



AN APPRAISAL REPORT OF

THE PEARY COURT APARTMENTS, A MIXED-INCOME
APARTMENT COMPLEX LOCATED AT
541 WHITE STREET, KEY WEST, FLORIDA 33040

PREPARED FOR

CITY OF KEY WEST
3132 FLAGLER AVENUE
KEY WEST, FLORIDA 33040

ATTN: MR. JIM SCHOLL, CITY MANAGER

LOCATION COORDINATES

LONGITUDE: -81.79319 LATITUDE: 24.56086

DATE OF VALUATION

SEPTEMBER 14, 2015

DATE OF REPORT

OCTOBER 12, 2015

**PREPARED BY
MERIDIAN APPRAISAL GROUP, INC.**

ROBERT VON, PRESIDENT
STATE-CERTIFIED GENERAL REAL ESTATE APPRAISER RZ 1604

ERICA A. ERNST, ASSOCIATE APPRAISER
STATE-CERTIFIED GENERAL REAL ESTATE APPRAISER RZ 3560



1331 Sundial Point
Winter Springs, Florida 32708
Tel 407.875.6933
Fax 407.875.1061

October 12, 2015

Mr. Jim Scholl, City Manager
City of Key West
3132 Flagler Avenue
Key West, Florida 33040

Re: Appraisal of the 157 unit mixed income apartment complex located at 541 White Street, Key West, Florida 33040.

Meridian File No: 15-PNI

Dear Mr. Scholl:

As requested, we have made the necessary investigations and analyses to appraise the Peary Court apartment complex built in 1996 and 95% occupied. The improvements consist of a 157 unit complex situated on a 24.18 acre site. The property is about 19 years old and appears to be in Average condition. As of the date of our inspection, all units were reportedly rentable. The property is considered a Class B improvement in the local area.

Currently, the subject property sets aside 48 units designated as Work Force affordable housing. The subject's Work Force Housing designation is designed to create moderate rents for the subject property, with each tenant required to have their income fall within a certain range (please see Addenda for Work Force Housing Rent and Income Limits). The current Work Force Housing rental rates vary per unit but average \$2,325 per month. The City of Key West Housing Authority has proposed to operate the subject property as a 100% Work Force Housing project.

The subject property is further described and identified by both legal and narrative descriptions within the text of the following appraisal report.

The purpose of this appraisal was to estimate the market value of the Leased Fee interest in the subject property, as if an un-restricted market rate property and as proposed to be restricted as 100% Work Force Housing. Since the subject property is already at stabilization, we have provided the values of the property as is. We also valued the subject property as if it were a for-sale condominium project. The date of valuation is September 14, 2015.

The intended use of this appraisal is for internal decision making. The intended user of this report is City of Key West to the attention of Jim Scholl, City Manager. No other use or users are intended.

Market value, leased fee interest and other appraisal terms are defined within the text of the following appraisal report.

General Assumptions and Limiting Conditions concerning the valuation of the subject property can be found following this section of the report. This is an Appraisal Report prepared under Standards Rule 2-2(a) and performed under Standard Rule 1 of the Uniform Standards of Professional Appraisal Practice (USPAP).

We have formed the opinion that the hypothetical market value of the Leased Fee interest in the subject property as an un-restricted market rent property, in it's as is condition, assuming any deferred maintenance is cured, including \$157,000 in personal property, based on market conditions prevailing on September 14, 2015, was:



**FIFTY SEVEN MILLION SEVENTY THOUSAND DOLLARS
(\$57,070,000)***

We have formed the opinion that the hypothetical market value of the Leased Fee interest in the subject property, as proposed to be restricted as 100% Workforce Housing, in it's as is condition, assuming any deferred maintenance is cured, including \$157,000 in personal property, and with market financing, based on market conditions prevailing on September 14, 2015, was:

**FIFTY FOUR MILLION TWO HUNDRED TEN THOUSAND DOLLARS
(\$54,210,000)***

We have formed the opinion that the hypothetical market value of the Leased Fee interest in the subject property, as a for-sale condominium property, in it's as is condition, assuming any deferred maintenance is cured, including \$157,000 in personal property, based on market conditions prevailing on September 14, 2015, was:

**FIFTY THREE MILLION TWO HUNDRED TWENTY THOUSAND DOLLARS
(\$53,220,000) ***

The following report was prepared in conformity with the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute. As such, it conforms to the Uniform Standards of Professional Appraisal Practice (USPAP) that became effective January 1, 2015. This report meets or exceeds the guidelines of Federal, Financial Institutions Reform, Recovery and Enforcement Act of 1989 (Title XI of FIRREA) and subsequent updates, as issued by the Office of the Comptroller of Currency.

Based upon the steps and investigations taken to appraise the subject property, we are of the opinion we have complied with the Competency Provision of USPAP, as required by the FIRREA Act of 1989 and subsequent updates. This letter of transmittal precedes the appraisal report, further describing the subject property and containing the reasoning and pertinent data leading to the final value estimates.

Respectfully submitted,
Meridian Appraisal Group, Inc.

Robert Von, President
State-Certified General Real Estate Appraiser RZ 1604

Erica A. Ernst, Associate Appraiser
State-Certified General Real Estate Appraiser RZ 3560

RV:EAE:dmh

TABLE OF CONTENTS

CERTIFICATION	1
EXECUTIVE SUMMARY	3
GENERAL ASSUMPTIONS AND LIMITING CONDITIONS	5
DEFINITION OF IMPORTANT TERMS	7
LOCATION MAP	9
AERIAL MAP	10
SUBJECT PHOTOGRAPHS	11
FLOOD MAP	15
SUBJECT PROPERTY DATA	16
REGIONAL MAP	21
REGIONAL OVERVIEW	22
APARTMENT MARKET MAP	31
APARTMENT MARKET OVERVIEW	32
NEIGHBORHOOD MAP	45
NEIGHBORHOOD ANALYSIS	46
SITE PLAN	49
SURVEY	50
SITE ANALYSIS	51
FLOOR PLANS	52
IMPROVEMENT ANALYSIS	54
HIGHEST AND BEST USE ANALYSIS	56
MARKETABILITY AND EXPOSURE PERIOD	58
VALUATION PROCEDURE	59
VALUATION AS A MARKET RENTAL PROPERTY	60
SALES COMPARISON APPROACH	61
IMPROVED SALES MAP	62
INCOME CAPITALIZATION APPROACH	75
MARKET RENT COMPARABLES MAP	76
RECONCILIATION AND FINAL VALUE ESTIMATE	97
VALUATION SUBJECT TO INCOME AND RENT RESTRICTIONS	98
SALES COMPARISON APPROACH	99
IMPROVED SALES MAP	100
INCOME CAPITALIZATION ANALYSIS	113
RESTRICTED RENT COMPARABLES MAP	114
RECONCILIATION AND FINAL VALUE ESTIMATE	136
VALUATION AS FOR-SALE CONDOMINIUMS	137
DISCOUNTED SELLOUT ANALYSIS	138
COMPARABLE SALES MAP	139

ADDENDA

APPRAISERS' QUALIFICATIONS

ENGAGEMENT LETTER

LEGAL DESCRIPTION

2015 RENTAL RATES AND INCOME LIMITS

DECLARATION OF AFFORDABLE HOUSING RESTRICTIONS

RENT ROLL

CERTIFICATION

The undersigned appraisers hereby certify that to the best of their knowledge and belief:

- the statements of fact contained in this appraisal report (upon which the analyses, opinion and conclusions expressed herein are based) are true and correct.
- the analysis, opinions and conclusion in the report are limited only by the assumptions and limiting conditions and any extraordinary assumptions if any, set forth, and are the personal, unbiased professional analyses, opinions and conclusions of the appraisers.
- the appraisers have no present or prospective interest in the subject property and have no personal bias with respect to the parties involved.
- the appraiser's compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- the reported analyses, opinions and conclusions were developed and this appraisal report has been prepared in conformity with the requirements of the *Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute*, which include the *Uniform Standards of Professional Appraisal Practice*, as promulgated by the *Appraisal Standards Board of the Appraisal Foundation*. The use of this report is subject to all regulations issued by the appropriate regulatory entities regarding the enactment of Title XI of the Financial Institution Reform, Recovery and Enforcement Act of 1989 (FIRREA).
- we do not authorize the out-of-context quoting from or partial reprinting of this appraisal report and neither all nor part of this appraisal report shall be disseminated to the general public by the use of any public communications media without the prior written consent of the undersigned appraisers.
- use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- the undersigned President and Senior Appraiser certify that they have personally inspected the subject property and the comparables used within this report.
- no one other than the undersigned prepared the personal unbiased professional analyses, conclusions and opinions concerning real estate that are set forth in this appraisal report unless and except as acknowledged in this report.
- the appraisers have performed within the context of the competency provision of the Uniform Standards of Professional Appraisal Practice.
- this appraisal assignment was not made, nor was the appraisal rendered, on the basis of a requested minimum valuation, specific valuation or an amount which would result in approval of a loan.
- Robert Von, President and Erica A. Ernst have not performed other real estate related services involving the subject property of this report within the three year period immediately preceding the acceptance of this assignment.

Property Location

The subject is located on the northeast side of White Street in Key West Monroe County Florida.

Date of Valuation and Date of Report

The date of valuation for the subject is as of September 14, 2015, our most recent date of inspection of the subject property. The date of this report is October 12, 2015.

Final Value Conclusions*

Value Estimated	Interest Appraised	Date of Value	Estimated Value*
Hypothetical Market Value, As Is, Market	Leased Fee	September 14, 2015	\$57,070,000*
Hypothetical Market Value As Is, As Restricted	Leased Fee	September 14, 2015	\$54,210,000*

CERTIFICATION (CONT'D)

Value Estimated	Interest Appraised	Date of Value	Estimated Value*
Hypothetical Market Value, As Is, As Condominium	Fee Simple	September 14, 2015	\$53,220,000*

*** Please refer to the General Assumptions, General Limiting Conditions, Extraordinary Assumptions and Extraordinary Limiting Conditions on which these value estimates are based.**

Certified by
Meridian Appraisal Group, Inc.

Robert Von, President
State-Certified General Real Estate Appraiser RZ 1604

Erica A. Ernst, Associate Appraiser
State-Certified General Real Estate Appraiser RZ 3560

EXECUTIVE SUMMARY

Location

The subject is located on the northeast side of White Street in Key West Monroe County Florida.

Type of Property

The subject is a 157 unit apartment complex built in 1996 and 95% occupied.

Highest & Best Use

The highest and best use in the "as vacant" is multi-family development. The improvements consist of multi-family housing that is generally consistent with the ideal improvements.

Site Description

The subject site has a triangular shape and contains 24.18 acres. The subject has 1,200' of frontage on White Street and 1,930' of frontage on Palm Avenue. The subject has one access point along the south side of Palm Avenue and one on the north side of White Street. Both entrances are gated. The subject property is developed in a way that creates two separate sections at each entrance since there is no connecting road within the site. We observed no apparent drainage problems when we inspected the subject, which appears to be located within **Zone "AE"**. This is an area where base flood elevations have been determined and mandatory flood insurance purchase requirements do appear to apply. It is zoned HSMDR, Historic Special Medium Density Residential, by the City of Key West. The future land use designation is HSMDR. Based on these investigations, we are of the opinion that the subject site is suitable for multi-family development.

Qualified Census Tract (QCT): No, 9721

Difficult to Develop Area (DDA): Yes (Monroe County)

Improvement Analysis

The subject consists of 157 apartment units within 49, one to two-story, wood frame apartment buildings. The subject property originally had 160 units but a triplex burned down in 2005 leaving the subject down three units; however, the subject property still has the ROGO points and land area for those units if the subject property owners wanted to rebuild. For the purpose of this analysis, we have assumed the subject is 157 units.

The following is the subject's unit mix.

Unit Type	# Of Units	Unit Size (S.F.)	Total S.F.
2/1	8	1,071	8,568
2/1.5	149	1,285	191,465
Total/Avg.	157	1,274	200,033

The total area within the units is 200,033 square feet, resulting in an average unit size of 1,274 square feet. The indicated density is 6.49 units per acre. The subject was built in 1996 and is currently 95% occupied.

The unit amenities include patios, carports with storage, ceiling fans, refrigerators, oven/ranges, dishwashers, disposals, microwaves, wood cabinets with laminate countertops, washer/dryer hookups and blinds. The common amenities include sports court, playground, basketball court and gated community.

Interest Appraised

Leased Fee and Fee Simple

Estimated Exposure Period

12 months

EXECUTIVE SUMMARY (CONT'D)

Date of Valuation and Date of Report

The date of valuation for the subject is as of September 14, 2015, our most recent date of inspection of the subject property. The date of this report is October 12, 2015.

Final Value Conclusions*

The following are the final value conclusions:

Value Estimated	Interest Appraised	Date of Value	Estimated Value*
Hypothetical Market Value, As Is, Market	Leased Fee	September 14, 2015	\$57,070,000*
Hypothetical Market Value As Is, As Restricted	Leased Fee	September 14, 2015	\$54,210,000*
Hypothetical Market Value, As Is, As Condominium	Fee Simple	September 14, 2015	\$53,220,000*

* Please refer to the General Assumptions, General Limiting Conditions, Extraordinary Assumptions and Extraordinary Limiting Conditions on which these value estimates are based.

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following **general assumptions**:

1. The legal description used in this report is assumed to be correct.
2. The appraisers have made no survey of the property and no responsibility is assumed in connection with such matters. Sketches in this report are included only to assist the reader in visualizing the property.
3. No responsibility is assumed for matters of legal nature affecting title to the property nor is an opinion of title rendered. The title is assumed to be good and merchantable.
4. Information and data furnished by others is usually assumed to be true, correct and reliable. When such information and data appears to be dubious and when it is critical to the appraisal, a reasonable effort has been made to verify all such information; however, the appraiser assumes no responsibility for its accuracy.
5. All mortgages, liens, encumbrances, leases and servitude have been disregarded unless so specified within the report. The property is appraised as though under responsible ownership and competent management.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures rendering it more or less valuable. No responsibility is assumed for such conditions or for engineering that may be required to discover them.
7. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report.
8. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity has been stated, defined and considered in the appraisal report.
9. It is assumed that all required licenses, consents or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
10. It is assumed that the utilization of the land and improvements will be within the boundaries or property lines or the property described and that there will be no encroachments or trespass unless noted within the report.
11. The dates of value to which the opinions in this report apply are reported herein. The appraiser assumes no responsibility for economic or physical factors occurring at some later dates that may affect the opinions stated herein.
12. Unless otherwise stated in the report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraisers. The appraisers have no knowledge of the existence of such materials on or in the property. The appraisers, however, are not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, of for any expertise or engineering knowledge required to discover them. The reader is urged to retain an expert in this field, if desired.

This appraisal report has been made with the following **general limiting conditions**:

1. The appraisers will not be required to give testimony or appear in court because of having made this appraisal, with reference to the property in question, unless arrangements have been previously made thereof.
2. Possession of the report, or copy thereof, does not carry with it the right of publication. It may not be used for any purposes by any person other than the party to whom it is addressed without written consent of the appraiser, and in any event only with proper written qualification and only in its entirety.

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS (CONT'D)

3. The distribution of the total valuation in this report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for the land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
4. No environmental impact studies were requested or made in conjunction with this appraisal, and the appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent environmental impact studies, research or investigation.
5. Neither all nor any part of the contents of this report, or copy thereof, shall be conveyed to the public through advertising, public relations, news, sales or any other media without written consent and approval of the appraisers. Nor shall the appraiser, firm or professional organization of which the appraiser is a member be identified without written consent of the appraisers.
6. Acceptance of and/or use of this appraisal report constitutes acceptance of the foregoing General Assumptions and General Limiting Conditions.

This report has been made with the following **Extraordinary Assumptions**:

1. We assume that any deferred maintenance has been cured.
2. We assume that the current tenants have no holdover rights beyond their lease term.
3. We assume that the proposed Work Force Housing restrictions will run with the land in perpetuity and utilize the City's income and rent chart.

This report has been made with the following **Hypothetical Conditions**:

1. The subject property is a mixed income project with 48 Work Force Housing Units that have rent and income restrictions. Therefore, operation solely as a market rate project is a hypothetical condition.
2. The subject property is a mixed income project with 48 Work Force Housing Units that have rent and income restriction. Therefore, operation as 100% Work Force Housing is a hypothetical condition.
3. The subject property is a mixed income project with 48 Work Force Housing Units that have rent and income restrictions. Therefore, operation as a for-sale condominium project is a hypothetical condition.

DEFINITION OF IMPORTANT TERMS

“Bulk” Market Value

The value of multiple units, subdivided lots, or properties in a portfolio as though sold to a single buyer in one transaction. Sometimes called bulk sale value.

In some appraisal circles, this value estimate is known as “Bulk” value – the value of a property sold in bulk to one investor who intends to undertake the sellout of the individual units to those who will ultimately use them.

“Bulk” value appears to comply with the value requisites in the former Federal Home Loan Bank Board (FHLBB) Memorandum R-41c, Subtitle 15, Page 7.

“Report the market value to a single purchaser, as of the date of completion, for all properties, wherein a portion of the overall real property rights for physical assets would typically be sold to its ultimate users over some future period. Valuations involving such properties must fully reflect all appropriate deductions and discounts, as well as the anticipated cash flows to be derived from the disposition of the assets over time. Appropriate deductions and discounts are considered to be those which reflect all expenses associated with the disposition of the realty, as of the date of completion, as well as the cost of capital and entrepreneurial profit.”

The topic of “bulk” value is also consistent with the Interagency Appraisal and Evaluation Guidelines (December 2, 2010) requirement that an appraisal “must analyze and report appropriate deductions and discounts for proposed construction or renovation, partially leased buildings, non-market lease terms, and tract developments with unsold units”.¹ Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.²

Going-Concern Value

The market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the market value of the going concern.³

The value of an operating business enterprise. Goodwill may be separately measured but is an integral component of going-concern value when it exists and is recognizable.

Highest and Best Use

The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility and maximum profitability. Alternatively, the probable use of land or improved property – specific with respect to the user and timing of the use – that is adequately supported and results in the highest present value.⁴

Condominium Fee Estate

A form of fee ownership of separate units or portions of multiunit buildings that provides for formal filing and recording of a divided interest in real property. Typically includes fee ownership of one or more units, plus an undivided interest in the common areas, i.e. areas within a property not designed for sale or rental, but available for common use by all owners, tenants, or their invitees (such as parking, grounds, sidewalks/ corridors, public restrooms, etc.)

¹ The Dictionary of Real Estate Appraisal, Appraisal Institute, 5th Edition, 2010, Page 24.

² The Dictionary of Real Estate Appraisal, Appraisal Institute, 5th Edition, 2010, Page 78.

³ The Dictionary of Real Estate Appraisal, Appraisal Institute, 5th Edition, 2010, Page 88.

⁴ The Appraisal of Real Estate, Appraisal Institute, 14th Edition, 2013, Page 333.

DEFINITION OF IMPORTANT TERMS (CONT'D)

Lease Fee Interest

An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the lessee are specified by contract terms contained within the lease.⁵

Leasehold Interest

The interest held by the lessee (the tenant or renter) through a lease transferring the rights of use and occupancy for a stated term under certain conditions.⁶

Market Value

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

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised and each acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.⁷

⁵ The Dictionary of Real Estate Appraisal, Appraisal Institute, 4th Edition, 2002, Page 161. The Dictionary's 5th Edition definition of leased fee interest (Page 111) is "A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a landlord-tenant relationship (i.e. a lease)." While both are accurate, we consider the Dictionary's 4th Edition definition to be more descriptive and easily understood. The Dictionary of Real Estate Appraisal, Appraisal Institute, 4th Edition, 2002, Page 161. The Dictionary's 5th Edition definition of leased fee interest (Page 111) is "A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a landlord-tenant relationship (i.e. a lease)." While both are accurate, we consider the Dictionary's 4th Edition definition to be more descriptive and easily understood.

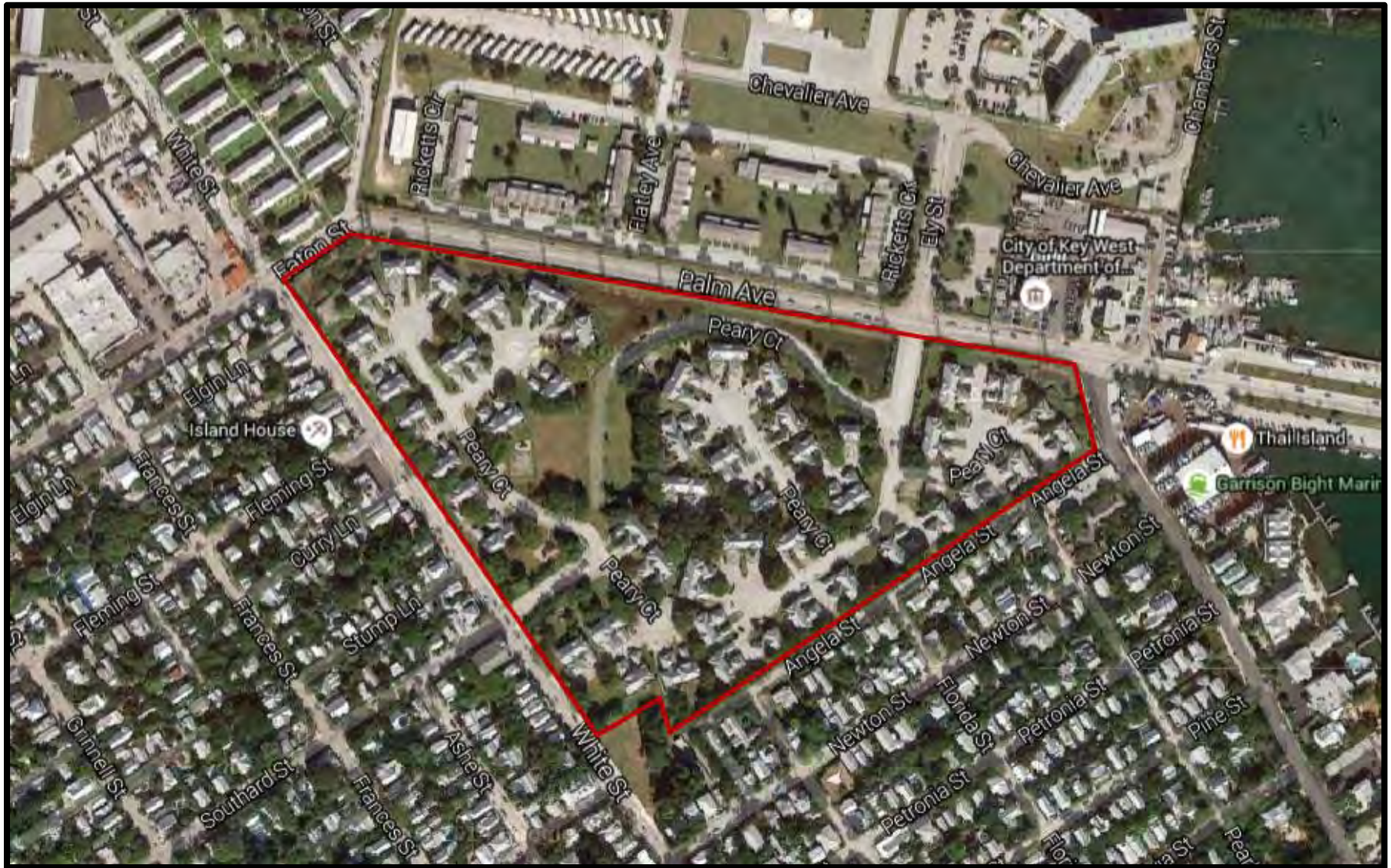
⁶ The Dictionary of Real Estate Appraisal, Appraisal Institute, 4th Edition, 2002, Page 162. The Dictionary's 5th Edition definition of leasehold interest (Page 111) is "The tenant's possessory interest created by a lease." While both are accurate, we consider the Dictionary's 4th Edition definition to be more descriptive and easily understood.

⁷ Title XI - Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA"), (Pub.L.No.101-73, Title XI, 103 Stat. 511 (1989); 12 U.S.C. 3310, 3331-3351, as subsequently amended; Interagency Appraisal and Evaluation Guidelines dated December 2, 2010; The Appraisal of Real Estate, Appraisal Institute, 14th Edition, 2013, Page 59.

LOCATION MAP



AERIAL MAP



SUBJECT PHOTOGRAPHS



VIEW OF TYPICAL SUBJECT BUILDING



VIEW OF TYPICAL SUBJECT BUILDING



VIEW OF TYPICAL SUBJECT CARPORT WITH STORAGE AREA



VIEW OF TYPICAL SUBJECT PROPERTY ENTRY



VIEW OF REAR ELEVATION OF TYPICAL SUBJECT BUILDING



VIEW OF TYPICAL SUBJECT PATIO

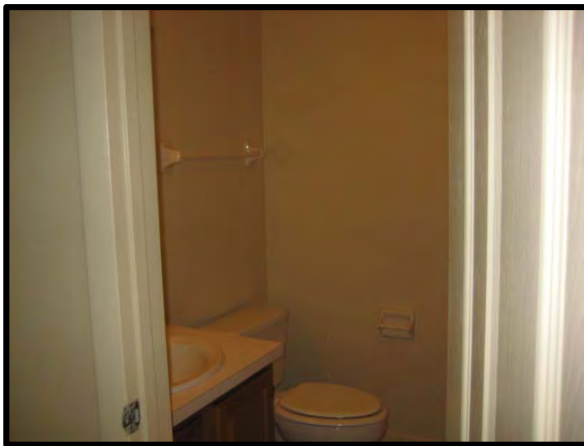
SUBJECT PHOTOGRAPHS (CONT'D)



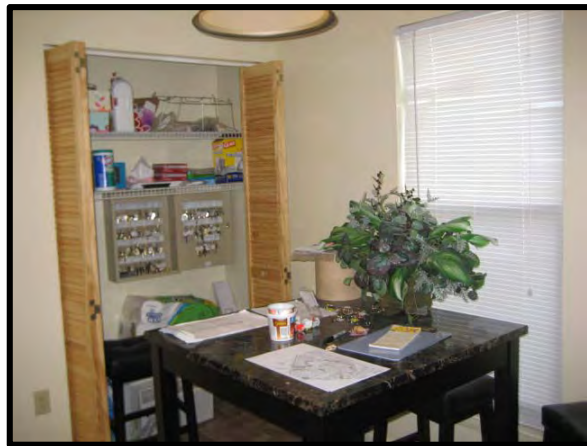
VIEW OF TYPICAL SUBJECT KITCHEN



VIEW OF TYPICAL SUBJECT LIVING ROOM



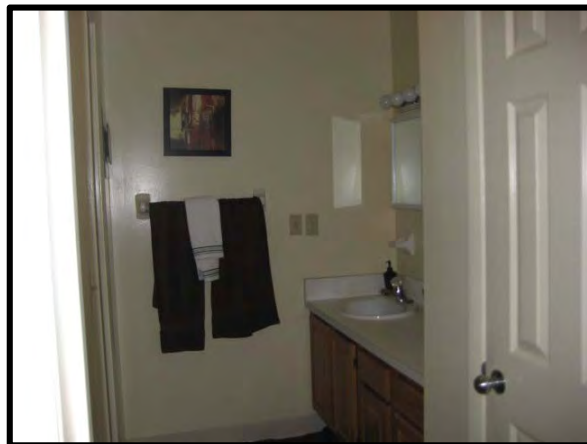
VIEW OF TYPICAL SUBJECT HALF BATHROOM



VIEW OF TYPICAL SUBJECT KITCHEN

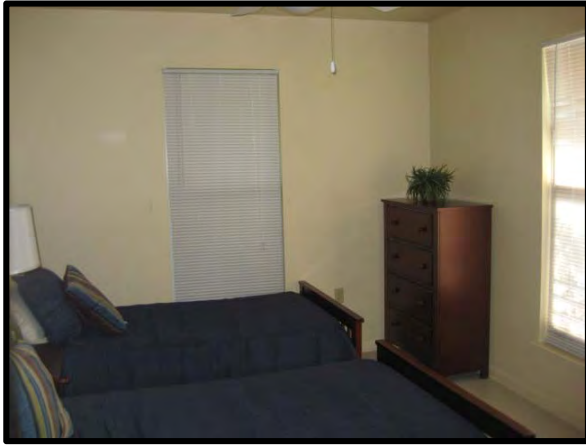


VIEW OF TYPICAL SUBJECT BEDROOM



VIEW OF TYPICAL SUBJECT UPSTAIRS FULL BATHROOM

SUBJECT PHOTOGRAPHS (CONT'D)



VIEW OF TYPICAL SUBJECT BEDROOM



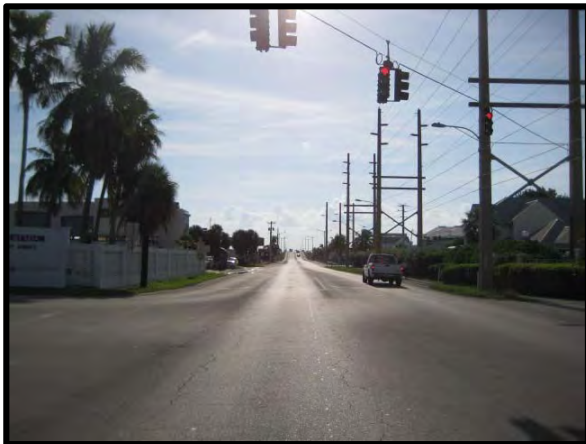
VIEW OF SUBJECT PROPERTY RACQUETBALL COURT



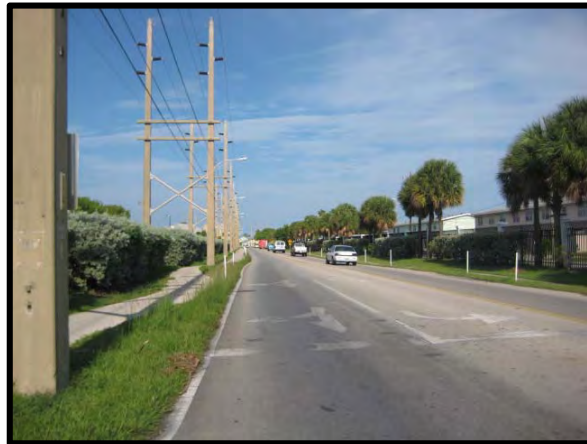
VIEW OF SUBJECT PROPERTY BASKETBALL COURT AND TOT LOT



VIEW OF SUBJECT PROPERTY TOT LOT



VIEW EAST ALONG PALM AVENUE



VIEW WEST ALONG PALM AVENUE

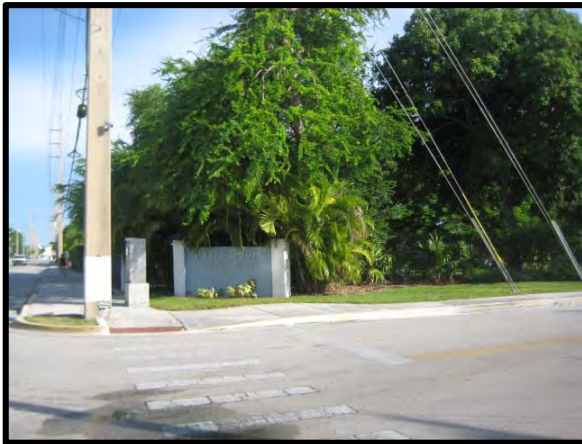
SUBJECT PHOTOGRAPHS (CONT'D)



VIEW OF VACANT LAND ON SUBJECT PROPERTY FOR FUTURE DEVELOPMENT



VIEW OF SUBJECT PROPERTY ENTRANCE ON WHITE STREET



VIEW OF SUBJECT PROPERTY SIGNAGE ON WHITE STREET

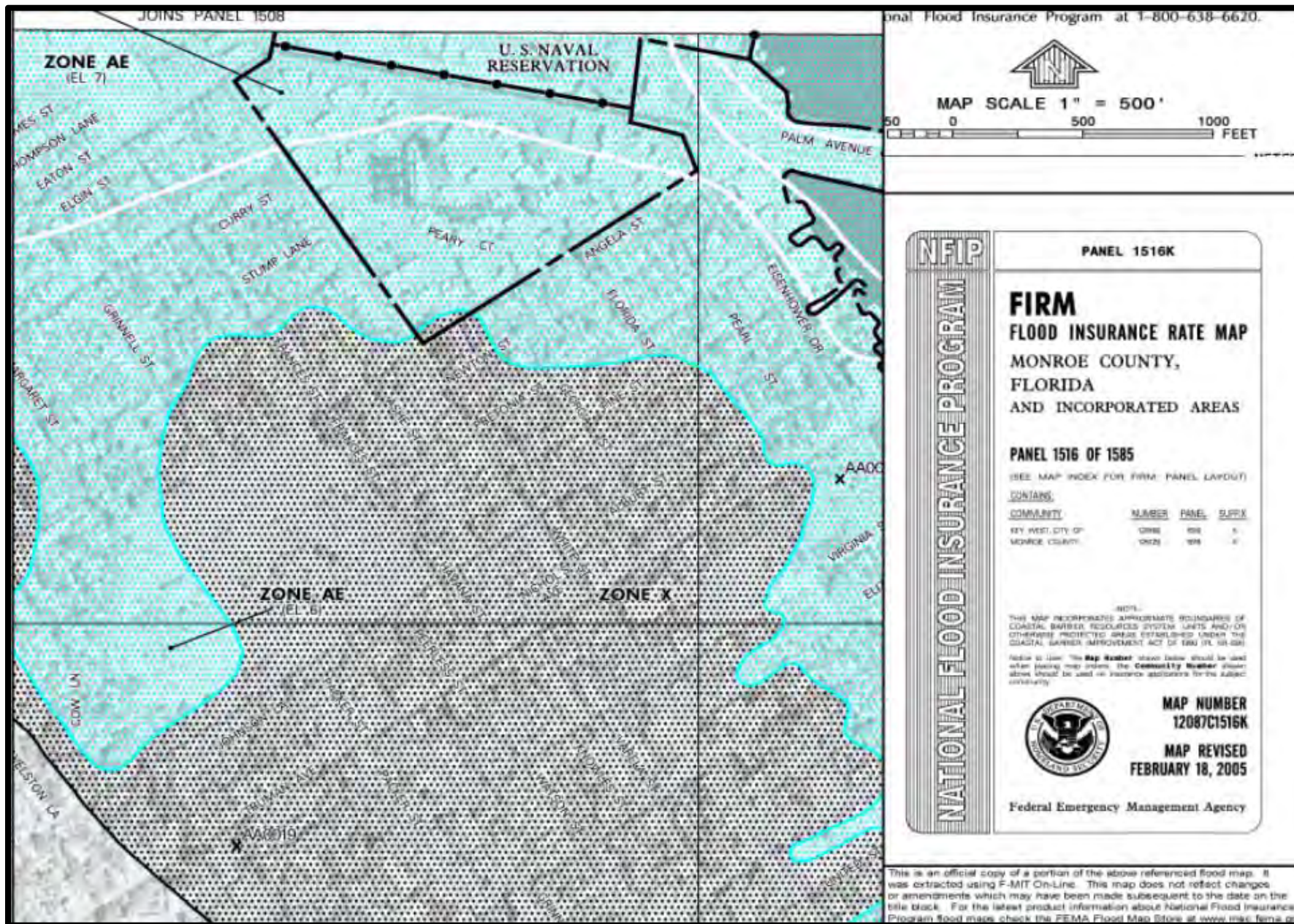


VIEW SOUTH ALONG WHITE STREET



VIEW NORTH ALONG WHITE STREET

FLOOD MAP



SUBJECT PROPERTY DATA

Purpose and Date of Appraisal

The purpose of this appraisal was to estimate the market value of the Leased Fee interest in the subject property, as if an un-restricted market rate property and as proposed to be restricted as 100% Work Force Housing. In addition, we have valued the subject as if it was a for-sale condominium project. Since the subject property is already at stabilization, we have provided the values of the property as is. The date of valuation is September 14, 2015.

Intended Use and Users of Appraisal

The intended use of this appraisal is for internal decision making. The intended user of this report is City of Key West to the attention of Jim Scholl, City Manager. No other use or users are intended.

Type

The Peary Court apartment consists of 157 rental units built in 1996 and in Average condition. Currently, the subject property sets aside 48 units designated as Work Force affordable housing. The subject's Work Force Housing designation is designed to create moderate rents for the subject property, with each tenant required to have their income fall within a certain range (please see Addenda for the City of Key West's Work Force Housing Rent and Income Limits). The current Work Force Housing rental rates vary per unit but average \$2,325 per month. The City of Key West Housing Authority has proposed to operate the subject property as a 100% Work Force Housing project.

Location

The subject is located on the northeast side of White Street in Key West Monroe County Florida.

Scope of the Appraisal

The scope of this appraisal included the analysis of market conditions for multi-family apartment buildings in the subject market. This analysis included investigations of existing and proposed developments that would impact upon the rental income/expenses of the subject property, as well as an analysis of comparable properties' income and expense histories. Comparable rental data was gathered from personal property inspections and telephone interviews. Additionally, we have analyzed data gathered from comparable apartment building sales that were obtained from the county tax rolls and from other Florida markets with sales of similar apartment projects. We also compiled data from local planning and zoning departments, the county property appraisers' records, and other government departments.

The subject is 19 years old, which renders the Cost Approach unreliable and was not developed. We utilized the Sales Comparison and Income Approaches to value the subject as stabilized, as a market rate and as a restricted apartment complex. We have also utilized the Income Approach (Discounted Sellout) to derive an as is Market Value for the subject as if it were a for-sale condominium project.

Legal Description

Please, see the Addenda for the lengthy legal description.

Property Rights Appraised

The interest appraised in the property is the Leased Fee interest. The leases on the subject property do not result in a leasehold value, so the value of the leased fee estate is estimated to be similar to the fee simple value estimate.

Ownership and Three-Year History of Subject

According to the Monroe County Tax Rolls, the subject property is currently owned by Peary Court Holdings, LP. The subject was purchased for \$35,000,000 in August 30, 2013 from Southeast Housing, LLC for redevelopment into luxury single family homes; however, the subject property is currently being run as a market rate apartment complex with 48 units designated as Work Force Housing. There have been no other transfers of the property within the last three years.

SUBJECT PROPERTY DATA (CONT'D)

Peary Court was originally developed in 1996 as military housing for the Navy base and as the Navy's presence in the area declined, they started leasing the units to civilians. The Navy conveyed all of the improvements at Peary Court to a private corporation (Southeast Housing, LLC) in 2007 while holding on to the land (as Balfour Beatty). Several years later it was discovered that Southeast Housing, LLC had never paid any property or tangible taxes on the improvements and subsequently a lien was filed against the private corporation (Southeast Housing, LLC) for back taxes, penalties and interest for several properties it owned including the subject property (lien totaled \$11.5 million for all of their properties). The Southeast Housing, LLC and the Navy (Balfour Beatty) agreed to sell the property as one to Peary Court Holdings, LP in 2013 and Southeast Housing, LLC agreed to pay all back taxes before handing over the deed to Peary Court Holdings, LP.

At this time, the City of Key West enacted zoning laws that would help to shape what the property could be redeveloped into after its sale as it transitioned away from military authority. The property's zoning was changed to Historic Special Medium Density Residential with a 48 unit requirement for Work Force Housing. The reasoning behind this Work Force Housing requirement was that Key West already had a deficit of affordable housing in the area and the conversion of the 157 rental units to luxury housing would further exacerbate the problem. Peary Court Holdings, LP opposed this requirement and after debate the Key West City Commission agreed to increase the total number of units allowed to be developed on the subject site by the 48 units that were to be Work Force Housing designated. White Street Partners is the developer behind Peary Court Holdings, LP and originally planned to scrape the existing improvements and build 160 new luxury single family homes with the 48 Work Force Housing units to be developed on a two acre park site where the credit union once stood. However, after several attempts White Street Partners couldn't come to an agreement on a redevelopment plan with the Historic Architectural Review Commission. White Street Partners withdrew their final plan for redevelopment in April 2015. A plan for renovation of the units was also considered. As of our September 14, 2015 inspection, six units had just been leased but were not occupied yet, as they were vacated earlier for what would have been the beginning stages of a renovation plan.

As the redevelopment plan and the renovation plan stalled, White Street Partner started discussions with the City Commissioners of Key West for the City to purchase the 157 unit Peary Court. The City's plan would keep the original structures intact as an apartment complex, which allows for no displacement of the current residences. The City has proposed a purchase price of \$55,000,000 for Peary Court with White Street Partners verbally agreeing to that price, although no contract is in place. This purchase price doesn't include the two acre park site which has entitlements for 48 Work Force Housing units. The City of Key West residents would have to approve the acquisition of Peary Court in a referendum, which is currently planned to be on the March 2016 voter's ballot.

Flood Zone

According to the Department of Housing and Urban Development, Flood Hazard Boundary Map, Community Panel 12087C1516K dated February 18, 2005, the subject property appears to be located within **Zone "AE"**. This is an area where base flood elevations have been determined and mandatory flood insurance purchase requirements do appear to apply.

Zoning

The subject property is zoned HSMDR, by the City of Key West. The future land use designation is HSMDR. The subject appears to conform to the zoning and future land use requirements.

Assessment and Taxes

Current Taxes

The subject's 2014 taxes are calculated as follows.

SUBJECT PROPERTY DATA (CONT'D)

Subject Property Real Estate Taxes	
Parcel #	00006730-000200
Total Assessment	\$29,250,000
Exemption	\$0
Taxable Assessed Value	\$29,250,000
Current Year Millage Rate	\$0
Current Year Gross Ad Valorem Taxes	304036.2
Non Ad Valorem Taxes (stormwater and solid waste)	\$65,620
Total Gross Taxes	\$369,656
Net Taxes w/4% Discount for payment in November	\$354,870
Net Taxes Per Unit	\$2,260

Up to a 4% discount is available if taxes are paid in November, decreasing 1% per month. The 2014 taxes are paid; there are no delinquent taxes.

Estimated Taxes as a Market Property

In order to estimate an assessment for the subject as a market rental property, we have analyzed the assessments of similar properties. We considered the market comparables used within this report.

Market Tax Comparables											
No.	Tax ID #	Project Name	County	Year Built	No. of Units	Total Assessment	Assessment Per Unit	Non-Ad Valorem Taxes	Non-Ad Valorem Taxes/Unit	Avg. Month Rental Rate	AMR/Unit as a % of AV/Unit
1	Alt Key 1054895	West Isle Club	Monroe	1989	192	\$15,732,460	\$81,940	\$86,220	\$449	\$2,256	2.75%
2	Alt Key 8749996	Ocean Walk	Monroe	1989	297	\$25,410,000	\$85,556	\$123,716	\$417	\$2,143	2.50%
3	Alt Key 8861737	Mariner's Cove	Monroe	1996	78	\$3,952,205	\$50,669	\$32,601	\$418	\$1,628	3.21%
4	Alt Key 1065242	Poinciana Plaza	Monroe	1966	144	\$14,434,466	\$100,239	\$0	\$0	\$1,619	1.62%
5	Alt Key 1002526	Roosevelt Gardens	Monroe	2004	96	\$14,154,908	\$147,447	\$39,706	\$414	\$1,687	1.14%
Average Assessment/Unit							\$93,170	Averages	\$339	\$1,867	2.24%
Subject: Estimated Per Unit Assessment-Reconciled							\$305,000	# Subject Units	157		
Subject: Estimated Average Monthly Rental Rate							\$2,397				
Subject: Average Month Rent/Unit as a % of the Per Unit Assessment							0.79%				
Total Assessment							\$47,885,000				
Millage Rate							0.0103944				
Estimated Ad Valorem Taxes							\$497,736				
Estimated Non Ad Valorem Taxes							\$65,620				
Total Ad Valorem and Non Ad Valorem Taxes							\$563,356				
Less: 4 % Early Payment Discount							\$540,821				
Plus: Personal Property Taxes							\$1,372				
Total: Real Estate and Personal Property Taxes							\$542,193				
Total: Real Estate and Personal Property Taxes/Unit							\$3,453				
Notes: In cases where the unit mix was not available, the low and high rents were averaged.											
Sources: County Property Appraiser, County Tax Collector and Meridian Appraisal Group, Inc. rent survey											

The tax comparables indicate a range of real estate assessments of \$50,669 to \$147,447 per unit and average \$93,170. The average rents as a percentage of the assessment per unit range from 1.14% to 3.21%.

Market Tax Comparables							
No.	Project Name	County	Year Built	No. of Units	2015 Total Assessment	2014 Sale Price	Assessed/Sale Price
1	Ocean Walk	Monroe	1989	297	\$63,550,091	\$75,350,000	84%
2	West Isle	Monroe	1989	192	\$35,123,110	\$39,500,000	89%
3	Avana Cypress Creek	Broward	2009	220	\$33,500,500	\$36,560,000	92%
4	Arium San Remo	Broward	2002	180	\$30,600,000	\$34,000,000	90%
5	Deer Chase	Broward	1986	186	\$21,059,150	\$23,500,000	90%
Averages			1995	215	\$36,766,570	\$33,390,000	89%

In Florida, real estate tax increases are capped at 10% annually for commercial properties. The one exception is if a property is sold in the previous tax year. The assessed value is allowed to reflect full market value in the tax year following a sale. The chart above indicates a range of assessments following a sale of 84% to 92% and average 89%. Since we are valuing the subject in exchange, we have assumed a sale of the property at our appraised value. We have reconciled a ratio of about 84% for the subject property. This results in an estimated assessment of \$305,000 per unit. The resulting tax estimate is shown below, including personal property.

SUBJECT PROPERTY DATA (CONT'D)

Subject's Estimated Taxes-Market	
Number of Units	157
Reconciled Assessment per Unit	\$305,000
Total Assessment	\$47,885,000
Millage Rate	0.0103944
Estimated Ad Valorem Taxes	\$497,736
Estimated Non Ad Valorem Taxes	\$65,620
Total Gross Taxes	\$563,356
Less: 4% Early Payment Discount	\$22,534
Plus: Personal Property Taxes	\$1,372
Total Real Estate and Personal Property Taxes	\$542,193
Total Real Estate and Personal Property Taxes/Unit	\$3,453

Estimated Taxes as a Restricted Property

In order to estimate an assessment for the subject as a restricted property, we have analyzed the assessments of similar properties. We considered the restricted comparables used within this report.

Restricted Tax Comparables											
No.	Tax ID #	Project Name	County	Year Built	No. of Units	Total Assessment	Assessment Per Unit	Non-Ad Valorem Taxes	Non-Ad Valorem Taxes/Unit	Avg. Month Rental Rate	AMR/Unit as a % of AV/Unit
1	Alt Key 9100458	Peary Court	Monroe	1996	157	\$29,250,000	\$186,306	\$65,620	\$417.96	\$2,397	1.29%
2	Alt Key 1159476	Flagler Village	Monroe	2009	49	\$2,079,265	\$42,434	\$19,796	\$404	\$1,147	2.70%
3	Alt Key 9039185	Meridian West	Monroe	2004	102	\$3,972,729	\$38,948	\$41,208	\$404	\$1,001	2.57%
4	Alt Key 8861079	Sea Grape I & II	Monroe	2009	84	\$556,875	\$6,629	\$22,624	\$269	\$1,086	16.38%
5	Alt Key 1065242	Poinciana Plaza	Monroe	1966	144	\$1,910,912	\$13,270	\$389	\$3	\$1,619	12.20%
Average Assessment/Unit							\$57,518	Averages	\$300	\$1,450	7.03%
Subject: Estimated Per Unit Assessment-Reconciled							\$290,000	# Subject Units	157		
Subject: Estimated Average Monthly Rental Rate							\$2,397				
Subject: Average Month Rent/Unit as a % of the Per Unit Assessment							0.83%				
Total Assessment							\$45,530,000				
Millage Rate							0.0103944				
Estimated Ad Valorem Taxes							\$473,257				
Estimated Non Ad Valorem Taxes							\$65,620				
Total Ad Valorem and Non Ad Valorem Taxes							\$538,877				
Less: 4 % Early Payment Discount							\$517,322				
Plus: Personal Property Taxes							\$1,372				
Total: Real Estate and Personal Property Taxes							\$518,694				
Total: Real Estate and Personal Property Taxes/Unit							\$3,304				
Notes: In cases where the unit mix was not available, the low and high rents were averaged.											
Sources: County Property Appraiser, County Tax Collector and Meridian Appraisal Group, Inc. rent survey											

The tax comparables indicate a range of real estate assessments of \$6,629 to \$186,306 per unit and average \$57,518.

The average rent as a percentage of the assessment per unit range from 1.29% to 16.38%. Applying the average ratios of 7.03% to the subject's estimated average rent of \$2,397 as a restricted property results in an assessment of \$34,103 per unit. Since we are valuing the subject in exchange, we have assumed a sale of the property at our appraised value. We have reconciled a ratio of about 84% for the subject property. We have reconciled a per unit assessment for the subject at \$290,000. The resulting tax estimate is shown below, including personal property.

SUBJECT PROPERTY DATA (CONT'D)

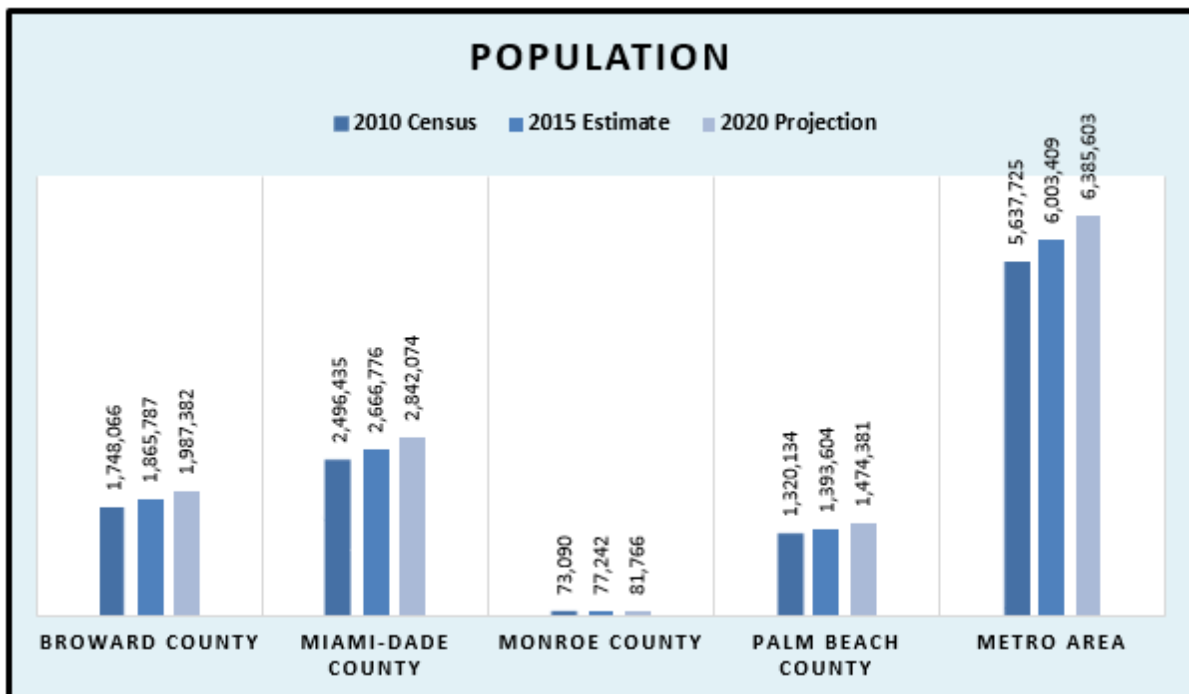
Subject's Estimated Taxes-Restricted	
Number of Units	157
Reconciled Assessment per Unit	\$290,000
Total Assessment	\$45,530,000
Millage Rate	0.0103944
Estimated Ad Valorem Taxes	\$473,257
Estimated Non Ad Valorem Taxes	\$65,620
Total Gross Taxes	\$538,877
Less: 4% Early Payment Discount	\$21,555
Plus: Personal Property Taxes	\$1,372
Total Real Estate and Personal Property Taxes	\$518,694
Total Real Estate and Personal Property Taxes/Unit	\$3,304

REGIONAL OVERVIEW

The subject property is located in Monroe County in what is considered the South Florida MSA in the southern portion of Florida. For purposes of our discussion, the South Florida MSA is comprised of the Miami-Fort Lauderdale-Palm Beach CBSA (Broward County, Miami-Dade County and Palm Beach County) as defined by the US Census Bureau and also includes the Key West Micropolitan Statistics Area (Monroe County). Palm Beach County was created in 1909 and was named after its first settled community which was named Palm Beach due to the palm trees and beaches. Broward County was created in 1915 and was named after Napoleon Bonaparte Broward, Governor of Florida from 1905 to 1909. Dade County was created in 1836 under the Territorial Act of the United States and was named after Major Francis L. Dade, a soldier killed in 1835 in the Second Seminole War. When created it included Dade, Broward and Palm Beach Counties. It was renamed to Miami-Dade County in November 1997. Monroe County was created in 1823 and was named after James Monroe, the fifth President of the United States. These four counties encompass about 10,055 square miles of which 3,757 square miles are made up of water (37.36%) and 5,125 square miles are land area (83.51%). Palm Beach County encompasses 2,386 total square miles with 412 square miles of water (17.27%); Broward County encompasses 1,320 square miles with 114 square miles of water (8.66%); Miami-Dade County encompasses 2,431 square miles with 485 square miles of water (19.96%); and Monroe County encompasses 3,738 square miles with 2,745 square miles of water (73.43%) and the Florida Everglades National Park makes up a large majority of the county total land area.

Demographics

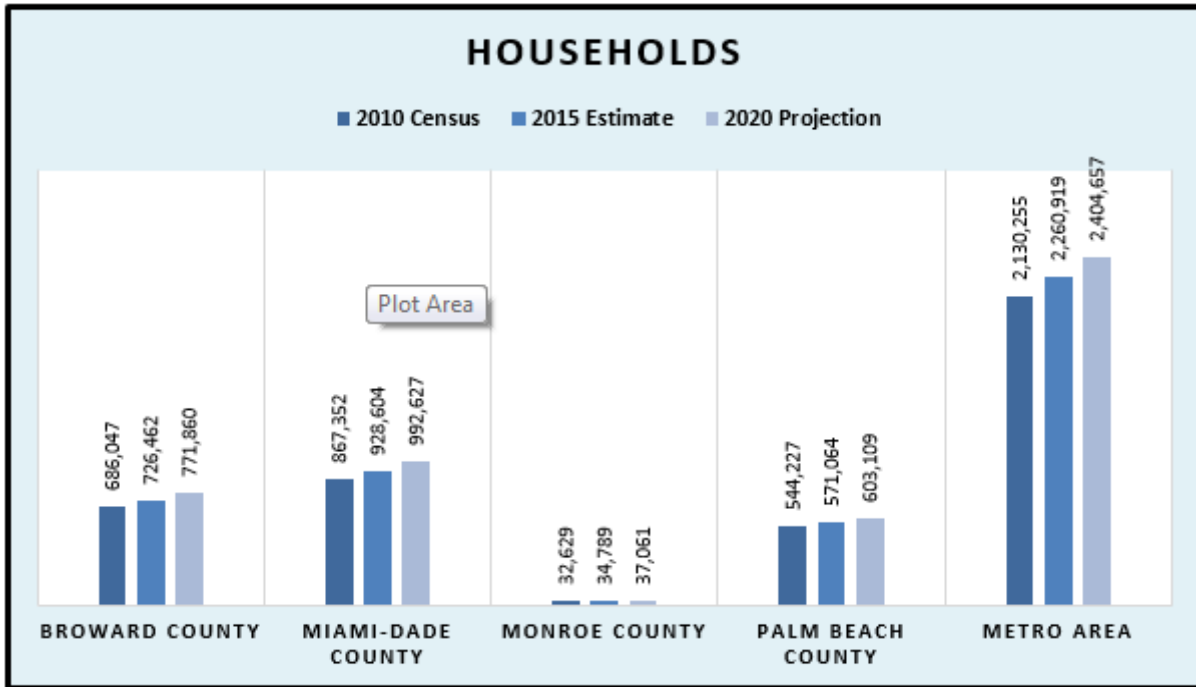
The South Florida MSA has a total population of 6,003,409 people and grew 6.49% over the last five years. It is expected to reach 6,385,603 people by 2020 which is an anticipated increase of 6.37% over this five year period. The subject property is located in Monroe County and has a current population of 77,242 and this population grew 5.68% over the last five and is expected to grow 5.86% over the next five years. Monroe County population has lagged the growth rate of the Metro area and the State but has exceeded the growth rate of the Nation over the last five years. It is expected to lag the growth rate of the Metro area, be comparable to the growth rate of the State and exceed the growth rate of the Nation over the next five years.



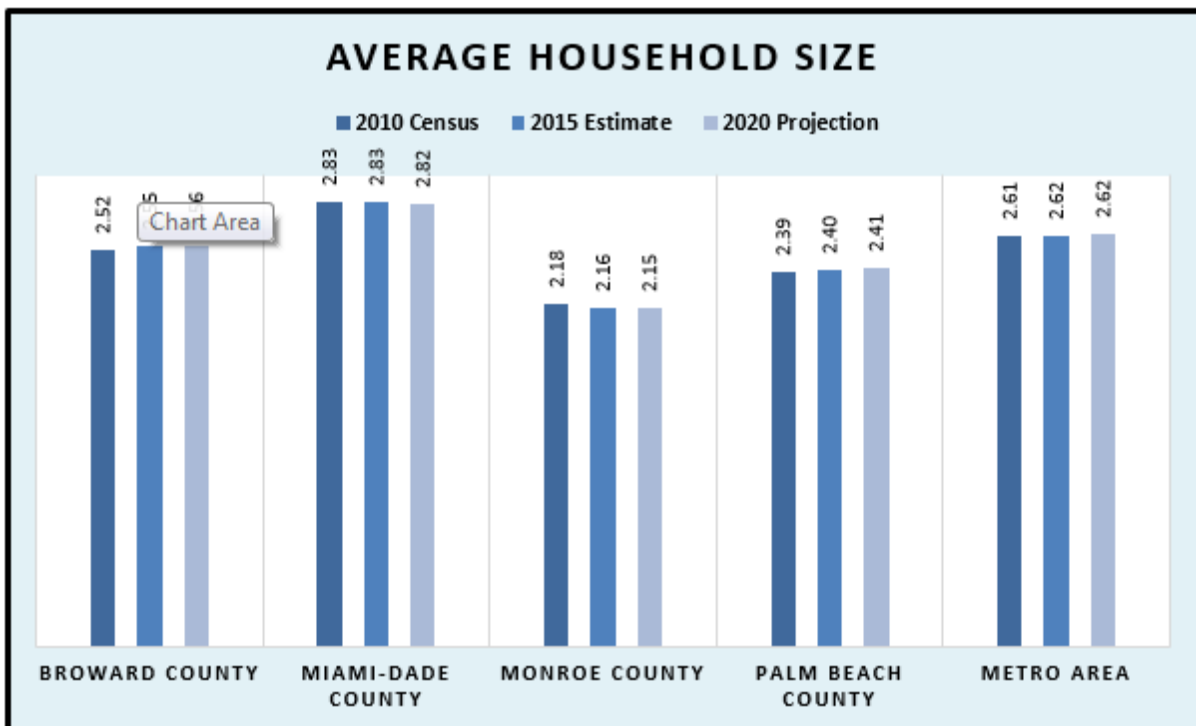
The South Florida MSA has a total of 2,260,919 households and grew 6.13% over the last five years. It is expected to reach 2,404,657 households by 2020 which is an anticipated increase of 6.36% over this five year period. The subject property is located in Monroe County which currently has 34,789 households and total households have grown 6.62% over the last five years and are expected to grow 6.53% over the next five years.

