

**AGREEMENT**

THIS AGREEMENT is made effective on the 18th day of August, 2019 by and between **NASSAU COUNTY BOARD OF COUNTY COMMISSIONERS** (hereinafter referred to as "**COUNTY**") and **AMELIA ISLAND MUSEUM OF HISTORY** (hereinafter referred to as "**MUSEUM**").

**WHEREAS**, on August 11, 1997, the **COUNTY** and the **MUSEUM** executed a *Deed* with respect to the real property located at 233 South Third Street, Fernandina Beach, Florida 32034 (Parcel ID No.: 00-00-31-1800-0273-0150) (hereinafter referenced at the "**PROPERTY**"). The *Deed* was recorded in Official Records Book 803 at Page 1353 of the public records of Nassau County, Florida. A copy of the *Deed* is attached hereto and incorporated herein as Exhibit "A"; and

**WHEREAS**, the *Deed* transfers the **COUNTY**'s interest in the **PROPERTY** to the **MUSEUM** with certain stipulations, including a "reverter clause" providing that ownership of the **PROPERTY** would "revert" to the **COUNTY** in the event the **PROPERTY** was no longer being used for purposes of a museum; and

**WHEREAS**, the **MUSEUM** offers a variety of exhibits and programs open to members of the community; and

**WHEREAS**, the **MUSEUM**, based on the increased visitation by the public and the need for additional space for exhibits and events, needs additional space, parking, etc. to better serve the public; and

**WHEREAS**, the **MUSEUM** has expended to date one million three hundred sixty-six thousand and sixteen dollars (\$1,366,016.00) for improvements to the **PROPERTY**. A schedule of said improvements is attached hereto and incorporated herein as Exhibit "B"; and

**WHEREAS**, the **PROPERTY** was appraised on December 31, 2018 by Buzz Wagand and Associates, Inc. The appraised value is \$850,000.00. A copy of the appraisal is attached hereto and incorporated herein as Exhibit “C”; and

**WHEREAS**, the **MUSEUM** desires to sell the **PROPERTY** for its fair market rate, and use any and all net proceeds from the sale to purchase one or more parcels of real property located in downtown Fernandina Beach, Florida that will allow the **MUSEUM** to better accommodate the growing needs and/or demands of the community; and

**WHEREAS**, the sale of the **PROPERTY** is in the best interest of the **MUSEUM** and the citizens of Nassau County, Florida and it is the intent of the **MUSEUM** to obtain a “bridge loan” from a lending institution to acquire, construct and improve a new facility or facilities for a new museum prior to selling the **PROPERTY**; and

**WHEREAS**, the **COUNTY** agrees, subject to specific terms, that the current property should be sold and re-established in downtown Fernandina Beach, Florida.

**NOW THEREFORE**, it is agreed that:

1. The sale of the **PROPERTY**, without a “reverter clause”, is in the best interest of the **MUSEUM** and the citizens of Nassau County, Florida.
2. The **COUNTY** authorizes, subject to conditions set forth herein, the **MUSEUM** to sell the **PROPERTY** for its fair market value.
3. The **MUSEUM** shall present a plan to the County Manager indicating the property to be purchased and the plan shall include expected costs and funding for acquisition and renovations of the proposed facility, or construction of a new facility. The plan shall also set forth sufficient details for review by the Director of Office of Management and Budget and County Manager to submit to the **COUNTY** Commission for approval. The plan shall include specific

information as to the expected re-opening of the museum and any additional information requested by the **COUNTY**.

4. The **MUSEUM** shall provide a copy of the Purchase and Sale Agreement to the County Manager the property to be purchased. Said documents are to be provided thirty (30) days prior to a closing on the respective properties.

5. The **MUSEUM** shall use any and all net proceeds from the sale of the current property to purchase one or more parcels of real property, or a building and real property, and/or for renovations of an existing building, located in the downtown district of Fernandina Beach, Florida to be used for purposes of a museum. The **MUSEUM** shall use any remaining proceeds to be used for purposes of a museum. Notwithstanding, the foregoing, money from the sale of the **PROPERTY** may be used to repay the “bridge loan” as well as the **MUSEUM** for all monies expended for the acquisition, permits, construction, improvements and other museum purposes required by the move.

6. Failure of the **MUSEUM** to provide the plan set forth in Paragraph 5 and obtain approval of the **COUNTY** shall cause the repayment of the net proceeds as set forth in Paragraph 5.

7. The **MUSEUM** shall provide to the County Manager an accounting, certified by a CPA, of any and all monies expended for said purchase and renovations, construction or improvements. The **MUSEUM** shall provide supporting documentation of the transactions, to the County Manager and the Director of Office of Management and Budget, including, but not limited to, receipts, cancelled checks, bank reconciliation statements, etc. as requested by the **COUNTY**.

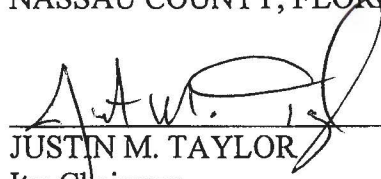
8. The **COUNTY**, upon execution of this Agreement, shall issue a corrective deed rescinding the “reverter clause”.

9. The COUNTY shall consider this Agreement at an advertised public hearing.

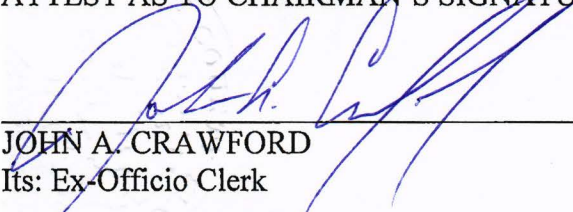
10. Any amendments to this Agreement shall be approved by the COUNTY Commission upon just cause shown.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first stated above.

BOARD OF COUNTY COMMISSIONERS  
NASSAU COUNTY, FLORIDA

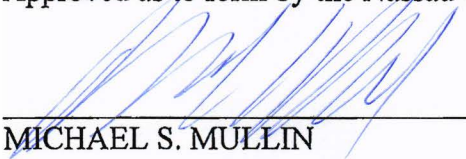
  
JUSTIN M. TAYLOR  
Its: Chairman

ATTEST AS TO CHAIRMAN'S SIGNATURE:

  
JOHN A. CRAWFORD  
Its: Ex-Officio Clerk

8/13/19

Approved as to form by the Nassau County Attorney:

  
MICHAEL S. MULLIN

AMELIA ISLAND MUSEUM OF  
HISTORY

  
SUSAN E. MARTIN  
Its: Chairperson, Board of Trustees

  
PHYLLIS DAVIS  
Its: Executive Director

R. 15.00  
DS .70

AUG 20 1997

DEED

BK 0803 PG 1353  
OFFICIAL RECORDS

THIS DEED, made this 11th day of August, 1997, by Nassau County Florida, whose address is Post Office Box 1010, Fernandina Beach, Florida 32035, party of the first part, and the Amelia Island Museum of History, whose address is 233 South Third Street, Fernandina Beach, Florida 32035, party of the second part,

WITNESSETH that the said party of the first part, for and in consideration of the sum of Ten Dollars (\$10.00) to it in hand paid by the party of the second part, receipt whereof is hereby acknowledged, has granted, bargained, and conveyed to the party of the second part, his or her heirs and assigns forever, the following described land lying and being in Nassau County, Florida:

Parcel ID No. 00-00-31-1800-0273-0150

Said transfer shall be subject to the following stipulations as set forth in the attached Exhibit "A".

IN WITNESS WHEREOF the said party of the first part has caused these presents to be executed in its name by its Board of County Commissioners acting by the Chair or Vice Chair of said board, the day and year aforesaid.

Florida Documentary Stamp tax  
paid by law in the amount  
of 20 cents of

BOARD OF COUNTY COMMISSIONERS  
NASSAU COUNTY, FLORIDA

AUG 20 1997  
[Signature]  
Clerk Circuit Court Nassau County Florida

[Signature]  
JOHN A. CRAWFORD  
Its, Chairman

Prepared by:  
Michael S. Mullin  
26 South Fifth Street  
Fernandina Beach, FL 32034

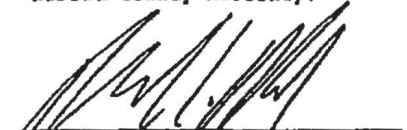
EXHIBIT A

BK0803PG1354  
OFFICIAL RECORDS

Attest:

  
\_\_\_\_\_  
J.M. "CHIP" OXLEY, JR.  
Itô: Ex-Officio Clerk

Approved as to form by the  
Nassau County Attorney:

  
\_\_\_\_\_  
MICHAEL S. MULLIN

0X0803PG1355

OFFICIAL RECORDS

EXHIBIT "A"

The transfer of the property known as The Old Jail, located at 233 South Third Street, Fernandina Beach, Florida, by the Board of County Commissioners of Nassau County, Florida to the Amelia Island Museum of History shall be subject to the following stipulations:

1. Nassau County shall retain perpetual use of the radio antenna site along with the small room currently being used for the maintenance of the radio site.
2. Nassau County would be responsible for all maintenance and insurance on the radio site.
3. Said property shall revert back to Nassau County in the event that same is no longer used for purposes of a museum.
4. In the event that Nassau County decided to abandon the antenna site, the antenna would be removed at the expense of Nassau County.

9718840

FILED & RECORDED IN PUBLIC  
RECORDS DEPARTMENT  
NASSAU COUNTY, FLORIDA

97 AUG 20 AM 11:36

*[Handwritten Signature]*  
1997 AUG 20 11:36 AM

A M E L I A I S L A N D  
**MUSEUM OF HISTORY**



**Exhibit "B"**

	<b>Project</b>	<b>Funds</b>	<b>Date</b>
Phase I	Fire Alarm System	\$ 3,256.00	2000-2003
	Exhibit Design, Research, Development	\$ 37,887.00	
	Fabrication/Installation	\$ 284,900.00	
	HVAC System	\$ 19,973.00	
Phase II	Architectural Services	\$ 30,000.00	2005-2007
	Renovation & Construction: Elevator, Baker Hall, Library/Archives, Office spaces, Kitchen, new entrance Windows	\$ 310,000.00	
		\$ 100,000.00	
Other	New roof	\$ 55,000.00	2010
	HVAC units replaced	\$ 25,000.00	2012-2017
	Estimate for work done prior to 2000	\$ 500,000.00	
<b>Total</b>		<b>\$1,366,016.00</b>	

EXHIBIT B



**Real Estate Appraisal Report**

Of

A Cultural Building Property

Located at

233 South 3rd Street, Fernandina Beach, FL 32034

Date of Value: December 31, 2018

For

Ms. Amber N. Carter, Assistant to Michael S. Mullin

Nassau County Attorney

96135 Nassau Place, Suite 6

Yulee, Florida 32097

Property Owner: Amelia Island Museum of History



**LETTER OF TRANSMITTAL**

January 16, 2019

Ms. Amber N. Carter, Assistant to Michael S. Mullin  
Nassau County Attorney  
96135 Nassau Place, Suite 6  
Yulee, Florida 32097

Re: Appraisal of an Cultural Building property located at 233 South 3rd Street, Fernandina Beach, FL 32034

Dear Ms. Carter:

As you requested, Buzz Wagand and Associates, Inc. (BWA) appraised the 8,448 NRSF cultural building situated on about 17,500 square feet of land, located at 233 South 3rd Street in Fernandina Beach, FL 32034. The building was constructed in 1938 and is currently about 100% owner occupied and used as a museum. The property is not listed for sale.

A summary of our analyses is as follows:

Appraisal Premise	Interest Appraised	Standard of Value	Date of Value	Approach	Value Indication
As Is	Fee Simple	Market Value	2/1/2017	Sales Comparison	\$845,000
As Is	Fee Simple	Market Value	2/1/2017	Income Capitalization	\$858,000

In our opinion, the as is Fee Simple market value of the subject property as of December 31, 2018 was:

**\$850,000**  
**Eight Hundred Fifty Thousand Dollars**

**Buzz Wagand and Associates, Inc.**

---

Appraisal of 233 South 3rd Street, Fernandina Beach, FL 32034

January 16, 2019

This transmittal letter is a part of this appraisal report and is inseparable from it. If this letter is separated from the attached report, then the value opinions set forth in this letter are invalid because the opinions cannot be properly understood.

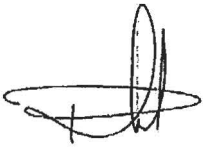
This is an appraisal report prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation, the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, , and the requirements of our client as we understand them. This report presents discussions of the data, reasoning, and analyses that we used to develop our opinion of value. The depth of discussion contained in this report is specific to the needs of the client and the intended use of the appraisal. This appraisal was prepared exclusively for the client and solely for the specified use. No party other than the client may use this report for any purpose without the written authorization of both the client and the appraiser.

Our analyses, opinions, and conclusions were developed and this report has been prepared in accordance with standards set by the Appraisal Foundation and the Appraisal Institute. Our opinion of value is subject to the definition of value, general assumptions, extraordinary assumptions, hypothetical conditions, and limiting conditions/assumptions subsequently presented in this report. We certify that we have no interest, contingent or otherwise, in the property appraised and the assignment was not based on a requested minimum value, specific value, or the approval of a loan.

Respectfully,

Buzz Wagand and Associates, Inc.

BWA File 15118



Ronald C. Wagand, MAI, SRA, AI-GRS

State-Certified General Real Estate Appraiser

RZ810



Tobi A. Doering, Candidate for Designation, Appraisal Institute

State-Certified General Real Estate Appraiser

RZ3322

**Executive Summary**

---

Property Address:	233 South 3rd Street
Property Location:	Fernandina Beach, FL 32034
Property Type:	Cultural Building
Owner of Record:	Amelia Island Museum of History
County:	Nassau
County Parcel Number:	00-00-31-1800-0273-0150
Flood Zone:	Mostly X
Land Area (SF):	17,500
Building Area (Gross SF):	8,781
Building Area (NRSF):	8,448
Land-to-Building Ratio	2.07
Construction:	Existing
Year Built:	1938
Condition:	Average
Zoning:	MU-1
Legal Conforming Use:	Yes
Highest and Best Use:	Office
Value Interest:	Fee Simple
Valuation Approaches:	Sales & Income
Extraordinary Assumption:	None
Hypothetical Condition:	None
Date of Value:	December 31, 2018
As Is Fee Simple Market Value:	\$850,000

---

Appraisal Premise	Interest Appraised	Standard of Value	Date of Value	Approach	Value Indication
As Is	Fee Simple	Market Value	2/1/2017	Sales Comparison	\$845,000
As Is	Fee Simple	Market Value	2/1/2017	Income Capitalization	\$858,000

---

## TABLE of CONTENTS

<b>CERTIFICATION</b> .....	<b>7</b>
<b>ASSIGNMENT</b> .....	<b>9</b>
INTRODUCTION.....	9
STATEMENT OF COMPETENCY.....	9
INTENDED USER(S) OF THIS APPRAISAL & CLIENT .....	9
INTENDED USE OF THIS APPRAISAL .....	10
EFFECTIVE DATE OF VALUE .....	10
DATE OF INSPECTION .....	10
DATE OF REPORT .....	10
TYPE OF REPORT .....	10
PROPERTY RIGHTS APPRAISED .....	10
PURPOSE OF THIS APPRAISAL.....	11
DEFINITION OF VALUE.....	11
IDENTIFICATION OF THE SUBJECT PROPERTY .....	11
OWNER OF RECORD .....	12
TRANSACTIONS OF THE SUBJECT PROPERTY .....	12
CURRENT LISTING/CONTRACTS/OPTIONS .....	12
LEGAL DESCRIPTION .....	12
EXPOSURE TIME .....	12
MARKETING TIME .....	13
LIMITING ASSUMPTIONS AND CONDITIONS .....	13
EXTRAORDINARY ASSUMPTIONS .....	13
HYPOTHETICAL CONDITIONS .....	14
GENERAL ASSUMPTIONS .....	14
SCOPE OF WORK .....	14
<b>PROPERTY DESCRIPTION</b> .....	<b>17</b>
SITE DESCRIPTION .....	17
ZONING MAP.....	20
FUTURE LAND USE MAP (FLUM) .....	20
FLOOD MAP .....	21
AERIAL PHOTOGRAPHS.....	22
ASSESSED VALUE AND TAXES.....	24
COUNTY PROPERTY APPRAISER'S INFORMATION .....	25
SUBJECT 2018 TAX BILL.....	27
DESCRIPTION OF IMPROVEMENTS.....	29
SUBJECT PHOTOS.....	32
<b>REGION</b> .....	<b>41</b>

**NEIGHBORHOOD ..... 52**

**MARKET ANALYSIS..... 56**

    CURRENT NASSAU COUNTY MARKET AREA .....59

**HIGHEST AND BEST USE ..... 62**

**HIGHEST AND BEST USE AS IF VACANT .....62**

**HIGHEST AND BEST USE AS IMPROVED.....64**

**IMPROVED SALES COMPARISON APPROACH..... 65**

    LISTINGS .....76

    IMPROVED SALES COMPARISON ANALYSIS .....76

*Transaction Issues Adjustments:*.....76

*Property Attributes Adjustments:*.....78

    INTERMEDIATE RECONCILIATION .....80

    CONCLUSION .....83

**INCOME APPROACH ..... 84**

    INTRODUCTION.....84

    ESTIMATE OF MARKET RENT .....87

**RENT COMPARABLES SUMMARY CHART.....88**

**RENT COMPARABLES ADJUSTMENT CHART .....97**

*Vacancy/Collection Loss* .....98

*Effective Gross Income* .....98

    EFFECTIVE GROSS RENTAL INCOME .....98

    STABILIZED EXPENSE ANALYSIS .....99

    DIRECT CAPITALIZATION ANALYSIS .....102

    CONCLUSION .....105

**RECONCILIATION OF INDICATIONS OF VALUE ..... 106**

**ADDENDA..... 107**

    ASSUMPTIONS AND LIMITING CONDITIONS .....107

    QUALIFICATIONS.....111

    ZONING .....115

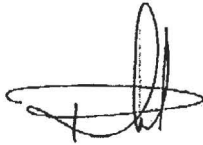
    GLOSSARY .....116

## **CERTIFICATION**

Certification is required by the State of Florida, Appraisal Institute, and the Uniform Standards of Professional Appraisal Practice (USPAP). We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with the respect to the parties involved.
4. We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon the development or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the State of Florida, and the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives and review by the State of Florida.
10. Buzz Wagand personally visited the property that is the subject of this report. Tobi Doering did not personally visit the property that is the subject of this report.
11. No one provided significant real property appraisal assistance to the person(s) signing this report.

12. As of the date of this report, Buzz Wagand has completed the continuing education program for Designated Members of the Appraisal Institute.
13. As of the date of this report, Tobi Doering has completed the Standards and Ethics Education Requirements for Candidates of the Appraisal Institute.



Ronald C. Wagand, MAI, SRA, AI-GRS  
State-Certified General Real Estate Appraiser  
RZ810



Tobi A. Doering, Candidate for Designation, Appraisal Institute  
State-Certified General Real Estate Appraiser  
RZ3322



## **ASSIGNMENT**

### Introduction

A thorough understanding of the assignment places the opinion of value in its appropriate context. Understanding the assignment is sometimes referred to as “definition of the problem.” According to the Appraisal Institute’s *The Appraisal of Real Estate, 14<sup>th</sup> Edition*, defining the problem “...sets the limits of the appraisal and eliminates any ambiguity about the nature of the assignment.” This appraisal was developed:

1. For a specific party;
2. For a specific use;
3. As of a specific point in time;
4. Using specific definitions of value and property rights; and
5. Using specific assumptions (including assumption regarding the subject’s characteristics and quality).

If a reader of this appraisal disagrees with any premise, definition, or assumption upon which this appraisal is based, then the reader should not use this appraisal.

### Statement of Competency

The appraisers' specific qualifications are included within this report. These qualifications serve as evidence of their competence for the completion of this appraisal assignment in compliance with the competency provision in USPAP. The appraisers' knowledge and experience, combined with their professional qualifications, are commensurate with the complexity of this assignment. The appraisers have previously provided consultation and value opinion for properties similar to the subject in Florida.

### Intended User(s) of this Appraisal & Client

The client in this assignment is Nassau County Attorney. The intended user of this appraisal report is Nassau County Attorney. This appraisal was prepared exclusively for the client and intended user(s). Use of this appraisal by any other party is prohibited.

Intended Use of this Appraisal

The intended use of this appraisal is this appraisal is for internal purposes by Nassau County Attorney. This appraisal was prepared exclusively for the stated intended use. Use of this appraisal for any other purpose is prohibited.

Effective Date of Value

December 31, 2018

Date of Inspection

December 31, 2018

Date of Report

January 16, 2019

Type of Report

This is a narrative appraisal report prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation, the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and the requirements of our client as we understand them. This report presents discussions of the data, reasoning, and analyses that we used to develop our opinion of value. The depth of discussion contained in this report is specific to the needs of the client and the intended use of the appraisal.

Property Rights Appraised

The subject is currently is currently 100% owner occupied. We appraised a fee simple interest in the subject property. The Appraisal Institute's *Dictionary of Real Estate Appraisal, 6th Edition*, defines fee simple interest as "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."

