

2941 NE 3rd St

2941 Northeast 3rd Street
Ocala, Marion County, FL 34470

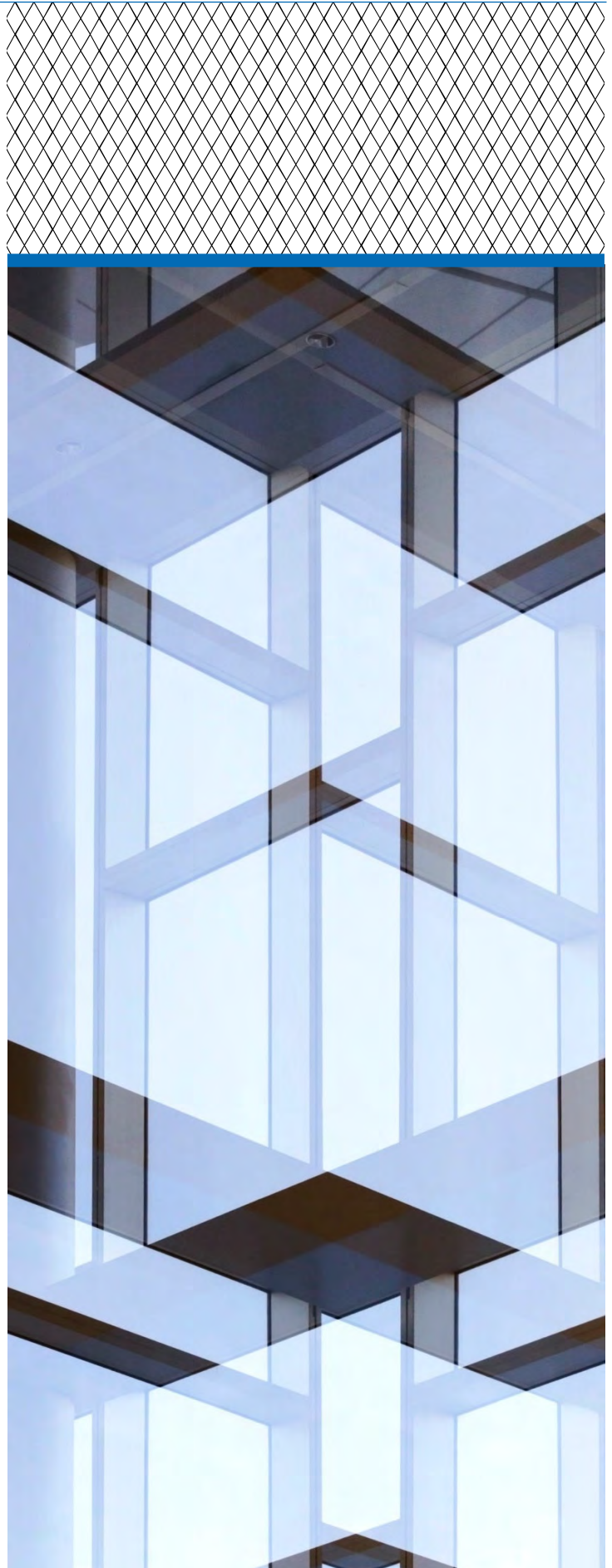
Newmark Job No.: 22-0166140-1

Appraisal Report Prepared For:

David Mateo
BrightStar Credit Union
5901 Del Lago Cir
Sunrise, FL 33313

Prepared By:

Newmark Valuation & Advisory
18302 Highwoods Preserve Pkwy, Suite 114
Tampa, FL 33647



NEWMARK VALUATION & ADVISORY

April 27, 2022

David Mateo
BrightStar Credit Union
5901 Del Lago Cir
Sunrise, FL 33313

RE: Appraisal Of An Office Property Known As 2941 NE 3rd St Located At 2941 Northeast 3rd Street, Ocala, Marion County, FL 34470, Prepared By Newmark Valuation & Advisory, LLC (herein "Firm" or "Newmark")

Newmark Job No.: 22-0166140-1

Dear Mr. Mateo:

The "Subject Property" is comprised of two office buildings located one parcel that total 10,389 square feet. The buildings are in average condition, are of average quality and tenant appeal, and were built in 1974 and were most recently renovated in 2021. The site encompasses approximately 1.680 acres (73,181 square feet) and is located along the north side of 3rd Street with additional frontage on 7th Street. Currently, the buildings are 100% occupied and considered to be stabilized. There is a total of 5 tenants ranging in unit sizes from 520 to 4,000 square feet under leases with remaining terms ranging from 18 to 60 months and contract rent ranging from \$4.97 to \$13.98 per square foot on a modified gross basis. The largest tenant is Developmental Service Trainers, Inc., who occupies the entire building toward the southern portion of the site (front building) as well as units 201 and 204 in the northern building.

Key Value Considerations

The subject was previously sold in 2019 for a sale price of \$350,000. After the sale, the buyer reportedly spent \$140,600 in capital improvements in 2021, which comprised of roofing and flooring work, bathroom remodel, landscaping, paving/flatwork, exterior painting, AC, plumbing, and electrical.

Strengths

- The subject is currently 100% leased and occupied.
- Below market leases in place indicate a decrease in near-term risk.
- The subject area has good access to the entire region and strong demographic trends.

Risk Factors

- None noted.

NEWMARK

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Tampa, FL 33647
www.nmrk.com/valuation

Based on the analysis contained in the following report, the opinion of value for the subject is:

Value Conclusions			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value "As Is"	Leased Fee	4/21/2022	\$1,090,000

Compiled by Newmark

Extraordinary Assumptions

An extraordinary assumption is defined in USPAP as an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results.

1. All of the lease documents provided indications of their rentable square footages for their specific units except for the lease documents for Development Service Trainers, Inc. (Front Bldg/204). Therefore, we assume that the overall size of the development that is depicted in the rent roll is consistent with what actually exists within the subject. Additionally, it is assumed that the renewal option for this lease is structured as a 3-year option with no escalations, which is consistent with the base term and the Addendum to Lease.

The use of this extraordinary assumption might have affected assignment results.

Hypothetical Conditions

A hypothetical condition is defined in USPAP as a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. The value conclusions are based on the following hypothetical conditions that may affect the assignment results.

1. None

The appraisal was developed based on, and this report has been prepared in conformance with the Client's appraisal requirements, the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, Title XI of the Financial Institution Reform, Recovery and Enforcement Act (FIRREA) of 1989, and the Interagency Appraisal and Evaluation Guidelines (December 2, 2010).

Certification

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the State of Florida.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. As of the date of this report, Ned Palmer II, MAI, Norm LeZotte, MAI, and Jose Ortiz, MAI, MRICS have completed the continuing education program for Designated Members of the Appraisal Institute.
12. Matthew Earnest with Newmark inspected the subject property on April 21, 2022 as per the defined scope of work. Ned Palmer, MAI, Norm LeZotte, MAI and Jose Ortiz, MAI, MRICS have not personally inspected the subject.
13. Significant real property appraisal assistance was provided by Matthew Earnest and Nicholas Malin who have not signed this certification. The assistance of Matthew Earnest performing a site inspection of the subject property. The assistance of Nicholas Malin consisted of conducting research on the market, subject property, and transactions involving comparable properties, performing certain appraisal analyses, and assisting in report writing, all under the supervision of the person(s) signing this report.
14. The Firm operates as an independent economic entity. Although employees of other service lines or affiliates of the Firm may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.
15. Within this report, "Newmark", "Newmark Valuation & Advisory", "Newmark, Inc.", and similar forms of reference refer only to the appraiser(s) who have signed this certification and any persons noted above as having provided significant real property appraisal assistance to the persons signing this report.

16. Ned Palmer II, MAI has not performed any 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 the agreement to perform this assignment. Norm LeZotte, MAI has not performed any 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 the agreement to perform this assignment. Jose Ortiz, MAI, MRICS has not performed any 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 the agreement to perform this assignment.
17. Nicholas Malin, a Florida Registered Trainee Appraiser, license number RI24673, performed market research and assisted in the preparation of this report. He is logging 30 hours for this report. I, Ned Palmer II, MAI, supervisor of Nicholas Malin, a registered trainee appraiser who contributed to the development or communication of this appraisal, hereby accept full and complete responsibility for any work performed by the registered trainee appraiser named in this report as if it were my own work.



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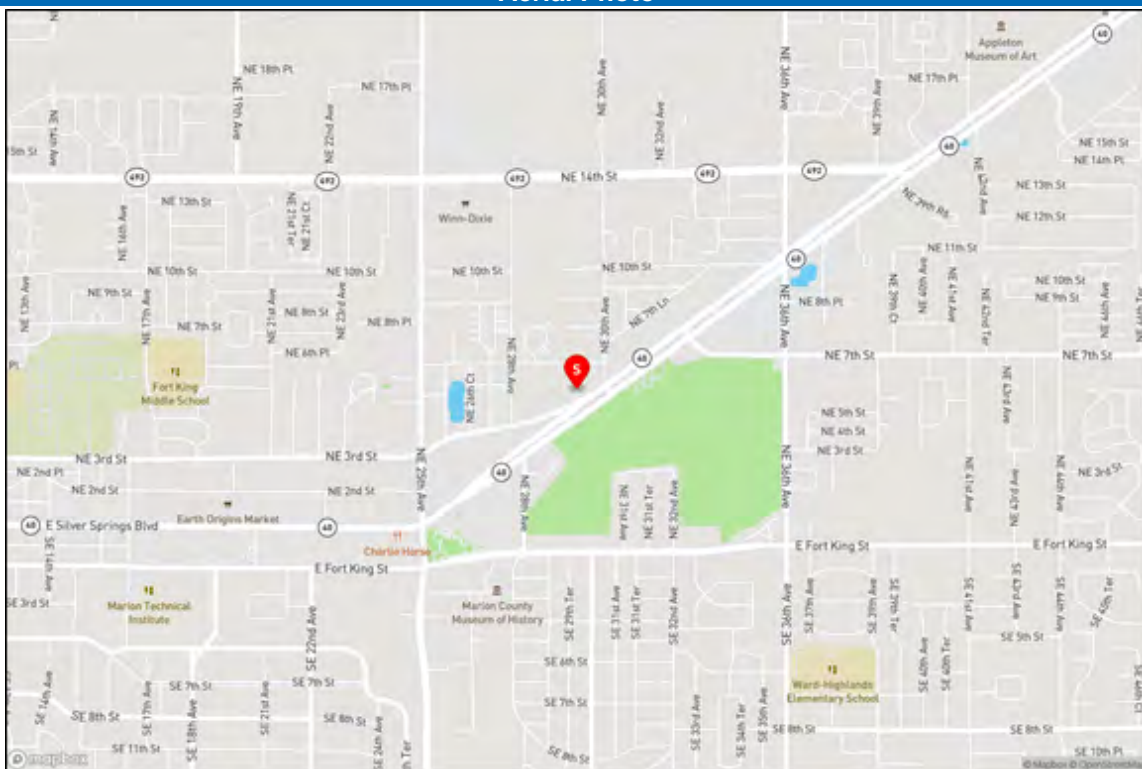
F. DCF Reports

G. Précis Metro Report - Economy.Com,
Inc.

H. Appraiser Qualifications and Licenses



Aerial Photo



Location Map



Exterior View of Subject



Exterior View of Subject



Exterior View of Subject



Exterior View of Subject



Exterior View of Subject



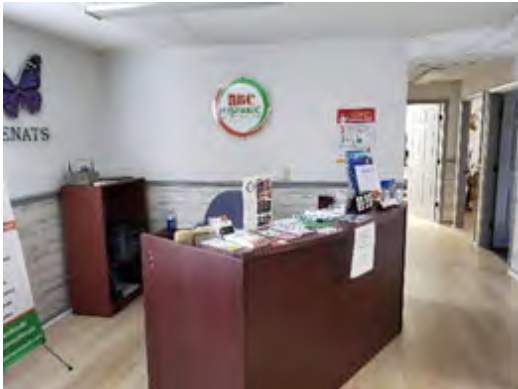
View of Pylon Signage



View of W 3rd Street



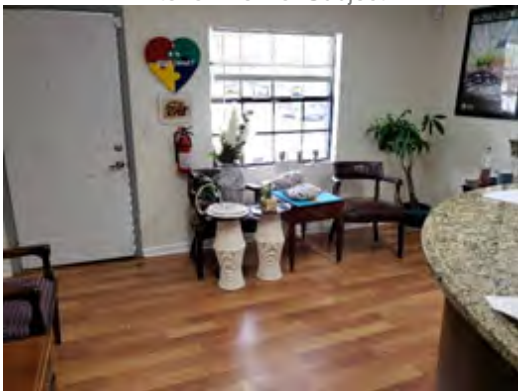
View of E 3rd Street



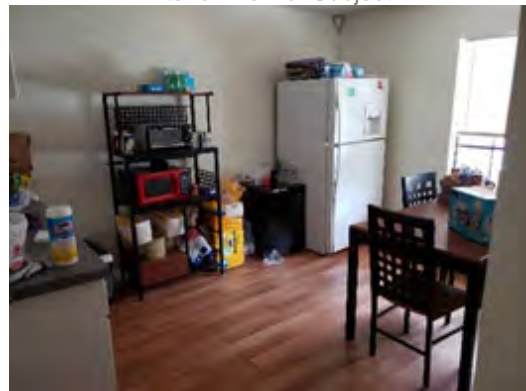
Interior View of Subject



Interior View of Subject



Interior View of Subject



Interior View of Subject



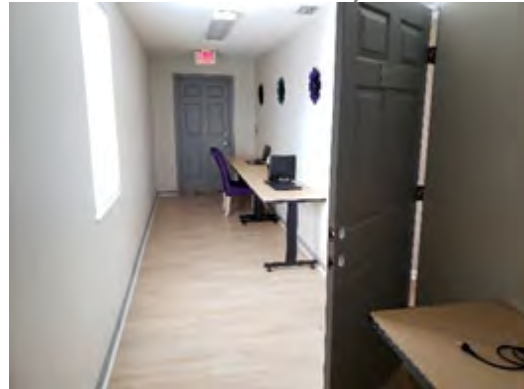
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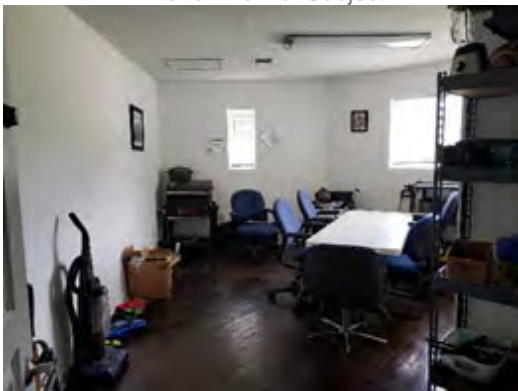
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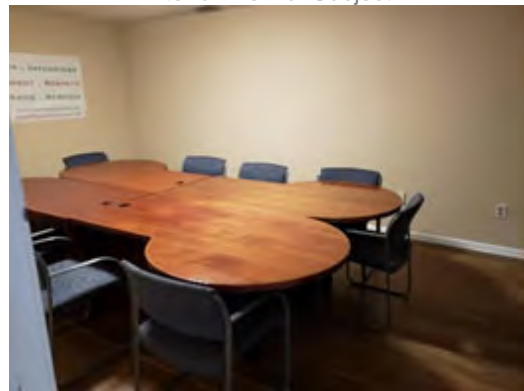
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Interior View of Subject



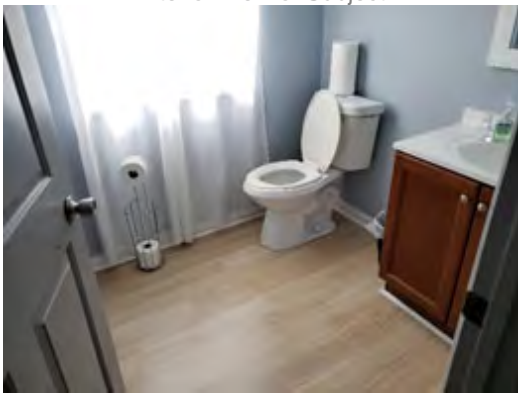
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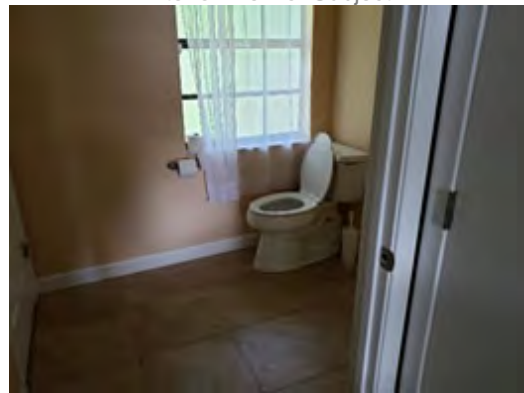
Interior View of Subject



Interior View of Subject



Interior View of Subject



Interior View of Subject

Executive Summary

2941 NE 3rd St

Property Type:	Office-General Purpose
Street Address:	2941 Northeast 3rd Street
City, State & Zip:	Ocala, Marion County, FL 34470
Gross Building Area (SF):	10,389
Net Rentable Area (SF):	10,389
Number of Units:	7
Year Built (Renovated):	1974 (2021)
Current Occupancy:	100.0%
Land Area:	1.680 acres; 73,181 SF
Zoning:	RO (Residential Office)/B2-A (Community Business)
Highest and Best Use - As Vacant:	An Office Use
Highest and Best Use - As Improved:	Office Use

Analysis Details

Valuation Date:	
Market Value "As Is"	April 21, 2022
Inspection Date and Date of Photos:	April 21, 2022
Report Date:	April 27, 2022
Report Type:	Appraisal Report
Client:	BrightStar Credit Union
Intended Use:	Asset Valuation
Intended User:	BrightStar Credit Union
Appraisal Premise:	Market Value "As Is", Insurable Value
Intended Use and User:	The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to non-client, non-intended users does not extend reliance to any other party and Newmark will not be responsible for unauthorized use of the report, its conclusions or contents used partially or in its entirety.
Interest Appraised:	Leased Fee
Exposure Time (Marketing Period) Estimate:	6 Months (6 Months)

Compiled by Newmark

Leasing Summary

Number of Tenants	5
Average Contract Rent/SF	\$7.91
Average Market Rent/SF	\$14.23

MLA Space Type Summary	Rentable SF	% Leased	% of Total Contract Rent	Contract Rent PSF	Market Rent PSF	Contract as % of Market
Office MLA Space:	6,389	100.0%	75.8%	\$9.75	\$15.00	65.0%
2nd Floor Office MLA Space:	4,000	100.0%	24.2%	\$4.97	\$13.00	38.3%
Total	10,389	100.0%	100.0%	\$7.91	\$14.23	55.6%

Valuation Summary

Insurable Value	\$/SF	\$ Total
Total Insurable Replacement Cost	\$157.86	\$1,640,000
Total Insurable Value	\$141.50	\$1,470,000

Sales Comparison Approach

Number of Sales		4	
Range of Sale Dates		Sep-20 to Apr-22	
Adjusted Range of Comparables (\$/SF)		\$96.19 to \$115.38	
Estimated Stabilization Discount		\$0	
Indicated Sales Comparison Approach Value	As Is	\$104.92	\$1,090,000
Comparable Sales		6.14% - 8.37%	
Investor Surveys		6.50% - 7.50%	
Band of Investment		7.00%	

Income Capitalization Approach - Discounted Cash Flow Method

Analysis Year	1	2	3	4	5
Potential Gross Revenue	\$82,207	\$83,380	\$87,708	\$85,695	\$114,376
Vacancy & Collection Loss	(\$5,754)	(\$5,095)	(\$5,330)	(\$5,409)	(\$6,964)
Effective Gross Income	\$76,452	\$78,285	\$82,378	\$80,286	\$107,412
Operating Expenses	\$38,635	\$39,780	\$41,026	\$42,120	\$44,125
Operating Expense Ratio	50.5%	50.8%	49.8%	52.5%	41.1%
Net Operating Income	\$37,817	\$38,505	\$41,352	\$38,166	\$63,288
Net Cash Flow	\$36,259	\$34,776	\$38,361	\$36,463	\$49,878
Year over Year Growth		-4.09%	10.31%	-4.95%	36.79%
Terminal Capitalization Rate					7.50%
Discount Rate					8.50%
Indicated DCF Value	As Is			\$104.92	\$1,090,000
Indicated Income Capitalization Approach Value	As Is			\$104.92	\$1,090,000
Market Value Conclusions	As Is			\$104.92	\$1,090,000

Compiled by Newmark

Extraordinary Assumptions and Hypothetical Conditions

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The use of this extraordinary assumption might have affected assignment results.

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1. None

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Introduction

OWNERSHIP HISTORY

The current owner is Lipazy2000, LLC. The following summarizes a three-year history of ownership, the current listing status, and pending transactions for the subject property (as applicable).

Ownership History

The following summarizes all transactions involving the subject within the prior three years.

Listing Status:	Not Listed For Sale
Current or Pending Contract:	None Reported

Previous Sales

Date of Sale:			
Most Recent Reported Sale:	September 9, 2019		
Buyer:	Lipazy2000, LLC		
Seller:	Jennings Executive Center, LLC		
Purchase Price:	\$335,000	\$32.25	Per SF (Net Rentable Area)
Deed Information:	Instrument # 2019096549		

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As noted, the subject was previously sold in 2019 for a sale price of \$350,000. After the sale, the buyer reportedly spent \$140,600 in capital improvements in 2021, which comprised of roofing and flooring work, bathroom remodel, landscaping, paving/flatwork, exterior painting, AC, plumbing, and electrical. Therefore, we have placed no reliance on the previous sale. We were unable to speak with the buyer to confirm how they arrived at their pricing; however, the sale appears to be arm's length. Our opinion of market value is significantly above the contract price for the property.

To the best of our knowledge, no other sale or transfer of ownership has taken place within a three-year period prior to the effective date of the appraisal.

INTENDED USE AND USER

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to non-client, non-intended users does not extend reliance to any other party and Newmark will not be responsible for unauthorized use of the report, its conclusions or contents used partially or in its entirety.

- The intended use of the appraisal is for Asset Valuation and no other use is permitted.
- The client is BrightStar Credit Union.

- The intended user is BrightStar Credit Union and no other user is permitted by any other party for any other purpose.

DEFINITION OF VALUE

Market value is defined as:

“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:

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

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

INTEREST APPRAISED

The appraisal is of the Leased Fee interest.¹

- ◆ **Leased Fee Interest:** The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

APPRAISAL REPORT

This appraisal is presented in the form of an appraisal report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of USPAP. This report incorporates sufficient information regarding the data, reasoning and analysis that were used to develop the opinion of value in accordance with the intended use and user.

¹ The Dictionary of Real Estate, 6th Edition, Appraisal Institute

PURPOSE OF THE APPRAISAL

The primary purpose of the appraisal is to develop an opinion of the Market Value “As Is” of the Leased Fee interest in the property.

Purpose of the Appraisal		
Appraisal Premise	Interest Appraised	Date of Value
Market Value “As Is”	Leased Fee	4/21/2022
Insurable Value	Fee Simple	4/21/2022

Compiled by Newmark

SCOPE OF WORK

Extent to Which the Property is Identified

- Physical characteristics
- Legal characteristics
- Economic characteristics

Extent to Which the Property is Inspected

Newmark inspected the subject property on April 21, 2022 as per the defined scope of work. No one has personally inspected the property that is the subject of this report per the defined scope of work.

Type and Extent of the Data Researched

- Exposure and marketing time;
- Neighborhood and land use trends;
- Demographic trends;
- Market trends relative to the subject property type;
- Physical characteristics of the site and applicable improvements;
- Flood zone status;
- Zoning requirements and compliance;
- Real estate tax data;
- Relevant applicable comparable data; and
- Investment rates

Type and Extent of Analysis Applied

We analyzed the property and market data gathered through the use of appropriate, relevant, and accepted market-derived methods and procedures. Further, we employed the appropriate and relevant approaches to value, and correlated and reconciled the results into an estimate of market value, as demonstrated within the appraisal report.

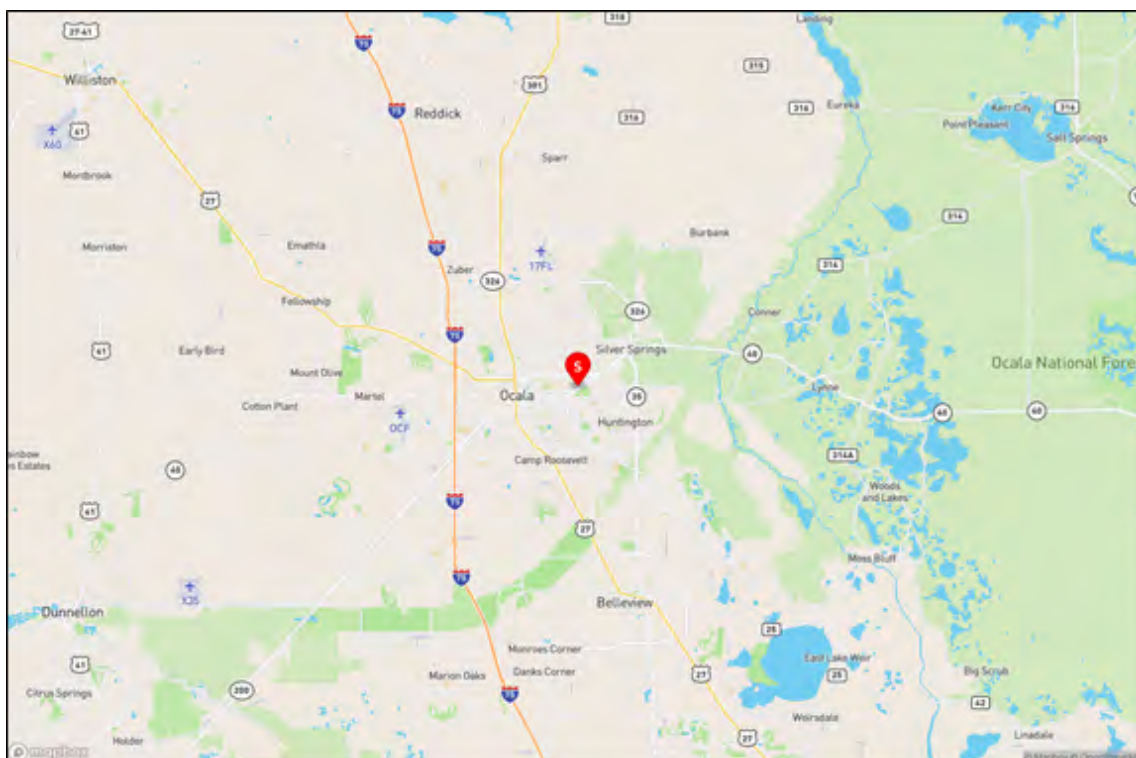
Economic Analysis

THE IMPACT OF COVID-19

It is well known that the past several months have been volatile. Real estate market volatility has resulted from the COVID-19 pandemic as well as other events such as oil price changes. Every day, there is greater clarity about the effects and expectations as evidenced by transaction activity, various data sources, and market participants. We have continuously reached out to brokers and other market participants to understand how the market is reacting.

Most of our major data sources, such as Moody's economy.com, include both COVID-19 pandemic period data and projections inclusive of its effects. This data is included within this section as well as throughout this report and is a central foundation of our analysis. There are an increasing number of transactions occurring and these are providing indications of trends.

AREA ANALYSIS



Area Map

The subject is located within the City of Ocala and Marion County, Florida. It is part of the Ocala metro area (Ocala MSA).

Moody's Analytics' Economy.com provides the following economic summary for the Ocala MSA as of December, 2021.