REGIONAL OVERVIEW (CONT'D)

Monroe County total households have exceeded the growth rate of the Metro area, the State and the nation over the last five years and are expected to exceed the growth rate of the Metro area, the State and the Nation over the next five years.



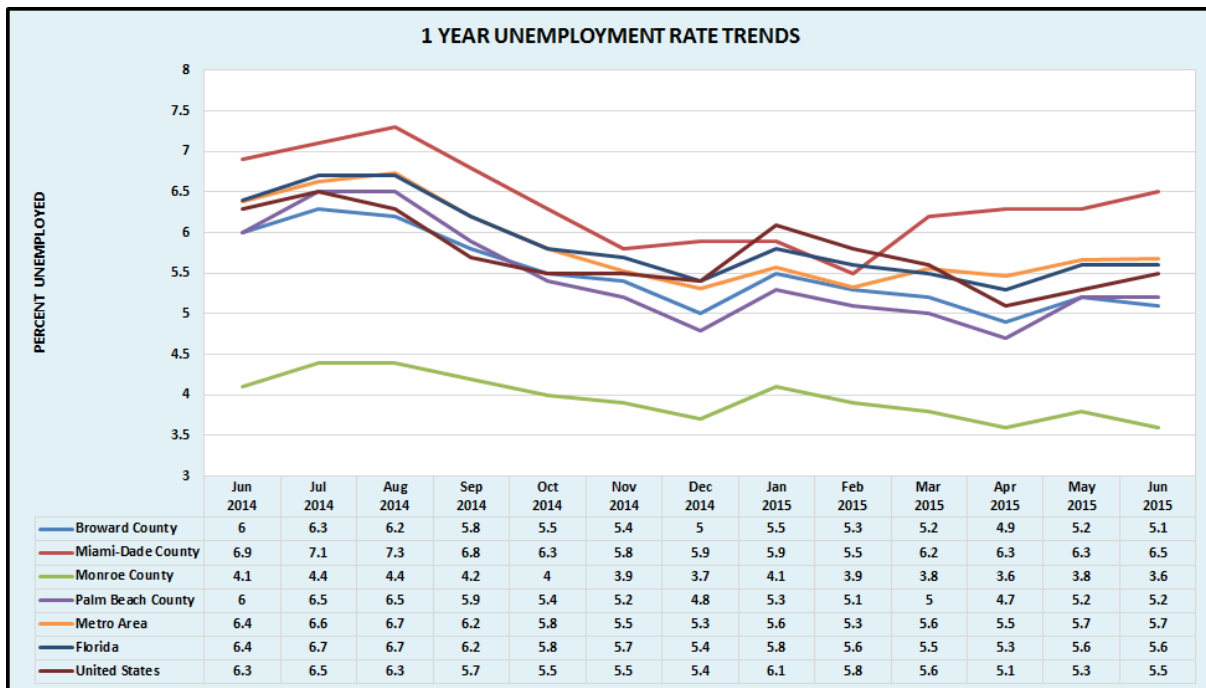
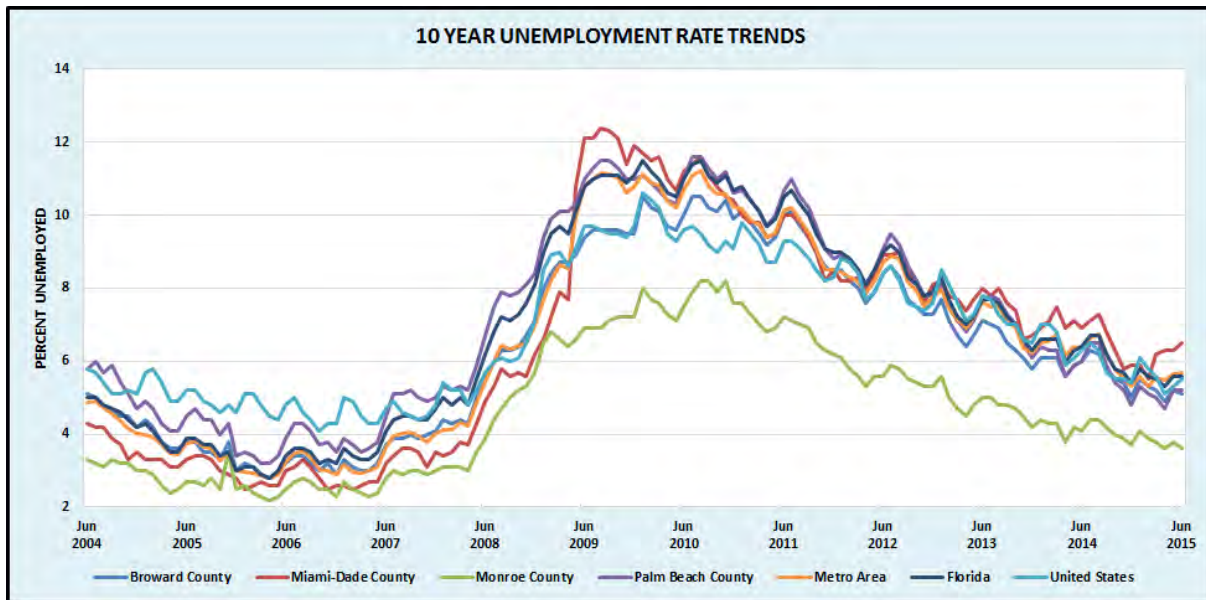
The South Florida MSA has an average household size of 2.62 people and grew 0.42% over the last five years from 2.61 people in 2010. The metro area average household size is expected to increase 0.09% to 2.62 persons per household over the next five years. Monroe County has an average household size of 2.16 people which is much lower than the Metro area (2.62), the State (2.48) and the National average (2.57). The average household size is expected to decline 0.49% over the next five years which is a much slower pace compared to the Metro area (0.09%), the State (0.08%) and the Nation (-0.14%).



REGIONAL OVERVIEW (CONT'D)

Employment

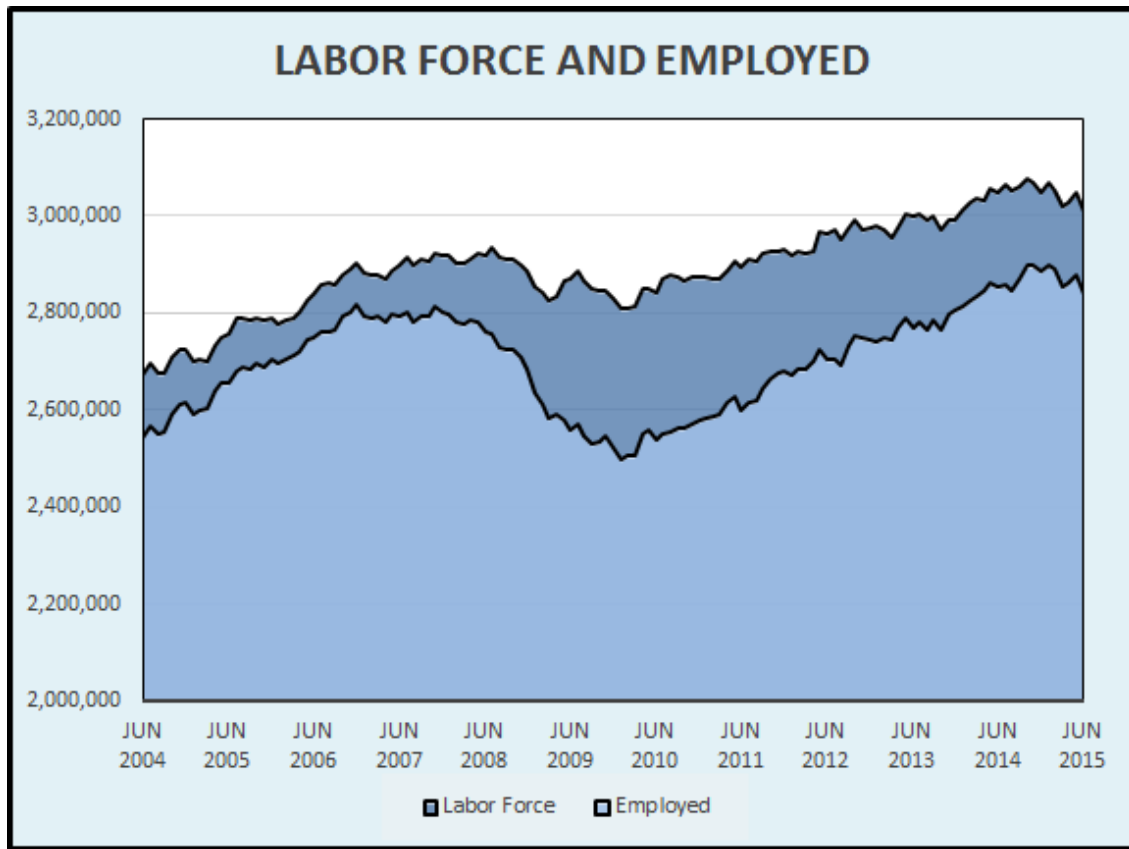
The unemployment rate for the South Florida metro area as of June 2015 was 5.7%. The statewide unemployment rate is 5.7% while the national unemployment rate is 5.6%. The subject is located in Monroe County and the June 2015 countywide unemployment rate was 5.1%. The tables below summarized 10 year unemployment rate trends and the one year unemployment trend for the metro area, the four counties making up the metro area, for the state and for the nation. The metro area unemployment rate has been gradually improving over the last few years and is approaching pre-recession levels. The total labor force is at its largest point in 10 years and annual job growth has been strong up until February 2015 and has declined four months in a row.



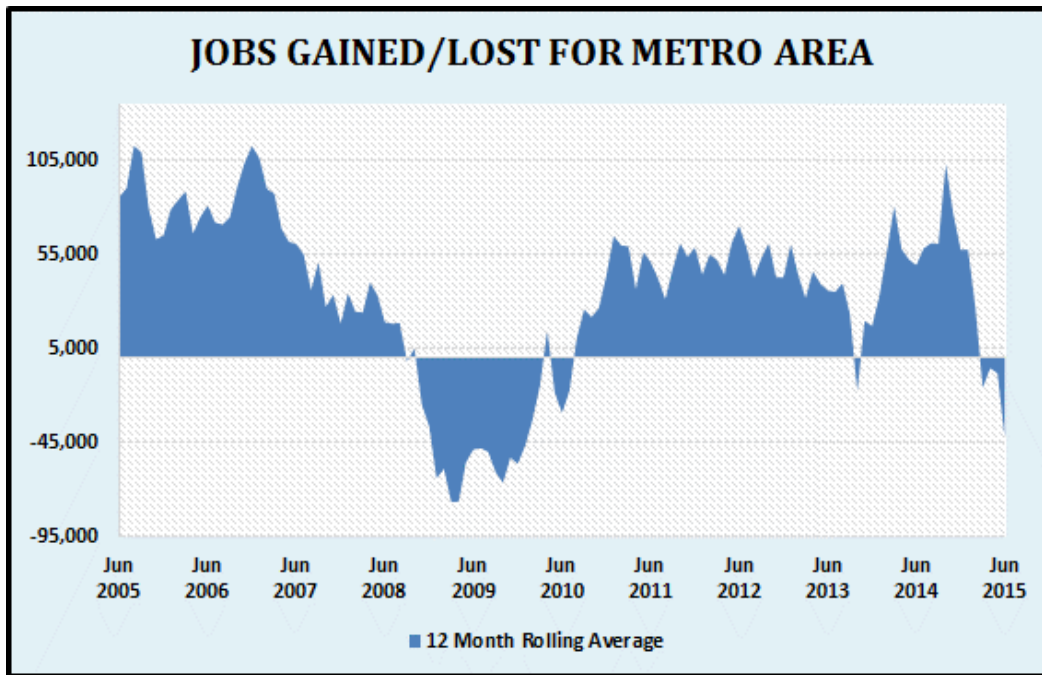
Employment had generally kept pace with population (labor force) growth from January 2004 to March of 2007, gradually bringing the unemployment rate down to around 3.3% which was a 10 year low for the metro area. Concurrent with the nationwide Great Recession commencing 4Q2007, however, the local unemployment rate rapidly increased to 7.7% by the end of 2008 and continued to increase to a 10 year high of

REGIONAL OVERVIEW (CONT'D)

11.8% in August 2010. Since this point, the unemployment rate has since gradually declined reaching 9.0% by the end of 2011; 8.1% by the end of 2012; 6% by the end of 2013 and 5.2% by the end of 2014. The current unemployment rate for the metro area is 5.7% and Monroe County is 5.1%. The following table shows total labor force (the darker blue background), employment or the total number of employed people (light blue area in foreground). The light blue employed area covers the dark blue total labor force and the dark blue area that shows represents unemployed persons in the MSA.



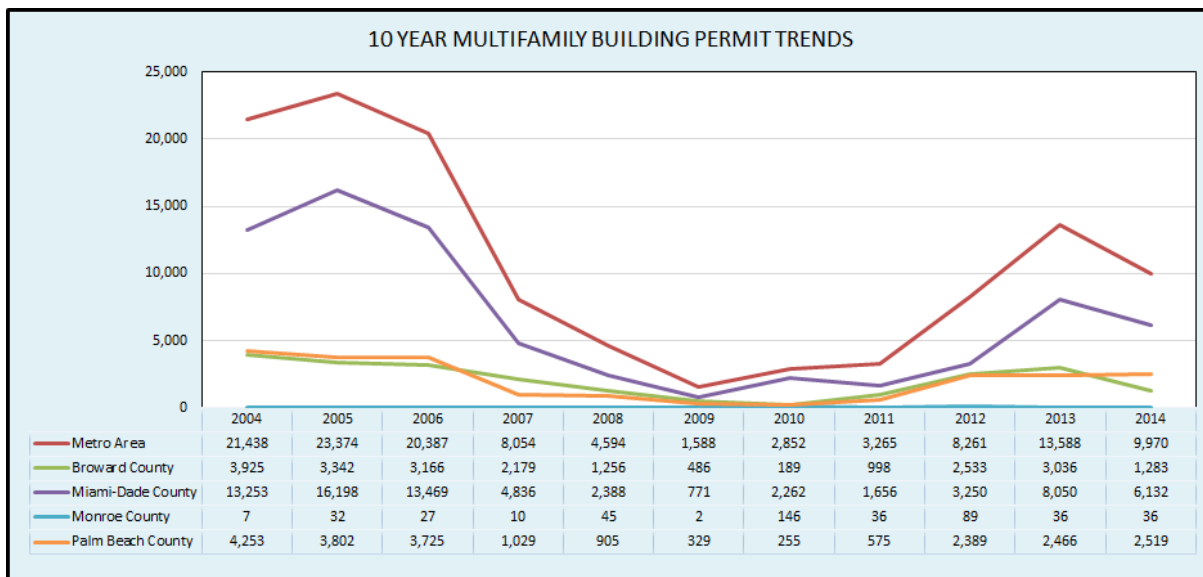
The US Bureau of Labor Statistics shows that the South Florida MSA employment had grown from 2,496,185 jobs (January 2004) to 2,809,366 jobs (January 2008), for an average of about 78,300 new jobs per year over the four year period. During the following two years, from January 2008 to January 2010, almost 285,700 jobs were lost or about 95,300 jobs per year. It then took almost three and one half years (to May 2013), to recover the number of jobs lost during the recession. Year-over-year job growth for the past 12 years has averaged 35,963 jobs per year and comparing June 2015 labor force reflects -42,249 fewer jobs than June 2014.



Building Permits

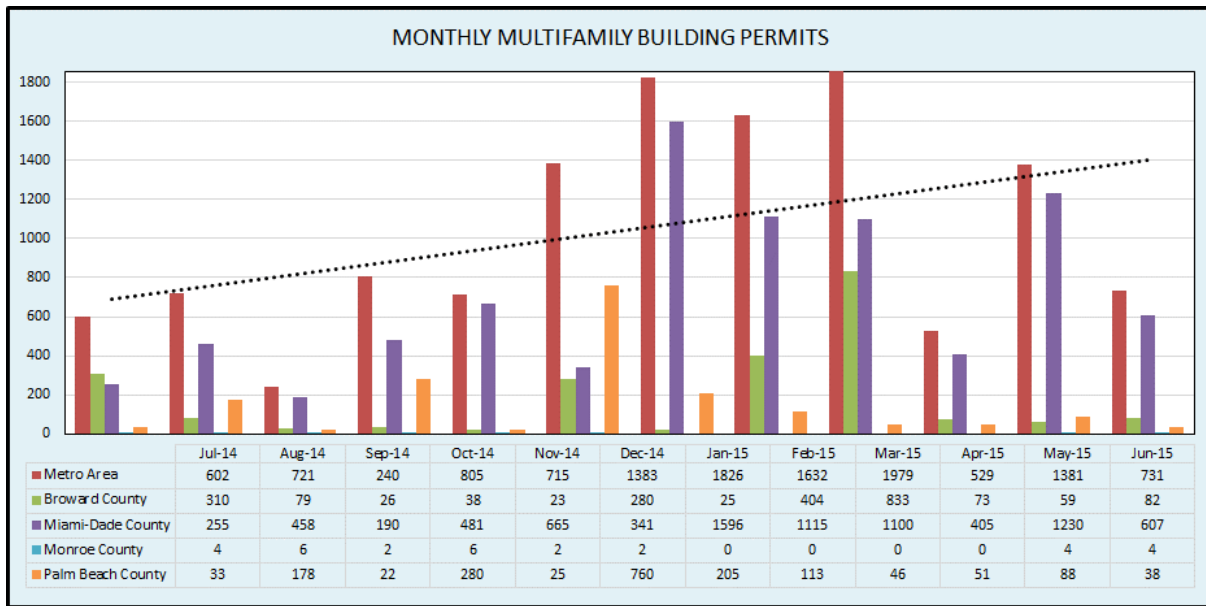
Multi-family Permits

The table below summarizes multi-family building permits issued by county for the South Florida MSA for the last 10 years. Multi-family permits peaked in 2005 and declined significantly through 2009. They have been on a gradual upward trend since 2009 with 2013 levels significantly higher than 2007 levels. However, yearend 2014 numbers show a small decline as compared to 2013 levels.



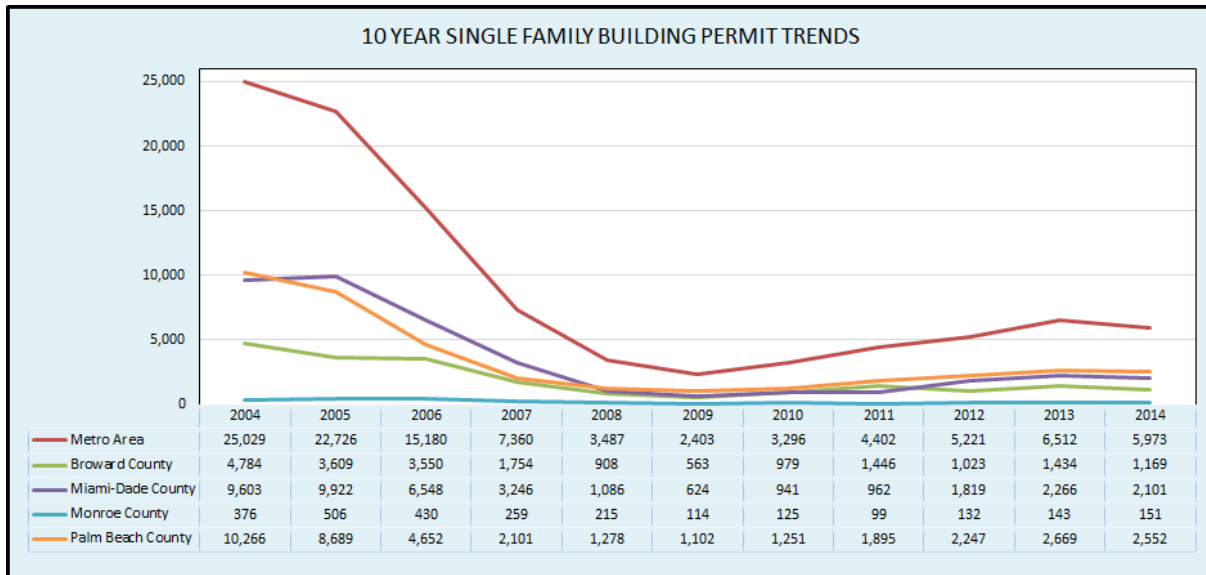
The following table summarizes multi-family building permits pulled for the South Florida metro area and for each county over the last 12 months. Note the trend line in black showing an upward trend for the metro area in terms of multi-family building permits over the last 12 months and Miami-Dade had the lion's share of permits pulled. Monroe County had 4 multi-family permits pulled in June 2015 the lowest total of the five county area

REGIONAL OVERVIEW (CONT'D)



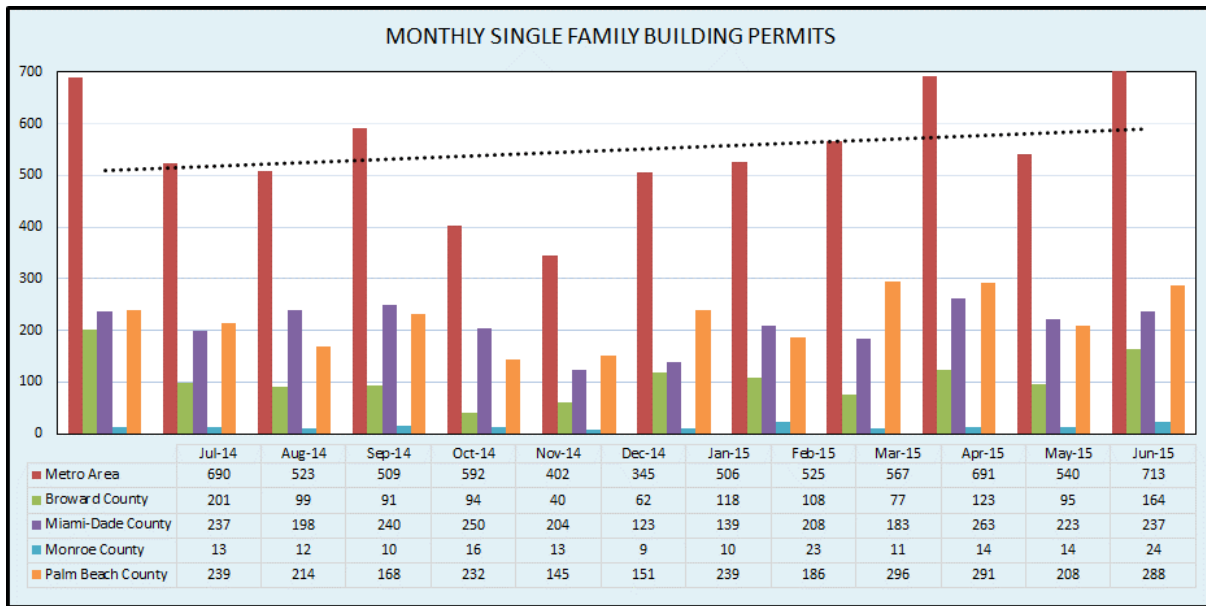
Single Family Permits

The table below summarizes single family building permits issued by county for the South Florida MSA for the last 10 years. Single family permits peaked in 2004 and declined significantly through 2009. They have been on a very gradual upward trend since 2009 with 2013 levels slightly lower than 2007 levels. However, in 2014 single family permits pulled declined about 8.3% as compared to 2013 levels.



The following table summarizes single family building permits pulled for the South Florida metro area and for each county over the last 12 months. Note the trend line in black showing a slight upward trend for the metro area in terms of single family building permits. Monroe County had 24 single family permit pulled in June 2015 which is the lowest total of the five metro area counties

REGIONAL OVERVIEW (CONT'D)



Financial Indices

The tables on the following page summarize five year trends in certain national tracked financial indices which tend to impact real estate and real estate investments. Many commercial lending institutions look at LIBOR and 10 Year Treasury Constant Maturity Rate returns in their underwriting. CPI trends can be important for commercial properties and lease structures. The 15 year and 30 year fixed rate mortgage rates have significant impact on residential development. And the health of the stock market also has significant impact on investments of all types. All of these factors can influence real estate investors, owners and lenders.



REGIONAL OVERVIEW (CONT'D)



The current 15 year fixed mortgage rate is 3.15%; the 30 year fixed mortgage rate is 4.05%; LIBOR is 0.199600%; the current 30 Year Treasury Constant is 2.32%; CPI is currently at 0.2117; and the Dow Jones Industrial Average is currently at 16,990.

Transportation

The Miami-Fort Lauderdale-Pompano Beach metro area is served by three international airports, the Palm Beach International Airport located in Palm Beach County, Fort Lauderdale/Hollywood International Airport in Broward County and Miami International Airport in Miami-Dade County. The metro area also has three ports including the Port of Miami, the Port of Palm Beach and Port Everglades next to the Fort Lauderdale/Hollywood International Airport. Below is a brief description of each facility.

Miami International Airport (MIA) is a 3,230 acre facility and is the second most active international passenger airport in the United States, the 10th most active airport in total passengers and the 3rd most active airport in cargo (mail and freight). MIA has four runways, a 8,600 foot grooved asphalt small aircraft runway, a 9,355 foot grooved asphalt runway for medium service commercial aircraft, a 10,500 foot grooved asphalt runway capable of handling any type of aircraft and a second 13,000 foot grooved asphalt runway also capable of handling any type of aircraft. Miami International Airport has three terminals totaling more than 7,000,000 square feet of space with more than 123 gates for international and domestic airlines. The facility has more than 3,400,000 square feet of warehouse and support space, parking for more than 9,000 cars and has 16 car rental agencies. The airport creates more than 50,800 direct jobs and an estimated 200,000 indirect jobs for the local economy and has an economic impact in excess of \$6 billion dollars annually.

Palm Beach International Airport (PBI) is a 2,120 acre facility serving the greater Palm Beach County metro area. The facility has one main terminal for domestic and international travel, totaling about 600,000 square feet of area under roof. The facility has three main runways, a 6,900 foot grooved asphalt runway, a 10,000 foot grooved asphalt runway and a 3,200 foot grooved asphalt runway. The airport handles about 5,600,000 domestic and international passengers per year and more than 5,000,000 pounds of cargo per year. The airport employs more than 3,000 direct and indirect jobs and creates more than \$500,000,000 in annual revenue to the Palm Beach County area. The airport has been voted the third best airport in the US and the sixth best in the world by readers of Conde Nast.

Fort Lauderdale/Hollywood International Airport (FLL) is a 1,380 acre facility serving the Broward County metro area. The facility has three terminals for domestic and/or international travel, totaling about 1,525,000 square feet of area under roof. The facility has three main runways, a 9,000 foot grooved asphalt runway, an 8,000 foot grooved asphalt runway and a 6,930 foot grooved asphalt runway. The airport handles about 24,000,000 domestic and international passengers per year and more than 171,890,000 pounds of cargo per year. The airport employs more than 28,100 direct and indirect jobs and creates more than \$2.7 billion in annual revenue to the Broward County area. The airport is immediately adjacent to Port Everglades making it easy to fly into Fort Lauderdale and immediately embark one of the many cruise ships operating out of this port. The 8,000 ft. runway was completed in September 2014. There are planned renovations to three of its terminals scheduled to be completed in 2017. Five international gates are being built in Concourse A.

REGIONAL OVERVIEW (CONT'D)

Port Everglades is located on the eastern boundary of Broward County just east of the Fort Lauderdale/Hollywood International Airport and along the shoreline of the Atlantic Ocean. The facility encompasses about 2,190 total acres of which 1,742 acres are uplands and 448 acres are submerged lands. The port handles more than 4,000 ship calls per year, 3,500,000 cruise passengers per year and more than 23,000,000 tons of cargo annually. There are 12 cruise terminals with 250,000 square feet of terminal space and more than 8,000 feet of docking space for up to 10 cruise ships at one time. Port Everglade is one of the most active passenger ports in the county. More than 150 businesses operate out of the port and it is home for more than 10,000 port workers (individuals who have access to job sites within port gates). The port is estimated to have a \$25 billion impact on the Miami-Fort Lauderdale-Pompano Beach area and it is estimated that the port impacts more than 50,000 jobs in the four surrounding counties.

Port of Palm Beach is located on the eastern boundary of Palm Beach County along the shoreline of the Atlantic Ocean. The facility encompasses about 970 total acres of which 800 acres are uplands and 170 acres are submerged lands. The port handles more than 2,450 ship calls per year, 341,000 cruise passengers per year and more than 2,000,000 tons of cargo annually. There are two cruise terminals with more than 100,000 square feet of terminal space and more than 2,500 feet of docking space for up to four ships at one time. More than 45 businesses operate out of the port and it is home for more than 3,500 port workers (individuals who have access to job sites within port gates). The port is estimated to have more than a \$5 billion impact on the Miami-Fort Lauderdale-Pompano Beach area and it is estimated that the port impacts more than 10,000 jobs in the four surrounding counties.

Port of Miami is located in Biscayne Bay in southeastern Miami-Dade County along the shoreline of the Atlantic Ocean on Dodge Island. The facility encompasses about 970 total acres of which 520 acres are uplands and 450 acres are submerged lands. The port handles more than 5,000 ship calls per year, 4,000,000 cruise passengers per year and more than 7,400,000 tons of cargo annually. There are eight cruise terminals with more than 350,000 square feet of terminal space and more than 10,000 feet of docking space for up to 10 cruise ships at one time. The Port of Miami Everglade is one of the most active passenger ports in the world. More than 250 businesses operate out of the port and it is home for more than 12,000 port workers (individuals who have access to job sites within port gates). The port is estimated to have more than a \$25 billion impact on the Miami-Fort Lauderdale-Pompano Beach area and it is estimated that the port impacts more than 50,000 jobs in the four surrounding counties.

Interstate-95 is a limited-access highway that travels 1,900 miles and is the longest north/south interstate highway in the country. It merges from US 1 in Miami and continues 1,900 miles and ends in Maine. The average daily traffic count for the highway is about 72,000 vehicles per day and can reach up to 300,000 per day. There is a three phase project currently under construction that will add two express toll lanes in each direction from the Golden Glades Interchange in Miami-Dade County to Broward Boulevard in Broward County. The tolls are determined by congestion pricing, which mean the toll changes based on how many people are in the lanes. The construction for phase one is done and phase two is scheduled to be finished in spring 2015. Phase three is scheduled to start in early 2016.

Interstate 75 is a limited-access highway that travels 1,700 miles and is the second longest interstate highway in the country. It originates at the Hialeah-Miami Lakes border a few miles northwest of Miami and runs westward to the west coast of and then turns northward and continues to the Upper Peninsula of Michigan. There is planned construction to build two express toll lanes in each direction from just south of State Road 836 in Miami-Dade County to Interstate 595 in Broward County. The tolls are determined by congestion pricing, which mean the toll changes based on how many people are in the lanes. The construction began in early 2014 and is scheduled to be complete in 2019.

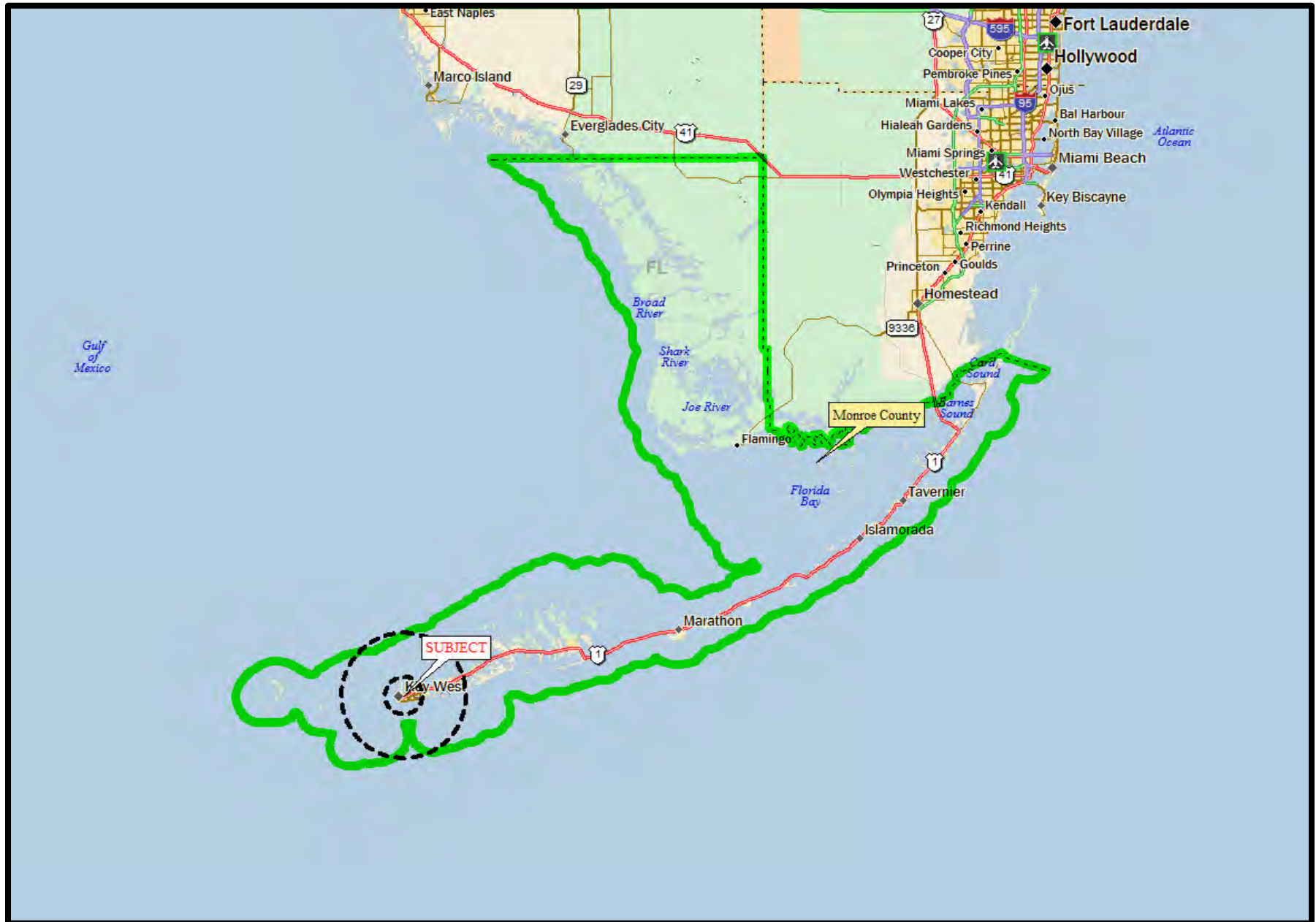
Florida Turnpike is a limited-access toll road that travels 264 miles from the southern portion of Miami to the city of Wildwood in Sumter County. On average, 1.8 million people use the Florida Turnpike annually. There are several construction projects in the South Florida area. The first will be to implement all-electronic tolling at the Hollywood/Pines Boulevard exit and Griffin Road exit. There is also planned improvements to intersections at Northwest 199th Street/Dolphin Center and County Line Road. The Turnpike will be widened

from six lanes to ten, sound walls will be constructed and express lanes will be added in Miami-Dade County from north of Sunset Drive to north of Bird Road. This is scheduled to be complete in 2018 and will cost \$54.4 million. The Turnpike will also be widened from six lanes to ten, sound walls will be constructed and express lanes will be added from SW 216th St. to Eureka Dr. This is scheduled to be complete in summer of 2016 and will cost \$40.9 million. Turnpike widening, express lanes and interchange improvements are also scheduled from north of Eureka Dr. to south of SW 104th Street. This is scheduled to be complete in late 2016 and will cost approximately \$145.3 million

Conclusion

The subject property is located in Monroe County in what is considered the South Florida Metropolitan Area in the central portion of Florida. The South Florida MSA has a total population of 6,003,409 people, 2,260,919 total households and has an average household size of 2.62 people. The unemployment rate for the South Florida metro area as of June 2015 was 5.7%, the statewide unemployment rate was 5.7% while the national unemployment rate was 5.6%. Multi-family permits peaked in 2005 and declined significantly through 2009. They have been on a gradual upward trend since 2009 with 2013 levels about the same as 2008 levels. Multi-family permits have seen a slight upward trend for the metro area over the last 12 months. Single family permits peaked in 2005 and declined significantly through 2009. They have been on a gradual upward trend since 2009 with 2013 levels slightly better than 2008 levels. Single family permits have shown a slight upward trend over the last 12 month. The current 15 year fixed mortgage rate is 3.15%; the 30 year fixed mortgage rate is 4.05%; LIBOR is 0.199600%; the current 30 Year Treasury Constant is 2.32%; CPI is currently at 0.2117; and the Dow Jones Industrial Average is currently at 16,990. The metro area is served by three international airports, the Miami International Airport located in Miami/Dade County, the Palm Beach International Airport located in Palm Beach County and the Fort Lauderdale/Hollywood International Airport located in Broward County. The metro area is also served by three deep water ports and a very good network of major highways providing easy access to and from the metro.

APARTMENT MARKET OVERVIEW MAP WITH THREE AND 10-MILE RINGS



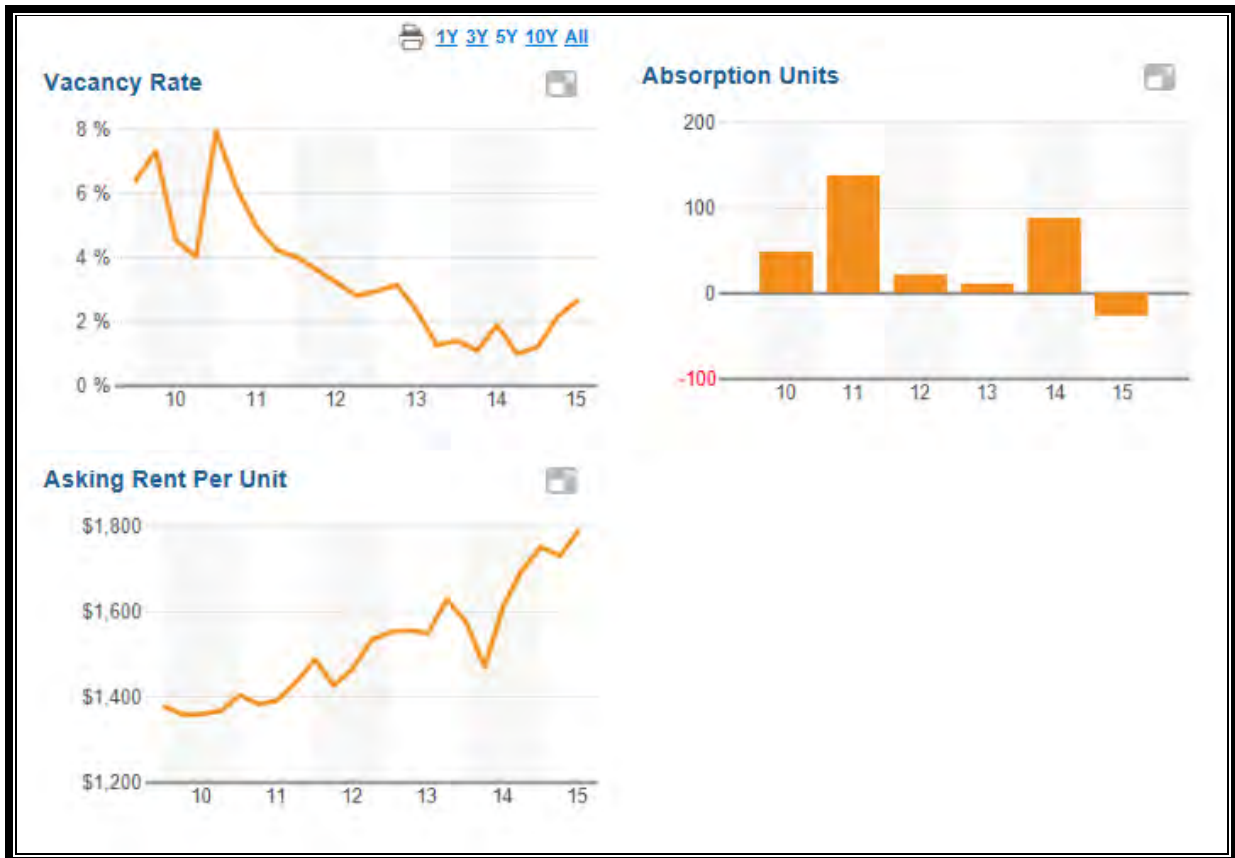
APARTMENT MARKET OVERVIEW

The subject lies in Monroe County. We have provided performance summaries of the apartment market on a county level and for 10-mile and three-mile rings centered on the subject property using CoStar data. This analysis includes both market and affordable properties. It is summarized as follows:

County Level

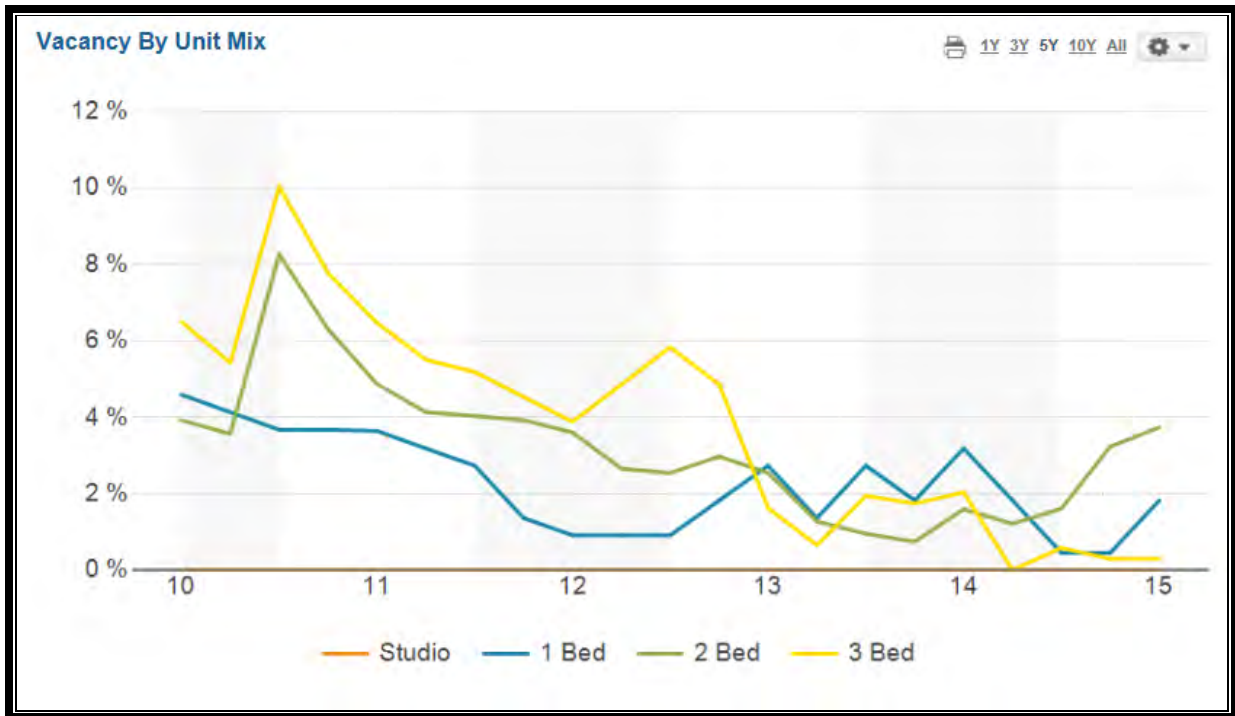
The current vacancy rate of 2.3 % is lower than the five year average of 3.3%. The current asking rental rates are higher for all unit types as compared to the five year averages. Concessions are lower and absorption is lower in the most recent survey.

Leasing Units	Survey	5-Year Avg	Inventory in Units	Survey	5-Year Avg
Vacant Units	32	44	Existing Units	2,483	2,358
Vacancy Rate	2.3%	3.3%	12 Mo. Const. Starts	104	39
12 Mo. Absorption Units	33	58	Under Construction	104	42
			12 Mo. Deliveries	48	46
Rents	Survey	5-Year Avg	Sales	Past Year	5-Year Avg
Studio Asking Rent	\$785	\$695	Sale Price Per Unit	\$246,237	\$223,649
1 Bed Asking Rent	\$1,557	\$1,257	Asking Price Per Unit	\$315,591	\$312,204
2 Bed Asking Rent	\$1,856	\$1,565	Sales Volume (Mil.)	\$77	\$119
3+ Bed Asking Rent	\$1,778	\$1,614	Cap Rate	4.9%	7.5%
Concessions	0.6%	1.1%			

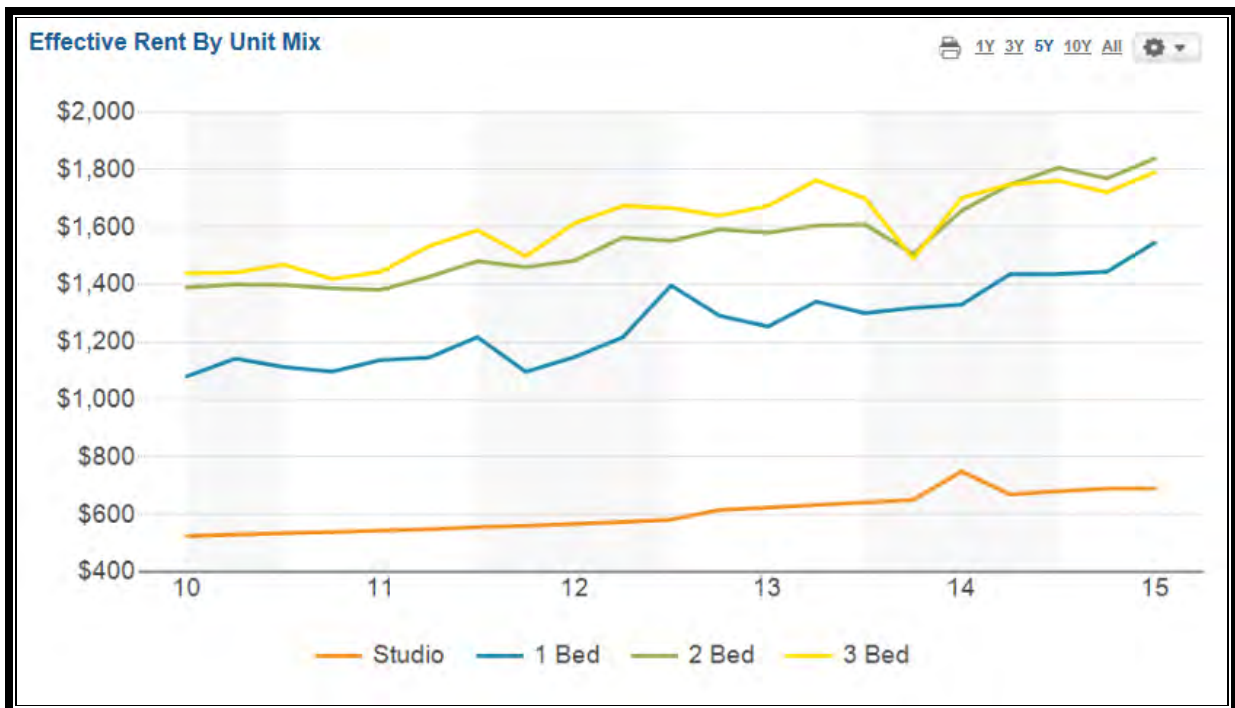


Vacancy rates by unit type are summarized on the following page. Vacancy rates have historically been lowest for one-bedroom units. Vacancy rates for all unit types have fallen over the past five years.

APARTMENT MARKET OVERVIEW (CONT'D)



Effective rents (asking rents net of concessions) have increased for all unit types, over the past five years on the county-level.

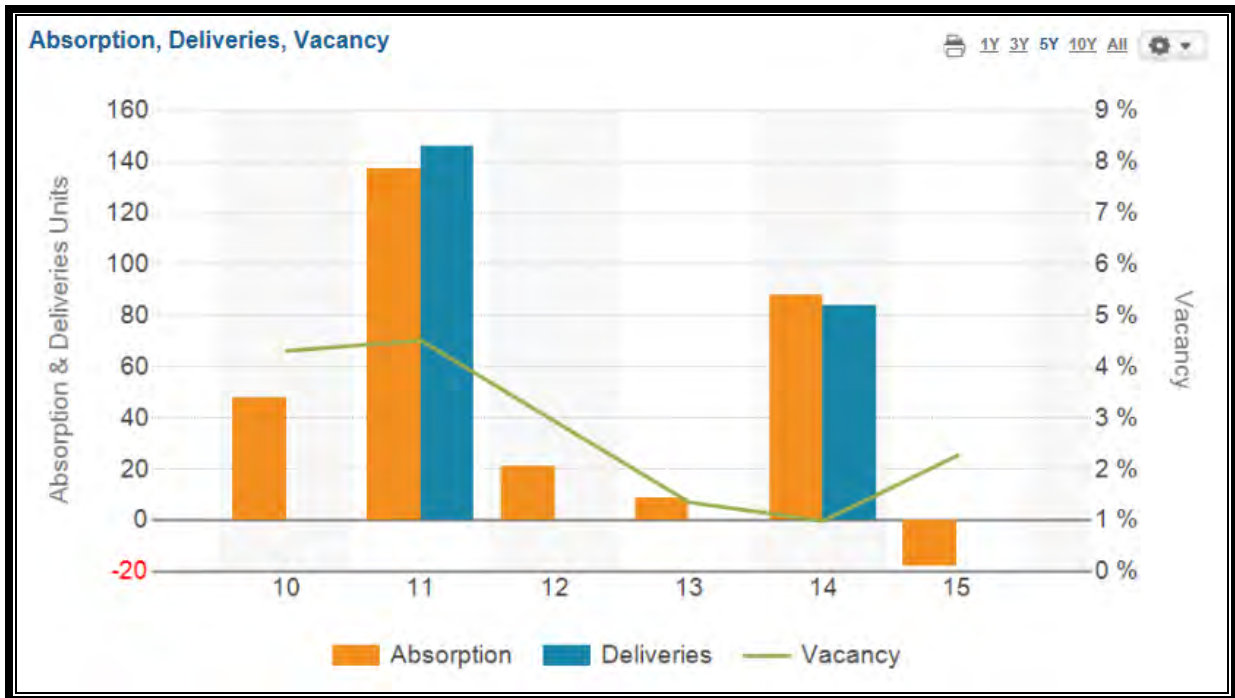


In general, occupancy rates and rents have increased over the last five years.

APARTMENT MARKET OVERVIEW (CONT'D)



Since 2010, the only new units added to the market occurred in 2011 and 2014. Absorption was positive in five out of six years.

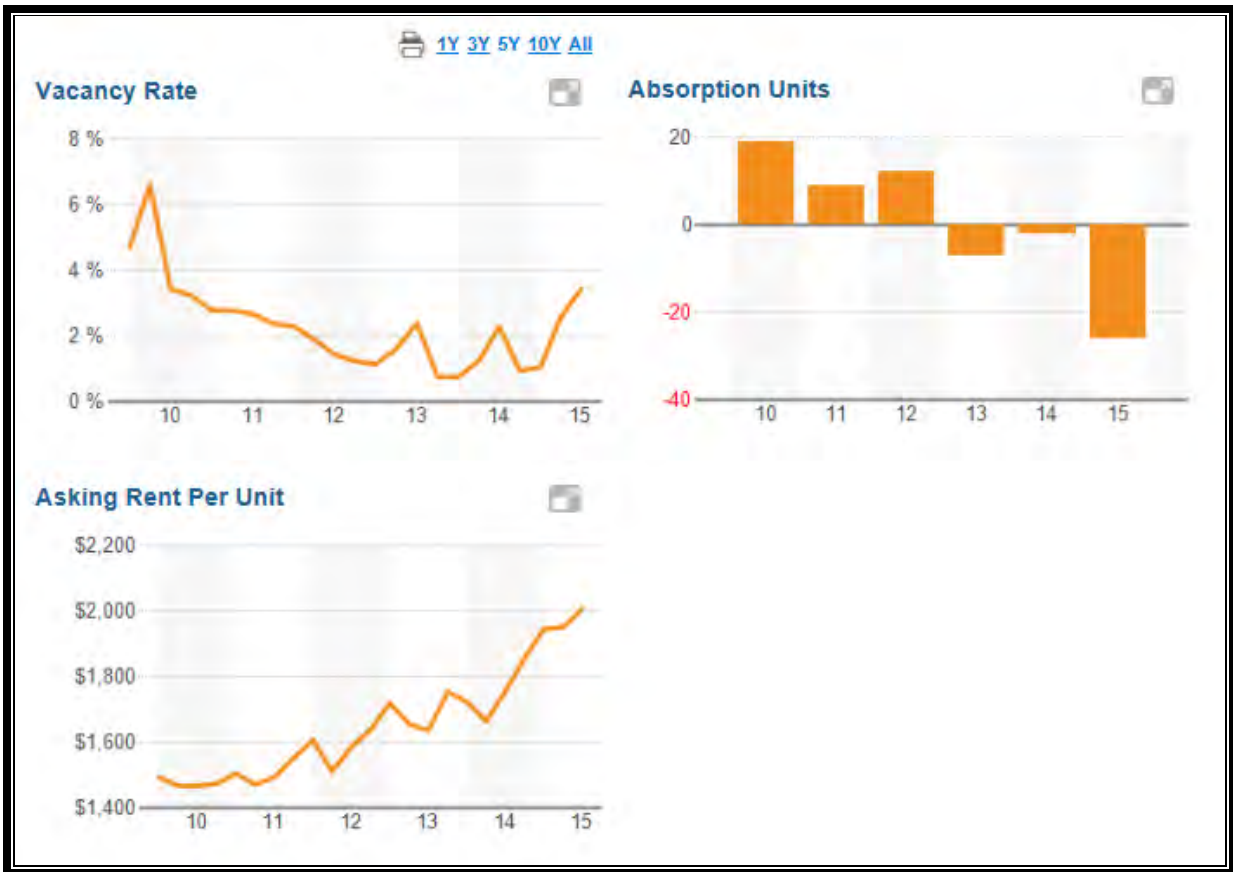


10-Mile Ring

The current vacancy rate of 2.9% is higher than the five year average of 2.0%. The current asking rental rates are higher for all types as compared to the five year averages and concessions are higher. The absorption is lower in the current survey than the five year average.

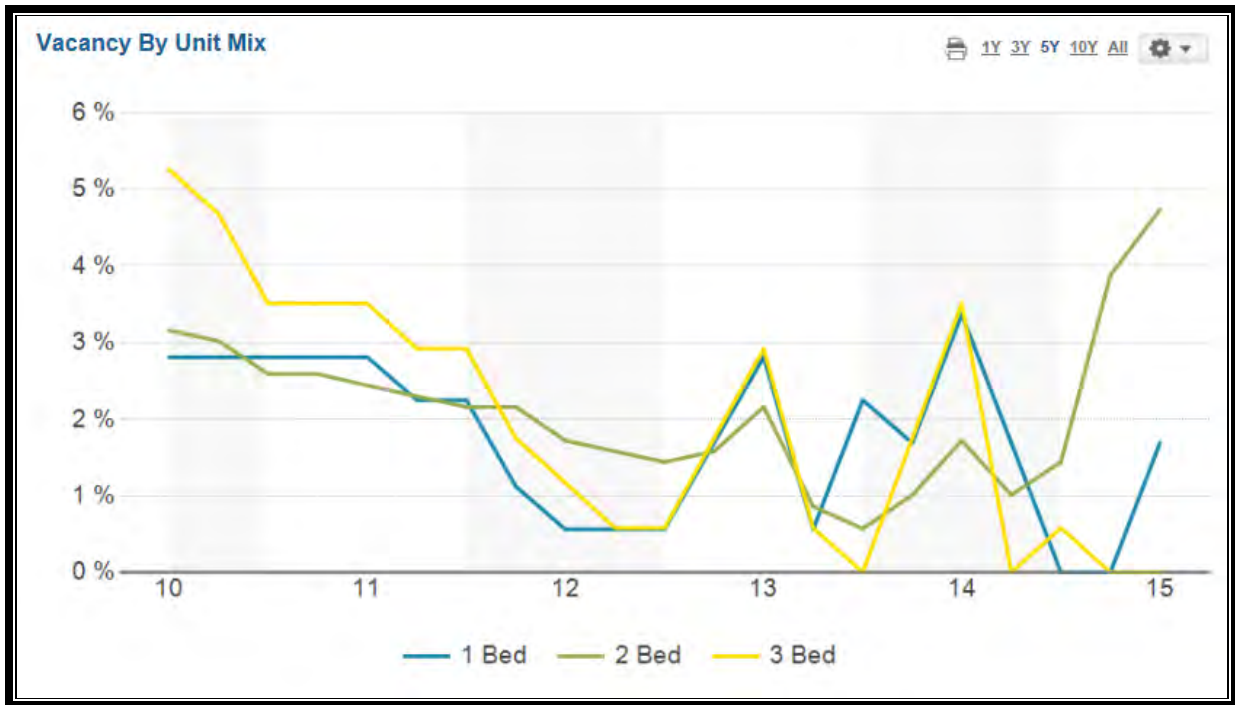
APARTMENT MARKET OVERVIEW (CONT'D)

Leasing Units	Survey	5-Year Avg	Inventory in Units	Survey	5-Year Avg
Vacant Units	26	18	Existing Units	1,826	1,797
Vacancy Rate	2.9%	2.0%	12 Mo. Const. Starts	0	0
12 Mo. Absorption Units	-13	7	Under Construction	0	0
			12 Mo. Deliveries	0	0
Rents	Survey	5-Year Avg	Sales	Past Year	5-Year Avg
Studio Asking Rent	-	-	Sale Price Per Unit	\$253,703	\$234,867
1 Bed Asking Rent	\$1,645	\$1,333	Asking Price Per Unit	\$235,428	-
2 Bed Asking Rent	\$2,077	\$1,713	Sales Volume (Mil.)	\$75	\$115
3+ Bed Asking Rent	\$2,166	\$1,786	Cap Rate	4.9%	4.9%
Concessions	0.8%	0.2%			

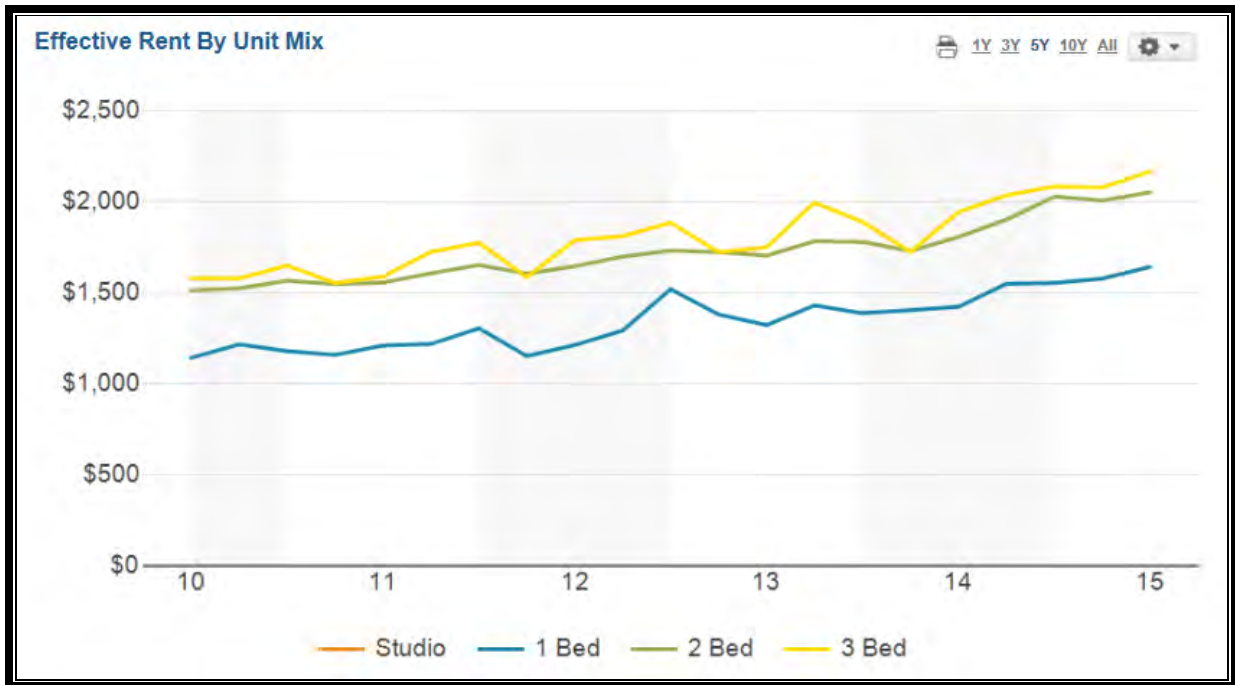


Vacancy rates by unit type are summarized on the following page; there is a generally a downward trend in vacancy for all unit types, except two-bedroom units.