Purpose of this Appraisal

The purpose of this appraisal is to form an opinion of the market value of the real property. The definition of market value provided by the Federal Deposit Insurance Corporation applies to this appraisal.

Definition of Value

**Market Value - Federal Deposit Insurance Corporation**

2000 – FDIC RULES AND REGULATIONS PART 323.2 - APPRAISALS

Market value is defined in the Code of Federal Regulation CFR 12, Page 34.32 as follows:

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

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

Identification of the Subject Property

The subject of this appraisal was the existing cultural building property located at 233 South 3rd Street in Fernandina Beach, FL 32034 in the Fernandina Beach area. The county property appraiser identifies the subject property as Parcel Number(s) 00-00-31-1800-0273-0150. A current survey of the subject site was not available, so we used information from the client, deed, owner, or county property appraiser to estimate the size of the land and building(s). According to information from the above sources, the subject site contains about 17,500 square feet of land and the building contains about 8,448 net rentable square feet. The subject’s zoning category is MU-1 Zoning District. The building was originally constructed for use as a jail.

The preceding measures and information were provided by reliable sources, and we used them to develop our opinion of value. However, we do not guarantee the accuracy of those measures or information.

Owner of Record

According to the Deed recorded on August 20, 1997 in Official Records Book 803, Page 1353, of the Public Records of Nassau County, Florida, the subject property is owned by Amelia Island Museum of History.

Transactions of the Subject Property

According to the Public Records of Nassau County, Florida, the subject property has not sold in the past three years. This property transaction history is not a title abstract, search, or opinion. Conducting a title abstract/search/opinion is beyond the skills of the appraisers and beyond the scope of the appraisal. We recommend that an attorney competent in researching property title complete a title abstract/search/opinion.

Current Listing/Contracts/Options

To the best of our knowledge, the subject is not listed for sale.

Legal Description

According to the County Property Appraiser, the subject has a legal description of Block 273, Lots 15 to 21, City of Fernandina Beach. The property is best legally described as Nassau County Tax Parcel 00-00-31-1800-0273-0150.

Exposure Time

The Appraisal Institute's *Dictionary of Real Estate Appraisal, 6th Edition*, defines exposure time as "The time a property remains on the market. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market.

Exposure time is always presumed to occur prior to the effective date of the appraisal. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort.” Based on our discussions with brokers/salespersons active in the local market, exposure time for the subject property is estimated at twelve months.

#### Marketing Time

The Appraisal Institute’s *Dictionary of Real Estate Appraisal, 5th Edition*, defines marketing time as “The time it takes an interest in real property to sell on the market subsequent to the date of an appraisal.

Reasonable marketing time is an estimate of the amount of time it might take to sell an interest in real property at its estimated market value during the period immediately after the effective date of the appraisal; the anticipated time required to expose the property to a pool of prospective purchasers and to allow appropriate time for negotiation, the exercise of due diligence, and the consummation of a sale at a price supportable by concurrent market conditions.” The marketing time for the subject property, if placed on the open market, aggressively marketed, and competitively priced, is estimated to be nine to twelve months.

#### Limiting Assumptions and Conditions

The opinion of value is subject to the limiting assumptions and conditions delineated in the Addenda.

#### Extraordinary Assumptions

The Appraisal Institute’s *Dictionary of Real Estate Appraisal, 5th Edition*, defines an extraordinary assumption as “An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinions or conclusions.

Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. An

extraordinary assumption may be used in an assignment only if: (1) It is required to properly develop credible opinions and conclusions; (2) The appraiser has a reasonable basis for the extraordinary assumption; (3) Use of the extraordinary assumption results in a credible analysis; and (4) The appraiser complies with the disclosure requirements set forth in USPAP for extraordinary assumptions.” *There were no extraordinary assumptions applicable to this appraisal.*

#### Hypothetical Conditions

The Appraisal Institute’s *Dictionary of Real Estate Appraisal, 5th Edition*, defines a hypothetical condition as “That which is contrary to what exists but is supposed for the purpose of analysis.

Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. A hypothetical condition may be used in an assignment only if: (1) Use of the hypothetical condition is clearly required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison; (2) Use of the hypothetical condition results in a credible analysis; and (3) The appraiser complies with the disclosure requirements set forth in USPAP for hypothetical conditions.” *There were no hypothetical conditions applicable to this appraisal.*

#### General Assumptions

We have made general assumptions in this appraisal, and we discuss general assumptions in the sections of the report to which the assumptions apply. General assumptions include assuming that information we obtain from other parties is reliable.

#### Scope of Work

The appraisal process consists of acquiring, classifying, analyzing, reconciling, and presenting factors that affect the value of the subject property. This process includes identifying the real estate, the applicable property rights, the effective date of the value, and the property’s highest and best use.

The appraisal process includes analyzing the property using specific appraisal methods, which typically reflect the application of one or more of the primary approaches for analyzing real property. The primary approaches are the cost, sales comparison, and income approaches. One or more of these approaches may be used depending on the type of property, the function of the appraisal, and the quality and quantity of available data.

The cost approach is based on the premise that the value of a property can be derived by estimating the current cost to construct a reproduction or replacement, including entrepreneurial profit, less the total estimated amount of depreciation in the improvements. Physical depreciation does not apply if the improvements are proposed or new construction. The estimated value of the site is then added to the estimated value of the improvements. The cost approach can also be useful as a test of the feasibility for constructing proposed improvements. Current costs for constructing improvements are derived from cost estimating publications, builders, and contractors. Depreciation is measured by physical observation and market research. Land value is typically estimated separately using a sales comparison analysis. The cost approach may be useful when applied to new or nearly new improvements that have minimal or no measurable depreciation. *The cost approach was not used to develop an opinion of market value because estimating depreciation in a building of this age is so subjective as to undermine the reliability of the cost approach.*

The sales comparison approach is most applicable when an adequate number of similar properties have sold recently or are currently for sale in the subject market. The value from this approach results from comparisons of pricing information of similar properties adjusted for various dissimilar elements/features that affect value. *The sales comparison approach was used to develop an indication of the subject's market value.*

The income approach measures the present value of the future benefits of property ownership (cash flow and reversion). Two methods commonly used in the income approach are direct capitalization and discounted cash flows. The indication of value by this approach is derived from analyses of the subject's historical operating data and comparable properties. Income and expenses are estimated for the subject, and the resulting net operating income is converted to present value

through discounting or direct capitalization. The rates used for discounting/capitalization are derived from competing investment alternatives and comparable properties. *The income approach was used to develop an indication of the subject's market value.*

The scope of the appraisal encompasses the necessary research and analysis to prepare a report in accordance with the function, the Standards of Professional Practice of the Appraisal Institute, and USPAP. The scope of our analysis is discussed in more detail in various sections of this appraisal. Some of the specific steps in the process include the following:

1. We viewed and photographed the subject property.
2. We toured the subject's neighborhood, and we reviewed regional and neighborhood information provided by various government and private sources.
3. We developed an opinion of the subject's highest and best use.
4. We applied one or more of the various approaches to determining value. We may have used information from public records, brokers, owners, developers, builders/contractors, the Multiple Listing Service, commercial databases, transaction participants, lenders, other appraisers, and our own files of previous appraisals.
5. After acquiring, classifying, analyzing, and reconciling the available information we developed our opinion of value.



## PROPERTY DESCRIPTION

### Site Description

Street Address: 233 South 3rd Street  
Assessor Parcel Number: 00-00-31-1800-0273-0150

### Adjacent Land Uses:

North: Residential  
South: Residential  
East: Vacant Mixed Use Land  
West: Theatre

### Physical Characteristics

Site Area: 17,500 SF  
Shape: Rectangular  
Topography: Level at road grade  
Parcel Situation: Corner  
Easement/Encroachments: Typical for a property of this type with no detrimental easements or encroachments observed

### Access

Street Name (Primary): South 3rd Street  
Street Type: Two-way, two-lane road  
Curb Cuts: 1  
Secondary Access Street: Cedar Street  
Curb Cuts: 0  
Signalized Intersection: No  
Visibility: Good

Site Improvements:

Off-Site Improvements: Asphalt paved roads, concrete sidewalks  
On-Site Improvements: Asphalt paved drives and parking, concrete and brick sidewalks, signage  
Landscaping: Average  
Utilities: All available

Flood Zone Data

Flood Map Panel: 12089C0237G  
Flood Map Date: August 2, 2017  
Flood Zone: Mostly X

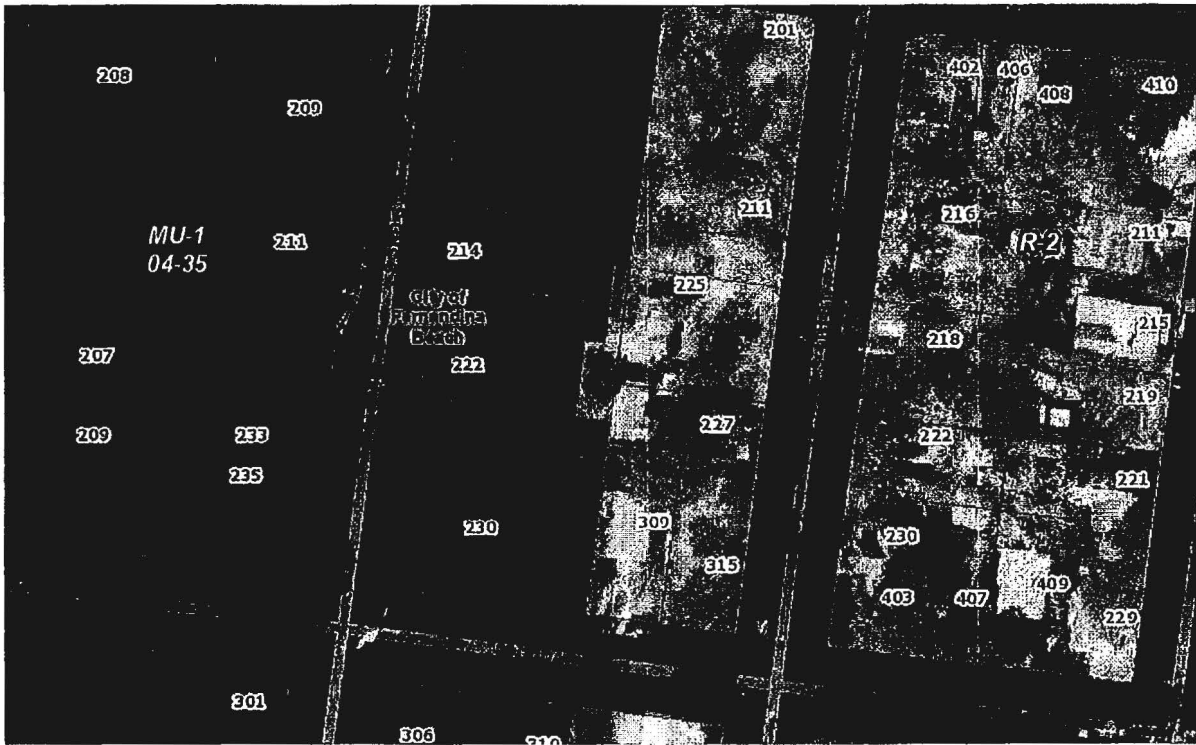
Site Ratings:

Location: Below Average for the downtown area  
Access: Average  
Land-to-Building Ratio: Average

Zoning

Zoning Jurisdiction:	City of Fernandina Beach
Zoning Code:	MU-1
General Zoning Use:	Mixed Use
Future Land Use:	Mixed Use
Permitted Uses:	The MU-1 District is intended for the development of a combination of residential, office, and limited neighborhood commercial uses. The Mixed Use District encourages well-planned development and redevelopment of areas that feature compatible, interrelated uses including single-family and multi-family residential units; medical, business, and professional offices; personal service establishments with limited inventory of goods; and limited neighborhood commercial uses.

Zoning Map



Future Land Use Map (FLUM)



Flood Map

National Flood Hazard Layer FIRMette



**Legend**

SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

SPECIAL FLOOD HAZARD AREAS	Without Base Flood Elevation (BFE) Zone A, V, AP
	With BFE or Depth Zone AE, AD, AH, HE, AR
	Regulatory Floodway

OTHER AREAS OF FLOOD HAZARD	0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile Zone X
	Future Conditions 1% Annual Chance Flood Hazard Zone X
	Area with Reduced Flood Risk due to Levees. See Notes. Zone X
	Area with Flood Risk due to Levee Zone D

OTHER AREAS	NO SCREEN Area of Minimal Flood Hazard Zone X
	Effective LOMRs
	Area of Undetermined Flood Hazard Zone D

GENERAL STRUCTURES	Channel, Culvert, or Storm Sewer
	Levee, Dike, or Floodwall

OTHER FEATURES	20.5 Cross Sections with 1% Annual Chance Water Surface Elevation
	17.5 Coastal Transect
	Base Flood Elevation Line (BFE)
	Limit of Study
	Jurisdiction Boundary

MAP PANELS	Digital Data Available
	No Digital Data Available
	Unmapped

The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards.

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 12/27/2018 at 6:31:28 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.

Aerial Photographs





**Assessed Value and Taxes**

The State of Florida mandates that the counties assess properties at 100% of market value but a minimum assessment of 85% market value is typically acceptable. The assessments are based on recent sales within an area. Florida counties are required to assess properties every three years. County assessments are periodically reviewed by the Florida Department of Revenue. A discount of 4% or 1% per month is given for early payment. Taxes are due on March 1, following the tax year.

There are no delinquent real estate taxes associated with the subject property. The subject taxes are current.

<b>Ad Valorem Tax Schedule</b>	
Tax ID No.	00-00-31-1800-0273-0150
Nassau County	
<b>Year</b>	<b>2017</b>
Appraised Value	
Land:	\$140,000
Improvements:	\$613,830
Total:	\$753,830
Per Square Foot	\$89.23
Assessment Ratio	100%
<b>Assessed Value</b>	<b>\$753,830</b>
Government Exemption:	-\$753,830
<b>Taxable Value</b>	<b>0</b>
Millage Rate	\$20.3245 per \$1,000
<b>Tax Expense</b>	<b>2017</b>
Ad Valorem Taxes:	\$0
Special Assessments:	\$0
<b>Total Taxes:</b>	<b>\$0</b>
Per Square Foot:	\$0.00



County Property Appraiser's Information

**NASSAU** | A. Michael Hickox, CFA, Cert. Res. RD1941  
Nassau County Property Appraiser

Property Search | Sales Search | Nassau Home

<b>OWNER NAME</b>	AMELIA ISLAND MUSEUM OF HISTORY	<b>PARCEL NUMBER</b>	00-00-31-1800-0273-0150
<b>MAILING ADDRESS</b>	233 SOUTH 3RD ST	<b>TAX DISTRICT</b>	FERNANDINA BEACH (DISTRICT 2)
<b>LOCATION ADDRESS</b>	FERNANDINA BEACH, FL 32034 233 S 3RD ST FERNANDINA BEACH 32034	<b>MILLAGE</b>	19.9307
<b>SHORT LEGAL</b>	BLOCK 273 LOTS 15 TO 21 IN OR 803/1353 CITY OF FDNA BEACH	<b>PROPERTY USAGE</b>	CULTURAL GROUPS
		<b>DEED ACRES</b>	0
		<b>HOMESTEAD</b>	N
		<b>PARCEL MAP RECORD</b>	<a href="#">MAP THIS PARCEL</a>
		<b>TAX COLLECTOR SEARCH</b>	<a href="#">NASSAU TAX COLLECTOR LINK</a>
		<b>PROPERTY RECORD CARD</b>	<a href="#">LINK TO PROPERTY RECORD CARD /PDF</a>

2018 Certified Values

<b>JUST VALUE OF LAND</b>	\$140,000
<b>LAND VALUE AGRICULTURAL</b>	\$0
<b>TOTAL BUILDING VALUE</b>	\$590,349
<b>TOTAL MISC VALUE</b>	\$23,481
<b>JUST OR CLASSIFIED TOTAL VALUE</b>	\$753,830
<b>ASSESSED VALUE</b>	\$753,830
<b>EXEMPT VALUE</b>	\$753,830
<b>TAXABLE VALUE</b>	\$0

Land Information

<b>LAND USE</b>	<b>LAND UNITS</b>	<b>LAND UNIT TYPE</b>	<b>SEC-TWN-RNGS</b>
COUNTY 008600	175	FF	23-3N-28

Building Information

TYPE	TOTAL AREA	HEATED AREA	BED ROOMS	BATHS	PRIMARY EXTERIOR	SECONDARY EXTERIOR	HEATING	COOLING	ACTUAL YEAR BUILT	BUILDING SKETCH
GOVT BLDG	8,781	8,448	0	0	COMMON BRK		AIR DUCTED	STEAM	1938	<a href="#">SHOW SKETCH</a>

Miscellaneous Information

DESCRIPTION	DIMENSIONS L X W	UNITS	YEAR BUILT
ASPHALT D	0 X 0	5858	1986
ASPHALT D	0 X 0	1433	1986
CONCRETE A	0 X 0	846	1990
STRG-A-WD	24 X 8	192	1992
BRICK	0 X 0	126	1990

Sales Information

SALE DATE	BOOK / PAGE	BOOK / PAGE	PRICE	INSTRUMENT	QUALIFICATION	IMPROVED? (AT TIME OF SALE)	GRANTOR	GRANTEE
08/20/1997	803/1353	803/1353	100	QC	U	Y	NASSAU COUNTY	AMELIA ISLAND MUSEUM OF HISTORY

BLOCK 273 LOTS 15 TO 21  
IN OR 803/1353  
CITY OF FDNA BEACH

AMELIA ISLAND MUSEUM OF  
HISTORY  
233 SOUTH 3RD ST  
FERNANDINA BEACH, FL 32034

00-00-31-1800-0273-0150

PRINTED 7/30/2018 9:35  
APPR 3/22/2016 RK

Nassau County 2018 R  
CARD 001 of 002  
BY MIKEH

BUSE	009300	GOVT BLDG	AE7 N	8448	HTD AREA	120.544	INDEX	1010.00	CITY	COM/IND/MU	PUSE	007900	CULTURAL GROUPS
MOD	4	COMMERCIAL BATH		8532	EFF AREA	84.381	E-RATE	100.000	INDX	STR 23- 3N- 28			
EXW	19	COMMON BRK FIXT	27	719,939	RCN			1938	AYB	MKT AREA 01			590,349 BLDG
%		BDRM		82.00	%GOOD	590,349	B BLDG VAL	1980	EYB	APPR 7			23,481 XFOB
RSTR	04	WOOD TRUSS RMS	19							AC			140,000 LAND
RCVR	04	BUILT-UP UNITS								NTCD			0 CLAS
%		C-W%								APPR CD			0 MKTUSE
INTW	01	MINIMUM HGHT	13							CNDO			753,830 JUST
%		PMTR								SUBD			753,830 APPR
FLOR	11	CLAY TILE STYS	2.0							BLK			
50%	14	CARPET ECON								LOT			0 SOHD
HTTP	04	AIR DUCTED FUNC								MAP# 6C/23C			753,830 ASSD
A/C	06	ENG CENTRL SPCD								08			753,830 EXPT
QUAL	04	CLASS DEPR	03							TXDT 002			0 COTXBL
FNDN		SPRK											
SIZE	04	IRREGULAR UD-2											
CEIL	01	FIN.SUSPD UD-3											
ARCH		N/A UD-4											
FRME	04	REIN CONC UD-5											
KTCH		UD-6											
WNDO		UD-7											
CLAS		UD-8	02	DIST F									
OCC		UD-9											
COND		%											
SUB	A-AREA	% E-AREA	SUB	VALUE									
BAS93	4350	100	4350	300989									
CAN93	173	30	52	3595									
UOP01	160	20	32	2214									
FUS93	4098	100	4098	283551									
TOTAL	8781	8532	590349										

AE BN	CODE	DESC	LEN	WID	HGHT	QTY	QL	YR	ADJ	UNITS	UT	PRICE	ADJ	UT	PR	SPCD	%	%GOOD	XFOB	VALUE
Y	0804	ASPHALT D				1		1986	1.00	5858.000	UT	.900			.900			50.00		2,636
Y	0858	SCULP CONC				1		1986	1.00	1433.000	UT	5.750			5.750			88.00		7,251
Y	0810	CONCRETE A				1		1990	1.00	846.000	UT	2.750			2.750			72.00		1,675
Y	0945	STRG-A-WD	24		8	1		1992	1.00	192.000	UT	10.000			10.000			20.00		384
Y	0825	BRICK				1		1990	1.00	126.000	SF	6.500			6.500			91.00		745
Y	0409	ELEVATOR R				1		2007	1.00	1.000	UT	10200.000			10200.000			100.00		10,200

LAND	DESC	ZONE	ROAD	{UD1	{UD3	FRONT	DEPTH	FIELD CK:	UNITS	UT	PRICE	ADJ	UT	PR	LAND	VALUE
AE	CODE	TOPD	UTIL	{UD2	{UD4	BACK	DT	ADJUSTMENTS	175.000	FF	800.000			800.00	140,000	
N	008600	COUNTY				175	100	1.00 1.00 1.00								
PRMT	- 11/16/2001	INSTALLATION OF 4 NEW A/C AND						PRMT - HEATING UNITS								
PRMT	- 12/18/2001	REMODEL BATH & BUILD HANDICAP RAMP						PRMT - REPLACE HVAC								
PRMT	- INSTALL	C/OUT 5 TON ROOF TOP PACKAGE UNIT														
BLOCK	273 LOTS 15 TO 21															
IN OR	803/1353															
CITY OF	FDNA BEACH															
AMELIA ISLAND MUSEUM OF																
HISTORY																
233 SOUTH 3RD ST																
FERNANDINA BEACH, FL 32034																

PRINTED 7/30/2018 9:35  
APPR 3/22/2016 RK

Nassau County 2018 R  
CARD 002 of 002  
BY MIKEH

10950-60 San Jose Boulevard #151, Jacksonville, Florida 32223 · 904-910-2460 · buzz@buzzwagand.com

Buzz Wagand and Associates, Inc.