Moody's Analytics Précis® Metro Indicators: Ocala MSA												
2015	2016	2017	2018	2019	2020	INDICATORS	2021	2022	2023	2024	2025	2026
9.6	9.8	10.1	10.5	10.7	10.6	Gross metro product (C12\$ bil)	11.3	11.8	12.4	12.9	13.5	14.0
4.6	2.5	3.6	3.5	1.8	-1.0	% change	6.5	5.0	5.0	4.2	4.0	3.7
97.9	101.1	103.0	105.7	108.4	105.9	Total employment (ths)	108.7	113.6	116.9	119.0	120.4	121.9
2.3	3.2	1.9	2.7	2.5	-2.2	% change	2.6	4.5	2.9	1.7	1.2	1.2
6.6	5.9	5.1	4.4	4.0	7.2	Unemployment rate (%)	4.9	4.3	4.2	4.2	4.5	4.6
4.1	5.0	5.8	4.5	5.4	12.1	Personal income growth (%)	9.8	-0.9	6.5	6.0	5.5	5.3
40.5	41.8	43.2	46.3	49.6	48.8	Median household income (\$ ths)	48.4	48.6	50.2	52.1	53.8	55.6
342.2	347.5	353.3	359.1	365.6	368.2	Population (ths)	370.3	374.9	380.2	384.6	388.6	392.8
1.2	1.5	1.7	1.6	1.8	0.7	% change	0.6	1.2	1.4	1.2	1.0	1.1
5.5	6.7	7.5	7.5	8.2	4.6	Net migration (ths)	4.7	6.4	7.3	6.5	6.3	6.6
1,055	1,412	1,942	2,726	2,349	3,784	Single-family permits (#)	5,394	4,001	3,927	3,658	3,520	3,255
0	16	304	91	18	43	Multifamily permits (#)	212	137	134	132	119	90
166	178	193	207	224	239	FHFA house price (1995Q1=100)	272	285	280	275	271	269

Source: Moody's Analytics Précis® US Metro

Moody's summarizes the area's economic performance in recent months as follows:

Recent Performance

Ocala MSA's recovery is outperforming the state and national averages as total employment expands past its prerecession peak. The metro area's recession was relatively mild, and the economy fully recovered lost jobs faster than average. Transportation/warehousing and manufacturing have been on steady upward trajectories for most of the pandemic, boosted by elevated consumer spending on goods. However, healthcare employment made little progress in 2021 as labor shortages and the turbulent pandemic situation have weighed on growth. Unemployment is still hovering about 1 percentage point above its pre-pandemic rate, but the labor force has fully recovered. House price appreciation is tracking the heady state pace and outperforming the national rate.

Market Comparison

The following table illustrates key economic indicators and a comparison of the Ocala MSA to the regional grouping as a whole. As indicated, Ocala is projected to outperform the National Region Metros in five of eight performance categories shown over the next five years.

Comparison of Key Economic Indicators - Ocala MSA Metro to National Region										
Indicator	Ocala MSA			Annual Growth		National			Annual Growth	
	2015	2020	2025	2015 - 2020	2020 - 2025	2015	2020	2025	2015 - 2020	2020 - 2025
Gross metro product (C12\$ bil)	9.6	10.6	13.5	2.1%	4.9%	17,390	18,385	21,880	1.1%	3.5%
Total employment (ths)	97.9	105.9	120.4	1.6%	2.6%	141,804	142,252	156,087	0.1%	1.9%
Unemployment rate (%)	6.6%	7.2%	4.5%			5.3%	8.1%	4.0%		
Personal income growth (%)	4.1%	12.1%	5.5%			4.7%	6.5%	4.6%		
Population (ths)	342.2	368.2	388.6	1.5%	1.1%	320,739	329,484	337,256	0.5%	0.5%
Single-family permits (#)	1,055	3,784	3,520	29.1%	-1.4%	712,250	1,003,750	1,333,642	7.1%	5.8%
Multifamily permits (#)	0	43	119	N/A	22.6%	394,500	392,833	476,081	-0.1%	3.9%
FHFA house price (1995Q1=100)	166	239	271	7.5%	2.5%	N/A	N/A	N/A	N/A	N/A
Ocala MSA outperforming National Region Metros										
Ocala MSA underperforming National Region Metros										

Source: Moody's Analytics Précis® US Metro; Compiled by Newmark

Employment Sectors and Trends

Employment data by occupation and business/industry sectors provides an indication of the amount of diversification and stability in the local economy. Job sector composition also gives an indication of the predominant drivers of current and future demand for supporting commercial real estate sectors. The following tables display employment data by occupation sector and by business/industry sector for the area and region.

Current Employment by Occupation Sector										
Occupation Sector	34470		Ocala City		Marion County		Ocala, FL MSA		Florida	
White Collar	4,926	55.3%	16,155	61.8%	82,559	58.4%	82,559	58.4%	6,129,943	63.1%
Administrative Support	1,198	13.5%	3,297	12.6%	17,874	12.6%	17,874	12.6%	1,184,930	12.2%
Management/Business/Financial	971	10.9%	3,932	15.0%	18,508	13.1%	18,508	13.1%	1,712,862	17.6%
Professional	1,713	19.2%	6,027	23.1%	27,966	19.8%	27,966	19.8%	2,138,966	22.0%
Sales and Sales Related	1,044	11.7%	2,899	11.1%	18,211	12.9%	18,211	12.9%	1,093,185	11.3%
Services	2,124	23.9%	5,552	21.2%	27,598	19.5%	27,598	19.5%	1,674,816	17.2%
Blue Collar	1,855	20.8%	4,433	17.0%	31,180	22.1%	31,180	22.1%	1,912,169	19.7%
Construction/Extraction	648	7.3%	1,292	4.9%	8,116	5.7%	8,116	5.7%	542,281	5.6%
Farming/Fishing/Forestry	20	0.2%	153	0.6%	1,450	1.0%	1,450	1.0%	50,945	0.5%
Installation/Maintenance/Repair	218	2.4%	750	2.9%	5,113	3.6%	5,113	3.6%	296,416	3.1%
Production	350	3.9%	702	2.7%	5,588	4.0%	5,588	4.0%	294,081	3.0%
Transportation/Material Moving	619	7.0%	1,536	5.9%	10,913	7.7%	10,913	7.7%	728,446	7.5%
Total Employees (16+ Occupation Base)	8,905	100.0%	26,140	100.0%	141,337	100.0%	141,337	100.0%	9,716,928	100.0%

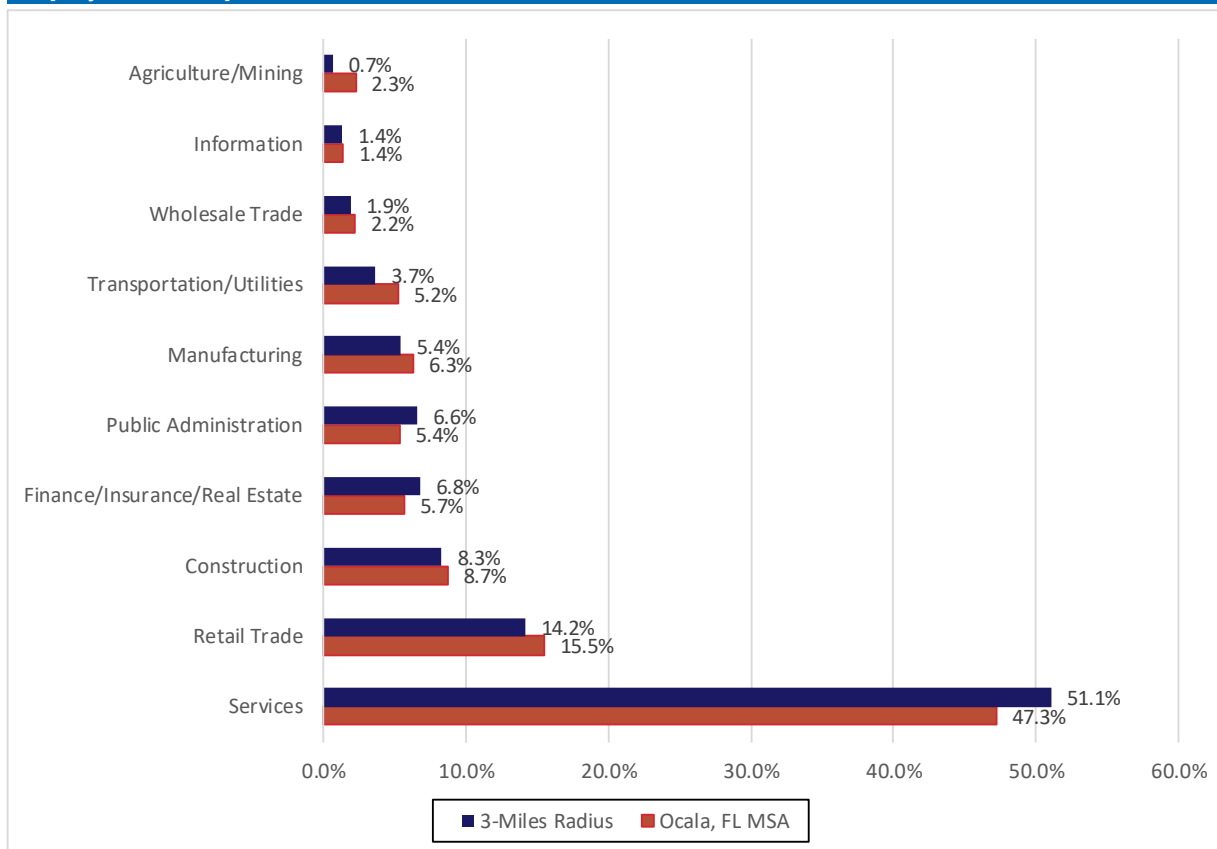
Source: ESRI; Compiled by Newmark

Current Employment by Industry Sector										
Industry Sector	34470		Ocala City		Marion County		Ocala, FL MSA		Florida	
Agriculture/Mining	41	0.5%	272	1.0%	3,200	2.3%	3,200	2.3%	88,137	0.9%
Construction	848	9.5%	1,937	7.4%	12,328	8.7%	12,328	8.7%	801,949	8.3%
Manufacturing	482	5.4%	1,222	4.7%	8,903	6.3%	8,903	6.3%	476,456	4.9%
Wholesale Trade	102	1.1%	409	1.6%	3,151	2.2%	3,151	2.2%	251,343	2.6%
Retail Trade	1,434	16.1%	3,425	13.1%	21,944	15.5%	21,944	15.5%	1,203,180	12.4%
Transportation/Utilities	323	3.6%	1,333	5.1%	7,398	5.2%	7,398	5.2%	609,985	6.3%
Information	124	1.4%	431	1.6%	1,994	1.4%	1,994	1.4%	155,079	1.6%
Finance/Insurance/Real Estate	387	4.3%	1,820	7.0%	8,044	5.7%	8,044	5.7%	817,216	8.4%
Services	4,379	49.2%	13,699	52.4%	66,783	47.3%	66,783	47.3%	4,852,038	49.9%
Public Administration	785	8.8%	1,591	6.1%	7,592	5.4%	7,592	5.4%	461,545	4.7%
Total Employees (16+ Occupation Base)	8,905	100.0%	26,140	100.0%	141,337	100.0%	141,337	100.0%	9,716,928	100.0%

Source: ESRI; Compiled by Newmark

Comparing the industry sectors for the local market area (3-Miles Radius) to Ocala, FL MSA indicates the local market area is somewhat more heavily weighted toward the Services, Public Administration, and Finance/Insurance/Real Estate sectors. By contrast, the industry employment totals for Ocala, FL MSA indicate somewhat higher proportions within the Agriculture/Mining, Transportation/Utilities, Retail Trade, Manufacturing, Construction, Wholesale Trade, and Information sectors. The following graphic further illustrates this comparison.

Employment Comparison

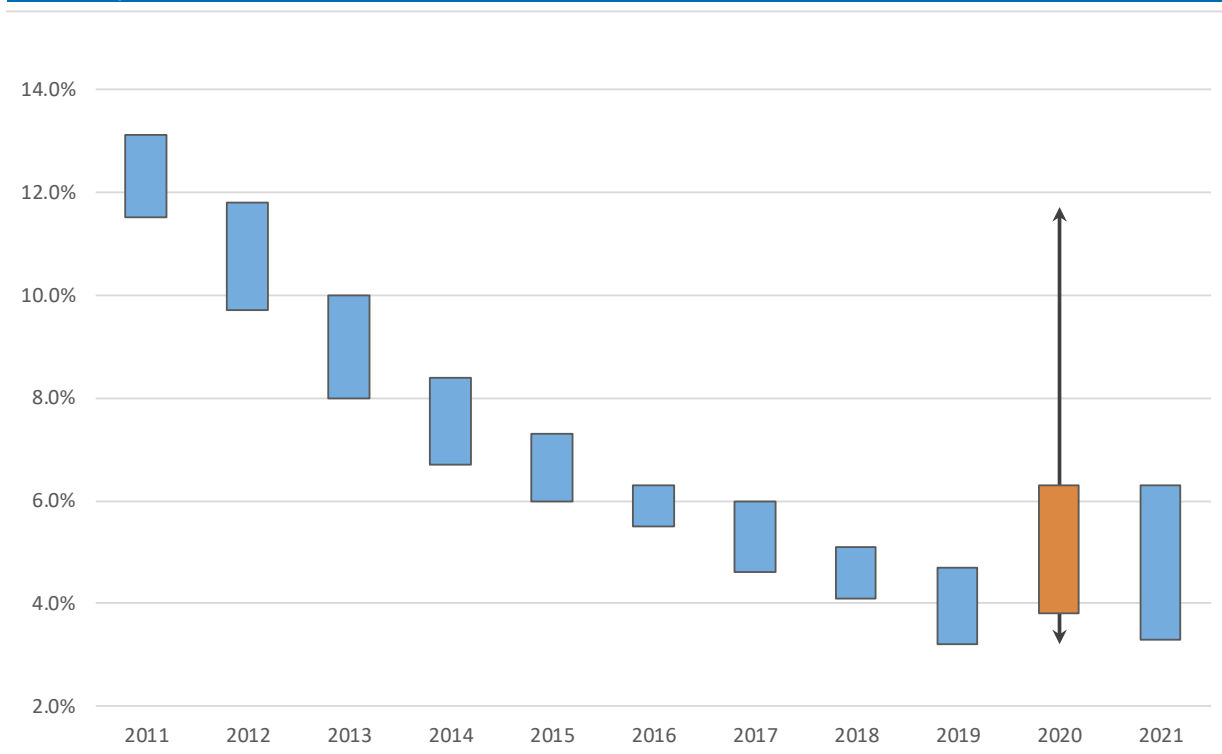


Source: ESRI; Compiled by Newmark

Unemployment

The following table displays the historical unemployment data for the area derived from the US Department of Commerce, Bureau of Labor Statistics. The most recent reported unemployment rate for the Ocala, FL Metropolitan Statistical Area is 3.3% (December 2021).

Unemployment Rate: Ocala, FL Metropolitan Statistical Area



Bars represent beginning to end range of unemployment rates in each year
Orange bars denote increasing unemployment from beginning to end of year
Blue bars are declining unemployment from beginning to end of year
Arrows are extent of unemployment rates over the year

Compiled by Newmark

Major Employers

The following table lists a number of major employers with the Ocala MSA as reported by Moody's. While not all-encompassing, this list provides further indication of the types of economic sectors that are drivers for the area.

Selected Major Employers: Ocala MSA		
Rank	Employer	Employees
1	Munroe Regional Medical Center	2,648
2	AdventHealth Ocala	2,648
3	Wal-Mart Supercenter	2,583
4	Ocala Health	2,583
5	Ocala Regional Medical Center	2,200
6	Lockheed Martin Corp.	1,600
7	Publix Super Markets Inc.	1,488
8	E-One Inc.	1,200
9	Chewy.com	1,150
10	FedEx	900
11	Sitel	700
12	Custom Window Systems Inc.	650

Source: Ocala/Marion County Chamber & Economic Partnership, 2020
Ocala/Marion County Economic Development Center, 2017

Source: Moody's Analytics Précis® US Metro

Analysis

Further economic analysis from Moody's is detailed as follows:

Medical

Healthcare employment will bounce back in the coming year thanks to steady demand from Ocala MSA's outsize senior population. The industry accounts for more than one in six private-sector jobs in the metro area, slightly ahead of the state and national averages. Providers will increase headcounts over the coming months as healthcare demand and labor supply normalize. Further out, Ocala MSA's status as a retiree haven will support healthcare employment growth to outperform, as seniors are the largest consumers of medical services.

Goods And Distribution

Manufacturing and logistics employment growth will slow to a more sustainable pace in the near term but continue to outperform compared with the nation. Though known mainly as a retiree haven, Ocala MSA is emerging as a factory and logistics hub. Transportation/warehousing employment has tripled over the past decade and factory employment has expanded more than average. Ocala MSA continues to attract investment thanks to its strategic location in Central

Florida, halfway between Atlanta and Miami. Companies such as FedEx, Chewy and Amazon have distribution and fulfillment centers in the metro area.

The rise in online shopping, accelerated by the pandemic, has pushed factories and distributors to boost headcounts. Production lines and warehouses have been humming as consumers shifted spending toward goods instead of services. Elevated consumer goods spending will continue to support investment in manufacturing and logistics, though consumers will gradually resume spending on services as virus fears subside.

Residential

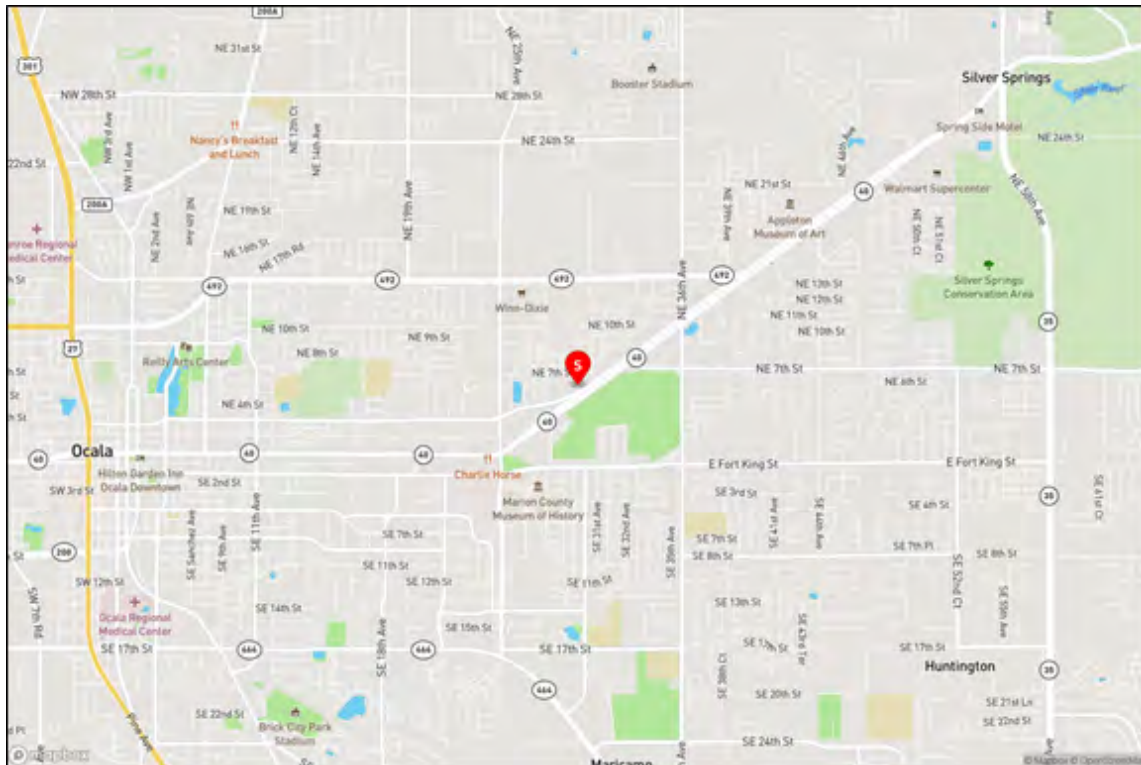
Favorable demographic trends will support housing-related industries over the forecast horizon. Ocala MSA boasts well above-average population growth, which directly benefits the local housing market. Low housing inventories have resulted in faster-than-average house price appreciation in Ocala MSA. However, the metro area's house prices remain more affordable than in many nearby cities. The large influx of retirees and steady flow of migrants from more expensive nearby metro areas, including Orlando, will boost single-family housing demand. This will also support construction job growth to outperform that in the state and region.

Conclusion

Positive Attributes	Negative Attributes
<ul style="list-style-type: none"> – Large retiree population underpins healthcare and consumer services. – Relatively high housing affordability. – OCA's central location helps fuel stronger logistics investment. – In-migration picks up more rapidly than anticipated. 	<ul style="list-style-type: none"> – Local government is highly susceptible to fluctuations in property taxes. – Low per capita income. – Low worker productivity. – High employment volatility.

Ocala will maintain its lead on Florida in the near term, supported by strength in private services, particularly healthcare. The metro area's strategic location will also continue to attract new investment in manufacturing and logistics, and relative affordability will draw residents from costly neighboring metro areas. Long term, population growth will outperform despite the lack of lucrative employment opportunities, and the metro area will add jobs faster than the U.S. and the fast-growing South.

NEIGHBORHOOD ANALYSIS



Area Map

Boundaries

The subject is located in the east area of Downtown Ocala, Florida. This area is part of the Greater Ocala submarket as defined by Costar and is generally delineated as follows:

North	State Highway 326
South	State Highway 40
East	State Highway 35
West	U.S. Highway 301

Surrounding Area of Influence Trends

Description

The subject's surrounding area is viewed as suburban. The immediate area around the subject can be described as a mix of commercial and residential use properties. Ocala city is the county seat of Marion County, FL. It lies about 40 miles south of Gainesville and 90 miles northwest of Orlando. In 2007, the Ocala was officially named as the Horse Capital of the World. As of 2020 Censes, the city population was 63,591, making it the 54th most populated city in Florida. Notable attractions include the Ocala National Forest, Silver Springs State Park, Rainbow Springs State Park, and the College of Central Florida. Overall, development in the surrounding area is considered typical for a suburban neighborhood and given the subject's proximity to highway 40, local exposure is considered excellent.

Characteristics

- There are 89 reported Retail properties that total over 1,219,541 square feet.
- There are 66 reported Office properties that total over 410,513 square feet.
- There are 22 reported Multi-Family properties that total over 1,253 units.
- There are 12 reported Industrial properties that total over 244,287 square feet.

Fundamental Real Estate Cycle

The surrounding area is considered to be within the mid expansion stage of its real estate cycle as reported by Moody's Analytics.

Nuisances or Hazards

Our observation of the area revealed no evidence of significant nuisances or hazards.

Access**Primary Access**

Primary access to the subject is provided by State Highway 40. State Highway 40 is a 91-mile-long east-west route across central Florida, running from U.S. Route 41 (US 41) in Rainbow Lakes Estates eastwards through Ocala over the Ocklawaha River and bridge and through the heart of the Ocala National Forest to State Road A1A in Ormond Beach. Names of the road include Silver Springs Boulevard in Ocala, Fort Brooks Road from Silver Springs through Astor, Butler Road in Astor, and Granada Boulevard in Ormond Beach. Former sections in Ormond Beach are named "Old Tomoka Road" and "Old Tomoka Avenue."

Major Thoroughfares

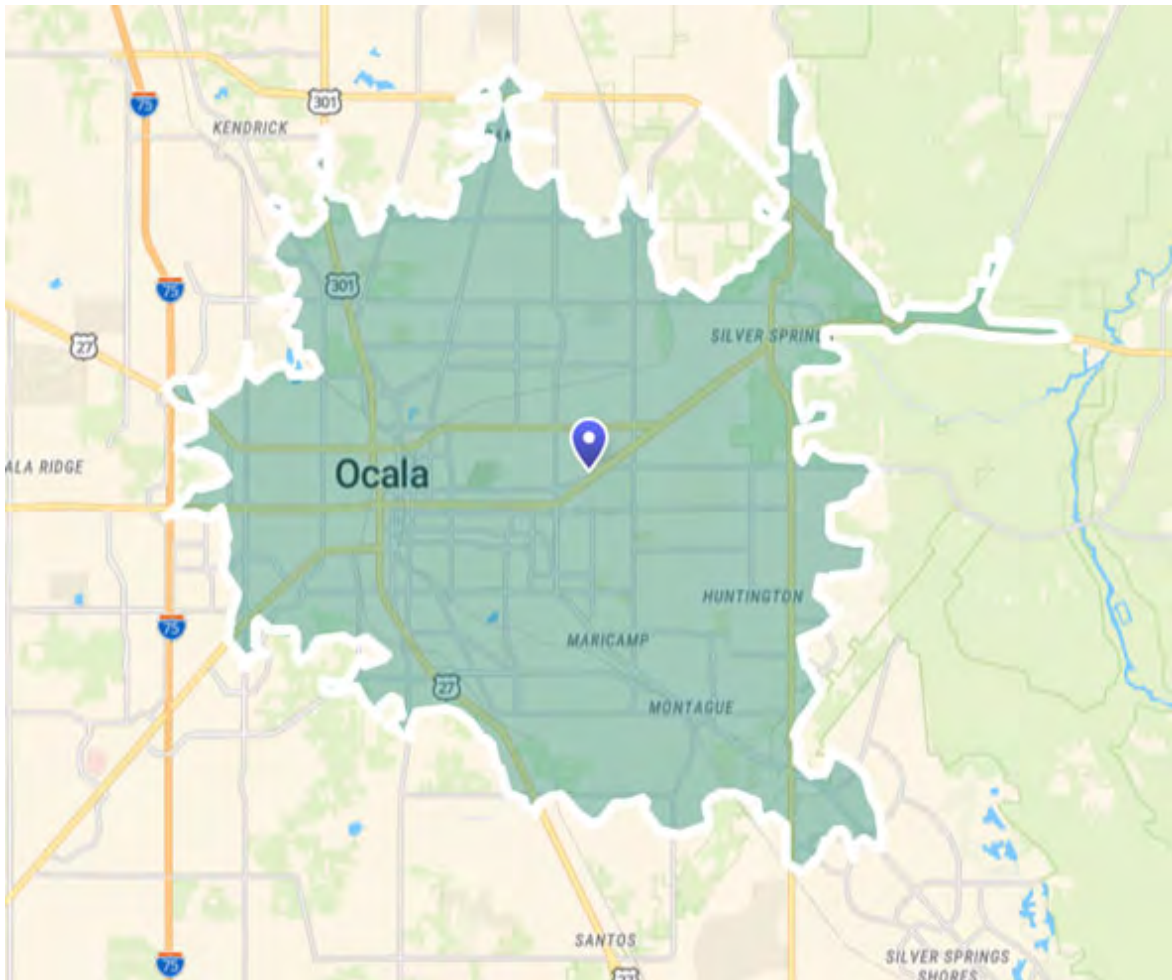
Major roadways in the area include State Highway 40 (East Silver Springs Boulevard), Northeast 3rd Street, Northeast 30th Avenue, Northeast 7th Street and Northeast 28th Avenue.

Transportation

Primary mode of transportation is via automobile. The public transportation is provided by SunTran in Ocala which operates Bus Routes. The SunTran has 7 Bus routes in Ocala with 259 Bus stops. SunTran provides fixed-schedule service on seven routes in Marion County, mostly centered in Ocala, with one route operating from Ocala to the Silver Springs Shores area southeast of Ocala. The Downtown Transfer Station serves as the central stop for six of the seven routes. The Downtown Transfer Station also serves as an intermodal station, connecting the Amtrak bus collector service to bring its patrons to its train station. A limo/van service, the Shuttle liner, offers several trips daily to Orlando International Airport from this station. The Ocala Health Department serves as the transfer location that connects a route running from the Downtown Transfer Station and another route running to Silver Springs Shores.