APARTMENT MARKET OVERVIEW (CONT'D)

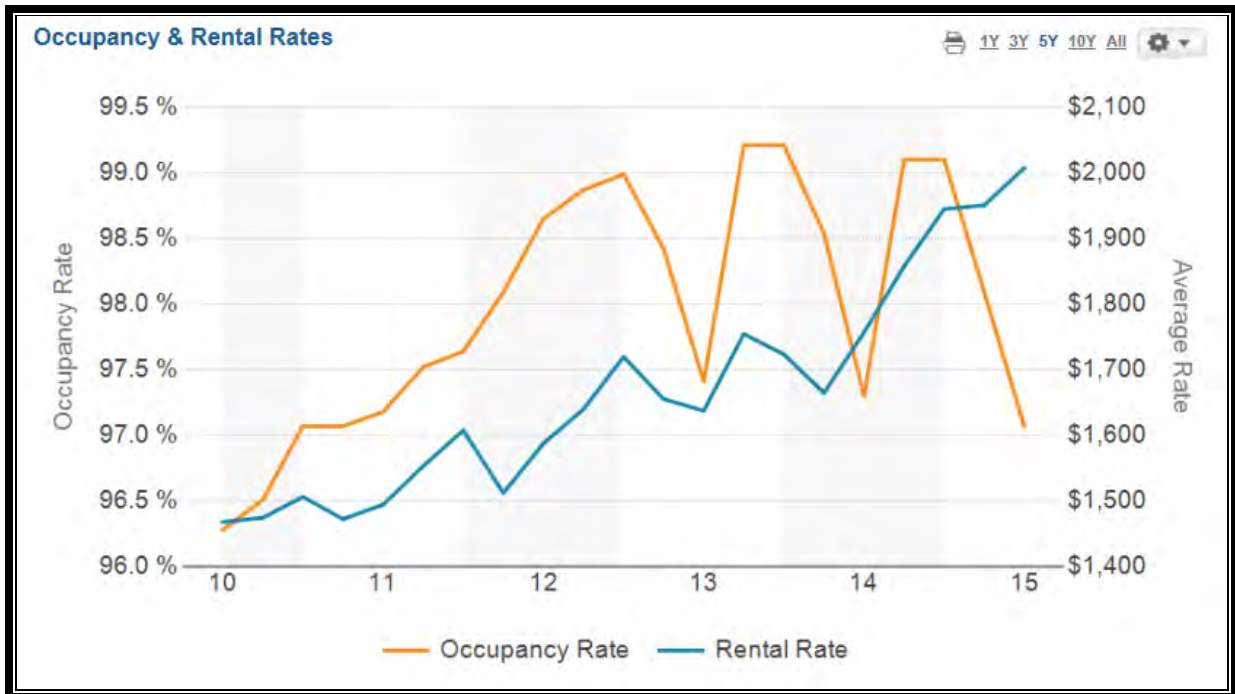


Effective rents (asking rents net of concessions) have increased for all unit types over the past five years.



In general, occupancy rates have fluctuated greatly since 2010 with a current downward trend. Overall, rental rates have been increasing since 2010.

APARTMENT MARKET OVERVIEW (CONT'D)



Since 2010, there have been no new units added to the market. Absorption has been negative the last three years.

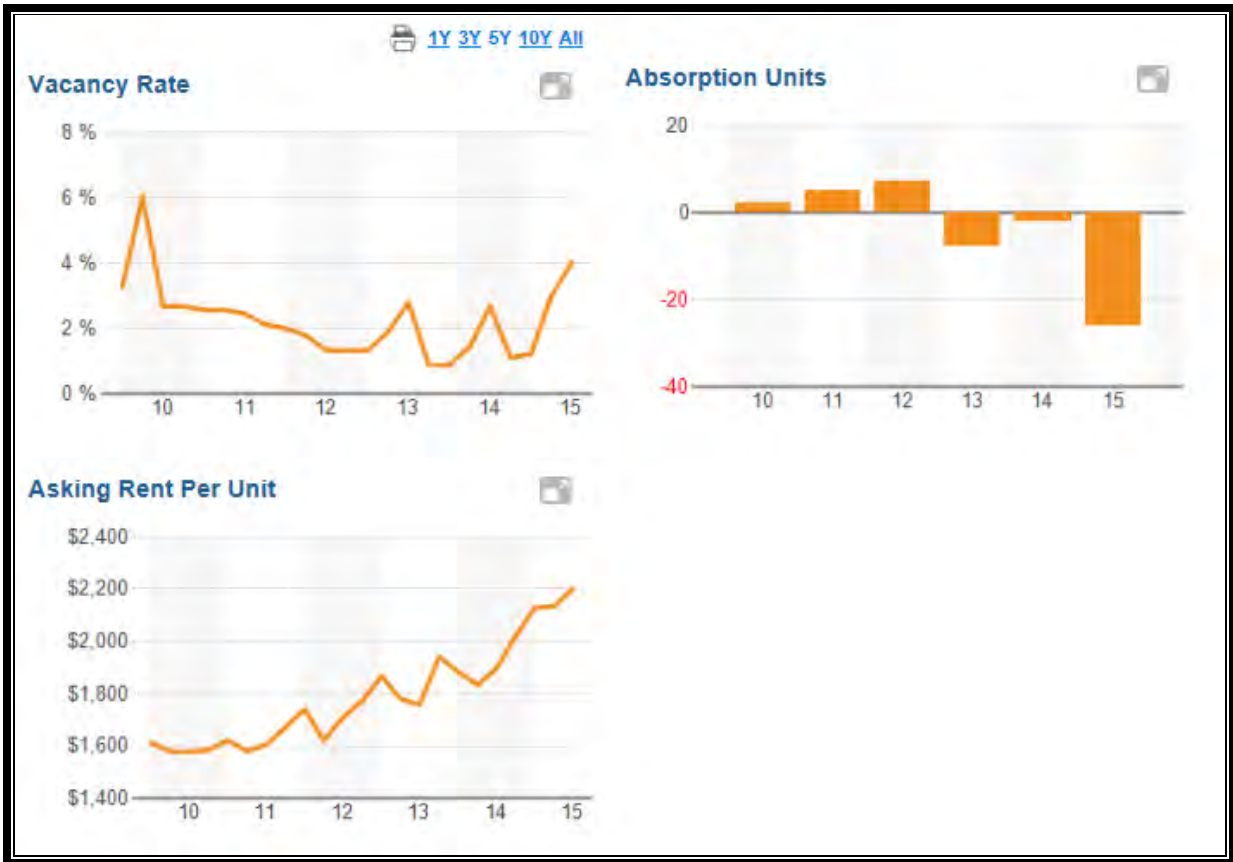


Three-Mile Ring

The current vacancy rate of 3.5% is higher than the five year average of 2.0%. The current asking rental rates are higher for all unit types as compared to the five year averages and concessions are higher. The absorption is lower in the current survey than the five year average.

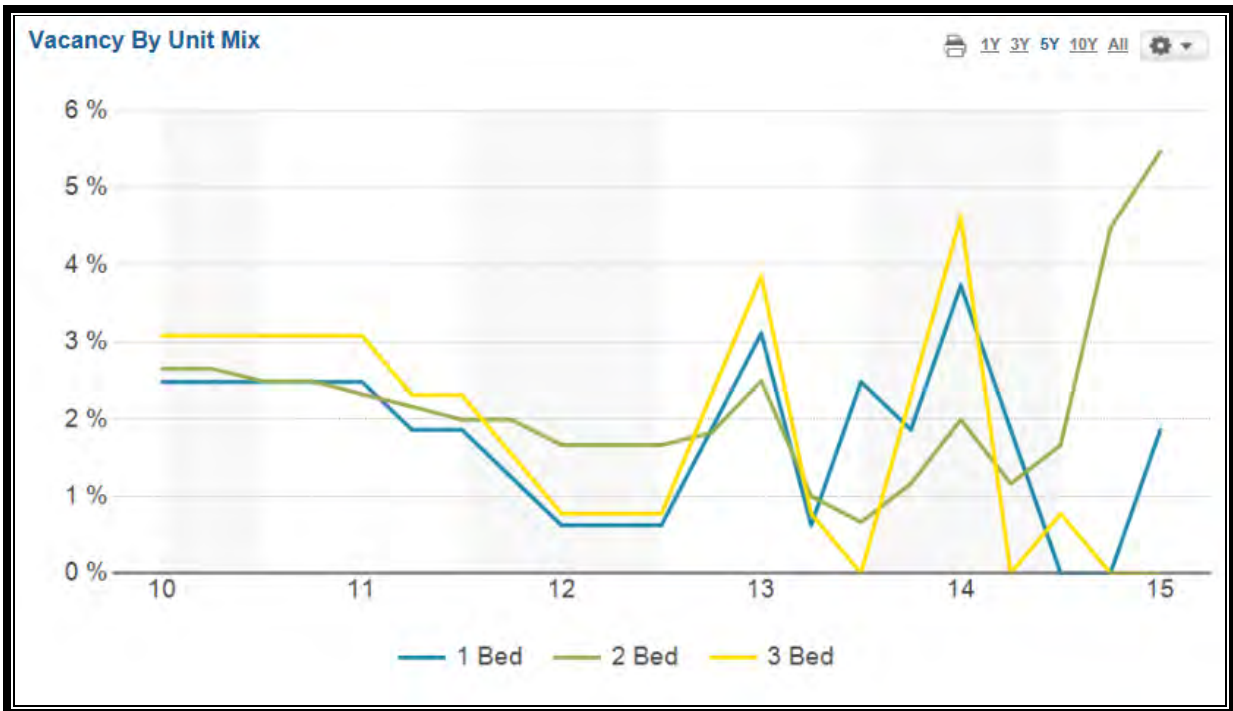
APARTMENT MARKET OVERVIEW (CONT'D)

Leasing Units	Survey	5-Year Avg	Inventory in Units	Survey	5-Year Avg
Vacant Units	26	15	Existing Units	1,523	1,494
Vacancy Rate	3.5%	2.0%	12 Mo. Const. Starts	0	0
12 Mo. Absorption Units	-13	4	Under Construction	0	0
			12 Mo. Deliveries	0	0
Rents	Survey	5-Year Avg	Sales	Past Year	5-Year Avg
Studio Asking Rent	-	-	Sale Price Per Unit	\$253,703	\$234,867
1 Bed Asking Rent	\$1,731	\$1,394	Asking Price Per Unit	\$235,428	-
2 Bed Asking Rent	\$2,296	\$1,873	Sales Volume (Mil.)	\$75	\$115
3+ Bed Asking Rent	\$2,465	\$1,990	Cap Rate	4.9%	4.9%
Concessions	0.9%	0.2%			

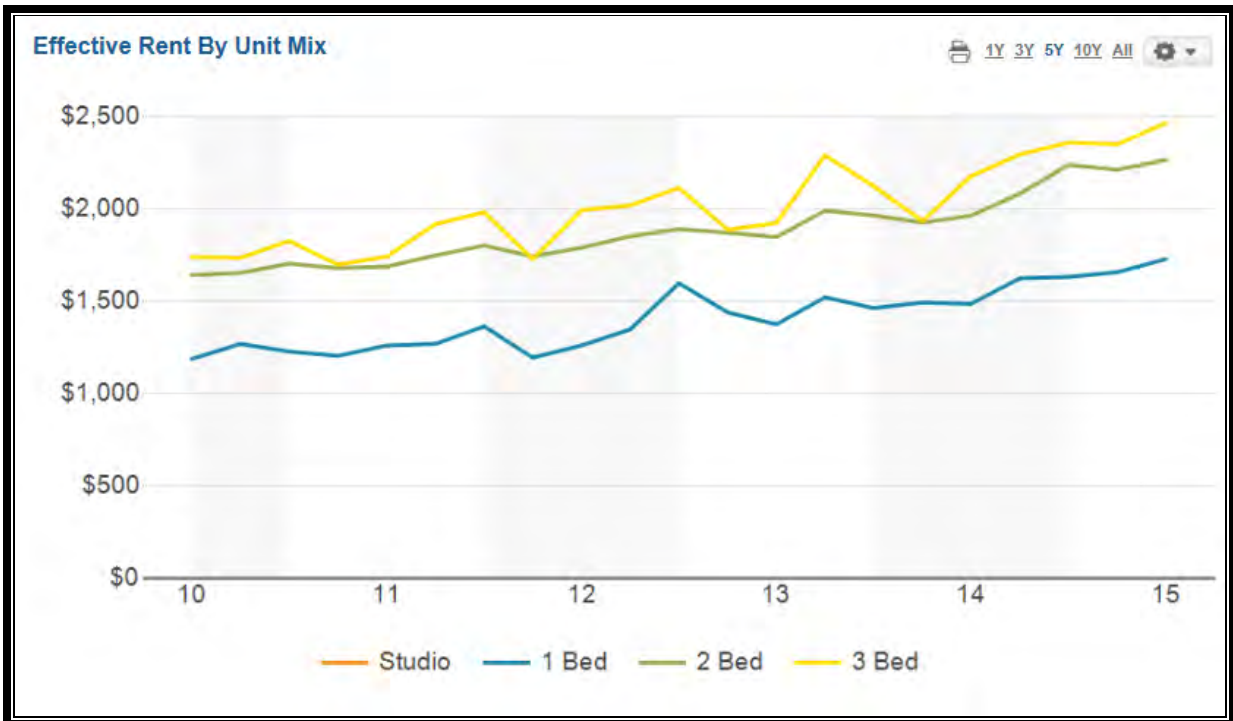


Vacancy rates by unit type are summarized on the following page; vacancies have fluctuated greatly over the past five years with a current upward trend for two and three-bedroom units.

APARTMENT MARKET OVERVIEW (CONT'D)

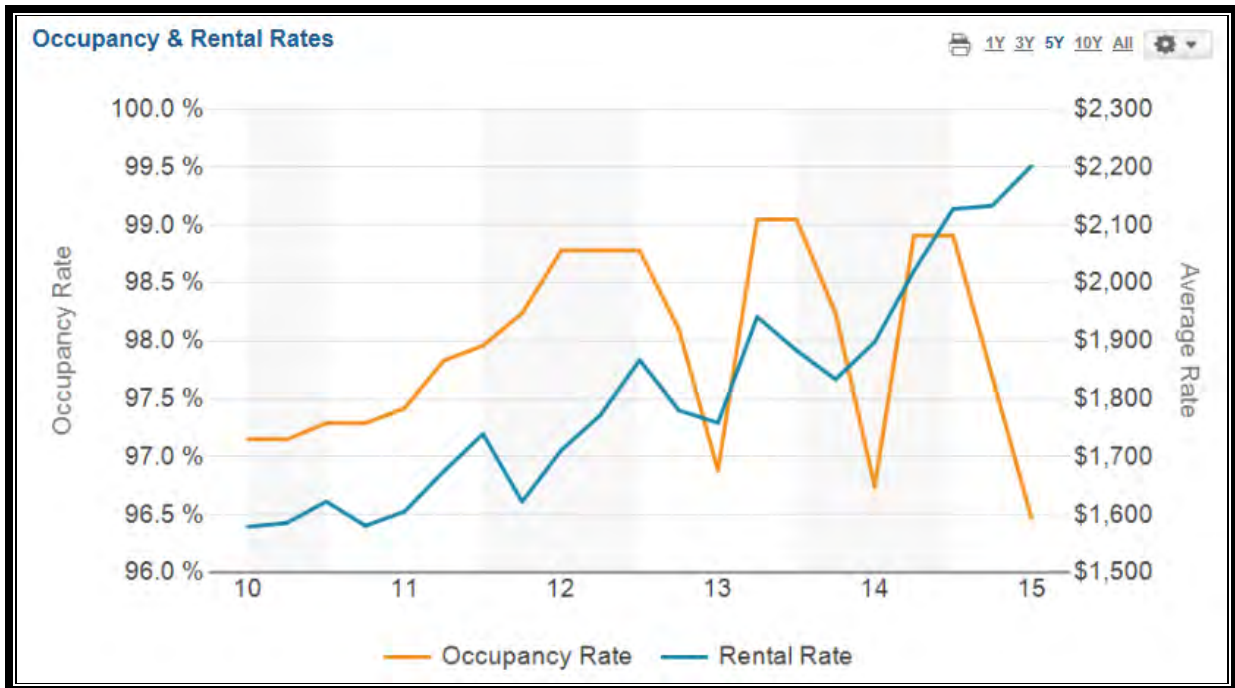


Effective rents (asking rents net of concessions) have increased for all unit types over the past five years

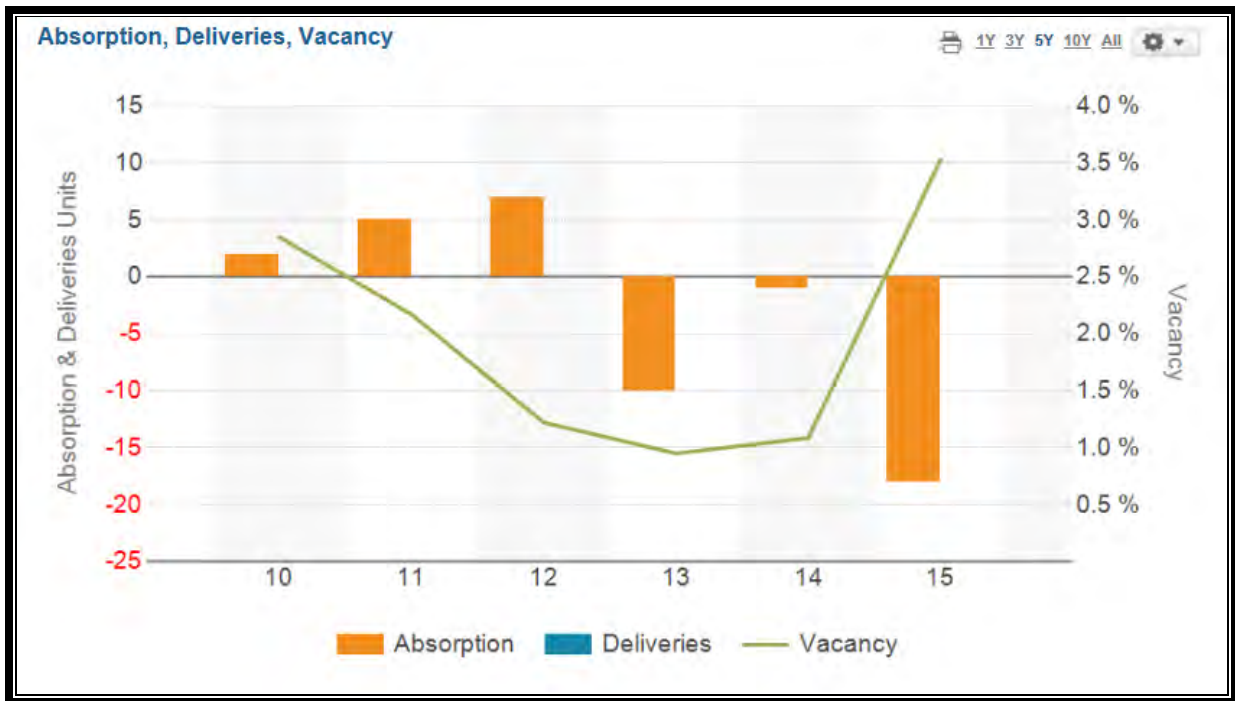


In general, occupancy rates have been fluctuating since 2010 and rental rates have been increasing.

APARTMENT MARKET OVERVIEW (CONT'D)



Since 2010, there have been no new units added to the market. Absorption has been negative the last three years.



Comparison of the County, 10-Mile and Three-Mile Rings

The 10 and three-mile ring contain about 73.5% all of the County’s inventory. There are currently 104 units under construction at the County level and no units under construction in the 10-mile or three-mile rings. The County had 48 units delivered over the last 12 months. The vacancy rate is lowest in at the County level and highest at the three-mile ring. The 12 month absorption is lowest at the 10 and three-mile ring and highest at the County level. The rental rates are highest at the three-mile level.

APARTMENT MARKET OVERVIEW (CONT'D)

Comparison			
Area	Monroe County	10-Mile	3-Mile
Existing Units	2,483	1,826	1,523
Under Construction	104	0	0
12 Mo. Deliveries	48	0	0
Vacancy Rate	2.3%	2.9%	3.5%
12 Mo. Absorption	33	-13	-13
Studio Asking Rent	\$785		
1 BR Asking Rent	\$1,557	\$1,645	\$1,731
2 BR Asking Rent	\$1,856	\$2,077	\$2,296
3+ BR Asking Rent	\$1,778	\$2,166	\$2,465
Concessions	0.6%	0.8%	0.9%
Source: CoStar			

Affordable Apartments

Monroe County has projects operating under a variety of housing programs including, but not limited to, the following: Housing Credits, ELI, HOME, local and state bonds and SAIL. We have provided more in-depth information on a sampling of affordable projects operating under FHFC and/or other affordable housing programs regarding occupancy by unit type, distribution of households by unit type and cost burden by household size and unit type. This data was compiled by Meridian Appraisal Group, Inc. in 2014; it is based on 837 units in the following 15 complexes within Monroe County:

- [ATLANTIC PINES APARTMENTS](#)
- [BANYAN GROVE](#)
- [Blue Water](#)
- [Cayo del Mar \(fka Stock Island\)](#)
- [DOUGLASS SQUARE APARTMENTS](#)
- [Eastwind Apartments](#)
- [FLAGLER VILLAGE](#)
- [KEY PLAZA ONE](#)
- [Mariner's Cove](#)
- [Meridian West](#)
- [Poinciana Royale](#)
- [Sea Grape II](#)
- [TRADEWINDS](#)
- [Tropical Isle Apartments](#)
- [Wet Net Villas](#)

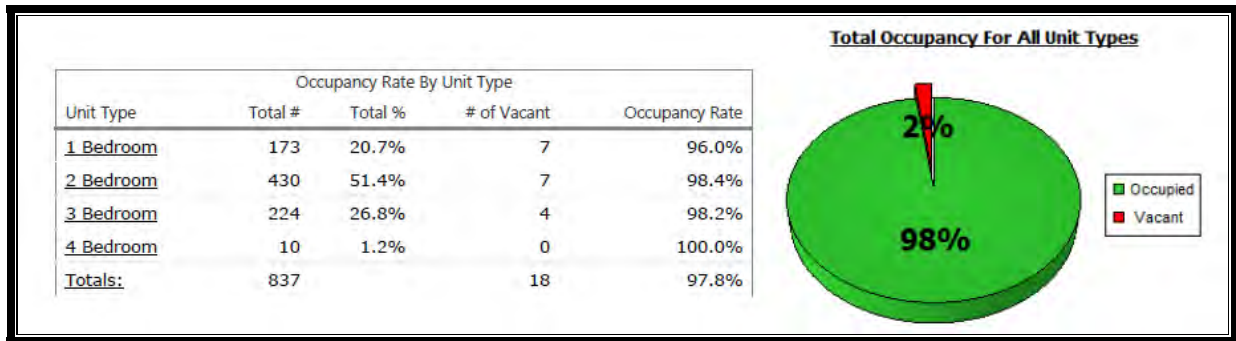
The following discussions and graphics are specific to these projects.

Occupancy by Unit Type

The overall occupancy for the above-cited sampling of projects was 98%. Occupancies by unit type range from 96% (one-bedroom units) to 100% (four-bedroom units); excluding the 40, four-bedroom units, occupancies by

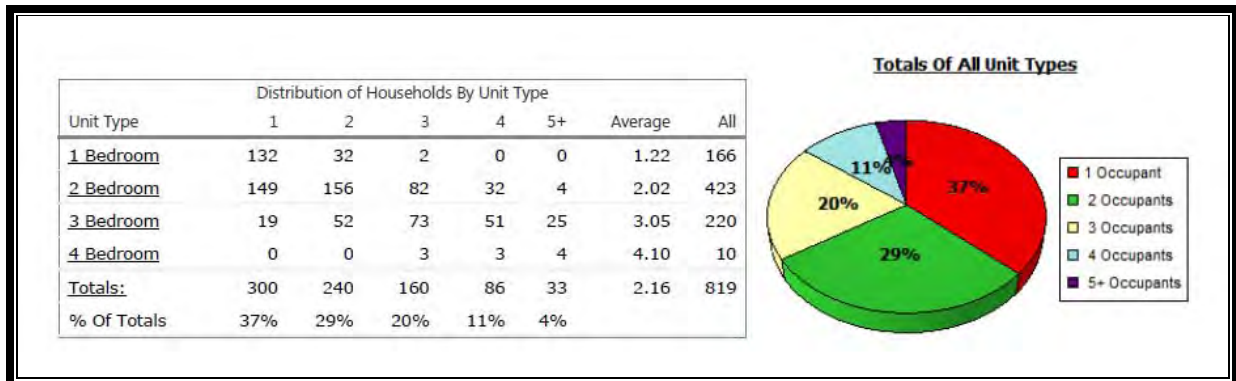
APARTMENT MARKET OVERVIEW (CONT'D)

unit type range from 94.3% to 98.5%. Four-bedroom units comprised about 1.2% of the total units. The largest proportion of units (51.4%) is two-bedroom units.



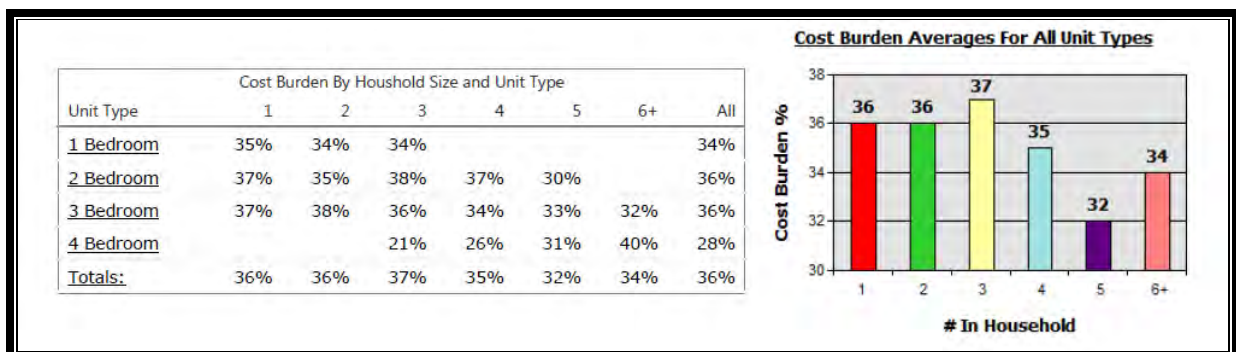
Distribution of Households by Unit Type

Although two-bedroom units are the most common unit type, most households have one or two occupants (37% and 29%, respectively). Only 4% of the households have five or more occupants. The average household size generally corresponds with the number of bedrooms, with the overall average household size at 2.16 persons. However, a significant number of smaller households rent larger units. For example, one would expect two-bedroom units to be occupied primarily by households with two or more people; however, the data indicates that about 35% of these units are occupied by one-person households.



Cost Burden by Household Size and Unit Type

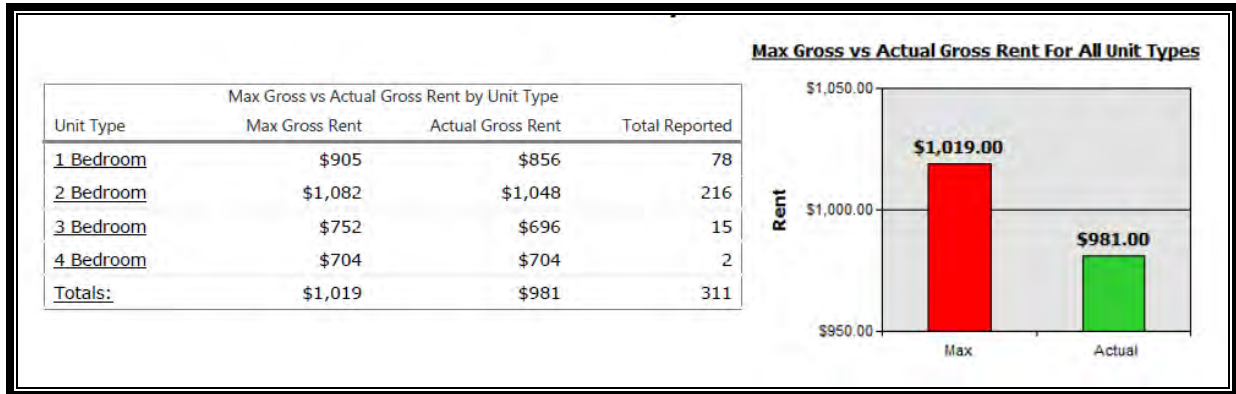
As a result of the smaller households renting larger units noted above, the cost-burden is generally highest for smaller households renting larger units. The overall cost-burden ratio for all of the projects is 36%, indicating that on average 36% of the household income is spent on housing expenses. In the subject county, cost burdens range from 32% to 37%. In general, the cost burden decreases as the size of the household increases, with the highest cost-burden found in one-person households and the lowest in large households. Cost-burden is also high for larger unit types occupied by smaller households. The cost-burden for all households across unit types is fairly consistent, ranging from 32% to 37%.



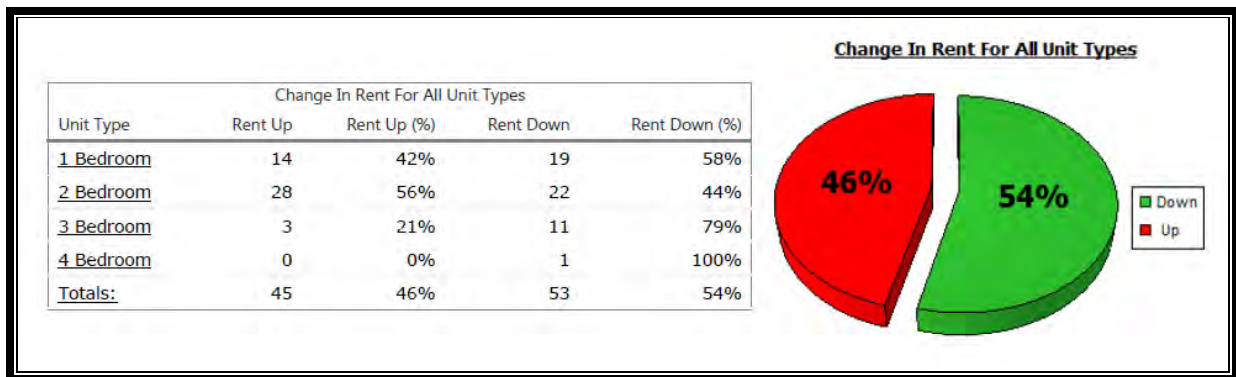
APARTMENT MARKET OVERVIEW (CONT'D)

Rent Analyses

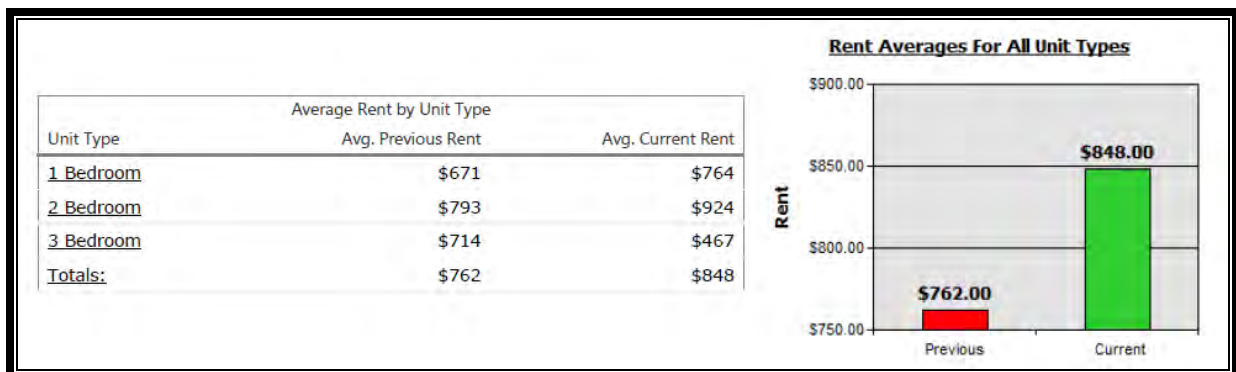
The average actual gross rent for all unit types is \$981, or \$38 lower than the maximum allowable gross rent. The actual rents are lower than the maximum rents for all unit types, except the four-bedroom units.



Approximately 46% of the tenants in the surveyed apartments are paying higher rent in their current housing than in their previous housing, while 54% are paying less. The highest proportion of rent decreases was in four-bedroom units, while the highest proportion of rent increases was in two-bedroom units.

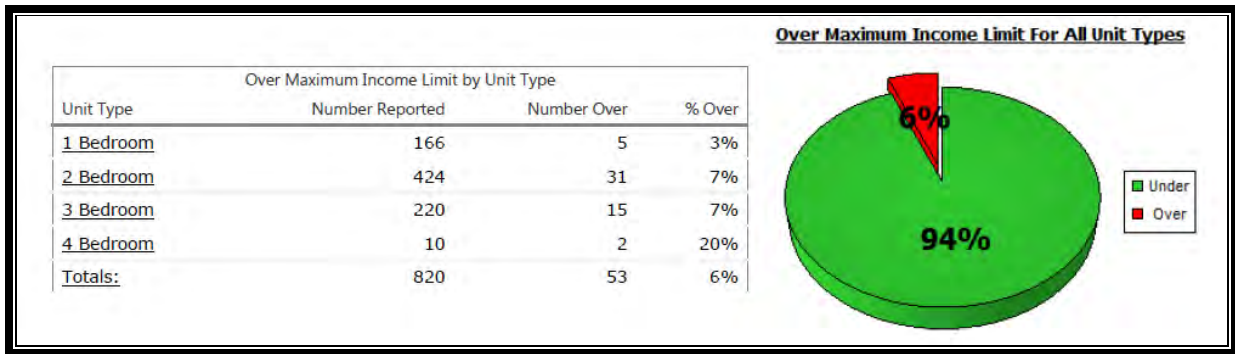


The average tenants' rent increased by \$86 from their previous rent. Rents for all unit types except three-bedrooms increased.



Approximately 94% of tenants are under the maximum income limits for all unit types. The greatest proportion of tenants over the maximum income limits occupies four-bedroom units.

APARTMENT MARKET OVERVIEW (CONT'D)



New Rental Apartment Development Activity

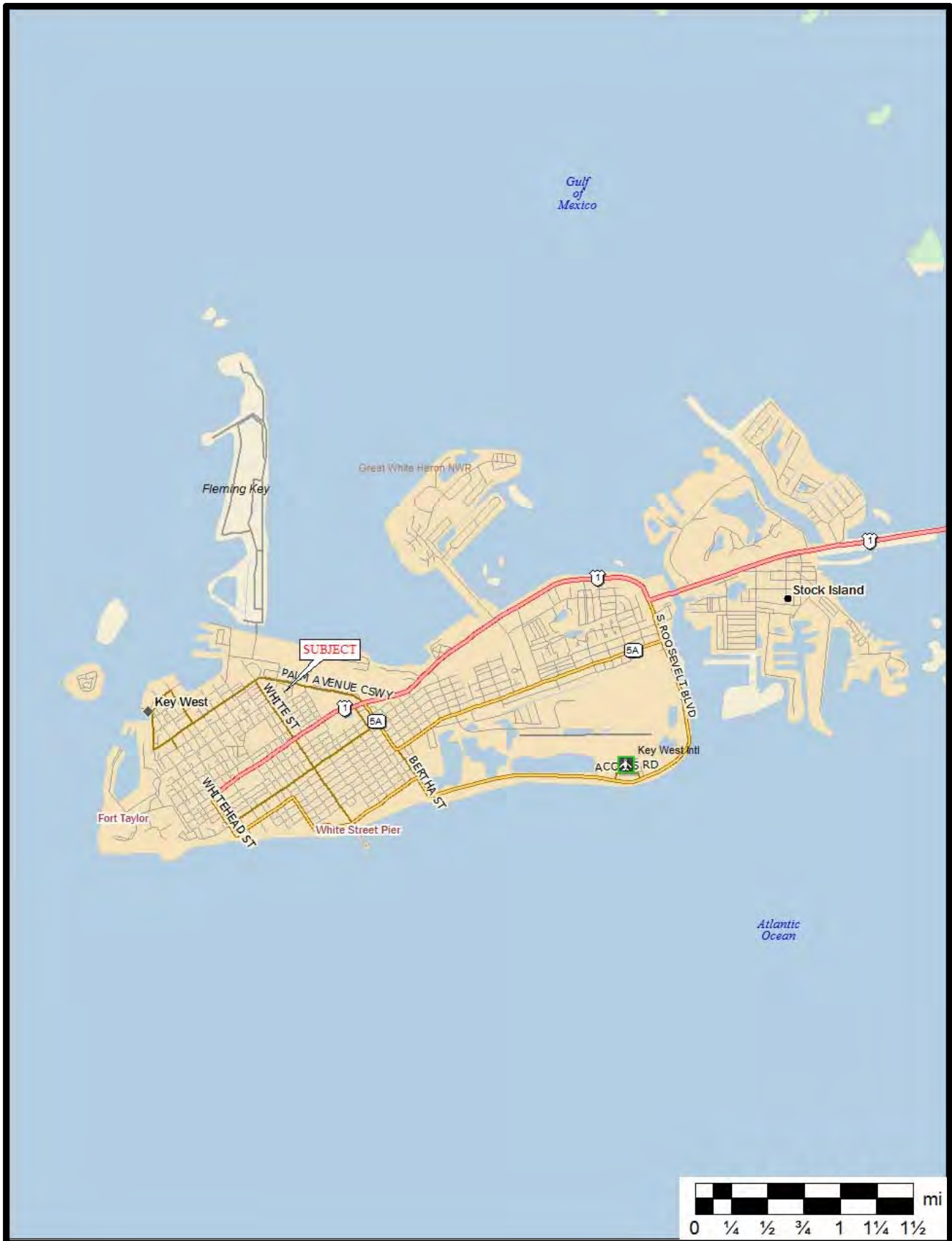
CoStar indicates that no apartments units planned in Monroe County. We are aware of two affordable properties proposed in the county, the subject property and Paradise Point. Paradise Point is a proposed 42 unit, elderly complex planned at 2 North Blackwater Road in Key Largo, Florida. It will have one and two-bedroom units with set asides of 10% at 25% and 90% at 60%. 73 Ocean is a proposed family apartment complex to be located in Marathon, Florida and is planned to have one, two and three-bedroom units. No other new affordable properties in Monroe County have been funded by the Florida Housing Finance Corporation.

In summary, there is limited supply of both market rate and affordable housing in Monroe County. There is expected to be an increase in affordable housing with the two proposed properties.

Conclusion

The apartment market within Monroe County consists of a wide variety of unit types ranging from older subsidized housing, older market rate projects, newer affordable projects, and a few older upscale market rate projects. The current occupancy rate for apartments in the county is 2.3%, compared to 2.9% within a 10-mile and 3.5% three-mile radius of the subject. A recap of 837 units in 15 select affordable complexes throughout the county indicates a strong market, with occupancy of 98%. The average actual gross rent is \$981 or \$38 lower than the maximum allowable rent, but still at a high level for affordable apartments. Future development is expected to remain very limited due to ROGO and other government restrictions.

NEIGHBORHOOD MAP



NEIGHBORHOOD ANALYSIS

Neighborhood Description

The larger neighborhood is considered the city of Key West which lies near the end of the chain of islands known as the Florida Keys, and is the southern-most city in the continental United States. The island-community is located about 90 miles north of Cuba and 150 miles southwest of Miami at a latitude of 24 degrees, 33 minutes, five seconds North and at a longitude of 81 degrees, 48 minutes, 14 seconds West. The island has an area of 4.2 square miles, while the City-incorporating the northern part of neighboring Stock Island-has an area of 5.79 square miles. The City initially developed because of its proximity to the Florida Straits, the abutting Florida Reef, strong offshore ocean currents (the Gulf Stream), and the area's unpredictable winds, combined with a large natural deep-water harbor and deep channels into the harbor. The Florida Straits are the northern-most sea passage from the Gulf of Mexico to the Atlantic Ocean. For three centuries this passage formed part of the great nautical trade route that carried ships from Caribbean and South American ports to their European homelands. The location of Key West serves as a gateway both to the Caribbean and between the Atlantic Ocean and the Gulf of Mexico was recognized by the military at an early date. Another important regional factor in the development of the City has been its proximity to Cuba, 90 miles to the south.

History

Key West's long and colorful past begins with its European discovery in 1513 by Ponce de Leon. The island was first known as Cayo Hueso (Isle of Bones) because it was littered with remains from an Indian battlefield or burial ground. The name "Key West" is the English version of the Spanish term. The first permanent occupancy in the City occurred in 1822, complete with a small naval depot, whose purpose was to rid the area of pirates. The presence of the U.S. Navy has been a major factor in the growth and development of Key West ever since. The settlement was incorporated in 1828, four years after becoming the county seat of Monroe County. The City grew and prospered, based first on fishing and salvaging ships wrecked on the nearby reefs, and later on cigar manufacturing with Cuban refugees and imported Cuban tobacco. Other economic activities included sponging and related commercial functions. By 1890, Key West was the largest and richest city in Florida. However, after the turn of the century its major industries were in decline. Little construction was undertaken between the First and Second World Wars and the City saw a steady decline in population between 1919 and 1935. World War II brought prosperity back to Key West. Population more than doubled between 1940 and 1960. Nation-wide military base closings and personnel reductions beginning in the 1960s were major contributors to the City's second major cycle of population decline. After recording the highest number of residents in its history in 1960, Key West experienced over a 25 percent loss in population by 1980. The 1990 Census showed a slight increase.

There are large numbers of buildings in the community that are near or over a century old. The historical structures of Key West are not grand public facilities, as churches and government buildings, but are homes and cottages-still in private ownership-built by persons without formal architectural training. These historical buildings are found in a 190 block (919 acre) area in the western end of the City. Within the historical area are 2,580 structures containing the greatest cluster of wooden buildings in Florida and one of the largest concentrations in the United States. Generally, the structures date from 1886 to 1912, but they represent the building tradition of Key West from 1838.

The city's historical area, known as "Old Town", has a very distinctive appearance, combining features of both New England and Bahamian building styles. The basic features which distinguish the local architecture includes wood frame construction of one to two-and-a-half story structures set on foundation piers about three feet above the ground. Exterior characteristics of the buildings are peaked "tin" roofs, horizontal wood siding, pastel shades of paint, side-hinged louvered shutters, covered porches (or balconies, galleries, or verandas) along the fronts of the structures, and wood lattice screens covering the area elevated by the piers. A small but striking characteristic is the wooden balustrade and other ornamental trim present around the porches. The neighborhoods in which these buildings are located have their own distinctive features. These include a grid street pattern, buildings set close to each other and to the street, a diverse mix of building sizes and heights, fences of wood picket or wrought iron or low masonry walls, and dozens of alleys or lanes, with their own cluster of dwellings, entering the local street system at irregular intervals.

NEIGHBORHOOD ANALYSIS (CONT'D)

The city's economy is dependent upon the following major elements:

- Tourism
- The presence of the US Military and related organizations
- Federal State and local government
- Real Estate sales and improvements.

The city hosts an estimated 7,312 tourist/visitors per day. During special tourist events such as Fantasy Fest, the population can approach an estimated total of 75,000. Key West contains 63 hotels/motels with 4,154 rooms, 127 guest houses with 949 rooms and 404 other transient lodging facilities with 510 rooms. There are 202 full service restaurants and 85 take out restaurants.

The presence of the United States Navy has been a factor in the life of the Key West since before its founding as a city. Today Naval Air Station Key West is:

- The joint service aircrew training Station for transient tactical aviation squadrons. On any given day, the air Station could have up to 70 aircraft, seven squadrons and over 800 people from all over the country representing various branches of service.
- Host command for 26 Department of Defense and Department of Transportation commands along with all visiting United States and Allied ships and squadrons.
- The home of U.S. Coast Guard Sector Key West.
- The home of Joint Interagency Task Force East, the command responsible for the federal drug interdiction program.

Members of our armed forces and their dependents have been valued residents in Key West and have contributed to the fabric and economy of the City.

ROGO was passed in 1992 to slow growth throughout the keys in order to ensure that hurricane evacuation of the keys doesn't exceed the State of Florida's 24 hour limit. Therefore, the process of receiving a building permit in Monroe County is a competitive process, as there are only so many allocations per year. Passing the ROGO process can take years. Vacant lots in a flood plain have a difficult time qualifying for enough points in order to pass ROGO. Therefore, developers are forced to be more creative with their site plans including redevelopment of existing properties in order to cut down on the impact of the units.

Demographics

Below is a summary chart from *CoStar* which has summary demographics for the one, three and five mile radius surrounding the subject property.

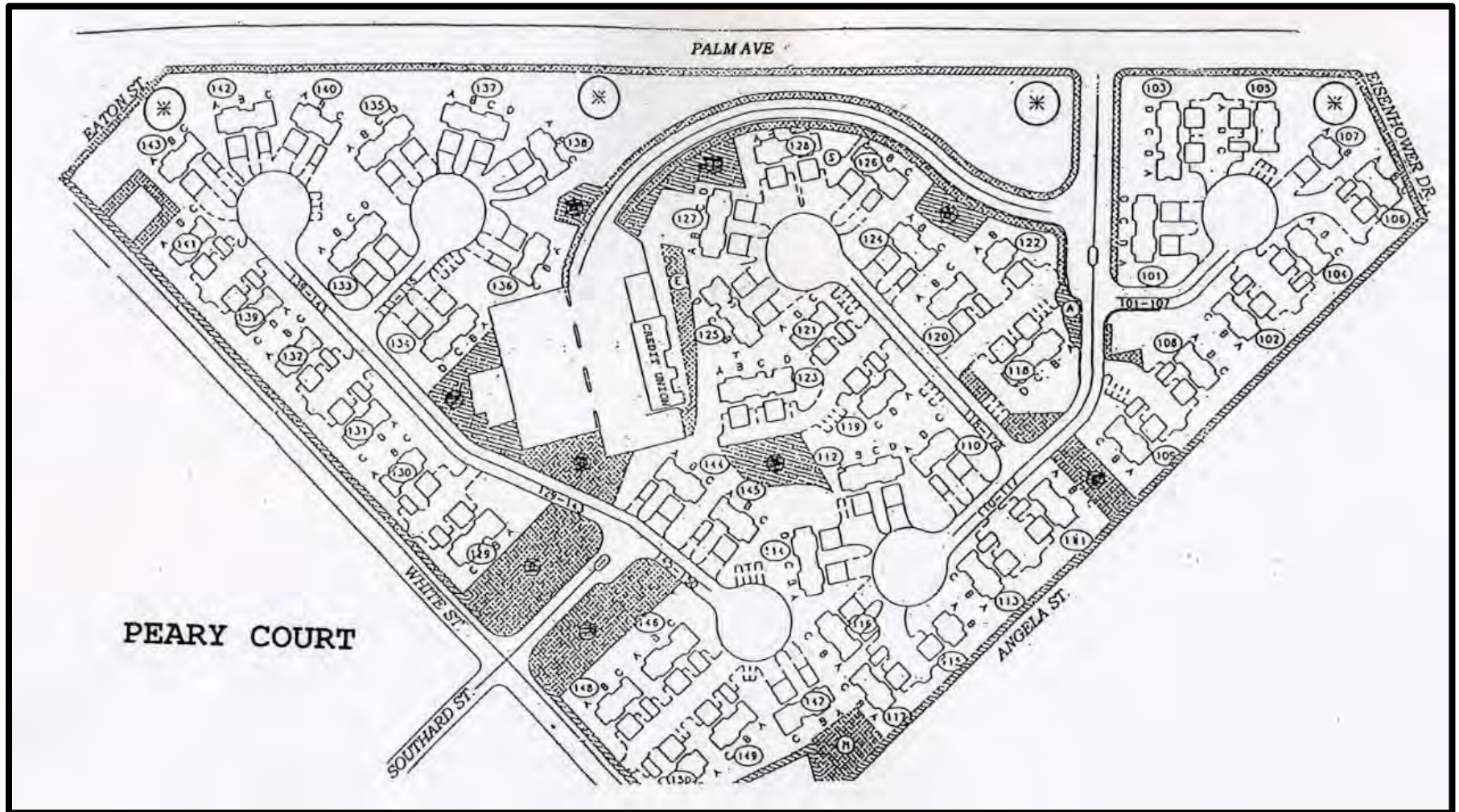
NEIGHBORHOOD ANALYSIS (CONT'D)

Population	1 Mile	3 Mile	5 Mile
2015 Total Population:	11,890	25,215	30,883
2020 Population:	12,613	26,834	32,808
Pop Growth 2015-2020:	6.08%	6.42%	6.23%
Average Age:	43.70	41.70	41.30
Households			
2015 Total Households:	5,785	11,305	13,338
HH Growth 2015-2020:	6.10%	6.48%	6.34%
Median Household Inc:	\$50,613	\$53,244	\$52,290
Avg Household Size:	2.00	2.10	2.20
2015 Avg HH Vehicles:	1.00	1.00	1.00
Housing			
Median Home Value:	\$563,179	\$417,592	\$407,515
Median Year Built:	1952	1965	1968

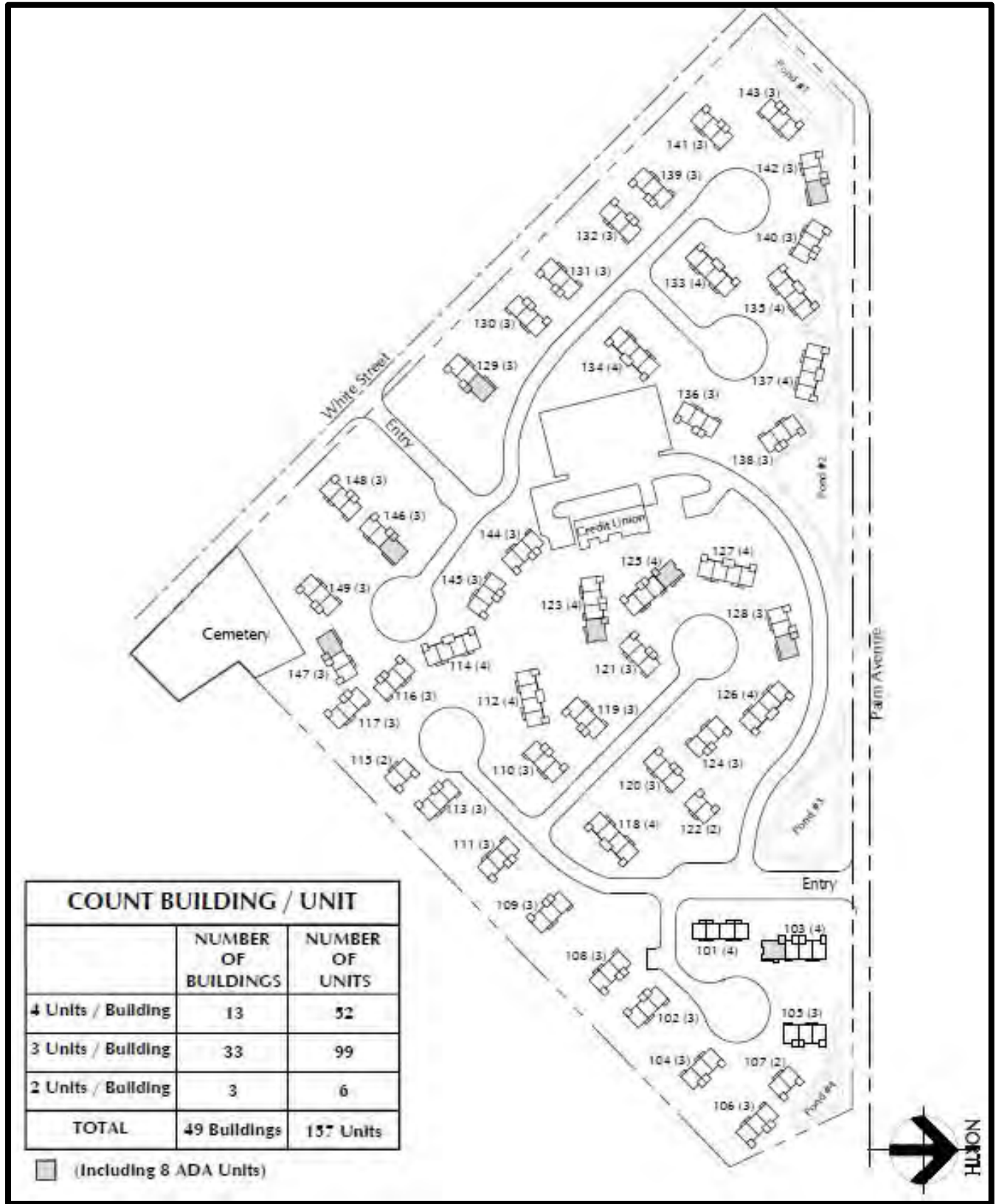
Conclusion

The City of Key West is a popular tourist destination that is heavily influenced by a military presence. The population and household income are projected to increase over the next five years. The disparity between the median incomes and the median owner-occupied housing value is one of the highest in the state. The local economy will be heavily influenced by the regional and national employment trends including gas prices that influence the cost to visit the Keys.

SITE PLAN



SITE PLAN



SITE ANALYSIS

Location

The subject is located on the northeast side of White Street in Key West Monroe County Florida.

Access/Exposure

The subject has one access point along the south side of Palm Avenue and one on the north side of White Street. Both entrances are gated. The subject property is developed in a way that creates two separate sections at each entrance since there is no connecting road within the site. No other access is available or necessary. The subject has average exposure.

Area and Dimensions

According to the survey provided, the subject site contains about 1,053,281 square feet, or 24.18 acres. The subject site has a triangular shape. The subject has 1,200' of frontage on White Street and 1,930' of frontage on Palm Avenue.

Topography and Drainage

The subject's topography appears to be near road grade of adjacent roadways. Drainage appears to be adequate. We observed no apparent drainage problems when we inspected the subject site. However, we assume no responsibility for hidden or unapparent conditions beyond our expertise as appraisers.

Soil Conditions/Types

A visual inspection by the appraisers of the soil revealed no apparent adverse conditions. We assume no responsibility for hidden or unapparent conditions beyond our expertise as appraisers.

Utilities and Services

The following utilities providers serve the subject site. Water and sewer are extended to the site.

Water	Florida Keys Aqueduct Authority
Sewer	Florida Keys Aqueduct Authority
Electricity	Keys Energy Service
Telephone	Various
Police	City of Key West
Fire/Rescue	City of Key West

Easements and Encroachments

We are not aware of any atypical easements or encroachments encumbering the subject that would impede development. The survey indicates drainage, public utility, and sanitary sewer easements. We reserve the right to revise our report accordingly should it be found that any atypical easements or encroachments exist on the subject site.

Hazardous or Toxic Materials

No hazardous or toxic materials were observed and none came to our attention during our physical property inspection. Please refer to Item 12 of the "General Assumptions" of this report for a full disclaimer. We were not provided with a Phase I Environmental Site Assessment for the subject site.

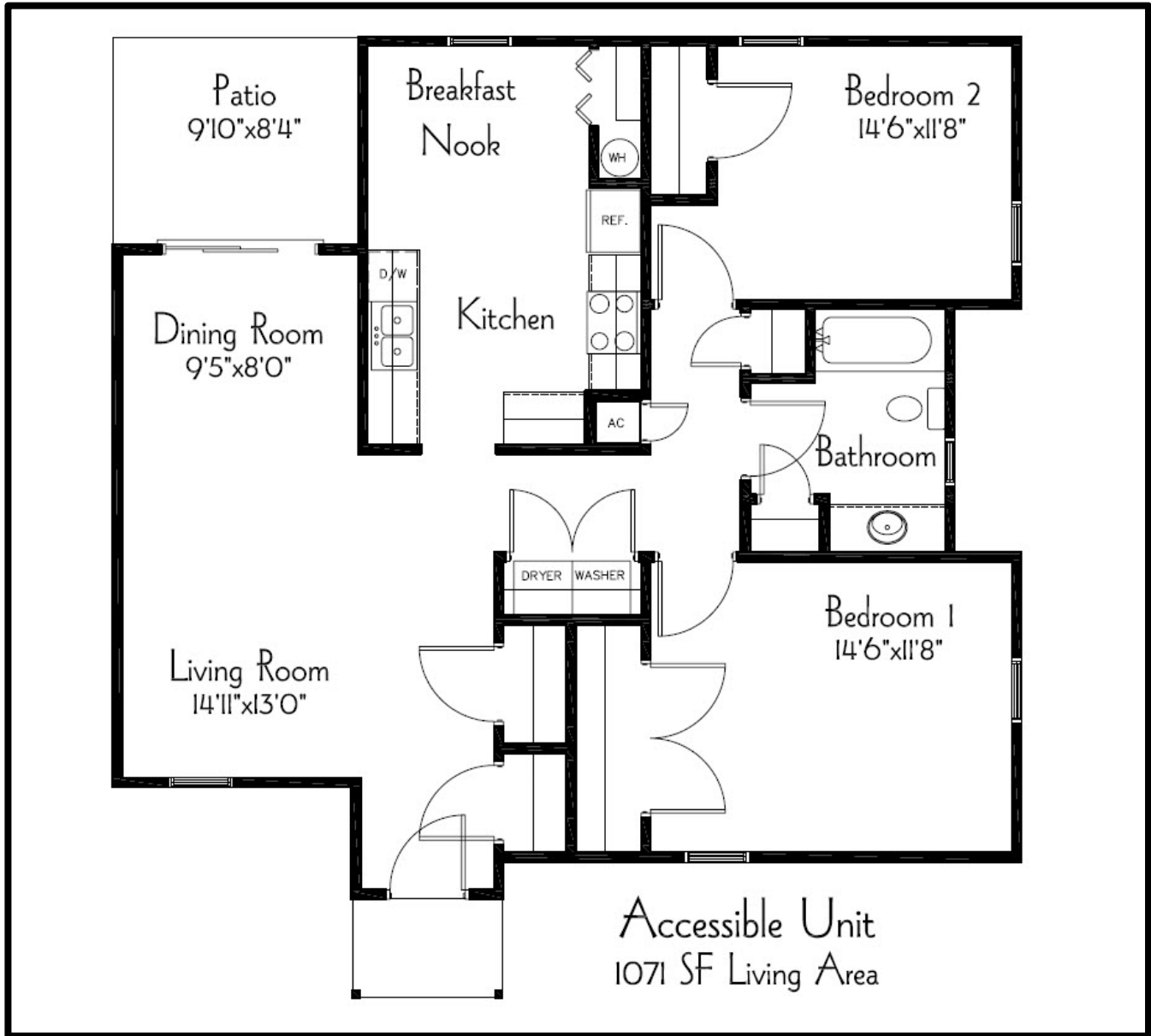
Surrounding Land Uses

To the north is Trumbo Point Naval Base, the south is Commercial Development/Single Family Residential , to the east is Garrison Bight Marina and to the west is Commercial Development/Single Family Residential .