**Buzz Wagand and Associates, Inc.**

**Subject 2018 Tax Bill**

**JOHN M. DREW, CFC**      **NOTICE OF AD VALOREM TAXES AND NON-AD VALOREM ASSESSMENTS**  
 NASSAU COUNTY TAX COLLECTOR

ACCOUNT NUMBER	TAX YEAR	TYPE	ALT KEY	MILLAGE CODE	ESCROW
00-00-31-1800-0273-0150	2018	REAL ESTATE	13314	002	

AMELIA ISLAND MUSEUM OF HISTORY  
 233 SOUTH 3RD ST  
 FERNANDINA BEACH, FL 32034

233 S 3RD  
 BLOCK 273 LOTS 15 TO 21  
 IN OR 803/1353  
 CITY OF FDNA BEACH

2018 Paid Real Estate

AD VALOREM TAXES						
TAXING AUTHORITY	MILLAGE RATE	ASSESSED VALUE	EXEMPTION AMOUNT	TAXABLE VALUE	TAXES LEVIED	
<b>BOARD OF COUNTY COMMISSIONERS</b>						
GENERAL FUND	6.8376	753,830	753,830	0	0.00	
TRANSPORTATION	0.5902	753,830	753,830	0	0.00	
AI BEACH RENOURISHMENT MSTU	0.1021	753,830	753,830	0	0.00	
<b>SCHOOL BOARD</b>						
BASIC DISCRETIONARY	0.7480	753,830	753,830	0	0.00	
CAPITAL OUTLAY	1.5000	753,830	753,830	0	0.00	
SCHOOL BOARD LOCAL EFFORT	4.0690	753,830	753,830	0	0.00	
ST JOHNS RIVER MGMT DIST	0.2562	753,830	753,830	0	0.00	
FL INLAND NAVIGATION DIST	0.0320	753,830	753,830	0	0.00	
MOSQUITO CONTROL DISTRICT	0.1412	753,830	753,830	0	0.00	
<b>CITY OF FERNANDINA BEACH</b>						
FERNANDINA BEACH	5.8553	753,830	753,830	0	0.00	
VOTER APPROVED DEBT	0.1929	753,830	753,830	0	0.00	
<b>TOTAL MILLAGE</b>		20.3245	<b>AD VALOREM TAXES</b>		<b>\$0.00</b>	

NON-AD VALOREM ASSESSMENTS		
LEVYING AUTHORITY	RATE	AMOUNT
NON-AD VALOREM ASSESSMENTS		\$0.00

**COMBINED TAXES AND ASSESSMENTS**      **\$0.00**

If Paid By	Nov 30, 2018				
Please Pay	\$0.00				

**JOHN M. DREW, CFC**      **NOTICE OF AD VALOREM TAXES AND NON-AD VALOREM ASSESSMENTS**  
 NASSAU COUNTY TAX COLLECTOR

ACCOUNT NUMBER	TAX YEAR	TYPE	ALT KEY	MILLAGE CODE	ESCROW
00-00-31-1800-0273-0150	2018	REAL ESTATE	13314	002	

RETURN WITH PAYMENT  
 AMELIA ISLAND MUSEUM OF HISTORY  
 233 SOUTH 3RD ST  
 FERNANDINA BEACH, FL 32034

233 S 3RD  
 BLOCK 273 LOTS 15 TO 21  
 IN OR 803/1353  
 CITY OF FDNA BEACH

2018 Paid Real Estate

PLEASE PAY IN U.S. FUNDS TO JOHN M. DREW, CFC TAX COLLECTOR - 66130 LICENSE ROAD, FERNANDINA BEACH FL 32034, OR ONLINE AT WWW.NASSAUTAXES.COM

If Paid By	Nov 30, 2018				
Please Pay	\$0.00				

**Tree Ordinance**

Some counties/municipalities have a tree ordinance for the preservation of certain species of trees. Other counties/municipalities may take similar actions in the future. Identifying trees that are subject to such ordinances is beyond the skills of the appraisers and beyond the scope of the appraisal.

**Protected/Endangered Species**

There are several types of wildlife that are classified as protected/endangered species. Identifying wildlife and protected/endangered species is beyond the skills of the appraisers and beyond the scope of the appraisal.

**Soil Survey**

Neither soil boring tests nor soil composition analyses were supplied to the appraisers. Such tests may indicate the developmental potential or the soil-carrying capacity of the subject property. Conducting soil boring test, soil composition analyses, and ascertaining the suitability of the soil for any purpose is beyond the skills of the appraisers and beyond the scope of the appraisal.

**Hazardous Materials**

We were not informed of any hazardous materials on the subject site, nor did we see hazardous materials during our viewing of the subject property. Conducting an environmental audit is beyond the skills of the appraisers and beyond the scope of the appraisal.

**Concurrency**

The State of Florida mandated that each county pass a concurrency law that establishes zoning for the county and various criteria for future development. The areas that must be reviewed include potable water, sanitary sewer, solid waste disposal, drainage, recreation, roads, and mass transit. All properties, in order to be developed, must meet a minimum level of concurrency. Upon submission of a concurrency review form and an accompanying fee, the county planning department will determine the status of a property's concurrency. It is our recommendation that this procedure be completed on any vacant land parcel or any parcel where the land use is going to be changed.

**Description of Improvements**

Characteristics

Property Type:	Cultural Building
Property Subtype:	Free-standing
Occupancy Type:	Single-Tenant
Tenancy:	Owner
Investment Class:	B
Number of Buildings:	1
Number of Stories:	2
Construction Class:	C
Construction Quality:	Average
Gross Building Area:	8,781 Square Feet (GBA)
Net Rentable Area:	8,448 Net Rentable Square Feet (NRSF)

Ratios & Parking

Land-to-Building Ratio:	2.07 to 1
Floor Area Ratio (FAR):	0.502
Parking Spaces:	About 17
Parking Ratio:	2.01 per 1,000 NRSF

Age/Life

Year Built:	1938
Renovated:	Unknown
Condition:	Average
Actual Age:	81 years
Effective Age:	15 years
Typical Building Life:	50 years
Remaining Economic Life:	35 years

Structural Characteristics

Foundation:	Off-Grade
Building Frame:	Masonry
Exterior Walls:	Face Brick
Roof Type / Material	Flat / Built-up

Interior Characteristics

Floors:	Hardwood, Carpet, tile
Walls:	Painted drywall, paneling
Ceiling:	Suspended acoustic tile systems
Lighting:	Fluorescent and Incandescent
Restrooms:	4
Furniture, Fixtures, & Equipment	Excluded for purposes of this real property appraisal

Mechanical Systems

Electrical:	Assumed adequate and typical for the intended use
Plumbing:	Assumed adequate and typical for the intended use
Heating:	Forced air
Air Conditioning:	Central
Fire Protection / Sprinklers:	None
Elevator:	One

Legal, Conforming Status

Legally Permitted Use:	Yes
Conforms to Parking:	Yes
Conformity Conclusion:	Yes

Deferred Maintenance

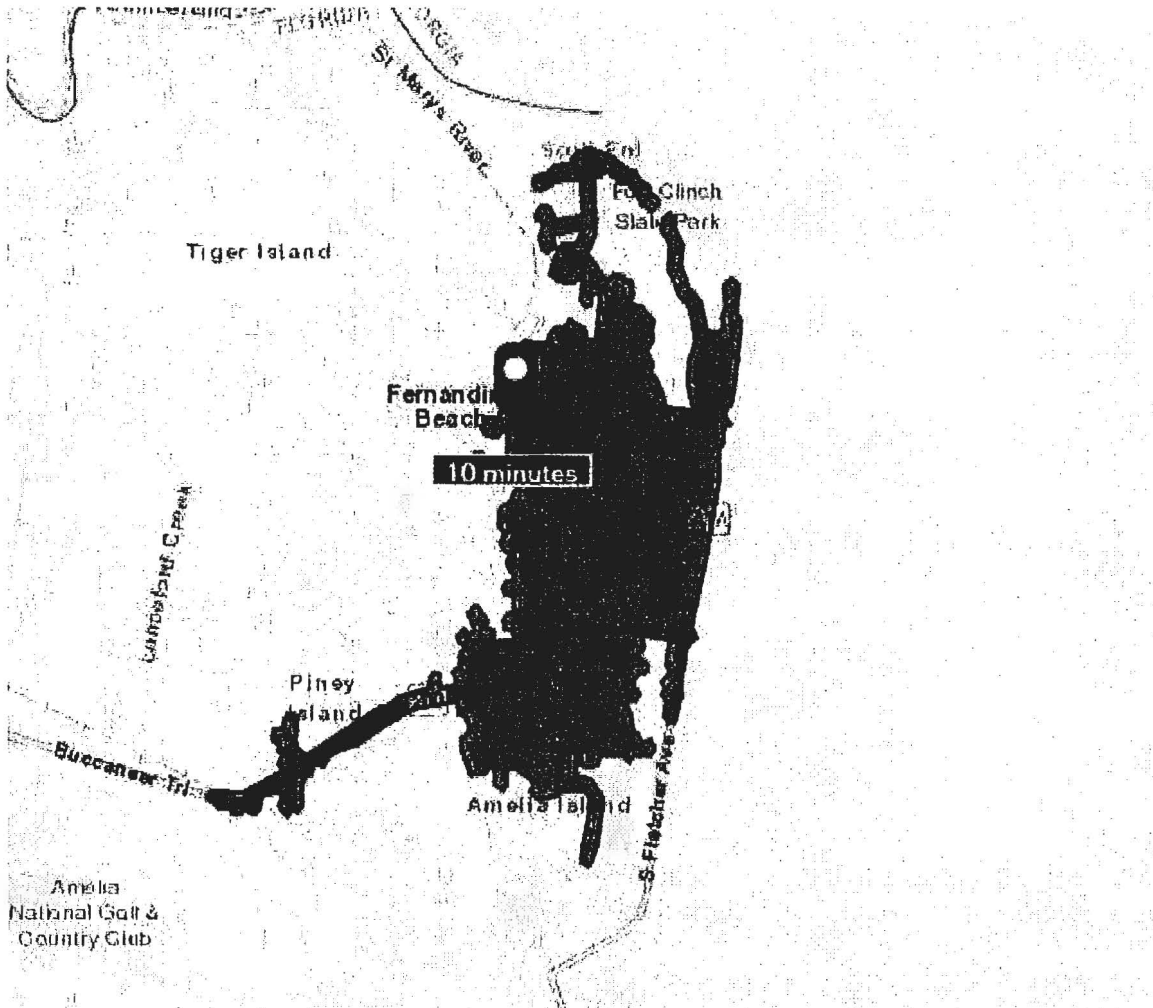
None noted.

## NEIGHBORHOOD

### Introduction

The Appraisal Institute's *Dictionary of Real Estate Appraisal, 5<sup>th</sup> Edition*, defines neighborhood as "A group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises."

Following is a map delineating the neighborhood boundaries and information pertaining to the neighborhood





Demographic and Income Profile

233 S 3rd St, Fernandina Beach, Florida, 32034  
 Drive Time: 10 minute radius

Prepared by Esri  
 Latitude: 30.66772  
 Longitude: -81.46355

Summary	Census 2010	2018	2023
Population	13,812	14,705	15,658
Households	6,056	6,395	6,791
Families	3,806	3,970	4,197
Average Household Size	2.24	2.26	2.27
Owner Occupied Housing Units	4,157	4,345	4,758
Renter Occupied Housing Units	1,899	2,051	2,034
Median Age	48.7	51.7	52.9
Trends: 2018 - 2023 Annual Rate	Area	State	National
Population	1.26%	1.41%	0.83%
Households	1.21%	1.36%	0.79%
Families	1.12%	1.30%	0.71%
Owner HHs	1.83%	1.91%	1.16%
Median Household Income	3.15%	2.52%	2.50%

Households by Income	2018		2023	
	Number	Percent	Number	Percent
<\$15,000	676	10.6%	548	8.1%
\$15,000 - \$24,999	485	7.6%	394	5.8%
\$25,000 - \$34,999	700	10.9%	623	9.2%
\$35,000 - \$49,999	916	14.3%	908	13.4%
\$50,000 - \$74,999	1,170	18.3%	1,258	18.5%
\$75,000 - \$99,999	836	13.1%	980	14.4%
\$100,000 - \$149,999	968	15.1%	1,236	18.2%
\$150,000 - \$199,999	322	5.0%	408	6.0%
\$200,000+	322	5.0%	437	6.4%

Median Household Income	\$56,841	\$66,365
Average Household Income	\$80,039	\$94,688
Per Capita Income	\$35,473	\$41,716

Population by Age	Census 2010		2018		2023	
	Number	Percent	Number	Percent	Number	Percent
0 - 4	567	4.1%	560	3.8%	577	3.7%
5 - 9	611	4.4%	604	4.1%	635	4.1%
10 - 14	739	5.4%	674	4.6%	712	4.5%
15 - 19	778	5.6%	659	4.5%	687	4.4%
20 - 24	641	4.6%	673	4.6%	593	3.8%
25 - 34	1,320	9.6%	1,470	10.0%	1,484	9.5%
35 - 44	1,524	11.0%	1,481	10.1%	1,689	10.8%
45 - 54	2,181	15.8%	1,954	13.3%	1,883	12.0%
55 - 64	2,548	18.4%	2,709	18.4%	2,647	16.9%
65 - 74	1,677	12.1%	2,397	16.3%	2,767	17.7%
75 - 84	893	6.5%	1,085	7.4%	1,471	9.4%
85+	334	2.4%	439	3.0%	515	3.3%

Race and Ethnicity	Census 2010		2018		2023	
	Number	Percent	Number	Percent	Number	Percent
White Alone	11,662	84.4%	12,456	84.7%	13,219	84.4%
Black Alone	1,446	10.5%	1,356	9.2%	1,330	8.5%
American Indian Alone	63	0.5%	74	0.5%	84	0.5%
Asian Alone	141	1.0%	153	1.0%	178	1.1%
Pacific Islander Alone	18	0.1%	24	0.2%	29	0.2%
Some Other Race Alone	250	1.8%	355	2.4%	466	3.0%
Two or More Races	231	1.7%	287	2.0%	351	2.2%
Hispanic Origin (Any Race)	741	5.4%	1,060	7.2%	1,407	9.0%

Data Note: Income is expressed in current dollars.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2018 and 2023.



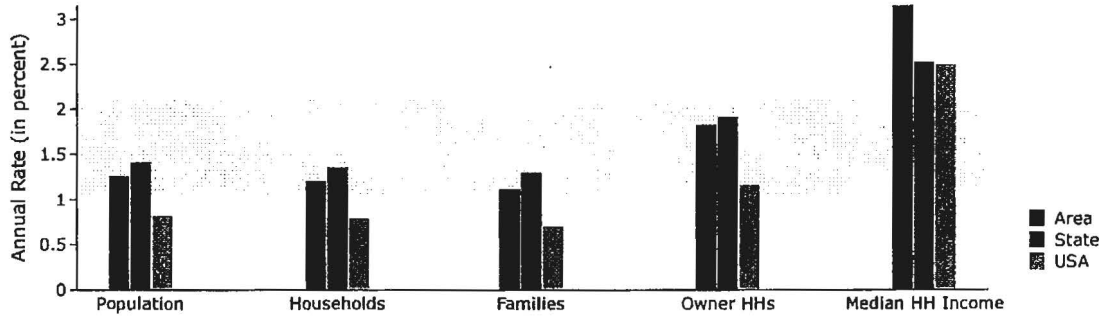


Demographic and Income Profile

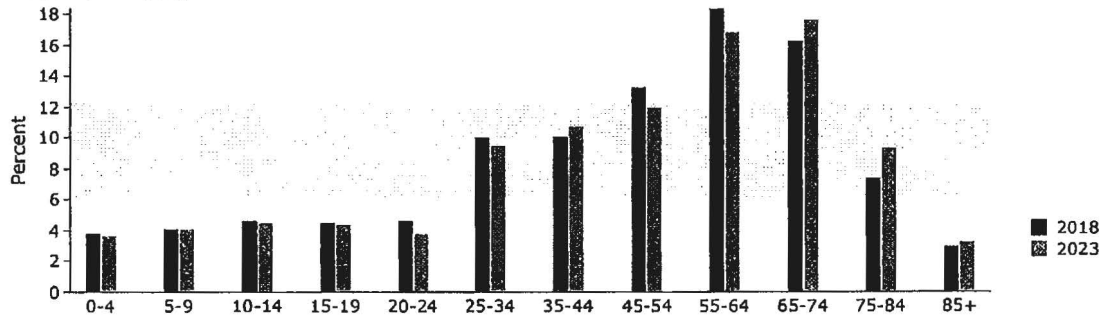
233 S 3rd St, Fernandina Beach, Florida, 32034  
 Drive Time: 10 minute radius