Distance from Key Locations

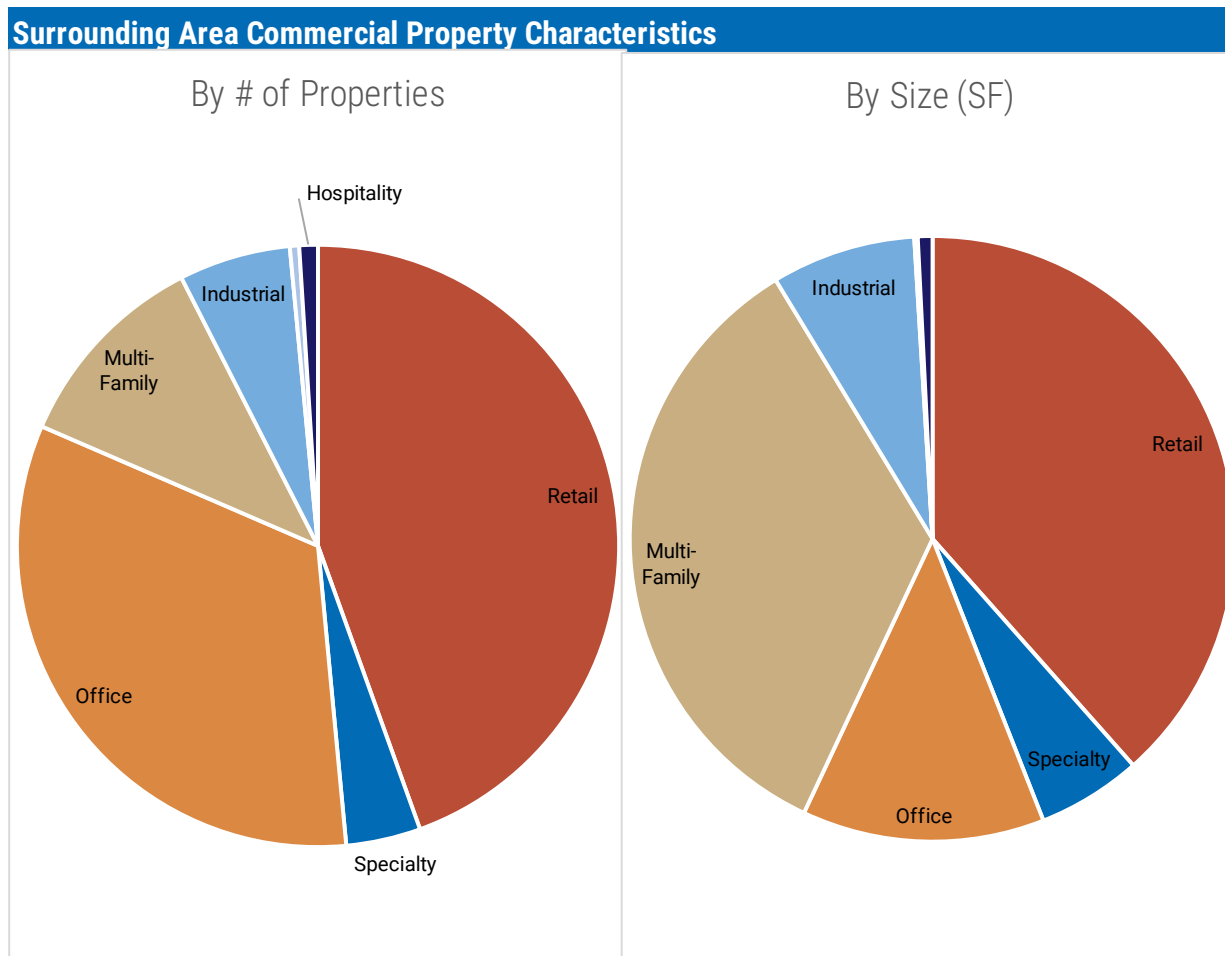
The commute to the Downtown Ocala is about ten minutes and the drive to Ocala International Airport is about twenty minutes. The following illustrates the 10 minutes' drive time from the subject.



Drive Time Map

Land Use

The following was developed from Costar data for the major property types in the surrounding 1.0 mile radius around the subject.



Source: Costar; Compiled by Newmark

Within the immediate area of the subject, property uses include the following:

- Within a 1- mile radius, Costar recognizes a total of 200 commercial use properties.
- Costar recognizes 89 retail, 66 office, 22 multifamily, 12 industrial, 8 Specialty, 2 hospitality, and 1 flex properties in this radius.
- As per Costar, the total property size of office is 410,513 SF.

Demographics

A demographic summary for the defined area is illustrated as follows:

Demographic Analysis								
	1-Mile Radius	3-Miles Radius	5-Miles Radius	34470	Ocala City	Marion County	Ocala, FL MSA	Florida
Population								
2010 Total Population	7,251	44,675	86,232	18,821	56,735	331,298	331,298	18,801,310
2021 Total Population	7,893	49,123	95,549	21,066	63,067	381,860	381,860	21,733,419
2026 Total Population	8,223	51,433	100,151	22,161	65,933	406,629	406,629	23,197,833
Projected Annual Growth %	0.8%	0.9%	0.9%	1.0%	0.9%	1.3%	1.3%	1.3%
Households								
2010 Total Households	3,324	18,862	34,652	8,478	23,312	137,726	137,726	7,420,802
2021 Total Households	3,573	20,498	37,902	9,354	25,453	156,771	156,771	8,514,543
2026 Total Households	3,721	21,457	39,743	9,842	26,618	166,795	166,795	9,071,090
Projected Annual Growth %	0.8%	0.9%	1.0%	1.0%	0.9%	1.2%	1.2%	1.3%
Income								
2021 Median Household Income	\$42,335	\$49,919	\$48,746	\$41,720	\$44,675	\$49,779	\$49,779	\$58,462
2021 Average Household Income	\$58,960	\$68,483	\$67,102	\$56,358	\$65,017	\$65,012	\$65,012	\$83,820
2021 Per Capita Income	\$25,860	\$28,888	\$26,778	\$25,050	\$26,788	\$26,763	\$26,763	\$32,917
Housing								
2021 Owner Occupied Housing Units	44.1%	54.7%	54.5%	51.3%	42.9%	62.2%	62.2%	55.4%
2021 Renter Occupied Housing Units	43.7%	33.3%	32.7%	35.5%	43.9%	22.3%	22.3%	28.4%
2021 Median Home Value	\$141,667	\$168,411	\$166,567	\$133,160	\$181,441	\$186,823	\$186,823	\$269,388
Median Year Structure Built	1976	1979	1983	1978	1982	1991	1991	1986
Miscellaneous Data Items								
2021 Bachelor's Degree	11.8%	15.0%	14.2%	12.5%	15.2%	13.6%	13.6%	19.5%
2021 Grad/Professional Degree	8.4%	10.2%	8.7%	5.7%	9.7%	7.6%	7.6%	11.7%
2021 College Graduate %	20.2%	25.2%	23.0%	18.2%	24.9%	21.2%	21.2%	31.2%
2021 Average Household Size	2.19	2.35	2.44	2.22	2.34	2.38	2.38	2.50
2021 Median Age	40.5	45.6	43.1	45.8	41.1	51.2	51.2	42.8

Source: ESRI; Compiled by Newmark

- As shown above, the current population within a 3-mile radius of the subject, is 49,123, and the average household size is 2.35. Population in the area has increased since the 2010 census, and the trend is projected to continue to increase over the next five years. Compared to Marion County overall, the population within a 3-mile radius is projected to increase at a slower rate.
- Median household income is \$49,919, which is slightly higher than the household income of Marion County. Residents within a 3-mile radius have a higher level of educational attainment than those of Marion County, while median owner-occupied home values are lower than those in the county.

Conclusion

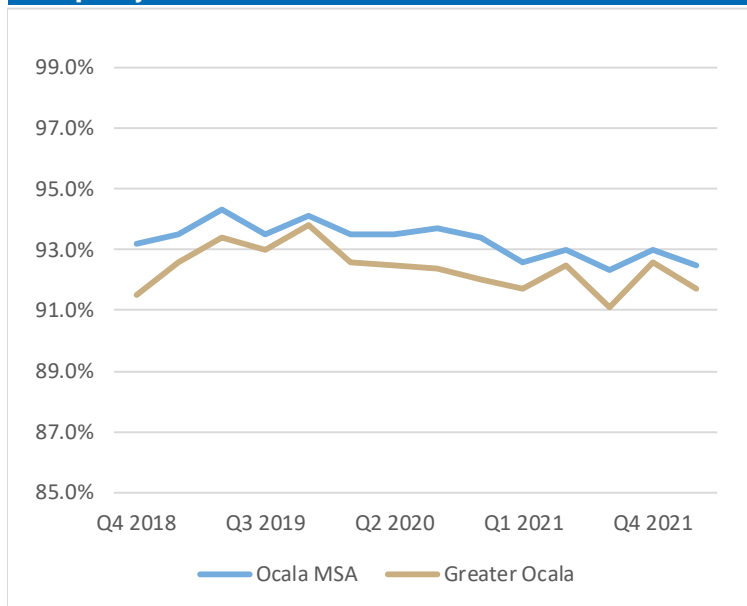
The subject is located in an area that is expected to experience stable population growth over the next five years, however, the median household income (within a three-mile radius of the property) is \$49,919, which is near the national figures. That said, the economic base should remain stable for the foreseeable future.

OFFICE MARKET ANALYSIS

Office Market Overview

The following discussion outlines overall market performance in the surrounding Office market using Costar market metric data. Presented first are market statistics of the Ocala MSA and the subject Greater Ocala submarket overall.

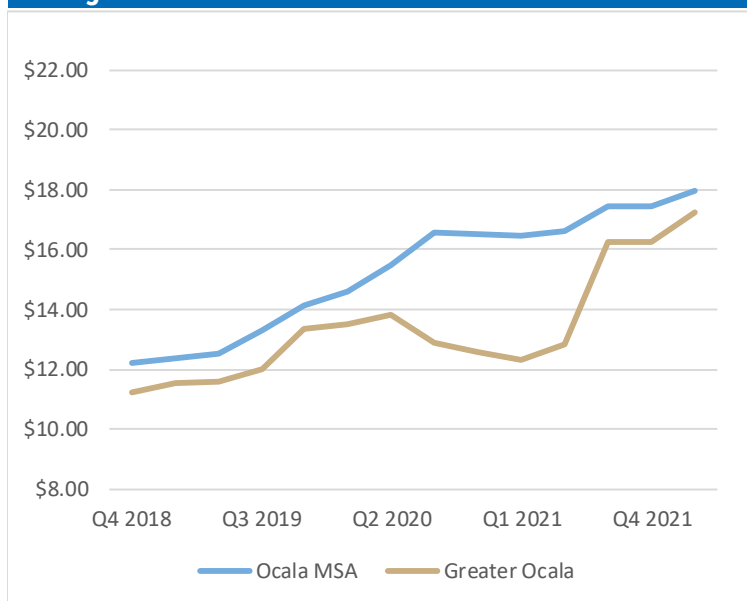
Occupancy Rate



Source: Costar; Compiled by Newmark Valuation & Advisory

Period	Ocala MSA	Greater Ocala
Q4 2018	93.2%	91.5%
Q1 2019	93.5%	92.6%
Q2 2019	94.3%	93.4%
Q3 2019	93.5%	93.0%
Q4 2019	94.1%	93.8%
Q1 2020	93.5%	92.6%
Q2 2020	93.5%	92.5%
Q3 2020	93.7%	92.4%
Q4 2020	93.4%	92.0%
Q1 2021	92.6%	91.7%
Q2 2021	93.0%	92.5%
Q3 2021	92.3%	91.1%
Q4 2021	93.0%	92.6%
Q1 2022	92.5%	91.7%

Asking Rent Per SF



Source: Costar; Compiled by Newmark Valuation & Advisory

Period	Ocala MSA	Greater Ocala
Q4 2018	\$12.19	\$11.24
Q1 2019	\$12.38	\$11.55
Q2 2019	\$12.53	\$11.57
Q3 2019	\$13.31	\$12.02
Q4 2019	\$14.11	\$13.36
Q1 2020	\$14.61	\$13.51
Q2 2020	\$15.49	\$13.80
Q3 2020	\$16.57	\$12.88
Q4 2020	\$16.53	\$12.59
Q1 2021	\$16.48	\$12.33
Q2 2021	\$16.63	\$12.84
Q3 2021	\$17.46	\$16.26
Q4 2021	\$17.46	\$16.26
Q1 2022	\$17.97	\$17.25

Office Market Statistics**Trailing Four Quarters Ended Q1 2022**

Market / Submarket	Inventory (SF)	Completions		Net Absorption (SF)	Office Gross Rent Overall / SF	Office Base Rent Overall / SF
		(SF)	Vacancy (%)			
Ocala MSA	6,733,152	0	7.50%	-4,301	\$17.97	\$13.42
Greater Ocala	4,146,828	0	8.30%	253	\$17.25	\$12.26

Source: Costar; Compiled by Newmark Valuation & Advisory

- The average vacancy rate for the subject Greater Ocala submarket is higher than that of the overall Ocala MSA.
- The average rental rate for the submarket is slightly lower than the overall Ocala MSA.
- Absorption for the last 12 months was negative for the overall market area and positive at the submarket level.

Market and Submarket Trends**Office Market Trends**

	Ocala MSA				Greater Ocala			
	Inventory (SF)	Completions		Office Gross Rent Overall / SF	Inventory (SF)	Completions		Office Gross Rent Overall / SF
		(SF)	Vacancy %			(SF)	Vacancy %	
Q1 2020	6,733,152	5,074	6.5%	\$14.61	4,146,828	5,074	7.4%	\$13.51
Q2 2020	6,733,152	0	6.5%	\$15.49	4,146,828	0	7.5%	\$13.80
Q3 2020	6,733,152	0	6.3%	\$16.57	4,146,828	0	7.6%	\$12.88
Q4 2020	6,733,152	0	6.6%	\$16.53	4,146,828	0	8.0%	\$12.59
Q1 2021	6,733,152	0	7.4%	\$16.48	4,146,828	0	8.3%	\$12.33
Q2 2021	6,733,152	0	7.0%	\$16.63	4,146,828	0	7.5%	\$12.84
Q3 2021	6,733,152	0	7.7%	\$17.46	4,146,828	0	8.9%	\$16.26
Q4 2021	6,733,152	0	7.0%	\$17.46	4,146,828	0	7.4%	\$16.26
Q1 2022	6,733,152	0	7.5%	\$17.97	4,146,828	0	8.3%	\$17.25

Source: Costar; Compiled by Newmark Valuation & Advisory

- The overall market area and submarket have been fluctuating with respect to occupancy over the past year.
- Over the past several years, effective rental rates have been following an increasing trend within the market and submarket in the past 12 months.

Long Term Ocala MSA Market Metrics

The following provides a longer-term view of the market.

Ocala MSA Market Metrics						
Period	Inventory (SF)	Vacancy %	Net Absorption (SF)	Completions (SF)	Office Gross Rent Overall	Office Base Rent Overall
Q3 2019	6,712,746	6.5%	-34,062	0	\$13.31	\$13.64
Q4 2019	6,728,078	5.9%	58,271	18,394	\$14.11	\$13.78
Q1 2020	6,733,152	6.5%	-33,212	5,074	\$14.61	\$13.45
Q2 2020	6,733,152	6.5%	-1,703	0	\$15.49	\$13.48
Q3 2020	6,733,152	6.3%	9,367	0	\$16.57	\$13.33
Q4 2020	6,733,152	6.6%	-18,958	0	\$16.53	\$13.48
Q1 2021	6,733,152	7.4%	-54,823	0	\$16.48	\$13.37
Q2 2021	6,733,152	7.0%	32,838	0	\$16.63	\$13.65
Q3 2021	6,733,152	7.7%	-51,830	0	\$17.46	\$13.10
Q4 2021	6,733,152	7.0%	51,625	0	\$17.46	\$13.19
Q1 2022	6,733,152	7.5%	-36,934	0	\$17.97	\$13.42
Y 2007	6,226,746	5.4%	-130,437	177,723	\$14.55	\$14.89
Y 2008	6,450,089	7.3%	84,748	231,717	\$14.53	\$14.27
Y 2009	6,487,389	7.1%	50,028	37,300	\$12.97	\$12.35
Y 2010	6,596,252	8.4%	14,065	110,111	\$12.60	\$11.07
Y 2011	6,601,552	7.7%	53,658	5,300	\$12.23	\$11.04
Y 2012	6,657,338	7.8%	40,040	55,786	\$11.90	\$10.63
Y 2013	6,662,163	6.7%	80,538	6,331	\$11.44	\$10.59
Y 2014	6,662,163	6.8%	-9,862	0	\$11.87	\$11.31
Y 2015	6,676,436	8.4%	-89,299	14,273	\$12.52	\$11.90
Y 2016	6,694,081	6.4%	147,333	17,645	\$12.61	\$12.12
Y 2017	6,700,358	6.3%	13,561	6,277	\$13.60	\$13.17
Y 2018	6,705,343	6.8%	-31,446	14,639	\$12.19	\$12.04
Y 2019	6,728,078	5.9%	107,120	25,797	\$14.11	\$13.78
Y 2020	6,733,152	6.6%	-44,506	5,074	\$16.53	\$13.48
Y 2021	6,733,152	7.0%	-22,190	0	\$17.46	\$13.19
5 Year Average	6,720,017	6.5%	4,508	10,357	\$14.78	\$13.13
10 Year Average	6,695,226	6.9%	19,129	14,582	\$13.42	\$12.22
15 Year Average	6,620,953	7.0%	17,557	47,198	\$13.41	\$12.39

Source: Costar; Compiled by Newmark Valuation & Advisory

Supply & Demand

Construction Versus Absorption

Construction/Absorption Change									
Market / Submarket	Prior Calendar Years History								
	Prior Calendar Year History			Prior Three Year History			Prior Five Year History		
	SF Built	SF Absorbed	Const. / Abs. Ratio	SF Built	SF Absorbed	Const. / Abs. Ratio	SF Built	SF Absorbed	Const. / Abs. Ratio
Ocala MSA	0	-22,190	0.0	30,871	40,424	0.8	51,787	22,539	2.3
Greater Ocala	0	26,696	0.0	12,477	79,328	0.2	33,393	15,182	2.2

Source: Costar; Compiled by Newmark Valuation & Advisory

- Absorption in the Greater Ocala submarket is outpacing construction. However, we note that there has been limited new construction within the Ocala MSA as evidenced by the CoStar data.

Trends and Projections

Subject and Market Historical and Forecast Trends

Market Vacancy Rate Indicators						
	Current	Most Recent Full Year	Trailing 3-Year	Trailing 5-Year	Trailing 10-Year	
Costar						
Ocala MSA	7.50%	7.00%	5.90%	6.30%	7.80%	
Greater Ocala	8.30%	7.40%	6.20%	7.20%	7.70%	
Subject	0.00%					
Concluded Subject Vacancy Rate	6.00%					

Source: Costar, Newmark Valuation & Advisory

- The overall market indicates a current vacancy rate of 7.50% and the Greater Ocala submarket is at 8.30%.
- The current reported vacancy rates for the overall market area and the Greater Ocala submarket are above their trailing 3 and 5-year averages, respectively.

Conclusion

Occupancy Conclusions

Costar

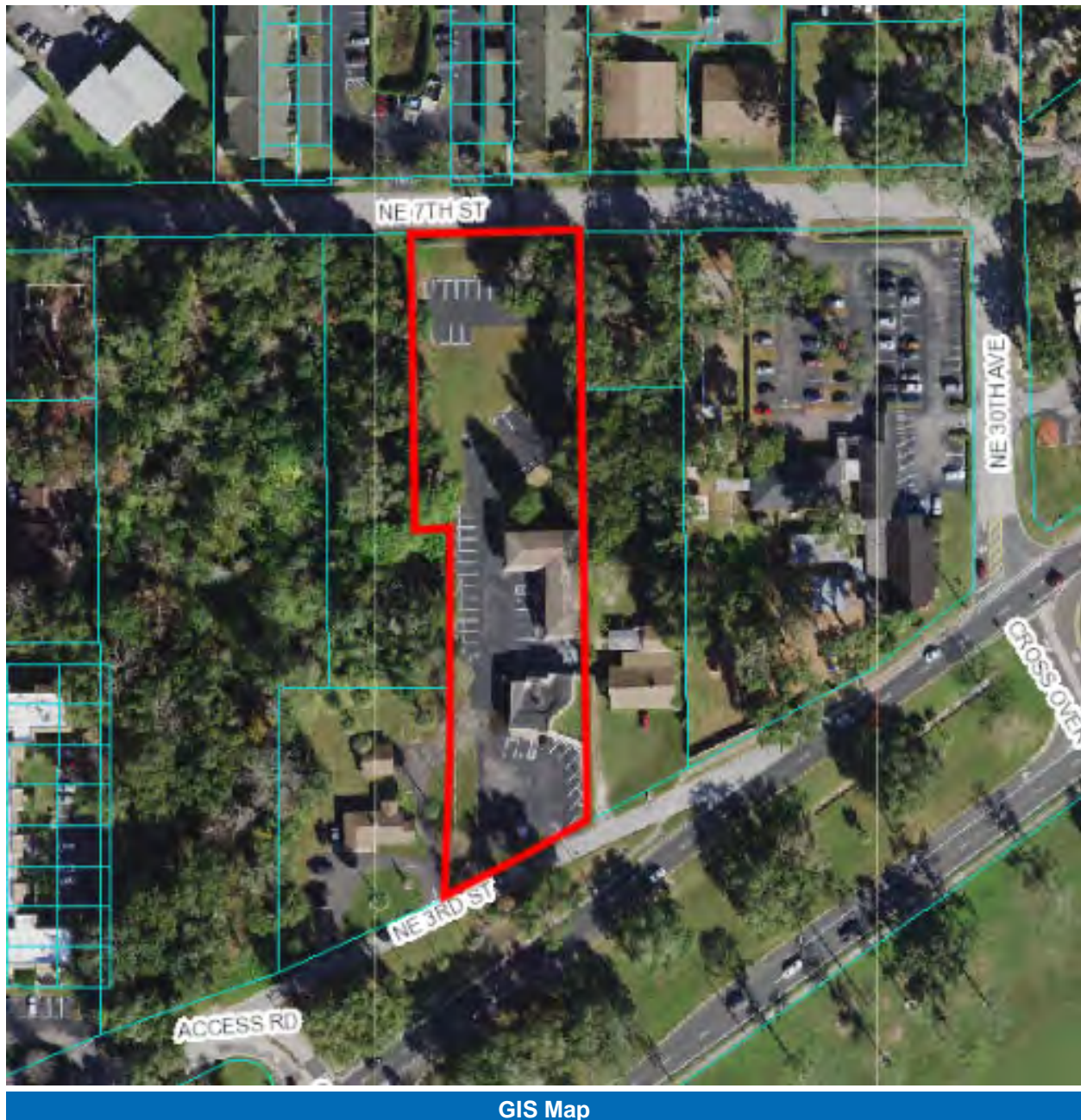
Ocala MSA	92.50%
Greater Ocala	91.70%
Subject Property's Current Occupancy	100.00%
Subject Property's Stabilized Occupancy	94.00%

Source: Costar, Newmark Valuation & Advisory

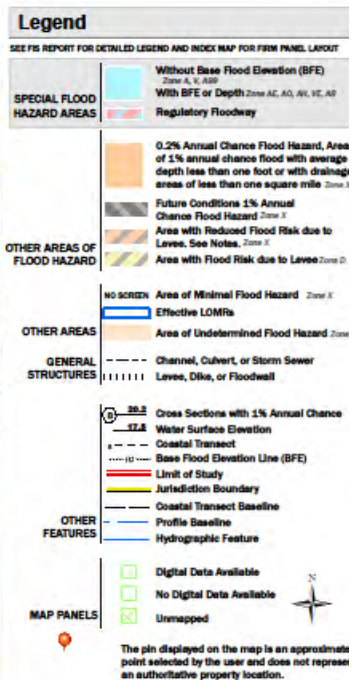
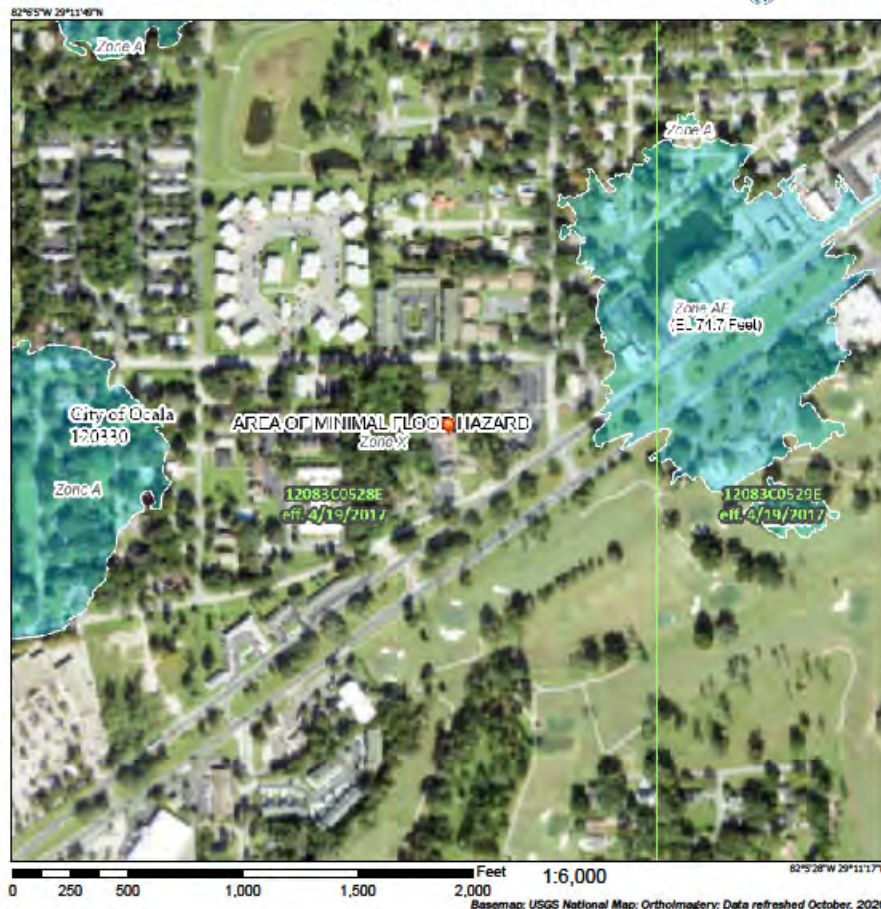
- We have concluded to a market vacancy rate of 6.00%, which is consistent with the trailing 3 and 5-year averages for the market and submarket.

Based on the overall market area and Greater Ocala submarket trends, construction outlook, and the performance of competing properties, Newmark expects the mix of property fundamentals and economic conditions in the Ocala MSA to have a positive impact on the subject property's performance in the long-term.

Land and Site Analysis



National Flood Hazard Layer FIRMette



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 reported on 4/20/2022 at 9:55 AM 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 unmoderated areas cannot be used for regulatory purposes.

Flood Map

Land Parcels

Parcel Summary	Associated APN(s)	Classification	Land Area (SF)	Land Area (Acres)
Site 1	2781-000-010	Primary Site 1	73,181	1.6800
Total Gross Land Area			73,181	1.6800
Total Usable Land Area			73,181	1.6800
Total Surplus Land Area			0	0.0000
Total Excess Land Area			0	0.0000

Compiled by Newmark

Land Description

Total Land Area	1.6800 Acres; 73,181 SF
Usable Land Area	1.6800 Acres; 73,181 SF
Excess Land Area	None
Surplus Land Area	None
Source of Land Area	Public Records

Site Characteristics

Primary Street Frontage	3rd St and 7th St
Traffic Control at Entry	None
Traffic Flow	Moderate
Accessibility Rating	Above Average
Visibility Rating	Average
Shape	Irregular
Corner	No
Rail Access	No
Topography	Generally Level
Site Vegetation	Periphery Landscaping
Other Site Characteristics	None noted
Easement/Encroachments	No apparent adverse easements or encroachments noted.
Environmental Issue	No environmental hazards observed.