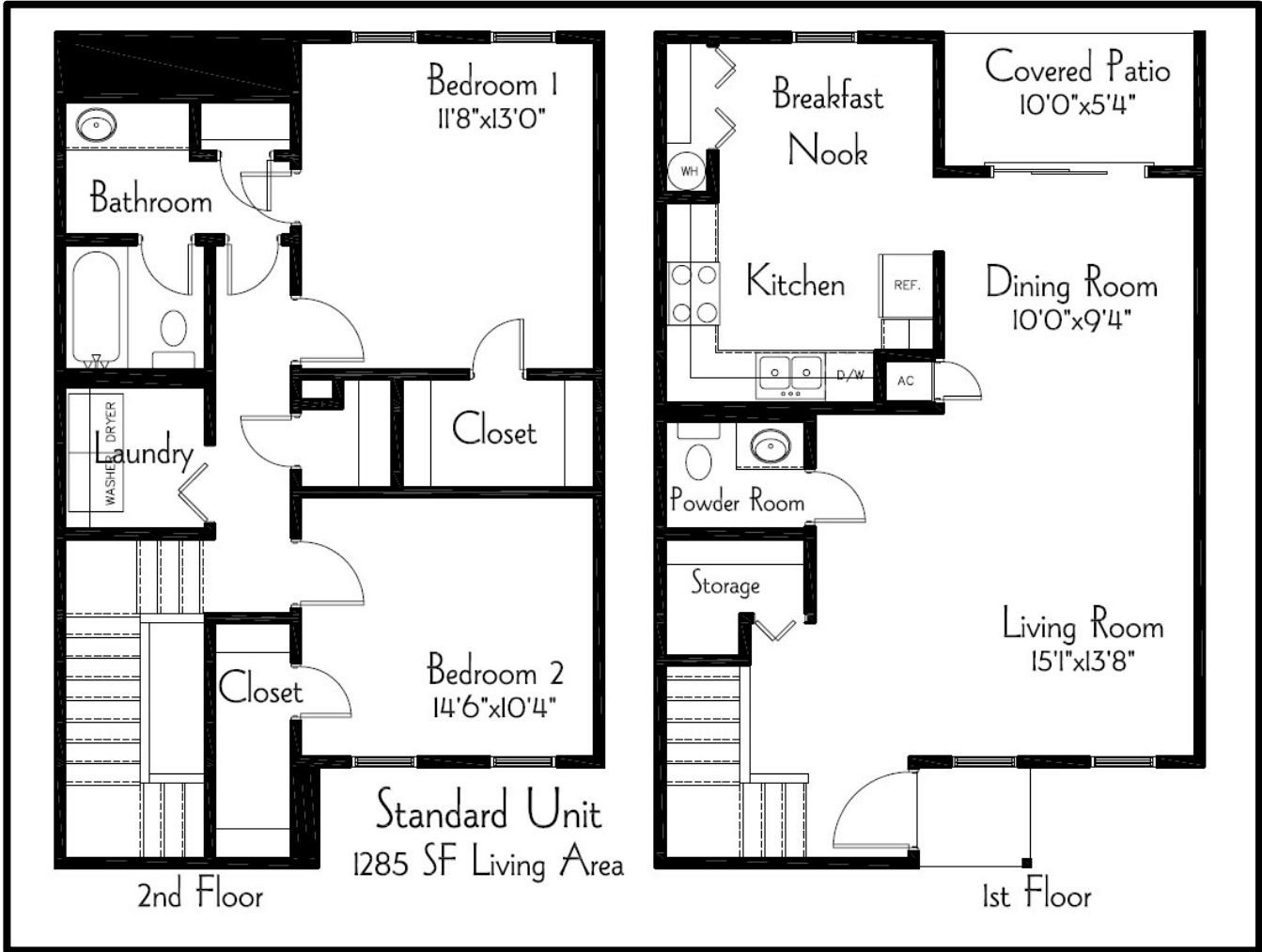
Conclusion

The subject site is a triangular shaped parcel with good access and visibility. All utilities are available to the site which is located within a flood zone (AE). The zoning and future land use allows multi-family development. Overall, the site is well suited for multi-family development.

TWO-BEDROOM/ONE BATH FLAT UNITS FLOOR PLAN



TWO-BEDROOM/1.5 BATH TOWNHOME UNITS FLOOR PLAN



IMPROVEMENT ANALYSIS

The following data is based on the preceding site plan and floor plans, personal inspection and information provided by the developer.

Type and Size

The subject consists of 157 apartment units within 49, one to two-story apartment buildings with surface parking. The subject was built in 1996 and is currently 95% occupied.

The following is the subject's unit mix.

Unit Type	Set Aside	# Of Units	Unit Size (S.F.)	Total S.F.
2/1	120% AMI	8	1,071	8,568
2/1.5	120% AMI	149	1,285	191,465
Total/Avg.		157	1,274	200,033

The total rentable area within the units is 200,033 square feet, resulting in an average unit size of 1,274 square feet. The indicated density is 6.49 units per acre.

Common amenities include sports court, playground, basketball court and gated community. Unit amenities include patios, carports with storage, ceiling fans, refrigerators, oven/ranges, dishwashers, disposals, microwaves, wood cabinets with laminate countertops, washer/dryer hookups and blinds.

Construction Details

Based upon on our inspection add the Peary Court Property Report by Atkins Engineers, Inc., the subject's construction details are as follows:

Exterior Walls:	Vinyl Siding
Windows:	Aluminum Sash Single Hung
Roof:	Wood Trusses
Partitions:	Gypsum Board
Party Wall:	One-hour rated firewall between units
Lighting:	Fluorescent and Incandescent
Heat & Air Conditioning:	Central Forced Air System
Flooring:	Vinyl Tile and Linoleum
Laundry:	Washer/Dryer Connections
Other:	Metal Standing Seam Roof

General Layout and Efficiency

The subject's general design is good and consistent with other neighborhood properties. The unit mix has been accepted within the market and is appropriate for the property's demographic commitment (Workforce Housing).

Age and General Condition

The physical age of the improvements is 19 years and the condition of the improvements is considered to be Average. The economic life of the improvements is estimated at 50 years. The remaining economic life is estimated at 31 years.

Construction Quality

We estimate that the subject is an Average quality, Class D multi-family building per the *Marshall Valuation Service* definition. Interior finish is Average quality.

IMPROVEMENT ANALYSIS (CONT'D)

Summary of Peary Court Property Report by Atkins Engineers, Inc.

We were provided a copy of a report prepared by Atkins Engineers, Inc. from July 2013, which summarized a detailed inspection of the subject property. Below is a summary of their findings.

The subject structures are one and two-story wood framed buildings with a vinyl wall cladding exterior. According to the report, siding in some areas showed signs of aging and areas requiring repairs, replacement and fastening. The subject's foundation is a concrete slab on grade and the report indicated that the buildings are performing well and they did not observe settlement or a deficient structural condition. The wood trusses and roof sheathing were deemed to be in excellent condition with no signs of moisture or roof leaks. The standing seam metal roof system was estimated at an age of approximately 20 years old, in good condition with minimal observed required repairs. The roof attic areas had some vinyl soffits that were loose and require fastening. Vinyl vented soffits were clipped to fascia and wall truss tails with a fair amount of vinyl fascia was dislodge or damaged. The overall structure of the buildings was in excellent condition with minor signs of moisture or deterioration in some isolated units.

In the interior of the units some areas of drywall had been removed for maintenance and not replaced properly, which needs to be fixed. Plumbing lines consist of PVC and copper and the plumbing was found to be in good condition. The subject windows and slide glass doors were not impact resistant or shuttered but the Code at the time of the subject's construction did not require such construction.

Some of the wood post framing that supports carport canopies shows signs of tenant damage, auto collisions, although this was not a typical condition. In some cases this damage has exposed the framing and sheathing and requires repairs. Some of the bottom vinyl siding panels have been damaged by the landscaper's edge trimmer. The driveway and parking areas are asphalt and these areas were in fair condition. The paved areas exhibit signs of wear and some cracking. The concrete curbs and sidewalks are in fair condition. Concrete sidewalks exhibited some shrinkage cracks and miscellaneous cracks when in close proximity to large trees.

We assume that any deferred maintenance has been cured. Please see Extraordinary Assumption 1.

Site Improvements

The property has property signage, concrete curbing, adequate lighting, and typical landscaping with irrigation. All utility services are extended to the site and should adequately service the subject. A total of 284 parking spaces (about 1.81 spaces per unit) are provided.

Personal Property

Personal property typically included in apartment projects consists of the appliances in each unit, mini-blinds and/or vertical blinds in each unit, clubhouse/common area furnishings and equipment, and other similar items. We estimate a contributory value of the personal property of \$157,000 or \$1,000 per unit.

Conclusion

The subject is a 49 building, one to two-story duplex, triplex and quadruplex style apartment project. The unit mix contains only two-bedroom units. The subject project contains typical common amenities and site improvements for a multi-family project. The subject's unit mix has been accepted in the market.

HIGHEST AND BEST USE ANALYSIS

In order for a property to be at its highest and best use, it must be reasonably probable, legally permissible, physically possible, financially feasible and maximally productive. Consideration must be given to the individual characteristics of the land such as size, shape, accessibility, location and availability of necessary utilities. Specific attention must be directed toward the legal and permissible use and any probable modifications of that use. Finally, consideration must be given to the surrounding land uses and the current and future demand for property in the real estate market.

An analysis of the highest and best use of any property actually involves two separate studies:

1. an analysis of the site as if vacant and ready to be put to its highest and best use and,
2. an analysis of the property as improved or proposed to be improved.

As discussed below, the highest and best use of the subject site “as vacant” is affordable apartments.

AS VACANT

Legally Permissible Uses

The first step in the highest and best use is to determine the legally permissible land uses considering the present zoning. The subject property is zoned HSMDR, by the City of Key West. The future land use designation is HSMDR. The zoning and future land use allows a variety of uses including multi-family. Considering the surrounding uses, multi-family is the most compatible use.

Physically Possible Uses

The subject site is a triangular shaped parcel with good access and visibility. All utilities are available to the site which is located within a flood zone (AE). The zoning and future land use allows multi-family development. Overall, the site is well suited for multi-family development.

The subject is suitable for a variety of development.

Logical and Economically Feasible Uses

Given the previous information, and relying upon data presented in the *Neighborhood Data, Apartment Market Overview* and *Income Capitalization Approach* sections of this report, we are of the opinion that the highest and best economic use of the subject property “as if vacant” is multi-family development.

The subject property is located in Monroe County in what is considered the South Florida Metropolitan Area in the central portion of Florida. The South Florida MSA has a total population of 6,003,409 people, 2,260,919 total households and has an average household size of 2.62 people. The unemployment rate for the South Florida metro area as of June 2015 was 5.7%, the statewide unemployment rate was 5.7% while the national unemployment rate was 5.6%. Multi-family permits peaked in 2005 and declined significantly through 2009. They have been on a gradual upward trend since 2009 with 2013 levels about the same as 2008 levels. Multi-family permits have seen a slight upward trend for the metro area over the last 12 months. Single family permits peaked in 2005 and declined significantly through 2009. They have been on a gradual upward trend since 2009 with 2013 levels slightly better than 2008 levels. Single family permits have shown a slight upward trend over the last 12 month. The current 15 year fixed mortgage rate is 3.15%; the 30 year fixed mortgage rate is 4.05%; LIBOR is 0.199600%; the current 30 Year Treasury Constant is 2.32%; CPI is currently at 0.2117; and the Dow Jones Industrial Average is currently at 16,990. The metro area is served by three international airports, the Miami International Airport located in Miami/Dade County, the Palm Beach International Airport located in Palm Beach County and the Fort Lauderdale/Hollywood International Airport located in Broward County. The metro area is also served by three deep water ports and a very good network of major highways providing easy access to and from the metro.

The apartment market within Monroe County consists of a wide variety of unit types ranging from older subsidized housing, older market rate projects, newer affordable projects, and a few older upscale market rate projects. The current occupancy rate for apartments in the county is 2.3%, compared to 2.9% within a 10-mile

HIGHEST AND BEST USE ANALYSIS (CONT'D)

and 3.5% three-mile radius of the subject. A recap of 837 units in 15 select affordable complexes throughout the county indicates a strong market, with occupancy of 98%. The average actual gross rent is \$981 or \$38 lower than the maximum allowable rent, but still at a high level for affordable apartments. Future development is expected to remain very limited due to ROGO and other government restrictions.

The City of Key West is a popular tourist destination that is heavily influenced by a military presence. The population and household income are projected to increase over the next five years. The disparity between the median incomes and the median owner-occupied housing value is one of the highest in the state. The local economy will be heavily influenced by the regional and national employment trends including gas prices that influence the cost to visit the Keys.

Occupancy rates in the comparable projects are strong and the subject property is well located for an average to good quality project, due to the character of the neighborhood, transportation linkages and employment opportunities in the region. Alternative uses are for-sale single family product and for-sale, multi-family product. However, multi-family rental is the most likely.

Conclusion – “As if Vacant”

The highest and best use as if vacant is for multi-family rental development in conformance with zoning and future land use regulations.

HIGHEST AND BEST USE – AS IMPROVED

As discussed in the *Improvement Data* section, the subject improvements consist of a 157 unit mixed-income rental community, with a mix of two-bedroom units.

The subject is a 49 building, one to two-story duplex, triplex and quadruplex style apartment project. The unit mix contains only two-bedroom units. The subject project contains typical common amenities and site improvements for a multi-family project. The subject's unit mix has been accepted in the market. The subject offers similar project amenities relative to the comparables including a sports court, playground and basketball court. The subject is similar to the comparables in terms of unit features. The design and features are fairly consistent with the comparables. The subject property will set aside 100% of its units at or below 120% of the Area Median Income (AMI). Eight of the total units are handicapped accessible.

Over the long-term, market conditions in Monroe County and the subject's market area are expected to be good. The subject is expected to generate a positive net operating income. Therefore, we conclude that the subject improvements are generally consistent with the highest and best use of the site, as if vacant.

We valued the subject property as if a strictly market rate apartment complex, a restricted Work Force complex and as if it were to be sold out as a condominium project. From these values the highest and best use of the subject property appears to be as a market rate apartment complex.

Conclusion – “As Improved”

The highest and best use as improved is for continued use as a multi-family rental community. The subject as improved has an atypical unit mix but has been well accepted in the market.

MARKETABILITY AND EXPOSURE PERIOD

Introduction

During the course of our research for this appraisal assignment we spoke with several real estate professionals involved in marketing and sales of rental projects similar to the subject improvements in order to understand the marketability of the subject property. We also surveyed representatives of various financial institutions to obtain their current lending criteria for properties similar to the subject structure. The information gained from these conversations is summarized below:

1. Who would be the typical purchaser of a property like the subject property?

The most likely purchasers of the subject as developed would be a regional or national investor.

2. What would be a typical selling commission?

A typical commission for this type of property would be between 2% to 4%. As the dollar amount of the transaction increases, the commission would decrease correspondingly.

3. What would be the expected marketing and exposure periods?

An exposure period of 12 months from open to close would be typical. A marketing period of six to 12 months would be typical.

4. What type of lending criteria would be typical for the subject property?

Typical permanent loan parameters for good quality projects are: an interest rate ranging from 300 to 450+ basis points above five to 10 year treasuries, a loan to value ratio of 75% to 80%; a five year balloon and a 20 to 30 year amortization period.

VALUATION PROCEDURE

The valuation of real estate lends itself to the application of the three traditional approaches to value: the Cost Approach, the Income Approach and the Sales Comparison Approach.

The **Cost Approach** analyzes the relationship between value and cost as perceived by the investor. By applying this technique, the appraiser tends to estimate the difference in worth to a buyer between the property being appraised and a newly constructed site with similar utility. The application of this approach involves estimating a number of individual components such as land value, reproduction or replacement costs, entrepreneurial profit, and accrued depreciation. This technique is most applicable when appraising relatively new construction with a limited amount of accrued depreciation; however, it is also useful (but less effective) when appraising older structures. The **Cost Approach** is not considered to provide a meaningful indication of the market value of the subject property.

The **Sales Comparison Approach** involves a detailed analysis and comparison of similar properties that recently sold in a similar or competitive market. When reduced to an appropriate unit of comparison, these transactions can be adjusted for pertinent differences such as time, market conditions, financing, location and/or physical characteristics. If a sufficient number of sales are available, the resulting value indication is a reflection of the price a buyer is willing to pay for a property exhibiting characteristics similar to the subject. The interpretation of a number of indications of market price should lead to a logical estimate of market value.

The **Income Approach** is based on the premise that a prudent investor would pay no more for the subject property than for another investment with similar risk and return characteristics. Since the value of an investment can be considered equal to the present worth of anticipated future benefits in the form of dollar income or amenities, this approach estimates the present value of the net income that the property is capable of producing. This amount is capitalized at a rate reflecting risk to the investor and the amount of income necessary to support debt service for the mortgage requirement.

The subject is 19 years old, which renders the Cost Approach unreliable and was not developed. We utilized the Sales Comparison and Income Approaches to value the subject as stabilized, as a market rate and as a restricted apartment complex. We have also utilized the Income Approach (Discounted Sellout) to derive an as is Market Value for the townhome units as if it were a condominium project.

VALUATION AS A MARKET RENTAL PROPERTY

SALES COMPARISON APPROACH

The Sales Comparison Approach is a technique wherein a property is valued by comparison to similar properties that have recently sold in the marketplace. The Sales Comparison Approach is based upon the principle of substitution, which states that the value of a property tends to be fixed to the cost of acquiring an equally desirable substitute property with the same or similar utility.

The Sales Comparison Approach begins with a search for sales of similar properties in the area. We reviewed recent sales in Monroe County and the South Florida area. As will be discussed in the Income Capitalization Approach, capitalization rates have been stable over the time period covered by the sales.

Factors of comparison considered during the search are project type, quality of construction, age, condition, location, rental rates and any other physical or economic characteristics that may affect the property's value.

Because like units must be compared, each transaction should be analyzed in terms of appropriate units of comparison. The units of comparison selected depend on the individual appraisal problem. The sale properties have been compared to the subject by allocating the sale price to the price per unit. The market gives most consideration to this unit of comparison. The dates of sale range from August 2013 to February 2015.

Adjustments have been made to each property, in order to make comparisons between the sales and the subject. In the following section, we briefly discuss each sale and explain the adjustment process. Detailed descriptions of each sale follow, along with an explanation of the adjustments and a summary chart.

IMPROVED SALES MAP



IMPROVED MARKET SALE NO. 1

LOCATION DATA

Record Number: 195
Market Type: Market
Property Name: West Isle Club
Address: 3333 Duck Avenue
 Key West, Monroe County
 FL 33040
Long / Lat: W-81.761550/N24.564680
MSA: Monroe
Location: N side of Duck Avenue
Tax Parcel No.: Alt Key 1054895



SALES DATA

Sale Date: June 16, 2014
Days on Market: N/A
Sale Price: \$39,500,000
Adjusted Sale Price: \$39,500,000
Grantor: Key West Polo Club
 Apartments, LTD
Grantee: M 3333 Duck Avenue Owner,
 LLC
OR Book / Page: 2690 / 1374
Property Rights: Leased Fee
Conditions of Sale: Arm's Length
Financing: Cash to Seller
Verification: Public Records and Robert Rohdie, representative of the seller and a separate developer familiar with sale by Erica Ernst. September 15, 2015.
Three Year History: No other sales occurred over the previous three years.

SITE DATA

Acres: 6.240
Square Feet: 271,814
Main Frontage: 507' Duck Avenue
Amenity Frontage: None
Zoning: MDR
Land Use: MDR, Medium Density
 Residential by the City of Key
 West
Density: 30.77 units per acre
**Utilities Included in
 Rent:** Trash Collection, Sewer, Pest
Project Amenities: Laundry, Club House, Outdoor
 Pools (1), Playground

IMPROVEMENT DATA

Number of Units: 192
Year Built: 1989
Apartment Type: Garden
Ave. Unit Size: 850 SF
No. of Stories: 2
No. of Buildings: 13
Parking: N/A
Construction: Block
Unit Amenities: Washer Dryers, Ceiling Fans,
 Patios Balconies

UNIT MIX				
Unit Type	Number of Units	Size (SF)	Rent per Month	Monthly Rent/SF
'1/1	48	650	\$1,735	\$2.67
'2/2	96	850	\$1,935	\$2.28
'3/2	48	1,050	\$2,135	\$2.03

FINANCIAL DATA

PGI: N/A
Vacancy: N/A
EGI: N/A
Expenses: N/A
NOI: \$1,975,000

ANALYSIS

Occupancy at Sale: 99%
Capitalization Rate: 5.00%
NOI per Unit: \$10,286
Expenses per Unit: N/A
EGIM: N/A

IMPROVED MARKET SALE NO. 1 (CONT'D)

<i>Price/Unit:</i>	\$205,729	<i>Price/Net SF:</i>	\$242.03
<i>Adj. Price/Unit:</i>	\$205,729	<i>Adj. Price/ Net SF:</i>	\$242.03

COMMENTS

This is one of the few large-scale market rent apartment complexes in the Keys. This property is planned to undergo renovations with each unit being individually assessed.

The cap rate used above was from a developer familiar with the sale.

As reported in the Daily Business Review, a broker with HFF indicated average rents at West Isle were just shy of \$1,850 per month at the time of the sale, which implied a gross rent multiplier of 9.27.

IMPROVED MARKET SALE NO. 2

LOCATION DATA

Record Number: 194
Market Type: Market
Property Name: Ocean Walk
Address: 3900 S. Roosevelt Blvd.
 Key West, Monroe
 County
 FL 33040
Long/Lat: W-81.751170/N24.558010
MSA: Monroe
Location: W side of S Roosevelt
 Boulevard
Tax Parcel No.: Alt Key 8749996



SALES DATA

Sale Date September 4, 2014
Days on Market: 153
Sale Price: \$75,350,000
Adjusted Sale Price: \$75,350,000
Grantor: Crico of Ocean Walk
 Limited Partnership
Grantee: Ocean Walk Key West
 Owner, LLC
OR Book/Page: 2702/198
Property Rights: Leased Fee
Conditions of Sale: Arm's Length
Financing: Cash to Seller
Verification: Public Records and Jaret Turkell, Listing Broker with HFF (305-448-1333) by Erica Ernst.
 September 10, 2015.
Three Year History: No other sales occurred over the previous three years.

SITE DATA

Acres: 17.110
Square Feet: 745,312
Main Frontage: Seaside Drive
Amenity Frontage: Ocean
Zoning: HDR
Land Use: HDR, High Density Residential
 by the City of Key West
Density: 17.4 units per gross acre
**Utilities Included in
 Rent:** Trash Collection, Sewer, Pest
Project Amenities: Outdoor Tennis, Laundry, Club
 House, Outdoor Pools (1),
 Basket Ball Court

IMPROVEMENT DATA

Number of Units: 297
Year Built: 1989
Apartment Type: Mid-rise
Ave. Unit Size: 800 SF
No. of Stories: 3-5
No. of Buildings: 2
Parking: N/A
Construction: Block
Unit Amenities: Patios Balconies

UNIT MIX				
Unit Type	Number of Units	Size (SF)	Rent per Month	Monthly Rent/SF
'1/1	48	500	\$1,445	\$2.89
'1/1	24	646	\$1,550	\$2.40
'2/1	104	768	\$1,645	\$2.14
'2/2	48	840	\$1,780	\$2.12
'3/2	25	1,048	\$2,150	\$2.05
'3/2	48	1,075	\$2,335	\$2.17

IMPROVED MARKET SALE NO. 2 (CONT'D)

FINANCIAL DATA

<i>PGI:</i>	N/A
<i>Vacancy:</i>	N/A
<i>EGI:</i>	\$5,845,723
<i>Expenses:</i>	\$2,512,541
<i>NOI:</i>	\$3,333,182

<i>Price/Unit:</i>	\$253,704
<i>Adj. Price/Unit:</i>	\$253,704

ANALYSIS

<i>Occupancy at Sale:</i>	96%
<i>Capitalization Rate:</i>	4.42%
<i>NOI per Unit:</i>	\$11,223
<i>Expenses per Unit:</i>	\$8,460
<i>EGIM:</i>	12.89

<i>Price/Net SF:</i>	\$317.27
<i>Adj. Price/ Net SF:</i>	\$317.27

COMMENTS

This is one of the few large-scale market rent apartment complexes in the Keys. This property is planned to undergo extensive renovations.

The NOI was based on Trailing 12 months as of February 2014. The Real Estate taxes used adjusted to 80% assessment and the reserve expense was \$300 per unit per month. The Insurance expense used was based on market rates, as the property had a below market rate insurance policy.

IMPROVED MARKET SALE NO. 3

LOCATION DATA

Record Number: 196
Market Type: Market
Property Name: Peary Court
Address: 541 White Street
 Key West, Monroe County
 FL 33040
Long / Lat: W81.793190/N24.560860
MSA: Monroe
Location: NE side of White Street and
 SW side of Palm Avenue
Tax Parcel No.: 00006730-000200



SALES DATA

Sale Date: August 30, 2013
Days on Market: N/A
Sale Price: \$35,000,000
Adjusted Sale Price: \$35,000,000
Grantor: Southeast Housing, LLC
Grantee: Peary Court Holdings, LP
OR Book / Page: 2648/155
Property Rights: Leased Fee
Conditions of Sale: Arm's Length
Financing: Cash to Seller
Verification: Public Records and Everett Atwell, representative of grantee by Robert Von. September 17, 2015.
Three Year History: No other sales over the previous three years.

SITE DATA

Acres: 24.180
Square Feet: 1,053,281
Main Frontage: 1,200' White Street
Amenity Frontage: None
Zoning: HSMDR. Historic Special
 Medium Density Residential
Land Use: Historic Special Medium
 Density Residential by the City
 of Key West
Density: 6.49 units per acre
**Utilities Included in
 Rent:** None
Project Amenities: Sports Court, Playground,
 Basketball, Gated

IMPROVEMENT DATA

Number of Units: 157
Year Built: 1996
Apartment Type: Triplex, Quads
Ave. Unit Size: 1,274 SF
No. of Stories: 1-2
No. of Buildings: 49
Parking: 284
Construction: Wood Frame
Unit Amenities: Ceiling Fans, Icemakers, Patios
 Balconies, W/D Hookups, Covered
 Car Port

UNIT MIX				
Unit Type	Number of Units	Size (SF)	Rent per Month	Monthly Rent/SF
'2/1	8	1,071	N/A	N/A
'2/1.5	149	1,285	N/A	N/A

FINANCIAL DATA

PGI: N/A
Vacancy: N/A
EGI: N/A
Expenses: N/A
NOI: \$1,800,000

ANALYSIS

Occupancy at Sale: 95%
Capitalization Rate: 5.14%
NOI per Unit: \$11,465
Expenses per Unit: N/A
EGIM: N/A

IMPROVED MARKET SALE NO. 3 (CONT'D)

Price/Unit: \$222,930
Adj. Price/Unit: \$222,930

Price/Net SF: \$174.97
Adj. Price/ Net SF: \$174.97

COMMENTS

This the subject property, it is a former naval base housing turned into apartment/townhome rentals.

IMPROVED MARKET SALE NO. 4

LOCATION DATA

Record Number: 142
Market Type: Market
Property Name: Alvista Pembroke Landings
Address: 10101 Southwest 14th Street
 Pembroke Pines, Broward
 County
 FL 33025
Long / Lat: W80.282210/N25.995690
MSA: Miami-Fort Lauderdale-
 Pompano Beach
Location: North side of Pembroke Road,
 east side of SW 7th Street
Tax Parcel No.: 514119040060



SALES DATA

Sale Date February 27, 2015
Days on Market: 42
Sale Price: \$52,700,000
Adjusted Sale Price: \$52,700,000
Grantor: LMI Pembroke Landings,
 LLC
Grantee: 10101 SW 14 LLC
OR Book / Page: 112838218
Property Rights: Leased Fee
Conditions of Sale: Market Typical
Financing: Cash to Seller
Verification: Public Records and Parker Smith, representative for grantor (703.329.6300) by John Preston.
 April 06, 2015.
Three Year History: No arm's length transactions noted over previous three years.

SITE DATA

Acres: 16.510
Square Feet: 719,176
Main Frontage: 2,300' SW 102nd Avenue
Amenity Frontage: Manmade ponds
Zoning: Planned Development
Land Use: Med-High Density Residential
Density: 18.17 per gross acre
Utilities Included in Rent: Water, Trash Collection, Sewer,
 Pest Control
Project Amenities: Sports Court, Outdoor Tennis,
 Club House, Exercise Fitness,
 Whirlpool, Outdoor Pools (1),
 Car Wash Area, Volleyball
 Court, Business Cen

IMPROVEMENT DATA

Number of Units: 300
Year Built: 1997
Apartment Type: Garden
Ave. Unit Size: 1,334 SF
No. of Stories: 3
No. of Buildings: 13
Parking: 540 surface - 60 carports
Construction: CBS and Frame
Unit Amenities: Microwaves, Washer Dryers,
 Ceiling Fans, Vaulted Ceilings,
 Security System, Patios Balconies,
 Dishwashers, Wi-Fi, Walk-in
 Closets

UNIT MIX				
Unit Type	Number of Units	Size (SF)	Rent per Month	Monthly Rent/SF
'2/2.5 - Den	96	1,365	\$1,710	\$1.25
'3/2	204	1,320	\$1,651	\$1.25

FINANCIAL DATA

PGI: \$5,921,129
Vacancy: \$414,479
EGI: \$5,506,650
Expenses: \$2,739,900

ANALYSIS

Occupancy at Sale: 93%
Capitalization Rate: 5.25%
NOI per Unit: \$9,223
Expenses per Unit: \$9,133

IMPROVED MARKET SALE NO. 4 (CONT'D)

<i>NOI:</i>	\$2,766,750	<i>EGIM:</i>	9.57
<i>Price/Unit:</i>	\$175,667	<i>Price/Net SF:</i>	\$131.64
<i>Adj. Price/Unit:</i>	\$175,667	<i>Adj. Price/ Net SF:</i>	\$131.64

COMMENTS

The site was purchase from LMI Pembroke Landings which owned the property in a large portfolio. The buyer purchased the property as it fit their investment strategy. The true buyer is Phoenix Realty Group and is a joint venture between AvalonBay Communities and Equity Residential. The buyer intends to infuse money into interior tenant finished over the next five years. Amenities included Business Center, Controlled Access, Fitness Center, Laundry Facilities, Playground, Pool, Property Manager on Site, Tennis Court, Gated, Racquetball Court, Volleyball Court, Storage Space, maintenance on site and a Sundeck.

IMPROVED MARKET SALE NO. 5

LOCATION DATA

Record Number: 143
Market Type: Market
Property Name: Solaire at Coconut Creek
Address: 5401 Wiles Road
 Coconut Creek, Broward
 County
 FL 33073
Long / Lat: W80.197310/N26.286940
MSA: Miami-Fort Lauderdale-
 Pompano Beach
Location: North side of Wiles Road, east
 of US Highway 441
Tax Parcel No.: 48-42-18-24-0010



SALES DATA

Sale Date January 23, 2015
Days on Market: 31
Sale Price: \$61,767,600
Adjusted Sale Price: \$61,767,600
Grantor: Altis at Coconut Creek, LLC
Grantee: 5401 Wiles Road, LLC
OR Book / Page: 112764533
Property Rights: Leased Fee
Conditions of Sale: Market Typical
Financing: Cash to Seller
Verification: Public Records and Tim Peterson, representative for grantor (954.462.5655) by John Preston.
 April 06, 2015.
Three Year History: The property sold as vacant land in June 2012 for \$6,500,000 as recorded in. OR Book 48906,
 Page 628 or Broward County Public Records.

SITE DATA

Acres: 15.220
Square Feet: 662,983
Main Frontage: 1,285' Wiles Road
Amenity Frontage: None
Zoning: Planned Development
Land Use: Medium Density Residential
Density: 17.74 units per gross acre
Utilities Included in Rent: Water, Trash Collection, Sewer,
 Pest Control
Project Amenities: Club House, Exercise Fitness,
 Whirlpool, Outdoor Pools (1)

IMPROVEMENT DATA

Number of Units: 270
Year Built: 2014
Apartment Type: Garden
Ave. Unit Size: 1,084 SF
No. of Stories: 3
No. of Buildings: 13
Parking: 270 surface - 80 garages
Construction: CBS and Frame
Unit Amenities: Microwaves, Washer Dryers,
 Ceiling Fans, Vaulted Ceilings,
 Security System, Patios Balconies,
 Dishwasher, tile/wood floors,
 granite counter

UNIT MIX				
Unit Type	Number of Units	Size (SF)	Rent per Month	Monthly Rent/SF
'1/1	100	810	\$1,511	\$1.87
'2/2	100	1,133	\$1,759	\$1.55
'3/2	70	1,407	\$2,345	\$1.67

IMPROVED MARKET SALE NO. 5 (CONT'D)

FINANCIAL DATA

<i>PGI:</i>	\$5,910,000
<i>Vacancy:</i>	\$295,000
<i>EGI:</i>	\$5,615,000
<i>Expenses:</i>	\$2,404,000
<i>NOI:</i>	\$3,211,000

<i>Price/Unit:</i>	\$228,769
<i>Adj. Price/Unit:</i>	\$228,769

ANALYSIS

<i>Occupancy at Sale:</i>	95%
<i>Capitalization Rate:</i>	5.20%
<i>NOI per Unit:</i>	\$11,893
<i>Expenses per Unit:</i>	\$8,904
<i>EGIM:</i>	11.00

<i>Price/Net SF:</i>	\$210.96
<i>Adj. Price/ Net SF:</i>	\$210.96

COMMENTS

This property was brand new construction and was 95% leased at the time of sale and there was a waiting list for the remaining units that will bring occupancy to 100% immediately after the sale.

IMPROVED SALES ANALYSIS-MARKET							
Subject	Improved Sale 1	Improved Sale 2	Improved Sale 3	Improved Sale 4	Improved Sale 5		
Property	Peary Court	West Isle Club	Ocean Walk	Peary Court	Alvista Pembroke Landings	Solaire at Coconut Creek	
City	Key West	Key West	Key West	Key West	Pembroke Pines	Coconut Creek	
County	Monroe	Monroe	Monroe	Monroe	Broward	Broward	
Date		Jun-14	Sep-14	Aug-13	Feb-15	Jan-15	
Adjusted Price		\$39,500,000	\$75,350,000	\$35,000,000	\$52,700,000	\$61,767,600	
Size: Units	157	192	297	157	300	270	
Rentable SF	200,033	163,200	237,496	200,033	400,320	292,790	
Net Income Multiplier (NIM)	N/A	20.00	22.61	19.44	19.05	19.24	
NOI/Unit	\$17,266	\$10,286	\$11,223	\$11,465	\$9,223	\$11,893	
NOI/SF	\$13.55	\$12.10	\$14.03	\$9.00	\$6.91	\$10.97	
Capitalization Rate	4.75%	5.00%	4.42%	5.14%	5.25%	5.20%	
Price/SF	N/A	\$242.03	\$317.27	\$174.97	\$131.64	\$210.96	
Price/Unit	N/A	\$205,729	\$253,704	\$222,930	\$175,667	\$228,769	
Adjustments - Transaction Characteristics							
Property Rights	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee	
Financing	Conventional	Conventional	Conventional	Conventional	Conventional	Conventional	
Conditions of Sale	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length	
Market Conditions	Current	Current	Current	Current	Current	Current	
Adjusted \$/Unit	N/A	\$205,729	\$253,704	\$222,930	\$175,667	\$228,769	
Comparisons of Property Characteristics							
Location	Good	Inferior	Inferior	Similar	Inferior	Inferior	
Age/Quality/Cond.	19/Average/Average	Inferior	Inferior	Similar	Similar	Superior	
Avg. Unit Size (SF)	1,274	850	800	1,274	1,334	1,084	
Occupancy at Sale	95%	99%	96%	95%	93%	95%	
Comparisons of Income Quantity & Quality							
NOI Difference/Unit		68%	54%	51%	87%	45%	
OAR Difference		5%	-7%	8%	10%	9%	
Concluded Adj./Unit		73%	47%	59%	97%	54%	
Adjusted \$/Unit		\$355,911	\$372,944	\$354,459	\$346,063	\$352,304	
NOI Difference/SF		12%	-3%	51%	96%	24%	
OAR Difference		5%	-7%	8%	10%	9%	
Concluded Adj./SF		17%	-10%	59%	106%	33%	
Adjusted \$/SF		\$283.18	\$285.54	\$278.20	\$271.19	\$280.58	
Indicated Value Range/Unit	Minimum	\$346,063	Maximum	\$372,944	Average	\$356,336	
Indicated Value Range/SF	Minimum	\$271.19	Maximum	\$285.54	Average	\$279.74	
Conclusion							
		Per Dwelling Unit	157	\$363,000	\$56,991,000		
		Implied Value/SF	\$284.91				
		Value Conclusion As If Stabilized		Rounded to	\$56,990,000		
		Less: Lease-Up Cost			\$0		
		Value Conclusion As Is			\$56,990,000		

SALES COMPARISON APPROACH (CONT'D)

Discussion of Comparable Sales

The sale properties are compared to the subject based on factors such as location, amenities, general desirability, occupancy, etc. Since properties like the subject are bought and sold based on their income potential, adjustments are applied to the sales based on differences in actual economic performance. A level of risk adjustment was also applied based upon the capitalization rate. The subjective analysis of the differences and similarities is used to support or refute the reasonableness of the adjustments indicated by comparing the actual income generated by the comparables to that estimated for the subject property. The adjustments are based on the subject's estimated net operating income estimate of \$2,710,735, or \$17,266 per unit and estimated overall rate of 4.75%.

Hypothetical Value Conclusion As If Stabilized – Dwelling Unit Analysis

After applying adjustments, the improved sales reflect values of \$346,063 to \$372,944 per unit, with an average of \$356,336. We conclude a value of \$363,000 per unit for the subject, which is within the range indicated by the sales. The subject has 157 units, so the hypothetical market value estimate by the dwelling unit analysis, as if stabilized, is **\$56,990,000* (rd)**.

Hypothetical Value Conclusion As If Stabilized – Net Income Multiplier and Square Foot

The data provided for the comparable sales offers net income multipliers ranging from 19.05 to 22.61. The implied NIM for the subject's value conclusion on a dwelling unit basis is 21.02. This is within the range indicated by the sales. The comparable sales provide adjusted value indications of \$271.19 to \$285.54 per square foot. The implied price per square foot for the subject's value conclusion on a dwelling unit basis as a market rate project is \$284.91, which is within the range indicated by the sales.

*** Please refer to the General Assumptions, General Limiting Conditions, Extraordinary Assumptions and Extraordinary Limiting Conditions on which this value estimate is based.**

INCOME CAPITALIZATION APPROACH

The Income Capitalization Approach is based upon the premise that a prudent investor would pay no more for the subject property than for another investment with similar risk and return characteristics. The value of an investment is considered equal to the present worth of anticipated future benefits. The methodology of this approach is to estimate the gross income a property is capable of producing in the current market and then subtract all vacancy and operating expenses. The resulting net operating income is then translated into value using either direct capitalization or yield capitalization (Discounted Cash Flow Analysis). In the case of the subject property, only direct capitalization was applied.

Direct capitalization of a projected net operating income stream is applied to estimate the market value of the subject property as though stabilized. The annual stabilized net operating income is divided by a market derived overall capitalization rate to indicate a value estimate.

Market Rental Rate Estimate

The subject's location in Key West which has a limited supply of market rate apartments. We included the following six properties in our analysis.

Occupancy - Market Comps						
City	Apartment Project	Type	# Units	Year Built	Occupancy	# Occupied
Stabilized Projects						
Key West	West Isle Club	Market	192	1989	96%	184
Key West	Ocean Walk	Market	297	1989	91%	270
Key West	Mariner's Cove	Market	78	1996	100%	78
Key West	Poinciana Plaza	Market	144	1966	100%	144
Key West	Roosevelt Gardens	Market	96	2004	98%	94
Marathon	Eastwind	Market	130	1981	98%	127
Projects in Lease-up, Under Construction, Confidential, or Unwilling to Participate in Survey						
N/A						
Total Units			937			897
Less: Confidential Occupancy or Unstabilized Occupancies			0			0
Total Stabilized Units Responding to Survey			937			897
Overall Occupancy Rate (Stabilized Projects)			937		96%	897
Average Project Size			156			
Average Year Built			1988			
Source: Meridian Appraisal Group, Inc. field survey				Sep-15		
Note: The year built for projects with multiple phases is the date of the first phase. The date of rehabilitated projects is the original year built.						

All of comparables are operating at stabilized occupancy ranging from 91% to 100%, with a weighted average of 96%. The comparables listed above are analyzed in the following estimation of the subject's market rents.

MARKET RENT COMPARABLES MAP



SUBJECT PROPERTY – MARKET

LOCATION DATA

Record Number: 1006
Market Type: Market
Property Name: Peary Court
Address: 541 White Street
 Key West, Monroe County
 FL 33040
Long/Lat: W81.793190/N24.560860
MSA: Monroe
Tax Parcel No.: 00006730-000200



PROPERTY DATA

Apartment Type: Triplex, Quads
Construction Type: Wood Frame
Year Built: 1996
Number of Units: 157
Condition: Average
Date Surveyed: September 14, 2015 (305-440-2994)
Surveyed by: Erica Ernst
Number of Stories: One to two
Number of Buildings: 49
Parking: 284 including 157 covered parking spaces
Garages: Covered Parking
Occupancy: 96%
Concessions: None
Rental Premiums: \$50 for end units
Utilities Included: None
Project Amenities: Sports Court, Playground, Basketball, Gated

Unit Features: Patios Balconies, Icemakers, Ceiling Fans, W/D Hookups, Covered Car Port

UNIT MIX				
Unit Type	Number of Units	Size (SF)	Rent per Month	Monthly Rent Per SF
'2/1	8	1,071	\$2,350	\$2.19
'2/1.5	149	1,285	\$2,400	\$1.87
Averages	157	1,274	\$2,397	\$1.88

COMMENTS

The rental rates shown above are as if the entire property were a market rate rental community. Water and sewer is partially billed back to the tenants at \$50 per month.

MARKET RENT COMPARABLE NO. 1

LOCATION DATA

Record Number: 639
Market Type: Market
Property Name: West Isle Club
Address: 3333 Duck Avenue
 Key West, Monroe County
 FL 33040
Long/Lat: W-81.761550/N24.564680
MSA: Monroe
Tax Parcel No.: Alt Key 1054895



PROPERTY DATA

Apartment Type: Garden
Construction Type: Block
Year Built: 1989
Number of Units: 192
Condition: Average
Date Surveyed: September 10, 2015 (305-294-3124)
Surveyed by: Erica Ernst
Number of Stories: 2
Number of Buildings: 13
Parking: N/A
Garages: None
Occupancy: 96%
Concessions: None
Rental Premiums: Pool View \$25
Utilities Included: Trash Collection, Sewer, Pest
Project Amenities: Outdoor Pools (1), Club House,
 Laundry, Playground

Unit Features: Patios Balconies, Ceiling Fans,
 Washer Dryers

UNIT MIX				
Unit Type	Number of Units	Size (SF)	Rent per Month	Monthly Rent Per SF
'1/1	48	650	\$1,865	\$2.87
'2/2	96	850	\$2,325	\$2.74
'3/2	48	1,050	\$2,510	\$2.39
Averages	192	850	\$2,256	\$2.65

COMMENTS

The property sold in June 2014 for \$39,500,000 (\$205,729/unit). The property is currently (2015) undergoing renovations with each unit being individually evaluated for renovations. There were no three-bedroom vacant units, the rental rate provided is from the most recently signed lease.

MARKET RENT COMPARABLE NO. 2

LOCATION DATA

Record Number: 649
Market Type: Market
Property Name: Ocean Walk
Address: 3900 S. Roosevelt Blvd.
 Key West, Monroe County
 FL 33040
Long/Lat: W-81.751170/N24.558010
MSA: Monroe
Tax Parcel No.: Alt Key 8749996



PROPERTY DATA

Apartment Type: Mid-rise
Construction Type: Block
Year Built: 1989
Number of Units: 297
Condition: Average
Date Surveyed: September 10, 2015 (786 574-6610)
Surveyed by: Erica Ernst
Number of Stories: 3-5
Number of Buildings: 2
Parking: N/A
Garages: N/A
Occupancy: 91%
Concessions: None
Rental Premiums: \$30/\$60 single/double covered parking
Utilities Included: Trash Collection, Sewer, Pest
Project Amenities: Outdoor Pools (1), Club House, Laundry, Outdoor Tennis, basketball court
Unit Features: Patios Balconies

UNIT MIX				
Unit Type	Number of Units	Size (SF)	Rent per Month	Monthly Rent Per SF
'1/1	48	500	\$1,705	\$3.41
'1/1	24	646	\$1,805	\$2.79
'2/1	104	768	\$2,135	\$2.78
'2/2	48	840	\$2,285	\$2.72
'3/2	25	1,048	\$2,460	\$2.35
'3/2	48	1,075	\$2,460	\$2.29
Averages	297	800	\$2,143	\$2.68

COMMENTS

This is one of the few large-scale market rent apartment complexes in the Keys. This property is undergoing renovations, with currently 47 units down. Included in the renovations for Ocean Walk are new cabinets, granite counter tops, new appliances and new floorings. Renovations are being completed as tenants move out.

MARKET RENT COMPARABLE NO. 3

LOCATION DATA

Record Number: 724
Market Type: Affordable
Property Name: Mariner's Cove
Address: 3330 Northside Drive
 Key West, Monroe County
 FL 33040
Long/Lat: W-81.762650/N24.568970
MSA: Monroe
Tax Parcel No.: Alt Key 8861737



PROPERTY DATA

Apartment Type: Interior Corridor
Construction Type: Concrete Block
Year Built: 1996
Number of Units: 78
Condition: Average
Date Surveyed: September 10, 2015 (305 295-1333)
Surveyed by: Erica Ernst
Number of Stories: 3
Number of Buildings: 1
Parking: 99 surface spaces, 47 are covered
Garages: N/A
Occupancy: 100%
Concessions: None
Rental Premiums: None
Utilities Included: Cable, Trash Collection, Pest Control
Project Amenities: Playground, Picnic and BBQ areas **Unit Features:** Patios Balconies

UNIT MIX				
Unit Type	Number of Units	Size (SF)	Rent per Month	Monthly Rent Per SF
'1/1	33	603	\$1,420	\$2.35
'2/1	24	788	\$1,650	\$2.09
'2/1.5	12	804	\$1,650	\$2.05
'3/2	9	1,010	\$2,300	\$2.28
Averages	78	738	\$1,628	\$2.20

COMMENTS

This project had set asides of 100% at 60% or the Area Median Income and 40% restricted to fish industry workers. The rent restrictions have been lifted, but income restrictions remain. The rents are below market but much higher than 60% AMI restricted rents.

MARKET RENT COMPARABLE NO. 4

LOCATION DATA

Record Number: 647
Market Type: Affordable-Rent Assisted
Property Name: Poinciana Plaza
Address: 3300 Duck Avenue
 Key West, Monroe County
 FL 33040
Long/Lat: W-81.764090/N24.564330
MSA: Monroe
Tax Parcel No.: Alt Key 1065242



PROPERTY DATA

Apartment Type: Garden
Construction Type: Block
Year Built: 1966 - renovated in 1989
Number of Units: 144
Condition: Poor
Date Surveyed: September 10, 2015 (305 295-1374)
Surveyed by: Erica Ernst
Number of Stories: 2
Number of Buildings: 24
Parking: N/A
Garages: None
Occupancy: 100%
Concessions: None
Rental Premiums: None
Utilities Included: None
Project Amenities: Picnic and Playground

Unit Features: Patios Balconies

UNIT MIX				
Unit Type	Number of Units	Size (SF)	Rent per Month	Monthly Rent Per SF
'2/2	80	851	\$1,439	\$1.69
'3/2	24	1,079	\$1,680	\$1.56
'4/2	40	1,248	\$1,943	\$1.56
Averages	144	999	\$1,619	\$1.62

COMMENTS

This project has project based Section 8 Rental Assistance. The rents are based on the achievable market rents. The rents shown are for the 140% AMI units (based on Housing Authority rent chart), which is essentially market rate. This property has a two year waiting list.

MARKET RENT COMPARABLE NO. 5

LOCATION DATA

Record Number: 648
Market Type: Affordable and Market
Property Name: Roosevelt Gardens
Address: 2661 North Roosevelt Blvd.
 Key West, Monroe County
 FL 33040
Long/Lat: W-81.775320/N24.565020
MSA: Monroe
Tax Parcel No.: Alt Key 1002526



PROPERTY DATA

Apartment Type: Garden
Construction Type: Frame
Year Built: 2004
Number of Units: 96
Condition: Good
Date Surveyed: September 10, 2015 (305 295-1374)
Surveyed by: Erica Ernst
Number of Stories: 2
Number of Buildings: 17
Parking: 193 open spaces
Garages: None
Occupancy: 98%
Concessions: None
Rental Premiums: None
Utilities Included: None
Project Amenities: Basketball Court

Unit Features: Ceramic Tile Flooring

UNIT MIX				
Unit Type	Number of Units	Size (SF)	Rent per Month	Monthly Rent Per SF
'1/1	29	525	\$1,439	\$2.74
'2/1.5	38	890	\$1,680	\$1.89
'3/2	29	1,024	\$1,943	\$1.90
Averages	96	820	\$1,687	\$2.06

COMMENTS

The project has income restrictions of 140% of Area Median Income (based on the Housing Authority rent chart), which is essentially market rate. A clubhouse was planned but was never constructed.

MARKET RENT COMPARABLE NO. 6

LOCATION DATA

Record Number: 646
Market Type: Affordable-Rent Assisted
Property Name: Eastwind
Address: 240 Sombrero Road
 Marathon, Monroe County
 FL 33050
Long/Lat: W-81.073120/N24.714310
MSA: Monroe
Tax Parcel No.: Alt Key 8594372



PROPERTY DATA

Apartment Type: Garden
Construction Type: Block
Year Built: 1981
Number of Units: 130
Condition: Average
Date Surveyed: August 5, 2014 (305 295-1374)
Surveyed by: Robert Von
Number of Stories: 2
Number of Buildings: 16
Parking: 221 open spaces
Garages: None
Occupancy: 98%
Concessions: None
Rental Premiums: None
Utilities Included: Trash Collection, Pest
Project Amenities: Club House, Laundry, Sports Court, playground, gated entrance

Unit Features: Patios Balconies, vinyl flooring

UNIT MIX				
Unit Type	Number of Units	Size (SF)	Rent per Month	Monthly Rent Per SF
'1/1	8	612	\$1,068	\$1.75
'2/1	68	714	\$1,178	\$1.65
'3/1	52	968	\$1,540	\$1.59
'4/1	2	1,235	\$1,676	\$1.36
Averages	130	817	\$1,301	\$1.59

COMMENTS

This project has project based Section 8 Rental Assistance. The rents are based on a rent comparability study which estimated the achievable market rents for the project. The rents are those currently charged and represent market rent for each unit type. Occupancy was taken from a June 2015 FHFC Occupancy Report.

INCOME CAPITALIZATION APPROACH (CONT'D)

Rental Rate Analysis

The following market rate analysis assumes that all of the units in the complex are leased at market rates without maximum income restrictions (exclusively market rate project). The comparables were adjusted for the utilities and services provided in the rental rates and we have also considered adjustments for location/quality/amenities in our rental rate conclusions. We have also taken into consideration the market trend of smaller units leasing for a higher per square foot rate than their larger counterparts.

Adjustments

We have compared each of the comparables to the subject and have made quantitative adjustments for utilities/services included in the rental rates, unit sizes and the number of bathrooms. Adjustments for water, sewer and trash expenses were obtained from the local Housing Authority's utilities allowance chart. Washer/dryer, number of baths, and square foot adjustments were derived from appraiser's experience and judgment.

Utilities/Services Adjustments			
water (w) 1 BR	\$10	washer/dryer	\$35
sewer (s) 1 BR	\$28	square foot (sf)	\$0.50
water (w) 2 BR	\$12	alarm (a)	\$20
sewer (s) 2 BR	\$35	cable (basic) (c)	\$60
water (w) 3 BR	\$15	trash (t)	\$18
sewer (s) 3 BR	\$47	pest (p)	\$5

Adjustments were also applied for concessions based on the actual dollar amount, if offered. Qualitative adjustments for location, quality, condition and amenities were considered in our rental rate conclusions.

Market Rent Comparable No. 6, Eastwind is located in marathon, which is an inferior location requiring an upward adjustment of \$300. The remaining projects have a similar location as compared to the subject property. **Market Rent Comparables No. 1 and 2**, Ocean Walk and West Isle Club have superior amenities (pool) and have been adjusted downward \$25 each. **Market Rent Comparables No. 1 and 2**, Ocean Walk and West Isle Club are slightly older than the subject property (each built in 1989); however, they both have ongoing renovations with superior interior quality and features as compared to subject property, requiring additional downward adjustments of \$75 each. **Market Rent Comparable No. 3**, Mariner's Cove is of average quality and of similar age as the subject property, requiring no adjustment for age, condition and quality, but has income restrictions that reduces the rent potential. We have adjusted this property upward \$200 for this factor. **Market Rent Comparable No. 4**, Poinciana Plaza was built in 1966 and renovated in 1989 and is of an inferior age with an inferior condition and quality as compared to the subject property, requiring an upward adjustment of \$300. **Market Rent Comparable No. 5**, Roosevelt Gardens is of average quality, built in 2004, requiring a downward adjustment of \$25 for age, condition and quality. **Market Rent Comparable No. 6**, Eastwind was built in 1981 and is of an inferior age with an inferior condition and quality as compared to the subject property, requiring an additional upward adjustment of \$100. **Market Rent Comparables No. 1 and 2**, West Isle Club and Ocean Club are the most overall similar to the subject property and primary weight was placed on them.

INCOME CAPITALIZATION APPROACH (CONT'D)

Two-Bedroom Analysis

Two-Bedroom Market Rent Comparables Summary									
#	Complex Name	Unit Type	Street Rent	Util./Services	Net Adj.	Adj. Rent	Size/SF	Adj. Rent/SF	St. Rent/SF
1	West Isle Club	'2/2	\$2,325	t,p,s,w/d	\$72	\$2,397	850	\$2.82	\$2.74
2	Ocean Walk	'2/2	\$2,285	t,s,p	\$148	\$2,433	768	\$3.17	\$2.98
3	Mariner's Cove	'2/1.5	\$1,650	t,p,c	\$405	\$2,055	804	\$2.56	\$2.05
4	Poinciana Plaza	'2/2	\$1,439	none	\$564	\$2,003	851	\$2.35	\$1.69
5	Roosevelt Gardens	'2/1.5	\$1,680	none	\$220	\$1,900	890	\$2.13	\$1.89
6	Eastwind	'2/1	\$1,178	t,p	\$710	\$1,888	714	\$2.64	\$1.65
Average			\$1,760		\$302	\$2,112	813	\$2.61	\$2.17
Peary Court		2/1		none		\$2,350	1,071	\$2.19	
Peary Court		2/1.5		none		\$2,400	1,285	\$1.87	

Adjustment Summary (2 BR)									
#	Complex Name	Util./Services	Water	Sewer	Trash/Pest	W/D/Cable / Alarm	Location/ Quality/ Other	SF	Total
1	West Isle Club	t,p,s,w/d	\$12	\$0	-\$23	-\$35	-\$100	\$218	\$72
2	Ocean Walk	t,s,p	\$12	\$0	-\$23	\$0	-\$100	\$259	\$148
3	Mariner's Cove	t,p,c	\$12	\$35	-\$23	-\$60	\$200	\$241	\$405
4	Poinciana Plaza	none	\$12	\$35	\$0	\$0	\$300	\$217	\$564
5	Roosevelt Gardens	none	\$12	\$35	\$0	\$0	-\$25	\$198	\$220
6	Eastwind	t,p	\$12	\$35	-\$23	\$0	\$400	\$286	\$710
Average			---	\$12	\$35	-\$23	-\$48	\$113	\$353

The comparables indicate adjusted rents (after deducting for concessions) of \$1,888 to \$2,433, with an average of \$2,112.

Currently, the asking market rental rate for the subject units are \$2,450 for both types of two bedroom units. According to a rent roll provided (dated September 14, 2015, please see Addenda for a copy), 149 of the 157 units are currently occupied and the average actual rental rate for all of the occupied units at \$2,362 per unit. The subject property has 48 of the 157 units designated as Work Force units. The market rate units have a rental rate low of \$1,950 and a high of \$2,600 with an average actual rental rate of \$2,380 per unit. The Work Force units have a rental rate low of \$2,250 and a high of \$2,500 with an average of \$2,325 per month. This indicates that the Work Force Housing restrictions do not significantly impact the achievable rents.

The comparable units analyzed range in size from 714 square feet to 890 square feet with an average unit size of 813, which is much smaller than the subject units. The subject's unit sizes of 1,071 and 1,285 square feet are above the range of the comparables.