Prepared by Esri  
 Latitude: 30.66772  
 Longitude: -81.46355

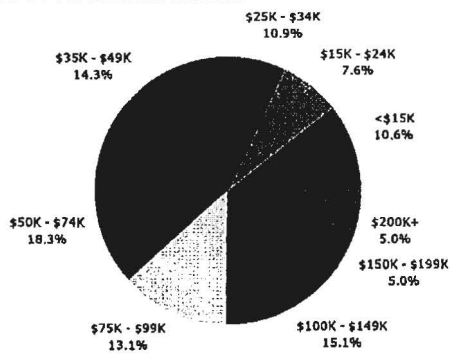
Trends 2018-2023



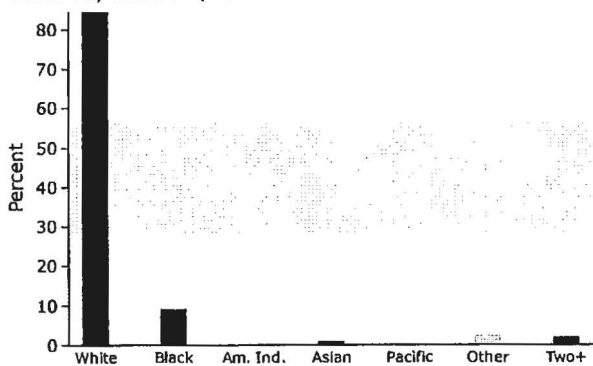
Population by Age



2018 Household Income



2018 Population by Race

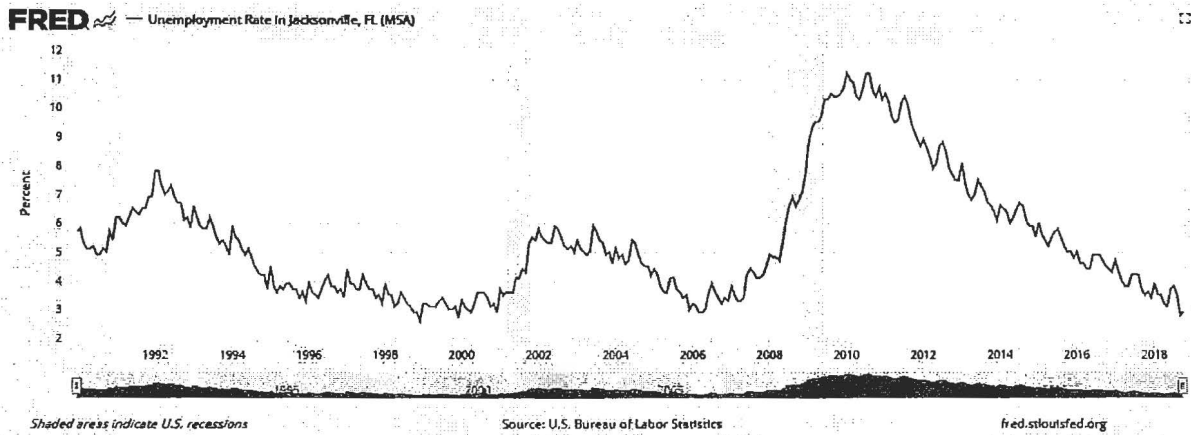


2018 Percent Hispanic Origin: 7.2%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2018 and 2023.

Conclusion

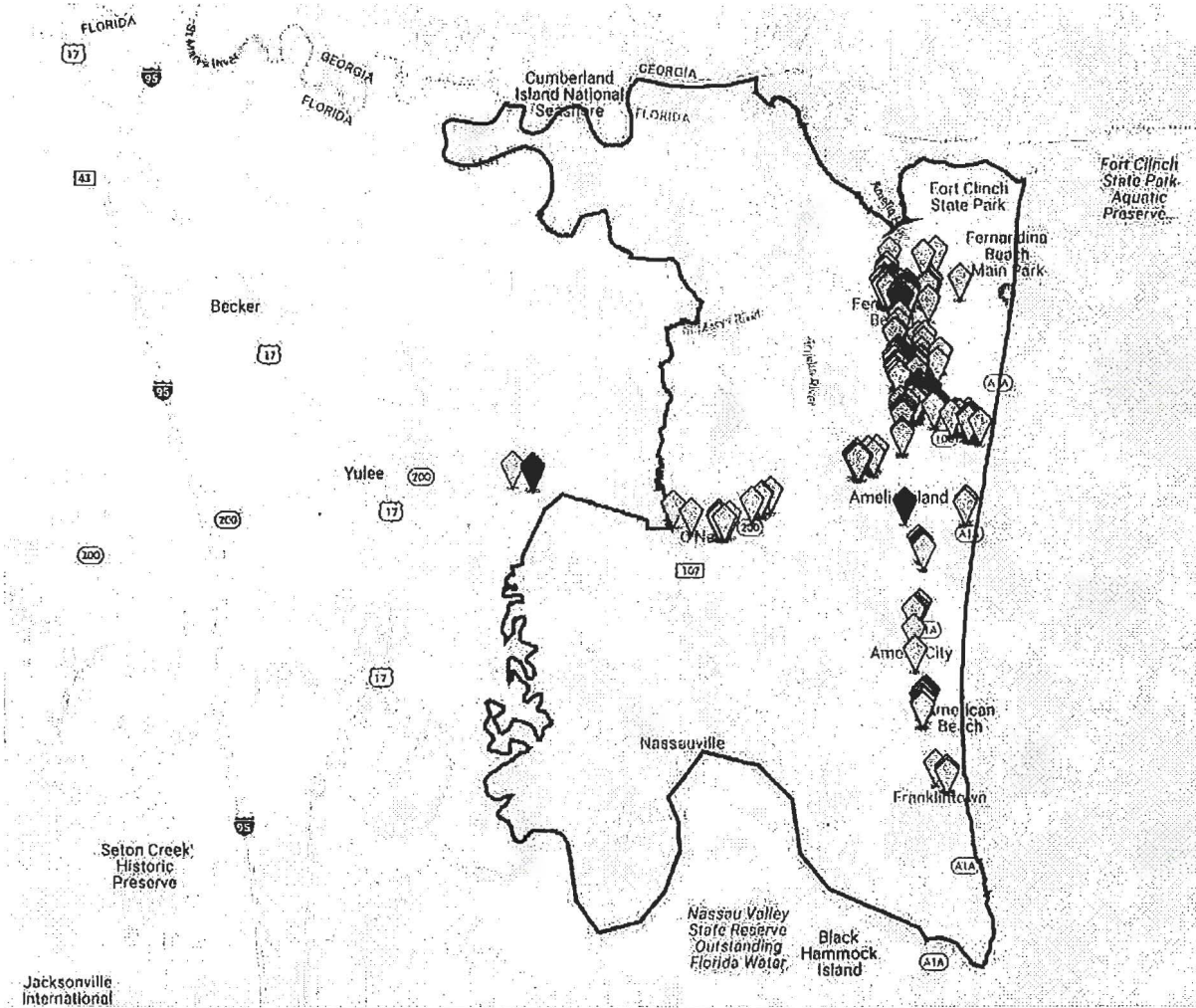
The economy is beginning to stabilize and there is evidence that property values are leveling off with some sectors beginning a recovery. Over the past several years, the unemployment rate in the Jacksonville MSA has decreased from a high of 11.4% in 2010 to the most recent reported rate of 2.8% as of September 2018. This increase in employment should bolster demand for both commercial and residential real estate.



**MARKET ANALYSIS**

The CoStar Group is commercial real estate's leading provider of information, analytic, and marketing services. CoStar conducts ongoing research to produce and maintain a comprehensive database of commercial real estate information. One of their online services provides detailed information of real estate sectors broken down by regions and submarkets. We have included an analytical report of office market information for the Jacksonville area as well as the subject's submarket with the most recent data available. This submarket was defined by Costar as the Nassau County area.

**FERNANDINA BEACH OFFICE MARKET AREA MAP**



According to the Year End 2018 Statistical Report prepared by CoStar, the overall Jacksonville office market ended 2018 with a vacancy rate of only 7.8%, up about 10% from the 4<sup>th</sup> Quarter 2017 overall vacancy rate. Class-A office properties had the highest vacancy rate at about 9%, followed by Class B office properties at 8.4%, and Class C office properties had the lowest vacancy rate at about 5.1%. Overall rental rates for all office property types averaged \$19.55 per square foot, an increase of about 4% over the 4<sup>th</sup> Quarter 2017 overall average rate of \$18.88. Fifteen new office buildings, totaling almost 348,000 square feet were added to the market in 2018, with almost 564,000 square feet of space still under construction.

The total inventory of office space in the overall Jacksonville market at the end of 2018 consisted of about 64,114,000 square feet of space in 4,691 buildings. This was comprised of about 16,400,000 square feet within about 107 buildings of Class A space, about 33,400,000 square feet within about 1,914 buildings of Class B space, and about 14,300,000 square feet in about 2,670 buildings of Class C space. Owner occupied space accounted for about 6,775,000 square feet within 182 buildings.

There were 22 office property sale transactions of over 15,000 square feet in the first 9 months of 2018 with a total volume of about \$242,858,0, with an average price per square foot of about \$116.88. This indicates an increase in price per square foot of about 12% over the average 2017 sale price per square foot of \$104.39. Reported cap rates fell in 2018 to an average of about 8.09%, about 30 basis points lower than average 2017 cap rates during the same time period.

Below is a chart showing statistical information about the overall Jacksonville office market, as well as Jacksonville office sub-markets.

**Overall Office Market Submarket Statistics**

Year-End 2018

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Arlington	211	1,561,107	146,240	148,471	9.5%	28,587	15,500	65,624	\$18.50
Baker County	32	123,795	9,180	9,180	7.4%	12,817	0	0	\$14.89
Beaches	370	3,108,635	107,382	109,192	3.5%	74,247	49,022	18,053	\$26.40
Butler/Baymeadows	270	10,438,142	677,782	847,895	8.1%	-46,831	145,913	47,756	\$19.94
Downtown Northbank	367	12,388,391	817,454	817,454	6.6%	62,781	0	156,744	\$20.50
Downtown Southbank	137	3,059,346	193,171	193,171	6.3%	38,437	0	0	\$22.49
Mandarin	308	2,641,563	205,850	205,850	7.8%	-49,290	5,444	0	\$18.70
Nassau County	240	1,247,202	30,919	30,919	2.5%	-1,470	7,040	34,560	\$26.02
Northeast Jacksonville	76	866,155	24,475	24,475	2.8%	14,450	0	0	\$15.11
Northwest Jacksonville	189	1,178,159	23,928	125,928	10.7%	21,405	0	4,562	\$12.72
Orange Park/Clay County	409	3,263,315	229,692	243,744	7.5%	107,265	5,280	12,000	\$19.76
Riverside	626	3,014,510	141,478	141,478	4.7%	26,201	20,000	0	\$18.26
San Marco	260	1,831,090	198,147	198,147	10.8%	4,116	0	0	\$17.58
Southside	751	16,328,337	1,656,054	1,730,068	10.6%	-410,005	0	134,000	\$18.55
St Johns County	445	3,064,099	186,028	186,028	6.1%	-14,315	24,637	90,662	\$20.74
<b>Totals</b>	<b>4,691</b>	<b>64,113,846</b>	<b>4,647,780</b>	<b>5,012,000</b>	<b>7.8%</b>	<b>-131,605</b>	<b>272,836</b>	<b>563,961</b>	<b>\$19.55</b>

Source: CoStar Property®

The subject is located within the market area designated by CoStar in the chart above as the Nassau County submarket. The chart shows that this submarket, as of Year-End 2018, had about 1,247,202 square feet of office space existing, under construction, or proposed within 240 buildings. The vacancy rate as of Year-End 2018 was about 2.5% and the average asking rental rate was about \$26.02 per square foot. Within the subject's market area, there is currently about 34,560 square feet of space under construction.

**Current Nassau County Market Area**

CoStar also provides graphical information about specific market areas. The preceding market area map includes the Nassau County market areas. A current market summary is shown below. The graphs below depict vacancy and rental rates and net absorption over the past 5 years.

Over the past two years, the vacancy rate has fallen from a high of about 3.5% in the 1st quarter of 2017 to a current rate of about 3.1%. Over this sale time period, the average rental rate for all types of office properties has risen from a low of about \$18.25 per square foot in the 2<sup>nd</sup> quarter of 2018 to a current rate of about \$27.96 per square foot. While the vacancy statistical information is considered reliable, the very limited number of lease transactions in the past two years in this submarket cause this statistic to be unreliable.

**CURRENT MARKET SUMMARY**

**Fernandina Beach Office Market**

<b>Availability</b>	<b>Survey</b>	<b>5-Year Avg</b>
Gross Rent Per SF	\$27.96	\$21.40
Vacancy Rate	3.1%	5.7%
Vacant SF	29,593	53,304
Availability Rate	6.1%	8.1%
Available SF	57,849	76,086
Sublet SF	2,764	893
Months on Market	7.8	21.9

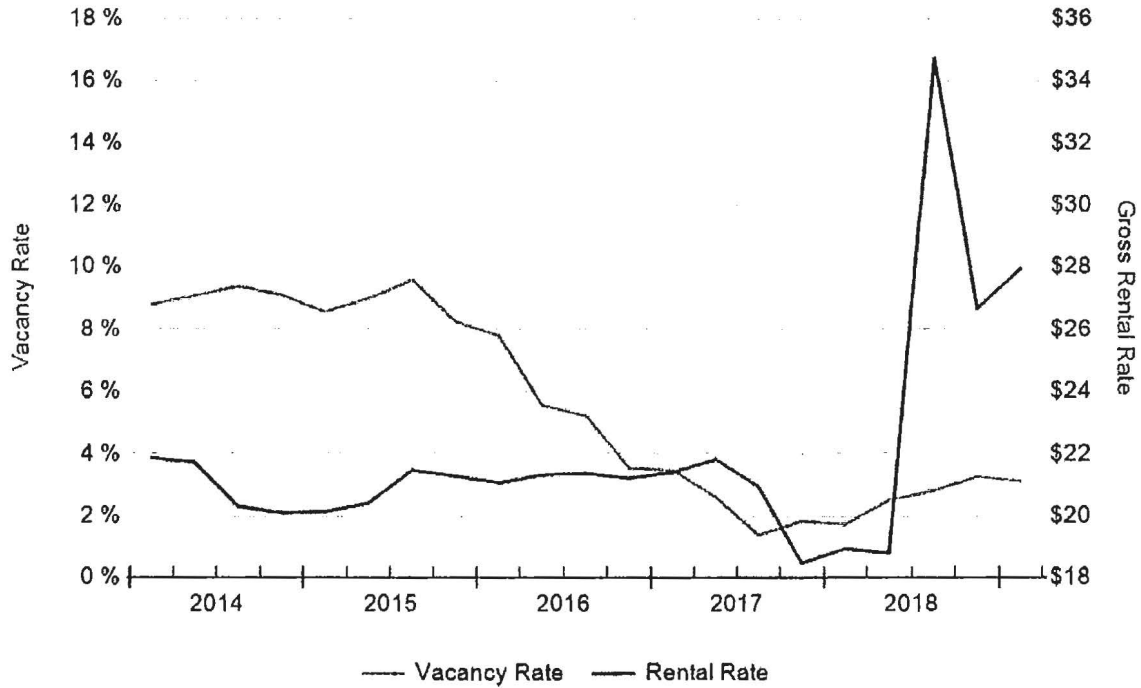
<b>Inventory</b>	<b>Survey</b>	<b>5-Year Avg</b>
Existing Buildings	167	165
Existing SF	953,520	942,113
12 Mo. Const. Starts	0	3,446
Under Construction	0	2,893
12 Mo. Deliveries	7,040	4,595

<b>Demand</b>	<b>Survey</b>	<b>5-Year Avg</b>
12 Mo. Absorption SF	-5,299	14,332
12 Mo. Leasing SF	20,782	17,172

<b>Sales</b>	<b>Past Year</b>	<b>5-Year Avg</b>
Sale Price Per SF	\$70	\$103
Asking Price Per SF	\$203	\$185
Sales Volume (Mil.)	\$2.2	\$3.8
Cap Rate	-	5.3%

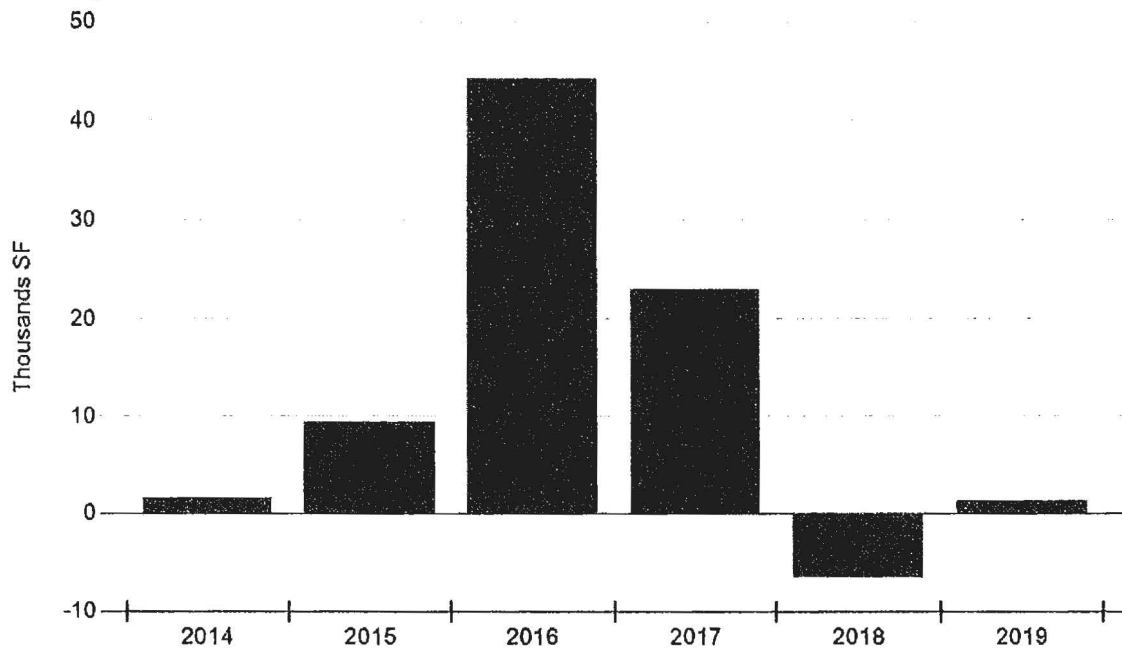
Fernandina Beach Office Market

Vacancy & Rental Rates



Fernandina Beach Office Market

Net Absorption



Forecast

The office vacancy rate has been decreasing with rising rental rates, indicating a strengthening office market. Assuming there are no further shocks to the system the subject's office market should continue to improve with the economy over the next 24 months.



## **HIGHEST AND BEST USE**

### Introduction

The Appraisal Institute's *Dictionary of Real Estate Appraisal, 5th Edition*, defines highest and best use as "The reasonably probable and legal use of vacant land or an improved property, which 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 productivity."

The definition applies specifically to the highest and best use of the land. If there are existing improvements, the highest and best use may be different than the existing use. However, the existing use will continue until the value of the land in its highest and best use exceeds the total value of the property in its existing use.

Determination of highest and best use results from the appraiser's judgment and is an opinion, not a fact. In appraisal practice, the concept of highest and best use represents a premise upon which value is based. In the context of most probable selling price (market value), highest and best use would be the most probable use.

### **Highest and Best Use as if Vacant**

#### Legally Permissible Uses

The Appraisal Institute's *Dictionary of Real Estate Appraisal, 6th Edition*, defines legal permissibility as "A property use that is either currently allowed or most probably allowable under zoning codes, building codes, environmental regulations, and other applicable laws and regulations that govern land use restrictions."

The subject's zoning category is MU-1 Zoning District. The MU-1 District is intended for the development of a combination of residential, office, and limited neighborhood commercial uses. The Mixed Use District encourages well-planned development and redevelopment of areas that feature compatible, interrelated uses including single-family and multi-family residential units; medical, business, and professional offices; personal service establishments with limited inventory of goods; and limited neighborhood commercial uses.. A copy of the zoning use regulation is located in the Addenda.

Physically Possible Uses

The Appraisal Institute's *Dictionary of Real Estate Appraisal, 6th Edition*, describes physical possibility as "The land must be able to accommodate the size and shape of the ideal improvement."

The subject building site contains about 17,500 square feet. Thus, the site is large enough to accommodate various types of development. The subject is readily accessible from South 3rd Street. The subject's shape is rectangular, its elevation is approximately at road grade, and its topography is relatively level. The subject appears to be in Flood Zone(s) Mostly X, an area that is outside the 100-year floodplain. Based on the subject's size, shape, and elevation, it appears that it was physically possible to construct improvements that are consistent with legally permissible/probable uses.

Other relevant issues include accessibility and soil load bearing capacity. Determining the utility of the soil regarding issues such as load bearing capacity is beyond the skill of the appraisers and beyond the scope of the appraisal. Questions regarding the utility of the subject's soil/terrain for development should be directed to a qualified engineer.

Nonetheless, nearby properties were developed without apparent problems. Thus, numerous development alternatives are likely possible in accordance with the current zoning. The subject's location on a local road in proximity to downtown Fernandina Beach suggests office.

Financially Feasible Uses

The Appraisal Institute's *Dictionary of Real Estate Appraisal, 6th Edition*, defines financial feasibility as "The ability of a property to generate sufficient income to support the use for which it was designed." The financially feasible uses are subject to the physically possible and legally permissible uses. The highest and best use is also a use that is logically consistent with other development in the neighborhood. The characteristics of, and the anticipated changes to, the neighborhood are considered in determining the highest and best use of the subject property.

Land in the immediate vicinity of the subject is retail (primary), office (secondary), and light industrial (tertiary). Any commercial use of the subject site would be compatible with surrounding land uses and the characteristics of the neighborhood thus office is most financially feasible given the previously mentioned physical characteristics of the subject site.

The office vacancy rate in the subject's market area as described earlier in this report is about 3%. Typically, this would indicate that the current office market is not in equilibrium because supply barely exceeds demand, at least for the subject's market area. No significant change is anticipated throughout the remainder of 2018. There is little demonstrated demand for museum or other cultural use of the subject. If the site were vacant, office use would still be most realistic.

#### Maximally Productive Uses

The Appraisal Institute's *Dictionary of Real Estate Appraisal, 6th Edition*, describes maximum productivity as "The selected land use must yield the highest value of the possible uses." Maximally productive uses are subject to the physically possible, legally permissible, and financially feasible uses.

Within the preceding constraints, the maximally productive use is the use that results in the highest residual land value. The maximally productive use of the subject property would generate cash flow, use the property intensely, and remain consistent with the characteristics of the surrounding properties. As stated in the previous section, the office market is improving along with the overall economy. Due to the subject's location on a local road in proximity to downtown Fernandina Beach, the maximally productive use of the subject as though vacant is for office use.

#### Conclusion

The highest and best use analysis indicates that it is physically possible to develop the subject site. The uses for the subject site are limited by the legally permissible uses allowed under current zoning. Considering each of the four factors, it is our opinion that the highest and best use of the land as though vacant was for office use.

#### **Highest and Best Use as Improved**

The highest and best use of the subject as improved is for use as an office property. No alternative use was identified that justifies razing the existing improvements at this time.