Flood Zone Analysis

Flood Area Panel Number	12083C 0528E
Date	4/19/2017
Zone	Zone X
Description	Area of minimal flood hazard, usually depicted on Flood Insurance Rate Maps as above the 500-year flood level.
Insurance Required?	No

Utilities

Utility Services	Electricity, gas, sewer, water
------------------	--------------------------------

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EASEMENTS, ENCROACHMENTS AND RESTRICTIONS

We were not provided a current title report to review. Further, there are identified exceptions to title, which include various utility and access easements that are typical for a property of this type. Such exceptions would not appear to have an adverse effect on value. Our valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

ENVIRONMENTAL ISSUES

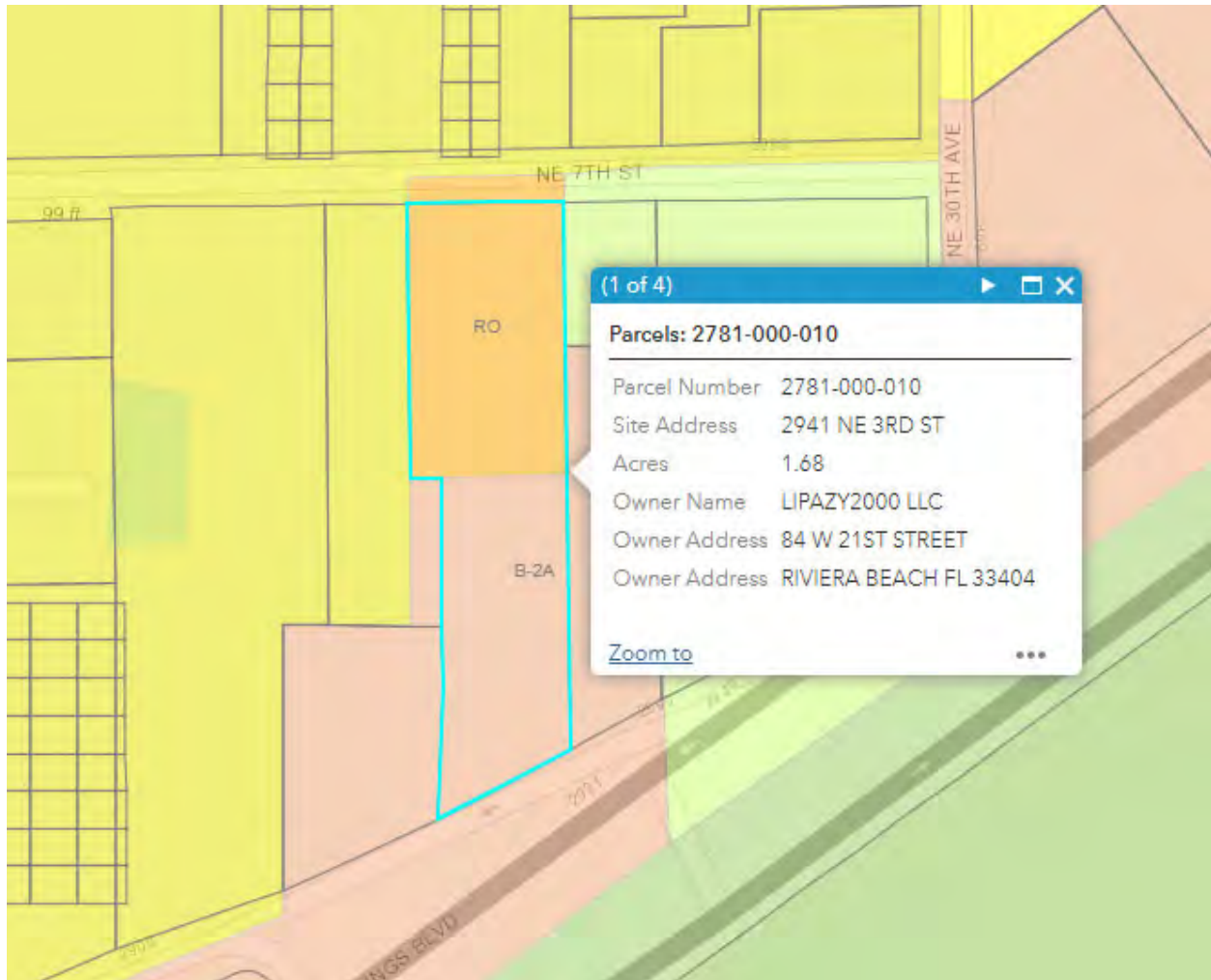
No environmental issues were observed or reported. Newmark is not qualified to detect the existence of potentially hazardous issues such as soil contaminants, the presence of abandoned underground tanks, or other below-ground sources of potential site contamination. The existence of such substances may affect the value of the property. For this assignment, we have specifically assumed that any hazardous materials that would cause a loss in value do not affect the subject.

CONCLUSION

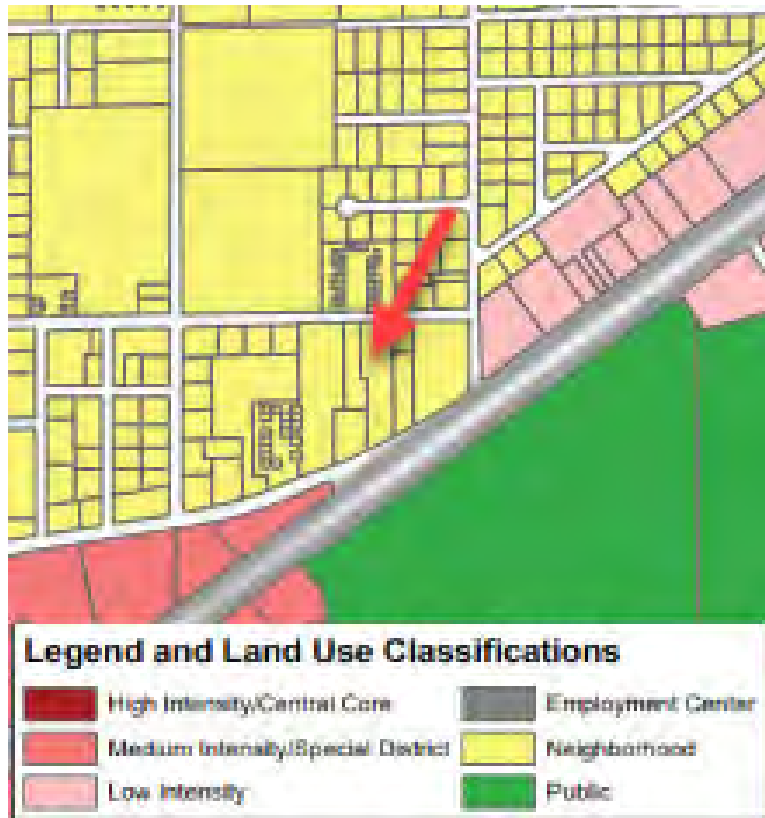
Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. We are not aware of any other particular restrictions on development.

Zoning and Legal Restrictions

According to the City of Ocala's Planning Division, the subject's zoning designation is currently split between RO (Residential Office) and B2-A (Community Business). If the site were to be redeveloped, the zoning designations in place would limit the overall developability of the site as the permitted uses vary between to the two zoning designations.



Zoning Map



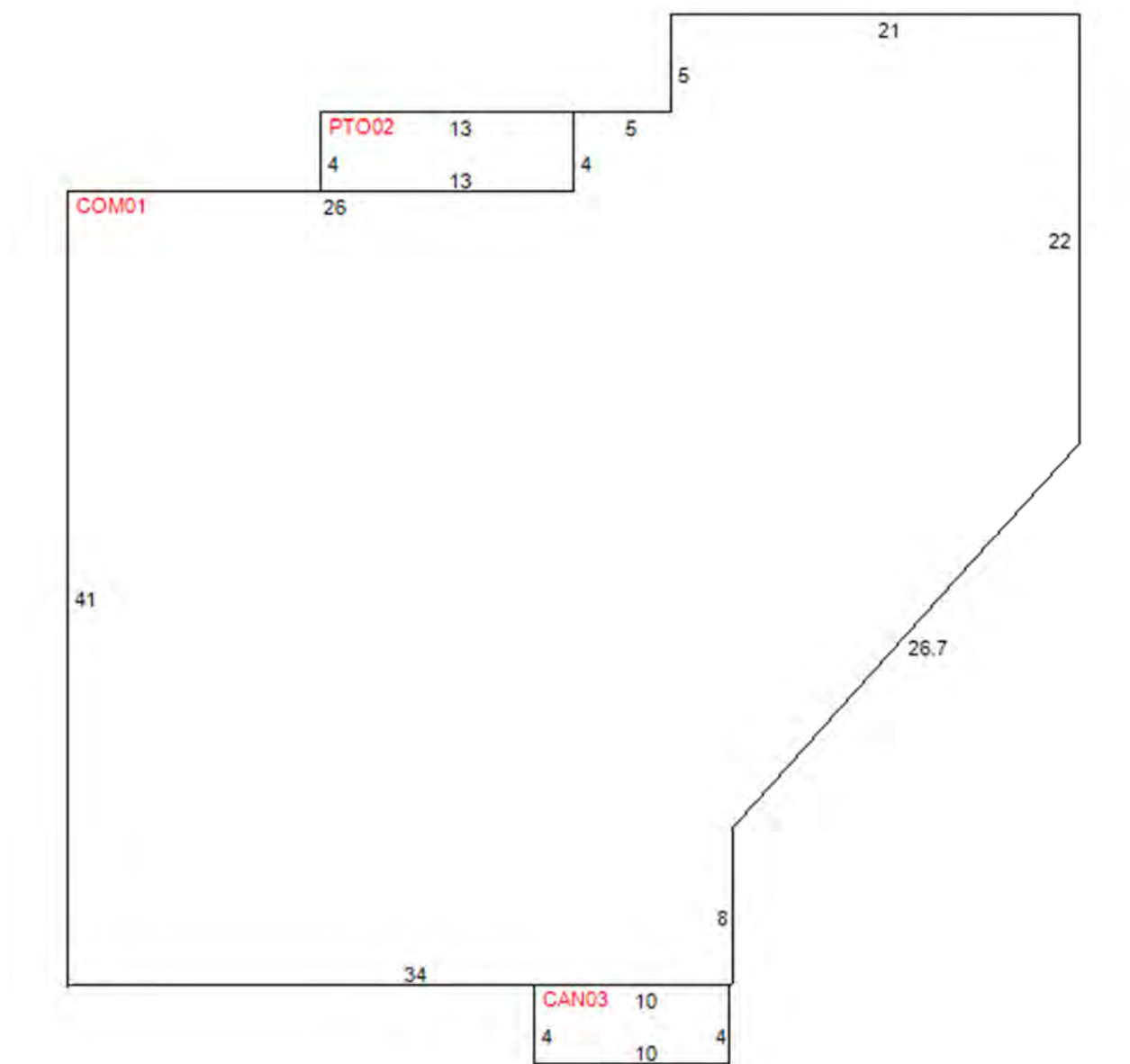
Future Land Use Map

Zoning Summary	
Category	Description
Zoning Jurisdiction	City of Ocala
Zoning Designation	RO (Residential Office)/B2-A (Community Business)
Description	<p>The residential-office (RO) district is intended primarily for professional and business office uses that are not incompatible with adjacent residential zones. This district shall allow one- and two-family dwellings and professional and business offices.</p> <p>The community business and limited community business (B-2 and B-2A) districts are intended for community businesses, including retail sales, personal and business services, and all office uses. No incidental use involving manufacturing processes shall be allowed in the B-2A zone. Businesses shall be based on walk-in trade, rather than delivery of supplies and large commodities.</p>
Legally Conforming?	Yes
Zoning Change Likely?	Unlikely
Permitted Uses	<p>RO - Single and Two-Family Dwelling, Professional and Business Offices, and Medical/Dental Offices on Minor and Major Arterials</p> <p>B2-A - Bed and Breakfast, Community Residential Home, Single and Two-Family Dwelling, Various Retail and Commercial Uses, Office, Restaurant, Educational Uses, Recreational Uses, Place of Worship, Post Office, Medical/Dental Office, Assisted Living Facility</p>
Minimum Lot Width	RO - 100 feet; B2-A - 75 to 100 feet
Minimum Lot Area	RO - 12,500 square feet; B2-A - 7,500 to 10,000 square feet
Maximum Floor Area Ratio	RO - 30%; B2-A - either 35% or N/A
Setback Requirements	
Front	RO - 25 feet; B2-A - 0 to 25 feet
Side	RO - 10 to 25 feet; B2-A - 0 to 25 feet
Rear	RO - 25 feet; B2-A - 0 to 25 feet
Building Height Restrictions	RO - 35 feet; B2-A - 50 feet
Parking Requirement	Business, professional and governmental offices: one parking space for each 300 square feet of floor area (35 required spaces)
Future Land Use	<p>The subject is located within the Neighborhood Future Land Use category. This designation allows for single/multi-family residential, commercial, office, institutional, educational, recreational, and cultural facilities. There is no minimum density and intensity in this future land use category. The maximum density before any incentives is 5 dwelling uses per gross acre for single family residential and 12 dwelling units per gross acre for multifamily residential. The maximum intensity before any incentives for non-residential development is 0.25 FAR.</p>

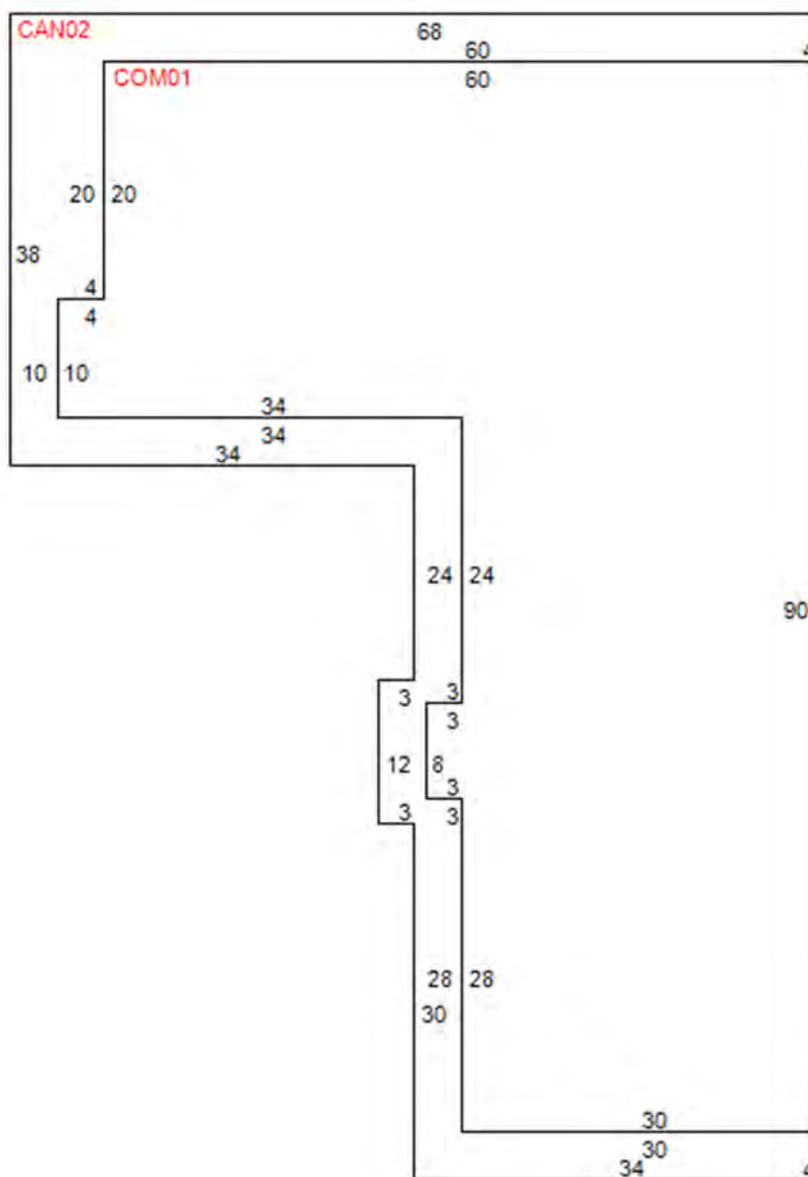
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We are not experts in the interpretation of zoning ordinances. A qualified land use/zoning expert should be engaged if there are any zoning concerns or if a determination of compliance with zoning is required.

Improvements Analysis



Building Sketch



Building Sketch

The “Subject Property” is comprised of two office buildings located one parcel that total 10,389 square feet. The buildings are in average condition, are of average quality and tenant appeal, and were built in 1974 and were most recently renovated in 2021.

The improvements are more fully described in the following table.

Improvements Description	
Component Structures	
Improvements (Structures)	Primary Use
General Improvement Type	Office
Use Description	General Purpose
No. Buildings	2
No. Units	7
GBA (SF)	10,389
Rentable SF	10,389
Average Unit Size (SF)	1,484
Construction Status	Existing, Stabilized Operations
Construction Class	C
Quality	Average
Current Condition	Average
Age/Life Depreciation Analysis	
Year Built	1974
Year Renovated	2021
Actual Age (Yrs.)	48
Economic Life (Yrs.)	50
Effective Age (Yrs.)	25
Remaining Economic Life (Yrs.)	25
Percent Depreciation	50.00%
Floor Area Analysis	
Number of Stories	2
Est. Ground Floor Area (GBA)	5,195
Attributed Site Area (SF)	73,181
Site Coverage	7.1%
Floor Area Ratio (FAR)	0.142
Unit Density (Units/Acre)	4.2
Land to Building Ratio	7.044
Parking Type	Surface Parking
Parking Spaces (including garages when applicable)	42
Parking Ratio Per 1,000 SF NRA	4.04
Construction Details	
General Purpose	
Foundation	Reinforced Concrete
Basement	None
Structural Frame/Construction Summary	Masonry
Exterior Walls	Stucco and Stone Façade
Windows	Double pane (Low-E) glass with vinyl frames
Roof	Flat/Pitched - Shingle

Interior Finish		General Purpose
Floors		Vinyl Sheet, Ceramic Tile & Carpet
Walls		Textured and painted sheetrock
Ceilings		Stucco
Lighting		Incandescent & Fluorescent Fixtures
Engineering & Mechanical		General Purpose
HVAC		Package Units
Electrical		Assumed adequate
Plumbing		Assumed adequate
Utility Meters		Individually metered
Elevators		None
Rest Rooms		Adequate
Fire Sprinklers		No

Compiled by Newmark

SPACE TYPE/CLASSIFICATION

Improvements Summary					
Building Summary	Property Type	No. Buildings	No. Units	GBA (SF)	Rentable SF
Primary Use	Office-General Purpose	2	7	10,389	10,389
Property Type Subtotals					
	Office-General Purpose	2	7	10,389	10,389
Improvements Total		2	7	10,389	10,389

Compiled by Newmark

Recent Renovations

The subject was previously sold in 2019 for a sale price of \$350,000. After the sale, the buyer reportedly spent \$140,600 in capital improvements in 2021, which comprised of roofing and flooring work, bathroom remodel, landscaping, paving/flatwork, exterior painting, AC, plumbing, and electrical.

Capital Expenditures Breakdown

REPLACEMENT ITEM	2021
ROOFING WORK	\$32,000.00
FLOORING REPLACEMENT	\$5,600.00
BATHROOM REMODEL	\$12,000.00
EXTRAORDINARY LANDSCAPING	\$11,000.00
PAVING / FLATWORK	\$14,000.00
EXTERIOR PAINTING	\$18,000.00
Other: AC	\$18,000.00
Other: Plumbing	\$6,000.00
Other: Electrical	\$24,000.00
TOTAL	\$140,600

Functional Utility

Based on our inspection and consideration of its current use, there do not appear to be any significant items of functional obsolescence.

Deferred Maintenance

Our observation of the property indicated no significant items of deferred maintenance.

ADA Compliance

Based on our observation as well as any information provided, no ADA compliance issues were noted. However, the client is advised to obtain review by a qualified professional versed in ADA compliance as we do not have expertise.

Environmental Assessment

Although requested, we were not provided a Phase I Environmental Assessment. We did not observe any potentially hazardous materials such as lead paint, asbestos, urea formaldehyde foam insulation, or other potentially hazardous construction materials on or in the improvements. However, it is noted that we did not search for such materials and are not qualified to detect such materials. The existence of said hazardous materials (if any) may have an effect on the value of the property. Therefore, for the purpose of this appraisal, we have specifically assumed that the

property is not affected by any hazardous materials that may be present on or in the improvements. We strongly recommend that a qualified environmental engineering firm be retained by the Client prior to making a business decision.

Personal Property

No personal property items were observed that would have any material contribution to market value.

CONCLUSION

- The improvements are of average quality construction and are in average condition.
- The improvements are considered to be functional for the existing use.
- Overall, the improvements are well suited for the existing use.
- Overall, the quality, condition, and functional utility of the improvements are rated as average for their age and location.

Real Estate Taxes

In the State of Florida, ad valorem assessments, by law, reflect 100% of estimated market value less cost of sale. Ad valorem taxes are collected annually, in arrears, and are based on the assessed value less any exemptions such as homestead, widow and disability. The tax year is from January to December, and taxes are due on March 31 of the following calendar year and become delinquent on April 1. Taxes may be paid early, with a discount for early payment. The discount is 4% if paid in November with a reduction of 1% per month through February.

In addition to the ad valorem tax assessments, some municipalities/counties also include non-ad-valorem tax assessments. Non-ad-valorem tax assessments are additional taxes levied against the property and are based on fees for services such as solid waste, fire, lighting, and other special assessments.

Real Estate Taxes and assessments for the subject are shown in the following table:

Taxes and Assessments							
Tax Year 2021	Assessor's Market Value	Assessment	Assessed Value	Millage Rates	Taxes and Assessments		
Tax ID	Total	Ratio	Total	Land & Improvements	Ad Valorem Taxes	Direct Assessments	Total
2781-000-010	\$341,848	96.1%	\$328,492	18.44027	\$6,057	\$1,291	\$7,349
	\$341,848	96.1%	\$328,492	18.44027	\$6,057	\$1,291	\$7,349

Compiled by Newmark

The local assessor's methodology for valuation is the market value less the cost of sale. According to Florida Statute 193.1555 (3), "the property shall be reassessed annually on January 1 and any change resulting from such reassessment may not exceed 10 percent of the assessed value of the property for the prior year". The property taxes are based on a combination of the assessed value, market value, and non-ad valorem taxes. The 10% assessment cap affects all taxing authorities with the exception of the school board taxes and any flat fee non-ad valorem taxes. This cap is established based on the following year of any transfer of ownership. A sale of the asset will trigger a re-assessment of the asset and will reset the tax cap.

The purpose of this assignment is to determine market value of the subject property. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer. The consequences of this reassessment have been considered in the appropriate valuation sections.

TAX COMPARABLES

In order to determine the ratio of assessed value to sales price value, we have analyzed recent sales of office properties throughout Marion County and compared each property's recent sale price to the re-assessed value. The following table shows the ratio of assessed value to sales price for recently sold office projects in the Marion County market.

Assessment to Sales Price Ratio Analysis						
No.	1	2	3	4	5	Newmark Estimate
Property Name	2010 NE 14th St	1621 NE 6th Ave	2701 SW 27th Ave	317 NE 36th Ave	2941 NE 3rd St (Subject)	2941 NE 3rd St
Sale Date	11/27/2020	11/24/2020	4/14/2020	10/1/2020	9/9/2019	
Sale Price	\$395,000	\$631,000	\$875,000	\$325,000	\$335,000	
Price/SF	\$90.68	\$70.20	\$125.81	\$54.61	\$32.25	
Total Assessed Value	\$369,536	\$505,632	\$743,413	\$247,860	\$298,629	
Assessed Value as % of Sale Price	94%	80%	85%	76%	89%	85%

Compiled by Newmark

The tax comparables support the subject's indicated assessed value and sales indicate a ratio between 76% and 94% of market value. For the purpose of this analysis, an assessment ratio of 85% of the stabilized market value has been utilized, which is within the comparable range.

SUBJECT TAX CONCLUSION

Ad Valorem Tax Analysis					
	Subject History				Conclusion
	2018	2019	2020	2021	
Total Assessed Value	\$273,907	\$287,065	\$298,629	\$328,492	\$926,500
Total Assessed Value/Unit	\$39,130	\$41,009	\$42,661	\$46,927	\$132,357
Direct Assessments	\$0	\$0	\$0	\$1,291	\$1,291
Tax Rate	1.84891%	1.84631%	1.82844%	1.84403%	1.8440%
Actual / Pro Forma Taxes	\$5,064	\$5,300	\$5,460	\$7,349	\$18,376
4% Early Payment Discount				(\$294)	(\$735)
Net Taxes				\$7,055	\$17,641
Reported Tax Delinquencies	None	None	None	None	None
Tax Exemptions or Abatements	None	None	None	None	None

Compiled by Newmark

It is assumed that prudent management would take advantage of the 4% early payment discount.

Highest and Best Use

AS VACANT

Legally Permissible

According to the City of Ocala's Planning Division, the subject's zoning designation is currently split between RO (Residential Office) and B2-A (Community Business). If the site were to be redeveloped, the zoning designations in place would limit the overall developability of the site as the permitted uses vary between the two zoning designations. The site zoned RO allows for single and two-family dwelling, professional and business offices, and medical/dental offices on minor and major arterials. The site zoned B2-A allows for bed and breakfast, community residential home, single and two-family dwelling, various retail and commercial uses, office, restaurant, educational uses, recreational uses, place of worship, post office, medical/dental office, and assisted living facility. Based on available data and analysis, no other legal restrictions such as easements or deed covenants are present which would impair the utility of the site. Given that surrounding properties have similar zoning and the future land use plan is focused on similar uses as well, it is unlikely that there would be a change of zoning classification. Further information and analysis about the legal restrictions to the subject property is included in the Site Analysis and Zoning and Legal Restrictions sections of this report.

Physically Possible

The subject site contains 73,181 square feet (1.680 acres), has favorable topography, adequate access, and all necessary utilities to support the range of legally permissible uses. No significant physical limitations were noted. The size of the site is typical for the categories of uses allowed under zoning. In total, the site is physically capable of supporting the legally permissible uses.

Financially Feasible

Of the legally permissible and physically possible uses, only office uses appear most probable based on the split zoning designation, and observation of surrounding properties as well as the location. While market metric data and both market and economic trends are not favorable at present, there is evidence of improvement in the near term. Therefore, an office development could be feasible in the foreseeable future.

Maximally Productive

The test of maximum productivity is to determine the actual use of the property that results in the highest land value and/or the highest return to the land. It is important to consider the risk of potential uses as a use that may generate the highest returns in cash could also be the riskiest and thus not as likely for a developer to consider. In this case, the maximally productive use is

an office development. The associated risk is typical and market conditions are not supportive of near-term construction.

Highest and Best Use Conclusion – As Vacant

The highest and best use of the subject as though vacant is the eventual development of the site for an office use.

AS IMPROVED

Legally Permissible

The existing office improvements appear to be legally conforming with zoning.

Physically Possible

The current improvements conform to the physical characteristics of the site. Therefore, continued office use of the property is reasonably probable and appropriate.

Financially Feasible

Financial feasibility focuses on positive and excess returns from the improved property. In this case, the subject is an income producing property and is capable of generating sufficient income to support the continuation of the use. This is demonstrated in the income capitalization approach by the fact that a positive income stream can be generated.

Maximally Productive

The existing office improvements are legally permissible, physically possible, and financially feasible. The concluded value as though improved exceeds the value of the underlying land and removal of the improvements for redevelopment or substantial conversion to an alternative use is not indicated based on current neighborhood trends. Given no alternatives, the maximally productive use of the property is consistent with the existing office development.

Highest and Best Use – As Improved

Therefore, the highest and best use of the subject as improved is the existing office property use. Market and economic conditions are supportive of this continued use.

Most Probable Buyer

The most likely buyer would be a local investor due to the size and class of the overall investment.

Appraisal Methodology

COST APPROACH

The cost approach is based on the proposition that the informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements that represent the highest and best use of the land, or when it is improved with relatively unique or specialized improvements for which there exist few sales or leases of comparable properties.

SALES COMPARISON APPROACH

The sales comparison approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per unit, price per floor, etc., or economic units of comparison such as gross rent multiplier. Adjustments are applied to the property units of comparison derived from the comparable sale. The unit of comparison chosen for the subject is then used to yield a total value.

INCOME CAPITALIZATION APPROACH

The income capitalization approach reflects the subject's income-producing capabilities. This approach is based on the assumption that value is created by the expectation of benefits to be derived in the future. Specifically estimated is the amount an investor would be willing to pay to receive an income stream plus reversion value from a property over a period of time. The two common valuation techniques associated with the income capitalization approach are direct capitalization and the discounted cash flow (DCF) analysis.

Application of Approaches to Value

Approach	Comments
Cost Approach	The Cost Approach is not applicable and is not utilized in this appraisal.
Sales Comparison Approach	The Sales Comparison Approach is applicable and is utilized in this appraisal.
Income Capitalization Approach	The Income Capitalization Approach is applicable and is utilized in this appraisal.

Compiled by Newmark

The cost approach was not used because the age and condition of the improvements makes depreciation highly speculative. More significantly, however, market participants considering properties like the subject do not give consideration to the cost approach. The exclusion of this approach is not considered to impact the reliability of the appraisal. Although we did not include a Cost Approach, we included an insurable valuation calculation as requested by the client.

Insurable Value

Insurable value is based on the replacement and/or reproduction cost of physical items that are subject to loss from hazards. The Dictionary of Real Estate Appraisal, 6th Edition defines insurable value as:

- A type of value for insurance purposes. See also Insurable Replacement Cost [Replacement cost for Insurance Purposes].
- Replacement cost for Insurance Purposes - The estimated cost, at current prices as of the effective date of valuation, of a substitute for the building being valued, using modern materials and current standards, design, and layout for insurance coverage purposes guaranteeing that damaged property is replaced with new property (i.e., depreciation is not deducted).

Provision of an Insurable Value by the Appraiser does not change the intended use or user of this Report. No liability is assumed for the Insurable Value estimate provided and it does not guarantee that any estimate or opinion will result in the Property being fully insured for any possible loss that may be sustained. It is recommended that an insurance professional be consulted. The Insurable Value estimate may not be a reliable indication of the replacement or reproduction cost for any date other than the effective date of this Report due to changing costs of labor and materials and due to the changing building codes and governmental regulations and requirements.

Absent of specific instructions from the Client, which were not provided, we have calculated insurable value to be replacement cost new of the building improvements, less insurance exclusions. Our estimate of insurable value does not include land value, entrepreneurial profit, depreciation, site improvements, and/or the costs to demolish damaged structures.