Based upon this analysis, we estimate a market rent for the subject's two-bedroom units as follows:

Two-Bedroom Rent Conclusion			
Floor Plan	Unit Size	Rental Rate	Rental Rate/SF
2/1	1,071	\$2,350	\$2.19
2/1.5	1,285	\$2,400	\$1.87

Market Rental Rate Conclusions-As Is

The market rent estimates are summarized in the following table:

Potential Base Rental Income-Market				
Unit Type	No. Units	Unit Size	\$/Month	Total Annual Rent
2/1	8	1,071	\$2,350	\$225,600
2/1.5	149	1,285	\$2,400	\$4,291,200
Total/Avg.	157	1,274	\$2,397	\$4,516,800

Therefore, the subject's potential gross income as an exclusively market rate project, excluding rent premiums, is estimated at \$4,516,800.

INCOME CAPITALIZATION APPROACH (CONT'D)

Other Income

Water/Sewer Reimbursement

The subject is reimbursed for part of the water/sewer expense at \$50 a unit per month. Until April/May of 2015 this reimbursement was run with the rent; therefore, the historical category is skewed. The historical water/sewer reimbursement income has been \$28,700 in the January through July 2015 annualized but that is with limited data based on the expense running with the rent until April/May. The budget is \$66,700 in the 2015 budget/pro forma, which reflects that until April/May it was included in the rent. We used \$50 per unit per month to get to \$94,200 annually.

Rental Premiums

At many apartments and rental projects, rental premiums are paid tenants for features such as top floor, conservation area frontage, water frontage, etc. According to the property manager the subject property is receiving \$50 per month in rental premiums for end units; however, the current rent roll and historical income information does not reflect this premium. We have estimated that based on our projected rental rates no further premium is warranted.

Ancillary Income

Apartments typically earn additional income in the form of vending income, late charges, pet deposits, forfeited security deposits, etc. Market data indicates a typical ancillary income range of about 2% to 5% of the gross rental income. Actual ancillary income was \$29,554 (\$16 per unit) in October through December 2014 Annualized; \$31,837 (\$17 per unit) in January through July 2015 Annualized and the 2015 pro forma is \$30,843 (\$16 per unit). We estimate ancillary income at \$15.00 per unit per month, or \$28,260 annually. This is about 0.63% of the potential gross rental income.

Subtotal

The total for all of the Other Income categories is \$122,460 annually.

Potential Gross Income

Potential gross income is the sum of the gross rental income, water and sewer reimbursement, rental premiums, or \$4,639,260, which is higher than the PGI in the current 2015 pro forma (\$4,368,598) and higher than the historical PGI but more reflective of the current average rental rates in place (see copy of current Rent Roll in Addenda). The historical information is skewed as six units were vacated and held off the market for several months in preparation for renovations that never occurred, recently the units have been released.

Vacancy and Collection Loss

Potential gross income considers that the property is 100% occupied and assumes all rents are actually collected. However, almost all income producing properties experience some tenant turnover and collection loss. As discussed in the *Apartment Market Overview*, the CoStar data indicated a current vacancy rate of 2.3% for Monroe County, 2.9% for the 10-mile ring centered on the subject, and 3.5% for the three-mile ring. The following chart summarizes the occupancy rate for the comparable projects.

INCOME CAPITALIZATION APPROACH (CONT'D)

Occupancy - Market Comps						
City	Apartment Project	Type	# Units	Year Built	Occupancy	# Occupied
Stabilized Projects						
Key West	West Isle Club	Market	192	1989	96%	184
Key West	Ocean Walk	Market	297	1989	91%	270
Key West	Mariner's Cove	Market	78	1996	100%	78
Key West	Poinciana Plaza	Market	144	1966	100%	144
Key West	Roosevelt Gardens	Market	96	2004	98%	94
Marathon	Eastwind	Market	130	1981	98%	127
Projects in Lease-up, Under Construction, Confidential, or Unwilling to Participate in Survey						
N/A						
Total Units			937			897
Less: Confidential Occupancy or Unstabilized Occupancies			0			0
Total Stabilized Units Responding to Survey			937			897
Overall Occupancy Rate (Stabilized Projects)			937		96%	897
Average Project Size			156			
Average Year Built			1988			
Source: Meridian Appraisal Group, Inc. field survey				Sep-15		
Note: The year built for projects with multiple phases is the date of the first phase. The date of rehabilitated projects is the original year built.						

At the projected rental rates, we estimate an average vacancy rate for the subject of 4.00%. There will also be some collection loss and occasional concessions, estimated at 2.00%. We, therefore, estimate the vacancy and collection loss at 6.00% of the potential gross income, or \$278,355.

Effective Gross Income

Subtracting the vacancy and collection loss from the potential gross income estimate results in an effective gross income of \$4,360,905, which is higher than the EGI in the current 2015 pro forma (\$4,131,101) and higher than the historical EGI but more reflective of the current average rental rates in place (see copy of current Rent Roll in Addenda). The historical information is skewed as six units were vacated and held off the market for several months in preparation for renovations that never occurred, recently the units have been released.

Subject's Operating Expenses

The subject's expenses provided by the subject property owners included a blanket 9% management fee which includes salaries and payroll, management fees and the landscaping fees. In the expenses provided to us, this 9% fee was divided among several categories but failed to reflect a salary and payroll expense and instead showed a much higher repairs/maintenance and turnover expense than actually on the property. We spoke at length with Alex Peters of 13th Floor Investments and have backed out the 9% expense to show the true historical expense amount for each category for the subject property.

Operating Expenses

Operating expenses are deducted from the effective gross income, resulting in a stabilized net operating income. The subject's operating expenses are based on expenses for apartment complexes in Florida (summarized at the end of this section) and the subject's pro forma. The subject property was purchased in August 2013; therefore, only limited expense information was available to us.

The subject's stabilized operating expenses are estimated as follows.

Real Estate and Personal Property Taxes

As discussed in the Assessment and Taxes section, the real estate taxes are estimated at \$3,453 per unit, or \$542,193 annually, which includes personal property taxes.

INCOME CAPITALIZATION APPROACH (CONT'D)

Insurance

Insurance expenses increased dramatically in Florida following the active hurricane season in 2005; rates have moderated somewhat in the past couple of years. The indications we have relied upon are summarized as follows:

Insurance			
Source	Low	High	Average
Market Rate Comps	\$356	\$2,045	\$1,175
Year	2013	Oct 14-Dec 14 Annualized	Jan 15-July 15 Annualized
Subject History	N/A	\$1,857	\$1,736
Subject's Pro forma			\$1,645
IREM (South Florida - Garden)			\$490

We place most weight on the subject's most recent operating history and have concluded on an expense of \$1,750 per unit, or \$274,750 annually.

Water and Sewer

The subject includes no utilities in the base rent with a \$50 per unit reimbursement indicated in the Other Income section. The indications we have relied upon are summarized as follows:

Water and Sewer			
Source	Low	High	Average
Market Rate Comps	\$45	\$924	\$441
Year	2013	Oct 14-Dec 14 Annualized	Jan 15-July 15 Annualized
Subject History	N/A	\$1,162	\$1,180
Subject's Pro forma			\$1,188
IREM (South Florida - Garden)			\$611

We place most weight on the subject's operating history and pro forma and have concluded on an expense of \$1,175 per unit, or \$184,475 annually.

Electric and Gas

The subject has landlord-paid electric for the common areas. Tenants pay electric and gas expenses for the occupied apartments. Similarly, the expense comparables include these expenses for common areas only. The indications we have relied upon are summarized as follows:

Electric and Gas			
Source	Low	High	Average
Market Rate Comps	\$46	\$72	\$62
Year	2013	Oct 14-Dec 14 Annualized	Jan 15-July 15 Annualized
Subject History	N/A	\$350	\$202
Subject's Pro forma			\$96
IREM (South Florida - Garden)			\$184

We place most weight on the subject's operating history and have concluded on an expense of \$200 per unit, or \$31,400 annually.

Garbage Service

The subject has landlord-paid trash removal expenses. The indications we have relied upon are summarized as follows:

INCOME CAPITALIZATION APPROACH (CONT'D)

Garbage			
Source	Low	High	Average
Market Comps	\$137	\$212	\$174
Year	2013	Oct 14-Dec 14 Annualized	Jan 15-July 15 Annualized
Subject History	N/A	\$103	\$89
Subject Pro forma			\$79
IREM (South Florida - Garden)			N/A

We place most weight on the operating history and have concluded on an expense of \$100 per unit, or \$15,700 annually.

Cable Service

The subject doesn't offer bulk cable to the residents; therefore, there is no cable expense.

Repairs and Maintenance

The subject will experience repairs and maintenance expenses for basic upkeep. Items such as appliance repairs are not refurbishment expenses, but are normal maintenance for an operating apartment complex. The property will also experience replacement expenses for items such as air conditioners, appliances, and carpeting, but these expenses are considered separately. The repairs and maintenance category does not include grounds maintenance, or maintenance payroll, but does include turnover costs of painting and decorating.

The indications we have relied upon are summarized as follows:

Repairs and Maintenance			
Source	Low	High	Average
Market Rate Comps	\$524	\$3,304	\$1,509
Year	2013	Oct 14-Dec 14 Annualized	Jan 15-July 15 Annualized
Subject History	N/A	\$698	\$543
Subject's Pro forma			\$396
IREM (South Florida - Garden)			\$825

We have given consideration to all of the data and concluded on an expense of \$500 per unit, or \$78,500.

Grounds Maintenance

Some of the comparables combine contract services such as pest control with the grounds maintenance. The indications we have relied upon are summarized as follows:

Grounds Maintenance			
Source	Low	High	Average
Market Rate Comps	\$204	\$658	\$436
Year	2013	Oct 14-Dec 14 Annualized	Jan 15-July 15 Annualized
Subject History	N/A	\$545	\$523
Subject's Pro forma			\$496
IREM (South Florida - Garden)			\$353

We place most weight on the subject's pro forma and operating history and have concluded on an expense of \$500 per unit, or \$78,500 annually.

Contract Services

Some of the comparables combine contract services such as pest control with the grounds maintenance. The indications we have relied upon are summarized as follows:

INCOME CAPITALIZATION APPROACH (CONT'D)

Contract Services			
Source	Low	High	Average
Market Rate Comps	Incl. Above	Incl. Above	Incl. Above
Year	2013	Oct 14-Dec 14 Annualized	Jan 15-July 15 Annualized
Subject History	N/A	\$10	\$7
Subject's Pro forma			\$2
IREM (South Florida - Garden)			\$73

We place most weight on the subject's pro forma and operating history and have concluded on an expense of \$10 per unit, or \$1,570 annually.

Security

The subject doesn't have security; therefore, we have not included a security expense.

Reserves (Allowance for Replacement of Short-Lived Items)

This expense category is a sinking fund used to annualize expenses for periodic replacement of appliances, air conditioning units, carpeting, resealing of parking areas, etc. Items related to tenant turnover, such as repainting, have already been accounted for. In actual practice, few apartment owners maintain reserve accounts; however, it is prudent appraisal and underwriting practice to consider the replacement allowance. Reserve requirements range from \$100 to as high as \$400 per unit annually, although most are between \$200 and \$300 per unit. The market rate expense comparables indicate \$0 to \$300 per unit. The subject's pro forma does not include reserves. We conclude an expense of \$300 per unit, or \$47,100.

Management Fee

The management fee estimate is an allocation of a fee to the management company and does not include salaries and commissions for on-site office personnel. Management fees are typically considered on a percentage of the effective gross income basis. Based on our conversation with several management companies, larger projects tend to cost less on a percentage basis than smaller projects, with a typical range of 3% to 6% of the effective gross income. The indications we have relied upon are summarized in the following chart.

Management Fee			
Source	Low	High	Average
Market Rate Comps	\$447	\$1,206	\$788
Year	2013	Oct 14-Dec 14 Annualized	Jan 15-July 15 Annualized
Subject History	N/A	\$918	\$898
Subject's Pro forma			\$849
IREM (South Florida - Garden)			\$387

Considering the subject's projected income level, we conclude an expense of 3.50% of EGI, or \$152,632 annually, which equates to \$972 per unit.

Salaries and Payroll (On-Site Staff)

This expense category includes the salaries for both office (management and leasing) and maintenance personnel, along with payroll expenses such as FICA, unemployment tax, workers' compensation, and health insurance. The indications we have relied upon are summarized in the following chart.

Salaries and Payroll			
Source	Low	High	Average
Market Rate Comps	\$57	\$1,256	\$848
Year	2013	Oct 14-Dec 14 Annualized	Jan 15-July 15 Annualized
Subject History	N/A	\$932	\$912
Subject's Pro forma			\$925
IREM (South Florida - Garden)			\$1,383

INCOME CAPITALIZATION APPROACH (CONT'D)

Our analysis assumes no employee discounts. We conclude an expense at \$1,300 per unit, or \$204,100 annually.

Administrative and Office Expenses

This expense includes office supplies, telephone service for the office, postage, licenses, permits, etc. We included professional service fees such as legal and accounting fees in this category. The indications we have relied upon are summarized in the following chart.

Administrative and Office			
Source	Low	High	Average
Market Rate Comps	\$108	\$835	\$460
Year	2013	Oct 14-Dec 14 Annualized	Jan 15-July 15 Annualized
Subject History	N/A	\$132	\$93
Subject's Pro forma			\$61
IREM (South Florida - Garden)			\$450

IREM includes marketing within this category. Market rent properties typically have lower administrative costs than restricted properties. We place most weight on the subject historical operating expenses and conclude an administrative expense of \$100 per unit, or \$15,700 annually.

Advertising and Promotion

The indications we have relied upon are summarized in the chart which follows.

Advertising and Promotion			
Source	Low	High	Average
Market Rate Comps	\$0	\$225	\$141
Year	2013	Oct 14-Dec 14 Annualized	Jan 15-July 15 Annualized
Subject History	N/A	\$149	\$155
Subject's Pro forma			\$157
IREM (South Florida - Garden)			N/A

Market rent properties typically have higher advertising costs than restricted properties. The subject is located in a competitive neighborhood and needs a moderate marketing effort to maintain stabilized occupancy. We place most weight on the operating history and conclude an expense of \$150 per unit annually or \$23,550.

Total Expenses

Total operating expenses are estimated at \$1,650,170, which equates to \$10,511 per unit and \$8.25 per square foot annually.

Total Expenses			
Source	Low	High	Average
Market Rate Comps	\$5,980	\$8,460	\$7,280
Year	2013	Oct 14-Dec 14 Annualized	Jan 15-July 15 Annualized
Subject History	N/A	\$9,604	\$8,851
Subject's Pro forma			\$8,180
IREM (South Florida - Garden)			\$6,079

The subject's estimated expenses are above the range of the comparable properties primarily due to higher insurance and real estate taxes but very supportive of the subject's operating history adjusted for real estate taxes and reserves.

Net Operating Income

The estimated expenses are deducted from the effective gross income, resulting in a net operating income of \$2,710,735.

EXPENSE COMPARABLES - MARKET PROPERTIES															
	Comp No. 1			Comp No. 2			Comp No. 3			Comp No. 4			Comp No. 5		
LOCATION (County)	Monroe			Monroe			Monroe			Broward			Broward		
YEAR BUILT	2004			1966/1989			1989			1997 - Renovated 2014			1988		
NUMBER OF UNITS	96			144			297			388			272		
AVERAGE UNIT SIZE	820			999			800			1,092			973		
12-MONTH TRAILING DATA	Actual YTD 6/30/2015 Annualized			Actual YTD 6/30/2015 Annualized			Feb-14 (T-12)			Dec-14 (T-12)			Dec-14 (T-12)		
OPERATING EXPENSES		<u>\$/UNIT</u>	<u>\$/S.F.</u>		<u>\$/UNIT</u>	<u>\$/S.F.</u>		<u>\$/UNIT</u>	<u>\$/S.F.</u>		<u>\$/UNIT</u>	<u>\$/S.F.</u>		<u>\$/UNIT</u>	<u>\$/S.F.</u>
R.E. & Personal Prop. Taxes	\$0	\$0	\$0.00	\$0	\$0	\$0.00	\$795,415	\$2,678	\$3.35	\$911,701	\$2,350	\$2.41	\$616,814	\$2,268	\$2.33
Insurance	\$137,540	\$1,433	\$1.75	\$294,434	\$2,045	\$2.05	\$356,400	\$1,200	\$1.50	\$325,943	\$840	\$0.86	\$96,809	\$356	\$0.37
Water and Sewer	\$5,778	\$60	\$0.08	\$6,505	\$45	\$0.05	\$274,568	\$924	\$1.16	\$105,824	\$273	\$0.28	\$244,887	\$900	\$0.93
Electric and Gas	\$6,910	\$72	\$0.10	\$6,566	\$46	\$0.05	\$0	\$0	\$0.00	\$26,807	\$69	\$0.07	\$0	\$0	\$0.00
Garbage	\$0	\$0	\$0.00	\$0	\$0	\$0.00	\$0	\$0	\$0.00	\$82,218	\$212	\$0.22	\$37,273	\$137	\$0.14
Cable	\$0	\$0	\$0.00	\$0	\$0	\$0.00	\$0	\$0	\$0.00	\$51,860	\$134	\$0.14	\$0	\$0	\$0.00
Repairs and Maintenance (includes redecoration)	\$222,462	\$2,317	\$3.22	\$475,830	\$3,304	\$3.35	\$212,774	\$716	\$0.90	\$203,317	\$524	\$0.54	\$185,403	\$682	\$0.70
Grounds and Contract Services	\$0	\$0	\$0.00	\$0	\$0	\$0.00	\$132,863	\$447	\$0.56	\$255,201	\$658	\$0.68	\$55,539	\$204	\$0.21
Reserves	\$0	\$0	\$0.00	\$0	\$0	\$0.00	\$89,100	\$300	\$0.31	\$0	\$0	\$0.00	\$81,600	\$300	\$0.31
Management	\$115,752	\$1,206	\$1.67	\$139,422	\$968	\$0.98	\$233,001	\$785	\$0.98	\$207,475	\$535	\$0.55	\$121,695	\$447	\$0.46
				0.00%	\$0	\$0.00	4.00%	of EGI		3.00%	of EGI		2.99%	of EGI	
Salaries and Payroll	\$5,472	\$57	\$0.08	\$80,580	\$560	\$0.57	\$365,270	\$1,230	\$1.54	\$441,598	\$1,138	\$1.17	\$341,613	\$1,256	\$1.29
Administrative	\$80,176	\$835	\$1.16	\$119,014	\$826	\$0.84	\$32,063	\$108	\$0.13	\$94,642	\$244	\$0.25	\$78,299	\$288	\$0.30
Advertising	\$0	\$0	\$0.00	\$0	\$0	\$0.00	\$21,087	\$71	\$0.09	\$49,885	\$129	\$0.13	\$61,119	\$225	\$0.23
TOTAL EXPENSES	\$574,090	\$5,980	\$7.29	\$1,122,351	\$7,794	\$7.80	\$2,512,541	\$8,460	\$8.69	\$2,756,471	\$7,104	\$7.30	\$1,921,051	\$7,063	\$7.26
Utilities Included	No			No			trash, sewer, pest			pest			water, sewer, trash, pest		

INCOME CAPITALIZATION APPROACH (CONT'D)

Capitalization

The final step in the direct capitalization technique is to divide the net operating income estimate by a market derived overall rate of return (OAR), or capitalization rate. The overall capitalization rate is estimated by several methods. The best method is by analysis of rates reflected by comparable sale properties.

Extraction From Sales

The comparable improved sales included in this appraisal provide good indications of an overall capitalization rate for the subject property. The capitalization rate indications reflect deductions for an allowance for replacement of short-lived items (reserves for replacement), so the rate indications are consistent with the analysis of the subject property. The capitalization rate indications are as follows:

Sale #	Property	County	Sale Dat	OAR
1	West Isle Club	Monroe	Jun-14	5.00%
2	Ocean Walk	Monroe	Sep-14	4.42%
3	Peary Court	Monroe	Aug-13	5.14%
4	Alvista Pembroke Landings	Broward	Feb-15	5.25%
5	Solaire at Coconut Creek	Broward	Jan-15	5.20%
Average Overall Rate				5.00%

The sales reflect overall capitalization rates of 4.42% to 5.25% with an average of 5.00%. All of the comparables were purchased for continued apartment use (no condominium conversion sales or fractured condominiums). We estimate that the subject's rate should be within the range. The data used for the extraction of the rates from the sales is considered reliable and the best overall rate indications available. Therefore, the comparable improved sales provide a reliable indication of an overall capitalization rate for the subject.

Investor Surveys

The 2Q2015 PwC Real Estate Investor Survey for the national apartment market indicated a decrease in overall cap rates from the 3Q2014 survey as illustrated in the chart below.

Overall Cap Rate Trends – National Apartment Market		
Quarter	Average Cap Rate	Change (Basis Points)
2Q2015	5.30%	-15
1Q2015	5.45%	+9
4Q2014	5.36%	-15
1Q2014	5.51%	-8
2Q2014	5.59%	-20
1Q2014	5.79%	-1
4Q2013	5.80%	+19
3Q2013	5.61%	-9
2Q2013	5.70%	-3
1Q2013	5.73%	+1
4Q2012	5.72%	-2
3Q2012	5.74%	-2
2Q2012	5.76%	-7
1Q2012	5.83%	+3
4Q2011	5.80%	-18
3Q2011	5.98%	-12
2Q2011	6.10%	-19
1Q2011	6.29%	-22
4Q2010	6.51%	-61
3Q2010	7.12%	-56
2Q2010	7.68%	-17
1Q2010	7.85%	-18
4Q2009	8.03%	+19

INCOME CAPITALIZATION APPROACH (CONT'D)

Overall Cap Rate Trends – National Apartment Market		
Quarter	Average Cap Rate	Change (Basis Points)
3Q2009	7.84%	+35
2Q2009	7.49%	+174
2Q2008	5.75%	-5
2Q2007	5.80%	-21
2Q2006	6.01%	-51
2Q2005	6.52%	-61
2Q2004	7.13%	-79
2Q2003	7.92%	-59
2Q2002	8.51%	-11
2Q2001	8.62%	-20
2Q2000	8.82%	---
Source: PwC Real Estate Investor Survey		

The RERC CCIM 2Q2015 Quarterly Market Trends indicates an average going-in capitalization rate for the South region 7% and the national average was 6.5%.

Band of Investment

A third method of extracting an overall capitalization rate is by application of the Band of Investment technique. This method involves the calculation of a weighted average capitalization rate based on the mortgage constant (mortgage capitalization rate) and the equity dividend rate (equity capitalization rate). The application of this technique requires the estimation of certain rates and ratios applicable to the mortgage and equity positions.

We have estimated the subject's permanent financing rate based on our conversations with Barry Krinsky with Citibank, Tammy Haylock-Moore with JPMorgan Chase and Mike Mara with Wells Fargo. The typical term is five to 10 years, with the rate tied to the corresponding T-Bill rate. The spread between the T-Bill rate and the interest rate ranges from 300 to 400 basis points for Class "A" and 350 to 450± for Class "B" and lower. The key variables are the location and quality of the product and the financial strength of the developer. The 10 year T-Bill rate is around 2.2%. The typical loan-to-value ratio is 75%, with about one point charged for loan origination. Loan amortization periods for properties like the subject have typically been about 25 years, with balloon payments in five to 10 years.

We conclude a mortgage interest rate of 5.00%, a loan-to-value ratio (M) of 75%, amortization period of 30 years and a balloon payment in five years. These conclusions result in a mortgage constant (R_m) of 6.44%.

The second component of the Band of Investment analysis is the estimation of the equity dividend rate for the subject. Primary consideration was given to an investor survey for the estimation of the equity dividend rate. Recent investor surveys indicate equity capitalization rates ranging from 7.50% to 10.50%. We have concluded an equity capitalization rate (R_e) of 8.00% for the 25% equity position.

The mortgage and equity position conclusions for the subject property are considered to be reasonable estimates. An investor's financial position can substantially influence financing terms and investors have varying yield expectations.

Based on the parameters concluded above, we calculated an indication of an overall capitalization rate by the Band of Investment technique as follows:

BAND OF INVESTMENT METHOD						
	Loan / Equity Ratio		Rate of Return		Weighted Rate	
Mortgage Requirement	(M)	0.75	x (R _m)	6.44%	=	4.83%
Equity Requirement	(M-1)	0.25	x (R _e)	8.00%	=	2.00%
Overall Capitalization Rate Indication						6.83%

INCOME CAPITALIZATION APPROACH (CONT'D)

Debt Coverage Ratio

Another indication of a capitalization rate is derived by application of the Debt Coverage Ratio Formula. Market data indicates lenders typically require debt coverage ratios ranging from 1.10 to 1.35 for a property like the subject. The lenders surveyed by the Appraisal Institute Research Department indicate an average debt coverage ratio of 1.35 for loans of \$5 million to \$9.999 million. Loans for older properties are typically higher than the average; therefore, we conclude a debt coverage ratio of 1.3.

An overall capitalization rate by the Debt Coverage Ratio Formula is calculated as follows:

DEBT COVERAGE RATIO METHOD						
	DCR		Loan Ratio		Mortgage Constant	Overall Rate
Debt Coverage Ratio	1.30	x	(M)	0.75	x (Rm)	6.44% = 6.28%

Conclusion of Overall Capitalization Rate

The sales reflect overall capitalization rates of 4.42% to 5.25% with an average of 5.00%. The comparable improved sales provide the most meaningful capitalization rate indications for the subject property. The Band of Investment analysis indicates a capitalization rate of 6.83%, while the Debt Coverage Formula indicates 6.28%. These mathematically derived rates provide only fair indications of an overall capitalization rate for the subject property. The investor surveys indicate a range of overall rates from 5.3% to 7.0% and provide support for the rate indications by the comparable improved sales. We conclude an overall capitalization rate for the stabilized income of 4.75% for the subject property.

Hypothetical Market Value Conclusion Via Income Approach

Dividing the subject property's estimated net operating income of \$2,710,735 by the estimated overall capitalization rate results in a hypothetical market value estimate as if stabilized of \$57,068,104, rounded to **\$57,070,000***.

*** Please refer to the General Assumptions, General Limiting Conditions, Extraordinary Assumptions and Extraordinary Limiting Conditions on which this value estimate is based.**

INCOME APPROACH SUMMARY							
Market Rate - Stabilized							
PROPERTY ID:		# Of Units	Unit Type	Unit Size	Rent	Total Rent	
Peary Court		8	2/1	1,071	\$2,350	\$225,600	
541 White Street		149	2/1.5	1,285	\$2,400	\$4,291,200	
Key West		TOTAL		200,033	\$2,397	\$4,516,800	
GROSS POTENTIAL RENTS			\$4,516,800	AVG. UNIT SIZE:		1,274	
OTHER INCOME							
Washer/Dryer	0%	\$0.00 per month	\$0				
Cable Income	0%	\$0.00 per month	\$0				
Water/Sewer Reimb.	100%	\$50.00 per month	\$94,200				
Rental Premiums	0%	\$0.00 per month	\$0	AVG. INC PER UNIT		\$2,397	
Ancillary Income	100%	\$15.00 per month	\$28,260				
TOTAL OTHER INCOME			\$122,460				
GROSS ANNUAL INCOME			\$4,639,260	% OF EGI	\$ PER UNIT	\$ PER S.F.	
LESS COLLECTION LOSS	2.00%		\$92,785				
LESS VACANCY LOSS	4.00%		\$185,570				
TOTAL VACANCY & COLL. LOSS	6.00%		\$278,355				
EFFECTIVE GROSS INCOME			\$4,360,905	100.00%	\$27,776	\$21.80	
LESS OPERATING EXPENSES							
FIXED EXPENSES							
R.E. & Personal Property Taxes		\$3,453 PER UNIT	\$542,193	12.43%	\$3,453	\$2.71	
Insurance		\$1,750 PER UNIT	\$274,750	6.30%	\$1,750	\$1.37	
SUBTOTAL - FIXED EXPENSES			\$5,203 PER UNIT	\$816,943	18.73%	\$5,203	\$4.08
Water and Sewer		\$1,175 PER UNIT	\$184,475	4.23%	\$1,175	\$0.92	
Electric and Gas		\$200 PER UNIT	\$31,400	0.72%	\$200	\$0.16	
Garbage		\$100 PER UNIT	\$15,700	0.36%	\$100	\$0.08	
Cable		\$0 PER UNIT	\$0	0.00%	\$0	\$0.00	
SUBTOTAL - UTILITIES			\$1,475 PER UNIT	\$231,575	5.31%	\$1,475	\$1.16
Repairs and Maintenance		\$500 PER UNIT	\$78,500	1.80%	\$500	\$0.39	
Grounds Maintenance		\$500 PER UNIT	\$78,500	1.80%	\$500	\$0.39	
Contract Services		\$10 PER UNIT	\$1,570	0.04%	\$10	\$0.01	
Security		\$0 PER UNIT	\$0	0.00%	\$0	\$0.00	
Reserves for Replacements		\$300 PER UNIT	\$47,100	1.08%	\$300	\$0.24	
SUBTOTAL - MAINTENANCE			\$1,310 PER UNIT	\$205,670	4.72%	\$1,310	\$1.03
Management		3.50% OF EGI	\$152,632	3.50%	\$972	\$0.76	
Salaries and Payroll		\$1,300 PER UNIT	\$204,100	4.68%	\$1,300	\$1.02	
Administrative		\$100 PER UNIT	\$15,700	0.36%	\$100	\$0.08	
Advertising		\$150 PER UNIT	\$23,550	0.54%	\$150	\$0.12	
SUBTOTAL - MANAGEMENT/OFFICE			\$2,522 PER UNIT	\$395,982	9.08%	\$2,522	\$1.98
TOTAL EXPENSES			\$1,650,170	37.84%	\$10,511	\$8.25	
NET OPERATING INCOME			\$2,710,735	62.16%	\$17,266	\$13.55	
CAPITALIZED AT			4.75%	\$57,068,104			
STABILIZED VALUE BY INCOME APPROACH			\$57,070,000	\$363,503 per unit			
LESS RENT LOSS DURING LEASE-UP			\$0	\$285.30 per square foot			
AS IS VALUE BY INCOME APPROACH			\$57,070,000				

RECONCILIATION AND FINAL VALUE ESTIMATE (AS A MARKET RENTAL PROPERTY)

The purpose of this appraisal was to estimate the hypothetical market value of the Leased Fee interest in the subject property as of the effective date of appraisal in it's as is condition. The value indications by the three traditional approaches to value are as follows:

	As Is
Cost Approach	N/A
Sales Comparison Approach	\$56,990,000
Income Capitalization Approach	\$57,070,000

The **Cost Approach** is considered to provide the least meaningful indication of the market value of the subject property. However, a market rent project is not currently economically feasible at the subject's location due to moderate rent levels, so the subject would suffer from a substantial amount of external obsolescence. As directed by the client, the Cost Approach was not applied. As an existing property, it is the least relevant of the three approaches and would have little or no impact on the final value estimate; therefore, it was not developed in this report.

The **Income Approach** reflects the value of the subject property based upon its estimated income producing capabilities, with consideration given to current investment requirements. The data applied in this approach, including rental rates, occupancy levels, operating expenses, and rates of return, was adequately supported from market data. Rental properties are developed and purchased to serve as income investment properties. An investor who would purchase the subject property would perform direct capitalization and yield capitalization analyses, if lease-up were involved. Market participants make decisions to buy and sell based on these capitalization analyses. Therefore, the Income Approach is based on reliable market data, and this approach is the most market-oriented approach to value. The Income Approach is considered to provide the best indication of market value for the subject property, so this approach is given the most emphasis in the reconciliation of the final value estimate.

The **Sales Comparison Approach** is a process by which recent sales of similar properties are compared to the subject property and adjusted for conditions of sale and differences in property characteristics. Adequate comparable improved sale properties were found and applied to the valuation of the subject property. An investor considering the purchase of a rental project complex would research the market for similar properties available for sale and would compare the properties based primarily upon their income producing capabilities. Therefore, the Sales Comparison Approach mirrors the activities of market participants, and there was sufficient data available for use as comparable sales. However, the comparisons and the final decision to purchase would primarily be based on analysis of the economics of leasing the properties. The Sales Comparison Approach is an important source of overall capitalization rate data applied to the Income Capitalization Approach. The Sales Comparison Approach is estimated to provide meaningful indications of the market value of the subject property and is given secondary consideration in the reconciliation of the final value estimate.

In conclusion, we have given the most consideration to the value indications reflected by the Income Capitalization Approach. The Sales Comparison Approach provides good support for the Income Capitalization Approach. The Cost Approach was not applicable.

We have formed the opinion that the hypothetical market value of the Leased Fee interest in the subject property, as an un-restricted market rent property, in it's as is condition, assuming any deferred maintenance is cured, including \$157,000 in personal property, based on market conditions prevailing on September 14, 2015, was:

**FIFTY SEVEN MILLION SEVENTY THOUSAND DOLLARS
(\$57,070,000)***

*** Please refer to the General Assumptions, General Limiting Conditions, Extraordinary Assumptions and Extraordinary Limiting Conditions on which this value estimate is based.**

**VALUATION SUBJECT TO INCOME AND RENT
RESTRICTIONS**

SALES COMPARISON APPROACH – RESTRICTED

The Sales Comparison Approach is a technique wherein a property is valued by comparison to similar properties that have recently sold in the marketplace. The Sales Comparison Approach is based upon the principle of substitution, which states that the value of a property tends to be fixed to the cost of acquiring an equally desirable substitute property with the same or similar utility.

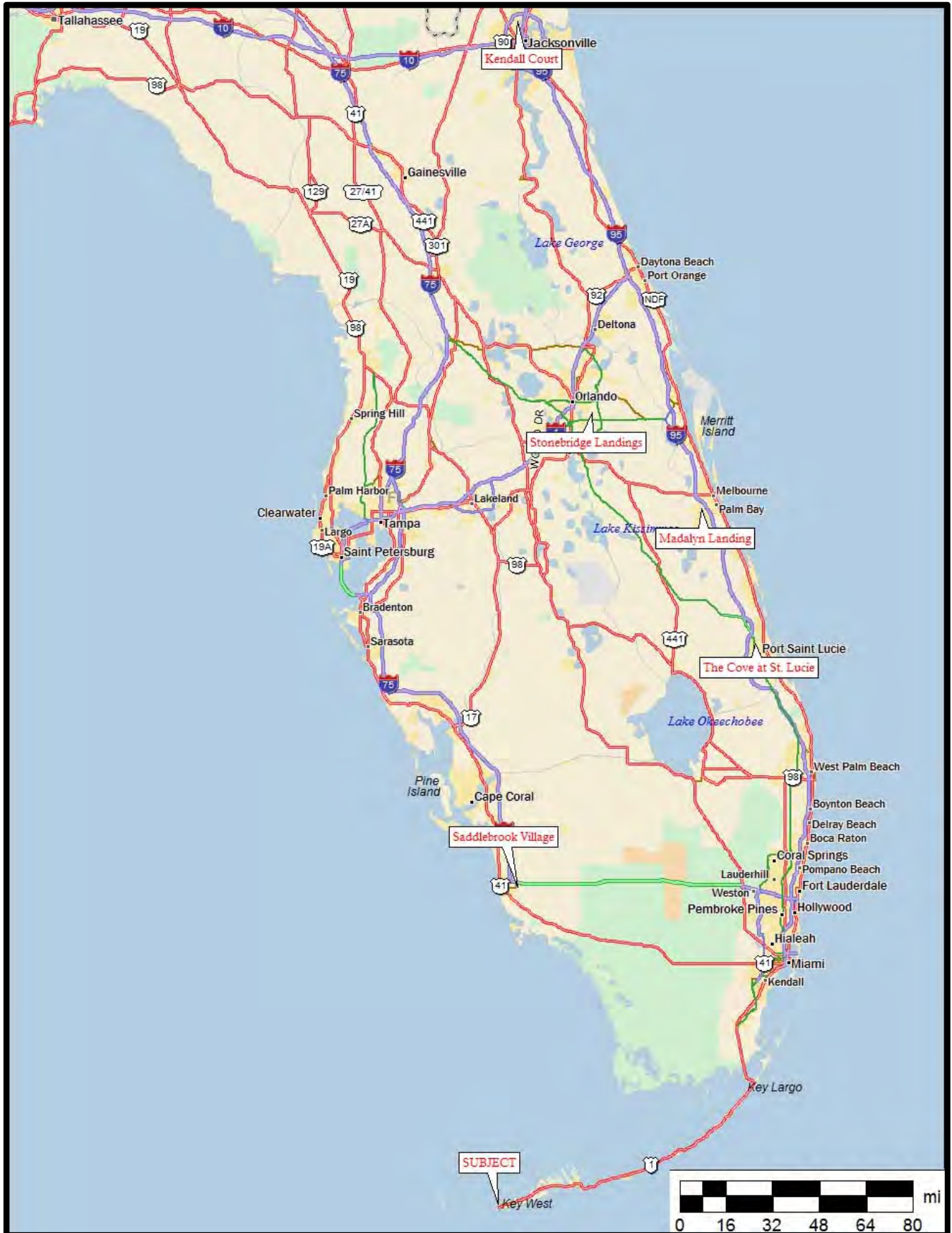
The Sales Comparison Approach begins with a search for sales of similar properties in the area. We reviewed recent sales in the Monroe County area. As will be discussed in the Income Capitalization Approach, capitalization rates have been stable over the time period covered by the sales.

Factors of comparison considered during the search are project type, quality of construction, age, condition, location, rental rates and any other physical or economic characteristics that may affect the property's value.

Because like units must be compared, each transaction should be analyzed in terms of appropriate units of comparison. The units of comparison selected depend on the individual appraisal problem. The sale properties have been compared to the subject by allocating the sale price to the price per unit. The market gives most consideration to this unit of comparison. The dates of sale range from April 2014 to May 2015.

Adjustments have been made to each property, in order to make comparisons between the sales and the subject. In the following section, we briefly discuss each sale and explain the adjustment process. Detailed descriptions of each sale follow, along with an explanation of the adjustments and a summary chart.

IMPROVED SALES MAP



IMPROVED RESTRICTED SALE NO. 1

LOCATION DATA

Record Number: 169
Market Type: Affordable
Property Name: Kendall Court
Address: 10535 Lem Turner Road
 Jacksonville, Duval County
 FL 32277
Long / Lat: W-81.692040/N30.426460
MSA: Jacksonville
Location: East side of Lem Turner
 Road, south of Leonid Road,
 Northside submarket
Tax Parcel No.: 020403-0000



SALES DATA

Sale Date: May 21, 2015
Days on Market: N/A
Sale Price: \$19,000,000
Adjusted Sale Price: \$19,000,000
Grantor: Vestcor Fund XIV Ltd.
Grantee: Kendall Court, LLC and
 Kendall Court Realty, LLC
OR Book / Page: 17182/2485
Property Rights: Leased Fee
Conditions of Sale: Typical, Arm's Length
Financing: Cash to seller
Verification: Public Records and Hector Rivera with Walchle Lear, brokers in transaction (904.241.7600) by
 Connie Jennings. July 8, 2015.
Three Year History: No transfers within three years prior to sale.

SITE DATA

Acres: 28.730
Square Feet: 1,251,479
Main Frontage: 840' Lem Turner Road
Amenity Frontage: Tributary of the Trout River
Zoning: RMD-C and CCG-1 (along Lem
 Turner)
Land Use: Medium Density Residential
Density: 12.5 units/acre
**Utilities Included in
 Rent:** Trash Collection, Pest Control
Project Amenities: Laundry, Club House, Exercise
 Fitness, Outdoor Pools (1),
 Business Center, Playground,
 Trail, Picnic

IMPROVEMENT DATA

Number of Units: 360
Year Built: 1999
Apartment Type: Garden
Ave. Unit Size: 985 SF
No. of Stories: 3
No. of Buildings: 15
Parking: N/A
Construction: Tunnel Form Concrete, Stucco,
 Shingle Roofs
Unit Amenities: Ceiling Fans, W/D Hookups,
 Dishwasher, Disposal

UNIT MIX				
Unit Type	Number of Units	Size (SF)	Rent per Month	Monthly Rent/SF
'1/1 - 60%	72	699	\$619	\$0.89
'2/2 - 60%	144	921	\$689	\$0.75
'3/2 - 60%	128	1,174	\$775	\$0.66
'4/2 - 60%	16	1,325	\$901	\$0.68

IMPROVED RESTRICTED SALE NO. 1 (CONT'D)

FINANCIAL DATA

<i>PGI:</i>	N/A
<i>Vacancy:</i>	N/A
<i>EGI:</i>	\$2,745,819
<i>Expenses:</i>	\$1,614,761
<i>NOI:</i>	\$1,131,058

<i>Price/Unit:</i>	\$52,778
<i>Adj. Price/Unit:</i>	\$52,778

ANALYSIS

<i>Occupancy at Sale:</i>	93%
<i>Capitalization Rate:</i>	5.95%
<i>NOI per Unit:</i>	\$3,142
<i>Expenses per Unit:</i>	\$4,485
<i>EGIM:</i>	6.92

<i>Price/Net SF:</i>	\$53.61
<i>Adj. Price/ Net SF:</i>	\$53.61

COMMENTS

A total of 19 units have been upgraded and are achieving rents \$40 to \$80 higher than units with original finishes. Upgrades included new cabinets and countertops, paint, light fixtures, appliances and flooring.

According to the FHFC in-service list, this property has 100% of its units at the 60% set aside under the Housing Credit program. It has a 30 year compliance period that began in 1999, so there are 14 years remaining.

IMPROVED RESTRICTED SALE NO. 2

LOCATION DATA

Record Number: 175
Market Type: Affordable-Elderly
Property Name: The Cove at St. Lucie
Address: 4400 NW Cove Circle
 Port St. Lucie, St. Lucie
 County
 FL 34983
Long/Lat: W80.372390/N27.346130
MSA: Port St. Lucie
Location: N and S side of NW Cove
 Circle, W side of NW
 Selvitz Road
Tax Parcel No.: 3420-715-0006-000-6



SALES DATA

Sale Date: April 27, 2015
Days on Market: 120
Sale Price: \$7,780,000
Adjusted Sale Price: \$7,800,000
Grantor: Affordable St. Lucie Ltd.
Grantee: Harmony Housing
 Advisors, Inc.
OR Book/Page: 3741/1733
Property Rights: Fee Simple
Conditions of Sale: Arm's Length
Financing: Cash to Seller
Verification: Public Records and Christopher Scanlan, Listing Broker with The LIHTC Group (312-988-4808) by Erica Ernst. July 8, 2015.
Three Year History: No other sales over the previous three years.

SITE DATA

Acres: 26.630
Square Feet: 1,160,003
Main Frontage: 200' NW Selvitz
Amenity Frontage: None
Zoning: RM-11
Land Use: RM, Medium Density by the
 City of Port St. Lucie
Density: 5.41 units per acre
**Utilities Included in
 Rent:** Water, Trash Collection, Sewer,
 Pest
Project Amenities: Laundry, Club House, Exercise
 Fitness, Outdoor Pools (1),
 Shuffleboard, Car Care Center,
 Library

IMPROVEMENT DATA

Number of Units: 144
Year Built: 1999
Apartment Type: Garden
Ave. Unit Size: 929 SF
No. of Stories: 2
No. of Buildings: 18
Parking: 275 parking spaces (1.91 per unit)
Construction: Wood Frame
Unit Amenities: Microwaves, Vaulted Ceilings

UNIT MIX					
Unit Type	Number of Units	Size (SF)	Rent per Month	Monthly Rent/SF	
'1/1-35%	11	682	\$312	\$0.46	
'1/1-60%	21	682	\$593	\$0.87	
'2/2-35%	6	945	\$383	\$0.41	
'2/2-60%	74	945	\$720	\$0.76	
'3/2-35%	5	1,135	\$405	\$0.36	
'3/2-60%	27	1,135	\$794	\$0.70	

IMPROVED RESTRICTED SALE NO. 2(CONT'D)

FINANCIAL DATA

<i>PGI:</i>	\$1,317,563
<i>Vacancy:</i>	\$61,187
<i>EGI:</i>	\$1,256,376
<i>Expenses:</i>	\$738,223
<i>NOI:</i>	\$518,153

<i>Price/Unit:</i>	\$54,028
<i>Adj. Price/Unit:</i>	\$54,167

ANALYSIS

<i>Occupancy at Sale:</i>	100%
<i>Capitalization Rate:</i>	6.64%
<i>NOI per Unit:</i>	\$3,598
<i>Expenses per Unit:</i>	\$5,127
<i>EGIM:</i>	6.21

<i>Price/Net SF:</i>	\$58.17
<i>Adj. Price/ Net SF:</i>	\$58.32

COMMENTS

The grantee provided a \$20,000 credit for a new roof on two buildings which were previously planned renovations; therefore, the adjusted sale price is \$7,800,000.

This property has 85% of its units (122) set aside for households earning 60% or less of the Area Median Income (AMI) and 15% of its units (22) set aside for households earning 35% or less of the AMI. The project has a spread out design and the buildings lack elevators, which are considered atypical of elderly projects; however, its design has been accepted within the market.

The Income/Expense information is based on trailing 12 months data with reserves but not with adjusted (80% of sale price) real estate taxes taken from a marketing brochure and verified with the listing broker. Adjusting the real estate taxes up to 80% of the unadjusted sale price (\$7,780,000) indicates an adjusted NOI of \$442,081 with a cap rate of 5.68%.

IMPROVED RESTRICTED SALE NO. 3

LOCATION DATA

Record Number: 141
Market Type: Affordable
Property Name: Stonebridge Landings
Address: 7603 Fort Desoto Street
 Orlando, Orange County
 FL 32822
Long / Lat: W81.283530/N28.487380
MSA: Orlando-Kissimmee-Sanford
Location: E side of S Goldenrod Road
Tax Parcel No.: 14-23-30-8325-10-000



SALES DATA

Sale Date: February 23, 2015
Days on Market: 60
Sale Price: \$21,800,000
Adjusted Sale Price: \$21,800,000
Grantor: Stonebridge Landings II LTD
Grantee: Stonebridge Landings LLC
OR Book / Page: 10881/8243
Property Rights: Fee Simple
Conditions of Sale: Arm's Length
Financing: Cash to Seller
Verification: Public Records and Dmitry Gourkine, Listing Broker with Marcus & Millichap (954-463-2400) by Robert Von. April 3, 2015.
Three Year History: No arm's length transactions over three previous years.

SITE DATA

Acres: 18.970
Square Feet: 826,333
Main Frontage: 753' S. Goldenrod Road
Amenity Frontage: None
Zoning: PD, Planned Development
Land Use: Red-Med by the City of Orlando
Density: 14.34 units per gross acre
Utilities Included in Rent: Water, Trash Collection, Sewer, Pest
Project Amenities: Club House, Exercise Fitness, Outdoor Pools (1)

IMPROVEMENT DATA

Number of Units: 272
Year Built: 1999
Apartment Type: Garden
Ave. Unit Size: 987 SF
No. of Stories: 2-3
No. of Buildings: 12
Parking: 536
Construction: Wood Frame
Unit Amenities: Microwaves, W/D Hookups

UNIT MIX				
Unit Type	Number of Units	Size (SF)	Rent per Month	Monthly Rent/SF
'1/1	24	709	\$627	\$0.88
'2/2	140	962	\$746	\$0.78
'3/2	108	1,081	\$865	\$0.80

FINANCIAL DATA

PGI: \$2,768,909
Vacancy: \$82,236
EGI: \$2,686,673
Expenses: \$1,297,187
NOI: \$1,389,486

Price / Unit: \$80,147
Adj. Price / Unit: \$80,147

ANALYSIS

Occupancy at Sale: 99%
Capitalization Rate: 6.37%
NOI per Unit: \$5,108
Expenses per Unit: \$4,769
EGIM: 8.11

Price / Net SF: \$81.21
Adj. Price / Net SF: \$81.21

IMPROVED RESTRICTED SALE NO. 3 (CONT'D)

COMMENTS

100% of its units are at 60% AMI.

IMPROVED RESTRICTED SALE NO. 4

LOCATION DATA

Record Number: 150
Market Type: Affordable
Property Name: Madalyn Landing
Address: 500 S.W. Malabar Road
 Palm Bay, Brevard County
 FL 32908
Long / Lat: W-80.686460/N27.998610
MSA: Palm Bay - Melbourne -
 Titusville
Location: South side of Malabar Road,
 about one mile west of Minton
 Road
Tax Parcel No.: 2900123



SALES DATA

Sale Date: January 23, 2015
Days on Market: N/A
Sale Price: \$18,100,000
Adjusted Sale Price: \$18,100,000
Grantor: Vestcor Fund XII, Ltd.
Grantee: WRH Madalyn Landing,
 LLLP
OR Book / Page: 7288/0965
Property Rights: Leased Fee
Conditions of Sale: Typical, arm's length
Financing: Combination of new and assumed debt; reported to be cash equivalent
Verification: Public Records and Paula Kukelhan for Grantor (904.288.7771) by Connie Jennings. April 20,
 2015.
Three Year History: No transfers within the three years prior to sale.

SITE DATA

Acres: 21.270
Square Feet: 926,521
Main Frontage: 735' SW Malabar Road
Amenity Frontage: None
Zoning: Multi-family
Land Use: N/A
Density: 14.3 units/acre
Utilities Included in Rent: Trash Collection, , Pest
Project Amenities: Laundry, Club House, Exercise
 Fitness, Outdoor Pools (1),
 Playground, Car Wash, Spa

IMPROVEMENT DATA

Number of Units: 304
Year Built: 1999
Apartment Type: Garden
Ave. Unit Size: 983 SF
No. of Stories: 2
No. of Buildings: 20
Parking: 606 surface spaces, 2.0/unit
Construction: Masonry
Unit Amenities: W/D Hookups, Disposal,
 Dishwasher

UNIT MIX				
Unit Type	Number of Units	Size (SF)	Rent per Month	Monthly Rent/SF
'1/1 - 60%	64	698	\$574	\$0.82
'2/2 - 60%	128	952	\$687	\$0.72
'3/2 - 60%	112	1,182	\$765	\$0.65

FINANCIAL DATA

PGI: N/A
Vacancy: N/A
EGI: \$2,609,264
Expenses: \$1,372,714

ANALYSIS

Occupancy at Sale: 98%
Capitalization Rate: 6.83%
NOI per Unit: \$4,068
Expenses per Unit: \$4,516

IMPROVED RESTRICTED SALE NO. 4 (CONT'D)

<i>NOI:</i>	\$1,236,550	<i>EGIM:</i>	6.94
<i>Price/Unit:</i>	\$59,539	<i>Price/Net SF:</i>	\$60.55
<i>Adj. Price/Unit:</i>	\$59,539	<i>Adj. Price/ Net SF:</i>	\$60.55

COMMENTS

The property was in excellent condition at sale, but the units are to be renovated. The building exteriors were recently painted and parking lots resurfaced.

The FHFC in-service list indicates a 30 year compliance period beginning in 2000, indicating 15 years remaining; however, CoStar indicates that the initial compliance period ended December 2014, at which time a 30 year extension went into effect.

IMPROVED RESTRICTED SALE NO. 5

LOCATION DATA

Record Number: 91
Market Type: Affordable
Property Name: Saddlebrook Village
Address: 8695 Saddlebrook Circle
 Naples, Collier County
 FL 34104
Long/Lat: W81.693490/N26.156090
MSA: Charlotte-Fort Myers-Naples
Location: North side of Beck
 Boulevard, west of Collier
 Boulevard
Tax Parcel No.: 00298120307



SALES DATA

Sale Date: April 30, 2014
Days on Market: Unknown
Sale Price: \$9,450,000
Adjusted Sale Price: \$9,450,000
Grantor: Saddlebrook Apartments, LLC
Grantee: Saddlebrook Seven, LLC and DAFR Saddlebrook, LLC
OR Book/Page: 5032/0199
Property Rights: Leased Fee
Conditions of Sale: Market Typical
Financing: Cash to Seller
Verification: Public Records and David Shweky (917.400.3454) by John Preston. September 11, 2014.
Three Year History: No other arm's length transactions noted over previous five years.

SITE DATA

Acres: 7.800
Square Feet: 339,768
Main Frontage: 495' David Boulevard
Amenity Frontage: Conservation Lands
Zoning: RM-20
Land Use: High Density Residential
Density: 17.95 units per acre
Utilities Included in Rent: Water, Trash Collection, Sewer, Pest Control
Project Amenities: Club House, Exercise Fitness, Outdoor Pools (1), Car Wash Area, Playground

IMPROVEMENT DATA

Number of Units: 140
Year Built: 1999
Apartment Type: Garden
Ave. Unit Size: 903 SF
No. of Stories: 3
No. of Buildings: 9
Parking: 125 Surface Spaces - 40 Covered Spaces
Construction: Frame
Unit Amenities: Microwaves, Washer Dryers, Ceiling Fans, Icemakers, Patios, Balconies, Dishwasher, Disposal, Refrigerator

UNIT MIX				
Unit Type	Number of Units	Size (SF)	Rent per Month	Monthly Rent/SF
'2/1 - 30%	2	750	\$495	\$0.66
'2/2 - 30%	10	900	\$495	\$0.55
'3/2 - 30%	3	1,043	\$572	\$0.55
'2/1 - 60%	18	750	\$991	\$1.32
'2/2 - 60%	86	900	\$991	\$1.10
'3/2 - 60%	21	1,043	\$1,045	\$1.00

IMPROVED RESTRICTED SALE NO. 5 (CONT'D)

FINANCIAL DATA

<i>PGI:</i>	\$1,265,200
<i>Vacancy:</i>	\$20,000
<i>EGI:</i>	\$1,245,200
<i>Expenses:</i>	\$835,000
<i>NOI:</i>	\$410,200

<i>Price/Unit:</i>	\$67,500
<i>Adj. Price/Unit:</i>	\$67,500

ANALYSIS

<i>Occupancy at Sale:</i>	98.57%
<i>Capitalization Rate:</i>	4.34%
<i>NOI per Unit:</i>	\$2,930
<i>Expenses per Unit:</i>	\$5,964
<i>EGIM:</i>	7.59

<i>Price/Net SF:</i>	\$74.74
<i>Adj. Price/ Net SF:</i>	\$74.74

COMMENTS

This property was developed in 1999 and was in average to good condition at the time of sale. The property is subject to a Housing Credits 4% program. The property has a Family Demographic commitment. The set-asides are 10% at 30% AMI and 90% at 60% AMI.

IMPROVED SALES ANALYSIS-RESTRICTED							
	Subject	Improved Sale 1	Improved Sale 2	Improved Sale 3	Improved Sale 4	Improved Sale 5	
Property	Peary Court	Kendall Court	The Cove at St. Lucie	Stonebridge Landings	Madalyn Landing	Saddlebrook Village	
City	Key West	Jacksonville	Port St. Lucie	Orlando	Palm Bay	Naples	
County	Monroe	Duval	St. Lucie	Orange	Brevard	Collier	
Date		May-15	Apr-15	Feb-15	Jan-15	Apr-14	
Adjusted Price		\$19,000,000	\$7,800,000	\$21,800,000	\$18,100,000	\$9,450,000	
Size: Units	157	360	144	272	304	140	
Rentable SF	200,033	354,424	133,744	268,444	298,912	126,432	
Net Income Multiplier (NIM)	N/A	16.80	15.05	15.69	14.64	23.04	
NOI/Unit	\$17,266	\$3,142	\$3,598	\$5,108	\$4,068	\$2,930	
NOI/SF	\$13.55	\$3.19	\$3.87	\$5.18	\$4.14	\$3.24	
Capitalization Rate	5.00%	5.95%	6.64%	6.37%	6.83%	4.34%	
Price/SF	N/A	\$53.61	\$58.32	\$81.21	\$60.55	\$74.74	
Price/Unit	N/A	\$52,778	\$54,167	\$80,147	\$59,539	\$67,500	
Adjustments - Transaction Characteristics							
Property Rights	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee	
Financing	Conventional	Conventional	Conventional	Conventional	Conventional	Conventional	
Conditions of Sale	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length	
Market Conditions	Current	Current	Current	Current	Current	Current	
Adjusted \$/Unit		\$52,778	\$54,167	\$80,147	\$59,539	\$67,500	
Comparisons of Property Characteristics							
Location	Good	Inferior	Inferior	Inferior	Inferior	Inferior	
Age/Quality/Cond.	19/Average/Average	Superior	Superior	Similar	Superior	Superior	
Avg. Unit Size (SF)	1,274	985	929	987	983	903	
Occupancy at Sale	95%	93%	100%	99%	98%	99%	
Comparisons of Income Quantity & Quality							
NOI Difference/Unit		450%	380%	238%	324%	489%	
OAR Difference		16%	25%	22%	27%	-15%	
Concluded Adj./Unit		466%	405%	260%	351%	474%	
Adjusted \$/Unit		\$298,722	\$273,542	\$288,529	\$268,523	\$387,450	
NOI Difference/SF		325%	250%	162%	227%	318%	
OAR Difference		16%	25%	22%	27%	-15%	
Concluded Adj./SF		341%	275%	184%	254%	303%	
Adjusted \$/SF		\$236.41	\$218.70	\$230.63	\$214.36	\$301.22	
Indicated Value Range/Unit	Minimum	\$268,523	Maximum	\$387,450	Average	\$303,353	
Indicated Value Range/SF	Minimum	\$214.36	Maximum	\$301.22	Average	\$240.26	
Conclusion							
	Per Dwelling Unit		157	\$345,000	\$54,165,000		
	Implied Value/SF		\$270.78				
	Value Conclusion As If Stabilized			Rounded to	\$54,170,000		
	Less: Lease-Up Cost				\$0		
	Value Conclusion As Is				\$54,170,000		

SALES COMPARISON APPROACH (CONT'D)

Discussion of Comparable Sales – As Restricted

The sale properties are compared to the subject based on factors such as location, amenities, general desirability, occupancy, etc. Since properties like the subject are bought and sold based on their income potential, adjustments are applied to the sales based on differences in actual economic performance. A level of risk adjustment was also applied based upon the capitalization rate. The subjective analysis of the differences and similarities is used to support or refute the reasonableness of the adjustments indicated by comparing the actual income generated by the comparables to that estimated for the subject property. The stabilized adjustments are based on the subject's current estimated net operating income estimate of \$2,710,684, or \$17,266 per unit and estimated overall rate of 5.00%.

Value Conclusion – As Is

After applying adjustments, the improved sales reflect values of \$268,523 to \$387,450 per unit, with an average of \$303,353. We conclude a value of \$345,000 per unit for the subject. The subject has 157 units, so the hypothetical market value estimate in it's as is condition by the dwelling unit analysis is **\$54,170,000* (rd)**.

The comparable sales provide adjusted value indications of \$214.36 to \$301.22 per square foot. The implied price per square foot for the subject's value conclusion on a dwelling unit basis is \$270.78, which is within the range indicated by the sales.

*** Please refer to the General Assumptions, General Limiting Conditions, Extraordinary Assumptions and Extraordinary Limiting Conditions on which this value estimate is based.**

INCOME CAPITALIZATION ANALYSIS

We have estimated the value of the subject property as an affordable project with rent and income restrictions. The subject property will set aside 100% of its units at or below 120% of the Area Median Income (AMI). Eight of the total units are handicapped accessible.

Direct capitalization of a projected net operating income stream is applied to estimate the market value of the subject property as though stabilized. The annual stabilized net operating income is divided by a market derived overall capitalization rate to indicate a value estimate.

Restricted Rental Rate Analysis

We have chosen the following comparable properties for the competitive analysis and estimation of attainable restricted rents.