## IMPROVED SALES COMPARISON APPROACH

### Introduction

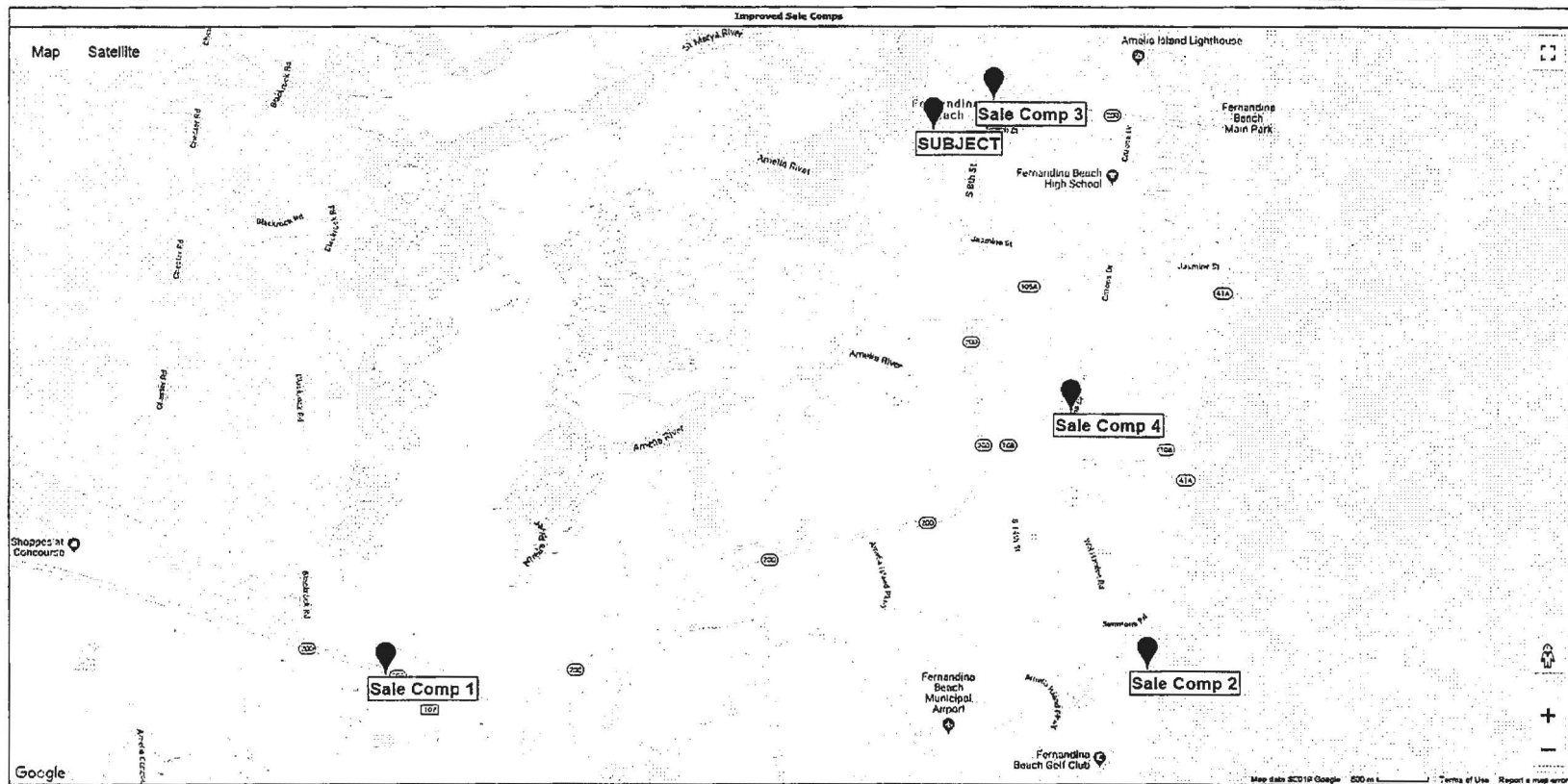
The Appraisal Institute's *Dictionary of Real Estate Appraisal, 5th Edition*, defines the sales comparison approach as "A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales is available."

The sales comparison approach is based on the principle of substitution. Substitution suggests that property values tend to be set by the cost of acquiring an equally desirable substitute. The primary steps of the sales comparison approach were as follows:

1. Sales of properties that were similar to the subject were identified. Ideally, the comparable properties would be equally desirable (identical attributes of market conditions, site, location, improvements, etc.). However, no two properties are identical – at a minimum the locations must be slightly different. Thus, sales of properties that were reasonable economic substitutes were identified.
2. Attributes of the each comparable (substitute) property were compared to the subject property's corresponding attribute. If there was a material difference between a comparable property and the subject regarding a value attribute, then we evaluated the degree of inferiority/superiority.
3. The sales prices of the comparable properties were adjusted to compensate for material inferiority/superiority between the comparable properties' attributes and the subject property's attributes. For example, if a comparable property's location was superior to the subject's location, then the price of the comparable property was adjusted downward to render its value equivalent to the subject property. Alternatively, if a comparable property's location was inferior to the subject's location, then the price of the comparable property was adjusted upward to render its value equivalent to the subject property.
4. After all adjustments were made, the comparable properties have theoretically been altered into a value duplicate of the subject property. The adjusted values of the comparables provide indications of the subject's value. Indications of the subject's value typically vary across a range. An opinion of value for the subject was developed based on the appraiser's level of confidence for the various adjusted values.

IMPROVED SALES SUMMARY TABLE

No.	Location	Sale Date	Price	NRSF	Price/ NRSF	Actual/ Indicated
1	474256 East SR 200	8/17/2018	\$480,000	2,388	\$201.01	8.00%
2	3391 South Fletcher Avenue	4/9/2018	\$547,500	3,200	\$171.09	8.25%
3	914 Atlantic Avenue	8/1/2017	\$775,000	7,962	\$97.34	9.00%
4	1941 Citrona Drive	4/28/2017	\$510,000	4,690	\$108.74	9.71%



Improved Sale No. 1



**Property Identification**

<b>Record ID</b>	14092
<b>Property Type</b>	Office
<b>Address</b>	474256 East SR 200, Fernandina Beach, Nassau County, Florida 32034
<b>Tax ID</b>	39-2N-28-5020-000E-0000
<b>MSA</b>	Jacksonville
<b>Market Type</b>	Retail

**Sale Data**

<b>Grantor</b>	Amelia Home Health Services, Inc.
<b>Grantee</b>	Jeffrey B. Gould
<b>Sale Date</b>	August 17, 2018
<b>Deed Book/Page</b>	2218/1384
<b>Property Rights</b>	Fee Simple
<b>Conditions of Sale</b>	Arm's Length
<b>Financing</b>	Cash to seller
<b>Sale History</b>	No other sales in prior 3 years
<b>Verification</b>	Public Records; Other sources: CoStar, Confirmed by Tobi Doering
<b>Sale Price</b>	\$480,000
<b>Cash Equivalent</b>	\$480,000

**Land Data**

<b>Land Size</b>	0.465 Acres or 20,250 SF
<b>Zoning</b>	CN, Commercial
<b>Topography</b>	Level at road grade
<b>Utilities</b>	All available

**Improved Sale No. 1 (Cont.)**

<b>Shape</b>	Trapezoid
<b>Landscaping</b>	Average
<b>Flood Info</b>	AE

**General Physical Data**

<b>Building Type</b>	Single Tenant
<b>Net SF</b>	2,388
<b>Construction Type</b>	Concrete block with stucco
<b>Roof Type</b>	Hip / Modular Metal
<b>Foundation</b>	Concrete slab
<b>HVAC</b>	Central
<b>Sprinklers</b>	None
<b>Stories</b>	1
<b>Floor Height</b>	10
<b>Year Built</b>	2004

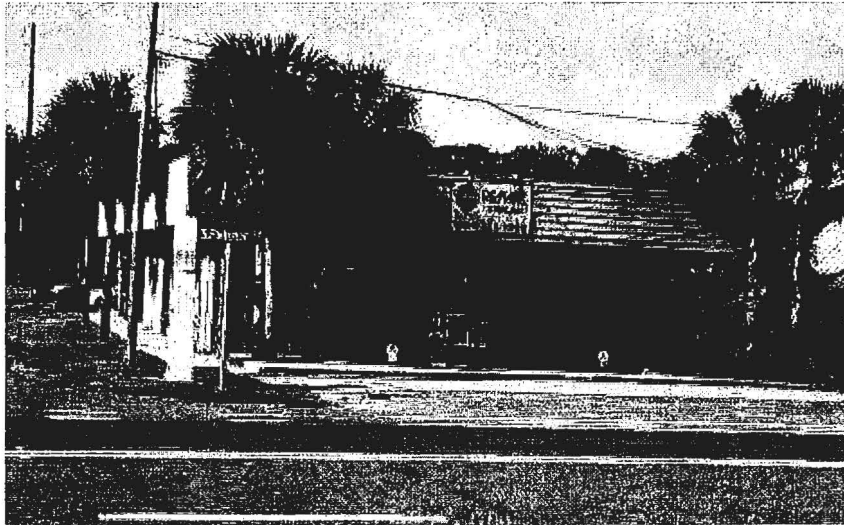
**Indicators**

<b>Sale Price/Net SF</b>	\$201.01
<b>Floor Area Ratio</b>	0.12
<b>Land to Building Ratio</b>	8.48:1

**Remarks**

This is the sale of an owner occupied office building, The seller had previously operated a business at the property but sold the business and purchased this property at fair market value.

Improved Sale No. 2



**Property Identification**

<b>Record ID</b>	13991
<b>Property Type</b>	Office, Freestanding
<b>Address</b>	3391 South Fletcher Avenue, Fernandina Beach, Nassau County, Florida 32034
<b>Tax ID</b>	00-00-31-1680-0010-0140
<b>MSA</b>	Jacksonville
<b>Market Type</b>	Office

**Sale Data**

<b>Grantor</b>	Margin of Error, LLC
<b>Grantee</b>	Lennon Real Estate Investments, LLC
<b>Sale Date</b>	April 09, 2018
<b>Deed Book/Page</b>	2189/386
<b>Property Rights</b>	Fee Simple
<b>Conditions of Sale</b>	Arm's Length
<b>Financing</b>	Cash to seller
<b>Sale History</b>	No other sales in prior 3 years
<b>Verification</b>	Peter Apol, Grantor; Other sources: Public Records, CoStar, Confirmed by Tobi Doering
<b>Sale Price</b>	\$547,500
<b>Cash Equivalent</b>	\$547,500

**Land Data**

<b>Land Size</b>	0.264 Acres or 11,500 SF
<b>Front Footage</b>	50 ft West side of Fletcher Ave (SR A1A); 225 ft North side of Matanzas Ave;
<b>Zoning</b>	C-1, Commercial
<b>Topography</b>	Level at road grade



**Improved Sale No. 2 (Cont.)**

<b>Utilities</b>	All available
<b>Shape</b>	Rectangular
<b>Landscaping</b>	Average
<b>Flood Info</b>	X

**General Physical Data**

<b>Building Type</b>	Single Tenant
<b>Net SF</b>	3,200
<b>Construction Type</b>	Wood Frame with Cedar Siding
<b>Roof Type</b>	Flat / Built-up
<b>Foundation</b>	Concrete Slab
<b>HVAC</b>	Central
<b>Sprinklers</b>	None
<b>Stories</b>	1
<b>Floor Height</b>	10
<b>Year Built</b>	1975

**Indicators**

<b>Sale Price/Net SF</b>	\$171.09
<b>Floor Area Ratio</b>	0.28
<b>Land to Building Ratio</b>	3.59:1

**Remarks**

This is the sale of an office building located with frontage on South Fletcher Avenue across from the Atlantic Ocean. The purchaser is an attorney who handles real estate closings, etc., and now occupies the property.

Improved Sale No. 3



**Property Identification**

<b>Record ID</b>	14093
<b>Property Type</b>	Office
<b>Address</b>	914 Atlantic Avenue, Fernandina Beach, Nassau County, Florida 32034
<b>Tax ID</b>	00-00-31-1800-0050-0011
<b>MSA</b>	Jacksonville
<b>Market Type</b>	Office

**Sale Data**

<b>Grantor</b>	Buchette Investments, LLC
<b>Grantee</b>	Amelia Schoolhouse Project, LLC
<b>Sale Date</b>	August 01, 2017
<b>Deed Book/Page</b>	2137/726
<b>Property Rights</b>	Fee Simple
<b>Conditions of Sale</b>	Arm's Length
<b>Financing</b>	Cash to seller
<b>Sale History</b>	No other sales in prior 3 years
<b>Verification</b>	Public Records; Other sources: CoStar, Confirmed by Tobi Doering
<b>Sale Price</b>	\$775,000
<b>Cash Equivalent</b>	\$775,000

**Land Data**

<b>Land Size</b>	0.402 Acres or 17,500 SF
<b>Zoning</b>	C-3, Commercial

**Improved Sale No. 3 (Cont.)**

<b>Topography</b>	Level at road grade
<b>Utilities</b>	All available
<b>Shape</b>	Irregular
<b>Landscaping</b>	Average
<b>Flood Info</b>	X

**General Physical Data**

<b>Building Type</b>	Single Tenant
<b>Net SF</b>	7,962
<b>Construction Type</b>	Masonry with face brick
<b>Roof Type</b>	Hip / Composition Shingles
<b>Foundation</b>	Off-Grade
<b>HVAC</b>	Central
<b>Sprinklers</b>	None
<b>Stories</b>	2
<b>Floor Height</b>	12
<b>Year Built</b>	1900

**Indicators**

<b>Sale Price/Net SF</b>	\$97.34
<b>Floor Area Ratio</b>	0.45
<b>Land to Building Ratio</b>	2.2:1

**Remarks**

This is the sale of the Old School House Building. The property was most recently used as office space but was purchased for repurpose use as a bed and breakfast inn with a bar. The property is now open and operating as Amelia Schoolhouse Inn.

Improved Sale No. 4



**Property Identification**

<b>Record ID</b>	13801
<b>Property Type</b>	Office
<b>Address</b>	1941 Citrona Drive, Fernandina Beach, Nassau County, Florida 32034
<b>Location</b>	Amelia Island
<b>Tax ID</b>	00-00-31-124G-000E-0000
<b>MSA</b>	Jacksonville
<b>Market Type</b>	Office

**Sale Data**

<b>Grantor</b>	Citrona Drive, LLC
<b>Grantee</b>	John E. Lott
<b>Sale Date</b>	April 28, 2017
<b>Deed Book/Page</b>	2117/601
<b>Property Rights</b>	Leased Fee
<b>Marketing Time</b>	3 months
<b>Conditions of Sale</b>	Arm's Length
<b>Financing</b>	Cash to seller
<b>Sale History</b>	No other sales in prior 3 years
<b>Verification</b>	Phil Griffin, Listing Broker; Other sources: Public Records, Published Sources, Confirmed by Tobi Doering
<b>Sale Price</b>	\$510,000
<b>Cash Equivalent</b>	\$510,000

**Land Data**

<b>Land Size</b>	0.536 Acres or 23,369 SF
------------------	--------------------------

**Improved Sale No. 4 (Cont.)**

**Zoning** MU-1, Commercial & Residential  
**Topography** Level at road grade  
**Utilities** All available

**General Physical Data**

**Building Type** Single Tenant  
**Net SF** 4,690  
**Construction Type** Wood frame  
**Roof Type** Gable / Composition Shingles  
**HVAC** Central  
**Sprinklers** None  
**Stories** 1  
**Year Built** 2000

**Income Analysis**

**Net Operating Income** \$49,500

**Indicators**

**Sale Price/Net SF** \$108.74  
**Floor Area Ratio** 0.20  
**Land to Building Ratio** 4.98:1  
**Occupancy at Sale** 100%  
**Overall or Cap Rate** 9.71%  
**Net Operating Income/Sq. Ft.** \$10.55

**Remarks**

This is the sale of a professional office building located on a local road within walking distance to residential communities, the YMCA, retail shopping, and the post office. About 3,810 square feet of the building were leased. The building had a lakefront setting within a professional office park. The property was purchased as an investment.

Sales Comparison Approach Adjustment Chart

233 South 3rd Street

December 31, 2018

Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	
	474256 East SR 200	3391 South Fletcher Avenue	914 Atlantic Avenue	1941 Citrona Drive	
	Fernandina Beach, FL	Fernandina Beach, FL	Fernandina Beach, FL	Fernandina Beach, FL	
Sale Date:	8/17/2018	4/9/2018	8/1/2017	4/28/2017	
Price	\$480,000	\$547,500	\$775,000	\$510,000	
Transaction Issues					
Anticipated Post-Purchase Expenditures	\$0	\$0	\$0	\$0	
Property Rights	\$0	\$0	\$0	\$0	
Financing	\$0	\$0	\$0	\$0	
Conditions of Sale	\$0	\$0	\$0	\$0	
Price Adjusted for Transaction Issues	\$480,000	\$547,500	\$775,000	\$510,000	
Market Conditions	\$29,653	\$26,037	\$15,500	\$4,930	
Price Adjusted for Market Conditions	\$509,653	\$573,537	\$790,500	\$514,930	
Net Rentable Square Footage	8,448	2,388	7,962	4,690	
Intermediate Adjusted Price per Square Foot	\$213	\$179	\$99	\$110	
Property Attributes:					
Location	Below Average	-5%	-20%	-5%	0%
Quality/Design	Average	-15%	0%	0%	-5%
Effective Age / Condition	Average	-15%	-5%	0%	-5%
Land-to-Building Ratio	2.07	-5%	-5%	0%	0%
Size Effect		-10%	-10%	0%	-5%
Summary of Adjustments		-50%	-40%	-5%	-15%
Adjusted Value per Square Foot	\$107	\$108	\$94	\$93	

Listings

In addition to the comparable sales, we also considered the follow listings for sale of similar cultural building properties in the subject's submarket.

<b>Listings</b>					
<b>No.</b>	<b>Location</b>	<b>Asking Price</b>	<b>NRSF</b>	<b>Price/ NRSF</b>	<b>Months on Market</b>
1	1435 Julia St.	\$690,000	5,250	\$131.43	11
2	961687 Gateway Blvd.	\$329,000	2,508	\$131.18	11

Improved Sales Comparison Analysis

All of the sale comparables have some characteristics similar to the subject. We used sales data acquired from the multiple listing service, county property appraiser, commercial databases, real estate brokers, and participants to the transactions. Explanations of our adjustments follow.

**Transaction Issues Adjustments:**

These items are applied prior to the application of market conditions and property adjustments. Transaction adjustments include:

1. Anticipated Post-Purchase Expenditures
2. Real Property Rights Conveyed
3. Financing Terms
4. Conditions of Sale

The adjustments are discussed as follows:

***Anticipated Post-Purchase Expenditures***

When a property is purchased with the anticipation of having to make expenditures to bring the property up to market standards or the standards of the purchaser, then the purchaser takes this anticipated amount into consideration when deciding how much will be paid for the property. No such expenditures were reported as anticipated and no adjustments were made.

***Property Rights***

In the case of the subject property, the Fee Simple interest is being appraised. The sale comparables all reflect the Fee Simple interest as well, or Leased Fee at market rents, with no adjustments required.

***Financing***

The transaction price of one property may differ from that of an identical property due to different financial arrangements. Sales involving financing terms that are not at or near market terms require adjustments for cash equivalency to reflect typical market terms. A cash equivalency procedure discounts the atypical mortgage terms to provide an indication of value at cash equivalent terms. All of the sale transactions were cash or cash equivalent with no adjustments warranted.

***Conditions of Sale***

When the conditions of sale are atypical, the result may be a price that is higher or lower than that of a normal transaction. Adjustments for conditions of sale usually reflect the motivations of either a buyer or a seller who is under duress to complete the transaction. Another more typical condition of sale involves the downward adjustment required to a comparable property's for-sale listing price, which usually reflects the upper limit of value. All of the sale transactions were arm's length with no adjustments warranted.

***Market Conditions***

As discussed in the Market Analysis section of this report, vacancy rates for office space in the subject's market area have been declining and rents have been rising over the past two years, indicating a strengthening market. An upward adjustment of 4% annually was applied to the sale comparables for improving market conditions.



**Property Attributes Adjustments:**

***Location***

Real estate values typically vary with the location of the property. Commercial or office properties that are located on more heavily trafficked roads or in more densely developed area will typically be considered superior to properties that are located farther from heavily trafficked roads or more densely developed areas. Therefore, it is sometimes appropriate to make upward adjustments to the values of comparables when their locations are inferior compared to the subject's location. Conversely, it is sometimes appropriate to make downward adjustments to the values of comparables when their locations are superior compared to the subject's location.

The subject is located with frontage on South 3rd Street, about 3 blocks south of central Downtown Fernandina Beach.

- Sale 1: was considered superior and a downward adjustment was warranted because this sale was located with frontage on a major roadway.
- Sale 2: was considered superior and a downward adjustment was warranted because this sale was located on a main area roadway in immediate proximity to the Atlantic Ocean.
- Sale 3: was considered superior and a downward adjustment was warranted because this sale was located with frontage on a more heavily trafficked roadway.
- Sale 4: was considered similar and no adjustment was warranted.

***Quality/Design***

Real estate values typically increase with the quality of the improvements. Therefore, it is sometimes appropriate to make upward adjustments to the values of comparables when their improvements are inferior in quality compared to the subject's improvements. Conversely, it is sometimes appropriate to make downward adjustments to the values of comparables when their improvements are superior in quality compared to the subject's improvements.

The subject is an Average quality Masonry building with a Face Brick exterior and a Flat / Built-up roof.

Sale 1: was considered superior and a downward adjustment was warranted because this sale had a superior design.

Sale 2: was considered similar and no adjustment was warranted.

Sale 3: was considered similar and no adjustment was warranted.

Sale 4: was considered superior and a downward adjustment was warranted because this sale had a superior design.

### ***Effective Age/Condition***

Although a building may be actually older, it may have a newer effective age due to maintenance, design, or some other feature that makes it more similar to newer structures. Typically, a property that is in better condition will have a newer effective age and is more desirable than one in poor condition with an older effective age, and will typically demand a higher price.

The subject is in Average condition with an effective age of about 15 years.

Sale 1: was considered superior and a downward adjustment was warranted because this sale had a much lower effective age.

Sale 2: was considered superior and a downward adjustment was warranted because this sale had a lower effective age.

Sale 3: was considered similar and no adjustment was warranted.

Sale 4: was considered superior and a downward adjustment was warranted because this sale had a lower effective age.