We further note that we were not provided with, nor have we reviewed a policy associated with the subject improvements. Given the variance in insurable value calculation methodologies, reliance in our estimate should only be made when the estimates made herein are consistent with the in-place policy.

Insurable Replacement Cost and Insurable Value		
Improvements (Structures)		Primary Use
MVS Improvement Type		Office - General Purpose
Construction Class		C
Quality		Average
Unit Cost		\$142
x Structure Size (SF GBA)		10,389
Replacement Cost New		\$1,478,064
Indirect Cost		\$160,394
Insurable Replacement Cost		\$1,638,457
Rounded:		\$1,640,000
Less: Insurance Exclusions		
Insurance Exclusions	10.0%	\$163,846
Total Exclusions	10.0%	\$163,846
Insurable Value		\$1,474,612
Rounded:		\$1,470,000

Total Insurable Replacement Cost and Insurable Value	
	Totals
Insurable Replacement Cost	\$1,640,000
Insurable Value	\$1,470,000

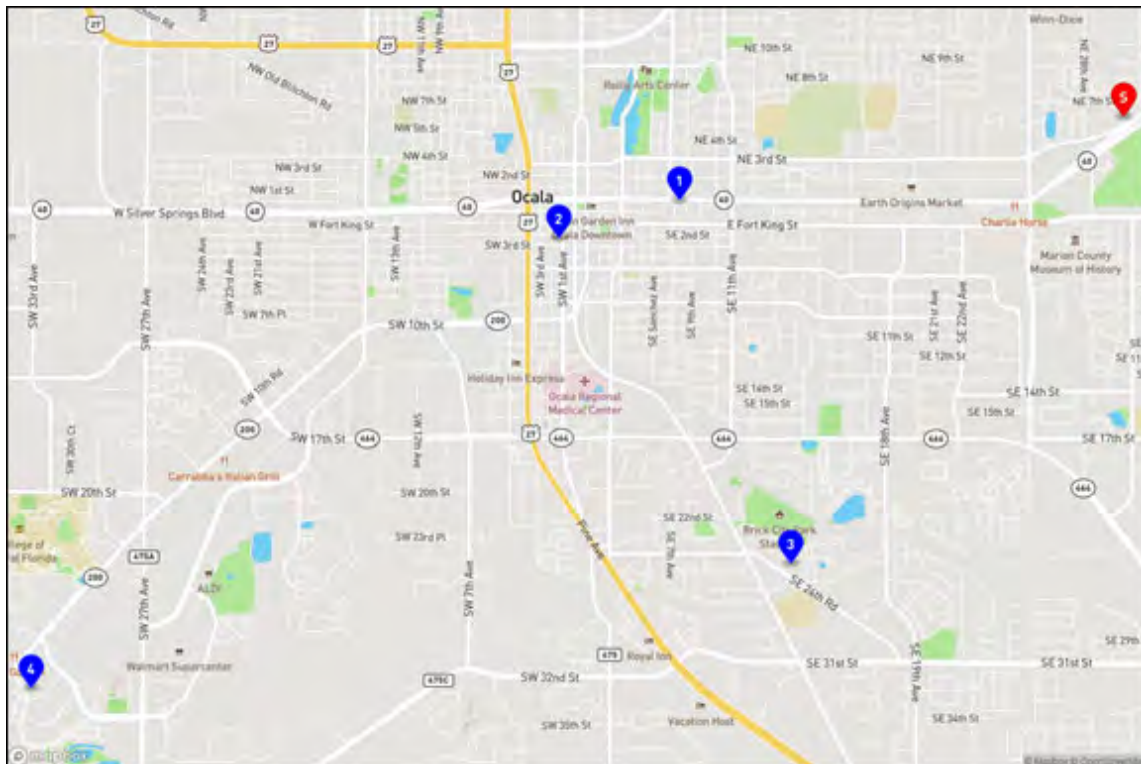
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Sales Comparison Approach






The sales comparison approach value is derived by analyzing closed sales, listings, or pending sales of properties that are similar to the subject. The sales comparison approach includes the following steps.

- Research and verify information on properties in the competitive market that are similar to the subject and that have recently sold, are listed for sale, or are under contract.
- Select the most relevant units of comparison in the market and develop a comparative analysis.
- Examine and quantify via adjustments differences between the comparable sales and the subject property using all appropriate elements of comparison.
- Reconcile the various value indications to a value bracket and then a single value indication.

The unit of comparison applied in this sales comparison analysis is price per square foot as it mirrors the primary comparison method used by market participants.



Comparable Map

Comparable Sales Summary					
	Subject	Sale 1	Sale 2	Sale 3	Sale 4
					
Property Name	2941 NE 3rd St	814 E Silver Springs Blvd	101 SW 3rd St	1320 SE 25th Loop	3201 SW 34th Ave
Address	2941 Northeast 3rd Street	814 East Silver Springs Boulevard	101 Southwest 3rd Street	1320 Southeast 25th Loop	3201 Southwest 34th Avenue
City, State	Ocala, FL	Ocala, FL	Ocala, FL	Ocala, FL	Ocala, FL
Land Size	1.68 Acres	0.78 Acres	0.72 Acres	0.66 Acres	1.06 Acres
Rentable Area (SF)	10,389 SF	12,000 SF	8,120 SF	5,460 SF	14,792 SF
Year Built (Renovated)	1974 (2021)	1911 (1986)	1986	1999	1990 (2020)
Occupancy/Owner Occ.	100%	100%	100%	100%	100%
Construction	C	Masonry	Wood frame	Masonry	Concrete/Blk/Stucco
Condition	Average	Average	Average	Average	Average
Buyer	—	Listing	101 SW 3rd St, LLC	Rinconada Florida, LLC	Catemitto, LLC
Seller	—	Carriage Hill Investments LTD	Pals-Ocala, LLC	1320 SE 25th Loop, LLC	Central Florida Commercial, LLC
Interest Conveyed	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
Competitive Class	Class C	Class C	Class C	Class C	Class C
Transaction Status	—	Listing	Closed	Closed	Closed
Transaction Date	—	Apr-22	Oct-21	Sep-21	Sep-20
Price	—	\$1,350,000	\$900,000	\$764,500	\$1,500,000
Required Capital Costs	—	\$0	\$0	\$0	\$0
Stabilized Price	—	\$1,350,000	\$900,000	\$764,500	\$1,500,000
Operating Status at Sale	—	Stabilized Operations	Stabilized Operations	Stabilized Operations	Stabilized Operations
Price per SF	—	\$112.50	\$110.84	\$140.02	\$101.41
NOI/SF	\$3.64	\$6.91	N/A	\$11.72	N/A
Cap Rate	—	6.14%		8.37%	

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ANALYSIS OF IMPROVED COMPARABLE DATA

Comparable One

Sale Comparable One represents the April 2022 listing of a 12,000 square foot general purpose property located at 814 East Silver Springs Boulevard, Ocala, Florida. The subject is located along the south side of Silver Springs Boulevard. This comparable represents two 2-story, office buildings. The property was constructed in 1911/1986 and in average condition. This comparable is currently listed for a sale price of \$1,350,000 (\$112.50 per SF). The property had an NOI of \$82,940 in 2021, which equates to a cap rate of 6.14%. The 3-mile demographics are: 47,546 (Population), \$40,853 (Median HH Income), population growth '21-'26 (11.16%).

A downward adjustment was applied for conditions of sale due to its status as an active listing on the market.

A downward adjustment was applied for economic characteristics due to its higher NOI per SF. Net downward property adjustments were indicated. Combining transaction and property adjustments, results in a price per SF indication of \$96.19.

Comparable Two

Sale Comparable Two represents the October 2021 sale of an 8,120 square foot general purpose property located at 101 Southwest 3rd Street, Ocala, Florida. The subject is located at the northwest corner of 3rd Street and 1st Avenue. This comparable represents a 1-story, office building. The property was constructed in 1986 and in average condition. This comparable was transacted on October 28, 2021 for \$900,000 (\$110.84 per SF) and was reportedly 100% leased at the time of sale. The 3-mile demographics are: 45,626 (Population), \$38,739 (Median HH Income), population growth '21-'26 (11.02%)

An upward adjustment for market conditions (time) is applicable due to increasing value trends in the local market. Recent listing and closed transaction data indicates net price appreciation has occurred since October, 2021.

This comparable is similar to the subject, and no property adjustments were warranted. Applying the estimated net transaction adjustment results in a price per SF indication of \$113.05.

Comparable Three

Sale Comparable Three represents the September 2021 sale of a 5,460 square foot general purpose property located at 1320 Southeast 25th Loop, Ocala, Florida. The subject is located along 1320 SE 25h Loop. This comparable represents a single-tenant one-story office building. The property was constructed in 1999 and in average condition. This comparable was transacted on September 2, 2021 for \$764,500 (\$140.02 per SF). The property had an NOI of \$64,00, which equates to a cap rate of 8.37%. The tenant (Kindred Hospice) had approximately two years of remaining term at the time of sale. The 3-mile demographics are: 42,638 (Population), \$44,853 (Median HH Income), population growth '21-'26 (10.99%).

An upward adjustment for market conditions (time) is applicable due to increasing value trends in the local market. Recent listing and closed transaction data indicates net price appreciation has occurred since September, 2021.

A downward adjustment was applied for economic characteristics due to its higher NOI per SF. Net downward property adjustments were indicated. Combining transaction and property adjustments, results in a price per SF indication of \$115.38.

Comparable Four

Sale Comparable Four represents the September 2020 sale of a 14,792 square foot general purpose property located at 3201 Southwest 34th Avenue, Ocala, Florida. The subject is located at the intersection of 31st Street and 34th Avenue. This comparable represents a 2-story, office building. The property was constructed in 1990, renovated in 2020, and in average condition. This comparable was transacted on September 8, 2020 for \$1,500,000 (\$101.41 per SF) and was

reportedly 100% leased at the time of sale. The 3-mile demographics are: 32,456 (Population), \$41,898 (Median HH Income), population growth '21-'26 (10.86%)

An upward adjustment for market conditions (time) is applicable due to increasing value trends in the local market. Recent listing and closed transaction data indicates net price appreciation has occurred since September, 2020.

This comparable required a downward age/condition adjustment due to its newer age of construction. Net downward property adjustments were indicated. Combining transaction and property adjustments, results in a price per SF indication of \$103.08.

Summary of Adjustments / Adjustment Grid

Based on our comparative analysis, the following table summarizes the adjustments warranted to each comparable.

Comparable Sales Adjustment Grid					
	Subject	Sale 1	Sale 2	Sale 3	Sale 4
Property Name	2941 NE 3rd St	814 E Silver Springs Blvd	101 SW 3rd St	1320 SE 25th Loop	3201 SW 34th Ave
Address	2941 Northeast 3rd Street	814 East Silver Springs Boulevard	101 Southwest 3rd Street	1320 Southeast 25th Loop	3201 Southwest 34th Avenue
City	Ocala, FL	Ocala, FL	Ocala, FL	Ocala, FL	Ocala, FL
Land Size	1.68 Acres	0.78 Acres	0.72 Acres	0.66 Acres	1.06 Acres
Size (Rentable Area)	10,389 SF	12,000 SF	8,120 SF	5,460 SF	14,792 SF
Year Built (Renovated)	1974 (2021)	1911 (1986)	1986	1999	1990 (2020)
NOI/SF	\$3.64	\$6.91	N/A	\$11.72	N/A
Transaction Type	--	Listing	Closed	Closed	Closed
Transaction Date	--	Apr-22	Oct-21	Sep-21	Sep-20
Actual Sale Price	--	\$1,350,000	\$900,000	\$764,500	\$1,500,000
Stabilized Sale Price	--	\$1,350,000	\$900,000	\$764,500	\$1,500,000
Price per SF	--	\$112.50	\$110.84	\$140.02	\$101.41
Occupancy	100%	100%	100%	100%	100%
Cap Rate	--	6.14%		8.37%	
Transaction Adjustments					
Property Rights		0%	0%	0%	0%
Financing		0%	0%	0%	0%
Conditions of Sale		-5%	0%	0%	0%
Market Conditions (Time)	4/21/2022	0%	2%	3%	7%
Subtotal (adjustments are multiplied)		-5.0%	2.0%	3.0%	7.0%
Transaction Adjusted Price per SF		\$106.88	\$113.05	\$144.22	\$108.50
Property Adjustments					
Location		0%	0%	0%	0%
Size		0%	0%	0%	0%
Age/Condition		0%	0%	0%	-5%
Parking		0%	0%	0%	0%
Features/Amenities		0%	0%	0%	0%
Quality		0%	0%	0%	0%
Economic Characteristics		-10%	0%	-20%	0%
Other		0%	0%	0%	0%
Subtotal (adjustments are summed)		-10%	0%	-20%	-5%
Gross Adjustment		15%	2%	23%	12%
Overall Adjustment		-14.5%	2.0%	-17.6%	1.65%
Indicated Price per SF		\$96.19	\$113.05	\$115.38	\$103.08

Compiled by Newmark

SALES COMPARISON APPROACH CONCLUSION

- Prior to adjustments, the sales reflect a range of \$101.41 to \$140.02 per SF.
- After adjustment, the range is narrowed to \$96.19 to \$115.38 per SF, with an average of \$106.92 per SF.
- It is our opinion that these comparables provided a reasonable range of value with which to compare the subject. Based on the information in consideration of the subject's physical and locational characteristics, we consider a pricing from the middle portion of the adjusted range to be warranted.

Based on the preceding analysis, the value indication by the sales comparison approach is as follows:

Sales Comparison Approach Conclusion		
Reconciliation of Price per SF Indication		Value Indication
Adjusted Value Range - Low		\$96.19
Adjusted Value Range - High		\$115.38
Reconciled As Stabilized Value - Price per SF	Effective Date: 4/21/2022	\$105.00
Subject Rentable Area (SF)		10,389
Reconciled As Stabilized Value - Price per SF Analysis		\$1,090,845
Reconciled As Stabilized Value - Sales Comparison Approach	Effective Date: 4/21/2022	\$1,090,845
Value Indications		
As Is		Value Indication
Reconciled As Stabilized Value	Effective Date: 4/21/2022	\$1,090,845
As Is Value	Effective Date: 4/21/2022	\$1,090,845
Rounded		\$1,090,000

Compiled by Newmark

Income Capitalization Approach

The income capitalization approach reflects the subject's income-producing capabilities. This approach is based on the assumption that value is created by the expectation of benefits to be derived in the future. Specifically estimated is the amount an investor would be willing to pay to receive an income stream plus reversion value from a property over a period of time. The two common valuation techniques associated with the income capitalization approach are direct capitalization and the discounted cash flow (DCF) analysis.

The direct capitalization method is normally more appropriate for properties with relatively stable operating histories and expectations. The DCF analysis is more appropriate for investment properties with multiple or long-term leases, particularly leases with cancellation clauses or renewal options, and especially in volatile markets.

In this analysis, we utilized only discounted cash flow analysis as the upcoming leasing and income changes in the property are most reliably modeled by this method.

RENTABLE AREA SUMMARY

Occupancy Summary							
Type of Space (MLA Name)	Rentable Area (SF)	% Total	Leased (SF)	% Leased	Vacant (SF)	% Vacant	Year 1 Potential Base Rent PSF
Office MLA	6,389	61.5%	6,389	100.0%	0	0.0%	\$9.75
2nd Floor Office MLA	4,000	38.5%	4,000	100.0%	0	0.0%	\$4.97
Total	10,389	100.0%	10,389	100.0%	0	0.0%	\$7.91

Compiled by Newmark

RENT ROLL / TENANT OVERVIEW

A summary rent roll for the property is shown below, based on our review of leases.

Rent Roll												
Suite Number	Tenant	Rentable Area (SF)	Lease Term Start	Lease Term End	Option End	Rem. Mos.	Annualized Base Rent*		Year 1 Contract Rent*		Year 1 Market Rent	
							\$ Total	\$ PSF	\$ Total	\$ PSF	\$ Total	\$ PSF
203	Viceroy Home Health, LLC	1,600	Apr-21	Mar-24	Mar-27	60	\$13,140	\$8.21	\$13,140	\$8.21	\$24,000	\$15.00
201	Developmental Service Trainers, Inc.	850	Oct-21	Sep-22	Sep-23	18	\$10,224	\$12.03	\$10,224	\$12.03	\$12,750	\$15.00
202	Nika Luxury Touch, LLC	520	May-21	Apr-24		25	\$7,029	\$13.52	\$7,271	\$13.98	\$7,800	\$15.00
205	Hispanic Business Council, Inc.	4,000	Apr-21	Mar-24	Mar-27	60	\$19,890	\$4.97	\$19,890	\$4.97	\$52,000	\$13.00
Front Bldg/204	Developmental Service Trainers, Inc.	3,419	Feb-20	Jan-23	Jan-26	46	\$31,524	\$9.22	\$31,682	\$9.27	\$51,285	\$15.00
Total (Average)		10,389					\$81,807	\$7.87	\$82,207	\$7.91	\$147,835	\$14.23
Occupied Space		10,389				50	\$81,807	\$7.87	\$82,207	\$7.91	\$147,835	\$14.23
Vacant Space		0					\$0		\$0			

* Annualized Base Rent represents represents annualized contract rent for leases in-place or commencing in Year 1. Speculative space is shown at market.

* Year 1 Contract Rent includes Potential Base Rent, CPI Increases, Step Rent and projected Market Rent for leases escalating or expiring during Year 1.

Compiled by Newmark

- As of the effective valuation date, the subject's commercial space is 100% leased and occupied.

- There is a total of 5 tenants ranging in unit sizes from 520 to 4,000 square feet under leases with remaining terms ranging from 18 to 60 months and contract rent ranging from \$4.97 to \$13.98 per square foot on a modified gross basis. The average remaining lease term for all contract lease terms is 50 months.
- The largest tenant is Developmental Service Trainers, Inc., who occupies the entire building toward the southern portion of the site (front building) as well as units 201 and 204 in the northern building.

Occupancy Status

- The property is considered to be at stabilized occupancy because the percentage of leased space is typical of the market.

Tenancy Analysis

The following chart details the subject's existing tenancy and provides an analysis of the different space types.

Tenant Summary								
MLA Category	Rentable	Rem. Term	Annual In-Place Rent		Year 1 Contract Rent		Term Avg. Contract Rent	
Suite: Tenant	Area (SF)	(Mos.)*	Total	\$ PSF	Total	\$ PSF	Total	\$ PSF
MLA: Office MLA								
203: Viceroy Home Health, LLC	1,600	60	\$13,140	\$8.21	\$13,140	\$8.21	\$13,904	\$8.69
201: Developmental Service Trainers, Inc.	850	18	\$10,224	\$12.03	\$10,224	\$12.03	\$10,224	\$12.03
202: Nika Luxury Touch, LLC	520	25	\$7,029	\$13.52	\$7,271	\$13.98	\$7,414	\$14.26
Front Bldg/204: Developmental Service Trainers, Inc.	3,419	46	\$31,524	\$9.22	\$31,682	\$9.27	\$32,264	\$9.44
MLA: Office MLA Total	6,389		\$61,917	\$9.69	\$62,317	\$9.75	\$63,807	\$9.99
MLA: 2nd Floor Office MLA								
205: Hispanic Business Council, Inc	4,000	60	\$19,890	\$4.97	\$19,890	\$4.97	\$21,449	\$5.36
MLA: 2nd Floor Office MLA Total	4,000		\$19,890	\$4.97	\$19,890	\$4.97	\$21,449	\$5.36

** Remaining term to expiration of renewal option if projected to be exercised.

Compiled by Newmark

- Overall, the credit quality of the tenancy appears to be typical of the subject's property class.

Favorable Renewal Options

Renewal options are assumed to be exercised if they are 10% or more below market rates. The following tenants have favorable renewal options, which we assume they will exercise:

- Hispanic Business Council, Inc. – 3-year option with 4% increase on base rent every year.
- Viceroy Home Health, LLC – 3-year option with 3% increase on base rent every year.
- Developmental Service Trainers, Inc. (Unit 201) – 3-year option with 3% increase on base rent every year.
- Developmental Service Trainers, Inc. (Front Bldg / Unit 204) – 3-year option with no escalations.

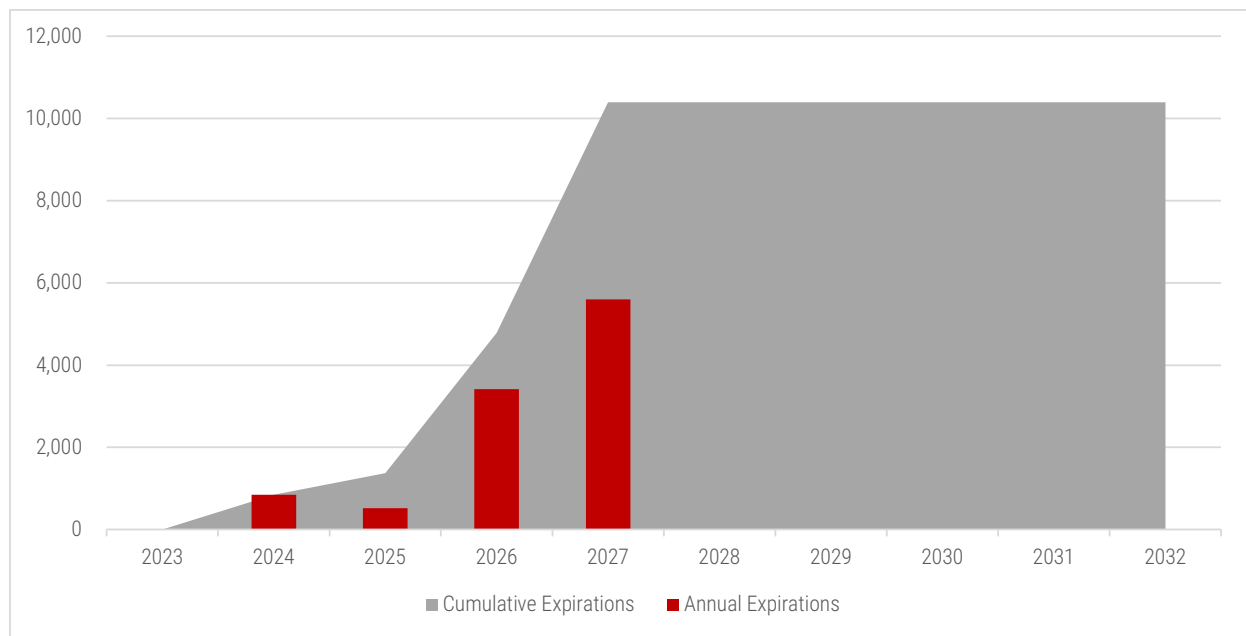
Expense Structure

Leasing for office space is typically based on a net lease or modified gross basis in this market. We have modeled the subject on a modified gross basis wherein, the tenant is responsible for partial utilities (gas and cable), in-suite janitorial, and most of the repairs and maintenance. Currently, the subject tenants are leasing on a modified gross basis. The tenants are responsible for all repairs and replacements to the premises including, without limitation, electrical, HVAC, interior walls, plumbing, and the fixtures and equipment therein, and appurtenances thereto. The landlord is responsible for the exterior paint, parking lot, and landscaping as well as the building structure and roof which is factored in our discounted cash flow analysis as a capital reserve.

Lease Expiration Analysis

Existing Lease Expiration									
Year No.	Year Ending	No. of Suites	SF Expiring	% of Total	Cumulative SF	% of Total SF	Rent at Expiration	% of Total Rent	Cumulative Expired Rent
1	3/31/2023	0	0	0.00%	0	0.00%	\$0.00	0.00%	0.00%
2	3/31/2024	1	850	8.18%	850	8.18%	\$12.03	11.91%	11.91%
3	3/31/2025	1	520	5.01%	1,370	13.19%	\$14.55	8.48%	20.39%
4	3/31/2026	1	3,419	32.91%	4,789	46.10%	\$9.50	34.17%	54.55%
5	3/31/2027	2	5,600	53.90%	10,389	100.00%	\$6.74	31.93%	86.48%
6	3/31/2028	0	0	0.00%	10,389	100.00%	\$0.00	0.00%	86.48%
7	3/31/2029	0	0	0.00%	10,389	100.00%	\$0.00	0.00%	86.48%
8	3/31/2030	0	0	0.00%	10,389	100.00%	\$0.00	0.00%	86.48%
9	3/31/2031	0	0	0.00%	10,389	100.00%	\$0.00	0.00%	86.48%
10	3/31/2032	0	0	0.00%	10,389	100.00%	\$0.00	0.00%	86.48%
Cumulative Total		5	10,389	100.00%			\$9.91	86.48%	
Annual Average			1,039	10.00%			\$4.28	8.65%	

Compiled by Newmark

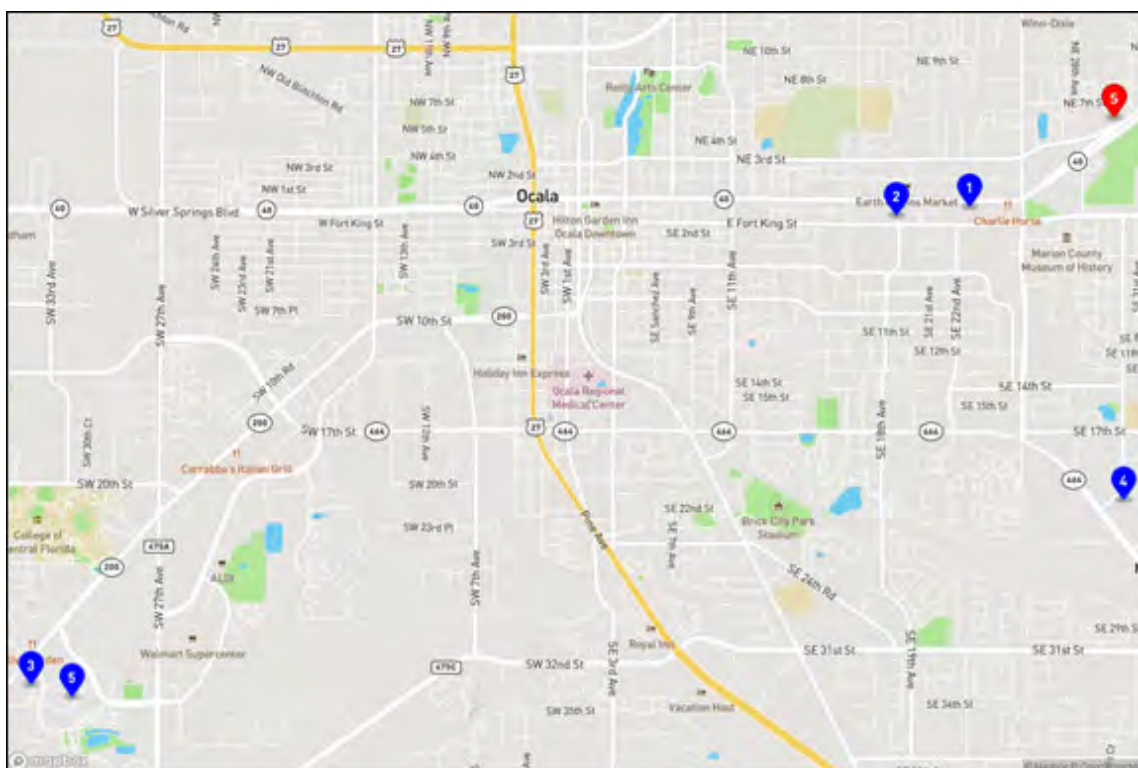


- There does not appear to be any above average risk associated with the lease expiration pattern.

MARKET RENT ANALYSIS

In estimating market rent for the subject property, we considered data and opinions from the following:

- actual recent leases from comparable buildings;
- asking rents from competitive properties (presented in the office market analysis section of this report); and
- opinions of market rent derived from our interviews of leasing brokers active in the local market.



Comparable Map

No.	Name	Address
Subject	2941 NE 3rd St	2941 Northeast 3rd Street, Ocala, FL 34470
1	SSB Golden Plaza Offices	2216 East Silver Springs Boulevard, Ocala, FL
2	1823 E Fort King St	1823 East Fort King Street, Ocala, FL
3	Paddock Park Professional Center	3200 Southwest 34th Avenue, Ocala, FL
4	Bellwether Professional Park	2201 Southeast 30th Avenue, Ocala, FL
5	3233 SW 33rd Rd	3233 Southwest 33rd Road, Ocala, FL

Compiled by Newmark



Comparable One (Lease 1)



Comparable Two (Leases 2 and 3)



Comparable Three (Lease 4)



Comparable Four (Lease 5)



Comparable Five (Lease 6)

Analysis of Comparable Leases

Comparable One (Lease 1)

Rental Survey Comparable One represents the April 2022 survey of a 5,000 square foot general purpose property located at 2216 East Silver Springs Boulevard, Ocala, Florida. The subject is the SSB Golden Plaza Offices. The property was constructed in 1975 and in average condition. At the time of the survey, the subject was reportedly 50.5% leased. Currently, there are two 1,238 SF office suites listed for \$12.00 per SF (MG). The 3-mile demographics are: 50,508 (Population), \$46,510 (Median HH Income), population growth '21-'26 (11.15%).