Occupancy - Restricted Comps						
City	Apartment Project	Type	# Units	Year Built	Occupancy	# Occupied
Stabilized Projects						
Key West	Peary Court	Restricted	157	1996	95%	149
Stock Island	Flagler Village	Restricted	49	2009	100%	49
Key West	Meridian West	Restricted	102	2004	100%	102
Marathon	Sea Grape I & II	Restricted	84	2009	100%	84
Key West	Poinciana Plaza	Restricted	144	1966	100%	144
Key West	Roosevelt Gardens	Restricted	96	2004	98%	94
Projects in Lease-up, Under Construction, Confidential, or Unwilling to Participate in Survey						
N/A						
Total Units			632			622
Less: Confidential Occupancy or Unstabilized Occupancies			0			0
Total Stabilized Units Responding to Survey			632			622
Overall Occupancy Rate (Stabilized Projects)			632		98%	622
Average Project Size			105			
Average Year Built			1998			
Source: Meridian Appraisal Group, Inc. field survey				Sep-15		
Note: The year built for projects with multiple phases is the date of the first phase. The date of rehabilitated projects is the original year built.						

The restricted rate projects are 95% to 100% occupied, with a weighted average of 98%; all are stabilized.

Detailed write-ups of the comparable restricted rate rental projects used in the analyses follow.

RESTRICTED RENT COMPARABLES MAP



SUBJECT PROPERTY – RESTRICTED

LOCATION DATA

Record Number: 1006
Market Type: Work Force
Property Name: Peary Court
Address: 541 White Street
 Key West, Monroe County
 FL 33040
Long/Lat: W81.793190/N24.560860
MSA: Monroe
Tax Parcel No.: 00006730-000200



PROPERTY DATA

Apartment Type: Triplex, Quads
Construction Type: Wood Frame
Year Built: 1996
Number of Units: 157
Condition: Average
Date Surveyed: September 10, 2015 (305-440-2994)
Surveyed by: Erica Ernst
Number of Stories: 2
Number of Buildings: 49
Parking: 284 including 157 covered parking spaces
Garages: Covered Parking
Occupancy: 96%
Concessions: None
Rental Premiums: \$50 for end units
Utilities Included: None
Project Amenities: Sports Court, Playground, Basketball, Gated

Unit Features: Patios Balconies, Icemakers, Ceiling Fans, W/D Hookups, Covered Car Port

UNIT MIX				
Unit Type	Number of Units	Size (SF)	Rent per Month	Monthly Rent Per SF
'2/1	8	1,079	\$2,350	\$2.19
'2/1.5	149	1,285	\$2,400	\$1.87
Averages	157	1,274	\$2,397	\$1.88

COMMENTS

The rental rates shown above are as if the entire property were a workforce housing restricted rental rate community. Water and sewer is partially billed back to the tenants at \$50 per month.

RESTRICTED RENT COMPARABLE NO. 1

LOCATION DATA

Record Number: 1006
Market Type: Work Force
Property Name: Peary Court
Address: 119-131 Peary Court
 Key West, Monroe County
 FL 33040
Long/Lat: W81.793190/N24.560860
MSA: Monroe
Tax Parcel No.: 00006730-000200



PROPERTY DATA

Apartment Type: Triplex, Quads
Construction Type: Wood Frame
Year Built: 1996
Number of Units: 157
Condition: Average
Date Surveyed: September 10, 2015 (305-440-2994)
Surveyed by: Erica Ernst
Number of Stories: 2
Number of Buildings: 49
Parking: N/A
Garages: 284 including 157 covered parking spaces
Occupancy: 95%
Concessions: N/A
Rental Premiums: \$50 for end units
Utilities Included: None
Project Amenities: Sports Court, Playground, Basketball, Gated

Unit Features: Patios Balconies, Icemakers, Ceiling Fans, W/D Hookups, Covered Car Port

UNIT MIX					
Unit Type	Number of Units	Size (SF)	Rent per Month	Monthly Rent Per SF	Utilities Allowance
'2/1	8	1,071	\$2,350	\$2.19	\$0
'2/1.5	149	1,285	\$2,400	\$1.87	\$0
Averages	157	1,274	\$2,397	\$1.88	\$0

COMMENTS

The rental rates shown above are the work force housing rental rates which apply to 48 of 157 units on the property.

Water and sewer is billed back to the tenant at \$50 per month.

RESTRICTED RENT COMPARABLE NO. 2

LOCATION DATA

Record Number: 638
Market Type: Affordable
Property Name: Flagler Village
Address: 5300 MacDonald Avenue
 Stock Island, Monroe County
 FL 33040
Long/Lat: W-81.741700/N24.572390
MSA: Monroe
Tax Parcel No.: Alt Key 1159476



PROPERTY DATA

Apartment Type: Modular
Construction Type: Manufactured
Year Built: 2009
Number of Units: 49
Condition: Average to Good
Date Surveyed: September 12, 2015 (305-396-7473)
Surveyed by: Robert Von
Number of Stories: 1
Number of Buildings: 25
Parking: 74 open
Garages: None
Occupancy: 100%
Concessions: None
Rental Premiums: None
Utilities Included: Water, Trash Collection, Sewer, Pest
Project Amenities: Picnic area, playground, car wash area

Unit Features: Ceiling Fans, Washer Dryers, carpet and ceramic tile floors

UNIT MIX					
Unit Type	Number of Units	Size (SF)	Rent per Month	Monthly Rent Per SF	Utilities Allowance
'2/2	26	837	\$1,094	\$1.31	\$85
'3/2	22	968	\$1,261	\$1.30	\$101
'2/2-mgr.	1	837			
Averages	49	896	\$1,147	\$1.28	

COMMENTS

The project has set asides of five units at 28% of the Area Median Income (AMI) and 43 at 60% of AMI. There is one exempt managers unit. The rents provided above are for the 60% AMI set aside units. The occupancy was taken from a July 2015 FHFC Occupancy Report.

RESTRICTED RENT COMPARABLE NO. 3

LOCATION DATA

Record Number: 1081
Market Type: Affordable
Property Name: Meridian West
Address: 6701 Shrimp Road
 Key West, Monroe County
 FL 33404
Long/Lat: W81.739600/N24.566070
MSA: Monroe
Tax Parcel No.: Alt Key 9039185



PROPERTY DATA

Apartment Type: Garden
Construction Type: Concrete Block
Year Built: 2004
Number of Units: 102
Condition: Average
Date Surveyed: September 10, 2015 (305-295-9390)
Surveyed by: Erica Ernst
Number of Stories: 2
Number of Buildings: 9
Parking: N/A
Garages: Covered Ground Level Parking
Occupancy: 100%
Concessions: None
Rental Premiums: None
Utilities Included: Trash Collection, Pest
Project Amenities: Exercise Fitness, Club House,
 Laundry, Sports Court, Library,
 Playground, Volleyball Court, Car
 Care Center

Unit Features: Microwaves, W/D Hookups

UNIT MIX					
Unit Type	Number of Units	Size (SF)	Rent per Month	Monthly Rent Per SF	Utilities Allowance
'1/1	17	600	\$830	\$1.38	\$153
'2/1	68	817	\$1,005	\$1.23	\$174
'3/2	17	1,034	\$1,158	\$1.12	\$204
Averages	102	817	\$1,001	\$1.23	

COMMENTS

The set aside for this property is 16% of the units set aside for 30% AMI and 84% of the units set aside for 60% AMI. This project has income restrictions, but no rent restrictions. The rents show above are for the 60% set aside. This property has a two year waiting list.

RESTRICTED RENT COMPARABLE NO. 4

LOCATION DATA

Record Number: 634
Market Type: Affordable
Property Name: Sea Grape I & II
Address: 7159 Overseas Highway
 Marathon, Monroe County
 FL 33050
Long/Lat: W-81.063400/N24.718370
MSA: Monroe
Tax Parcel No.: Alt Key 8861079



PROPERTY DATA

Apartment Type: Garden
Construction Type: Block
Year Built: 2009
Number of Units: 84
Condition: Good
Date Surveyed: September 11, 2015 (305 289-1230)
Surveyed by: Erica Ernst
Number of Stories: 3
Number of Buildings: 3
Parking: N/A
Garages: None
Occupancy: 100%
Concessions: None
Rental Premiums: Washer/Dryer \$35
Utilities Included: Water, Trash Collection, Sewer, Pest
Project Amenities: Laundry, Sports Court, playground, **Unit Features:** Microwaves, W/D Hookups
 car wash area

UNIT MIX					
Unit Type	Number of Units	Size (SF)	Rent per Month	Monthly Rent Per SF	Utilities Allowance
'1/1-60%	10	680	\$881	\$1.30	\$102
'2/2-60%	48	798	\$1,059	\$1.33	\$120
'3/2-60%	26	1,005	\$1,216	\$1.21	\$146
Averages	84	848	\$1,086	\$1.28	

COMMENTS

The project has 18 units at 30% AMI (\$408, \$491 and \$560 for the one, two and three-bedroom units); 16 units at 45% AMI (\$652, \$784 and \$898 for the one, two and three-bedroom units). The property has a two to three year wait list.

RESTRICTED RENT COMPARABLE NO. 5

LOCATION DATA

Record Number: 647
Market Type: Affordable-Rent Assisted
Property Name: Poinciana Plaza
Address: 3300 Duck Avenue
 Key West, Monroe County
 FL 33040
Long/Lat: W-81.764090/N24.564330
MSA: Monroe
Tax Parcel No.: Alt Key 1065242



PROPERTY DATA

Apartment Type: Garden
Construction Type: Block
Year Built: 1966- renovated in 1989
Number of Units: 144
Condition: Poor
Date Surveyed: September 10, 2015 (305 295-1374)
Surveyed by: Erica Ernst
Number of Stories: 2
Number of Buildings: 24
Parking: N/A
Garages: None
Occupancy: 100%
Concessions: None
Rental Premiums: None
Utilities Included: None
Project Amenities: Picnic and playground

Unit Features: Patios Balconies

UNIT MIX					
Unit Type	Number of Units	Size (SF)	Rent per Month	Monthly Rent Per SF	Utilities Allowance
'2/2-140%	80	851	\$1,439	\$1.69	\$0
'3/2-140%	24	1,079	\$1,680	\$1.56	\$0
'4/2-140%	40	1,248	\$1,943	\$1.56	\$0
Averages	144	999	\$1,619	\$1.62	

COMMENTS

This project has project based Section 8 Rental Assistance. The rents are based on the achievable market rents. The rents shown are for the 140% AMI units, which is essentially market rate. This property has a two year waiting list.

The rental rates at 140% of the AMI come from the Key West Housing Authority internal affordable rental rate chart (please see Addenda), which differs from the City of Key West's 140% AMI in its Work Force Housing rental rate chart (please see Addenda).

RESTRICTED RENT COMPARABLE NO. 6

LOCATION DATA

Record Number: 648
Market Type: Affordable and Market
Property Name: Roosevelt Gardens
Address: 2661 North Roosevelt Blvd.
 Key West, Monroe County
 FL 33040
Long/Lat: W-81.775320/N24.565020
MSA: Monroe
Tax Parcel No.: Alt Key 1002526



PROPERTY DATA

Apartment Type: Garden
Construction Type: Frame
Year Built: 2004
Number of Units: 96
Condition: Good
Date Surveyed: September 10, 2015 (305 295-1374)
Surveyed by: Erica Ernst
Number of Stories: 2
Number of Buildings: 17
Parking: 193 open spaces
Garages: None
Occupancy: 98%
Concessions: None
Rental Premiums: None
Utilities Included: None
Project Amenities: Basketball Court

Unit Features: Ceramic Tile Flooring

UNIT MIX					
Unit Type	Number of Units	Size (SF)	Rent per Month	Monthly Rent Per SF	Utilities Allowance
'1/1-140%	29	525	\$1,439	\$2.74	\$0
'2/1.5-140%	38	890	\$1,680	\$1.89	\$0
'3/2-140%	29	1,024	\$1,943	\$1.90	\$0
Averages	96	820	\$1,687	\$2.06	

COMMENTS

The project has income restrictions of 140% of Area Median Income, which is essentially market rate. A clubhouse was planned but was never constructed.

The rental rates at 140% of the AMI come from the Key West Housing Authority internal affordable rental rate chart (please see Addenda), which differs from the City of Key West's 140% AMI in its Work Force Housing rental rate chart (please see Addenda).

INCOME CAPITALIZATION APPROACH (CONT'D)

Rental Rate Analysis

Maximum Gross Restricted Rental Rates

According to the City of Key West Work Force Housing Chart the 2015 Monroe County Annual Medium Income (AMI) is \$70,400. The City of Key West's rent restrictions for Work Force Housing is at 120% of the AMI for all of the subject units. The chart below has the subject's rental rate highlighted.

Maximum Monthly Rental Rates				
Unit Size	Low 80%	Median 100%	Moderate 120%	Middle 140%
Efficiency	1,223	1,530	1,836	2,142
1 Bedroom	1,396	1,748	2,097	2,447
2 Bedrooms	1,571	1,965	2,358	2,751
3 Bedrooms	1,745	2,183	2,619	3,056
4 Bedrooms	1,885	2,358	2,829	3,301

Per City Ord. Sec.122-1466 Definitions

Household Size	Low 80%	Median 100%	Moderate 120%	Middle 140%
1 Person	\$ 48,900	\$ 61,200	\$ 73,440	\$ 85,680
2 Persons	\$ 55,850	\$ 69,900	\$ 83,880	\$ 97,860
3 Persons	\$ 62,850	\$ 78,600	\$ 94,320	\$ 110,040
4 Persons	\$ 69,800	\$ 87,300	\$ 104,760	\$ 122,220
5 Persons	\$ 75,400	\$ 94,300	\$ 113,160	\$ 132,020
6 Persons	\$ 81,000	\$ 101,300	\$ 121,560	\$ 141,820
7 Persons	\$ 86,600	\$ 108,300	\$ 129,960	\$ 151,620
8 Persons	\$ 92,150	\$ 115,300	\$ 138,360	\$ 161,420

Income Limits for Married or Domestic Partners				
Household Size	Low 80%	Median 100%	Moderate 120%	Middle 140%
2 Persons	\$ 74,467	\$ 93,200	\$ 111,840	\$ 130,480
3 Persons	\$ 83,800	\$ 104,800	\$ 125,760	\$ 146,720
4 Persons	\$ 93,067	\$ 116,400	\$ 139,680	\$ 162,960
5 Persons	\$ 100,533	\$ 125,733	\$ 150,880	\$ 176,027
6 Persons	\$ 108,000	\$ 135,067	\$ 162,080	\$ 189,093
7 Persons	\$ 115,467	\$ 144,400	\$ 173,280	\$ 202,160
8 Persons	\$ 122,867	\$ 153,733	\$ 184,480	\$ 215,227

Per City Ord. Sec.122-1469(13)

According to a Letter B of Section III of the subject's Declaration of Affordable Housing Restrictions (please see Addenda for a copy), the subject property is allowed at maximum to average 10% over the 120% AMI rental rate of \$2,358; therefore, the subject's maximum rent allowed is \$2,594 per unit.

B. Pursuant to Section 122-1467(c) of the Work Force Housing Ordinance, the total rental for all the affected units shall be based on each unit being affordable housing (moderate income). The rental may be mixed among affordable housing (low income), (median income), (moderate income) and (middle income) in order that the total value of rental does not exceed ten percent of the rental of all the affected units as affordable housing (moderate income).

INCOME CAPITALIZATION APPROACH (CONT'D)

However, the subject's market rent was previously established in an earlier section at \$2,350 for two-bedroom/one bath bedroom flat units and \$2,400 for the two-bedroom/1.5 townhome units. Since the Work Force Housing restricted rental rate can't be above the market rental rate we have concluded that the Work Force Housing restricted rent is equal to the market rental rates.

Utilities Allowances

The subject will include no expenses in the rental rates; all appliances and HVAC are electric. There is no utility allowance associated with the subject property's rental rates.

Achievable Net Rent Calculations

The following chart illustrates the 2015 maximum net rent calculations for the subject property.

Unit Type	Set Aside	# Of Units	Gross Rent	U/A	Net Rent
2/1	120% AMI	8	\$2,350	\$0	\$2,350
2/1.5	120% AMI	149	\$2,400	\$0	\$2,400
Total/Avg.		157	\$2,397	\$0	\$2,397

Adjustments

The impact of utilities included in the rents is inherent in the utilities allowances, which are added to the net rents of the comparables.

Within restricted rate projects, we have found that rental rates are less sensitive to the size of the units than they are to the overall appeal of the complex. Thus, no adjustment is made for size and less consideration has been given to the rental rate per square foot. However, we have found that projects with larger units in similar areas typically are more capable of commanding the maximum rental rates and have higher occupancy rates. Similarly, the number of bathrooms in the units is not typically an adjustment, but can impact marketability and occupancy.

In the analysis, we considered the occupancy rates in the comparable complexes in order to assess the market's acceptance of the project's rental rates. The rents shown are net of concessions, if applicable.

Two-Bedroom Analysis – 120% AMI

Two-Bedroom Restricted Comparables Summary									
#	Complex Name	Unit Type	Set Aside	Net Rent	U/A	Gross Rent	U/Services	Size/SF	Net Rent/SF
1	Peary Court	'2/1.5	120% AMI	\$2,400	\$0	\$2,400	none	1,285	\$1.87
2	Flagler Village	'2/2	60% AMI	\$1,094	\$85	\$1,179	w,s,t,p,w/d	837	\$1.31
3	Meridian West	'2/1	60% AMI	\$1,005	\$174	\$1,179	t,p	817	\$1.23
4	Sea Grape I & II	'2/2-60%	60% AMI	\$1,059	\$120	\$1,179	w,s,t,p	798	\$1.33
5	Poinciana Plaza	'2/2	140% AMI	\$1,439	\$0	\$1,439	w,s,t,p	851	\$1.69
6	Roosevelt Gardens	'2/1.5	140% AMI	\$1,680	\$0	\$1,680	w,s,t,p	890	\$1.89
Average				\$1,446	\$126	\$1,573		913	\$1.55
2015 Max 120% AMI Gross Rent						\$2,358			
10% Overage Allowed						\$2,594			
Peary Court		2/1	120% AMI	\$2,350		\$2,350	none	1,071	\$2.19
Peary Court		2/1.5	120% AMI	\$2,400		\$2,400	none	1,285	\$1.87

The subject's restricted rent comparables all had different restrictions and set asides than the subject property. There are no comparables with the subject's unique restrictions; therefore, we chose the overall most comparable affordable properties in the area as our rent comparables. It is of note that the rental rates for Poinciana Plaza and Roosevelt Gardens are both at 140% of the AMI. These rental rates come from the Key West Housing Authority internal affordable rental rate chart (please see Addenda), which differs from the City of Key West's 140% AMI in its Work Force Housing rental rate chart (please see Addenda).

INCOME CAPITALIZATION APPROACH (CONT'D)

As previously state the maximum gross rent for the subject property is \$2,594. However, the subject's market rent was previously established in an earlier section at \$2,350 for two-bedroom/one bath bedroom flat units and \$2,400 for the two-bedroom/1.5 townhome units. Since the Work Force Housing restricted rental rate can't be above the market rental rate we have concluded that the Work Force Housing restricted rent is equal to the market rental rates.

Currently, the asking market rental rate for the subject units are \$2,450 for both types of two bedroom units According to a rent roll provided (dated September 14, 2015, please see Addenda for a copy), 149 of the 157 units are currently occupied and the average actual rental rate for all of the occupied units at \$2,362 per unit. The subject property has 48 of the 157 units designated as Work Force units. The market rate units have a rental rate low of \$1,950 and a high of \$2,600 with an average actual rental rate of \$2,380 per unit. The Work Force units have a rental rate low of \$2,250 and a high of \$2,500 with an average of \$2,325 per month. This indicates that the Work Force Housing restrictions do not significantly impact the achievable rents.

The comparable units analyzed range in size from 798 square feet to 851 square feet with an average unit size of 834, which is smaller than the subject units. The subject's unit sizes of 1,071 and 1,285 square feet are above the range of the comparables.

Based upon this analysis, we estimate that the subject will attain a gross rent of \$2,350 and \$2,400; deducting \$0 for the utilities allowance results in a restricted rent for the subject's two-bedroom units as follows:

Two-Bedroom Rent Conclusion-Restricted				
Unit Type	Set Aside	Unit Size	Rental Rate	Rental Rate/SF
2/1	120% AMI	1,071	\$2,350	\$2.19
2/1.5	120% AMI	1,285	\$2,400	\$1.87

Our estimate is below the 2015 maximum allowable rent, equal to market rent.

Potential Gross Rental Income As Restricted

Potential Base Rental Income-Restricted				
Unit Type	Set Aside	No. Units	\$/Month	Total Annual Rent
2/1	120% AMI	8	\$2,350	\$225,600
2/1.5	120% AMI	149	\$2,400	\$4,291,200
Total/Avg.		157	\$2,397	\$4,516,800

Therefore the subject's estimated potential gross income as restricted is estimated at \$4,516,800.

Other Income

Water/Sewer Reimbursement

The subject is reimbursed for part of the water/sewer expense at \$50 a unit per month. Until April/May of 2015 this reimbursement was run with the rent; therefore, the historical category is skewed. The historical water/sewer reimbursement income has been \$28,700 in the January through July 2015 annualized but that is with limited data based on the expense running with the rent until April/May. The budget is \$66,700 in the 2015 budget/pro forma, which reflects that until April/May it was run with the rent. We used \$50 per unit per month to get to \$94,200 annually.

Rental Premiums

At many apartments and rental projects, rental premiums are paid tenants for features such as top floor, conservation area frontage, water frontage, etc. As restricted, we expect no additional premiums.

Ancillary Income

Apartments typically earn additional income in the form of vending income, late charges, pet deposits, forfeited security deposits, etc. Market data indicates a typical ancillary income range of about 2% to 5% of the gross

INCOME CAPITALIZATION APPROACH (CONT'D)

rental income. Actual ancillary income was \$29,554 (\$16 per unit) in October through December 2014 Annualized; \$31,837 (\$17 per unit) in January through July 2015 Annualized and the 2015 pro forma is \$30,843 (\$16 per unit). We estimate ancillary income at \$15.00 per unit per month, or \$28,260 annually. This is about 0.63% of the potential gross rental income.

Subtotal of Other Income

The total for all of the Other Income categories is \$122,460.

Potential Gross Income

Potential gross income is estimated at \$4,639,260.

Vacancy and Collection Loss

As discussed in the *Apartment Market Overview*, the Monroe County apartment market indicates a vacancy rate of 2.3%, and the 10-mile ring centered on the subject has a vacancy rate of 2.9% and the three-mile ring has a vacancy rate of 3.5%. The rent comparables surveyed indicate the following current occupancies.

Occupancy - Restricted Comps						
City	Apartment Project	Type	# Units	Year Built	Occupancy	# Occupied
Stabilized Projects						
Key West	Peary Court	Restricted	157	1996	95%	149
Stock Island	Flagler Village	Restricted	49	2009	100%	49
Key West	Meridian West	Restricted	102	2004	100%	102
Marathon	Sea Grape I & II	Restricted	84	2009	100%	84
Key West	Poinciana Plaza	Restricted	144	1966	100%	144
Key West	Roosevelt Gardens	Restricted	96	2004	98%	94
Projects in Lease-up, Under Construction, Confidential, or Unwilling to Participate in Survey						
N/A						
Total Units			632			622
Less: Confidential Occupancy or Unstabilized Occupancies			0			0
Total Stabilized Units Responding to Survey			632			622
Overall Occupancy Rate (Stabilized Projects)			632		98%	622
Average Project Size			105			
Average Year Built			1998			
Source: Meridian Appraisal Group, Inc. field survey				Sep-15		
Note: The year built for projects with multiple phases is the date of the first phase. The date of rehabilitated projects is the original year built.						

The restricted rate projects are 95% to 100% occupied, with a weighted average of 98%; all are stabilized.

We estimate an average occupancy rate for the subject over the holding period, at the projected attainable rents, of 96.0%. We estimate vacancy at 4.0% and collection loss at 2.0%. Total vacancy and collection is estimated at \$278,356.

Effective Gross Income

Subtracting the vacancy and collection loss from the potential gross income estimate results in an effective gross income of \$4,360,904.

Subject's Operating Expenses

The subject's expenses provided by the subject property owners included a blanket 9% management fee which includes salaries and payroll, management fees and the landscaping fees. In the expenses provided to us, this 9% fee was divided among several categories but failed to reflect a salary and payroll expense and instead showed a much higher repairs/maintenance and turnover expense than actually on the property. We spoke at length with Alex Peters of 13th Floor Investments and have backed out the 9% expense to show the true historical expense amount for each category for the subject property.

INCOME CAPITALIZATION APPROACH (CONT'D)

Operating Expenses

Operating expenses are deducted from the effective gross income, resulting in a stabilized net operating income. Some expenses will change from our estimates based upon the subject's operation as a market rental property, as explained below. We have also relied on operating information from the subject property and other restricted rent properties. The subject property was purchased in August 2013; therefore, only limited expense information was available to us.

Real Estate and Personal Property Taxes –As discussed in the “Assessment and Taxes” section, we estimate taxes, as a restricted project, at \$3,304 per unit, or \$518,694 annually.

Insurance – Insurance expenses increased dramatically in Florida following the active hurricane season in 2005; rates have moderated somewhat in the past couple of years. The indications we have relied upon are summarized as follows:

Insurance			
Source	Low	High	Average
Restricted Comps	\$390	\$2,045	\$968
Year	2013	Oct 14-Dec 14 Annualized	Jan 15-July 15 Annualized
Subject History	N/A	\$1,857	\$1,736
IREM (Section 42 – Region 4)			\$254
Subject's Pro forma			\$1,645

We place most weight on the subject's most recent operating history and have concluded on an expense of \$1,750 per unit, or \$274,750 annually.

Water and Sewer – The subject includes no utilities in the base rent with a \$50 per unit reimbursement indicated in the Other Income section. The indications we have relied upon are summarized as follows:

Water and Sewer			
Source	Low	High	Average
Restricted Comps	\$45	\$1,056	\$359
Year	2013	Oct 14-Dec 14 Annualized	Jan 15-July 15 Annualized
Subject History	N/A	\$1,162	\$1,180
IREM (Section 42 – Region 4)			\$499
Subject's Pro forma			\$1,188

We place most weight on the subject's operating history and pro forma and have concluded on an expense of \$1,175 per unit, or \$184,475 annually.

Electric and Gas – The subject has landlord-paid electric for the common areas. Tenants pay electric and gas expenses for the occupied apartments. Similarly, the expense comparables include these expenses for common areas only. The indications we have relied upon are summarized as follows:

Electric and Gas			
Source	Low	High	Average
Restricted Comps	\$46	\$242	\$138
Year	2013	Oct 14-Dec 14 Annualized	Jan 15-July 15 Annualized
Subject History	N/A	\$350	\$202
IREM (Section 42 – Region 4)			\$186
Subject's Pro forma			\$96

We place most weight on the subject's operating history and have concluded on an expense of \$200 per unit, or \$31,400 annually.

INCOME CAPITALIZATION APPROACH (CONT'D)

Garbage Service – The subject has landlord-paid trash removal expenses. The indications we have relied upon are summarized as follows:

Garbage			
Source	Low	High	Average
Restricted Comps	\$104	\$240	\$177
Year	2013	Oct 14-Dec 14 Annualized	Jan 15-July 15 Annualized
Subject History	N/A	\$103	\$89
IREM (Section 42 – Region 4)			N/A
Subject's Pro forma			\$79

We place most weight on the operating history and have concluded on an expense of \$100 per unit, or \$15,700 annually.

Cable Service – The subject doesn't offer bulk cable to the residents; therefore, there is no cable expense.

Repairs and Maintenance – The subject will experience repairs and maintenance expenses for basic upkeep. Items such as appliance repairs are not refurbishment expenses, but are normal maintenance for an operating apartment complex. The property will also experience replacement expenses for items such as air conditioners, appliances, and carpeting, but these expenses are considered separately. The repairs and maintenance category does not include grounds maintenance, or maintenance payroll, but does include turnover costs of painting and decorating. The indications we have relied upon are summarized as follows:

Repairs and Maintenance			
Source	Low	High	Average
Restricted Comps	\$127	\$3,304	\$1,403
Year	2013	Oct 14-Dec 14 Annualized	Jan 15-July 15 Annualized
Subject History	N/A	\$562	\$460
IREM (Section 42 – Region 4)			\$606
Subject's Pro forma			\$366

We have given consideration to all of the data and concluded on an expense of \$500 per unit, or \$78,500 annually.

Grounds Maintenance– Some of the comparables combine contract services such as pest control with the grounds maintenance. The indications we have relied upon are summarized as follows:

Grounds Maintenance			
Source	Low	High	Average
Restricted Comps	\$204	\$149	\$88
Year	2013	Oct 14-Dec 14 Annualized	Jan 15-July 15 Annualized
Subject History	N/A	\$545	\$523
IREM (Section 42 – Region 4)			\$264
Subject's Pro forma			\$496

We place most weight on the subject's pro forma and operating history and have concluded on an expense of \$500 per unit, or \$78,500 annually.

Contract Services– Some of the comparables combine contract services such as pest control with the grounds maintenance. The indications we have relied upon are summarized as follows:

INCOME CAPITALIZATION APPROACH (CONT'D)

Contract Services			
Source	Low	High	Average
Restricted Comps	\$28	\$178	\$98
Year	2013	Oct 14-Dec 14 Annualized	Jan 15-July 15 Annualized
Subject History	N/A	\$10	\$7
IREM (Section 42 – Region 4)			\$223
Subject's Pro forma			\$2

We place most weight on the subject's pro forma and operating history and have concluded on an expense of \$10 per unit, or \$1,570 annually.

Security

The subject doesn't have security; therefore, we have not included a security expense.

Reserves (Allowance for Replacement of Short-Lived Items) – This expense category is a sinking fund used to annualize expenses for periodic replacement of appliances, air conditioning units, carpeting, resealing of parking areas, etc. Items related to tenant turnover, such as repainting, have already been accounted for. In actual practice, few apartment owners maintain reserve accounts; however, it is prudent appraisal and underwriting practice to consider the replacement allowance. Reserve requirements range from \$100 to as high as \$400 per unit annually, although most are between \$200 and \$300 per unit. The market rate expense comparables indicate \$0 to \$300 per unit. The restricted expense comparables indicate \$0, \$0, \$0, \$0 and \$300 per year. The subject's pro forma does not include reserves. We conclude an expense of \$300 per unit, or \$47,100 annually.

Management Fee – The management fee estimate is an allocation of a fee to the management company and does not include salaries and commissions for on-site office personnel. Management fees are typically considered on a percentage of the effective gross income basis. Based on our conversation with several management companies, larger projects tend to cost less on a percentage basis than smaller projects, with a typical range of 3% to 6% of the effective gross income. The indications we have relied upon are summarized in the following chart.

Management Fee			
Source	Low	High	Average
Restricted Comps	\$226	\$1,206	\$655
Year	2013	Oct 14-Dec 14 Annualized	Jan 15-July 15 Annualized
Subject History	N/A	\$918	\$898
IREM (Section 42 – Region 4)			\$429
Subject's Pro forma			\$849

Considering the subject's projected income level, we conclude an expense of 3.50% of EGI, or \$152,632 annually, which equates to \$972 per unit.

Salaries and Payroll (On-Site Staff) – This expense category includes the salaries for both office (management and leasing) and maintenance personnel, along with payroll expenses such as FICA, unemployment tax, workers' compensation, and health insurance. The indications we have relied upon are summarized in the following chart.

Salaries and Payroll			
Source	Low	High	Average
Restricted Comps	\$57	\$1,353	\$846
Year	2013	Oct 14-Dec 14 Annualized	Jan 15-July 15 Annualized
Subject History	N/A	\$932	\$912
IREM (Section 42 – Region 4)			\$1,183
Subject's Pro forma			\$925

INCOME CAPITALIZATION APPROACH (CONT'D)

Our analysis assumes no employee discounts. We conclude an expense at \$1,300 per unit, or \$204,100 annually.

Administrative and Office Expenses – This expense includes office supplies, telephone service for the office, postage, licenses, permits, etc. We included professional service fees such as legal and accounting fees in this category. The indications we have relied upon are summarized in the following chart.

Administrative and Office			
Source	Low	High	Average
Restricted Comps	\$208	\$835	\$572
Year	2013	Oct 14-Dec 14 Annualized	Jan 15-July 15 Annualized
Subject History	N/A	\$132	\$93
IREM (Section 42 – Region 4)			\$521
Subject's Pro forma			\$61

IREM includes marketing within this category. Restricted properties typically have higher administrative costs than market properties. We place most weight on the expense comparables and conclude an administrative expense of \$200 per unit, or \$31,400 annually.

Advertising and Promotion – The indications we have relied upon are summarized in the chart which follows.

Advertising and Promotion			
Source	Low	High	Average
Restricted Comps	\$28	\$66	\$48
Year	2013	Oct 14-Dec 14 Annualized	Jan 15-July 15 Annualized
Subject History	N/A	\$149	\$155
IREM (Section 42 – Region 4)			Included Above
Subject's Pro forma			\$157

The subject is located in a competitive neighborhood and needs a moderate marketing effort to maintain stabilized occupancy. We place most weight on the operating history and conclude an expense of \$200 per unit annually or \$31,400 annually.

Total Expenses

Total operating expenses are estimated at \$1,650,220, which equates to \$10,511 per unit and \$8.25 per square foot annually which is above the range of the comparables.

Total Expenses			
Source	Low	High	Average
Restricted Comps	\$4,108	\$7,794	\$5,714
Year	2013	Oct 14-Dec 14 Annualized	Jan 15-July 15 Annualized
Subject History	N/A	\$9,604	\$8,851
IREM (Section 42 – Region 4)			\$5,116
Subject's Pro forma			\$8,180

The subject's estimated expenses are above the range of the comparable properties primarily due to higher insurance and real estate taxes but very supportive of the subject's pro forma adjusted for real estate taxes and reserves.

Net Operating Income

The expense estimate was deducted from the effective gross income, resulting in a net operating income of \$2,710,684.

EXPENSES - SUBJECT									
	2015 Pro forma			Jan 15-July 15 Annualized			Oct 14-Dec 14 Annualized		
Rental Income	\$4,203,425	\$26,773		\$4,137,050	\$26,351		\$4,050,600	\$25,800	
W/S Reimbursements	\$66,700	\$425		\$28,700	\$183		\$0	\$0	
Ancillary Income	\$30,843	\$196		\$31,837	\$203		\$29,554	\$188	
Misc Income	\$67,630	\$431		\$159,390	\$1,015		\$220,224	\$1,403	
Total Potential Gross Income	\$4,368,598	\$27,825		\$4,356,977	\$27,751		\$4,050,600	\$25,800	
Vacancy & Collection Loss	-\$237,497	-\$1,513	-5%	-\$323,588	-\$2,061	-7%	-\$206,619	-\$1,316	-5%
Total Effective Gross Income	\$4,131,101	\$26,313		\$4,033,389	\$25,690		\$3,843,981	\$24,484	
OPERATING EXPENSES		<i>\$/UNIT</i>	<i>\$/S.F.</i>		<i>\$/UNIT</i>	<i>\$/S.F.</i>		<i>\$/UNIT</i>	<i>\$/S.F.</i>
R.E. & Personal Prop. Taxes	\$358,959	\$2,286	\$1.79	\$394,703	\$2,514	\$1.97	\$431,494	\$2,748	\$2.16
Insurance	\$258,211	\$1,645	\$1.29	\$272,623	\$1,736	\$1.36	\$291,543	\$1,857	\$1.46
Water and Sewer	\$186,558	\$1,188	\$0.93	\$185,185	\$1,180	\$0.93	\$182,426	\$1,162	\$0.91
Electric and Gas	\$15,037	\$96	\$0.08	\$31,651	\$202	\$0.16	\$54,911	\$350	\$0.27
Garbage	\$12,368	\$79	\$0.06	\$13,929	\$89	\$0.07	\$16,114	\$103	\$0.08
Cable	\$0	\$0	\$0.00	\$0	\$0	\$0.00	\$0	\$0	\$0.00
Turnover	\$4,688	\$30	\$0.02	\$12,984	\$83	\$0.06	\$21,274	\$136	\$0.11
Repairs and Maintenance	\$57,455	\$366	\$0.29	\$72,292	\$460	\$0.36	\$88,256	\$562	\$0.44
Grounds Maintenance	\$77,858	\$496	\$0.39	\$82,140	\$523	\$0.41	\$85,549	\$545	\$0.43
Contract Services	\$359	\$2	\$0.00	\$1,031	\$7	\$0.01	\$1,614	\$10	\$0.01
Security	\$0	\$0	\$0.00	\$0	\$0	\$0.00	\$0	\$0	\$0.00
Reserves	\$0	\$0	\$0.00	\$0	\$0	\$0.00	\$0	\$0	\$0.00
Management	\$133,312	\$849	\$0.67	\$140,961	\$898	\$0.70	\$144,154	\$918	\$0.72
	3.23%	<i>of EGI</i>		3.49%	<i>of EGI</i>		3.75%	<i>of EGI</i>	
Salaries and Payroll	\$145,302	\$925	\$0.73	\$143,167	\$912	\$0.72	\$146,352	\$932	\$0.73
Administrative	\$9,526	\$61	\$0.05	\$14,579	\$93	\$0.07	\$20,688	\$132	\$0.10
Advertising	\$24,644	\$157	\$0.12	\$24,287	\$155	\$0.12	\$23,430	\$149	\$0.12
TOTAL EXPENSES	\$1,284,277	\$8,180	\$6.42	\$1,389,532	\$8,851	\$6.95	\$1,507,805	\$9,604	\$7.54

EXPENSE COMPARABLES RESTRICTED PROPERTIES															
	Comp No. 1			Comp No. 2			Comp No. 3			Comp No. 4			Comp No. 5		
LOCATION (County)	Monroe			Monroe			Broward			Palm Beach			Orange		
YEAR BUILT	2004			1966/1989			2013			2005			1999		
NUMBER OF UNITS	96			144			128			99			272		
AVERAGE UNIT SIZE	820			999			720			1,006			987		
YEAR ENDING	Actual YTD 6/30/2015 Annualized			Actual YTD 6/30/2015 Annualized			May-15			2014 (Through Sept., Annualized)			September 2014 (T-12)		
OPERATING EXPENSES		<u>\$/UNIT</u>	<u>\$/S.F.</u>		<u>\$/UNIT</u>	<u>\$/S.F.</u>		<u>\$/UNIT</u>	<u>\$/S.F.</u>		<u>\$/UNIT</u>	<u>\$/S.F.</u>		<u>\$/UNIT</u>	<u>\$/S.F.</u>
R.E. & Personal Prop. Taxes		\$0	\$0.00		\$0	\$0.00	\$3,560	\$28	\$0.04	\$77,864	\$787	\$0.78	\$202,507	\$745	\$0.75
Insurance	\$137,540	\$1,433	\$1.75	\$294,434	\$2,045	\$2.05	\$50,225	\$392	\$0.54	\$57,597	\$582	\$0.58	\$106,059	\$390	\$0.40
Water and Sewer	\$5,778	\$60	\$0.08	\$6,505	\$45	\$0.05	\$37,221	\$291	\$0.30	\$104,501	\$1,056	\$1.05	\$92,763	\$341	\$0.35
Electric and Gas	\$6,910	\$72	\$0.10	\$6,566	\$46	\$0.05	\$31,010	\$242	\$0.25	\$23,295	\$235	\$0.23	\$26,022	\$96	\$0.10
Garbage	\$0	\$0	\$0.00	\$0	\$0	\$0.00	\$30,691	\$240	\$0.24	\$18,616	\$188	\$0.19	\$28,284	\$104	\$0.11
Cable	\$0	\$0	\$0.00	\$0	\$0	\$0.00	\$528	\$4	\$0.00	\$0	\$0	\$0.00	\$41,253	\$152	\$0.15
Redecoration	\$0	\$0	\$0.00	\$0	\$0	\$0.00	\$0	\$0	\$0.00	\$0	\$0	\$0.00	\$0	\$0	\$0.00
Repairs and Maintenance	\$222,462	\$2,317	\$3.22	\$475,830	\$3,304	\$3.35	\$16,194	\$127	\$0.13	\$73,595	\$743	\$0.74	\$141,961	\$522	\$0.53
Grounds Maintenance	\$0	\$0	\$0.00	\$0	\$0	\$0.00	\$4,034	\$32	\$0.03	\$8,244	\$83	\$0.08	\$40,549	\$149	\$0.15
Contract Services	\$0	\$0	\$0.00	\$0	\$0	\$0.00	\$22,789	\$178	\$0.18	\$2,757	\$28	\$0.03	\$24,102	\$89	\$0.09
Security	\$0	\$0	\$0.00	\$0	\$0	\$0.00	\$73,398	\$573	\$0.58	\$539	\$5	\$0.01	\$10,193	\$37	\$0.04
Reserves	\$0	\$0	\$0.00	\$0	\$0	\$0.00	\$0	\$0	\$0.00	\$0	\$0	\$0.00	\$81,600	\$300	\$0.30
Management	\$115,752	\$1,206	\$1.67	\$139,422	\$968	\$0.98	\$62,377	\$487	\$0.49	\$22,408	\$226	\$0.22	\$105,712	\$389	\$0.39
							5.15%	of EGI		3.85%	of EGI		3.85%	of EGI	
Salaries and Payroll	\$5,472	\$57	\$0.08	\$80,580	\$560	\$0.57	\$138,255	\$1,080	\$1.10	\$133,899	\$1,353	\$1.34	\$321,620	\$1,182	\$1.20
Administrative	\$80,176	\$835	\$1.16	\$119,014	\$826	\$0.84	\$51,946	\$406	\$0.41	\$57,725	\$583	\$0.58	\$56,696	\$208	\$0.21
Advertising	\$0	\$0	\$0.00	\$0	\$0	\$0.00	\$3,635	\$28	\$0.03	\$5,088	\$51	\$0.05	\$17,866	\$66	\$0.07
TOTAL EXPENSES	\$574,090	\$5,980	\$7.29	\$1,122,351	\$7,794	\$7.80	\$525,863	\$4,108	\$5.71	\$586,128	\$5,920	\$5.89	\$1,297,187	\$4,769	\$4.83
Water/Sewer Included?	No			No			Yes			Yes			Yes		

INCOME CAPITALIZATION APPROACH (CONT'D)

Capitalization

The final step in the direct capitalization technique is to divide the net operating income estimate by a market derived overall rate of return (OAR), or capitalization rate. The overall capitalization rate is estimated by several methods. The best method is by analysis of rates reflected by comparable sale properties.

Extraction From Sales

The comparable improved sales included in this appraisal provide good indications of an overall capitalization rate for the subject property. The capitalization rate indications reflect deductions for an allowance for replacement of short-lived items (reserves for replacement), so the rate indications are consistent with the analysis of the subject property. The capitalization rate indications are as follows:

Sale #	Property	County	Sale Date	OAR
1	Kendall Court	Duval	May-15	5.95%
2	The Cove at St. Lucie	St. Lucie	Apr-15	6.64%
3	Stonebridge Landings	Orange	Feb-15	6.37%
4	Madalyn Landing	Brevard	Jan-15	6.83%
5	Saddlebrook Village	Collier	Apr-14	4.34%
Average Overall Rate				6.03%

The sales reflect overall capitalization rates of 4.34% to 6.83% with an average of 6.03%. All of the comparables were purchased for continued apartment use (no condominium conversion sales or fractured condominiums). We estimate that the subject's rate should be within the range. The data used for the extraction of the rates from the sales is considered reliable and the best overall rate indications available. All of the sales had significant amounts of time remaining on the Land Use Restriction Agreements. Therefore, the comparable improved sales provide a reliable indication of an overall capitalization rate for the subject.

Investor Surveys

The 2Q2015 PwC Real Estate Investor Survey for the national apartment market indicated a decrease in overall cap rates from the 3Q2014 survey as illustrated in the chart below.

Overall Cap Rate Trends – National Apartment Market		
Quarter	Average Cap Rate	Change (Basis Points)
2Q2015	5.30%	-15
1Q2015	5.45%	+9
4Q2014	5.36%	-15
1Q2014	5.51%	-8
2Q2014	5.59%	-20
1Q2014	5.79%	-1
4Q2013	5.80%	+19
3Q2013	5.61%	-9
2Q2013	5.70%	-3
1Q2013	5.73%	+1
4Q2012	5.72%	-2
3Q2012	5.74%	-2
2Q2012	5.76%	-7
1Q2012	5.83%	+3
4Q2011	5.80%	-18
3Q2011	5.98%	-12
2Q2011	6.10%	-19
1Q2011	6.29%	-22
4Q2010	6.51%	-61
3Q2010	7.12%	-56
2Q2010	7.68%	-17
1Q2010	7.85%	-18

INCOME CAPITALIZATION APPROACH (CONT'D)

Overall Cap Rate Trends – National Apartment Market		
Quarter	Average Cap Rate	Change (Basis Points)
4Q2009	8.03%	+19
3Q2009	7.84%	+35
2Q2009	7.49%	+174
2Q2008	5.75%	-5
2Q2007	5.80%	-21
2Q2006	6.01%	-51
2Q2005	6.52%	-61
2Q2004	7.13%	-79
2Q2003	7.92%	-59
2Q2002	8.51%	-11
2Q2001	8.62%	-20
2Q2000	8.82%	---

Source: PwC Real Estate Investor Survey

The RERC CCIM 2Q2015 Quarterly Market Trends indicates an average going-in capitalization rate for the South region 7% and the national average was 6.5%.

Band of Investment

A third method of extracting an overall capitalization rate is by application of the Band of Investment technique. This method involves the calculation of a weighted average capitalization rate based on the mortgage constant (mortgage capitalization rate) and the equity dividend rate (equity capitalization rate). The application of this technique requires the estimation of certain rates and ratios applicable to the mortgage and equity positions.

We have estimated the subject's permanent financing rate based on our conversations with Hartley Hall with GMAC, Jim Garner with Alliance Realty Advisors and Robert Miller with CB Commercial. The typical term is five to 10 years, with the rate tied to the corresponding T-Bill rate. The spread between the T-Bill rate and the interest rate ranges from 300 to 400 basis points for Class "A" and 350 to 450± for Class "B" and lower. The key variables are the location and quality of the product and the financial strength of the developer. The 10 year T-Bill rate is around 2.2%. The typical loan-to-value ratio is 75%, with about one point charged for loan origination. Loan amortization periods for properties like the subject have typically been about 25 years, with balloon payments in five to 10 years.

We conclude a mortgage interest rate of 5.00%, a loan-to-value ratio (M) of 75%, amortization period of 30 years and a balloon payment in five years. These conclusions result in a mortgage constant (R_m) of 6.44%.

The second component of the Band of Investment analysis is the estimation of the equity dividend rate for the subject. Primary consideration was given to an investor survey for the estimation of the equity dividend rate. Recent investor surveys indicate equity capitalization rates ranging from 7.50% to 10.50%. We have concluded an equity capitalization rate (R_e) of 8.00% for the 25% equity position.

The mortgage and equity position conclusions for the subject property are considered to be reasonable estimates. An investor's financial position can substantially influence financing terms and investors have varying yield expectations.

Based on the parameters concluded above, we calculated an indication of an overall capitalization rate by the Band of Investment technique as follows:

BAND OF INVESTMENT METHOD			
	Loan / Equity Ratio	Rate of Return	Weighted Rate
Mortgage Requirement	(M) 0.75	x (R _m) 6.44%	= 4.83%
Equity Requirement	(M-1) 0.25	x (R _e) 8.00%	= 2.00%
Overall Capitalization Rate Indication			6.83%

INCOME CAPITALIZATION APPROACH (CONT'D)

Debt Coverage Ratio

Another indication of a capitalization rate is derived by application of the Debt Coverage Ratio Formula. Market data indicates lenders typically require debt coverage ratios ranging from 1.10 to 1.35 for a property like the subject. The lenders surveyed by the Appraisal Institute Research Department indicate an average debt coverage ratio of 1.35 for loans of \$5 million to \$9.999 million. Loans for older properties are typically higher than the average; therefore, we conclude a debt coverage ratio of 1.3.

An overall capitalization rate by the Debt Coverage Ratio Formula is calculated as follows:

DEBT COVERAGE RATIO METHOD						
	DCR		Loan Ratio	Mortgage Constant		Overall Rate
Debt Coverage Ratio	1.30	x	(M)	0.75	x (Rm)	6.44% = 6.28%

Conclusion of Overall Capitalization Rate

The sales reflect overall capitalization rates of 4.34% to 6.83% with an average of 6.03%. The comparable improved sales provide the most meaningful capitalization rate indications for the subject property. The Band of Investment analysis indicates a capitalization rate of 6.83%, while the Debt Coverage Formula indicates 6.28%. These mathematically derived rates provide only fair indications of an overall capitalization rate for the subject property. The investor surveys indicate a range of overall rates from 5.3% to 7.0% and provide support for the rate indications by the comparable improved sales.

We concluded an overall rate for the subject as a market rate property of 4.75%. Restricted properties typically have higher overall rates due to the increased risk from limitations on cash flow. The spread between market and restricted rate properties is dependent on factors such as the amount of time remaining on the restrictions and the suitability of the location of the property for a market rate development.

We conclude an overall capitalization rate for the stabilized income of 5.00% for the subject property. The rents are currently the same for the market and restricted units; however, the future rent restrictions could limit upside and prevents a significant renovation down the road.

Hypothetical Market Value Conclusion Via Income Approach

Dividing the subject property's estimated net operating income by the estimated overall capitalization rate results in a hypothetical market value estimate as is, as a restricted project by Direct Income Capitalization of **\$54,210,000* (rd)**.

*** Please see Extraordinary Assumptions and Limiting Conditions.**

INCOME APPROACH SUMMARY

Restricted-Stabilized

PROPERTY ID:		# Of Units	Unit Type	Set Aside	Unit Size	Rent	Total Rent
Peary Court		8	2/1	120% AMI	1,071	\$2,350	\$225,600
541 White Street		149	2/1.5	120% AMI	1,285	\$2,400	\$4,291,200
Key West	TOTAL	157			200,033	\$2,397	\$4,516,800
GROSS POTENTIAL RENTS			\$4,516,800		AVG. UNIT SIZE:		1,274
OTHER INCOME							
Washer/Dryer	0.0%	\$0.00	per month	\$0			
Cable Income	0.0%	\$0.00	per month	\$0			
Water/Sewer Reimb.	100.0%	\$50.00	per month	\$94,200			
Rental Premiums	0.0%	\$0.00	per month	\$0	AVG. INC PER UNIT		\$2,397
Ancillary Income	100.0%	\$15.00	per month	\$28,260			
TOTAL OTHER INCOME				\$122,460			
GROSS ANNUAL INCOME			\$4,639,260		% OF EGI	\$ PER UNIT	\$ PER S.F.
LESS COLLECTION LOSS	2.0%		\$92,785				
LESS VACANCY LOSS	4.0%		\$185,570				
TOTAL VACANCY & COLL. LOSS	6.0%		\$278,356				
EFFECTIVE GROSS INCOME			\$4,360,904		100.00%	\$27,776	\$21.80
LESS OPERATING EXPENSES							
FIXED EXPENSES							
R.E. & Personal Property Taxes		\$3,304 PER UNIT	\$518,694		11.89%	\$3,304	\$2.59
Insurance		\$1,750 PER UNIT	\$274,750		6.30%	\$1,750	\$1.37
SUBTOTAL - FIXED EXPENSES		\$5,054 PER UNIT	\$793,444		18.19%	\$5,054	\$3.97
Water and Sewer		\$1,175 PER UNIT	\$184,475		4.23%	\$1,175	\$0.92
Electric and Gas		\$200 PER UNIT	\$31,400		0.72%	\$200	\$0.16
Garbage		\$100 PER UNIT	\$15,700		0.36%	\$100	\$0.08
Cable		\$0 PER UNIT	\$0		0.00%	\$0	\$0.00
SUBTOTAL - UTILITIES		\$1,475 PER UNIT	\$231,575		5.31%	\$1,475	\$1.16
Repairs and Maintenance		\$500 PER UNIT	\$78,500		1.80%	\$500	\$0.39
Grounds Maintenance		\$500 PER UNIT	\$78,500		1.80%	\$500	\$0.39
Contract Services		\$10 PER UNIT	\$1,570		0.04%	\$10	\$0.01
Security		\$0 PER UNIT	\$0		0.00%	\$0	\$0.00
Reserves for Replacements		\$300 PER UNIT	\$47,100		1.08%	\$300	\$0.24
SUBTOTAL - MAINTENANCE		\$1,310 PER UNIT	\$205,670		4.72%	\$1,310	\$1.03
Management		3.50% OF EGI	\$152,632		3.50%	\$972	\$0.76
Salaries and Payroll		\$1,300 PER UNIT	\$204,100		4.68%	\$1,300	\$1.02
Administrative		\$200 PER UNIT	\$31,400		0.72%	\$200	\$0.16
Advertising		\$200 PER UNIT	\$31,400		0.72%	\$200	\$0.16
SUBTOTAL - MANAGEMENT/OFFICE		\$2,672 PER UNIT	\$419,532		9.62%	\$2,672	\$2.10
TOTAL EXPENSES			\$1,650,220		37.84%	\$10,511	\$8.25
NET OPERATING INCOME			\$2,710,684		62.16%	\$17,266	\$13.55
CAPITALIZED AT		5.00%	\$54,213,680				
STABILIZED VALUE BY INCOME APPROACH			\$54,210,000		\$345,287 per unit		
LESS RENT LOSS DURING LEASE-UP			\$0		\$271.01 per square foot		
AS IS VALUE BY INCOME APPROACH			\$54,210,000				

RECONCILIATION AND FINAL VALUE ESTIMATE (AS A RESTRICTED PROPERTY)

The purpose of this appraisal was to estimate the market value of the Leased Fee in the subject property as of the effective date of appraisal in the as is condition as proposed to be restricted. The value indications by the three traditional approaches to value are as follows:

	As Is-Restricted
Cost Approach	N/A
Sales Comparison Approach	\$54,170,000
Income Capitalization Approach	\$54,210,000

The **Cost Approach** is not considered to provide a meaningful indication of the market value of the subject property. Due to the current costs of construction and land costs, and the attainable market rate rental rates in the market, it may not be financially feasible to construct an apartment project of a similar quality in the subject location. This approach was not developed in our report.

The **Income Approach** reflects the value of the subject property based upon its estimated income producing capabilities, with consideration given to current investment requirements. The data applied in this approach, including rental rates, occupancy levels, operating expenses, and rates of return, was adequately supported from market data. Rental properties are developed and purchased to serve as income investment properties. An investor who would purchase the subject property would perform direct capitalization and yield capitalization analyses, if lease-up were involved. Market participants make decisions to buy and sell based on these capitalization analyses. Therefore, the Income Approach is based on reliable market data, and this approach is the most market-oriented approach to value. The Income Approach is considered to provide the best indication of market value for the subject property, so this approach is given the most emphasis in the reconciliation of the final value estimate.

The **Sales Comparison Approach** is a process by which recent sales of similar properties are compared to the subject property and adjusted for conditions of sale and differences in property characteristics. Adequate comparable improved sale properties were found and applied to the valuation of the subject property. An investor considering the purchase of a rental project complex would research the market for similar properties available for sale and would compare the properties based primarily upon their income producing capabilities. Therefore, the Sales Comparison Approach mirrors the activities of market participants, and there was sufficient data available for use as comparable sales. However, the comparisons and the final decision to purchase would primarily be based on analysis of the economics of leasing the properties. The Sales Comparison Approach is an important source of overall capitalization rate data applied to the Income Capitalization Approach. The Sales Comparison Approach is estimated to provide meaningful indications of the market value of the subject property and is given secondary consideration in the reconciliation of the final value estimate.

In conclusion, we have given the most consideration to the value indications reflected by the Income Capitalization Approach. The Sales Comparison Approach provides good support for the Income Capitalization Approach. The Cost Approach was not applicable.

We have formed the opinion that the hypothetical market value of the Leased Fee interest in the subject property, as proposed to be restricted as 100% Workforce Housing, in it's as is condition, assuming any deferred maintenance is cured, including \$157,000 in personal property, and with market financing, based on market conditions prevailing on September 14, 2015, was:

**FIFTY FOUR MILLION TWO HUNDRED TEN THOUSAND DOLLARS
(\$54,210,000)***

*** Please refer to the General Assumptions, General Limiting Conditions, Extraordinary Assumptions and Extraordinary Limiting Conditions on which this value estimate is based.**

VALUATION AS FOR-SALE CONDOMINIUM

DISCOUNTED SELLOUT ANALYSIS

The Discounted Sellout Analysis (Income Approach) takes into consideration the market value of the individual townhome/flat units, the absorption time needed to sell these homes to end users; the entrepreneurial profit required for taking the risk of marketing the homes; the expenses involved in carrying and marketing the homes and the time value of money over the absorption period. This analysis is an appropriate method of determining the value of an inventory of dwellings.

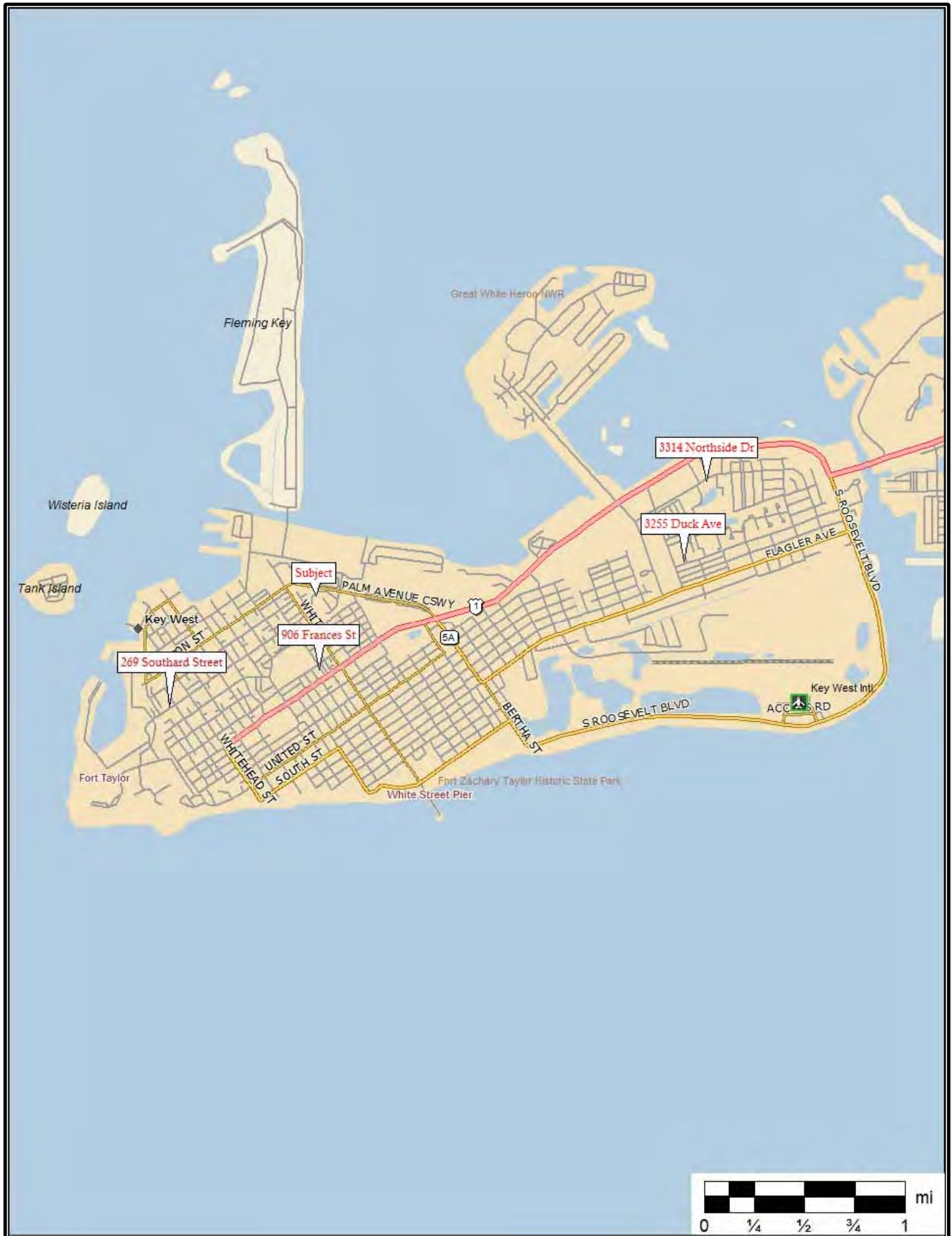
Market Value

Each of the 149 townhomes comprising the subject property has identical floor plans and each of the eight flat units have identical floor plans.