### ***Land-to-Building Ratio***

Real estate values typically decrease with a smaller site size per square foot of building area. Therefore, it is sometimes appropriate to make upward adjustments to the values of comparables when their improvements are in older relative to the subject's improvements. Conversely, it is sometimes appropriate to make downward adjustments to the values of comparables when their site size is larger per square foot of building area.

The subject has a land-to-building ratio of about 2.07 to 1, which is considered typical for buildings of this type.

Sale 1: was considered superior and a downward adjustment was warranted because this sale had a land-to-building ratio that was about 4 times that of the subject.

Sale 2: was considered superior and a downward adjustment was warranted because this sale had a land-to-building ratio that was about twice that of the subject and was located in an area of higher land prices.

Sale 3: was considered similar and no adjustment was warranted.

Sale 4: was considered similar and no adjustment was warranted.

### *Size Effect*

Typically, smaller buildings sell for more per unit of comparison than larger buildings. Conversely, larger buildings tend to sell for less per unit of comparison than smaller buildings. Therefore, it is sometimes appropriate to make upward adjustments to the values of comparables that are larger than the subject. Conversely, it is sometimes appropriate to make downward adjustments to the values of comparables that are smaller than the subject.

The subject building contains about 8,448 net rentable square feet.

Sale 1: was considered superior and a downward adjustment was warranted because this sale was about 1/4 the size of the subject.

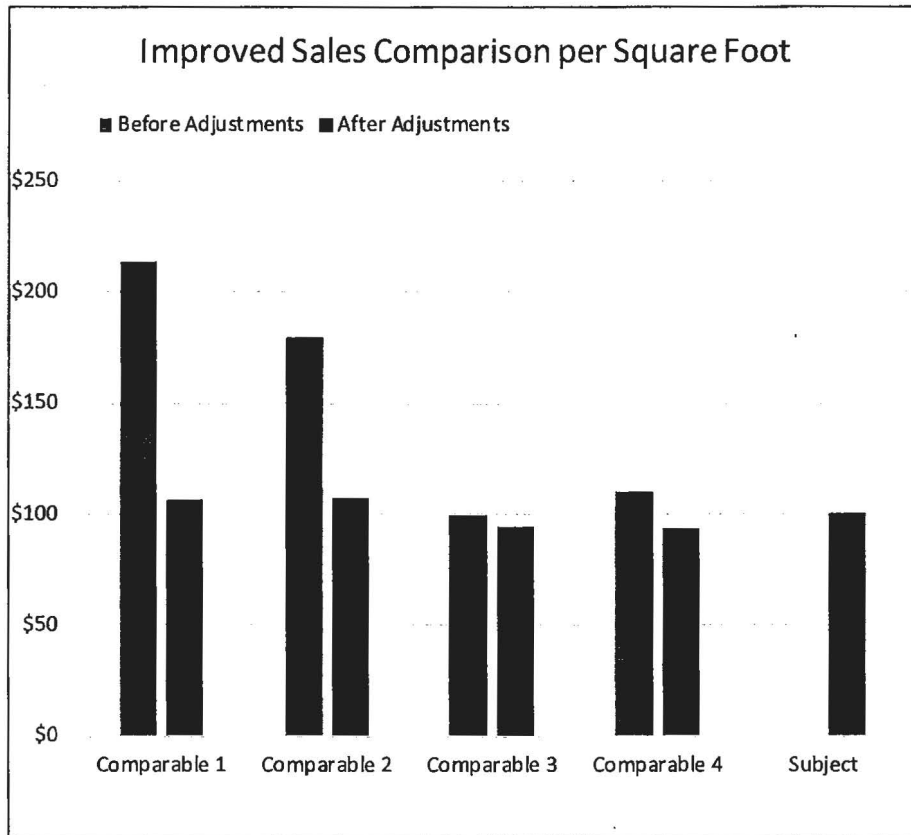
Sale 2: was considered superior and a downward adjustment was warranted because this sale was about 1/3 the size of the subject.

Sale 3: was considered similar and no adjustment was warranted.

Sale 4: was considered superior and a downward adjustment was warranted because this sale was about 1/2 the size of the subject.

### Intermediate Reconciliation

After adjusting the comparables to the subject's characteristics, the values of the comparables ranged from about \$93.32 to \$107.54 per square foot, with an average of \$100.47 per square foot and a median of \$100.52 per square foot. Prices and adjusted values of the comparables and the indicated per unit value of the subject were as follows:



After making adjustments, the remaining variation in value per unit is explained by some combination of the following three factors:

- There are some attributes of value for which adjustments were not made;
- The magnitude of some adjustments made by the analyst are incorrect; and
- The market for the asset exhibits price risk.

Assume that attributes of value for which adjustments were not made are immaterial and the magnitudes of the analyst's adjustments are approximately correct. If these two assumptions are reasonable, then the variation in the adjusted values provides a plausible indication of the asset's price risk. Note that the two assumptions do not have to be "true." The two assumptions merely need to be reasonable in order for the adjusted values to provide insight regarding the asset's price risk.

Nearly all asset markets exhibit some price risk. Short term Treasury Bills probably have the least price risk. Nonetheless, Treasury Bill prices fluctuate throughout the day. Treasury Bills with the same maturity have no difference in value attributes. Additionally, Treasury Bills are traded in an extremely efficient market. In contrast, real estate assets differ materially regarding value attributes and trade in a relatively inefficient market. If assets such as Treasury Bills exhibit price risk, then we should expect to observe price risk in real estate assets.

Real estate analysts often over-adjust the prices of sale comparables. These over-adjustments tend to result in the adjusted values exhibiting an artificially tight range and a correspondingly false implied degree of certainty regarding possible market prices for the asset. Another effect of these over-adjustments is an obscuring of the asset's price risk. Knowing, or at least having a sense of an asset's price risk, is valuable information. We will examine the price risk of the subject by considering the range of indications of value for the subject.

We developed the low indication of value from the lowest adjusted value, and we developed the high indication value from the highest adjusted value. The sales comparison analysis indicates that it is likely the property would sell for an amount between \$788,000 and \$908,000.

### **Sales Comparison Approach**

233 South 3rd Street

Analysis as of 12/31/2018

Range of Indications of Value

	Low Indication	High Indication
Indication of Value per Square Foot	\$93.32	\$107.54
Subject's Square Footage	8,448	8,448
Indication of Subject's Value	\$788,403	\$908,482

The subject is similar to all of the comparables in some respect and equal weight was given to the adjusted sale comparables.

Conclusion

Based on the preceding analysis, the value of the subject using the sales comparison approach was reasonably supported at \$100.00 per square foot. This is consistent with the average and median adjusted comparable sales prices. The value per square foot is multiplied by the subject's size to obtain an indication of the subject's value:

**SALES COMPARISON APPROACH**

	as of	December 31, 2018
Indication of Value per Square Foot		\$100.00
Subject's Square Footage		8,448
Preliminary Indication of Market Value		\$844,800
<b>Indication of Market Value</b>		<b>\$845,000</b>

**Sales Comparison Approach Indication of Value:**

**As of December 31, 2018**

**\$845,000**

## INCOME APPROACH

### Introduction

The Appraisal Institute's *Dictionary of Real Estate Appraisal, 5th Edition*, defines the income approach as "A set of procedures through which an appraiser derives a value indication for an income-producing property by converting its anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market-derived capitalization rate or at a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate."

The income approach is based on the premise that value may be determined by the amount of cash flows that can reasonably be produced over the property's remaining economic life. The rationale of this approach is that the present worth of the future cash flow stream is equivalent to the value of the property that produces those cash flows.

The direct capitalization method is appropriate when the future cash flow stream is expected to remain at a constant level or is expected to change at a constant rate. If the future cash flow stream is expected to change at varying rates, then the discounted cash flow method may be appropriate. When using the discounted cash flow method, the discounted value (present value) of each year's expected income is added to the discounted value of the reversion to determine the total value. The direct capitalization method was used to develop an indication of the subject's value. The steps in applying the income capitalization method were as follows:

1. Estimate the annual gross income that the property will likely produce.
2. Deduct an allowance for vacancy and collection losses to arrive at an estimate of effective gross income.
3. Deduct the annual expenses of operation from the effective gross income to arrive at an estimate of annual net operating income.
4. Capitalize the annual net operating income to arrive at an indication of value, using a capitalization rate that accounts for the risk and growth of the corresponding estimate of net operating income.

**Net Operating Income Analysis**

Income and expense analysis categories are described below. The definition for each category is from the Appraisal Institute's *Dictionary of Real Estate Appraisal, 5th Edition*.

**Market Rent Analysis**

An opinion of market rent is developed through an analysis of comparable rental transaction obtained through market surveys.

**Contract Rent Analysis**

Existing leases (if any) are reviewed and compared to market rent. Market rent is applied to vacant space and upon lease rollover. Additional income sources, expense recoveries, and rent escalations are considered. The sum of all income develops potential gross income (PGI).

**Potential Gross Income**

“The total income attributable to real property at full occupancy before vacancy and operating expenses are deducted.”

**Vacancy Analysis**

The subject's existing vacancy is compared to the market. Turnover and collection losses are considered. Application of vacancy and collection loss develops effective gross income (EGI).

**Effective Gross Income**

“The anticipated income from all operations of the real property after an allowance is made for vacancy and collection losses. Effective gross income includes items constituting other income, i.e., income generated from the operation of the real property that is not derived from space rental (e.g., parking rental or income from vending machines).”

**Expense Analysis**

Expenses that are an obligation to the property are estimated based on the subject's operating history, actual lease terms/conditions, and/or comparable data, and are deducted to develop an estimate of net operating income (NOI). Expenses and other costs such as leasing commissions,



tenant improvements, concessions, and replacement reserves are developed as appropriate and most often in developing a DCF analysis.

### **Rate Analysis**

Conversion of the stabilized net operating income and/or cash flow streams to value is completed through the development of appropriate direct (overall), terminal, or yield capitalization rates, as appropriate.

### **Application of Methodology**

Direct capitalization is most applicable to single-tenant and stabilized properties and those with long-term leases at market terms and conditions. Discounted cash flow analysis better recognizes changes in income patterns over a holding period and is most applicable to non-stabilized and multi-tenant properties, properties that have tenants with various lease structures not performing at market and/or properties with a high-level of anticipated lease turnover. In this appraisal, we employed the direct capitalization approach to develop an indication of market value for the subject property.

### **Lease Structure**

Lease structures range from full-service, in which the owner is responsible for all expenses to absolute net, in which the tenant is responsible for all expenses. If a comparable lease transaction is structured with the landlord paying for operating expenses with market norms suggesting full or partial tenant responsibility, an adjustment is required to reflect the lower total cost of occupancy to the tenant and vice-versa.

The following summarizes the breakdown of lease expenses and the responsible parties. Lease terminology can vary from market to market, but the lease terms presented accurately reflect the local market.

**Lease Terms Matrix**

**Who Pays For: \***

<b>Lease Type</b>	<b>Utilities</b>	<b>Property Taxes</b>	<b>Insurance</b>	<b>Maintenance</b>	<b>Structural</b>
Full Service	Landlord	Landlord	Landlord	Landlord	Landlord
Gross	Tenant	Landlord	Landlord	Landlord	Landlord
Modified Gross	Typically, the tenant pays utilities and may share in property tax or insurance expense to some degree				
Net	Tenant	Tenant	Landlord	Landlord	Landlord
Modified Net	Tenant	Tenant	Tenant	Landlord	Landlord
Triple Net (NNN)	Tenant	Tenant	Tenant	Tenant	Landlord
Absolute Net	Tenant	Tenant	Tenant	Tenant	Tenant

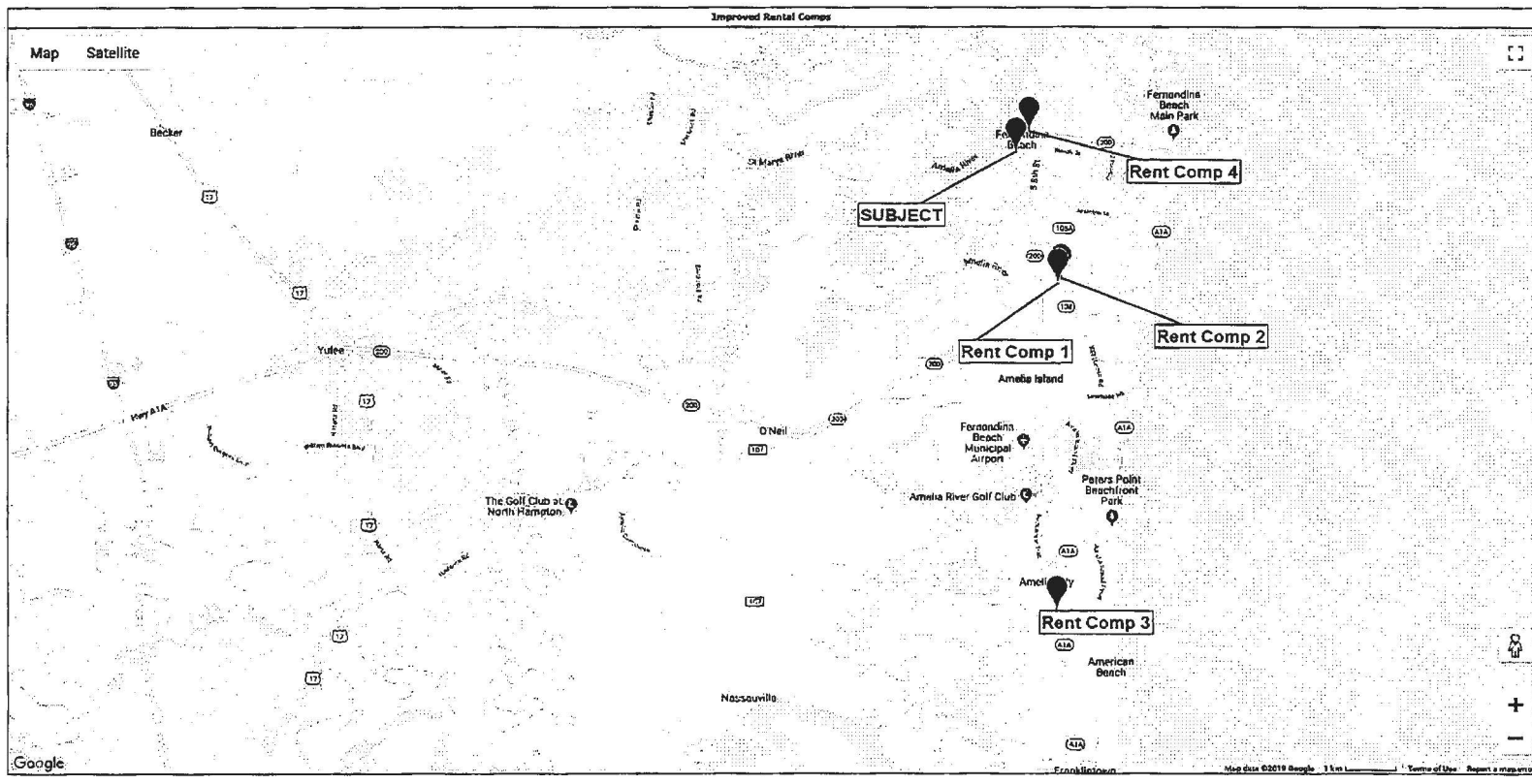
\* Varies by Market; Typical of Jacksonville Market

**Estimate of Market Rent**

To develop an opinion of market rent, we surveyed representatives of comparable and competitive properties in the local market area, focusing on buildings with similar locations, size, and market appeal. We have included comparable rents that were utilized to derive an appropriate market rent for the subject property. A summary chart describing each comparable is followed by a map displaying their location in relation to the subject as well as detailed descriptions of the comparables.

RENT COMPARABLES SUMMARY CHART

Rent Comparable Summary Chart								
Rent Comp #	Date of / Lease	Comp Type	Property Address	Lease NRSF	Property Type	Year Built	Rental Rate / SF	Lease Structure
1	Oct-18	Lease	1890 14th Street S.	1,850	Office	1988	\$16.50	Gross
2	May-18	Lease	1886 14th Street S.	1,800	Office	1988	\$12.00	Gross
3	Mar-18	Lease	5012 First Coast Hwy	1,008	Office	1959	\$18.00	NNN
4	Aug-16	Lease	501 Centre St	400	Office	1966	\$24.00	Full Service



Improved Lease No. 1



**Property Identification**

<b>Record ID</b>	375
<b>Property Type</b>	Office
<b>Address</b>	1890 14th Street South, Fernandina Beach, Nassau County, Florida 32034
<b>Tax ID</b>	00-00-31-127A-0009-0020
<b>Lease Date</b>	10/2018
<b>MSA</b>	Jacksonville
<b>Market Type</b>	Office

**Physical Data**

<b>Land Size</b>	0.109 Acres or 4,748 SF
<b>Building Net SF</b>	6,792
<b>Lease Net SF</b>	1,850
<b>Construction Type</b>	Wood frame with stucco
<b>Roof Type</b>	Hip / Composition Shingles
<b>Foundation</b>	Concrete slab
<b>HVAC</b>	Central
<b>Sprinklers</b>	None
<b>Floor Height</b>	8
<b>Year Built</b>	1988

**General Lease Data**

<b>Tenant</b>	Multi-tenant
<b>Typical Lease Term</b>	3-Years
<b>Lease Type</b>	Gross

**Improved Lease No. 1 (Cont.)**

**General Tenant Summary**

<b>Owner</b>	Kristiann, Inc.
<b>Verification</b>	Phil Griffin, Leasing Rep; Other sources: Public Records, CoStar, Confirmed by Tobi Doering
<b>Tenant Expenses</b>	Utilities

**Rent Analysis**

<b>Rent</b>	\$16.50/SF Average
<b>Occupancy</b>	75%

**Remarks**

A new lease was signed for 1,850 NRSF of space on the second floor of this multi-tenant office building. The lease term was 3-years and the starting rental rate was \$16.50 per square foot on gross terms, with the tenant responsible for their utilities.

Improved Lease No. 2



**Property Identification**

Record ID	376
Property Type	Office
Address	1886 14th Street South, Fernandina Beach, Nassau County, Florida 32034
Tax ID	00-00-31-127A-0008-0000
Lease Date	5/2018
MSA	Jacksonville
Market Type	Office

**Physical Data**

Land Size	1.288 Acres or 56,105 SF
Building Net SF	11,934
Lease Net SF	1,800
Construction Type	Concrete block with stucco
Roof Type	Gable / Composition Shingles
Foundation	Concrete slab
HVAC	Central
Sprinklers	None
Stories	1
Floor Height	10
Year Built	1988

**General Lease Data**

Tenant	Multi-tenant
Typical Lease Term	3-years
Lease Type	Gross

**Improved Lease No. 2 (Cont.)**

**General Tenant Summary**

<b>Owner</b>	Amelia Professional Plaza, Inc
<b>Verification</b>	Nip Galphin, Leasing Rep; Other sources: Public Records, CoStar, Confirmed by Tobi Doering
<b>Tenant Expenses</b>	Utilities

**Rent Analysis**

<b>Rent</b>	\$12.00/SF Average
<b>Occupancy</b>	66%

**Remarks**

A new lease of about 1,800 NRS in this office plaza commenced May 1, 2018 with a lease term of 4 years and a starting rental rate of \$12 per NRSF. The terms of the lease were gross and the tenant was responsible for paying their own utilities.

Improved Lease No. 3



**Property Identification**

<b>Record ID</b>	184
<b>Property Type</b>	Office
<b>Address</b>	5012 First Coast Highway, Fernandina Beach, Nassau County, Florida 32034
<b>Tax ID</b>	00-00-30-0645-0001-0000
<b>Lease Date</b>	3/2018
<b>MSA</b>	Jacksonville
<b>Market Type</b>	Office

**Physical Data**

<b>Land Size</b>	25,520.000 Acres or 1,111,651,200 SF
<b>Building Net SF</b>	1,008
<b>Lease Net SF</b>	1,008
<b>Construction Type</b>	Concrete block with coquina stucco
<b>Roof Type</b>	Gable / Modular Metal
<b>Foundation</b>	Concrete slab
<b>HVAC</b>	Central
<b>Sprinklers</b>	None
<b>Stories</b>	1
<b>Floor Height</b>	9
<b>Year Built</b>	1959

**General Lease Data**

<b>Tenant</b>	Single tenant
<b>Typical Lease Term</b>	3-years
<b>Lease Type</b>	NNN



**Improved Lease No. 3 (Cont.)**

**General Tenant Summary**

<b>Owner</b>	Harbor Point Enterprises, LLC
<b>Verification</b>	Matt Entriken, Leasing Rep; Other sources: Public Records, CoStar, Confirmed by Tobi Doering
<b>Tenant Expenses</b>	Taxes, Insurance, Repairs & Maintenance

**Rent Analysis**

<b>Rent</b>	\$18.00/SF Average
<b>Occupancy</b>	100%

**Remarks**

This free-standing office building was formerly a real estate office. It was sold in July 2016 as part of the Bankrupt estate of Amelia Island Resort. It has a good location on a main road that runs north-south through Amelia Island, and is situated on a 0.6 acre lot that is zoned CN.

A new lease commenced March 1, 2018 at \$18 per square foot on NNN terms.