Comparable Two (Leases 2 and 3)

Rental Survey Comparable Two represents the April 2022 survey of a 10,000 square foot general purpose property located at 1823 East Fort King Street, Ocala, Florida. The subject is located along the north side of King Street. The property was constructed in 2006 and in average condition. At the time of the survey, the subject was reportedly 100% leased. D.R. Horton, Inc. signed a 2-year lease for a first floor, 1,000 SF, office suite for \$14.00 per SF (MG). Currently, there is a listing for a first floor, 1,000 SF, office suite for \$12.00 per SF (NNN) and a second floor, 5,000 SF, office suite for \$10.50 per SF (NNN). The 3-mile demographics are: 50,402 (Population), \$45,093 (Median HH Income), population growth '21-'26 (11.1%).

Comparable Three (Lease 4)

Rental Survey Comparable Three represents the April 2022 survey of a 7,198 square foot general purpose property located at 3200 Southwest 34th Avenue, Ocala, Florida. The subject is located within the Paddock Park Professional Center. The property was constructed in 1993 and in average condition. At the time of the survey, the subject was reportedly 22% leased. Kosmerika Organika Salon signed a 3-year lease for a 1,000 SF suite for \$12.00 per SF (NNN). The 3-mile demographics are: 29,168 (Population), \$44,350 (Median HH Income), population growth '21-'26 (10.91%).

Comparable Four (Lease 5)

Rental Survey Comparable Four represents the April 2022 survey of a 4,800 square foot general purpose property located at 2201 Southeast 30th Avenue, Ocala, Florida. The subject is located within the Bellwether Professional Park. The property was constructed in 2007 and in average condition. At the time of the survey, the subject was reportedly 100% leased. Insurance Office of America signed a 5-year lease for a 3,300 SF suite for \$12.50 per SF (NNN). The 3-mile demographics are: 48,082 (Population), \$53,343 (Median HH Income), population growth '21-'26 (10.99%).

Comparable Five (Lease 6)

Rental Survey Comparable Five represents the April 2022 survey of a 5,223 square foot general purpose property located at 3233 Southwest 33rd Road, Ocala, Florida. The subject is located in a node of office buildings along 33rd Road. The property was constructed in 1997 and in average condition. At the time of the survey, the subject was reportedly 100% leased. Groups Recover Together signed a 3-year lease for a 2,586 SF suite for \$16.00 per SF (MG). The 3-mile demographics are: 29,836 (Population), \$43,964 (Median HH Income), population growth '21-'26 (10.9%).

Analysis of Comparable Leases

Comparable Leases Summary							
Office MLA Space	Subject	Lease 1	Lease 2	Lease 3	Lease 4	Lease 5	Lease 6
Property Name	2941 NE 3rd St	SSB Golden Plaza Offices	1823 E Fort King St	1823 E Fort King St	Paddock Park Professional Center	Bellwether Professional Park	3233 SW 33rd Rd
Address	2941 Northeast 3rd Street	2216 East Silver Springs Boulevard	1823 East Fort King Street	1823 East Fort King Street	3200 Southwest 34th Avenue	2201 Southeast 30th Avenue	3233 Southwest 33rd Road
City, State	Ocala, FL	Ocala, FL	Ocala, FL	Ocala, FL	Ocala, FL	Ocala, FL	Ocala, FL
Submarket	Valuation Office	Valuation Office	Valuation Office	Valuation Office	Valuation Office	Valuation Office	Valuation Office
Rentable Area (SF)	10,389 SF	5,000 SF	10,000 SF	10,000 SF	7,198 SF	4,800 SF	5,223 SF
Year Built (Renovated)	1974 (2021)	1975	2006	2006	1993	2007	1997
Number of Stories	2	1	2	2	1	1	1
Exterior	Stucco and Stone	Masonry	Masonry	Masonry	CBS	Masonry	Stucco
Condition	Average	Average	Average	Average	Average	Average	Average
Investment Grade	Class C	Class C	Class C	Class C	Class C	Class C	Class C
Rental Survey Information							
Survey Date		Apr-22	Apr-22	Apr-22	Apr-22	Apr-22	Apr-22
Occupancy at Survey	100%	51%	100%	100%	22%	100%	100%
Lease Details							
Lease Status		Asking Rent	Asking Rent	Signed Lease	Signed Lease	Signed Lease	Signed Lease
Lease Date		Apr-22	Apr-22	Dec-20	Nov-21	Apr-21	Dec-20
Term (Mos.)		36	36	24	36	60	36
Lease Size (SF)		1,238	1,000	1,000	1,092	3,300	2,586
Tenant Name		Listing	Listing	D.R. Horton, Inc.	Kosmerika Organika Salon	Insurance Office of America	Groups Recover Together
Full Building Lease		No	No	No	No	No	No
Rates and Measures							
Base Rental Rate		\$12.00	\$12.00	\$14.00	\$12.00	\$12.50	\$16.00
Effective Rental Rate		\$12.00	\$12.00	\$14.00	\$12.00	\$12.50	\$16.00
Lease Reimbursement Method		Modified Gross	Triple Net	Modified Gross	Triple Net	Triple Net	Modified Gross

Compiled by Newmark

Comparable Leases Summary							
No.	Property Name Tenant	Lease Date	Leased SF	Base Rent/SF	Reimbursement	Comparison to Subject MLA Category	Comments
1	SSB Golden Plaza Offices						Active Listing on the Market, Inferior Condition
	Lease Summary						
	Listing	Apr-2022	1,238	\$12.00	Modified Gross	Office MLA	
2	1823 E Fort King St						Active Listing on the Market, Newer Age of Construction, Adjusted to \$16.00 per SF (MG)
	Lease Summary						
	Listing	Apr-2022	1,000	\$12.00	Triple Net	Office MLA	
	D.R. Horton, Inc.	Dec-2020	1,000	\$14.00	Modified Gross	Office MLA	
3	Paddock Park Professional Center						Newer Age of Construction, Adjusted to \$16.00 per SF (MG)
	Lease Summary						
	Kosmerika Organika Salon	Nov-2021	1,092	\$12.00	Triple Net	Office MLA	
4	Bellwether Professional Park						Newer Age of Construction, Adjusted to \$16.50 per SF (MG)
	Lease Summary						
	Insurance Office of America	Apr-2021	3,300	\$12.50	Triple Net	Office MLA	
5	3233 SW 33rd Rd						Newer Age of Construction
	Lease Summary						
	Groups Recover Together	Dec-2020	2,586	\$16.00	Modified Gross	Office MLA	
Indicated Rent by Space Type		Adjusted Range		Average	Newmark Estimate		
Office MLA Space:		\$11.97	\$16.30	\$14.69	\$15.00		
2nd Floor Office MLA Space:		\$11.97	\$16.30	\$14.69	\$13.00		

Compiled by Newmark

Recent Subject Leases

In the analysis of market rent, recent leasing for the subject is of primary significance. Recent subject leasing activity is summarized in the following table.

Recent Subject Leases							
MLA Category	Rentable Area (SF)	Lease Start	Rem. Term (Mos.)**	Mos. Free	TI/SF	Contract (Base Rent) *	
Suite: Tenant						Year 1	Term Avg.
MLA: Office MLA							
201: Developmental Service Trainers, Inc.	850	Oct-21	18	0	\$0.00	\$12.03	\$12.03
202: Nika Luxury Touch, LLC	520	May-21	25	0	\$0.00	\$13.98	\$14.26

* Base Rent is current contract rent for leases signed prior to analysis date or first year lease rent for future leases.

** Remaining term to expiration of renewal option if projected to be exercised.

Compiled by Newmark

MARKET RENT CONCLUSION

Base Rent Conclusions

After analysis, the overall range adjusted range and concluded market base rent for the subject is as follows:

Base Rent Conclusions				
MLA Category	Adjusted Comparable Leases			Newmark Estimate
	Low	High	Average	
Office MLA Space:	\$11.97	\$16.30	\$14.69	\$15.00
2nd Floor Office MLA Space:	\$12.00	\$16.80	\$13.75	\$13.00

Compiled by Newmark

The subject area has good access to the entire region and strong demographic trends. Given the subject's physical and locational characteristics, a rent toward the upper-middle portion of the adjusted range is most applicable to the subject. Additionally, we have concluded to a slightly lower market rental rate for the 4,000 square foot unit located on the second floor (unit 205).

Market Rent Conclusions

Based on the preceding analysis, the following is the concluded market lease terms for the subject:

Concluded Market Lease Terms									
MLA Category	Rentable SF	Market Rent	Measure	Rent Escalations	Reimbursement Method	Term (Mos.)	Mos. Free		
Office MLA Space:	6,389	\$15.00	\$/SF/Year	3.00%/year	MG	36	1		
2nd Floor Office MLA Space:	4,000	\$13.00	\$/SF/Year	3.00%/year	MG	36	1		
MLA Category	Renewal %	Rollover Vacant Mos.	Weighted Down-time	TI/SF (New)	TI/SF (Renewal)	Weighted TI/SF	LC (New)	LC (Renewal)	Weighted LC
Office MLA Space:	75%	6	2	\$3.00	\$0.00	\$0.75	6.00%	3.00%	3.75%
2nd Floor Office MLA Space:	75%	6	2	\$3.00	\$0.00	\$0.75	6.00%	3.00%	3.75%

Compiled by Newmark

GROSS INCOME ESTIMATE

Potential Gross Rent

Figures presented below reflect the 12-month period following the effective date of the appraisal.

Potential Gross Rent						
MLA Category	Rentable SF	Potential Rent At Contract* Annual	Potential Rent At Contract* \$/SF/Yr	Potential Rent At Market Annual	Potential Rent At Market \$/SF/Yr	Contract as % of Market
Total	10,389	\$82,207	\$7.91	\$147,835	\$14.23	55.6%

* Contract rent for leased space plus market rent for vacant space

Compiled by Newmark

Scheduled Base Rent		
Subject Historical and Projections	\$/SF	Total
12 Months Ending Dec-2020	\$6.95	\$72,156
12 Months Ending Dec-2021	\$7.46	\$77,542
Dec-2022 Budget	\$7.98	\$82,934
Newmark Projection	\$7.91	\$82,207

Compiled by Newmark

Excess or Deficit Rent

Excess/Deficit Rent Schedule												
Tenant	Rentable Area (SF)	Lease End	Rem. Mos.	Year 1 \$ PSF		Year 1 Rent Variance		Year 2	Year 3	Year 4	Year 5	Total Variance*
				Market	Contract	\$ Total	\$ PSF					
Viceroy Home Health, LLC	1,600	Mar-27	60	\$15.00	\$8.21	(\$10,860)	(\$6.79)	(\$7.01)	(\$7.23)	(\$7.46)	(\$7.70)	(\$57,898)
Developmental Service Trainers, Inc.	850	Sep-23	18	\$15.00	\$12.03	(\$2,526)	(\$2.97)	(\$1.71)	\$0.00	\$0.00	\$0.00	(\$3,980)
Nika Luxury Touch, LLC	520	Apr-24	25	\$15.00	\$13.98	(\$529)	(\$1.02)	(\$0.94)	(\$0.11)	\$0.00	\$0.00	(\$1,077)
Hispanic Business Council, Inc	4,000	Mar-27	60	\$13.00	\$4.97	(\$32,110)	(\$8.03)	(\$8.23)	(\$8.44)	(\$8.65)	(\$8.86)	(\$168,831)
Developmental Service Trainers, Inc.	3,419	Jan-26	46	\$15.00	\$9.27	(\$19,603)	(\$5.73)	(\$5.95)	(\$6.42)	(\$5.75)	\$0.00	(\$81,538)
Total (Average)	10,389											
Occupied Space	10,389		50	\$14.23	\$7.91	(\$65,628)	(\$6.32)	(\$6.39)	(\$6.48)	(\$6.37)	(\$4.60)	(\$313,325)
Vacant Space	0											

*The Total Variance represents the excess/deficit rent over the remaining lease term or 10 years (whichever is less).

Compiled by Newmark

Operating History

Three years of historical operating data, trailing 12-month data, year-to-date, and a current budget for the property were requested. We received the historical operating data for 2020, 2021 and a proforma budget.

As appropriate, the owner's operating expenses are reclassified into standard categories and exclude items that do not reflect normal operating expenses for this type of property.

The reclassification is done for proper analysis against comparable data and industry benchmarks as appropriate. Because the historical operating data statements use different names for some categories and it is not always immediately apparent which expenses belong to which standard expense category, the following provides a mapping of these expenses. The categories on the historical operating statements are in the far left column while the "Newmark Revenue or Operating Expense Category" are the categories used in this analysis for that line item.

Application of NewmarkAccount Standards to Owner's Revenue and Expenses

Actual or Proforma		Actuals	Actuals	Proforma
Period Length		12 Mos.	12 Mos.	Budget
Period Ending		12/31/2020	12/31/2021	12/31/2022
Owner's Revenue Category	Newmark Revenue Category			
Gross Rent	Scheduled Base Rent	\$72,156	\$77,542	\$82,934
Sales Tax	Other Income			(\$5,391)
Vacancy	Vacancy Allowance			(\$3,877)
Effective Gross Income	Effective Gross Income	\$72,156	\$77,542	\$73,666
Actual or Proforma		Actuals	Actuals	Proforma
Period Length		12 Mos.	12 Mos.	Budget
Period Ending		12/31/2020	12/31/2021	12/31/2022
Owner's Operating Expense Category	Newmark Operating Expense Category			
Property Insurance	Insurance	\$7,281	\$5,872	\$5,872
Real Estate Taxes	Real Estate Taxes	\$8,744	\$7,054	\$7,128
Utilities	Utilities	\$3,698	\$9,600	\$3,883
Repairs and Maintenance	Repairs and Maintenance	\$3,646		\$3,117
Professional	General and Administrative	\$1,864		
Management	Management			\$2,210
Total Operating Expenses	Total Operating Expenses	\$25,233	\$22,526	\$22,210
Net Operating Income		\$46,923	\$55,016	\$51,456

Compiled by Newmark

Operating History and Projections

Period Length	12 Mos.		12 Mos.		Budget		Newmark	
Period Ending	12/31/2020		12/31/2021		12/31/2022		Projection	
Occupancy							94.0%	
Office Income	Total \$	\$/SF	Total \$	\$/SF	Total \$	\$/SF	Total \$	\$/SF
Potential Base Rent	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$82,207	\$7.91
Lost Absorption / Turnover Rent	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00
Free Rent	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00
Scheduled Base Rent	\$72,156	\$6.95	\$77,542	\$7.46	\$82,934	\$7.98	\$82,207	\$7.91
Expense Recoveries	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00
Total Tenant Revenue	\$72,156	\$6.95	\$77,542	\$7.46	\$82,934	\$7.98	\$82,207	\$7.91
Potential Gross Income	\$72,156	\$6.95	\$77,542	\$7.46	\$77,543	\$7.46	\$82,207	\$7.91
Vacancy Allowance	\$0	\$0.00	\$0	\$0.00	(\$3,877)	(\$0.37)	(\$4,932)	(\$0.47)
Collection Allowance	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	(\$822)	(\$0.08)
Effective Gross Income	\$72,156	\$6.95	\$77,542	\$7.46	\$73,666	\$7.09	\$76,452	\$7.36
Operating Expenses	Total \$	\$/SF	Total \$	\$/SF	Total \$	\$/SF	Total \$	\$/SF
Real Estate Taxes	\$8,744	\$0.84	\$7,054	\$0.68	\$7,128	\$0.69	\$17,641	\$1.70
Insurance	\$7,281	\$0.70	\$5,872	\$0.57	\$5,872	\$0.57	\$6,233	\$0.60
Utilities	\$3,698	\$0.36	\$9,600	\$0.92	\$3,883	\$0.37	\$5,195	\$0.50
Repairs and Maintenance	\$3,646	\$0.35	\$0	\$0.00	\$3,117	\$0.30	\$2,597	\$0.25
Cleaning and Janitorial	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00
Grounds	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$2,597	\$0.25
General and Administrative	\$1,864	\$0.18	\$0	\$0.00	\$0	\$0.00	\$2,078	\$0.20
Management	\$0	\$0.00	\$0	\$0.00	\$2,210	\$0.21	\$2,294	\$0.22
Other Expenses	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00
Replacement Reserves	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00
Total Operating Expenses	\$25,233	\$2.43	\$22,526	\$2.17	\$22,210	\$2.14	\$38,635	\$3.72
Operating Expense Ratio	35.0%		29.1%		30.1%		50.5%	
Net Operating Income	\$46,923	\$4.52	\$55,016	\$5.30	\$51,456	\$4.95	\$37,817	\$3.64

Compiled by Newmark

Expense Recoveries

Expense Recoveries		
Subject Historical and Projections	\$/SF	Total
12 Months Ending Dec-2020	\$0.00	\$0
12 Months Ending Dec-2021	\$0.00	\$0
Dec-2022 Budget	\$0.00	\$0
Newmark Projection	\$0.00	\$0

Compiled by Newmark

- The subject is leased on a modified gross basis wherein, no operating expenses are recovered.

Vacancy & Collection Loss Allowance

Vacancy Allowance

Vacancy Allowance			
Subject Historical and Projections	% of PGI	\$/SF	Total
12 Months Ending Dec-2020	0.00%	\$0.00	\$0
12 Months Ending Dec-2021	0.00%	\$0.00	\$0
Dec-2022 Budget	5.00%	\$0.37	\$3,877
Newmark Projection	6.00%	\$0.47	\$4,932

Compiled by Newmark

The vacancy estimate for the subject was previously developed in the market analysis section of this report.

Collection Allowance

Collection Allowance			
Subject Historical and Projections	% of PGI	\$/SF	Total
12 Months Ending Dec-2020	0.00%	\$0.00	\$0
12 Months Ending Dec-2021	0.00%	\$0.00	\$0
Dec-2022 Budget	0.00%	\$0.00	\$0
Newmark Projection	1.00%	\$0.08	\$822

Compiled by Newmark

- Based on available data and analysis, the concluded collection loss allowance is 1.00%.

Combined Vacancy and Collection Loss Conclusion

Based on this analysis, the total stabilized vacancy and collection loss allowance for the subject is 7.00%.

Effective Gross Income

Effective Gross Income		
Subject Historical and Projections	\$/SF	Total
12 Months Ending Dec-2020	\$6.95	\$72,156
12 Months Ending Dec-2021	\$7.46	\$77,542
Dec-2022 Budget	\$7.09	\$73,666
Newmark Projection	\$7.36	\$76,452

Compiled by Newmark

Our estimate of effective gross income reflects the contract rent along with vacancy and collection loss.

OPERATING EXPENSE ANALYSIS

Expense data for the subject, comparable properties, and industry benchmarks are summarized in the following table.

Expense Analysis Per SF				
Subject Historical and Projections				
Year Built	1974			
SF	10,389			
Operating Data Type	Actual	Actual	Budget	Newmark
Year	2020	2021	2022	Projection
Effective Gross Office Income Per Square Foot	\$6.95	\$7.46	\$7.09	\$7.36
Operating Expenses Per SF				
Real Estate Taxes	\$0.84	\$0.68	\$0.69	\$1.70
Insurance	\$0.70	\$0.57	\$0.57	\$0.60
Utilities	\$0.36	\$0.92	\$0.37	\$0.50
Repairs and Maintenance	\$0.35		\$0.30	\$0.25
Cleaning and Janitorial				
Grounds				\$0.25
General and Administrative	\$0.18			\$0.20
Management			\$0.21	\$0.22
Other Expenses				
Replacement Reserves				
Total Operating Expenses Per SF	\$2.43	\$2.17	\$2.14	\$3.72
Net Operating Income Per SF	\$4.52	\$5.30	\$4.95	\$3.64
Operating Expense KPIs (% of EGI)				
Management			3.00%	3.00%
Operating Expense Ratio (% of EGI)	34.97%	29.05%	30.15%	50.53%
Net Operating Income (% of EGI)	65.03%	70.95%	69.85%	49.47%

Compiled by Newmark

Real Estate Taxes

Real Estate Taxes			
Source	% of EGI	\$/SF	Total
Subject Historical and Projections			
2020 (Actual Operations)	12.1%	\$0.84	\$8,744
2021 (Actual Operations)	9.1%	\$0.68	\$7,054
2022 (Budget Operations)	9.7%	\$0.69	\$7,128
Newmark Projection	23.1%	\$1.70	\$17,641

Compiled by Newmark

This expense category includes all local, county, and state property tax levies. Our projection is based on the property assessment and tax rate for the subject, as discussed previously in the Real Estate Tax Analysis.

Insurance

Insurance			
Source	% of EGI	\$/SF	Total
Subject Historical and Projections			
2020 (Actual Operations)	10.1%	\$0.70	\$7,281
2021 (Actual Operations)	7.6%	\$0.57	\$5,872
2022 (Budget Operations)	8.0%	\$0.57	\$5,872
Newmark Projection	8.2%	\$0.60	\$6,233

Compiled by Newmark

Insurance expense includes property and casualty insurance for the subject.

Utilities

Utilities			
Source	% of EGI	\$/SF	Total
Subject Historical and Projections			
2020 (Actual Operations)	5.1%	\$0.36	\$3,698
2021 (Actual Operations)	12.4%	\$0.92	\$9,600
2022 (Budget Operations)	5.3%	\$0.37	\$3,883
Newmark Projection	6.8%	\$0.50	\$5,195

Compiled by Newmark

Utility charges include water, sewer, gas, and electricity expenses. The tenant is responsible for all partial utilities (gas and cable).

Repairs and Maintenance

Repairs and Maintenance			
Source	% of EGI	\$/SF	Total
Subject Historical and Projections			
2020 (Actual Operations)	5.1%	\$0.35	\$3,646
2021 (Actual Operations)	0.0%	\$0.00	\$0
2022 (Budget Operations)	4.2%	\$0.30	\$3,117
Newmark Projection	3.4%	\$0.25	\$2,597

Compiled by Newmark

Repairs and maintenance includes expenditures to repair and maintain mechanical systems and structural components, encompassing payroll and contract costs, as appropriate. Excluded are alterations and major replacements, which are considered capital costs rather than periodic expenses.

The tenants are responsible for all repairs and replacements to the premises including, without limitation, electrical, HVAC, interior walls, plumbing, and the fixtures and equipment therein, and appurtenances thereto. The landlord is responsible for the exterior paint, parking lot, and landscaping as well as the building structure and roof which is factored in our discounted cash flow analysis as a capital reserve. Therefore, we have projected a lower repairs and maintenance expense load as a result of the limited landlord responsibility.

Cleaning and Janitorial

Cleaning and Janitorial			
Source	% of EGI	\$/SF	Total
Subject Historical and Projections			
2020 (Actual Operations)	0.0%	\$0.00	\$0
2021 (Actual Operations)	0.0%	\$0.00	\$0
2022 (Budget Operations)	0.0%	\$0.00	\$0
Newmark Projection	0.0%	\$0.00	\$0

Compiled by Newmark

The cleaning/janitorial category includes contract janitorial services and supplies, window cleaning, and trash removal.

Grounds

Grounds			
Source	% of EGI	\$/SF	Total
Subject Historical and Projections			
2020 (Actual Operations)	0.0%	\$0.00	\$0
2021 (Actual Operations)	0.0%	\$0.00	\$0
2022 (Budget Operations)	0.0%	\$0.00	\$0
Newmark Projection	3.4%	\$0.25	\$2,597

Compiled by Newmark

Grounds expense includes landscaping maintenance.

General and Administrative

General and Administrative			
Source	% of EGI	\$/SF	Total
Subject Historical and Projections			
2020 (Actual Operations)	2.6%	\$0.18	\$1,864
2021 (Actual Operations)	0.0%	\$0.00	\$0
2022 (Budget Operations)	0.0%	\$0.00	\$0
Newmark Projection	2.7%	\$0.20	\$2,078

Compiled by Newmark

General and administrative expenses consist of payroll and benefits expenses for on-site management staff and related office expenses. Also included are legal, accounting and other professional fees, license fees, and business taxes.

Management

Management			
Source	% of EGI	\$/SF	Total
Subject Historical and Projections			
2020 (Actual Operations)	0.0%	\$0.00	\$0
2021 (Actual Operations)	0.0%	\$0.00	\$0
2022 (Budget Operations)	3.0%	\$0.21	\$2,210
Newmark Projection	3.0%	\$0.22	\$2,294

Compiled by Newmark

Management fees are considered an expense of operation, whether the services are contracted or provided by the property owner. Typical management fees for properties of this type range from 2.0% to 5.0%. Considering that the subject is a multi-tenant property with typical management needs, we project an overall management fee of 3.00% of effective gross income.

Other Expenses

Other Expenses			
Source	% of EGI	\$/SF	Total
Subject Historical and Projections			
2020 (Actual Operations)	0.0%	\$0.00	\$0
2021 (Actual Operations)	0.0%	\$0.00	\$0
2022 (Budget Operations)	0.0%	\$0.00	\$0
Newmark Projection	0.0%	\$0.00	\$0

Compiled by Newmark

Replacement Reserves

Within the analysis of comparable sales and other sources for capitalization rate data, reserves are excluded from the estimated net operating income used to determine the overall capitalization rate. For consistency, the exclusion of reserves from the income used to develop the capitalization rates from sales requires that the same projection be made for the subject.

However, it is deducted as a capital line item, after net operating income, in the discounted cash flow analysis which, again, is consistent with investor and comparable data analyses.

Total Operating Expenses

Total Operating Expenses			
Source	% of EGI	\$/SF	Total
Subject Historical and Projections			
2020 (Actual Operations)	35.0%	\$2.43	\$25,233
2021 (Actual Operations)	29.1%	\$2.17	\$22,526
2022 (Budget Operations)	30.1%	\$2.14	\$22,210
Newmark Projection	50.5%	\$3.72	\$38,635

Compiled by Newmark

- Our projected total operating expenses are above the provided financials, primarily due to the adjustment made in the real estate taxes.

NET OPERATING INCOME

Net Operating Income			
Source	% of EGI	\$/SF	Total
Subject Historical and Projections			
2020 (Actual Operations)	65.0%	\$4.52	\$46,923
2021 (Actual Operations)	70.9%	\$5.30	\$55,016
2022 (Budget Operations)	69.9%	\$4.95	\$51,456
Newmark Projection	49.5%	\$3.64	\$37,817

Compiled by Newmark

- Our estimate of net operating income is below the provided financials because of the adjustment made in the real estate taxes.

DIRECT CAPITALIZATION

The following subsections represent different techniques for deriving an overall capitalization rate.

Comparable Sales

Comparable Office Sales Summary							
No.	Property Location	Yr. Built	Sale Date	Rentable Area	Occ. %	Price per SF	OAR
1	814 East Silver Springs Boulevard, Ocala, FL	1911	Apr-2022	12,000	100%	\$113	6.14%
2	101 Southwest 3rd Street, Ocala, FL	1986	Oct-2021	8,120	100%	\$111	-
3	1320 Southeast 25th Loop, Ocala, FL	1999	Sep-2021	5,460	100%	\$140	8.37%
4	3201 Southwest 34th Avenue, Ocala, FL	1990	Sep-2020	14,792	100%	\$101	-
Secondary Cap Rate Sales							
1	40 SW 12th St, Bldg B, Ocala, FL	1979	Listing	3,200	100%	\$142	7.38%
Average (Mean) Cap Rate:							7.26%

Compiled by Newmark

- Based on this information, a capitalization rate within a range of 6.14% to 8.37% could be expected for the subject.

Investor Surveys

Investor Surveys - Capitalization Rates				
Source	Period	Low	High	Average
PwC - National Office - Suburban	Q1 2022	4.50%	9.00%	6.13%
PwC - National Office - Secondary	Q1 2022	6.00%	9.25%	7.49%
Situs RERC - National Office - Suburban	Q4 2021	3.70%	8.00%	6.40%
Real Capital Analytics - National Office - Suburban	Q4 2021	N/A	N/A	6.37%

Compiled by Newmark



- The most current national survey data indicates that going-in capitalization rates range from 4.50% to 9.25% and average between 6.19% to 7.49%.
- If the subject were 100% leased at market, the rate appropriate to the subject is considered to be at the upper-middle portion of the range of average rates in the survey data as it is an older Class C development.
- Accordingly, based on the survey data, a capitalization rate within a range of 6.50% to 7.50% could be expected for the subject.

