, site visit and research, it is my opinion that the “*As Is*” *Market Value (Discounted Sellout/Bulk Sale)* of the Subject Property known as Peary Court At Key West, 541 White Street, subject to definitions, assumptions and limiting conditions, as of September 18, 2015 is:

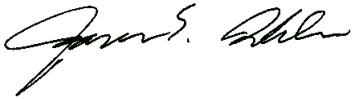
FIFTY SEVEN MILLION DOLLARS
(\$57,000,000)

The valuation herein does not consider any fixtures and equipment other than the typical residential kitchen appliances within the apartments, which I have estimated to have a contributory value of \$120,000.

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A Summary of Facts and Conclusions is provided in the front of this report in Part I. The Assumptions and Limiting Conditions, as well as the Certification of Value may also be found in Part I. If you have any questions regarding this appraisal report, feel free to contact me. Thank you for giving me the opportunity to provide this service for you.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "James E. Wilson". The signature is fluid and cursive, with a prominent initial "J" and a long, sweeping underline.

James E. Wilson, MRICS, President
State-certified general appraiser
RZ2164

APPRAISAL REPORT

Property Type:

157 UNIT RESIDENTIAL MULTI-FAMILY APARTMENT COMPLEX

Commonly Known As:

Peary Court At Key West
541 WHITE STREET
Key West, Florida 33040

Prepared For:

Mr. James K. Scholl, City Manager
City of Key West
P.O. Box 1409
Key West, FL 33041-1409

Valuation Date:

September 18, 2015

Prepared By:

James E. Wilson, MRICS, President
State-certified general appraiser
RZ2164

APPRAISAL COMPANY OF KEY WEST
3144 Northside Drive, Suite 201
Key West, Florida 33040

OUR FILE NO.: 220-15