Improved Lease No. 4



**Property Identification**

<b>Record ID</b>	270
<b>Property Type</b>	Office
<b>Address</b>	501 Centre Street, Fernandina Beach, Nassau County, Florida 32034
<b>Tax ID</b>	00-00-31-1800-0030-0011; 00-00-31-1800-0030-0013; 00-00- 31-1800-0030-0020
<b>Lease Date</b>	8/2016
<b>MSA</b>	Jacksonville
<b>Market Type</b>	Office

**Physical Data**

<b>Land Size</b>	0.175 Acres or 7,623 SF
<b>Building Net SF</b>	5,108
<b>Lease Net SF</b>	400
<b>Construction Type</b>	Concrete block with face brick & stucco
<b>Roof Type</b>	Flat / Built-up
<b>Foundation</b>	Concrete slab
<b>HVAC</b>	Central
<b>Sprinklers</b>	None
<b>Stories</b>	1
<b>Floor Height</b>	12
<b>Year Built</b>	1966

**General Lease Data**

<b>Tenant</b>	Multi-tenant
<b>Typical Lease Term</b>	1-Year
<b>Lease Type</b>	Full Service

**Improved Lease No. 4 (Cont.)**

**General Tenant Summary**

<b>Owner</b>	Northwoods, LLC
<b>Verification</b>	Property Owner; Other sources: Public Records, Confirmed by Tobi Doering
<b>Tenant Expenses</b>	None

**Rent Analysis**

<b>Rent</b>	\$24.00/SF Average
<b>Occupancy</b>	100%

**Remarks**

This office property is configured with 11 offices ranging in size from 141 square feet to 400 square feet. Most leases have a 1-year term and are on a full-service basis. Suite 103 was the largest single space and was leased for a 1-year term at a rental rate of \$24 per square foot,

RENT COMPARABLES ADJUSTMENT CHART

Rent Adjustment Chart					
	<u>Subject</u>	<u>Rent 1</u>	<u>Rent 2</u>	<u>Rent 3</u>	<u>Rent 4</u>
		1890 14th Street S.	1886 14th Street S.	5012 First Coast Hwy	501 Centre St
Lease Structure:	NNN	Gross	Gross	NNN	Full Service
<b>Annual Rental Rate</b>		<b>\$16.50</b>	<b>\$12.00</b>	<b>\$18.00</b>	<b>\$24.00</b>
<b>Transaction Issues</b>					
Expense Structure		\$0.00	\$0.00	\$3.00	(\$1.00)
Rent Concessions		\$0.00	\$0.00	\$0.00	\$0.00
Conditions of Lease		\$0.00	\$0.00	\$0.00	\$0.00
<b>Rental Rate Adjusted for Transaction Issues</b>		<b>\$16.50</b>	<b>\$12.00</b>	<b>\$21.00</b>	<b>\$23.00</b>
<b>Market Conditions</b>					
Adjustment for Market Conditions		\$0.17	\$0.32	\$0.70	\$2.22
<b>Adjusted Rental Rate</b>		<b>\$16.67</b>	<b>\$12.32</b>	<b>\$21.70</b>	<b>\$25.22</b>
<b>Property Attributes:</b>					
Location	Below Average	5%	5%	-10%	-20%
Building Quality/Design	Average	-5%	0%	0%	0%
Effective Age/ Condition	Average	-10%	0%	0%	0%
Land-to-Building Ratio		0%	0%	-10%	0%
Tenant Space Size	4,224	-5%	-5%	-10%	-20%
Net Rental Rate Adjustments:		-15%	0%	-30%	-40%
<b>Adjusted Gross Rent per Square Foot</b>		<b>\$14.17</b>	<b>\$12.32</b>	<b>\$15.19</b>	<b>\$15.13</b>

**Buzz Wagand and Associates, Inc.**

---

The rent comparables were adjusted as appropriate for expense structure, location, building quality/design, effective age/condition, interior finish, and tenant space size. Adjusted rental rates ranged from \$12.32 per square foot to \$15.19 per square foot, with an average of \$14.20 per square foot and a median of \$14.20 per square foot. Based on the rent comparables, for our income analysis we used a market rental rate of \$14.00 per square foot on an gross basis, where the tenant makes no property operating expense reimbursements for property taxes, insurance, and repairs and maintenance but is responsible for their own utilities. The subject is currently is currently 100% owner occupied. Market rent was applied to the subject owner-occupied space.

**Vacancy/Collection Loss**

Vacancy plays a major role in the income producing ability of the property. This amount also includes funds not collected during the typical holding period. We studied the market area to estimate a vacancy rate for the subject property. Based on our analysis of Costar market data for similar-sized cultural building properties in the subject submarkets, we have estimated a vacancy and collection loss at the subject of 5% of potential gross income. The subject is currently is currently 100% owner occupied.

**Effective Gross Income**

Effective gross income is the rental income, plus any expense reimbursements, less an allowance for vacancy and collection loss.

**EFFECTIVE GROSS RENTAL INCOME**

<b>Tenant</b>	<b>NRSF</b>	<b>Annual Base Rent PSF</b>	<b>Annual Expense Reimb. PSF</b>	<b>Total Annual Rent PSF</b>	<b>Potential Annual Income</b>
233 South 3rd Street	8,448	\$14.00	\$0.00	\$14.00	\$118,272
<b>TOTAL</b>	<b>8,448</b>			<b>\$14.00</b>	<b>\$118,272</b>
	<b>PSF</b>	<b>% PGI</b>	<b>Total</b>		
<b>Total Potential Gross Rental Income</b>	\$14.00	100%	\$118,272		
Vacancy	-\$0.70	5%	(\$5,914)		
<b>Effective Gross Income</b>	<b>\$13.30</b>	<b>95%</b>	<b>\$112,358</b>		

### **Stabilized Expense Analysis**

Operating expenses applicable to the subject property must be deducted to arrive at net operating income. We were not provided with a proforma operating expense statement by the property owner. Expenses were estimated based on market expense data for similar cultural building properties. Based upon market data, the following summarizes the stabilized operating expenses at the subject.

#### Real Estate Taxes

The real estate tax expense is based on the estimated real estate tax liability the subject will incur over the holding period. This expense category includes all local, county, and state property tax levies.

*The subject is currently exempt from taxes. Real Estate Taxes were forecast based on the current assessed value taxed at the current millage rate, which were \$15,321 or \$1.81 per square foot, consistent with the market.*

#### Insurance

Insurance is a fixed expense relative to the replacement cost of a property. This expense is typically property specific and includes coverage for loss or damage to the property caused by the perils of fire, lightning, extended coverage perils, vandalism, malicious mischief, and other perils.

*Insurance was estimated to be \$4,224 per year, or \$0.50 per square foot, consistent with the market.*

#### Management

Management expenses include an allowance for the contractual management of the property by a professional management service. Typical fees throughout the market range from 2.0% to 5.0% of effective gross income, depending upon the size, quality, and location of the property.

*For purposes of this analysis, a base management fee of about 3.0% of the effective gross income (EGI), or about \$3,371 annually.*

Repairs & Maintenance

Repairs & maintenance is the expense of operating and maintaining the building structures and grounds.

*We estimated \$10,560, or \$1.25 per square foot for repairs & maintenance, consistent with the market.*

Reserves for Replacement

Reserves for replacement is a category where the landlord theoretically escrows an amount of net income each year to defray non-recurring structural and mechanical repairs and/or replacements. These expenses are usually incurred on a “pay-as-you-go” basis and can vary widely over the term of ownership. Nevertheless, the prudent investor should provide some amount for these costs over the term of ownership. Like all properties, commercial facilities begin to show wear in the common areas after several years of use. It is common for building owners of properties similar to the subject to account for reserves with an allowance factor between 1.0 and 3.0 percent of effective gross income.

*In the subject's instance, we have estimated the reserves for replacement category at \$0.20 per square foot, or 1.5% of EGI*

**Conclusion**

Operating expenses totaled \$35,166 which equates to 31.3% of EGI, or about \$4.16 per square foot. This amount is reasonable compared with other similar-sized cultural building properties.

**Buzz Wagand and Associates, Inc.**

Net Operating Income (NOI)

Net operating income consists of the income that remains after all operating expenses are deducted from effective gross income, but before mortgage debt service, and other non-periodic leasing and capital expenditures. The stabilized net operating income calculation is presented in the following table:

**Stabilized Net Operating Income Statement**

<b>Tenant</b>	<b>NRSF</b>	<b>Annual Base Rent PSF</b>	<b>Annual Expense Reimb. PSF</b>	<b>Total Annual Rent PSF</b>	<b>Potential Annual Income</b>
233 South 3rd Street	8,448	\$14.00	\$0.00	\$14.00	\$118,272
<b>TOTAL</b>	<b>8,448</b>			<b>\$14.00</b>	<b>\$118,272</b>
	<b>PSF</b>	<b>% PGI</b>	<b>Total</b>		
<b>Total Potential Gross Rental Income</b>	\$14.00	100%	\$118,272		
Vacancy	-\$0.70	5%	(\$5,914)		
<b>Effective Gross Income</b>	<b>\$13.30</b>	<b>95%</b>	<b>\$112,358</b>		
<b>Operating Expenses:</b>	<b>PSF</b>	<b>% EGI</b>	<b>Total</b>		
Real Estate Taxes	\$1.81	13.6%	\$15,321		
Insurance	\$0.50	3.8%	\$4,224		
Management	\$0.40	3.0%	\$3,371		
Repairs & Maintenance	\$1.25	9.4%	\$10,560		
Reserves	\$0.20	1.5%	\$1,690		
<b>Total Operating Expenses</b>	<b>\$4.16</b>	<b>31.3%</b>	<b>\$35,166</b>		
<b>Net Operating Income</b>	<b>\$9.14</b>	<b>68.7%</b>	<b>\$77,193</b>		



**Direct Capitalization Analysis**

The income capitalization approach to value is based on the premise that a direct relationship exists between the value of a property and the stabilized level of net income it is capable of generating. Direct capitalization is the process of converting a stabilized income stream into an estimate of value and is obtained by applying an overall capitalization rate (OAR) to the net operating income (NOI) before debt service. The direct capitalization rate is the ratio between a single year's net operating income expectancy and the total property price or value. Several techniques were employed in the determination of an appropriate overall capitalization rate for the subject. These are discussed below.

Overall Capitalization Rate (OAR)

A capitalization rate is the ratio of one year's net operating income to the value of the asset and is used to convert income into value. Market extraction, the band of investment technique, the debt coverage formula, and investor surveys were employed in order to estimate an appropriate overall capitalization rate for the subject.

***Market Extraction***

The sales comparables used in the Sales Comparison Approach had actual or indicated overall capitalization rates as indicated below, ranging from 8.00% to 9.71%, with an average of 8.74% and a median of 8.63%. Greater weight was given to Sale Comparable 3 because it was most similar to the subject.

No.	Location	Sale Date	Price	NRSF	Price/ NRSF	Actual/ Indicated
1	474256 East SR 200	8/17/2018	\$480,000	2,388	\$201.01	8.00%
2	3391 South Fletcher Avenue	4/9/2018	\$547,500	3,200	\$171.09	8.25%
3	914 Atlantic Avenue	8/1/2017	\$775,000	7,962	\$97.34	9.00%
4	1941 Citrona Drive	4/28/2017	\$510,000	4,690	\$108.74	9.71%

**Band of Investment**

Band of Investment			
Mortgage Interest Rate	=	5.0%	
Mortgage Term	=	25 years	
Mortgage Ratio (M)	=	70%	
Mortgage Constant (R <sub>M</sub> )*	=	0.07015	
Equity Divident Rate (R <sub>E</sub> )	=	14%	
Mortgage (LTV) Ratio (M)		Mortgage Constant (R <sub>M</sub> )	Mortgage Component
70%	x	0.07015	= 4.91%
1 - Mortgage Ratio (1-M)		Equity Divident Rate (R <sub>E</sub> )	Equity Component
30%	x	14.00%	= 4.20%
Overall Rate (R <sub>O</sub> )			= 9.11%

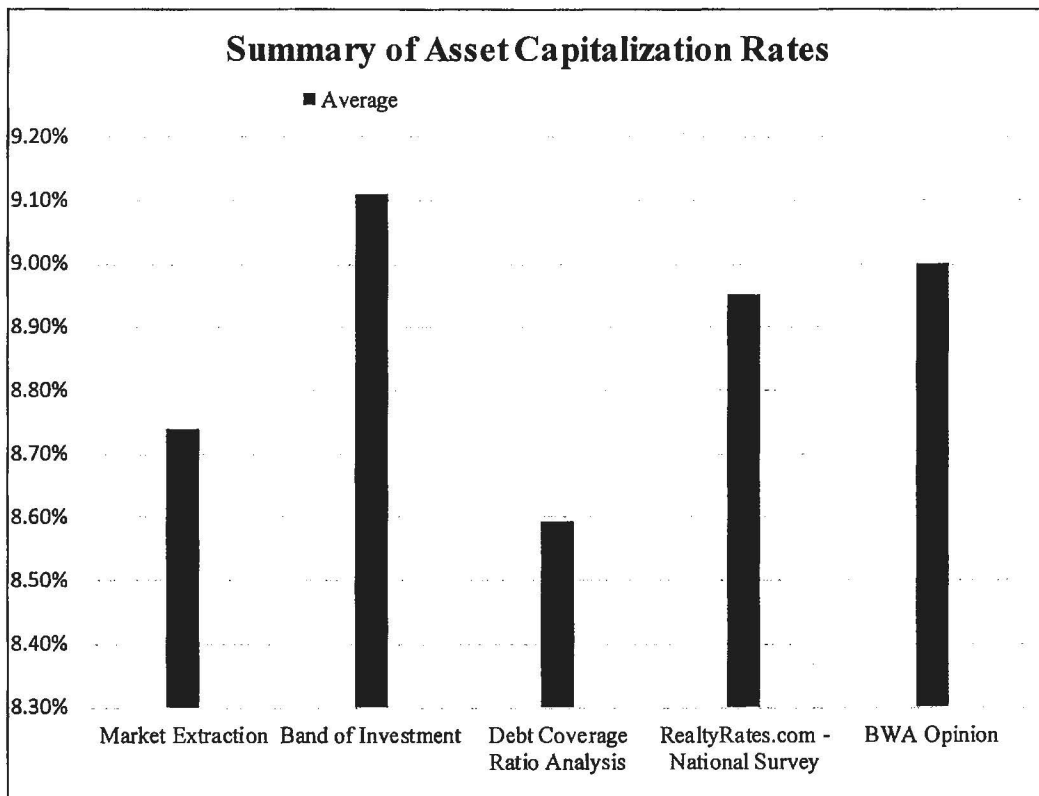
\* Monthly Payments

**Debt Coverage Ratio Analysis**

Debt Coverage Ratio Analysis		
Debt Coverage Ratio		1.75
Mortgage Ratio (M)	x	70%
Mortgage Constant (R <sub>M</sub> )*	x	0.07015
Overall Rate (R <sub>O</sub> )		8.59%

**RealtyRates.com National Market Survey**

RealtyRates.com compiles national cost of capital information for various property types. RealtyRates.com's most recent survey, the 3rd quarter of 2018, indicates cultural building asset capitalization rates at an average of about 8.95%.



### Capitalization Rate Conclusion

A summary of the indicated asset capitalization rates is shown below. In an active market, the overall rate as abstracted from comparable sales is generally given most weight in arriving at an appropriate capitalization rate. Secondary weight is placed on the rates indicated by both band of investment s and debt coverage ratio analysis. Least weight is given to the market surveys, as they are generally focused on high investment grade properties and typically lag the market as a result of the publication process.

Since we found appropriate comparable sales, we have placed most weight on the market extraction method. In our opinion, a 9.0% capitalization rate was appropriate to apply to the subject's net operating income.

**Summary of Asset Capitalization Rates**

Method	Market Indications
	Average
Market Extraction	8.74%
Band of Investment	9.11%
Debt Coverage Ratio Analysis	8.59%
RealtyRates.com - National Survey	8.95%
BWA Opinion	9.0%

Conclusion

Following this discussion is the direct capitalization model that formed the basis of our value conclusions via the direct capitalization technique. As previously discussed, we estimated a stabilized occupancy of 95%. Using the estimated overall capitalization rate of 9.0% indicated a preliminary as is Fee Simple market value indication of \$857,698, rounded to \$858,000.

**Direct Capitalization Value Indication**

Stabilized Net Operating Income (NOI)	\$77,193
Divided by Overall Capitalization Rate	9.0%
Preliminary As Stabilized Fee Simple Value Indication	\$857,698
<b>As Is Fee Simple Market Value Indication.</b>	<b>\$858,000</b>

**Income Approach Indication of Value**

**As of December 31, 2018**

**\$858,000**

**RECONCILIATION OF INDICATIONS OF VALUE**

We analyzed the subject property and market information, and we valued the subject using the sales comparison approach and the income approach. The indications of value as derived by the two approaches are as follows.

<b>Appraisal Premise</b>	<b>Interest Appraised</b>	<b>Standard of Value</b>	<b>Date of Value</b>	<b>Approach</b>	<b>Value Indication</b>
As Is	Fee Simple	Market Value	2/1/2017	Sales Comparison	\$845,000
As Is	Fee Simple	Market Value	2/1/2017	Income Capitalization	\$858,000

We found and analyzed appropriate comparable sales and comparable rents within the subject market area. We developed a market capitalization rate from market extracted rates and supported it with rates using the band of investments technique and debt coverage analysis.

Because the subject is not an income producing property, we gave most weight to the Sales Comparison Approach, with secondary consideration given to the Income Approach. There was ample data available to support value indications for both approaches.

In our opinion, the as is Fee Simple market value of the subject property as of December 31, 2018 was:

**\$850,000**

**Eight Hundred Fifty Thousand Dollars**

## **ADDENDA**

### Assumptions and Limiting Conditions

Buzz Wagand & Associates (BWA) opinion of value is based on the assumptions and limiting conditions delineated below. Should any of the following assumptions or limiting conditions prove to be materially incorrect, an entirely new appraisal is probably required. Anyone considering an ownership or financial interest in the subject property is responsible for conducting their own due diligence regarding the correctness/appropriateness of the assumptions and limiting conditions. If a reader of this appraisal disagrees with any premise, definition, assumption, or limiting condition upon which this appraisal is based, then the reader should not use this appraisal.

1. The valuation process led to the development on an opinion, not a finding of fact. BWA does not guarantee that others will accept our opinion. BWA is not a guarantor of value. Valuation of real estate or interests in real estate is an imprecise endeavor, and reasonable people can differ in their opinions of value.
2. Should anyone using this report possess information, which is not included in this document and may influence a prudent person, then this information must be considered also in their reliance on the results of this valuation.
3. An actual transaction of the subject property may be concluded at a higher or lower amount than our opinion of value depending on the circumstances surrounding the subject or the motivations and knowledge of the buyers and sellers at the time of the transaction. BWA makes no guarantee as to what value individual buyers and sellers may reach in an actual transaction.
4. Our opinion of value relates to the commercial value of the subject property. BWA has not considered value from a natural, cultural, recreational, or scientific perspective.
5. This appraisal was prepared exclusively for the intended user. Use of this appraisal by any other party is prohibited.
6. This appraisal was prepared exclusively for the stated intended use. Use of this appraisal for any other purpose is prohibited.
7. Our opinion of value is relevant only for the valuation date stated in this report.
8. This appraisal is valid only in its entirety. Excerpting portions of this report renders the excerpted portions invalid.

9. BWA assumed the legal description presented in this appraisal is correct.
10. BWA assumed that any surveys or plat maps used by us are correct. We made no surveys nor caused any surveys to be made.
11. BWA assumed that the utilization of the land and improvements is within the legal boundaries of the subject property unless state otherwise in this report.
12. BWA's descriptions of the subject's elevation and topography are rough approximations. We recommend consultation with a qualified surveyor to establish a thorough understanding of the subject property's topographical characteristics.
13. BWA made no investigation into legal suits, encumbrances, liens, easements, or other legal entanglements of the subject property. Consequently, BWA makes no warranty or guarantee, either express or implied, as to the legal position of the subject property and the impact such position may have on the subject's ability to operate as assumed in the appraisal. No opinion is rendered regarding title to the subject property. Title to the subject property is assumed to be good and merchantable. BWA assumed that the property is free and clear of liens and encumbrances unless stated otherwise in this report.
14. BWA assumed the subject property is operated by responsible owners and competent management unless stated otherwise in this report.
15. We assumed all drawings (architectural, engineering, artist renderings) used by us are correct and appropriate for the subject property. Any site plans or drawing included in the report are for illustrative purposes. Anyone considering an ownership or financial interest in the subject property should conduct their own due diligence regarding the correctness/appropriateness of the drawing relied upon by the appraisers.
16. Information, estimates, and opinions in this appraisal were obtained from and based upon sources BWA considered reliable. BWA did not verify such information directly and assumes no liability for such information or the results from relying upon such information.
17. BWA assumed that there are no hidden or unapparent conditions of the subject property (site, improvements, soil, subsoil, neighboring properties, area above the property, etc.) that render it more or less valuable.
18. BWA assumed that the subject's soil is adequate for development unless stated otherwise in this report.
19. BWA assumed that there is adequate traffic capacity to permit development of the subject property.