Band of Investment

Band of Investment					
Mortgage/Equity Assumptions					
Loan to Value Ratio	70%				
Interest Rate	4.25%				
Amortization (Years)	25				
Mortgage Constant	0.0650				
Equity Ratio	30%				
Equity Dividend Rate	8.00%				
Weighted Average Of Mortgage/Equity Requirements					
Mortgage Requirement	70%	x	6.50%	=	4.55%
Equity Requirement	30%	x	8.00%	=	2.40%
Indicated Capitalization Rate (Rounded)					7.00%

Compiled by Newmark

- It is our understanding the mortgage quoted for the subject includes an approximate interest rate of 4.25% on a 25-year amortization and presumes an LTV of less than 75%.
- The equity dividend rate is based on prior testing and extraction as well as alternative investments.

Capitalization Rate Conclusion

Positive Attributes	Negative Attributes
<ul style="list-style-type: none"> – Average quality and appeal commensurate with competing properties in the submarket. – Below market leases in place indicate a decrease in near-term risk. 	<ul style="list-style-type: none"> – Newer construction in the submarket with lease rates that limit the potential value/rent growth at the property.

Capitalization Rate Conclusion	
Source	Indication
Comparable Sales	6.14% - 8.37%
Investor Surveys	6.50% - 7.50%
Band of Investment	7.00%

Compiled by Newmark

In this analysis, we utilized only discounted cash flow analysis as the below-market rent and the upcoming leasing and income changes in the property are most reliably modeled by this method.

DISCOUNTED CASH FLOW ANALYSIS

Introduction

- Argus Enterprise was used to develop a projection of periodic cash flows from the property over an anticipated investment holding period based on leases in place and anticipated changes in market rent and operating expenses.

Discounted Cash Flow Assumptions											
General Assumptions		Start Date	Holding Period	Reversion Year							
Cash Flow Start Date - As Is		4/1/2022	10.0 Yrs	11.0 Yrs							
		Rentable Area	Market Rent	Lease Term		Downtime Between Leases	Months Free Rent			Tenant Improvement Allowance	Leasing Commissions
Market Leasing Assumptions (MLA)		(SF)	PSF (Year 1)	(Years)	Lease Type	(Months)	(New / Renewal)	Escalations / Rent Steps	Renewal Probability	(New/Renewal)	(New/Renewal)
Office MLA		6,389	\$15.00	3	None	6	1 / 0	CPI Increases	75.00%	\$3.00 / \$0.00	6.00% / 3.00%
2nd Floor Office MLA		4,000	\$13.00	3	None	6	1 / 0	CPI Increases	75.00%	\$3.00 / \$0.00	6.00% / 3.00%
Growth Rate Assumptions		Year 2	Year 3	Year 4	Year 5	Thereafter					
General Inflation		3.0%	3.0%	3.0%	3.0%	3.0%					
Market Rent		3.0%	3.0%	3.0%	3.0%	3.0%					
Reimbursable Expenses		3.0%	3.0%	3.0%	3.0%	3.0%					
Non-Reimbursable Expenses		3.0%	3.0%	3.0%	3.0%	3.0%					
Real Estate Tax		3.0%	3.0%	3.0%	3.0%	3.0%					
Financial Rate Assumptions		Year 1	Year 2	Year 3	Year 4	Year 5	Thereafter				
General Vacancy (% of Potential Gross Revenue)		6.0%	6.0%	6.0%	6.0%	6.0%	6.0%				
Collection Loss (% of Potential Gross Revenue)		1.0%	1.0%	1.0%	1.0%	1.0%	1.0%				
* General vacancy adjustments are reduced by absorption & turnover vacancy amounts.											
Reversion Analysis Factors											
Discount Rate - As Is		8.50%									
Reversion Capitalization Rate - As Is		7.50%									
Rounding Constant		\$10,000									

Compiled by Newmark

Replacement Reserves

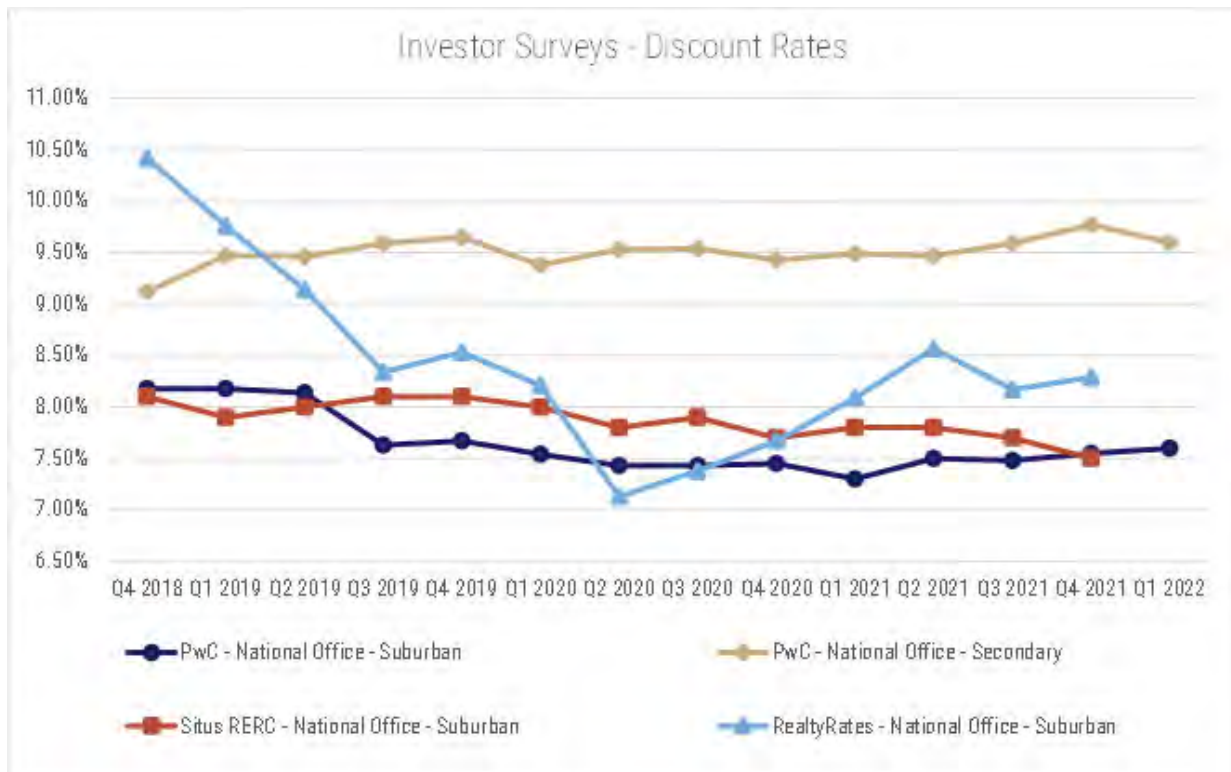
This additional expense category in the DCF accounts for the cost of periodic replacement of capital items such as the roof and HVAC system. While this expense is not appropriate in the direct capitalization analysis, as a result of consistency with capitalization rate data, it is used by investors in the DCF analyses. This expense is projected at \$0.15 per square foot.

Financial Assumptions

Discount Rate Discussion/Conclusion

Investor Surveys - Discount Rates				
Source	Period	Low	High	Average
PwC - National Office - Suburban	Q1 2022	6.25%	10.00%	7.60%
PwC - National Office - Secondary	Q1 2022	7.25%	14.00%	9.60%
Situs RERC - National Office - Suburban	Q4 2021	5.80%	8.50%	7.50%
RealtyRates - National Office - Suburban	Q4 2021	4.91%	10.98%	8.29%

Compiled by Newmark

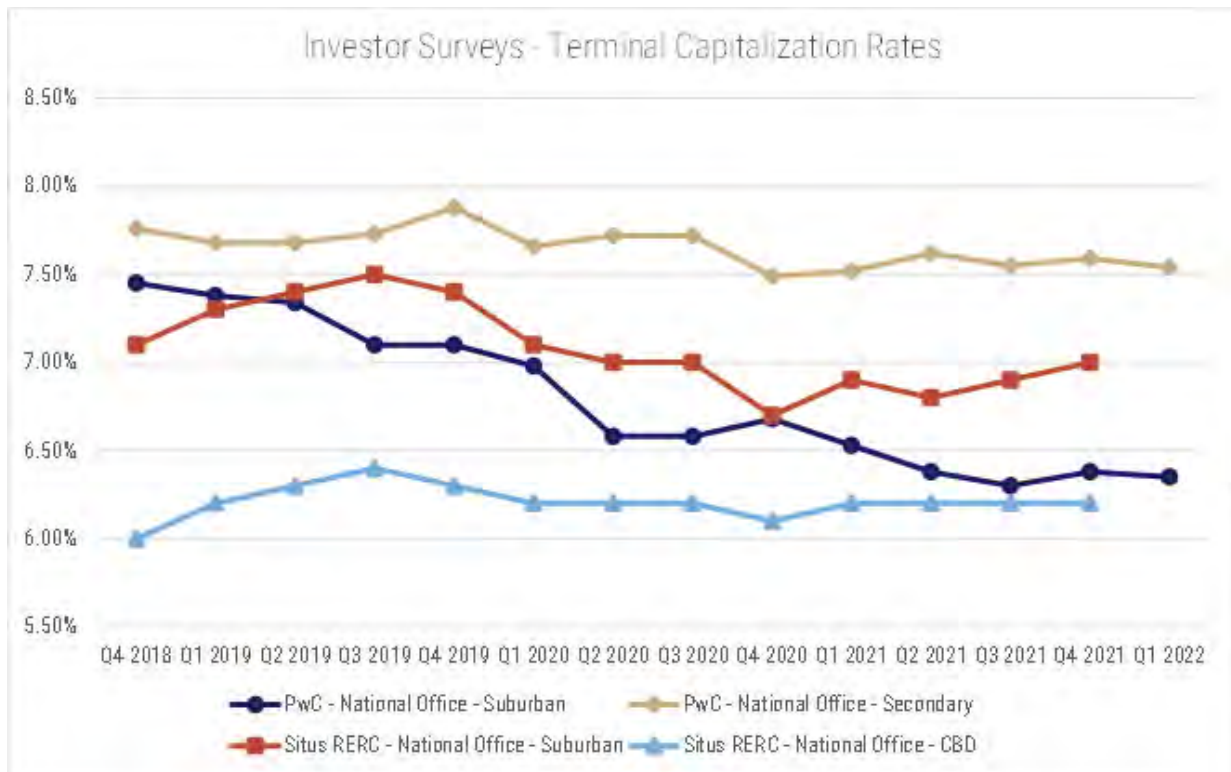


- The most current national survey data indicates that discount rates range from 6.25% to 10.00% and average 7.60%. Rates have remained steady over the past year.
- The subject is considered to be a Class C property warranting a discount rate at the upper end of the range.
- Given these factors, a discount rate of 8.50% is considered most appropriate for the subject.

Terminal Capitalization Rate Discussion/Conclusion

Investor Surveys - Terminal Capitalization Rates				
Source	Period	Low	High	Average
PwC - National Office - Suburban	Q1 2022	4.75%	8.00%	6.35%
PwC - National Office - Secondary	Q1 2022	6.00%	9.00%	7.54%
Situs RERC - National Office - Suburban	Q4 2021	5.80%	9.00%	7.00%
Situs RERC - National Office - CBD	Q4 2021	4.80%	7.50%	6.20%

Compiled by Newmark



- Current survey data indicates a range of terminal capitalization rates of 4.75% to 9.00%, with an average between 6.35% to 7.54%.
- The rate appropriate to the subject is considered to be at the upper end of the range of average rates in the survey data because of the subject is an older building located in Ocala, FL. For the subject, the concluded terminal capitalization rate is 7.50%.

Value Indication – Discounted Cash Flow Analysis

The cash flow schedule and present value calculations are shown on the following pages.

SCHEDULE OF PROSPECTIVE CASH FLOWS – AS IS

Discounted Cash Flow Summary												
Year	1	2	3	4	5	6	7	8	9	10	11	CAGR
4/1/2022	4/1/2023	4/1/2024	4/1/2025	4/1/2026	4/1/2027	4/1/2028	4/1/2029	4/1/2030	4/1/2031	4/1/2032	YRS 1 - 10	
Begins												
Potential Base Rent	\$82,207	\$85,842	\$89,129	\$94,319	\$117,296	\$169,027	\$169,219	\$174,793	\$183,670	\$185,381	\$190,255	9.5%
Lost Absorption / Turnover Rent	\$0	(\$2,189)	(\$1,379)	(\$9,340)	(\$2,392)	(\$16,191)	\$0	(\$13,126)	(\$17,693)	\$0	(\$11,487)	
Free Rent	\$0	(\$274)	(\$172)	\$0	(\$1,501)	(\$2,024)	\$0	(\$1,314)	(\$2,548)	\$0	(\$1,436)	
Scheduled Base Rent	\$82,207	\$83,380	\$87,577	\$84,979	\$113,403	\$150,812	\$169,219	\$160,353	\$163,429	\$185,381	\$177,332	9.5%
CPI Increases	\$0	\$0	\$131	\$715	\$973	\$1,929	\$6,381	\$6,074	\$2,701	\$6,050	\$6,919	
Potential Gross Revenue	\$82,207	\$83,380	\$87,708	\$85,695	\$114,376	\$152,742	\$175,600	\$166,428	\$166,130	\$191,431	\$184,251	9.8%
Vacancy and Credit Loss	(\$5,754)	(\$5,095)	(\$5,330)	(\$5,409)	(\$6,964)	(\$8,449)	(\$12,292)	(\$8,836)	(\$9,174)	(\$13,400)	(\$11,633)	9.8%
Effective Revenue	\$76,452	\$78,285	\$82,378	\$80,286	\$107,412	\$144,292	\$163,308	\$157,592	\$156,956	\$178,031	\$172,618	9.8%
Real Estate Taxes	\$17,641	\$18,170	\$18,715	\$19,277	\$19,855	\$20,451	\$21,064	\$21,696	\$22,347	\$23,018	\$23,708	3.0%
Insurance	\$6,233	\$6,420	\$6,613	\$6,811	\$7,016	\$7,226	\$7,443	\$7,666	\$7,896	\$8,133	\$8,377	3.0%
Utilities	\$5,195	\$5,350	\$5,511	\$5,676	\$5,846	\$6,022	\$6,203	\$6,389	\$6,580	\$6,778	\$6,981	3.0%
Repairs and Maintenance	\$2,597	\$2,675	\$2,755	\$2,838	\$2,923	\$3,011	\$3,101	\$3,194	\$3,290	\$3,389	\$3,490	3.0%
Grounds	\$2,597	\$2,675	\$2,755	\$2,838	\$2,923	\$3,011	\$3,101	\$3,194	\$3,290	\$3,389	\$3,490	3.0%
General and Administrative	\$2,078	\$2,140	\$2,204	\$2,270	\$2,339	\$2,409	\$2,481	\$2,555	\$2,632	\$2,711	\$2,792	3.0%
Management	\$2,294	\$2,349	\$2,471	\$2,409	\$3,222	\$4,329	\$4,899	\$4,728	\$4,709	\$5,341	\$5,179	9.8%
Operating Expenses	\$38,635	\$39,780	\$41,026	\$42,120	\$44,125	\$46,458	\$48,293	\$49,423	\$50,745	\$52,758	\$54,018	3.5%
Net Operating Income	\$37,817	\$38,505	\$41,352	\$38,166	\$63,288	\$97,834	\$115,015	\$108,169	\$106,211	\$125,273	\$118,600	14.2%
Tenant Improvements	\$0	\$657	\$414	\$0	\$3,604	\$5,321	\$0	\$3,154	\$6,622	\$0	\$3,446	
Leasing Commissions	\$0	\$1,467	\$924	\$0	\$8,052	\$10,853	\$0	\$7,047	\$13,664	\$0	\$7,700	
Capital Expenditures	\$1,558	\$1,605	\$1,653	\$1,703	\$1,754	\$1,807	\$1,861	\$1,917	\$1,974	\$2,033	\$2,094	3.0%
Leasing & Capital Costs	\$1,558	\$3,729	\$2,991	\$1,703	\$13,409	\$17,981	\$1,861	\$12,117	\$22,260	\$2,033	\$13,240	3.0%
Cash Flow Before Debt Service	\$36,259	\$34,776	\$38,361	\$36,463	\$49,878	\$79,853	\$113,154	\$96,052	\$83,951	\$123,239	\$105,359	14.6%

Additional KPIs												
Effective Economic Occupancy	93.0%	93.9%	93.9%	93.7%	93.9%	94.5%	93.0%	94.7%	94.5%	93.0%	93.7%	
Cash on Cash Return	3.3%	3.2%	3.5%	3.3%	4.6%	7.3%	10.4%	8.8%	7.7%	11.3%	9.7%	
Year over Year Growth (NOI)		1.8%	7.4%	-7.7%	65.8%	54.6%	17.6%	-6.0%	-1.8%	17.9%	-5.3%	

General Cash Flow Assumptions		
Valuation Scenario:	As Is	
Analysis Start Date:	4/1/2022	
Holding Period - Reversion Year:	10.0 Yrs	Year 11
Reversion Year NOI to Capitalize:	\$118,600	
Adjustments Applied to Reversion:	\$0	
Cost of Sales Applied to Reversion:	-2.50%	(\$39,533)
Indicated Market Value:	\$1,090,000	

Valuation Matrix					
Exit Cap.	Internal Rate of Return				
	8.00%	8.25%	8.50%	8.75%	9.00%
7.00%	\$1,187,069	\$1,163,644	\$1,140,771	\$1,118,437	\$1,096,627
7.25%	\$1,160,684	\$1,137,862	\$1,115,577	\$1,093,816	\$1,072,565
7.50%	\$1,136,058	\$1,113,799	\$1,092,063	\$1,070,837	\$1,050,107
7.75%	\$1,113,021	\$1,091,288	\$1,070,066	\$1,049,340	\$1,029,098
8.00%	\$1,091,424	\$1,070,185	\$1,049,443	\$1,029,187	\$1,009,403

Compiled by Newmark

Discounted Cash Flow Summary**General Cash Flow Assumptions**

Valuation Scenario:	As Is
Cash Flow Start Date:	4/1/2022
Investment Holding Period:	10.0 Yrs
Analysis Projection Period:	11.0 Yrs

Indicated Market Value: **\$1,090,000**

Growth Rates

	2023	2024	2025	2026
Market Rent:	3.00%	3.00%	3.00%	3.00%
Retail Sales:	3.00%	3.00%	3.00%	3.00%
Expenses:	3.00%	3.00%	3.00%	3.00%
Tenant Improvements:	3.00%	3.00%	3.00%	3.00%
Real Estate Taxes:	3.00%	3.00%	3.00%	3.00%

Vacancy & Collection Loss

Global Vacancy:	6.00%
Global Collection Loss:	1.00%
Credit Tenant Override:	None

Rates of Return

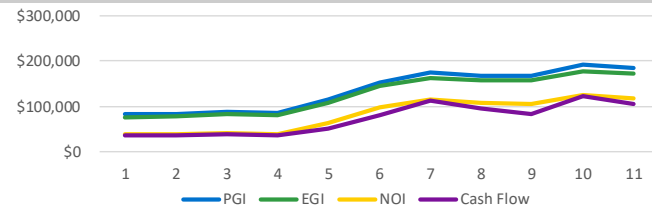
	Low	Mid	High
Internal Rate of Return (Cash Flow):	8.00%	8.50%	9.00%
Internal Rate of Return (Reversion):	8.00%	8.50%	9.00%
Terminal Capitalization Rate:	7.00%	7.50%	8.00%

Adjustments Applied to Reversion

Adjusted Gross Sale Price		\$1,581,329
Selling Costs: % Adjusted Gross	2.50%	(\$39,533)
Net Reversion		\$1,541,796

Capital Expenditures

Replacement Reserves (\$/SF):	\$0.15
Near-term Capital Expenditures:	
Yr. 1	\$1,558
Yr. 2	\$1,605
Yr. 3	\$1,653
Yr. 4	\$1,703
Yr. 5	\$1,754

Annual Cash Flow

Compiled by Newmark

DCF Valuation Analysis

Year #	Year	Net Operating Income	Net Cash Flow	Discount Factor	Discounted Cash Flows	Cash on Cash Return	Yield	Annual Overall Cap Rates
1	Apr-2022	\$37,817	\$36,259	0.92166	\$33,418	3.32%	3.06%	3.46%
2	Apr-2023	\$38,505	\$34,776	0.84946	\$29,541	3.18%	2.71%	3.53%
3	Apr-2024	\$41,352	\$38,361	0.78291	\$30,033	3.51%	2.75%	3.79%
4	Apr-2025	\$38,166	\$36,463	0.72157	\$26,311	3.34%	2.41%	3.49%
5	Apr-2026	\$63,288	\$49,878	0.66505	\$33,171	4.57%	3.04%	5.80%
6	Apr-2027	\$97,834	\$79,853	0.61295	\$48,946	7.31%	4.48%	8.96%
7	Apr-2028	\$115,015	\$113,154	0.56493	\$63,924	10.36%	5.85%	10.53%
8	Apr-2029	\$108,169	\$96,052	0.52067	\$50,012	8.80%	4.58%	9.91%
9	Apr-2030	\$106,211	\$83,951	0.47988	\$40,286	7.69%	3.69%	9.73%
10	Apr-2031	\$125,273	\$123,239	0.44229	\$54,507	11.28%	4.99%	11.47%
11	Apr-2032	\$118,600						

Present Value of Cash Flows:

\$410,149

37.56%

Reversion	NOI	Terminal Rate	Total	\$/SF
Year 11 Apr-2032	\$118,600	7.50%	\$1,581,329	\$152.21
Adjusted Gross Sale Price			\$1,581,329	\$152.21
Selling Costs: % Adjusted Gross		2.50%	(\$39,533)	(\$3.81)
Net Reversion:			\$1,541,796	\$148.41
Discount Factor			0.44229	
Present Value of Reversion:			\$681,914	62.44%

TOTAL PRESENT VALUE

\$1,092,063

Rounded

\$1,090,000

Compiled by Newmark

INCOME CAPITALIZATION APPROACH CONCLUSION

Income Capitalization Approach - Indicated Value		
Market Value Premise As of Date:		As Is April 21, 2022
Discounted Cash Flow		\$1,090,000
Reconciled Value		\$1,090,000
	Value per SF	\$104.92

Compiled by Newmark

The discounted cash flow analysis is given sole weight since it accounts for the impact of an irregular cash flow pattern on value, and is the method more often relied upon by investors in this property type.

Reconciliation of Value

The values indicated by our analyses are as follows:

Market Value Indications	
Market Value Premise As of Date:	As Is April 21, 2022
Cost Approach:	Not Used
Sales Comparison Approach:	\$1,090,000
Income Capitalization Approach:	\$1,090,000
Market Value Conclusion	\$1,090,000

Compiled by Newmark

Cost Approach

The Cost Approach has best applicability for properties with new or nearly new improvements. It is a summation approach in that the underlying land value is added to the depreciated replacement cost for the indicated value. In this case, the cost approach was not utilized due to the age of the improvements which results in significant depreciation thereby reducing the reliability of this approach.

Sales Comparison Approach

The Sales Comparison Approach is focused on comparing the subject to sale and other market transactions with the aim to develop an indication of value that is founded on the theory of substitution. Basically, the intention is to determine value through considering the prices of properties which would be a substitute property to the subject. In this case, a selection of reasonably similar sales were obtained and the adjustment process was well founded by reasoning and direct evidence. Although this analysis is considered to be well founded and reliable, the subject property is an income producing property and the sales comparison approach, like the cost approach, is limited in its ability to directly consider the income levels of the subject and the sales. Accordingly, secondary weight is given to the sales comparison approach.

Income Capitalization Approach

The subject property is a multi-tenant office property. It is distinctly an income producing property and this approach is specifically designed to address the value of such a property. Only the discounted cash flow analyses was developed. Market rent was well established by reasonably similar lease data. Capitalization rates were developed from a number of sources including the

sales used in the sales comparison approach. Discount and terminal capitalization rates were developed from investor surveys and market participant data. In total, the income capitalization approach is considered to be most applicable to the subject and most reliable. This approach is given greatest weight for that reason.

Value Conclusions

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value "As Is"	Leased Fee	4/21/2022	\$1,090,000

Compiled by Newmark

Extraordinary Assumptions and Hypothetical Conditions

An extraordinary assumption is defined in USPAP as an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results.

1. All of the lease documents provided indications of their rentable square footages for their specific units except for the lease documents for Development Service Trainers, Inc. (Front Bldg/204). Therefore, we assume that the overall size of the development that is depicted in the rent roll is consistent with what actually exists within the subject. Additionally, it is assumed that the renewal option for this lease is structured as a 3-year option with no escalations, which is consistent with the base term and the Addendum to Lease.

The use of this extraordinary assumption might have affected assignment results.

A hypothetical condition is defined in USPAP as a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. The value conclusions are based on the following hypothetical conditions that may affect the assignment results.

1. None

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EXPOSURE TIME

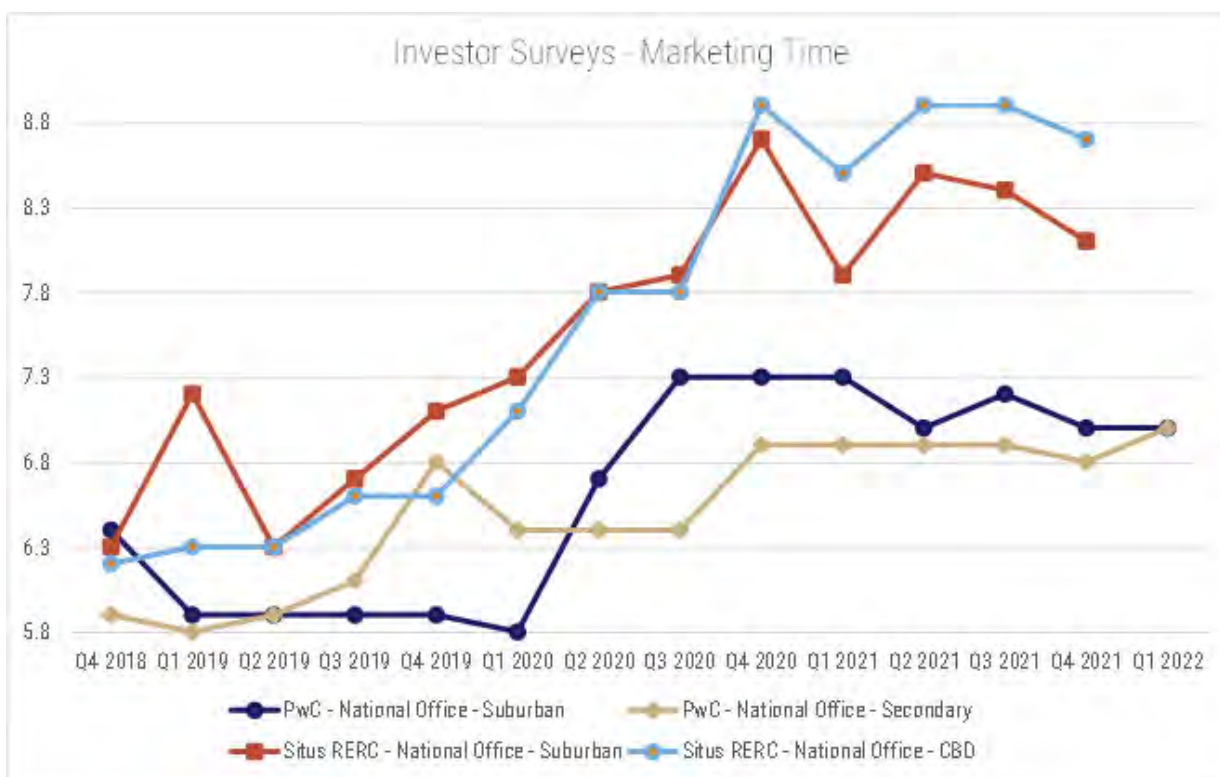
Exposure time is the estimated length of time the subject property would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. It is a retrospective estimate based on an analysis of past events assuming a competitive and open market.

The following is national investor survey data which is one source for the underlying data to this conclusion.

Investor Surveys - Marketing Times

Source	Period	Low	High	Average
PwC - National Office - Suburban	Q1 2022	1.0	15.0	7.0
PwC - National Office - Secondary	Q1 2022	2.0	14.0	7.0
Situs RERC - National Office - Suburban	Q4 2021	N/A	N/A	8.1
Situs RERC - National Office - CBD	Q4 2021	N/A	N/A	8.7

Compiled by Newmark



Recent sales transaction data for similar properties, supply and demand characteristics for the local office market, and the opinions of local market participants were reviewed and analyzed. Based on this data and analysis, it is our opinion that the probable exposure time for the subject at the concluded market value stated previously is 6 months.