We researched the subject's Competitive Market Area (CMA) area for comparable attached multi-family projects using data from the Key West *Multiple Listing Service (MLS)* as well as our own research to determine an absorption rate for the subject units. We focused on projects with similar locational characteristics, unit sizes, quality, age and amenities. We searched the CMA for current listings and sales to determine demand for this product type within the neighborhood. We restricted the sales to those which occurred within the last year, starting in September 11, 2014 to September 11, 2015. This search found 91 sales in the Key West area in this time period, which indicates 7.5 sales per month or 22.5 sales per quarter for the entire Key West market. The sales had an average of 1,126 square feet with an average \$422,859 sales price or an average of \$376 per square foot. The lowest town home price was \$176,000 and the highest townhome sale price was \$1,300,000.

We then took the 91 sales that had occurred over the past year and further narrowed them down to focus on two bedroom/two bathroom townhomes, built between 1985 through 2000, with 800 to 1,300 square feet. From this research we chose four townhome sales to use as comparables to the subject property. The next few pages have summaries of the four comparables we chose to use to estimate our market value for each floor plan, followed by the Sales Comparison charts.

COMPARABLE SALES MAP



COMPARABLE SALE NO. 1

Client Detail Report

Listing Numbers 120473, 12122
Listings as of 09/28/15 at 2:31pm

Sold 09/02/15 Listing # 120473 3314 Northside Dr #145 Key West, FL 33040-7907 Listing Price: \$289,000
County: Monroe



Property Type	Residential	Property Subtype	Townhouse
Key/Island	Key West	Subdivision	Solana Village
Beds	2	Aprx Sq Footage-FLA	1046 Property Data Card
Baths(FH)	2 (1 1)	Price/Sq Ft	\$253.35
Year Built	1987	Waterfront	No
Alt Key #	8729561	Lot Sq Ft (approx)	1385 ((Tax Roll))
DOM/CDOM	270/270	Lot Acres (approx)	0.0318

[See Additional Pictures](#)

Directions Behind Searstown, go all the way to the back of Solana Village

Marketing Remark Nicely remodeled 2br/1.5ba townhouse in Solana Village. Solana Village is centrally located in Key West, steps from restaurants, grocery shopping, movie theater and bus stop. Low insurance rates! Wind, Flood & Homeowners are \$2350/yr

Selling Price \$266,000

Selling Date 09/02/15
SP % LP 91.70

Pending Date 08/31/15

Limited Represent	No	Representation	Single Agent
As is w/Right to Ins	Yes	Mile Marker	3.0
Area	Area 3-4	Neighborhood	New Town
Side	Gulf Side	Flood Zone	AE
Spa	No	Pool	Yes
Existing Pool	Shared/Community	Pool Description	Concrete, Inground
Existing Spa/Hot Tub	None	Condo	No
Fractional	No	HOA	Yes
HOA Fee Includes	Common Area Maint, Pool Maint	HOA Fee	\$792.00
HOA Fee Frequency	Yearly	Other Fees	No
1st Right of Refusal	No	Assoc Approval Req	No
RE 1 #	00088172-011100	Building Number	0
Alternate Key	8729561	Add. Building Number	0
ZONING	RO	Deed Restriction	Unknown
Tax Exemptions	Homestead	Taxes(Sub To Change)	\$2248.00
Tax Year	2013	Owner Names	Kelly D. Bushey
Tenant Occupied	Yes	# Cnty Non-Trans Lic	1
# City Non-Trans Lic	1	Non-Trans Rental Lic	Yes
Transient Rental Lic	No	Waterview	No
Dockage	No	Building Style	Townhouse, Two Story
Exterior	Fencing	Interior Features	Drapes/Blinds Includ, Laundry/Utility, Pantry, Smoke Detectors, Window Coverings
Parking	Yes	Car Storage	One Car, Assigned, Off Street
Furnished	Unfurnished	Cooling/Heat	Central A/C, Ceiling Fan
Utilities	FCAA, Municipal Sewer	Appliances	Washer, Dryer, Dishwasher, Refrigerator, Range, Oven, Microwave
Construction	Frame	Windows/Doors	Double Hung Windows, Storm Shutters
Floor	Tile, Carpet	Roof	Metal
Pets	Pets w/Restrictions	Title	Negotiable
Show	24 Hour Notice, Call Listing Agent, List Agent Accomp, Tenant Occupied		

Presented By:	Ralph J Sanchez	Century 21 All Keys Inc
	Primary: 305-304-0090	1223 White St #105
	Secondary:	Key West, FL 33040
	Other:	305-294-4200
	E-mail: c21rjsanchez@aol.com	Fax : 305-292-1495
September 2015	Web Page:	See our listings online: http://www.c21allkeys.com

Featured properties may not be listed by the office/agent presenting this brochure.
Information has not been verified, is not guaranteed, and is subject to change.
Copyright ©2015 Rapattoni Corporation. All rights reserved.



COMPARABLE SALE NO. 1



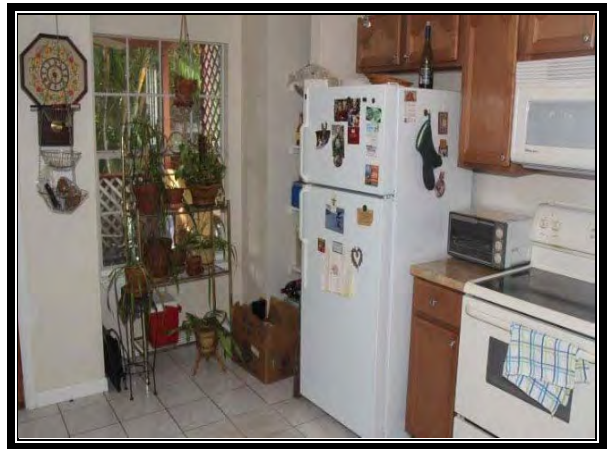
EXTERIOR OF COMPARABLE SALE NO. 1



LIVING ROOM OF COMPARABLE SALE NO. 1



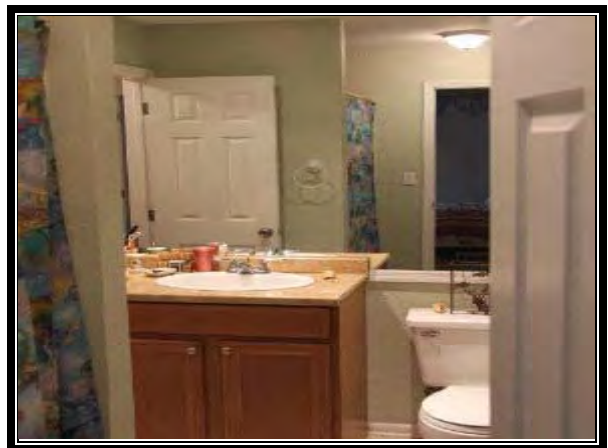
LIVING ROOM OF COMPARABLE SALE NO. 1



KITCHEN OF COMPARABLE SALE NO. 1



BEDROOM OF COMPARABLE SALE NO. 1



BATHROOM OF COMPARABLE SALE NO. 1

COMPARABLE SALE NO. 2

Client Detail Report

Street Address 3255 duck Ave #2
Listings as of 09/28/15 at 2:31pm

Sold 07/13/15 **Listing # 121222** **3255 Duck Ave #2 Key West, FL 33040** **Listing Price: \$289,000**
County: Monroe



Property Type	Residential	Property Subtype	Townhouse
Key/Island	Key West	Subdivision	Sandspur Compound
Beds	2	Aprx Sq Footage-FLA	1248 Property Data Card
Baths(FH)	2 (2 0)	Price/Sq Ft	\$224.22
		Waterfront	No
Year Built	1989	Lot Sq Ft (approx)	1184 ((Tax Roll))
Alt Key #	8762143	Lot Acres (approx)	0.0272
DOM/CDOM	93/93		

[See Additional Pictures](#)

Marketing Remark Rare find in a quiet enclave of only 8 town homes on Duck Avenue with a pool. Nice condition with a covered area in back for storage or living area. Private off street Parking. Great Price!!! Tenant occupied so 24 hour notice please. Covenants on file.

Selling Price \$279,373

Selling Date 07/13/15
SP % LP 96.87

Pending Date 07/01/15

Limited Represent	No	Representation	Trans Broker
As is w/Right to Ins	Yes	Mile Marker	3.0
Area	Area 3-4	Neighborhood	New Town
Side	None	Spa	No
Pool	Yes	Existing Pool	Shared/Community
Pool Description	Child Fence, Inground	Existing Spa/Hot Tub	None
Condo	No	Fractional	No
HOA	Yes	HOA Fee Includes	Common Area Maint, Pool Maint
HOA Fee	\$150.00	HOA Fee Frequency	Monthly
Other Fees	No	1st Right of Refusal	No
Assoc Approval Req	No	Building Number	0
Add. Building Number	0	ZONING	MDR
Deed Restriction	Unknown	Tax Exemptions	None
Taxes(Sub To Change)	\$2847.00	Tax Year	2014
Tenant Occupied	Yes	Non-Trans Rental Lic	No
Transient Rental Lic	No	Waterview	No
Dockage	No	Building Style	Two Story
Parking	Yes	Car Storage	Off Street
Furnished	Unfurnished	Cooling/Heat	Central A/C
Utilities	FKAA, Municipal Sewer	Appliances	Other See Remarks
Construction	CBS/Masonry	Roof	Metal
Pets	Pets w/Restrictions	Show	24 Hour Notice, Call Listing Office, List Agent Accomp

Presented By:	Ralph J Sanchez	Century 21 All Keys Inc
	Primary: 305-304-0090 Secondary: Other:	1223 White St #105 Key West, FL 33040 305-294-4200 Fax : 305-292-1495
	E-mail: c21rjsanchez@aol.com Web Page:	See our listings online: http://www.c21allkeys.com
September 2015		

Featured properties may not be listed by the office/agent presenting this brochure.

Information has not been verified, is not guaranteed, and is subject to change.

Copyright ©2015 Rapattoni Corporation. All rights reserved.

U.S. Patent 6,910,045



COMPARABLE SALE NO. 2



EXTERIOR OF COMPARABLE SALE NO. 2



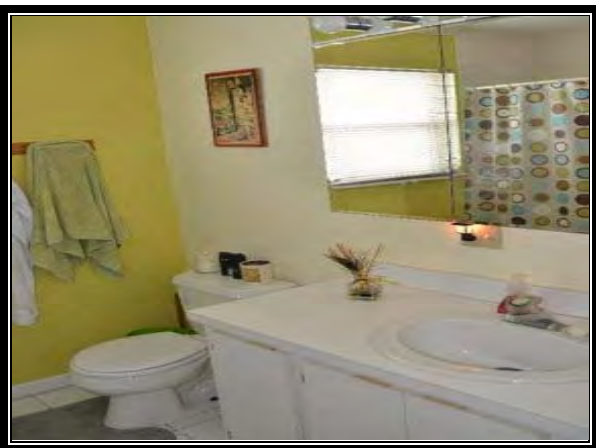
LIVING ROOM OF COMPARABLE SALE NO. 2



KITCHEN OF COMPARABLE SALE NO. 2



BEDROOM OF COMPARABLE SALE NO. 2



KITCHEN OF COMPARABLE SALE NO. 2



PATIO OF COMPARABLE SALE NO. 2

COMPARABLE SALE NO. 3

Client Detail Report

Listing Numbers 120473, 12122
Listings as of 09/28/15 at 2:31pm

Sold 07/29/15 **Listing # 121657** **906 Frances St #B Key West, FL 33040-3390** **Listing Price: \$415,000**
County: Monroe



Property Type	Residential	Property Subtype	Townhouse
Key/Island	Key West	Subdivision	Old Town - Unrecord
Beds	2	Aprx Sq Footage-FLA	841 Appraisal
Baths(FH)	2 (2 0)	Price/Sq Ft	\$475.62
Year Built	1987	Waterfront	No
Alt Key #	8704801	Lot Sq Ft (approx)	1213 ((Tax Roll))
DOM/CDOM	43/734	Lot Acres (approx)	0.0278

[See Additional Pictures](#)

Marketing Remark Recently renovated town home nestled in the exclusive Old Town Maxwell Gables, on Frances Street, as one of only six units, with stunning pool, and mature tropical gardens. The open living room has cathedral ceilings, skylight, and French doors that open to a private deck. The designer kitchen features granite counter tops, wine refrigerator, wood cabinets and floors! Large master bedroom and bath located on first floor with guest bedroom and bath privately located on the second floor. You will absolutely love the location, and the charm...

Selling Price \$400,000

Selling Date 07/29/15
SP % LP 98.39

Pending Date 07/12/15

Limited Represent	No	Representation	Single/Transaction
As is w/Right to Ins	Yes	Mile Marker	1.0
Area	Area 1-2	Neighborhood	Old Town-N of Truman
Side	None	Spa	No
Pool	Yes	Existing Pool	Shared/Community
Pool Description	Inground	Existing Spa/Hot Tub	None
Condo	No	Fractional	No
HOA	Yes	HOA Fee Includes	Common Area Maint, Pool Maint
HOA Fee	\$250.00	HOA Fee Frequency	Monthly
Other Fees	No	1st Right of Refusal	No
Assoc Approval Req	No	Building Number	0
Add. Building Number	0	ZONING	HHDR
Deed Restriction	Unknown	Tax Exemptions	None
Taxes(Sub To Change)	\$3283.00	Tax Year	2014
Tenant Occupied	No	Non-Trans Rental Lic	No
Transient Rental Lic	No	Waterview	No
Dockage	No	Building Style	Two Story
Parking	No	Utilities	FKAA, Municipal Sewer
Appliances	Washer, Dryer, Dishwasher, Refrigerator, Microwave, Disposal, Wine Cooler	Construction	Frame
Pets	Pets Allowed		

Presented By:	Ralph J Sanchez	Century 21 All Keys Inc
	Primary: 305-304-0090 Secondary: Other: E-mail: c21rjsanchez@aol.com Web Page:	1223 White St #105 Key West, FL 33040 305-294-4200 Fax : 305-292-1495 See our listings online: http://www.c21allkeys.com
September 2015		

Featured properties may not be listed by the office/agent presenting this brochure.
Information has not been verified, is not guaranteed, and is subject to change.
Copyright ©2015 Rapattoni Corporation. All rights reserved.
U.S. Patent 6,910,045



COMPARABLE SALE NO. 3



EXTERIOR OF COMPARABLE SALE NO. 3



LIVING ROOM OF COMPARABLE SALE NO. 3



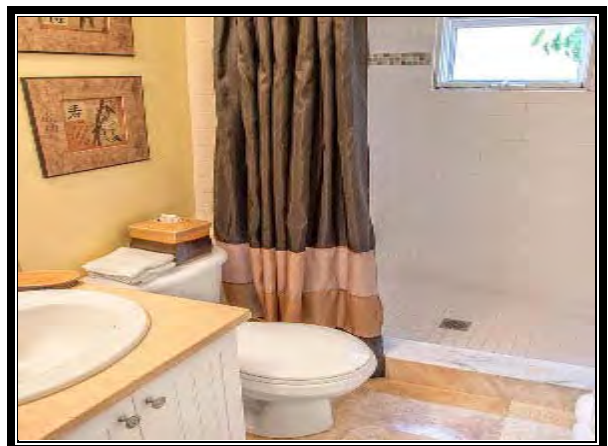
DINING ROOM OF COMPARABLE SALE NO. 3



KITCHEN OF COMPARABLE SALE NO. 3



BEDROOM OF COMPARABLE SALE NO. 3



BATHROOM OF COMPARABLE SALE NO. 3

COMPARABLE SALE NO. 4

Client Detail Report

Listing Numbers 120473, 12122

Listings as of 09/28/15 at 2:31pm

Sold 02/24/15 Listing # 120383 269 Southard St Key West, FL 33040-8372 Listing Price: \$639,900
 County: Monroe



[See Additional Pictures](#)

Property Type	Residential	Property Subtype	Townhouse
Key/Island	Key West	Subdivision	Presidents Lane
Beds	2	Aprx Sq Footage-FLA	960 Property Data Card
Baths(FH)	3 (2 1)	Price/Sq Ft	\$645.83
Year Built	1993	Waterfront	No
Alt Key #	8819447	Lot Sq Ft (approx)	1259 ((Tax Roll))
DOM/CDOM	105/105	Lot Acres (approx)	0.0289

Directions Southard St., through the gatehouse, first right onto Emma, next right onto Porter Lane, left at end of street. Assigned parking space on left. Home is tucked behind the pool area down the foot path.

Marketing Remark Come enjoy the good life in the award-winning, prestigious Truman Annex, a private gated community...offering the very best of Old Town location. Stroll down a quiet walking lane to reach this bright & airy townhome, freshly painted inside & out. Enjoy the start of your day on the private coffee deck overlooking the community pool. This home offers treasured assigned parking, built-in cabinetry in din. rm. & liv. rm. areas, Fr. impact doors lead to private veranda/bricked courtyard w/looked rear access gate to stroll out to hit the town! The home is tiled downstairs w/Berber carpet upstairs. The bedrooms are en-suite ea. w/private baths. Fr. impact doors lead to the private master veranda overlooking the courtyard. Brand new AC unit,too!

Selling Price \$620,000

Selling Date 02/24/15
 SP % LP 96.89

Pending Date 02/04/15

Accessory Unit	No	Limited Represent	No
Representation	Trans Broker	As is w/Right to Ins	Yes
Exclusions	No	Mile Marker	0.0
Area	Area 1-2	Neighborhood	Truman Annex
Side	Ocean Side	Spa	No
Pool	Yes	Existing Pool	Shared/Community
Pool Description	Concrete, Heated	Existing Spa/Hot Tub	None
Condo	No	Fractional	No
HOA	Yes	HOA Fee Includes	Common Area Maint, Security
HOA Fee	\$800.00	HOA Fee Frequency	Quarterly
Other Fees	Yes (See Remarks)	1st Right of Refusal	Yes
Assoc Approval Req	Yes	Handicap Access	No
RE 1 #	00010120-001001	Building Number	01
Alternate Key	8819447	ZONING	HPRD
Deed Restriction	Yes	Tax Exemptions	None
Taxes(Sub To Change)	\$5348.56	Tax Year	2014
Tenant Occupied	No	# Cnty Non-Trans Lic	1
# City Non-Trans Lic	1	Non-Trans Rental Lic	Yes
Transient Rental Lic	No	Loft	No
Auctions	No	Waterview	No
Dockage	No	Building Style	Townhouse, Two Story, Conch
Exterior	Fencing, Irrigation System, Patio, Separate Meters	Interior Features	Built in Cabinets, Drapes/Blinds Includ, Foyer, French Door(s), High Speed Available, Laundry/Utility, Storage, Vaulted Ceilings, Smoke Alarms
Parking	Yes	Car Storage	One Car, Assigned, Off Street
Furnished	Unfurnished	Cooling/Heat	Central A/C, Ceiling Fan, Heat
Utilities	FCAA, Municipal Sewer	Appliances	Washer, Dryer, Dishwasher, Refrigerator, Range, Oven, Microwave, Disposal
Construction	Frame	Windows/Doors	Sash/Screen Windows, Double Hung Windows, French Doors, Wood Windows
Floor	Tile, Carpet	Roof	Gutters, Metal
Pets	Pets w/Restrictions	HOA/Condo Features	Manager on Premises, Fire Hydrant, Other Area Features
Security	Electric Gate, Manned Gate, Patrolled Area	Terms	Other Finan/See Remk
Title	Negotiable	Show	Call Listing Agent, List Agent Accomp, No Sign on Property, Short Notice Ok, Vacant

COMPARABLE SALE NO. 4



EXTERIOR OF COMPARABLE SALE NO. 4



LIVING ROOM OF COMPARABLE SALE NO. 4



LIVING ROOM OF COMPARABLE SALE NO. 4



KITCHEN OF COMPARABLE SALE NO. 4



BUILT-INS IN LIVING AREA OF COMPARABLE SALE
NO. 4

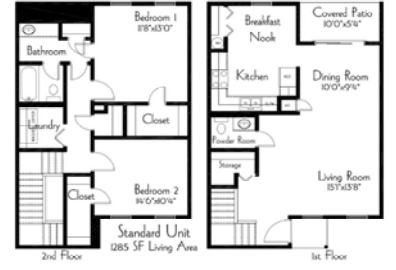


PATIO OF COMPARABLE SALE NO. 4

Peary Court

Typical Model offered
 2/1.5 Model: 1,285 sq. ft. liv. area Total Bdrms Baths
 6 2 1.5
 Year Built: 1996 Garage: 1 carport
 Condition: Average Screened Pool: No
 Contract Price: N/A Closing Date: N/A
 Design (Style): Garden Style Townhome

Description: The subject property consists of 149, 1,285 square foot, two-story townhome units and 8 1,071 square foot flat units. The units have attached 1 car carport. Interior finishes include Vinyl Tile and Linoleum floors and knock-down finish walls. The subject units feature linoleum kitchen countertops, white appliances and wood cabinetry. The townhome units have a full three piece bathroom upstairs and a half bathroom downstairs. Also, the subject units have patios, ceiling fans, refrigerators, oven/ranges, dishwashers, disposals, microwaves, wood cabinets with laminate countertops, washer/dryer hookups and blinds.



SUBJECT PROPERTY

SALES COMPARISON APPROACH

SALES HISTORY

RECONCILIATION

FEATURE	SUBJECT	COMPARABLE SALE NO. 1	COMPARABLE SALE NO. 2	COMPARABLE SALE NO. 3	COMPARABLE SALE NO. 4
		3314 Northside Drive #145 Key West, FL 33040	3255 Duck Avenue #2 Key West, FL 33040	906 Frances Street #B Key West, FL 33040	269 Southard Street Key West, FL 33040
Proximity to Subject		2 miles	1.85 miles	0.35 miles	0.90 miles
Sale/Contract Price	N/A	\$265,000	\$279,400	\$400,000	\$620,000
Price/Gross Liv. Area	-	\$253.35 sq.ft.	\$224.24 sq.ft.	\$475.62 sq.ft.	\$645.83 sq.ft.
Data Source(s)	Public Records	MLS, Public Records	MLS, Public Records	MLS, Public Records	MLS, Public Records
Verification Source(s)	Inspection	MLS, Public Records	MLS, Public Records	MLS, Public Records	MLS, Public Records
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjustment
Sale or Financing Concessions	None Noted	None Noted	\$0	None Noted	\$0
Date of Sale/Time	None	9/1/2015	\$0	7/2/2015	\$0
Location	Average	Inferior	\$200,000	Inferior	\$200,000
Leasehold/Fee Simple	Fee Simple	Fee Simple	\$0	Fee Simple	\$0
View	Typical/SFR	Typical/SFR	\$0	Typical/SFR	\$0
Design (Style)	Garden Style Townhome	Traditional SF	\$0	Traditional SF	\$0
Quality	Average	Similar	\$0	Similar	\$0
Actual Age	19 years	28	\$5,000	26	\$4,000
Condition	Average	Similar	\$0	Similar	\$0
Above Grade	Total Bdrms Baths	Total Bdrms Baths	\$0	Total Bdrms Baths	\$0
Room Count	6 2 1.5	6 2 1.5	\$0	6 2 2	-\$2,500
Gross Living Area	1,285 sq.ft.	1,046 sq.ft.	\$71,700	1,246 sq.ft.	\$11,700
Functional Utility	Average	Average	\$0	Average	\$0
Garage/Carport	One Carport	Assigned Space	\$1,000	Off Street	\$2,000
Porch/Patio/Deck	Porch/Patio	Similar	\$0	Similar	\$0
Pool	No	Superior	-\$5,000	Superior	-\$5,000
Furnished	No	No	\$0	No	\$0
Extras/Upgrades	None - Base Home	Similar	\$0	Similar	\$0
Net Adjustments (Total)			\$272,700		\$210,200
Adjusted Sale Price of Comparables		Net Adj. 102.91% Gross Adj. 6.48% Adj PSF \$514	\$537,700	Net Adj. 75.23% Gross Adj. 6.14% Adj PSF \$393	\$489,600
				Net Adj. 16.18% Gross Adj. 4.29% Adj PSF \$553	\$464,700
				Net Adj. -17.98% Gross Adj. 4.42% Adj PSF \$530	\$508,500

ITEMS	SUBJECT	COMPARABLE SALE NO. 1	COMPARABLE SALE NO. 2	COMPARABLE SALE NO. 3	COMPARABLE SALE NO. 4
Date of Sale/Transfer	-	-	-	-	-
Price of Prior Sale/Transfer	None Prior Three Years	None Prior Three Years	None Prior Three Years	None Prior Three Years	None Prior Three Years
Data Source(s)	-	-	-	-	-
Effective Date of Data Source(s)	-	-	-	-	-

The comparable sales reflect adjusted sale prices ranging from \$464,700 to \$537,700 with a mean of \$500,125. Based on their overall comparability, we placed primary weight on Comparable Sales No. 3 and 4 with secondary weight on the remaining comparables. Considering the sales data, a value estimate of \$500,000 is indicated. We have concluded to an "As Is" fee simple Market Value of a 1,285 square foot townhomes in Peary Court of \$500,000.	"As Is" Value
	\$500,000

THIS IS NOT A URAR FORM APPRAISAL AND SHOULD NOT BE CONSTRUED AS ONE. IT HAS BEEN USED FOR INFORMATIONAL PURPOSES ONLY TO FACILITATE IN THE VALUATION OF EACH INDIVIDUAL HOME. THE VALUE ESTIMATE DEVELOPED HEREIN IS VALID ONLY WHEN USED IN CONJUNCTION WITH THE FULL NARRATIVE APPRAISAL REPORT IN WHICH THIS FORM WAS DEVELOPED AND PREPARED BY MERIDIAN APPRAISAL GROUP, INC. KNOWN AS FILE NUMBER 15-PNI.

Peary Court

Typical Model offered
 2/1.5 Model: 1,071 sq. ft. liv. area 6 Bdrms 2 Baths 1.5
 Year Built: 1996 Garage: 1 carport
 Condition: Average Screened Pool: No
 Contract Price: N/A Closing Date: N/A
 Design (Style): Garden Style Flat

Description: The subject property consists of 149, 1,285 square foot, two-story townhome units all the same model. The units are two-story townhomes with an attached 1 car carport. Interior finishes include Vinyl Tile and Linoleum floors and knock-down finish walls. The subject units feature linoleum kitchen countertops, white appliances and wood cabinetry. The subject units have a full three piece bathroom upstairs and a half bathroom downstairs. Also, the subject units have patios, ceiling fans, refrigerators, oven/ranges, dishwashers, disposals, microwaves, wood cabinets with laminate countertops, washer/dryer hookups and blinds.



SUBJECT PROPERTY

SALES COMPARISON APPROACH

FEATURE	SUBJECT	COMPARABLE SALE NO. 1			COMPARABLE SALE NO. 2			COMPARABLE SALE NO. 3			COMPARABLE SALE NO. 4		
		3314 Northside Drive #145 Key West, FL 33040			3255 Duck Avenue #2 Key West, FL 33040			906 Frances Street #B Key West, FL 33040			269 Southard Street Key West, FL 33040		
Proximity to Subject		2 miles			1.85 miles			0.35 miles			0.90 miles		
Sale/Contract Price	N/A	\$265,000			\$279,400			\$400,000			\$620,000		
Price/Gross Liv. Area	-	\$253.35	sq.ft.		\$224.24	sq.ft.		\$475.62	sq.ft.		\$645.83	sq.ft.	
Data Source(s)	Public Records	MLS, Public Records			MLS, Public Records			MLS, Public Records			MLS, Public Records		
Verification Source(s)	Inspection	MLS, Public Records			MLS, Public Records			MLS, Public Records			MLS, Public Records		
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION		+(-) \$ Adjustment	DESCRIPTION		+(-) \$ Adjustment	DESCRIPTION		+(-) \$ Adjustment	DESCRIPTION		+(-) \$ Adjustment
Sale or Financing Concessions	None Noted	None Noted		\$0	None Noted		\$0	None Noted		\$0	None Noted		\$0
Date of Sale/Time	None	9/1/2015		\$0	7/2/2015		\$0	7/24/2015		\$0	2/19/2015		\$0
Location	Average	Inferior		\$200,000	Inferior		\$200,000	Superior		-\$10,000	Superior		-\$200,000
Leasehold/Fee Simple	Fee Simple	Fee Simple		\$0	Fee Simple		\$0	Fee Simple		\$0	Fee Simple		\$0
View	Typical/SFR	Typical/SFR		\$0	Typical/SFR		\$0	Typical/SFR		\$0	Typical/SFR		\$0
Design (Style)	Garden Style Flat	Traditional SF		\$0	Traditional SF		\$0	Traditional SF		\$0	Traditional SF		\$0
Quality	Average	Similar		\$0	Similar		\$0	Superior		-\$60,000	Similar		\$0
Actual Age	19 years	28		\$5,000	26		\$4,000	26		\$4,000	22		\$0
Condition	Average	Similar		\$0	Similar		\$0	Similar		\$0	Similar		\$0
Above Grade	Total Bdrms Baths	Total Bdrms Baths	Total Bdrms Baths	\$0	Total Bdrms Baths	Total Bdrms Baths	\$0	Total Bdrms Baths	Total Bdrms Baths	\$0	Total Bdrms Baths	Total Bdrms Baths	\$0
Room Count	6 2 1	6 2 1.5		-\$2,500	6 2 2		-\$5,000	6 2 2		-\$2,500	7 2 2.5		-\$7,500
Gross Living Area	1,071 sq.ft.	1,046 sq.ft.		\$7,500	1,246 sq.ft.		-\$52,500	841 sq.ft.		\$69,000	960 sq.ft.		\$33,300
Functional Utility	Average	Average		\$0	Average		\$0	Average		\$0	Average		\$0
Garage/Carport	One Carport	Assigned Space		\$1,000	Off Street		\$2,000	None		\$5,000	Assigned Space		\$1,000
Porch/Patio/Deck	Porch/Patio	Similar		\$0	Similar		\$0	Similar		\$0	Similar		\$0
Pool	No	Superior		-\$5,000	Superior		-\$5,000	Superior		-\$5,000	Superior		-\$5,000
Furnished	No	No		\$0	No		\$0	No		\$0	No		\$0
Extras/Upgrades	None - Base Home	Similar		\$0	Similar		\$0	Similar		\$0	Similar		\$0
Net Adjustments (Total)		-		\$206,000	-		\$143,500	-		\$500	+		-\$178,200
Adjusted Sale Price of Comparables		Net Adj. Gross Adj. Adj PSF	77.74% 6.48%	\$471,000	Net Adj. Gross Adj. Adj PSF	51.36% \$0	\$422,900	Net Adj. Gross Adj. Adj PSF	0.13% \$0	\$400,500	Net Adj. Gross Adj. Adj PSF	-28.74% \$0	\$441,800
				\$450			\$339			\$476			\$460

SALES HISTORY

ITEMS	SUBJECT	COMPARABLE SALE NO. 1	COMPARABLE SALE NO. 2	COMPARABLE SALE NO. 3	COMPARABLE SALE NO. 4
Date of Sale/Transfer	-	-	-	-	-
Price of Prior Sale/Transfer	None Prior Three Years	None Prior Three Years	None Prior Three Years	None Prior Three Years	None Prior Three Years
Data Source(s)	-	-	-	-	-
Effective Date of Data Source(s)	-	-	-	-	-

RECONCILIATION

<p>The comparable sales reflect adjusted sale prices ranging from \$400,500 to \$471,000 with a mean of \$434,050. Based on their overall comparability, we placed primary weight on Comparables Sales No. 3 and 4 with secondary weight on the remaining comparables. Considering the sales data, a value estimate of \$430,000 is indicated. We have concluded to an "As Is" fee simple Market Value of a 1,071 square foot flat units in Peary Court of \$430,000.</p>	<p>"As Is" Value \$430,000</p>
---	---------------------------------------

THIS IS NOT A URAR FORM APPRAISAL AND SHOULD NOT BE CONSTRUED AS ONE. IT HAS BEEN USED FOR INFORMATIONAL PURPOSES ONLY TO FACILITATE IN THE VALUATION OF EACH INDIVIDUAL HOME. THE VALUE ESTIMATE DEVELOPED HEREIN IS VALID ONLY WHEN USED IN CONJUNCTION WITH THE FULL NARRATIVE APPRAISAL REPORT IN WHICH THIS FORM WAS DEVELOPED AND PREPARED BY MERIDIAN APPRAISAL GROUP, INC. KNOWN AS FILE NUMBER 15-PNI.

Discussion of Comparable Sales

In this section we are estimated the subject's value as if it were to be sold out as a condominium/townhome project. The first step in this analysis is concluding to a retail price for the townhome units and the flat units. In this analysis we have made adjustments to the sales for factors that influence the. The sale properties are compared to the subject based on factors such as location, size (number of units), design/appeal and quality/condition.

Date of Sale/Condition of Sale

All of the comparables have sold within the last year; therefore, a market condition adjustment isn't warranted. Further, all four sales were non-distressed, arm's length transactions.

Location

Location adjustments take into consideration, desirability, access and surrounding developments, etc. The subject is located in a mixed-use area with close proximity to commercial services and transportation linkages. Given that Key West is an island we have focused in on one-mile rings centered on the subject property and comparables for demographic data. The subject's one-mile median income is \$50,613, which is pretty similar to all of the comparable sales. The subject's one-mile median home value is \$563,179, which is superior to **Comparable Sales No. 1 and 2**, similar to **Comparable Sale No. 3** and slightly inferior to **Comparable Sales No. 4**.

Sale No.	Project	Median Income	Med. Home Value
Subject	Peary Court	\$50,613	\$563,179
1	3314 Northside Drive	\$51,008	\$333,387
2	3255 Duck Avenue	\$53,100	\$338,610
3	906 Francis Street	\$51,238	\$542,165
4	269 Southard Street	\$49,536	\$600,615

Comparable Sales No. 1 and 2 are located in an area known as New Town, which is an inferior area as compared to the subject property. **Comparable Sale No. 3** is located on Frances Street in an area known as Old Town, which is a slightly superior location in terms of surrounding development and desirability. **Comparable Sale No. 4** is located in Truman Annex, an upscale gated community which is superior to the subject property.

Based on the overall location for each comparable we have concluded that **Comparables Sales No. 1 and 2** are located in inferior locations requiring upward adjustments of \$200,000 each and **Comparable Sales No. 3 and 4** are located in superior areas, requiring downward adjustments of -\$10,000 and -\$200,000.

Quality

The subject property has an average interior quality build-out. **Comparable Sales No. 1, 2 and 4** have similar average quality build-outs. **Comparable Sale No. 3** has a superior buildout with superior interior finishes as compared to the subject property, requiring a downward adjustment of -\$60,000.

Year Built

The subject property is 19 years old. The comparables range in age from 22 years old to 28 years old. Newer projects typically have higher sale prices than older projects due to their condition and the likelihood that unit and project features reflect current market taste. Based on our experience and judgment, we have adjusted the **Comparable Sales No. 1** upward \$5,000, **Comparable Sales No. 2 and 3** upward \$4,000 and no adjustment was required for **Comparable Sale No. 4**.

Condition

All of the comparables were deemed to be in average condition, similar to the subject property; therefore, no adjustments were required.

Number of Bedrooms

All of the comparables we used in our analysis all have the same number of bedrooms as the subject and no adjustments were needed.

Number of Bathrooms

The subject property has one and one half bathrooms in the townhome units and one bathroom in the flat units.

For the townhome comparison, **Comparable Sale No. 1** had the same number of bathrooms, requiring no adjustment. **Comparable Sales No. 2 and 3** both have one half bathroom more than the subject townhome units, each requiring -\$2,500 downward adjustment. **Comparable Sale No. 4** has one whole bathroom more than the townhome units, requiring a -\$5,000 downward adjustment.

For the flat unit comparison, **Comparable Sale No. 1** has one half bathroom more than the subject property, requiring a -\$2,500 downward adjustment. **Comparable Sales No. 2 and 3** have one whole bathroom more than the flat units, each requiring a -\$5,000 downward adjustment. **Comparable Sale No. 4** has one whole and one half bathroom more than the townhome units, requiring a -\$7,500 downward adjustment.

Unit Size

We have made adjustments to the comparables based upon the degree of variance between their unit size as compared to the subject. The townhome units are 1,285 square feet and the flat units are 1,071 square feet. We have concluded to an adjustment of \$300 per square foot. Sales smaller than the subject property have an upward adjustment while sales larger than the subject property have a downward adjustment.

For the townhome units, all the comparables are smaller than the subject property, requiring varying degrees of upward adjustments.

For the flat units, **Comparable Sales No. 1, 3 and 4** were smaller than the subject, requiring varying degrees of upward adjustments while **Comparable Sale No. 2** is larger than the flat units, requiring a downward adjustment.

Garage or Carport

The subject has one carport per unit. **Comparable Sales No. 1 and 4** each one have assigned parking space, which is slightly inferior to the subject property, requiring an upward adjustment of \$1,000 each. **Comparable Sale No. 2** only has off street parking which is inferior to the subject property, requiring an upward adjustment of \$2,000. **Comparable Sale No. 3** does not come with a parking space, which is inferior to the subject property, requiring an upward adjustment of \$5,000.

Porch/Patio/Deck

The subject units do have private patios. All four of the comparables have some type of a patio/balcony; therefore, no adjustments were required.

Amenities/Pool

The subject property does not have a pool but all of the comparables do; therefore, all of the comparables were adjustment upward \$5,000 each to account for their superior amenities.

Market Value-Townhome Units

The comparable sales reflect adjusted sale prices ranging from \$464,700 to \$537,700 with a mean of \$500,125. Based on their overall comparability, we placed primary weight on **Comparable Sales No. 3 and 4** with secondary weight on the remaining comparables. Considering the sales data, a value estimate of \$500,000 is indicated. We have concluded to an "As Is" fee simple Market Value of a 1,285 square foot townhomes in Peary Court of **\$500,000**.

Market Value-Flat Units

The comparable sales reflect adjusted sale prices ranging from \$400,500 to \$471,000 with a mean of \$434,050. Based on their overall comparability, we placed primary weight on **Comparables Sales No. 3 and 4** with secondary weight on the remaining comparables. Considering the sales data, a value estimate of \$430,000 is indicated. We have concluded to an "As Is" fee simple Market Value of a 1,071 square foot flat units in Peary Court of **\$430,000**.

Discounted Sellout Analysis

Market Value-Townhome Units **\$500,000**
Market Value-Flat Units **\$430,000**

Absorption Forecast

There has been 91 townhome sales in the Key West over the past year. Based on this fact we have forecast an absorption rate of three sales per month (12 sales per quarter or 48 sales per year). This forecast absorption rate and pattern infers a sellout of 13 quarters (over three years) for the subject's 157 townhome/flat unit inventory.

Rental Income

In a preceding section of this appraisal report, we analyzed market rent based on nearby competing apartment properties as well as units within the subject's project and concluded to a Gross Annual Income of \$29,549 per unit per year. From the Gross Annual Income we subtracted off 6% for vacancy and collection loss then estimated operating expenses based off the subject's historical expenses and comparables within the market, to get a Net Operating Income per unit per year of \$17,266 or \$4,316 per quarter.

Based on the subject's configuration we estimated that the subject property would sell the condominium units in phases (three phases) while renting the other remaining apartment units. This will likely lead to a longer sellout period but will allow for interim income on the apartment units, decreasing the overall risk while testing the sales price. We separated the property into three phases for the condo sellout; the first phase to be sold as condominiums is the rear of the property along the White Street entrance which equates to 28 units total. This would allow 129 units to still be leased. The second phase of the condo sellout is the western section of the subject property, which equates to 49 units. This allows for 80 units to still be leased. The third phase is along the main entrance of the subject property on Palm Avenue, which equates to 80 units.

As shown on the Discounted Sellout Approach summary, the apartment rental operation adds \$2,494,912 in net rental income over the forecasted 13 quarter sellout of the units. The NOI from the leased units already includes each leased unit's expenses.

Discount Frequency	Quarterly
Price Increases	Over the on year of townhome sale data provided to us we looked at our comparable sales and other older comparable sales in the same areas. This data showed an increase in sale price per square foot in every comparable over the past year. Based on this data we have concluded to a 4.0% annual or 1% per quarter price escalation.
Sale Commissions	4.0% of Gross Sales
Closing Costs	0.5% of Gross Sales
Real Estate Taxes	We used 100% of \$3,453 per unit per year for the remaining townhome/flat unit inventory and assumed shared real estate taxes (estimated at 50%) for the sold townhome/flat units. Real estate taxes are already included in the NOI for the remaining leased units.

DISCOUNTED SELLOUT ANALYSIS (CONT'D)

Entrepreneurial Profit 15.0% of Gross Sales per quarter. Dollar magnitude is reasonable for sellout, considering price point of homes.

COA We based the Condo Association Fee estimate on the subject's expenses that cover utilities (for common areas only), repairs and maintenance, contract services and grounds maintenance. We used 100% of \$1,000 per unit per year for the remaining townhome/flat unit inventory and assumed shared condo association fees (estimated at 50%) for the sold townhome/flat units. Condo Association Fees (common area expenses) are already included in the NOI for the remaining leased units.

Administrative 0.5% of Gross Sales

Property Discount Rate 15.0% Unleveraged. The discount rate reflects opportunity costs and the time value of money, as well as the risk associated with a sellout. The 3Q2015 PWC Real Estate Investor Survey for apartments indicated a discount rate range from 9.34% up to 28.39% with the average around 19.34%, not including profit. Given the subject's size and sellout period, it is our opinion that a discount rate of 15.0% (not including profit) is applicable for the Discounted Sellout analyses and this rate is compounded on a quarterly basis for our cash flow analysis.

RealtyRates.com DEVELOPER SURVEY - 3rd Quarter 2015*						
National - Condominiums & Co-Ops						
	Actual Rates			Pro-Forma Rates		
	Min	Max	Avg	Min	Max	Avg
Primary Residential	9.34%	30.01%	19.78%	8.97%	28.81%	19.02%
Hi-Rise/Urban Townhouse	10.05%	30.01%	20.13%	9.65%	28.81%	19.33%
Garden/Suburban Townhouse	9.34%	28.39%	19.34%	8.97%	27.26%	18.57%
Mixed Use	9.88%	29.90%	20.39%	9.09%	28.70%	19.37%
Resort & Second Home	10.74%	32.64%	22.23%	10.31%	31.34%	20.93%
Hi-Rise	10.87%	32.64%	21.86%	10.43%	31.34%	20.99%
Garden/Townhouse	10.74%	28.19%	19.95%	10.31%	27.06%	19.15%
Commercial/Industrial	7.85%	30.72%	19.96%	7.53%	29.49%	18.98%
Urban Office	8.74%	27.33%	18.31%	8.39%	26.24%	17.40%
Suburban Office	7.85%	26.96%	18.01%	7.53%	25.88%	17.12%
Retail	8.58%	30.72%	20.34%	8.24%	29.49%	19.34%
Industrial	7.96%	27.76%	18.48%	7.64%	26.65%	17.57%

*2nd Quarter 2015 Data

Copyright 2015 RealtyRates.com™

“As Is” Market Value Conclusion

As shown in the Discounted Sellout Analysis summary, the above analyses indicate an as is Market Value of \$53,219,495, rounded to \$53,220,000. The Market Value reflects 68% of the gross sellout, which is considered an appropriate order of magnitude for discounting a 13 quarter sellout to a single purchaser.

It is possible that a significant renovation of the units could result in a higher net present value. However, that analysis is beyond the scope of this assignment.

We have formed the opinion that the hypothetical market value of the Leased Fee interest in the subject property, as a for-sale condominium property, in its as is condition, assuming any deferred maintenance is cured, including \$157,000 in personal property, based on market conditions prevailing on September 14, 2015, was:

**FIFTY THREE MILLION TWO HUNDRED TWENTY THOUSAND DOLLARS
(\$53,220,000) ***

*** Please refer to the General Assumptions, General Limiting Conditions, Extraordinary Assumptions on which this value estimate is based.**

DISCOUNTED SELLOUT ANALYSIS - MARKET VALUE
Peary Court

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 5	Quarter 6	Quarter 7	Quarter 8	Quarter 9	Quarter 10	Quarter 11	Quarter 12	Quarter 13	Total
Available Townhome Units	26	14	49	37	25	15	79	67	55	45	35	24	13	0
Quarterly Townhome Units Sold	12	12	12	12	10	12	12	12	10	10	11	11	13	149
Remaining Townhome Units Inventory	14	2	37	25	15	3	67	55	45	35	24	13	0	0
Available Flats Units	2	2	4	4	4	2	6	6	6	4	2	1	0	0
Quarterly Flats Units Sold	0	0	0	0	2	0	0	0	2	2	1	1	0	8
Remaining Flats Unit Inventory	2	2	4	4	2	2	6	6	4	2	1	0	0	0
Total Gross Unit Sales - Townhome Units	\$6,000,000	\$6,060,000	\$6,120,600	\$6,181,806	\$5,203,020	\$6,306,060	\$6,369,121	\$6,432,812	\$5,414,284	\$5,468,426	\$6,075,422	\$6,136,176	\$7,324,363	\$79,092,090
Total Gross Unit Sales - Flats Units	\$0	\$0	\$0	\$0	\$894,919	\$0	\$0	\$0	\$931,257	\$940,569	\$474,988	\$479,737	\$0	\$3,721,470
Total Revenue from Sales	\$6,000,000	\$6,060,000	\$6,120,600	\$6,181,806	\$6,097,939	\$6,306,060	\$6,369,121	\$6,432,812	\$6,345,540	\$6,408,996	\$6,550,409	\$6,615,913	\$7,324,363	\$82,813,560
Expenses:														
Sales Commissions	\$240,000	\$242,400	\$244,824	\$247,272	\$243,918	\$252,242	\$254,765	\$257,312	\$253,822	\$256,360	\$262,016	\$264,637	\$292,975	\$3,312,542
Closing Costs	\$30,000	\$30,300	\$30,603	\$30,909	\$30,490	\$31,530	\$31,846	\$32,164	\$31,728	\$32,045	\$32,752	\$33,080	\$36,622	\$414,068
Real Estate Taxes - Townhomes Units	\$17,267	\$6,907	\$37,125	\$26,764	\$17,267	\$7,770	\$63,026	\$43,168	\$34,535	\$25,469	\$15,972	\$5,612	\$353,548	\$353,548
Real Estate Taxes - Flats Units	\$1,727	\$1,727	\$3,453	\$3,453	\$2,590	\$1,727	\$5,180	\$5,180	\$4,317	\$2,590	\$1,295	\$432	\$0	\$33,671
Entrepreneurial Profit	\$900,000	\$909,000	\$918,090	\$927,271	\$914,691	\$945,909	\$955,368	\$964,922	\$951,831	\$961,349	\$982,561	\$992,387	\$1,098,654	\$12,422,034
Condo Fees - Townhome Units	\$5,000	\$2,000	\$10,750	\$7,750	\$5,000	\$2,250	\$18,250	\$15,250	\$12,500	\$10,000	\$7,375	\$4,625	\$1,625	\$102,375
Condo Fees - Flats Units	\$250	\$250	\$500	\$500	\$1,000	\$250	\$750	\$750	\$1,250	\$1,000	\$500	\$375	\$0	\$7,375
Maintenance & Utilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Administrative & Marketing	\$30,000	\$30,300	\$30,603	\$30,909	\$30,490	\$31,530	\$31,846	\$32,164	\$31,728	\$32,045	\$32,752	\$33,080	\$36,622	\$414,068
Total Expenses	\$1,224,244	\$1,222,884	\$1,275,948	\$1,274,829	\$1,245,445	\$1,273,209	\$1,361,030	\$1,360,408	\$1,330,343	\$1,329,924	\$1,344,721	\$1,344,587	\$1,472,109	\$17,059,681
Net Sales Proceeds	\$4,775,756	\$4,837,116	\$4,844,652	\$4,906,977	\$4,852,494	\$5,032,851	\$5,008,091	\$5,072,404	\$5,015,197	\$5,079,072	\$5,205,688	\$5,271,327	\$5,852,253	\$65,753,879
Net Rental Income	\$556,823	\$556,823	\$345,317	\$345,317	\$345,317	\$345,317	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,494,912
Net Sales Proceeds	\$5,332,579	\$5,393,939	\$5,189,968	\$5,252,294	\$5,197,811	\$5,378,168	\$5,008,091	\$5,072,404	\$5,015,197	\$5,079,072	\$5,205,688	\$5,271,327	\$5,852,253	\$68,248,791
Discount Rate	0.9639	0.9290	0.8954	0.8631	0.8319	0.8018	0.7728	0.7449	0.7180	0.6920	0.6670	0.6429	0.6197	
Present Value	\$5,139,835	\$5,011,063	\$4,647,297	\$4,533,113	\$4,323,943	\$4,312,268	\$3,870,397	\$3,778,409	\$3,600,767	\$3,514,822	\$3,472,234	\$3,388,931	\$3,626,417	\$53,219,495
"Upon Completion" Market Value Estimate														\$53,220,000
ASSUMPTIONS:														
Average Retail Unit Price - Townhome Units	\$500,000	\$505,000	\$510,050	\$515,151	\$520,302	\$525,505	\$530,760	\$536,068	\$541,428	\$546,843	\$552,311	\$557,834	\$563,413	
Average Retail Unit Price - Flats Units	\$430,000	\$434,300	\$438,643	\$443,029	\$447,460	\$451,934	\$456,454	\$461,018	\$465,628	\$470,285	\$474,988	\$479,737	\$484,535	
Quarterly Unit Price Escalation	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	
Average NOI	\$4,316 per Unit per Quarter													
Sales Commissions	4.0% of Gross Sales													
Closing Costs	0.5% of Gross Sales													
Real Estate Taxes - Townhome Units	\$3,453 per Unit per Year													
Real Estate Taxes - Flats Units	\$3,453 per Unit per Year													
Entrepreneurial Profit	15.0% of Gross Sales													
Condo Association Fees - Townhome Units	\$1,000 per Unit per Year													
Condo Association Fees - Flats Units	\$1,000 per Unit per Year													
Maintenance & Utilities	0.0% of Gross Sales													
Administrative and Marketing Fees	0.5% of Gross Sales													
Discount Rate	15.0% on a Quarterly Basis													
Quarter Absorption - Townhome Units	12	12	12	12	10	12	12	12	10	10	11	11	13	
Quarter Absorption - Flats Units	0	0	0	0	2	0	0	0	2	2	1	1	0	
Units Released	28		49				80							

ADDENDA

APPRAISERS' QUALIFICATIONS



QUALIFICATIONS OF ROBERT VON, PRESIDENT

BUSINESS ADDRESS	Meridian Appraisal Group, Inc. 1331 Sundial Point Winter Springs, Florida 32708 Phone: 407.637.8705 Fax: 407.875.1061 E-mail: rvon@meridianag.com
FORMAL EDUCATION	California State University, Northridge May 1986, Bachelor of Science in Business Administration, Real Estate Finance
REAL ESTATE EDUCATION	Has completed course work for admission to the Appraisal Institute and all necessary for State-Certification and continuing education. A partial list of course work is as follows: <i>Course/Seminars/Continuing Education</i> <ul style="list-style-type: none">• Real Estate Appraisal Principles• Basic Valuation Procedures• Standards of Professional Practice – Part A• Standards of Professional Practice – Part B• Capitalization Theory and Techniques – Part A• Capitalization Theory and Techniques – Part B• Highest and Best Use and Market Analysis• Appraising Troubled Properties• Advanced Applications• USPAP Update• MAP Valuation Training for Third Party Appraisers
EXPERIENCE	
2007 – Present	Meridian Appraisal Group, Inc. President and Principal Responsible for the acquisition, co-ordination and review of appraisal assignments on real property. Also responsible for the preparation of appraisal assignments on various real property with specialization in multi-family apartments and A&D projects throughout Florida.
January 2004 – 2007	Realvest Appraisal Services, Inc. President and Principal
June 1998 – 2003	Realvest Appraisal Services, Inc. Vice President and Principal Responsible for the acquisition, co-ordination and review of appraisal assignments on real property. Also responsible for the preparation of appraisal assignments on various real property with specialization in multi-family apartments and A&D projects throughout Florida.
1994 – 1998	Pardue, Heid, Church, Smith & Waller, Inc. Commercial Manager and Commercial Real Estate Analyst Responsible for the preparation and review of appraisal assignments on various real property including vacant land, subdivisions, retail centers, office buildings, apartments, industrial properties and special use properties.

QUALIFICATIONS OF ROBERT VON, PRESIDENT (CONT'D)

1993 – 1994

Barnett Banks, Inc.

Review Appraiser

Responsible for reviewing reports for Special Assets and Corporate and Commercial Real Estate Department. Performed all appraisal reviews for the CFCRC, a consortium of 12 lending institutions.

1986 – 1993

HomeFed Bank, FSB

Senior Review Appraiser


Responsible for the ordering and review of full narrative appraisal reports for the entire east coast portfolio. Assignments completed in 14 states and the District of Columbia


CERTIFICATIONS & LICENSES

State-Certified General Real Estate Appraiser RZ 1604
Orlando Chamber of Commerce – Member
Downtown Orlando Partnership – Member

PROFESSIONAL AFFILIATIONS

Board of Directors – Florida Housing Coalition

RICK SCOTT, GOVERNOR	KEN LAWSON, SECRETARY				
STATE OF FLORIDA DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION FLORIDA REAL ESTATE APPRAISAL BD					
<table border="1"><tr><td>LICENSE NUMBER</td><td></td></tr><tr><td>RZ1604</td><td></td></tr></table>	LICENSE NUMBER		RZ1604		
LICENSE NUMBER					
RZ1604					
The CERTIFIED GENERAL APPRAISER Named below IS CERTIFIED Under the provisions of Chapter 475 FS Expiration date: NOV 30, 2016					
VON WERDER, ROBERT 1331 SUNDIAL POINT WINTER SPRINGS FL 32708					
ISSUED: 11/18/2014	SEQ # L1411180002357				
DISPLAY AS REQUIRED BY LAW					



**QUALIFICATIONS OF
ERICA A. ERNST, ASSOCIATE APPRAISER**

BUSINESS ADDRESS **Meridian Appraisal Group, Inc.**
 1331 Sundial Point
 Winter Springs, Florida 32708
 Phone: 407.637-8702 Fax: 407.875.1061
 E-mail: ernst@meridianag.com

FORMAL EDUCATION **University of Florida**
 Master of Science – Real Estate, May 2009
 Master of Arts – International Business, December 2007
 Bachelor of Science – Business Administration, May 2006

REAL ESTATE EDUCATION Has completed all courses necessary for State Certification and continuing education. A partial list of course work is as follows:

Courses

- USPAP, Uniform Standards of Professional Appraisal Practice
- Florida Appraiser Laws, Rules and Relationships
- General Appraiser Income Approach Part 1
- General Appraiser Income Approach Part 2
- General Appraiser Site Valuation & Cost Approach
- General Appraiser Sales Comparison Approach

EXPERIENCE



April 2013 – Present **Meridian Appraisal Group, Inc.**
Associate Appraiser
 Responsible for the preparation of appraisal assignments on various real property.

November 2009 – April 2013 **Meridian Appraisal Group, Inc.**
Trainee Appraiser

July 2009 – November 2009 **Meridian Appraisal Group, Inc.**
Research Analyst

CERTIFICATIONS

& LICENSES State-Certified General Real Estate Appraiser RZ 3560

RICK SCOTT, GOVERNOR		KEN LAWSON, SECRETARY
STATE OF FLORIDA DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION FLORIDA REAL ESTATE APPRAISAL BD		
LICENSE NUMBER	RZ3560	
The CERTIFIED GENERAL APPRAISER Named below IS CERTIFIED Under the provisions of Chapter 475 FS. Expiration date: NOV 30, 2016		
ERNST, ERICA AUDRA 1331 SUNDIAL POINT WINTER SPRINGS FL 32708		 
ISSUED: 10/07/2014	DISPLAY AS REQUIRED BY LAW	SEQ # L1410070003637

ENGAGEMENT LETTER



1331 SUNDIAL POINT
WINTER SPRINGS, FLORIDA 32708
TEL 407.875.6933
FAX 407.875.1061

August 10, 2015

Mr. Jim Scholl, City Manager
City of Key West
3132 Flagler Avenue
Key West, Florida 33040

RE: Appraisal for Peary Court Apartments, Key West, Florida

Mr. Scholl:

Thank you for the opportunity to provide an appraisal on the above-mentioned property. The following outlines the scope of services to be provided by Meridian Appraisal Group, Inc.

- The appraisal assignment will estimate the current market value of the leased fee interest in the following: as is, as an un-restricted market rate project, and as proposed to be restricted as workforce housing. The subject also includes the excess land and ROGO units to construct an additional 48 affordable units.
- The appraisal report will consist of an appraisal report prepared under the Uniform Standards of Professional Practice, Standards Rule 2-2, and performed under Standards Rule 1. The report will utilize the Income and Sales Comparison approaches to value. The Cost approach is not applicable for a property of this age. In addition, the appraisal will investigate whether or not selling the units as condominiums is the highest and best use.
- The total fee for the appraisal will be \$12,300 with a delivery date of 60 days from your authorization to proceed, assuming all requested information is provided in a timely manner. Our fee estimate includes the cost of one digital, un-editable copy and one additional original copy. We assume full cooperation from the current owner.

Authorization to proceed with this assignment is considered confirmed upon receipt of a signed copy of this letter. Should you request us to abandon this assignment during the progress of our work, billings will be rendered up to the date of our receipt of a written request for such abandonment and shall immediately become due and payable. In the event of any dispute relative to this proposal, the prevailing party shall be entitled to the reimbursement of attorney's fees and costs.