20. This appraisal did not consider compliance with the American with Disabilities Act (ADA). If there are any costs associated with achieving ADA compliance, then the amount of those costs would reduce the subject's value as opined unless stated otherwise in this report.
21. BWA assumed that the subject property has existed in compliance with all environmental laws and regulations unless stated otherwise in this report. BWA assumed that the subject and surrounding properties are not contaminated with any hazardous materials unless stated otherwise in this report.
22. Subsurface rights (minerals, oil, etc.) were not considered in our opinion of value unless stated otherwise in this report.
23. BWA assumed that properties with bodies of water within their boundaries or waterfront parcels have riparian rights or littoral rights unless stated otherwise in this report.
24. BWA assumed that the subject property complies with land use and zoning regulations unless stated otherwise in this report.
25. BWA assumed that all required licenses, certificates of occupancy, consents, or other approvals can be obtained or renewed that would allow the subject property to be used or operated as outlined in this report.
26. The distribution, if any, of the total valuation in this report between land and improvements applies only under the program of utilization stated in this report. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
27. Possession of this report, or copy thereof, does not carry with it the right of publication or reproduction of all or any part thereof. An officer of BWA will sign authorized copies of our reports. Unsigned copies must be considered invalid.
28. The appraiser, by reason of this report, is not required to give testimony with reference to the property herein appraised, nor is he obligated to appear before any governmental body, board, or agent unless arrangements have been previously made thereto.
29. BWA's opinion of value is based on specific conditions and estimated events occurring during the near-term future. Our opinion was based on current market conditions, part market activity, anticipated short-term interaction of supply and demand, and a relatively stable economic environment. These various factors cannot be accurately forecast by appraisers. Additionally, any change in forecast after the valuation date could materially change BWA's opinion of value. BWA is not responsible for updating this appraisal for events that occur after the valuation date.



30. The structural integrity of the buildings and the condition of building systems (roofing, electrical, plumbing, heating, ventilation, air conditioning, etc.) cannot accurately be assessed from their appearance. The buildings and building systems could appear to be in reasonable condition when they actually are seriously flawed. A building inspection report was not provided to us. Determining the structural integrity of the building and the condition of building systems is beyond the skills of the appraisers and beyond the scope of the appraisal. Thus, we take no responsibility for the structural integrity of the buildings and the condition of building systems and their effect on the value of the subject property. We recommend consultation with a qualified building inspector. Our opinion of value is subject to the actual condition of the improvements being as they appeared to us when we inspected the improvements. If the condition of the improvements is an issue, then users of this appraisal must make an appropriate adjustment to our opinion of value and we reserve the right, but are not obligated, to amend this report and our opinion of value.
31. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media, without the written consent of approval of the author, particularly as to valuation conclusions, the identity of the appraiser or firm with which he is connected, or any reference to the Appraisal Institute, or to the MAI or SRA designations.
32. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other 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, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
33. None of the contents of this report shall be conveyed to any third party or to the public through any means without the express written consent of BWA. BWA is not a guarantor of value. The valuation of real estate and interests in real estate is an imprecise endeavor, and reasonable people can differ in their opinions of value. Anyone that has an interest or considering an interest in the subject property should conduct their own due diligence.

## **Qualifications**

Ronald C. "Buzz" Wagand, MAI, SRA, AI-GRS

Telephone: (904) 262-1130, Ext. 28

E-mail: [buzz@buzzwagand.com](mailto:buzz@buzzwagand.com)

Web Site: [buzzwagand.com](http://buzzwagand.com)

Facsimile: (904) 262-1232

## **Education**

- Master of Science in Real Estate Appraisal, University of St. Thomas
- Bachelor of Science in Business Management, Jones College
- Appraisal Institute – MAI, SRA, AI-GRS Designations
- Appraisal Institute Program Registry – Litigation
- Appraisal Institute – Appraisal Review
- Appraisal Institute – Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book)

## **Designations and Associations**

- MAI - Designated Member of the Appraisal Institute
- SRA – Designated Senior Residential Appraiser of the Appraisal Institute
- Member of the Northeast Florida Chapter of the Appraisal Institute

## **Licenses**

- State-Certified General Appraiser, State of Florida license RZ810
- State-Certified General Appraiser, State of Georgia license CG4032
- Licensed Real Estate Broker, State of Florida license BK92205

## **Experience**

- Owner; Buzz Wagand and Associates, Inc.; 2000 – Present
- Commercial Appraisal Manager/Appraiser; Hollis Wagand and Associates; 1988-2000
- Real Estate Appraiser; Associated Appraisers; 1984-1988
- Mortgage Banking; 1976-1984
- Real Estate Broker; 1971-1976

## **Types of Appraisal Assignments**

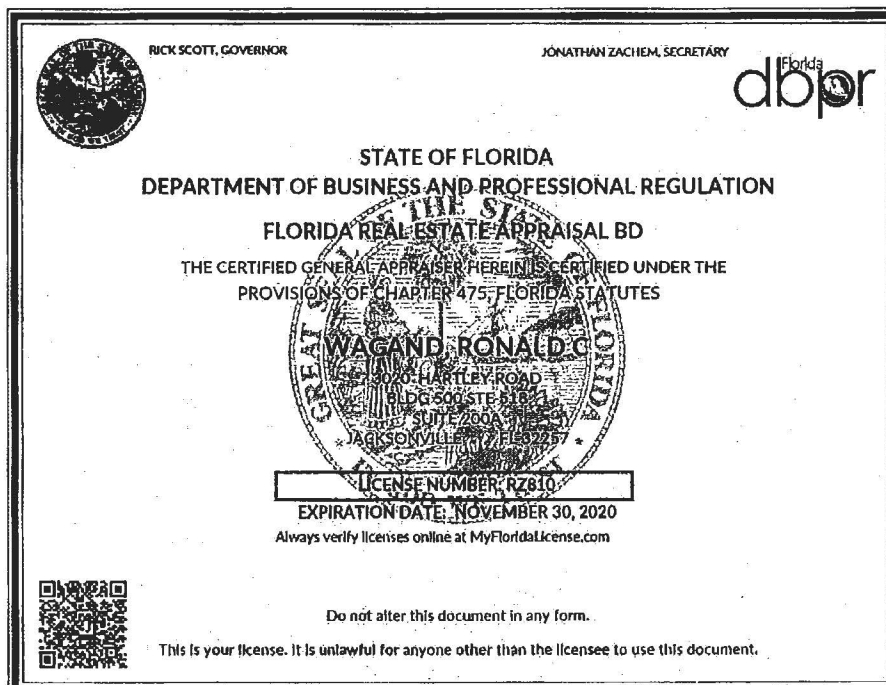
- Expert witness for government, financial institutions, condemnation, bankruptcy, property valuations
- General commercial properties including hotels, retail centers, professional and medical offices, industrial, restaurants, convenience stores, marinas, golf courses, and vehicle sales-service centers.
- Existing and proposed residential subdivisions, mixed-use properties, PUD's, DRI's
- Aviation related properties including hangers, warehouses, land, and affiliated properties
- Right-of-way, easements, conservation land, project land.
- Land-single and multi-family uses, residential lot inventories, and liquidation consulting.

## Buzz Wagand and Associates, Inc.

- Appraised land and 26 proposed phases of the King and Bear community at the World Golf Village
- Appraised several conservation projects and large tracts of land for multiple uses
- Appraised submerged land easements and leases, conservation properties
- United States Post Office in Fernandina Beach, Florida among other Federal properties
- Beach Re-nourishment Project Nassau County, Florida

### Partial Clientele Includes

- Financial Institutions
- Veterans Administration
- Small Business Administration
- Local, State, and Federal Governments
- Attorneys
- Property Owners Associations
- Insurance Companies



**Qualifications**

Tobi A. Doering, Candidate for Designation, Appraisal Institute

Telephone: (904) 716-2078

Facsimile: (904) 262-1232

E-mail: tobi@buzzwagand.com

**Education**

Ph.D. Candidate, Real Estate Finance, University of Florida, 1993

B.B.A., Magna cum Laude, Finance and Real Estate, University of North Florida, 1985

**Licenses**

State-Certified General Appraiser, State of Florida license RZ3322

**Experience**

**Appraiser**

Buzz Wagand & Associates 2001 – 2011; 2016 - Present

Valbridge Property Advisors | Armalavage Valuation, LLC 2013 - 2016

HealthTrust 2013

**Investment Manager**

Travelers Realty Investment Company 1985 – 1990

**Appraisal Specialties:**

Commercial Vacant Land, Hotels/Motels, Office Buildings, Apartments, Retail and Industrial Facilities, Land for Subdivision Development, Healthcare Facilities, and Distressed Properties.

**Appraisal Institute (AI) & McKissock (M) Courses:**

Quantitative Analysis – AI

Advanced Market Analysis and Highest & Best Use – AI

Advanced Income Capitalization - AI

Business Practices and Ethics - AI

National USPAP Update Course (M)

Florida Law Update (M)

Advanced Hotel Appraising – Full Service Hotels (M)

Appraisal of Fast Food Facilities (M)

Appraisal of Assisted Living Facilities (M)

Appraisal of Self-Storage Facilities (M)

General Appraiser Site Valuation and Cost Approach - AI

Analyzing the Effects of Environmental Contamination on Real Property - AI

**Buzz Wagand and Associates, Inc.**

---

Florida Core Law Seminar - AI

Florida Supervisory Appraiser Seminar - AI

Developing and Growing an Appraisal Practice

Real Estate Finance Statistics and Valuation Modeling - AI

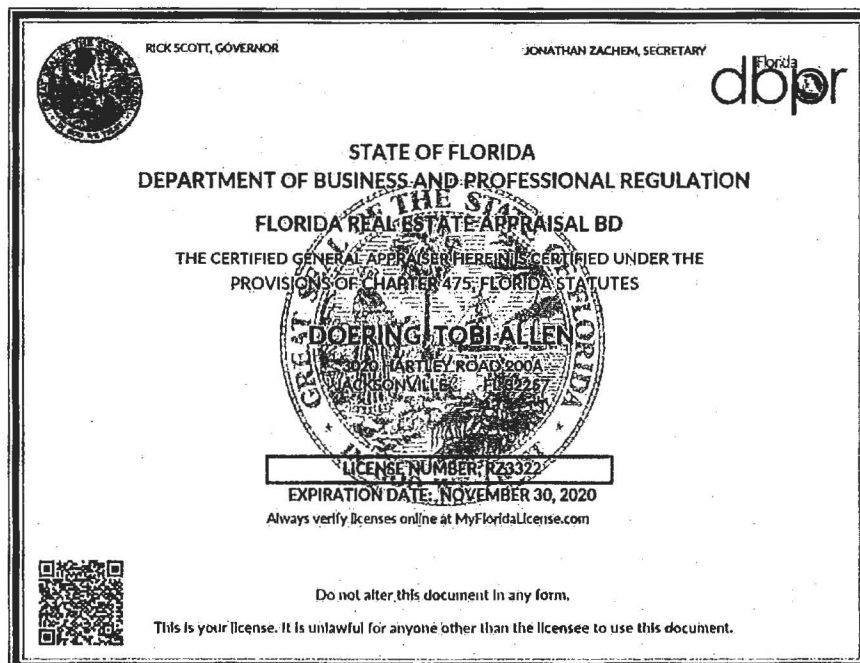
Analyzing Distressed Real Estate AI

Subdivision Valuation: A Comprehensive Guide to Valuing Improvements - AI

National Appraiser Qualifying Exam Prep Course

Small Hotel/Motel Valuation - AI

Post- Licensure Course for Real Estate Appraiser Trainees



Zoning

**City of Fernandina Beach - MU-1 Zoning Info**

2.01.09 Mixed Use (MU-1)

The MU-1 District is intended for the development of a combination of residential, office, and limited neighborhood commercial uses. The Mixed Use District encourages well-planned development and redevelopment of areas that feature compatible, interrelated uses including single-family and multi-family residential units; medical, business, and professional offices; personal service establishments with limited inventory of goods; and limited neighborhood commercial uses.

## Glossary

Definitions are taken from the Dictionary of Real Estate Appraisal, 5<sup>th</sup> Edition (Dictionary), the Uniform Standards of Professional Appraisal Practice (USPAP) and Building Owners and Managers Association International (BOMA).

### Absolute Net Lease

A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. (Dictionary)

### Additional Rent

Any amounts due under a lease that is in addition to base rent. Most common form is operating expense increases. (Dictionary)

### Amortization

The process of retiring a debt or recovering a capital investment, typically though scheduled, systematic repayment of the principal; a program of periodic contributions to a sinking fund or debt retirement fund. (Dictionary)

### As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Dictionary)

### Base (Shell) Building

The existing shell condition of a building prior to the installation of tenant improvements. This condition varies from building to building, landlord to landlord, and generally involves the level of finish above the ceiling grid. (Dictionary)

### Base Rent

The minimum rent stipulated in a lease. (Dictionary)

### Base Year

The year on which escalation clauses in a lease are based. (Dictionary)

### Building Common Area

The areas of the building that provide services to building tenants but which are not included in the rentable area of any specific tenant. These areas may

include, but shall not be limited to, main and auxiliary lobbies, atrium spaces at the level of the finished floor, concierge areas or security desks, conference rooms, lounges or vending areas food service facilities, health or fitness centers, daycare facilities, locker or shower facilities, mail rooms, fire control rooms, fully enclosed courtyards outside the exterior walls, and building core and service areas such as fully enclosed mechanical or equipment rooms. Specifically excluded from building common areas are; floor common areas, parking spaces, portions of loading docks outside the building line, and major vertical penetrations. (BOMA)

### Building Rentable Area

The sum of all floor rentable areas. Floor rentable area is the result of subtracting from the gross measured area of a floor the major vertical penetrations on that same floor. It is generally fixed for the life of the building and is rarely affected by changes in corridor size or configuration. (BOMA)

### Certificate of Occupancy (COO)

A statement issued by a local government verifying that a newly constructed building is in compliance with all codes and may be occupied.

### Common Area (Public) Factor

In a lease, the common area (public) factor is the multiplier to a tenant's useable space that accounts for the tenant's proportionate share of the common area (restrooms, elevator lobby, mechanical rooms, etc.). The public factor is usually expressed as a percentage and ranges from a low of 5 percent for a full tenant to as high as 15 percent or more for a multi-tenant floor. Subtracting one (1) from the quotient of the rentable area divided by the useable area yields the load (public) factor. At times confused with the "loss factor" which is the total rentable area of the full floor less the useable area divided by the rentable area. (BOMA)

### Common Area Maintenance (CAM)

The expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property.

CAM can be a line-item expense for a group of items that can include maintenance of the parking lot and landscaped areas and sometimes the exterior walls of the buildings. CAM can refer to all operating expenses.

CAM can refer to the reimbursement by the tenant to the landlord for all expenses reimbursable under the lease. Sometimes reimbursements have what is called an administrative load. An example would be a 15 percent addition to total operating expenses, which are then prorated among tenants. The administrative load, also called an administrative and marketing fee, can be a substitute for or an addition to a management fee. (Dictionary)

### Condominium

A form of ownership in which each owner possesses the exclusive right to use and occupy an allotted unit plus an undivided interest in common areas.

A multiunit structure, or a unit within such a structure, with a condominium form of ownership. (Dictionary)

### Conservation Easement

An interest in real property restricting future land use to preservation, conservation, wildlife habitat, or some combination of those uses. A conservation easement may permit farming, timber harvesting, or other uses of a rural nature to continue, subject to the easement. In some locations, a conservation easement may be referred to as a conservation restriction. (Dictionary)

### Contributory Value

The change in the value of a property as a whole, whether positive or negative, resulting from the addition or deletion of a property component. Also called deprival value in some countries. (Dictionary)

### Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service ( $DCR = NOI/Im$ ), which measures the relative ability to a property to meet its debt service out of net operating

income. Also called Debt Service Coverage Ratio (DSCR). A larger DCR indicates a greater ability for a property to withstand a downturn in revenue, providing an improved safety margin for a lender. (Dictionary)

### Deed Restriction

A provision written into a deed that limits the use of land. Deed restrictions usually remain in effect when title passes to subsequent owners. (Dictionary)

### Depreciation

In appraising, the loss in a property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date. OR In accounting, an allowance made against the loss in value of an asset for a defined purpose and computed using a specified method. (Dictionary)

### Disposition Value

The most probable price that a specified interest in real property is likely to bring under the following conditions:

- Consummation of a sale within a exposure time specified by the client;
- The property is subjected to market conditions prevailing as of the date of valuation;
- Both the buyer and seller are acting prudently and knowledgeably;
- The seller is under compulsion to sell;
- The buyer is typically motivated;
- Both parties are acting in what they consider to be their best interests;
- An adequate marketing effort will be made during the exposure time specified by the client;
- Payment will be made in 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. (Dictionary)

### Easement

The right to use another's land for a stated purpose. (Dictionary)

### EIFS

Exterior Insulation Finishing System. This is a type of exterior wall cladding system. Sometimes referred to as dry-vit.



#### Effective Date

The date at which the analyses, opinions, and advice in an appraisal, review, or consulting service apply. 2) In a lease document, the date upon which the lease goes into effect. (Dictionary)

#### Effective Gross Income (EGI)

The anticipated income from all operations of the real property after an allowance is made for vacancy and collection losses and an addition is made for any other income. (Dictionary)

#### Effective Rent

The rental rate net of financial concessions such as periods of no rent during the lease term and above- or below-market tenant improvements (TIs). (Dictionary)

#### EPDM

Ethylene Diene Monomer Rubber. A type of synthetic rubber typically used for roof coverings. (Dictionary)

#### Escalation Clause

A clause in an agreement that provides for the adjustment of a price or rent based on some event or index. e.g., a provision to increase rent if operating expenses increase; also called an expense recovery clause or stop clause. (Dictionary)

#### Estoppel Certificate

A statement of material factors or conditions of which another person can rely because it cannot be denied at a later date. In real estate, a buyer of rental property typically requests estoppel certificates from existing tenants. Sometimes referred to as an estoppel letter. (Dictionary)

#### Excess Land

Land that is not needed to serve or support the existing improvement. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land may have the potential to be sold separately and is valued separately. (Dictionary)

#### Expense Stop

A clause in a lease that limits the landlord's expense obligation, which results in the lessee paying any operating expenses above a stated level or amount. (Dictionary)

#### Exposure Time

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

#### Extraordinary Assumption

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

#### 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. (Dictionary)

#### Floor Common Area

Areas on a floor such as washrooms, janitorial closets, electrical rooms, telephone rooms, mechanical rooms, elevator lobbies, and public corridors which are available primarily for the use of tenants on that floor. (BOMA)

#### Full Service (Gross) Lease

A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's operating and fixed expenses; also called a full service lease. (Dictionary)

#### 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.
- 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. (Dictionary)

#### Gross Building Area

The total constructed area of a building. It is generally not used for leasing purposes (BOMA)

#### Gross Measured Area

The total area of a building enclosed by the dominant portion (the portion of the inside finished surface of the permanent outer building wall which is 50 percent or more of the vertical floor-to-ceiling dimension, at the given point being measured as one moves horizontally along the wall), excluding parking areas and loading docks (or portions of the same) outside the building line. It is generally not used for leasing purposes and is calculated on a floor by floor basis. (BOMA)

#### Gross Up Method

A method of calculating variable operating expense in income-producing properties when less than 100 percent occupancy is assumed. The gross up method approximates the actual expense of providing services to the rentable area of a building given a specified rate of occupancy. (Dictionary)

#### Gross Retail Sellout

The sum of the appraised values of the individual units in a subdivision, as if all of the units were completed and available for retail sale, as of the date of the appraisal. The sum of the retail sales includes an allowance for lot premiums, if applicable, but excludes all allowances for carrying costs. (Dictionary)

#### Ground Lease

A lease that grants the right to use and occupy land. Improvements made by the ground lessee typically revert to the ground lessor at the end of the lease term. (Dictionary)

#### Ground Rent

The rent paid for the right to use and occupy land according to the terms of a ground lease; the portion of the total rent allocated to the underlying land. (Dictionary)

#### HVAC

Heating, ventilation, air conditioning. A general term encompassing any system designed to heat and cool a building in its entirety.

#### 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 1) legal permissibility, 2) physical possibility, 3) financial feasibility, and 4) maximally profitability. Alternatively, the probable use of land or improved—specific with respect to the user and timing of the use—that is adequately supported and results in the highest present value. (Dictionary)

#### Hypothetical Condition

That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (Dictionary)

#### Industrial Gross Lease

A lease of industrial property in which the landlord and tenant share expenses. The landlord receives stipulated rent and is obligated to pay certain operating expenses, often structural maintenance, insurance and real estate taxes as specified in the lease. There are significant regional and local differences in the use of this term. (Dictionary)

#### Insurable Value

A type of value for insurance purposes. (Dictionary) (Typically this includes replacement cost less basement excavation, foundation, underground piping and architect's fees).

#### Investment Value

The value of a property interest to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. (Dictionary)

#### Just Compensation

In condemnation, the amount of loss for which a property owner is compensated when his or her property is taken. Just compensation should put the owner in as good a position as he or she would be if the property had not been taken. (Dictionary)

#### Leased Fee Interest

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of