If the scope of services and the terms of this proposal are acceptable to you, please indicate acceptance of the terms by your signature at the space provided below and return one executed copy for our files. We appreciate the opportunity to work with you on this assignment. Please feel free to contact me if you have any questions.

Best regards,

Meridian Appraisal Group, Inc.

AGREED AND ACCEPTED

Robert Von, President
State-Certified General Appraiser RZ1604

By:

Date: 11 AUG 2015

LEGAL DESCRIPTION

EXHIBIT A

Legal Description; Peary Court:

Prepared by undersigner:

Note: Legal based on Physical properties:

A parcel of land situated in the City of Key West, Monroe County, Florida and being more particularly described as follows: COMMENCING at the intersection of the Northwesterly Right-of-Way Line of Newton Street and the Northeasterly Right-of-Way Line of White Street (Florida State Plane Coordinates East Zone NAD 83/90, Northing = 82591.01, Easting = 392639.41): thence N 34°08'30" W along the said Northeasterly Right-of-Way Line of White Street for 310.39 feet; thence N 55°51'30" W for a distance of 0.05 feet to the back edge (Northeast side) of a concrete sidewalk and the Point of Beginning; thence N.34°08'00"W., and along the Northeast edge of a concrete sidewalk a distance of 289.66 feet; thence S 55°51'30" W for a distance of 0.10 feet to the Northeasterly Right-of-Way Line of White Street; thence N 34°08'30" W along the said Northeasterly Right-of-Way Line of White Street for a distance of 31.83 feet; thence N 55°51'30" E for a distance of 0.10 feet to the said back of the sidewalk of White Street; thence N 34°08'00" W along the said Northeasterly edge of a sidewalk for a distance of 853.03 feet to an existing fence; thence N.55°36'56"E., and along the said fence, which lies on Eaton Street a distance of 194.19 feet to a point lying 0.5 feet (6 inches) Northeast of a fence corner; thence S.79°06'43"E., and along a line lying 0.5 feet (6 inches) Northeasterly of a existing fence and wall a distance of 1206.74 feet; thence N 10°44'48" E for a distance of 8.75 feet to the Southeasterly Right-of-Way Line of Palm Avenue; thence S 79°15'12" E along the said Southeasterly Right-of-Way Line of Palm Avenue for a distance of 55.00 feet; thence S 10°44'48" W for a distance of 8.88 feet to the extension of a line lying 0.5 feet (6 inches) Northeasterly of the existing fence and wall; thence S 79°06'43" E and along a line lying 0.5 feet (6 inches) Northeasterly of the existing fence and wall for a distance of 325.66 feet to a point lying 0.5 feet (6") from the corner of the fence on Eisenhower Drive; thence S 40°23'08" E along the fence on Eisenhower for a distance of 20.90 feet; thence S 14°07'44" E and being partially along a fence line for 167.37 feet to Angela Street; thence S.56°24'46"W., and along a line lying 0.5 feet (6 inches) Southeasterly of the fence line of Angela Street a distance of 1080.22 feet; thence N.19°36'43"W., and along the edge of an existing fence a distance of 72.01 feet; thence S.68°44'44"W., and along the edge of an existing fence a distance of 204.28 feet to the Northeast side of a concrete sidewalk and the Point of Beginning.
Parcel contains 1053433.77 square feet or 24.1835 acres, more or less.

2015 RENTAL RATES & INCOME LIMITS

7/20/2015
RENTS FOR AFFORDABLE HOUSING PROPERTIES EFFECTIVE 11/8/2013 FOR NEW MOVE IN'S AND EFFECTIVE 2/1/2014 FOR RECERTIFICATIONS -

SECTION 8 RENTS EFFECTIVE 5/1/2013 FOR NEW MOVE-IN'S & RECERTIFICATIONS

RGX – Project 04/002 – NEW RENTS EFFECTIVE 7/20/2015 FOR NEW MOVE IN'S AND 10/1/2015 FOR RECERTIFICATIONS

Low Rents – (6 units must be at the low rent) High Rents – (22 units can be at the high rent)
 1 Bedroom - \$556.00 1 Bedroom - \$729.00
 2 Bedroom - \$665.00 2 Bedroom - \$874.00

Key Plaza B – Project 04/003

KPB – Existing Tenants KPB New Tenants
 1 Bedroom - \$770.00 1 Bedroom - \$903.00
 2 Bedroom - \$853.00 2 Bedroom - \$1,061.00
 3 Bedroom - \$935.00 3 Bedroom – \$1,339.00

Garbage - \$35.00

KPB - Section 8 Tenants (No garbage charge)

1 Bedroom - \$1,115.00
 2 Bedroom - \$1,525.00
 3 Bedroom - \$2,100.00

Stock Island Rents – Project 84/002 (effective 2/1/2014 for all tenants)

2 bedroom units - \$1,081.00 plus \$74.00 for sewer and garbage
 1 bedroom unit - \$1,040.00 plus \$65.00 for sewer and garbage

Big Coppitt Rents – Project 84/008 (effective 2/1/2014 for all tenants)

3 bedroom units - \$1125.00 plus \$35.00 for garbage
 1 (2 br) unit offline due to Hurricane Wilma damage

Poinciana Plaza, Roosevelt Gardens, Washington St. Apts., Patterson & Third – 04/001,004,005,006

	<u>60%</u>	<u>80%</u>	<u>100%</u>	<u>120%</u>	<u>140%</u>	<u>S-8 Rent</u>
1 Bedroom	\$735.00	\$903.00	\$1,021.00	\$1,124.00	\$1,155.00	\$1,134.00
2 Bedroom	\$882.00	\$1,061.00	\$1,260.00	\$1,391.00	\$1,439.00	\$1,534.00
3 Bedroom	\$1,024.00	\$1,339.00	\$1,470.00	\$1,575.00	\$1,680.00	\$2,001.00
4 Bedroom	\$1,156.00	\$1,386.00	\$1,586.00	\$1,785.00	\$1,943.00	\$2,050.00
						<u>Garbage - \$35.00</u>

There is a 2 bedroom upstairs unit with special features that rents for \$2,000.00 at Patterson & Third

- New tenants at Poinciana Plaza and Roosevelt Gardens are leased up at the 80% and above rent
- New tenants at the Washington St. and Patterson & Third Properties are leased up at the 100% and above rent

CITY OF KEY WEST
Work Force Housing
Owner Occupied Income and Sales Limits
2015

Based on Monroe County Annual Median Income (AMI) for a family of four of \$70,400

Household Size	Low 80%	Median 100%	Moderate 120%	Middle 140%
1 Person	\$ 48,900	\$ 61,200	\$ 73,440	\$ 85,680
2 Persons	\$ 55,850	\$ 69,900	\$ 83,880	\$ 97,860
3 Persons	\$ 62,850	\$ 78,600	\$ 94,320	\$ 110,040
4 Persons	\$ 69,800	\$ 87,300	\$ 104,760	\$ 122,220
5 Persons	\$ 75,400	\$ 94,300	\$ 113,160	\$ 132,020
6 Persons	\$ 81,000	\$ 101,300	\$ 121,560	\$ 141,820
7 Persons	\$ 86,600	\$ 108,300	\$ 129,960	\$ 151,620
8 Persons	\$ 92,150	\$ 115,300	\$ 138,360	\$ 161,420

Income Limits for Married or Domestic Partners				
Household Size	Low 80%	Median 100%	Moderate 120%	Middle 140%
2 Persons	\$ 74,467	\$ 93,200	\$ 111,840	\$ 130,480
3 Persons	\$ 83,800	\$ 104,800	\$ 125,760	\$ 146,720
4 Persons	\$ 93,067	\$ 116,400	\$ 139,680	\$ 162,960
5 Persons	\$ 100,533	\$ 125,733	\$ 150,880	\$ 176,027
6 Persons	\$ 108,000	\$ 135,067	\$ 162,080	\$ 189,093
7 Persons	\$ 115,467	\$ 144,400	\$ 173,280	\$ 202,160
8 Persons	\$ 122,867	\$ 153,733	\$ 184,480	\$ 215,227

Per City Ord. Sec.122-1469(13)

Maximun Sales Price				
Unit Size	Low 80%	Median 100%	Moderate 120%	Middle 140%
Efficiency	\$ 122,250	\$ 214,200	\$ 367,200	\$ 556,920
1 bedroom	\$ 139,625	\$ 244,650	\$ 419,400	\$ 636,090
2 bedrooms	\$ 157,125	\$ 275,100	\$ 471,600	\$ 715,260
3 bedrooms	\$ 174,500	\$ 305,550	\$ 523,800	\$ 794,430
4 bedrooms	\$ 188,500	\$ 330,050	\$ 565,800	\$ 858,130

Per City Ord. Sec.122-1466 Definitions

Income limits are based upon figures provided by the
United States Department of Housing and Urban Development and
published by Florida Housing Finance Corporation

CITY OF KEY WEST
Work Force Housing
Income and Rental Limits
2015

Based on Monroe County Annual Median Income (AMI) for a family of four of \$70,400

Household Size	Low 80%	Median 100%	Moderate 120%	Middle 140%
1 Person	\$ 48,900	\$ 61,200	\$ 73,440	\$ 85,680
2 Persons	\$ 55,850	\$ 69,900	\$ 83,880	\$ 97,860
3 Persons	\$ 62,850	\$ 78,600	\$ 94,320	\$ 110,040
4 Persons	\$ 69,800	\$ 87,300	\$ 104,760	\$ 122,220
5 Persons	\$ 75,400	\$ 94,300	\$ 113,160	\$ 132,020
6 Persons	\$ 81,000	\$ 101,300	\$ 121,560	\$ 141,820
7 Persons	\$ 86,600	\$ 108,300	\$ 129,960	\$ 151,620
8 Persons	\$ 92,150	\$ 115,300	\$ 138,360	\$ 161,420

Income Limits for Married or Domestic Partners				
Household Size	Low 80%	Median 100%	Moderate 120%	Middle 140%
2 Persons	\$ 74,467	\$ 93,200	\$ 111,840	\$ 130,480
3 Persons	\$ 83,800	\$ 104,800	\$ 125,760	\$ 146,720
4 Persons	\$ 93,067	\$ 116,400	\$ 139,680	\$ 162,960
5 Persons	\$ 100,533	\$ 125,733	\$ 150,880	\$ 176,027
6 Persons	\$ 108,000	\$ 135,067	\$ 162,080	\$ 189,093
7 Persons	\$ 115,467	\$ 144,400	\$ 173,280	\$ 202,160
8 Persons	\$ 122,867	\$ 153,733	\$ 184,480	\$ 215,227

Per City Ord. Sec.122-1469(13)

Maximum Monthly Rental Rates				
Unit Size	Low 80%	Median 100%	Moderate 120%	Middle 140%
Efficiency	1,223	1,530	1,836	2,142
1 Bedroom	1,396	1,748	2,097	2,447
2 Bedrooms	1,571	1,965	2,358	2,751
3 Bedrooms	1,745	2,183	2,619	3,056
4 Bedrooms	1,885	2,358	2,829	3,301

Per City Ord. Sec.122-1466 Definitions

Income limits are based upon figures provided by the
United States Department of Housing and Urban Development and
published by Florida Housing Finance Corporation

**DECLARATION OF AFFORDABLE HOUSING
RESTRICTIONS**

Prepared by and Return to:
 Larry R. Erskine, Esq.
 P.O. Box 1409
 Key West, FL 33041-1409
 (305) 809-3770

DECLARATION OF AFFORDABLE HOUSING RESTRICTIONS

This Declaration of Affordable Housing Restrictions (hereinafter "Declaration") is made and entered into this 28th day of August, 2013, by PEARY COURT HOLDINGS, LP, a Delaware limited partnership (hereinafter "Declarant"), whose principal mailing address is c/o Wexford Capital Partners, 411 West Putnam Avenue, Greenwich, CT, 06830.

This Declaration applies to 48 of the 157 rental units located on the real property located at 400 White Street, in Key West, Florida, which is more fully described in the Legal Description attached hereto and incorporated herein as Exhibit A (hereinafter "Property").

WHEREAS, the Property is subject to regulation pursuant to Sections 122-1465 through 122-1500 of the Code of Ordinances of the City of Key West, Florida, as amended from time to time ("Work Force Housing Ordinance"), which ordinance establishes affordable housing categories to facilitate the development of housing designed to meet the needs of people employed by the local economy, establishes eligibility requirements for occupants of work force housing, and restricts the sales price of the Property and requires that the Property be sold at a price substantially less than fair market value to a purchaser within a specific income range; and

WHEREAS, Declarant as well as subsequent purchasers and tenants will benefit from the limitations and regulations placed on the Property by operation of this Declaration; and,

WHEREAS, the intent of the City of Key West (hereinafter "City") in imposing reasonable regulations on the Property is to establish and maintain the affordability of the Property for persons with incomes within a specified range; and

WHEREAS, the intent of Declarant is to preserve through this Declaration the affordability of the Property and to assign to the City the right to enforce compliance with this Declaration.

NOW, THEREFORE, the Declarant agrees that the Property shall be held and conveyed subject to the following affordable housing restrictions, covenants and conditions, which shall run with the Property and be binding on all parties having

any right, title or interest in the Property or any part thereof, their heirs, successors and assigns for the entire term of this Declaration.

I. DEFINITIONS

- A. "Declarant" shall mean the owner of the Property and any subsequent purchaser, devisee, transferee, grantee or holder of title of the Property or any portion of the Property.
- B. "Transfer" means any sale, assignment or transfer, voluntary, involuntary or by operation of law (whether by deed, contract of sale, gift, devise, bequest, trustee's sale, deed in lieu of foreclosure, or otherwise) of any interest in the Property, including but not limited to, a fee simple interest, a joint tenancy interest, a life estate, a leasehold interest, or an interest evidenced by a land contract by which possession of the Property is transferred and Declarant retains title.
- C. "Transferee" shall mean an individual, or individuals, who receive a Transfer of the Property from the Declarant.

All other terms shall have the same meaning given to them in the City's Work Force Housing Ordinance.

II. TERM AND ENFORCEABILITY

A. This Declaration shall run with the Property and bind the Declarant, his or her heirs, legal representatives, executors, successors in interest and assigns, for a period of fifty (50) years from the effective date of this Declaration. At any time during the final year of the restriction, the City, at its sole discretion, may act by Resolution to renew this Declaration for an additional 50-year term.

B. The Property is held and hereafter shall be held, conveyed, encumbered, used, rented, leased and occupied subject to these covenants, conditions, restrictions and limitations. All of the herein-stated covenants, conditions, restrictions and limitations are intended to constitute both equitable servitudes and covenants running with the land.

C. Any transferee or purchaser of the Property, or of any portion of or interest in the Property, by the acceptance of a deed therefore, whether from Declarant or from any subsequent purchaser of the Property, or by the signing of a contract or agreement to purchase the same, shall, by the acceptance of such deed or by the signing of such contract or agreement, be deemed to have consented to and accepted the covenants, conditions, restrictions and limitations set forth herein. Any written instrument attempting or purporting to sell, convey, grant, transfer,

exchange or assign any legal or equitable rights or interests to the Property shall be deemed null and void, where such instrument purports or evidences an attempt to sell, convey, grant, transfer, exchange or assign any right or interest to the Property where such instrument is inconsistent with or contrary to the conditions or covenants contained herein. Any deed or instrument of conveyance executed by or on behalf of Declarant or any subsequent grantee, devisee, heir, assignee or other transferee shall expressly set forth verbatim this and the foregoing reservations, restrictions and covenants or, in lieu thereof, incorporate them by specific reference to this Declaration by Book and Page number(s) where recorded in the Public Records of Monroe County, Florida.

D. In order to preserve through this Declaration the affordability of the Property for persons with incomes within a specified range, the Declarant hereby grants and assigns to the City the right to monitor and enforce compliance with this Declaration. Declarant otherwise reserves the rights necessary to implement the provisions of this Declaration.

III. IDENTIFICATION OF THE UNITS AFFECTED

A. Within 30 days of the date of execution of this Declaration, the Declarant shall identify and specify the 48 units which shall be subject to this Declaration. Further, the Declarant shall specify which affordable housing classification (low, median, moderate, or middle) each unit shall be operated under. The Declarant shall identify the affected units and classification pursuant to an amendment to this Declaration made by the Declarant alone, executed with the formalities of a deed, and recorded in the Public Records of Monroe County, Florida.

B. Pursuant to Section 122-1467(c) of the Work Force Housing Ordinance, the total rental for all the affected units shall be based on each unit being affordable housing (moderate income). The rental may be mixed among affordable housing (low income), (median income), (moderate income) and (middle income) in order that the total value of rental does not exceed ten percent of the rental of all the affected units as affordable housing (moderate income).

IV. OCCUPANCY, LEASING AND USE OF THE PROPERTY

A. The subject property shall be operated, managed and otherwise administered as affordable work force housing and such other uses incidental to residential use as may be permitted by local zoning and land use regulations.

1. Occupancy shall be restricted to households or

persons who derive at least 70 percent of its or his/her total income from gainful employment in Monroe County.

2. At the time an affordable housing (low income) unit is leased, the total income of the eligible household or persons shall not exceed 80 percent of the median household income for Monroe County (adjusted for family size). During the occupancy of the rental unit, the household's income may increase to an amount not to exceed 120 percent of the median household income for Monroe County (adjusted for family size). In such event, the tenant's occupancy shall terminate at the end of the existing lease term. The monthly rent for the rental unit, not including utilities, shall not exceed 30 percent of that amount which represents 80 percent of the monthly median household income of Monroe County (adjusted for family size).

3. At the time an affordable housing (median income) unit is leased, the total income of the eligible household or persons shall not exceed 100 percent of the median household income for Monroe County (adjusted for family size). During the occupancy of the rental unit, the household's income may increase to an amount not to exceed 140 percent of the median household income for Monroe County (adjusted for family size). In such event, the tenant's occupancy shall terminate at the end of the existing lease term. The monthly rent for the rental unit, not including utilities, shall not exceed 30 percent of that amount which represents 100 percent of the monthly median household income of Monroe County (adjusted for family size).

4. At the time an affordable housing (moderate income) unit is leased, the total income of the eligible household or persons shall not exceed 120 percent of the median household income for Monroe County (adjusted for family size). During the occupancy of the rental unit, the household's income may increase to an amount not to exceed 160 percent of the median household income for Monroe County (adjusted for family size). In such event, the tenant's occupancy shall terminate at the end of the existing lease term. The monthly rent for the rental unit, not including utilities, shall not exceed 30 percent of that amount which represents 120 percent of the monthly median household income of Monroe County (adjusted for family size).

5. At the time an affordable housing (middle income) unit is leased, the total income of the eligible household or persons shall not exceed 140 percent of the median household income for Monroe County

(adjusted for family size). During the occupancy of the rental unit, the household's income may increase to an amount not to exceed 180 percent of the median household income for Monroe County (adjusted for family size). In such event, the tenant's occupancy shall terminate at the end of the existing lease term. The monthly rent for the rental unit, not including utilities, shall not exceed 30 percent of that amount which represents 140 percent of the monthly median household income of Monroe County (adjusted for family size).

6. Eligibility is based on proof of legal residence in Monroe County for at least one consecutive year.

7. Priority shall be given to families of four or more members for larger sized affordable work force housing units.

8. The income of eligible households shall be determined by counting only the first and highest paid 40 hours of employment per week of each unrelated adult. For a household containing adults related by marriage or a domestic partnership registered with the City, only the highest 60 hours of combined employment shall be counted. The income of dependents regardless of age shall not be counted in calculating a household's income.

9. In the event that a tenant's income shall exceed the maximum allowable income under this section and such shall occur for the first time during the last three months of a tenancy, then the landlord and tenant may extend a lease for a period of one year at the affordable rate.

10. The board of adjustment may review a household's income and unique circumstances to determine eligibility and conformance with the intent of this ordinance to assure that people in need are not excluded and people without need are not included.

V. DEFAULTS AND REMEDIES: ASSIGNMENT OF RENTS

A. Upon any violation of the provisions of this Declaration the City may declare a default under this Declaration by delivering written notice thereof to the Declarant. After providing written notice of default, the City may apply to a court of competent jurisdiction for specific performance of the Declaration, for an injunction prohibiting a proposed sale or transfer in violation of this Declaration, for a declaration that a prohibited transfer is void, or for any such other relief as may be appropriate.

B. Assignment of rents: Declarant hereby assigns to City the right to receive the rents due or collected from any units identified to be subject to this Declaration during the entire period those units are occupied in violation of any of the terms of this Declaration.

C. The remedies stated herein shall not be exclusive, but shall be cumulative to all other remedies and rights the parties may lawfully exercise.

VI. REQUIREMENTS FOR WRITTEN REPORTS FROM DECLARANT

Declarant shall provide a written report to the City each year on January 1, or on such other date as specified by the City in writing, which includes a statement that Declarant has complied with all provisions of this Declaration, or includes Declarant's explanation of any violation of any provision of this Declaration. The report shall be submitted within thirty (30) days of the specified date to the City, or to such other person or address designated by the City. Failure to provide a report in a timely manner, or any misrepresentations on the report, shall constitute a default under this Declaration.

VII. GENERAL PROVISIONS

A. The City may assign its rights and delegate its duties hereunder in writing without the consent of Declarant. Upon such assignment the City shall notify the Declarant.

B. If any action is brought to enforce the terms of this Declaration, the prevailing party shall be entitled to reasonable attorneys' fees and costs.

C. If any one or more of the provisions contained in this Declaration shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Declaration, and this Declaration shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

D. The terms of this Declaration shall be interpreted under the laws of the State of Florida and venue shall lie in Monroe County, Florida.

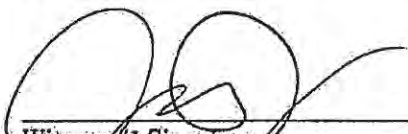
E. All notices required herein shall be sent by certified mail, return receipt requested, to the Declarant at the address of the Property and to the City or its designee at P.O. Box 1409, Key West, FL, 33041, or such other address that the City may subsequently provide in writing to the Declarant.

VIII. CONVERSION TO CONDOMINIUM FORM OF OWNERSHIP

A. In the event the Declarant or any subsequent owner or transferee proposes to convert ownership of the Property to condominium or a similar form of ownership, prior to the conversion, Declarant expressly agrees herein to execute an amended Declaration restricting the use, ownership, resale price, and occupancy of the affected units located on the Property in accordance with the provisions contained in Sections 122-1465 through 122-1500 of the Code of Ordinances of the City of Key West, Florida, as amended from time to time ("Work Force Housing Ordinance").

IN WITNESS WHEREOF, the Declarant has executed this Declaration as of the date written below.

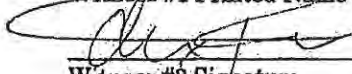
Signed, sealed and delivered in the presence of:



Witness #1 Signature

MICHAEL NUNZIATA

Witness #1 Printed Name

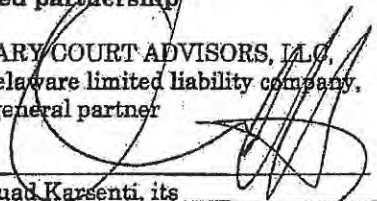


Witness #2 Signature

ALEX PETERS

Witness #2 Printed Name

DECLARANT: PEARY COURT HOLDINGS, LP, a Delaware limited partnership

By: 
PEARY COURT ADVISORS, LLC,
a Delaware limited liability company,
its general partner

By: _____
Arnuad Karsenti, its

STATE OF FLORIDA:
COUNTY OF MIAMI-DADE:

The foregoing instrument was acknowledged before me this 28th day of August, 2013, by Arnuad Karsenti, Authorized person of Peary Court Advisors, LLC, a Delaware limited liability company, general partner of Peary Court Holdings, LP, a Delaware limited partnership, on behalf of the company, who () is personally known to me or (X) has produced Drivers license as identification.

NOTARY SEAL:



NOTARY PUBLIC

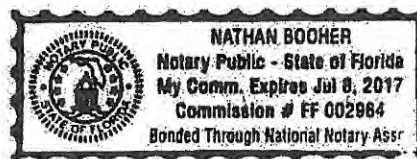


EXHIBIT A

Legal Description; Peary Court:

Prepared by undersigner:

Note: Legal based on Physical properties:

A parcel of land situated in the City of Key West, Monroe County, Florida and being more particularly described as follows: COMMENCING at the intersection of the Northwesterly Right-of-Way Line of Newton Street and the Northeasterly Right-of-Way Line of White Street (Florida State Plane Coordinates East Zone NAD 83/90, Northing = 82591.01, Easting = 392639.41): thence N 34°08'30" W along the said Northeasterly Right-of-Way Line of White Street for 310.39 feet; thence N 55°51'30" W for a distance of 0.05 feet to the back edge (Northeast side) of a concrete sidewalk and the Point of Beginning; thence N.34°08'00"W., and along the Northeast edge of a concrete sidewalk a distance of 289.66 feet; thence S 55°51'30" W for a distance of 0.10 feet to the Northeasterly Right-of-Way Line of White Street; thence N 34°08'30" W along the said Northeasterly Right-of-Way Line of White Street for a distance of 31.83 feet; thence N 55°51'30" E for a distance of 0.10 feet to the said back of the sidewalk of White Street; thence N 34°08'00" W along the said Northeasterly edge of a sidewalk for a distance of 853.03 feet to an existing fence; thence N.55°36'56"E., and along the said fence, which lies on Eaton Street a distance of 194.19 feet to a point lying 0.5 feet (6 inches) Northeast of a fence corner; thence S.79°06'43"E., and along a line lying 0.5 feet (6 inches) Northeasterly of a existing fence and wall a distance of 1206.74 feet; thence N 10°44'48" E for a distance of 8.75 feet to the Southeasterly Right-of-Way Line of Palm Avenue; thence S 79°15'12" E along the said Southeasterly Right-of-Way Line of Palm Avenue for a distance of 55.00 feet; thence S 10°44'48" W for a distance of 8.88 feet to the extension of a line lying 0.5 feet (6 inches) Northeasterly of the existing fence and wall; thence S 79°06'43" E and along a line lying 0.5 feet (6 inches) Northeasterly of the existing fence and wall for a distance of 325.66 feet to a point lying 0.5 feet (6") from the corner of the fence on Eisenhower Drive; thence S 40°23'08" E along the fence on Eisenhower for a distance of 20.90 feet; thence S 14°07'44" E and being partially along a fence line for 167.37 feet to Angela Street; thence S.56°24'46"W., and along a line lying 0.5 feet (6 inches) Southeasterly of the fence line of Angela Street a distance of 1080.22 feet; thence N.19°36'43"W., and along the edge of an existing fence a distance of 72.01 feet; thence S.68°44'44"W., and along the edge of an existing fence a distance of 204.28 feet to the Northeast side of a concrete sidewalk and the Point of Beginning.

Parcel contains 1053433.77 square feet or 24.1835 acres, more or less.

RENT ROLL

Rent Roll

As of 9/14/2015

9/14/2015 9:41:44 AM

Peary Court

Unit Name	Resident Name	Lease Expiration	Term	Move-in Date	Vacate Date	Security Deposit	Starting Balance	Rent	Market Rent	Amount Paid	Balance Due
101 A	<u>James Bogoieff</u>	6/30/2016	16	3/21/2014		\$4,600.00	\$2,558.38	\$2,350.00	\$0.00	\$0.00	\$4,908.38
101 B	<u>Christopher Kline</u>	11/30/2015	12	12/6/2013		\$4,500.00	\$0.00	\$2,250.00	\$0.00	\$2,250.00	\$0.00
101 C	<u>Jason Bogoieff</u>	8/31/2016	12	7/17/2015		\$4,600.00	\$0.00	\$2,300.00	\$0.00	\$2,300.00	\$0.00
101 D	Vacant					\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
102 A	<u>Jason Pfahl</u>	8/31/2016	12	9/1/2015		\$4,800.00	\$0.00	\$2,400.00	\$0.00	\$2,400.00	(\$750.00)
102 B	<u>Angela Berube</u>	6/30/2016	16	3/28/2014		\$2,250.00	\$100.00	\$2,350.00	\$0.00	\$0.00	\$2,450.00
102 C	<u>Julianne Manning</u>	9/30/2015	12	9/5/2014		\$4,600.00	\$0.00	\$2,350.00	\$0.00	\$2,350.00	\$0.00
103 A	<u>William Bailly</u>	6/30/2016	16	9/16/2014		\$4,600.00	\$0.00	\$2,350.00	\$0.00	\$2,350.00	\$0.00
103 B	<u>Blake Van Leer</u>	12/31/2015	12	12/10/2014		\$4,850.00	\$2,572.50	\$2,450.00	\$0.00	\$0.00	\$5,022.50
103 C	<u>Charles Fraga</u>	10/31/2015	12	10/1/2013		\$1,950.00	\$0.00	\$1,950.00	\$0.00	\$1,950.00	\$0.00
103 D	<u>Hays Construction</u>	1/31/2016	7	8/1/2015		\$883.34	\$0.00	\$2,450.00	\$0.00	\$2,450.00	\$0.00
104 A	<u>GLENDIA GUNTER</u>	1/31/2016	12	1/26/2012		\$2,150.00	\$0.00	\$2,350.00	\$0.00	\$2,350.00	\$0.00
104 B	<u>ADARE FRITZ</u>	12/31/2015	12	10/19/2012		\$2,150.00	\$0.00	\$2,250.00	\$0.00	\$2,250.00	\$0.00
*104 C	<u>Todd Ruggeri</u>	9/30/2015	12	9/10/2014	9/30/2015	\$4,600.00	\$0.00	\$2,350.00	\$0.00	\$0.00	\$2,350.00
105 A	<u>Hays Construction</u>	1/31/2016	7	8/1/2015		\$1,233.33	\$0.00	\$2,450.00	\$0.00	\$0.00	\$2,350.00
105 B	<u>Hays Construction</u>	1/31/2016	7	8/1/2015		\$883.33	\$0.00	\$2,450.00	\$0.00	\$2,450.00	\$0.00
105 C	<u>Anthony Salazar</u>	6/30/2015	MTM	12/13/2013		\$4,500.00	\$0.00	\$2,475.00	\$0.00	\$2,475.00	\$0.00
106 A	<u>KAROLINA BIEN</u>	7/1/2015	MTM	4/1/2013		\$625.00	\$0.00	\$2,450.00	\$0.00	\$2,450.00	\$0.00
106 B	<u>PAUL HANSEN</u>	11/30/2016	16	6/1/2013		\$2,150.00	\$0.00	\$2,375.00	\$0.00	\$2,375.00	\$0.00
106 C	<u>Travis Reese</u>	4/30/2016	12	5/27/2015		\$5,000.00	\$0.00	\$2,550.00	\$0.00	\$2,550.00	\$0.00
107 A	<u>Tommy Mack</u>	7/31/2016	12	8/1/2015		\$0.00	\$0.00	\$2,350.00	\$0.00	\$2,350.00	\$0.00
107 B	<u>SHAWN M. WAHLMEIER</u>	12/31/2016	16	8/26/2011		\$0.00	\$2,160.00	\$2,250.00	\$0.00	\$1,750.00	\$2,160.00
108 A	<u>Mike M. Iacovoni</u>	7/31/2016	12	8/1/2015		\$2,400.00	\$0.00	\$2,400.00	\$0.00	\$0.00	\$2,400.00
108 B	<u>Laura Henkel</u>	4/30/2016	12	5/27/2015		\$4,830.00	\$0.00	\$2,440.00	\$0.00	\$2,440.00	\$0.00
108 C	<u>Denise Woodward</u>	7/31/2016	12	8/1/2015		\$4,700.00	\$0.00	\$2,400.00	\$0.00	\$2,400.00	\$0.00
109 A	<u>Jill Baszak</u>	12/31/2015	7	10/6/2014		\$4,550.00	(\$140.00)	\$2,350.00	\$0.00	\$2,210.00	\$0.00
109 B	<u>Vanessa Molina</u>	11/30/2016	16	7/11/2014		\$4,550.00	\$0.00	\$2,300.00	\$0.00	\$2,300.00	\$0.00

Rent Roll

As of 9/14/2015

9/14/2015 9:41:44 AM

Unit Name	Resident Name	Lease Expiration	Term	Move-in Date	Vacate Date	Security Deposit	Starting Balance	Rent	Market Rent	Amount Paid	Balance Due
109 C	Danielle Torres	7/31/2016	12	8/7/2015		\$4,750.00	\$0.00	\$2,400.00	\$2,250.00	\$2,400.00	\$0.00
110 A	Jennifer Phillips	5/31/2016	12	6/23/2014		\$0.00	\$0.00	\$2,250.00	\$2,250.00	\$2,250.00	\$0.00
110 B	Jose Izquierdo	3/31/2016	12	10/1/2014		\$4,550.00	\$0.00	\$2,300.00	\$2,250.00	\$2,300.00	\$0.00
110 C	Jarred Magar	11/30/2016	16	8/14/2015		\$2,300.00	\$0.00	\$2,300.00	\$2,250.00	\$2,200.00	\$100.00
111 A	Beth Kilroe	4/30/2016	12	5/15/2015		\$0.00	\$0.00	\$2,440.00	\$2,250.00	\$2,440.00	\$0.00
111 B	Megan Vidovich	12/31/2014	MTM	1/31/2014		\$4,500.00	\$0.00	\$2,350.00	\$2,250.00	\$2,350.00	\$0.00
111 C	Pat Cahill	5/31/2016	12	6/1/2015		\$0.00	\$0.00	\$2,440.00	\$2,250.00	\$2,450.00	(\$10.00)
112 A	PANAGIOTIS ANDRIOTIS	1/31/2016	12	6/5/2010		\$1,995.00	\$0.00	\$2,250.00	\$2,250.00	\$2,250.00	\$0.00
112 B	Nicolas McGill	10/31/2015	12	10/8/2014		\$4,550.00	\$0.00	\$2,300.00	\$2,250.00	\$0.00	\$2,300.00
112 C	Sam Shaw	4/30/2016	12	5/22/2015		\$0.00	\$0.00	\$2,440.00	\$2,250.00	\$2,440.00	\$0.00
112 D	Natalie Black	5/31/2016	12	5/31/2014		\$4,550.00	\$0.00	\$2,350.00	\$2,250.00	\$2,350.00	\$0.00
113 A	Erin Danford	10/31/2015		8/27/2014		\$4,600.00	\$0.00	\$2,350.00	\$2,250.00	\$2,350.00	\$0.00
113 B	MOHAMMED MANNAN	7/31/2016	12	8/9/2013		\$500.00	(\$50.00)	\$2,350.00	\$2,250.00	\$2,300.00	\$0.00
113 C	Maria Seitz	4/30/2016	16	1/3/2014		\$4,500.00	\$0.00	\$2,250.00	\$2,250.00	\$2,250.00	\$0.00
114 A	SILVIYA KOLEVA	8/31/2014	MTM	9/7/2010		\$1,995.00	\$0.00	\$2,350.00	\$2,250.00	\$2,350.00	\$0.00
114 B	Elizabeth Turner	7/31/2016	12	8/1/2015		\$0.00	\$0.00	\$2,300.00	\$2,250.00	\$2,300.00	\$0.00
114 C	Daniel Discliertt	12/31/2016	7	11/7/2014		\$4,550.00	\$0.00	\$2,350.00	\$2,250.00	\$2,350.00	\$0.00
114 D	John Brandolino	10/31/2015	12	11/18/2013		\$4,500.00	\$0.00	\$2,250.00	\$2,250.00	\$2,250.00	\$0.00
115 A	Daniel Oberlander	8/31/2016	12	8/24/2015		\$2,500.00	\$666.67	\$2,500.00	\$2,250.00	\$2,166.67	\$0.00
115 B	ALICIA FARRER	9/30/2015	12	9/10/2012		\$4,300.00	\$0.00	\$2,250.00	\$2,250.00	\$2,250.00	\$0.00
116 A	John Moen	12/31/2016	16	8/29/2014		\$4,600.00	\$0.00	\$2,350.00	\$2,250.00	\$1,850.00	\$500.00
116 B	Patricia Brennan	1/31/2016	12	2/26/2014		\$4,500.00	\$0.00	\$2,350.00	\$2,250.00	\$2,350.00	\$0.00
116 C	Anna Slaven	8/31/2016	12	8/7/2014		\$4,600.00	\$50.00	\$2,350.00	\$2,250.00	\$2,400.00	\$0.00
117 A	Michael Guxet	8/31/2016	12	9/1/2015		\$4,550.00	\$0.00	\$2,300.00	\$2,250.00	\$1,550.00	\$0.00
117 B	MANDY SCHOTTENSTEIN	12/31/2015	12	1/9/2012		\$2,150.00	\$0.00	\$2,250.00	\$2,250.00	\$2,250.00	\$0.00
117 C	Devan Van Arsdel	7/31/2016	12	8/1/2015		\$3,575.00	\$35.00	\$2,450.00	\$2,250.00	\$2,485.00	\$0.00
118 A	Jay Johnston	4/30/2016	12	5/20/2015		\$5,000.00	\$0.00	\$2,550.00	\$2,250.00	\$2,550.00	\$0.00

Rent Roll

As of 9/14/2015

9/14/2015 9:41:44 AM

Unit Name	Resident Name	Lease Expiration	Term	Move-in Date	Vacate Date	Security Deposit	Starting Balance	Rent	Market Rent	Amount Paid	Balance Due
118 B	<u>BRIAN M. MCNUITY</u>	12/31/2015	12	11/20/2012		\$0.00	\$0.00	\$2,250.00	\$0.00	\$2,250.00	\$0.00
118 C	<u>Brian Franzen</u>	12/31/2015	12	1/17/2014		\$4,500.00	\$0.00	\$2,250.00	\$0.00	\$2,250.00	\$0.00
118 D	<u>Elise Hollabaugh</u>	5/31/2016	12	6/11/2014		\$4,600.00	\$0.00	\$2,475.00	\$0.00	\$2,475.00	\$0.00
119 A	<u>Heather Stenberg</u>	1/31/2016	12	2/4/2015		\$4,950.00	\$0.00	\$2,550.00	\$0.00	\$2,550.00	\$0.00
119 B	<u>Steven M. Easter</u>	7/31/2016	12	8/28/2015		\$2,500.00	\$0.00	\$2,500.00	\$0.00	\$2,500.00	\$0.00
119 C	<u>Shannon Merrill</u>	7/31/2016	12	8/28/2015		\$416.66	\$0.00	\$2,500.00	\$0.00	\$2,500.00	\$0.00
120 A	<u>Daniel Schoenung</u>	2/29/2016	12	11/29/2013		\$4,500.00	\$0.00	\$2,250.00	\$0.00	\$2,250.00	\$0.00
120 B	<u>Brandi M. Cox</u>	7/31/2016	12	8/21/2015		\$0.00	\$0.00	\$2,450.00	\$0.00	\$2,450.00	\$0.00
120 C	<u>Bradley McBride</u>	3/31/2015	MTM	9/17/2014		\$4,600.00	\$0.00	\$2,475.00	\$0.00	\$2,475.00	\$0.00
121 A	<u>Steven Radloff</u>	5/31/2016	12	6/4/2015		\$5,000.00	(\$255.00)	\$2,550.00	\$0.00	\$2,295.00	\$0.00
121 B	<u>CHARLES FORTIER</u>	6/30/2016	16	11/29/2010		\$1,995.00	\$0.00	\$2,350.00	\$0.00	\$2,350.00	\$0.00
121 C	<u>PAUL COX</u>	11/30/2016	16	8/24/2011		\$2,100.00	\$0.00	\$2,250.00	\$0.00	\$2,250.00	\$0.00
122 A	<u>Suzanne Roy</u>	6/30/2016	12	6/27/2014		\$4,600.00	\$0.00	\$2,375.00	\$0.00	\$2,375.00	\$0.00
122 B	<u>Chance P. Parker</u>	7/30/2016	12	8/1/2015		\$5,000.00	\$0.00	\$2,550.00	\$0.00	\$2,550.00	\$0.00
123 A	<u>John M. Negron</u>	8/31/2016	12	9/1/2015		\$0.00	\$0.00	\$2,400.00	\$0.00	\$2,250.00	\$0.00
123 B	<u>Robert Lenich</u>	5/31/2016	12	6/19/2015		\$4,950.00	\$0.00	\$2,500.00	\$0.00	\$2,500.00	\$0.00
123 C	<u>James Bender</u>	12/31/2015	12	1/8/2014		\$4,500.00	\$0.00	\$2,250.00	\$0.00	\$1,750.00	\$500.00
123 D	<u>Charlie Bradford</u>	5/31/2016	12	6/1/2015		\$0.00	\$0.00	\$2,500.00	\$0.00	\$2,500.00	\$0.00
124 A	<u>Sharon Wells</u>	3/31/2016	12	4/8/2015		\$3,725.00	\$0.00	\$2,550.00	\$0.00	\$2,550.00	\$0.00
124 B	<u>DARTIUS M. SHARPE</u>	4/30/2016	12	10/1/2012		\$2,150.00	\$2,250.00	\$2,250.00	\$0.00	\$2,250.00	\$2,250.00
124 C	<u>Benjamin Longacre</u>	3/31/2016	12	4/14/2015		\$5,000.00	\$0.00	\$2,550.00	\$0.00	\$2,550.00	\$0.00
125 A	<u>Susan Horner</u>	11/30/2015	16	8/1/2014		\$2,250.00	\$0.00	\$2,350.00	\$0.00	\$2,350.00	\$0.00
125 B	<u>Douglas O'Neil</u>	11/30/2016	16	1/7/2015		\$4,850.00	\$0.00	\$2,450.00	\$0.00	\$2,450.00	\$0.00
125 C	<u>Jennifer Hudson</u>	8/31/2016	12	9/1/2015		\$2,500.00	\$0.00	\$2,500.00	\$0.00	\$2,500.00	\$0.00
125 D	<u>Thomas Higgins</u>	11/30/2015	12	12/2/2013		\$4,500.00	\$0.00	\$2,250.00	\$0.00	\$2,250.00	\$0.00
126 A	<u>Jeannette Holmes</u>	4/30/2016	12	12/11/2013		\$4,500.00	\$0.00	\$2,250.00	\$0.00	\$2,250.00	\$0.00
126 B	<u>Kaitlin Kenney</u>	11/30/2015	12	11/18/2014		\$4,849.98	\$0.00	\$2,450.00	\$0.00	\$2,450.00	\$0.00
126 C	<u>Donna Windle</u>	10/31/2015	12	10/10/2014		\$4,550.00	\$0.00	\$2,300.00	\$0.00	\$2,300.00	\$0.00

Rent Roll

AS of 9/14/2015

9/14/2015 9:41:44 AM

Unit Name	Resident Name	Lease Expiration	Term	Move-in Date	Vacate Date	Security Deposit	Starting Balance	Rent	Market Rent	Amount Paid	Balance Due
127 A	<u>Mary Lynn Dalton</u>	7/31/2016	16	12/21/2012		\$2,175.00	\$0.00	\$2,375.00	\$2,250.00	\$2,375.00	\$0.00
127 B	<u>Maddiel M. Torres</u>	9/30/2016	16	10/1/2007		\$0.00	\$2,150.00	\$2,350.00	\$2,250.00	\$2,350.00	\$2,150.00
127 C	<u>Michael Bosshart</u>	9/30/2015	12	9/26/2014		\$4,550.00	\$0.00	\$2,300.00	\$2,250.00	\$2,300.00	\$0.00
127 D	<u>Patrick Lash</u>	5/31/2016	16	12/21/2012		\$2,675.00	\$0.00	\$2,350.00	\$2,250.00	\$0.00	\$2,350.00
128 A	<u>Betty Lanier</u>	12/31/2015	12	12/19/2014		\$4,900.00	\$0.00	\$2,500.00	\$2,250.00	\$2,500.00	\$0.00
128 B	<u>Kayla Rokowski</u>	7/31/2016	12	10/18/2013		\$2,660.50	\$0.00	\$2,250.00	\$2,250.00	\$2,250.00	\$0.00
128 C	<u>David Axtell</u>	12/31/2016	16	8/29/2013		\$2,875.00	\$0.00	\$2,250.00	\$2,250.00	\$1,750.00	(\$500.00)
128 D	<u>Susan Miller</u>	5/31/2016	16	2/19/2014		\$4,500.00	\$0.00	\$2,350.00	\$2,250.00	\$2,350.00	\$0.00
129 A	<u>Michelle M. Ocon Hernandez</u>	11/30/2015	12	11/24/2010		\$0.00	\$1,050.00	\$2,250.00	\$2,250.00	\$2,250.00	\$1,050.00
129 B	<u>Howard Phoenix</u>	5/31/2015	MTM	11/14/2011		\$2,100.00	\$0.00	\$2,350.00	\$2,250.00	\$2,350.00	\$0.00
129 C	<u>Lacey Schoenberger</u>	2/29/2016	12	10/29/2014		\$2,300.00	\$0.00	\$2,400.00	\$2,250.00	\$2,400.00	\$0.00
130 A	<u>Benjamin M. Lesniak</u>	5/31/2016	12	6/15/2015		\$4,150.00	\$0.00	\$2,550.00	\$2,250.00	\$2,550.00	\$0.00
130 B	<u>Barry Bivens</u>	5/31/2016	16	2/15/2013		\$500.00	\$0.00	\$2,350.00	\$2,250.00	\$2,350.00	\$0.00
130 C	<u>Amy Lay</u>	2/29/2016	16	10/17/2013		\$4,625.00	\$0.00	\$2,250.00	\$2,250.00	\$2,250.00	\$0.00
131 A	<u>Jacquelyn M. Young</u>	12/31/2016	16	8/8/2014		\$2,250.00	\$2,350.00	\$2,350.00	\$2,250.00	\$1,850.00	\$2,350.00
131 B	<u>Andrew M. Johnson</u>	9/30/2015	12	9/27/2013		\$0.00	\$2,250.00	\$2,250.00	\$2,250.00	\$2,250.00	\$2,250.00
131 C	<u>Steven M. Pont</u>	6/30/2016	12	7/1/2013		\$0.00	\$2,200.00	\$2,350.00	\$2,250.00	\$2,375.00	\$2,175.00
132 A	<u>Gaston Breton</u>	1/31/2016	12	2/27/2015		\$4,150.00	\$5,355.00	\$2,550.00	\$2,250.00	\$0.00	\$7,905.00
132 B	<u>Vance Pacey</u>	2/29/2016	12	3/26/2015		\$4,950.00	\$0.00	\$2,500.00	\$2,250.00	\$2,500.00	\$0.00
132 C	<u>Denis Granger</u>	11/30/2015	12	12/20/2013		\$4,500.00	\$0.00	\$2,250.00	\$2,250.00	\$2,250.00	\$0.00
133 A	<u>Claude John</u>	4/30/2016	16	2/10/2010		\$1,995.00	\$0.00	\$2,250.00	\$2,250.00	\$2,250.00	\$0.00
133 B	<u>Michael Beaudre</u>	5/31/2016	12	6/15/2015		\$4,950.00	\$0.00	\$2,500.00	\$2,250.00	\$2,500.00	\$0.00
133 C	<u>Adam M. Mayo</u>	7/31/2016	12	8/1/2015		\$2,400.00	\$0.00	\$2,400.00	\$2,250.00	\$2,350.00	\$50.00
133 D	<u>Sarvinoz Fakhrtdinova</u>	3/31/2016	12	4/1/2015		\$5,050.00	\$0.00	\$2,600.00	\$2,250.00	\$2,600.00	\$0.00
134 A	<u>David Wilson</u>	1/31/2016	16	10/1/2012		\$1,995.00	\$0.00	\$2,250.00	\$2,250.00	\$2,250.00	\$0.00

Rent Roll

As of 9/14/2015

Unit Name	Resident Name	Lease Expiration	Term	Move-in Date	Vacate Date	Security Deposit	Starting Balance	Rent	Market Rent	Amount Paid	Balance Due
134 B	<u>Altrimese M. McGlockton</u>	6/30/2016	12	7/1/2015		\$2,450.00	\$0.00	\$2,450.00	\$0.00	\$0.00	\$2,450.00
134 C	<u>Rhys M. Green</u>	12/31/2016	16	8/18/2014		\$2,250.00	\$0.00	\$2,300.00	\$0.00	\$1,800.00	\$0.00
134 D	<u>Mike M. Camp</u>	8/31/2016	12	9/1/2015		\$2,350.00	\$0.00	\$2,350.00	\$0.00	\$2,600.00	\$0.00
135 A	<u>Kylah Lake</u>	1/31/2016	12	10/24/2014		\$4,700.00	\$0.00	\$2,400.00	\$0.00	\$1,200.00	\$1,200.00
135 B	<u>David Galvan</u>	12/31/2014	MTM	1/17/2014		\$4,500.00	\$0.00	\$2,350.00	\$0.00	\$2,350.00	\$0.00
135 C	<u>Tori M. Moffitt</u>	4/30/2016	12	1/13/2014		\$2,250.00	\$0.00	\$2,250.00	\$0.00	\$2,250.00	\$0.00
135 D	<u>Ray M. Bearse</u>	10/31/2015	7	4/11/2014		\$2,250.00	\$0.00	\$2,375.00	\$0.00	\$2,375.00	\$0.00
136 A	<u>Kristen Espolin</u>	3/31/2016	16	11/12/2014		\$4,700.00	\$0.00	\$2,400.00	\$0.00	\$2,400.00	\$0.00
136 B	<u>Bradley M. Wilson</u>	2/29/2016	12	11/14/2013		\$0.00	\$0.00	\$2,150.00	\$0.00	\$2,150.00	\$0.00
136 C	<u>Davide Cremascoli</u>	8/31/2016	16	5/1/2014		\$4,600.00	\$0.00	\$2,375.00	\$0.00	\$2,375.00	\$0.00
137 A	<u>Andy Strunk</u>	6/30/2016	12	6/13/2014		\$4,600.00	\$0.00	\$2,350.00	\$0.00	\$2,375.00	(\$25.00)
137 B	<u>Andrew Quinnelly</u>	7/31/2016	16	11/22/2010		\$1,995.00	(\$135.00)	\$2,350.00	\$0.00	\$2,215.00	\$0.00
*137 C	<u>Vacant (Leased 10/1/2015)</u>					\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
137 D	<u>Sylvia Davis</u>	2/29/2016	12	3/12/2014		\$4,500.00	\$0.00	\$2,350.00	\$0.00	\$2,350.00	\$0.00
138 A	<u>Keith M. Cavanaugh</u>	10/31/2015	12	10/3/2013		\$0.00	\$0.00	\$2,250.00	\$0.00	\$0.00	\$2,250.00
138 B	<u>Nati Machado</u>	7/31/2016	12	8/26/2015		\$4,600.00	(\$1,840.00)	\$2,300.00	\$0.00	\$460.00	\$0.00
138 C	<u>Ramsey Kukes</u>	11/30/2015	12	11/29/2012		\$2,150.00	\$0.00	\$2,250.00	\$0.00	\$2,250.00	\$0.00
139 A	<u>Benjamin Perkins</u>	11/30/2015	12	10/15/2013		\$1,075.00	\$777.79	\$2,150.00	\$0.00	\$2,150.00	\$777.79
139 B	<u>Elizabeth Owens</u>	12/31/2015	12	1/31/2014		\$4,500.00	\$0.00	\$2,250.00	\$0.00	\$2,230.00	\$20.00
139 C	<u>Gary Troutman</u>	6/30/2016	12	7/1/2015		\$5,000.00	\$0.00	\$2,550.00	\$0.00	\$2,550.00	\$0.00
140 A	<u>Justin M. Nease</u>	6/30/2016	12	7/27/2015		\$2,550.00	\$0.00	\$2,550.00	\$0.00	\$2,550.00	\$0.00
140 B	<u>Cecile Balding</u>	6/30/2016	12	8/7/2015		\$4,750.00	\$0.00	\$2,400.00	\$0.00	\$2,400.00	\$0.00
140 C	<u>Alexander M. Stewart</u>	3/31/2016	12	4/15/2015		\$5,000.00	\$0.00	\$2,550.00	\$0.00	\$2,550.00	\$0.00
141 A	<u>Terry Worthing</u>	11/30/2015	12	6/22/2011		\$1,995.00	\$0.00	\$2,250.00	\$0.00	\$2,250.00	\$0.00
141 B	<u>Andy Thurber</u>	7/31/2016	12	8/1/2015		\$4,950.00	(\$2,550.00)	\$2,500.00	\$0.00	\$0.00	(\$50.00)
141 C	<u>Nicole Smith</u>	2/29/2016	12	11/15/2013		\$500.00	\$0.00	\$2,250.00	\$0.00	\$2,250.00	\$0.00
142 A	<u>Ryan Workman</u>	5/31/2016	12	5/30/2014		\$200.00	(\$25.00)	\$2,375.00	\$0.00	\$3,790.00	(\$1,440.00)

Rent Roll

As of 9/14/2015

Unit Name	Resident Name	Lease Expiration	Term	Move-in Date	Vacate Date	Security Deposit	Starting Balance	Rent	Market Rent	Amount Paid	Balance Due
142 B	Art Sindley	3/31/2016	12	4/15/2015		\$4,950.00	\$0.00	\$2,500.00	\$2,250.00	\$2,500.00	\$0.00
142 C	Jason M. Hopole	7/31/2016	12	8/13/2013		\$0.00	\$2,000.00	\$2,250.00	\$2,250.00	\$1,750.00	\$2,500.00
143 A	Yolanda M. Williams	7/31/2016	12	8/10/2015		\$2,300.00	\$0.00	\$2,300.00	\$2,250.00	\$2,300.00	\$0.00
143 B	Kevin M. Doran	4/30/2016	12	5/16/2014		\$2,250.00	\$1,150.00	\$2,350.00	\$2,250.00	\$1,175.00	\$2,325.00
143 C	James Luckey	1/31/2015	MTM	2/19/2013	9/30/2015	\$4,875.00	\$0.00	\$2,450.00	\$2,250.00	\$0.00	\$2,450.00
*144 A	Vacant (Leased 10/1/2015)					\$0.00	\$0.00	\$0.00	\$2,250.00	\$0.00	\$0.00
*144 B	Vacant (Leased 11/2/2015)					\$0.00	\$0.00	\$0.00	\$2,250.00	\$0.00	\$0.00
*144 C	Vacant (Leased 10/1/2015)					\$0.00	\$0.00	\$0.00	\$2,250.00	\$0.00	\$0.00
*145 A	Vacant (Leased 10/1/2015)					\$0.00	\$0.00	\$0.00	\$2,250.00	\$0.00	\$0.00
*145 B	Vacant (Leased 11/2/2015)					\$0.00	\$0.00	\$0.00	\$2,250.00	\$0.00	\$0.00
*145 C	Vacant (Leased 10/1/2015)					\$0.00	\$0.00	\$0.00	\$2,250.00	\$0.00	\$0.00
146 A	Joseph M. Tresner	12/31/2016	16	9/1/2015		\$700.00	\$0.00	\$2,300.00	\$2,250.00	\$2,300.00	\$0.00
146 B	Amanda Price	10/31/2015	12	10/24/2014	10/24/2015	\$4,450.00	\$0.00	\$2,300.00	\$2,250.00	\$2,300.00	\$0.00
146 C	James Ellis	4/30/2016	12	9/19/2014		\$4,550.00	\$0.00	\$2,300.00	\$2,250.00	\$2,300.00	\$0.00
147 A	Steven Balmes	6/30/2016	16	11/30/2011		\$2,100.00	\$0.00	\$2,350.00	\$2,250.00	\$2,350.00	\$0.00
147 B	Brendon Fettis	11/30/2015	12	11/21/2014		\$4,830.00	\$0.00	\$2,440.00	\$2,250.00	\$2,440.00	\$0.00
147 C	Michael Miller	12/31/2015	12	12/29/2011		\$2,100.00	\$0.00	\$2,250.00	\$2,250.00	\$2,250.00	\$0.00
148 A	Jonathan M. Erd	1/31/2016	12	8/22/2012		\$0.00	\$2,150.00	\$2,350.00	\$2,250.00	\$2,350.00	\$2,150.00
148 B	Jordan Smith	12/31/2015	12	1/1/2015		\$0.00	\$0.00	\$2,350.00	\$2,250.00	\$2,350.00	\$0.00
148 C	Gregory Trnka	11/30/2013	MTM	11/1/2010		\$1,995.00	\$0.00	\$2,250.00	\$2,250.00	\$2,250.00	\$0.00
149 A	Adam Wallen	6/30/2016	12	7/8/2015		\$4,900.00	\$0.00	\$2,450.00	\$2,250.00	\$2,325.00	\$1,25.00
149 B	James Whitehead	2/28/2017	24	2/25/2013		\$625.00	\$0.00	\$2,250.00	\$2,250.00	\$2,250.00	\$0.00
149 C	Robert Nossow	10/31/2015	12	2/7/2013		\$2,225.00	\$0.00	\$2,250.00	\$2,250.00	\$2,250.00	\$0.00

Rent Roll

As of 9/14/2015

Unit Name	Resident Name	Lease Expiration	Term	Move-in Date	Vacate Date	Security Deposit	Starting Balance	Rent	Market Rent	Amount Paid	Balance Due
Former Residents											
123 A	Daniel Hanks	9/30/2015	12	9/26/2014	8/5/2015	\$2,250.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
125 C	Frank Pimentel	5/31/2016	12	11/5/2014	8/31/2015	\$2,300.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
134 D	Sherrie Buchholz	11/30/2014	12	12/5/2013	8/22/2015	\$2,776.67	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
137 C	Elaine McHale	8/31/2015	12	8/13/2014	8/31/2015	\$2,250.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
146 A	Edgar Pinero	8/31/2015	7	9/24/2012	8/31/2015	\$3,050.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total:						\$462,798.81	\$26,830.34	\$351,975.00	\$351,000.00	\$317,261.67	\$56,043.67

* New Leases in place

Rent Roll

As of 9/14/2015

Peary Court

Recap

Unit Analysis	
Total Units	157
Occupied	149
Vacant Available	1
Vacant Future Lease	7
Vacant Future Transfer	0

Lease Analysis	
Leased	8
Vacating	2
MTM	9

Current Occupancy: 95 %
 Economic Occupancy: 98 %
 Current Residents Balance Due: \$56,043.67
 Former Residents Balance Due: \$0.00

There are no prepayments

Billing Summary		Amount
Gross Potential Rent		
Rent		\$351,975.00
Less: Vacancy		\$0.00
Concessions		\$6,500.00
Net Rental Income		\$345,475.00
Beginning Receivables (+)		\$25,796.67
Ending Receivables (-)		\$54,795.00
Change in Receivables		(\$28,998.33)
Net Rental Receipts		\$316,476.67
Other Rental Charges		
Pet Fee		\$1,000.00
Total Other Rental Charges		\$1,000.00
Gross Market Rent		\$351,000.00
Less: Loss To Lease		(\$975.00)
Concessions		\$6,500.00
Rent Income to be collected		\$345,475.00

Unit	Resident	Move In	Unit Type	Count
104 C	Bobby Pauley	10/12/2015	2 Bedroom, 1 Bath	8
137 C	Ariel Sanchez	10/1/2015	2 Bedroom, 1.5 Bath	149
144 A	Alex Conley	10/1/2015		
144 B	Alicia Teate	11/2/2015		
144 C	Jennifer Conrad	10/1/2015		
145 A	Gregory Beatley	10/1/2015		
145 B	Daniel Duhnow	11/2/2015		
145 C	Ruby M. Roberts	10/1/2015		