MARKETING TIME

Marketing time is an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. As no significant changes in market conditions are foreseen in the near term, it is our opinion that a reasonable marketing period for the subject is likely to be the same as the exposure time. Accordingly, we estimate the subject's marketing period at 6 months.

Assumptions and Limiting Conditions

The Appraisal contained in this Report (herein “Report”) is subject to the following assumptions and limiting conditions:

1. Unless otherwise stated in this report, title to the property which is the subject of this report (herein “Property”) is assumed to be good and marketable and free and clear of all liens and encumbrances and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. No responsibility is assumed for the legal description, zoning, condition of title or any matters which are legal in nature or otherwise require expertise other than that of a professional real estate appraiser. This report shall not constitute a survey of the Property.
2. Unless otherwise stated in this report, it is assumed: that the improvements on the Property are structurally sound, seismically safe and code conforming; that all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; that the roof and exterior are in good condition and free from intrusion by the elements; that the Property and improvements conform to all applicable local, state, and federal laws, codes, ordinances and regulations including environmental laws and regulations. No responsibility is assumed for soil or subsoil conditions or engineering or structural matters. The Property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report is based, unless otherwise stated. The physical condition of the Property reflected in this report is solely based on a visual inspection as typically conducted by a professional appraiser not someone with engineering expertise. Responsible ownership and competent property management are assumed.
3. Unless otherwise stated in this report, this report did not take into consideration the existence of asbestos, PCB transformers or other toxic, hazardous, or contaminated substances or underground storage tanks, or the cost of encapsulation, removal or remediation thereof. Real estate appraisers are not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater or other potentially hazardous materials and substances may adversely affect the value of the Property. Unless otherwise stated in this report, the opinion of value is predicated on the assumption that there is no such material or substances at, on or in the Property.

4. All statements of fact contained in this report as a basis of the analyses, opinions, and conclusions herein are true and correct to the best of the appraiser's actual knowledge and belief. The appraiser is entitled to and relies upon the accuracy of information and material furnished by the owner of the Property or owner's representatives and on information and data provided by sources upon which members of the appraisal profession typically rely and that are deemed to be reliable by such members. Such information and data obtained from third party sources are assumed to be reliable and have not been independently verified. No warranty is made as to the accuracy of any of such information and data. Any material error in any of the said information or data could have a substantial impact on the conclusions of this Report. The appraiser reserves the right to amend conclusions reported if made aware of any such error.
5. The opinion of value stated in this report is only as of the date of value stated in this report. An appraisal is inherently subjective and the conclusions stated apply only as of said date of value, and no representation is made as to the effect of subsequent events. This report speaks only as of the date hereof.
6. Any projected cash flows included in the analysis are forecasts of estimated future operating characteristics and are predicated on the information and assumptions contained within this report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future. Rather, they are estimates of market expectations of future income and expenses. The achievement of any financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may vary from the projections considered herein. There is no warranty or assurances that these forecasts will occur. Projections may be affected by circumstances beyond anyone's knowledge or control. Any income and expense estimates contained in this report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
7. The analyses contained in this report may necessarily incorporate numerous estimates and assumptions regarding Property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by the analysis will vary from estimates, and the variations may be material.
8. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraphs, several events may occur that could substantially alter the outcome of the estimates such as, but not limited to changes

in the economy, interest rates, capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. In making prospective estimates and forecasts, it is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

9. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. This report shall be considered only in its entirety. No part of this report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the Firm. Possession of this report, or a copy hereof, does not carry with it the right of publication.
11. Client and any other Intended User identified herein should consider this report and the opinion of value contained herein as only one factor together with its own independent considerations and underwriting guidelines in making any decision or investment or taking any action regarding the Property. Client agrees that Firm shall not be responsible in any way for any decision of Client or any Intended User related to the Property or for the advice or services provided by any other advisors or contractors. The use of this report and the appraisal contained herein by anyone other than an Intended User identified herein, or for a use other than the Intended Use identified herein, is strictly prohibited. No party other than an Intended User identified herein may rely on this report and the appraisal contained herein.
12. Unless otherwise stated in the agreement to prepare this report, the appraiser shall not be required to participate in or prepare for or attend any judicial, arbitration, or administrative proceedings.
13. The Americans with Disabilities Act (ADA) became effective January 26, 1992. No survey or analysis of the Property has been made in connection with this report to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. No expertise in ADA issues is claimed, and the report renders no opinion regarding the Property's compliance with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.

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14. Acceptance and/or use of this report constitutes full acceptance of these Assumptions and Limiting Conditions and any others contained in this report, including any Extraordinary Assumptions and Hypothetical Conditions, and is subject to the terms and conditions contained in the agreement to prepare this report and full acceptance of any limitation of liability or claims contained therein.

Addendum A

Glossary of Terms

ADDENDA

The following definitions are derived from The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015).

- ◆ **Absorption Period:** The actual or expected period required from the time a property, group of properties, or commodity is initially offered for lease, purchase, or use by its eventual users until all portions have been sold or stabilized occupancy has been achieved.
- ◆ **Absorption Rate:** 1) Broadly, the rate at which vacant space in a property or group of properties for sale or lease has been or is expected to be successfully sold or leased over a specified period of time. 2) In subdivision analysis, the rate of sales of lots or units in a subdivision.
- ◆ **Ad Valorem Tax:** A tax levied in proportion to the value of the thing(s) being taxed. Exclusive of exemptions, use-value assessment provisions, and the like, the property tax is an ad valorem tax. (International Association of Assessing Officers [IAAO])
- ◆ **Assessed Value:** The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value.
- ◆ **Cash Equivalency:** An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash or its equivalent.
- ◆ **Contract Rent:** The actual rental income specified in a lease.
- ◆ **Disposition Value:** The most probable price that a specified interest in property should bring under the following conditions: 1) Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market. 2) The property is subjected to market conditions prevailing as of the date of valuation. 3) Both the buyer and seller are acting prudently and knowledgeably. 4) The seller is under compulsion to sell. 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) An adequate marketing effort will be made during the exposure time. 8) Payment will be made in cash in US dollars (or the local currency) or in terms of financial arrangements comparable thereto. 9) 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. This definition can also be modified to provide for valuation with specified financing terms.
- ◆ **Effective Rent:** Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions; the rent that is effectively paid by a tenant net of financial concessions provided by a landlord.

- ◆ **Excess Land:** Land that is not needed to serve or support the existing use. 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 has the potential to be sold separately and is valued separately. See also **surplus land**.
- ◆ **Excess Rent:** The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect unusual management, unknowledgeable or unusually motivated parties, a lease execution in an earlier, stronger rental market, or an agreement of the parties.
- ◆ **Exposure Time:** 1) The time a property remains on the market. 2) [The] estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.
- ◆ **Extraordinary Assumption:** An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions. See also **hypothetical condition**.
- ◆ **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.
- ◆ **Floor Area Ratio (FAR):** The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.
- ◆ **Frictional Vacancy:** The amount of vacant space needed in a market for its orderly operation. Frictional vacancy allows for move-ins and move-outs.
- ◆ **Full Service Lease:** See **gross lease**.
- ◆ **General Vacancy:** A method of calculating any remaining vacancy and collection loss considerations when using discounted cash flow (DCF) analysis, where turnover vacancy has been used as part of the income estimate. The combined effects of turnover vacancy and general vacancy relate to total vacancy and collection loss.
- ◆ **Going-Concern Premise:** One of the premises under which the total assets of a business can be valued; the assumption that a company is expected to continue operating well into the future (usually indefinitely).
- ◆ **Going Concern Value:** An outdated label for 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 or market value of the total assets of the business.

- ◆ **Gross Building Area (GBA):** 1) Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved. 2) Gross leasable area plus all common areas. 3) For residential space, the total area of all floor levels measured from the exterior of the walls and including the superstructure and substructure basement; typically does not include garage space.
- ◆ **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 full-service lease.
- ◆ **Hypothetical Condition:** 1) A condition that is presumed to be true when it is known to be false. (Appraisal Institute: The Standards of Valuation Practice [SVP]) 2) A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. See also **extraordinary assumption**.
- ◆ **Intended Users:** 1) The party or parties the valuer intends will use the report. (SVP) 2) The client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser, based on communication with the client at the time of the assignment. (USPAP, 2020-2021 ed.)
- ◆ **Investment Value:** 1) The value of a property 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. 2) The value of an asset to the owner or a prospective owner for individual investment or operational objectives. (International Valuation Standards [IVS])
- ◆ **Land-to-Building Ratio:** The proportion of land area to gross building area; one of the factors determining comparability of properties.
- ◆ **Lease:** A contract in which the rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.
- ◆ **Leased Fee Interest:** The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.
- ◆ **Leasehold Interest:** The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

- ◆ **Lessee:** One who has the right to occupancy and use of the property of another for a period of time according to a lease agreement.
- ◆ **Lessor:** One who conveys the rights of occupancy and use to others under a lease agreement.
- ◆ **Liquidation Value:** The most probable price that a specified interest in property should bring under the following conditions: 1) Consummation of a sale within a short time period. 2) The property is subjected to market conditions prevailing as of the date of valuation. 3) Both the buyer and seller are acting prudently and knowledgeably. 4) The seller is under extreme compulsion to sell. 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) A normal marketing effort is not possible due to the brief exposure time. 8) Payment will be made in cash in US dollars (or the local currency) or in terms of financial arrangements comparable thereto. 9) 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. This definition can also be modified to provide for valuation with specified financing terms.
- ◆ **Market Rent:** The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).
- ◆ **Market Value:** A type of value that is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined, such as the following. 1) The most widely accepted components of market value are incorporated in the following definition: The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress. 2) Market value is described, not defined, in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows: A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal. ²

² The actual definition of value used for this appraisal is contained within the body of the report. The definition of market value given above is general in viewpoint and is only provided for amplification.

- ◆ **Market Value of the Going Concern:** The market value of an established and operating business including the real property, personal property, financial assets, and the intangible assets of the business.
- ◆ **Marketing Time:** An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.
- ◆ **Modified Gross Lease:** A lease in which the landlord receives stipulated rent and is obligated to pay some, but not all, of the property's operating and fixed expenses. Since assignment of expenses varies among modified gross leases, expense responsibility must always be specified. In some markets, a modified gross lease may be called a double net lease, net net lease, partial net lease, or semi-gross lease.
- ◆ **Net Lease:** A lease in which the landlord passes on all expenses to the tenant. See also **gross lease; modified gross lease.**
- ◆ **Net Net Net Lease:** An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management; also called NNN lease, triple net lease, or fully net lease.
- ◆ **Occupancy Rate:** 1) The relationship or ratio between the potential income from the currently rented units in a property and the income that would be received if all the units were occupied.
2) The ratio of occupied space to total rentable space in a building.
- ◆ **Overage Rent:** The percentage rent paid over and above the guaranteed minimum rent or base rent; calculated as a percentage of sales in excess of a specified breakpoint sales volume.
- ◆ **Percentage Rent:** Rental income received in accordance with the terms of a percentage lease; typically derived from retail store and restaurant tenants and based on a certain percentage of their gross sales.
- ◆ **Prospective Opinion of Value:** A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

- ◆ **Rentable Area:** For office or retail buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice.
- ◆ **Retrospective Value Opinion:** A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion."
- ◆ **Shell Rent:** The typical rent paid for retail, office, or industrial tenant space based on minimal "shell" interior finishes (called vanilla finish or white wall finish in some areas). Usually the landlord delivers the main building shell space or some minimum level of interior build-out, and the tenant completes the interior finish, which can include wall, ceiling, and floor finishes, mechanical systems, interior electricity, and plumbing. Typically these are long-term leases with tenants paying all or most property expenses.
- ◆ **Surplus Land:** Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. See also **excess land**.
- ◆ **Turnover Vacancy:** A method of calculating vacancy allowance that is estimated or considered as part of the potential income estimate when using discounted cash flow (DCF) analysis. As units or suites turn over and are available for re-leasing, the periodic vacancy time frame (vacancy window) to release the space is considered.
- ◆ **Usable Area:** 1) For office buildings, the actual occupiable area of a floor or an office space; computed by measuring from the finished surface of the office side of corridor and other permanent walls, to the center of partitions that separate the office from adjoining usable areas, and to the inside finished surface of the dominant portion of the permanent outer building walls. Sometimes called net building area or net floor area. See also floor area. 2) The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas.
- ◆ **Use Value:** The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Use value may or may not be equal to market value but is different conceptually. See also **value in use**.

- ◆ **Value In Use:** The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Value in use may or may not be equal to market value but is different conceptually. See also **use value**.
- ◆ **Value Indication:** A valuer's conclusion of value resulting from the application of an approach to value, e.g., the value indication by the sales comparison approach.

Addendum B
Engagement Letter



04/06/2022

Jose Ortiz

Commercial Appraiser

Via email to jose.ortiz@ngkf.com

This order serves as authorization for you to prepare a valuation analysis of the property identified herein. Your valuation analysis must conform to FIRREA Title XI, FNMA/FHLMC and the Uniform Standards of Professional Appraisal Practice (USPAP) in addition to applicable state appraiser licensing and certification laws. The purpose of the valuation analysis is to estimate the market value (as defined in USPAP) of the subject property as of the effective date of the valuation analysis.

Property Address:	2941 NE 3 St., Ocala, Florida 34470
Appraisal Type:	Appraisal Report
Valuation Option	As-is, Replacement Insurable Estimate, Income Approach
Property Type:	Multi-tenant Retail
Property Contact Name:	Garrett Fierstein
Contact Phone Number:	8133910200
Borrower Name:	Lipazy2000, LLC

Lending Institution Name:	BrightStar Credit Union
Lending Institution Address:	5901 Del Lago Cr, Sunrise, Florida 33313
Loan Officer:	David Mateo
Lender Phone Number:	9547414490
Lender E-mail address:	david.mateo@bscu.org
Fee not to exceed (\$):	\$4,500
Estimated Week(s) to Complete:	3

Your use of an assigned qualified appraiser is acceptable if this assignment is not subcontracted outside your firm and you sign and take full responsibility for the appraisal reports. The purpose of the appraisal is to estimate a reliable opinion of market value of the property on an "As Is" basis. The function of the appraisal is to enable BrightStar Credit Union to appropriately analyze the property as collateral for a proposed loan.

The appraisal will be done in conformance with the previously agreed upon Scope of Work including highest and best use analysis. If, during the appraisal process the appraiser finds that a departure must be made from the originally agreed upon Scope of Work in order to provide a credible result, Lucro will be notified immediately. At that point, a revised Scope of Work will be completely described and agreed upon before the appraisal can proceed.

We ask you to expand the fourth certification item under USPAP Rule 2-3 as follows: "Neither my engagement to make this appraisal (or any future appraisals for this client), nor any compensation therefore, are contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event."



Please note that a full legal description of the property to be appraised must be included in the report. If it is not available, an explanation must be provided.

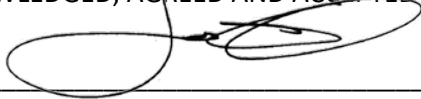
All appraisals of income property will require that the appraiser comment on “feasibility”, i.e., the probability of a stabilized property to “hold its own” in the market area or, for proposed or non-stabilized projects, the prospects for achieving normal occupancy at market rates within a reasonable time. Such commentary must be supported by data regarding existing competitive projects, absorption history in similar projects, etc., adjusted for current and estimated future market trends. If feasibility studies by third parties are used, the appraiser should attempt to verify same to the extent assumptions are utilized and he/she should comment on his/her acceptance or rejection of the third-party study and its impact on value. Note that the appraiser must “... consider and analyze any current agreement of sale, option or listing of the [subject] property...” as well as any prior sales that occurred within the past three years for commercial or industrial or agricultural uses and one year for residential uses. This, we believe, would apply to the land as well as to the improved property. Of course, we will expect that the report will contain a sufficient quantity of comparable market data related to land sales, rental values and completed project sales if available. Likewise, we will expect to see adequate support for operating expense estimates, utilization rates and input data for discounted cash flow analyses, if used. A narrative explanation and/or adjustment grid of comparables must be provided.

If this is a summary report, the review process may necessitate presentation of your appraisal file, work papers, currently or at some future date. Your cooperation during the review process is required as part of this agreement. It is understood the report will be certified to **BrightStar Credit Union** and that your fee for this assignment will be paid by **BrightStar Credit Union**, upon its approval of the appraisal report. The agreed upon amount of your fee is **\$4,500**.

It is further understood that you will deliver an electronic report on or before . Unless delayed by circumstances beyond the control of the appraiser, the appraisal report must be received by Lucro Commercial Solutions, LLC at appraisal@lucro.org by the due date. Any questions regarding appraisal methodology, etc. should be directed to our appraisal department at the email address above.

Please confirm your understanding of the assignment, the timing, and the fee by returning a signed copy of this letter within 3 days of the date of this letter.

ACKNOWLEDGED, AGREED AND ACCEPTED

BY:  DATE: 4/6/2022
Jose Ortiz, MAI - SVP - As Agent for Newmark



Appraisal Engagement Letter

Have questions? We are Lucro Commercial Solutions, LLC, a service organization that assists lenders with their clients' requests for business loans. We have been authorized by the lender below to request appraisal quotes and engage appraisal services on their behalf. We can be reached at appraisal@lucro.org.

Addendum C

Legal Description



DAVID R ELLSPERMANN CLERK & COMPTROLLER MARION CO
 DATE: 09/16/2019 11:24:02 AM
 FILE #: 2019096549 OR BK 7041 PGS 121-122
 REC FEES: \$18.50 INDEX FEES: \$0.00
 DDS: \$2345.00 MDS: \$0 INT: \$0

Rec. 1802
 Doc. 2345

This instrument was prepared by,
 record and return to:
 Jon I. McGraw, Esq.
 Schatt Hesser McGraw
 328 N.E. 1st Avenue, Suite 100
 Ocala, FL 34470
 352-789-6520

WARRANTY DEED

THIS INDENTURE, made effective the 9 day of September, 2019, between **JENNINGS EXECUTIVE CENTER, LLC, a Florida limited liability company**, whose address is 7134 Westmoreland Drive, Sarasota, FL 34243, Grantor, and **LIPAZY2000 LLC, a Florida limited liability company**, whose address is 1331 Prospect Street, Delray Beach, FL 33444, Grantee. (Wherever used herein the terms "Grantor" and "Grantee" include all the parties to the instrument and the heirs, legal representatives and assigns of the individuals, and the successors and assigns of corporations).

WITNESSETH, that said Grantor, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00) and other good and valuable considerations, receipt of which is hereby acknowledged, hereby grants, bargains, sells, aliens, remises, releases, conveys and confirms unto Grantees all that certain land situate in Marion County, Florida, to wit:

The West 147.00 feet of Lots 5 and 6, Block A, Silverland Subdivision, according to the Plat thereof, as recorded in Plat Book B, Page 246, of the Public Records of Marion County, Florida; EXCEPT North 225 feet and EXCEPT: Beginning at the Southwest Corner of Lot 6, Block A, Silverland Subdivision; thence North along the West boundary of said Lot 332.90 feet; thence South 89°59'30" East, 225 feet from and parallel to Woodland Avenue, 30 feet; thence South parallel to the West boundary of said Lot 195 feet; thence South 01°35'37" West, 124.41 feet to a point on the Northerly Right-of-way line of Silver Springs Road; thence South 65°46'30" West, along said Northerly Right-of-way Line, 29.1 feet to the Point of Beginning.

AND

The North 225 feet of Lots 5 and 6, Block A, Silverland, according to the Plat thereof, as recorded in Plat Book B, Page 246, of the Public Records of Marion County, Florida; EXCEPT the East 11 feet of Lot 5, Block A.

F.S. Section 689.02 required information:

Property Appraiser's Parcel I.D. Number: 2781-000-010

SUBJECT TO:

1. Ad valorem taxes for 2019 and subsequent years;
2. Any and all governmental zoning laws, rules and regulations applicable to the property;
3. Easements, reservations, declaration of covenants, conditions and restrictions and riparian rights of record, if any.

Together with all the tenanments, hereditaments and appurtenances thereto belonging or in anywise appertaining.

TO HAVE AND TO HOLD, the same in fee simple forever.

AND the Grantor hereby covenants with Grantee that Grantor is lawfully seized of said land in fee simple; that the Grantor has good right and lawful authority to sell and convey said land, and hereby warrants the title to said land and will defend the same against the lawful claims of all persons whomsoever; and that said land is free of all encumbrances, except taxes and assessments accruing subsequent to December 31, 2018.

Grantor and Grantee are used for singular or plural, as context requires.

IN WITNESS WHEREOF, Grantor has hereunto set Grantor's hand and seal the day and year first above written.

Signed, sealed and delivered
in our presence:

[Signature]
Witness
Dillon ROBERTS
Print Name
Kimberly Bragg
Witness
Kimberly Bragg
(Print Name)

GRANTOR:

JENNINGS EXECUTIVE CENTER, LLC, a
Florida limited liability company

BY [Signature]
DEBRA S. JENNINGS, as Manager

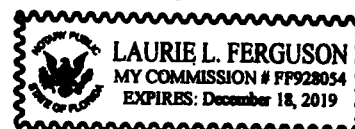
BY [Signature]
DOUGLAS H. JENNINGS, JR. as Manager

STATE OF FLORIDA
COUNTY OF MARION

I HEREBY CERTIFY that on this day before me, an officer duly qualified to take acknowledgments, personally appeared DEBRA S. JENNINGS and DOUGLAS H. JENNINGS, JR., as Managers of JENNINGS EXECUTIVE CENTER, LLC, a Florida limited liability company, by authorities duly vested in them by said company, known to me (YES ☒ NO ☐) to be the persons described in and who executed the foregoing instrument, OR who have produced _____ as identification and acknowledged before me that they executed same for the purposes expressed herein.

WITNESS my hand and official seal in the County, and State last aforesaid this 9 day of September, 2019.

[Signature]
Laurie L. Ferguson (Print Name)
Notary Public, State of Florida
My Commission Expires:



Addendum D

Financials and Property Information

<div> <div>2941 NE 3rd St</div> <div>2941 NE 3rd St</div> <div>Ocala, FL</div> <div>Income & Expense Underwriting Analysis</div> </div> <div> <div>Marcus & Millichap</div> <div>Capital Corporation</div> </div>				
2941 NE 3rd St	2020 YE Financials	2021 YE Financials	"Budget" MMCC Underwritten	Per Sq Ft
INCOME				
Gross Potential Rents	\$ 72,156	\$ 77,542	\$ 82,934	\$ 7.98
GROSS POTENTIAL RENTS	\$ 72,156	\$ 77,542	\$ 82,934	\$ 7.98
OTHER INCOME				
CAM	\$ -	\$ -	\$ -	\$ -
Late Fees	\$ -	\$ -	\$ -	\$ -
Other/Miscellaneous Income	\$ -	\$ -	\$ (5,391)	\$ (0.52)
TOTAL OTHER INCOME	\$ -	\$ -	\$ (5,391)	\$ (0.52)
GROSS POTENTIAL INCOME	\$ 72,156	\$ 77,542	\$ 77,543	\$ 7.46
LESS: VACANCY	\$ -	\$ -	\$ (3,877)	5.00%
EFFECTIVE GROSS INCOME	\$ 72,156	\$ 77,542	\$ 73,666	\$ 7.09
EXPENSES				
Real Estate Taxes	\$ 8,744	\$ 7,054	\$ 7,128	\$ 0.69
Insurance	\$ 7,281	\$ 5,872	\$ 5,872	\$ 0.57
Utilities	\$ 3,698	\$ 9,600	\$ 3,883	\$ 0.37
Contract Services	\$ -	\$ -	\$ -	\$ -
Advertising & Promotion	\$ -	\$ -	\$ -	\$ -
Repairs & Maintenance	\$ 3,646	\$ -	\$ 3,117	\$ 0.30
Professional	\$ 1,864	\$ -	\$ -	\$ -
Payroll	\$ -	\$ -	\$ -	\$ -
General & Administrative	\$ -	\$ -	\$ -	\$ -
Management	\$ -	\$ -	\$ 2,210	3.00%
TOTAL EXPENSES	\$ 25,233	\$ 22,526	\$ 22,210	\$ 2.14
%	34.97%	29.05%	30.15%	0.00
NET OPERATING INCOME	\$ 46,923	\$ 55,016	\$ 51,456	\$ 4.95
LESS: RESERVES	\$ -	\$ -	\$ (1,039)	0.10
ADJUSTED NET OPERATING INCOME	\$ 46,923	\$ 55,016	\$ 50,417	\$ 4.85
CAP RATE			6.00%	
PROPERTY VALUE			\$ 840,281	\$ 80.88
LOAN TO VALUE			72.00%	
LOAN AMOUNT			\$ 605,003	\$ 58.23
DEBT SERVICE	3.90% 25		\$ (37,921)	
CASH FLOW AFTER DEBT SERVICE			\$ 12,495	
DEBT COVERAGE RATIO			1.33x	
DEBT YIELD			8.33%	

Refer to Rent Roll tab

Sales Tax

Market Vacancy (CoStar)

Self Managed

MMCC Underwritten @ \$0.10/ft

Per Borrower needs

Property Breakdown			
Status	# of units	S.F.	% of GLA
Occupied	7	10,389	100.0%
Vacant	0	0	0.0%
TOTAL	7	10,389	100.0%

Loan Summary	
Property	2941 NE 3rd St
Address	2941 NE 3rd St
City State	Ocala, FL
Loan Type	Refinance
Property Type	Retail
# of Units	7
Assumed Value	\$840,281
LTV	72%
Loan Request	\$605,003
Term	10 Years
Amortization	25 Years
Interest Rate	3.75%
UW NOI	\$51,456
DSCR	1.33x
Debt Yield	8.51%

Additional Information	
Current Occupancy	100%
# of Occupied Units	7
# of Vacant Units	0
# of Down Units	0
Purchase Year	9/1/2019
Purchase Price	\$335,000
Current Debt	\$480,000

SOURCES OF FUNDS		
New First Mortgage Loan	\$	605,003
Borrower Funds	\$	-
TOTAL SOURCES OF FUNDS	\$	605,003
USES OF FUNDS		
Payoff of Existing Mortgage	\$	480,000
Prepayment Penalty	\$	19,200
Cash Out Proceeds	\$	76,740
Lender Fee	0.50%	\$ 3,025
MMCC Fee	0.75%	\$ 4,538
MMCC Processing Fee	\$	1,500
Estimated Closing Costs	\$	20,000
TOTAL USES OF FUNDS	\$	605,003

Jimmy H. Cowan, Jr., CFA

Marion County Property Appraiser



501 SE 25th Avenue, Ocala, FL 34471 Telephone: (352) 368-8300 Fax: (352) 368-8336

2022 Property Record Card

2781-000-010

[GOOGLE Street View](#)

Prime Key: 657301

[Beta MAP IT+](#)

Current as of 4/20/2022

[Property Information](#)

[M.S.T.U.](#)

PC: 17

Acres: 1.68

LIPAZY2000 LLC
84 W 21ST STREET
RIVIERA BEACH FL 33404

[Taxes / Assessments:](#)

Map ID: 196

[Millage:](#) 1001 - OCALA

[More Situs](#)

Situs: 2941 NE 3RD ST OCALA

Current Values NOT Available

[Ex Codes:](#)

[History of Assessed Values](#)

Year	Land Just	Building	Misc Value	Mkt/Just	Assessed Val	Exemptions	Taxable Val
2021	\$197,589	\$486,936	\$28,721	\$341,848	\$328,492	\$0	\$328,492
2020	\$197,589	\$502,904	\$28,910	\$298,629	\$298,629	\$0	\$298,629
2019	\$197,589	\$466,094	\$29,098	\$287,065	\$287,065	\$0	\$287,065

[Property Transfer History](#)

Book/Page	Date	Instrument	Code	Q/U	V/I	Price
7041/0121	09/2019	07 WARRANTY	4 V-APPRAISERS OPINION	Q	I	\$335,000
6415/1085	06/2016	05 QUIT CLAIM	0	U	I	\$100
6296/1611	10/2015	07 WARRANTY	4 V-APPRAISERS OPINION	Q	I	\$255,000
5812/1308	01/2013	57 TRANSFER FROM BANK	2 V-SALES VERIFICATION	U	I	\$225,000
5621/0638	12/2011	08 CORRECTIVE	0	U	I	\$100
5606/0264	12/2011	56 TRANSFER TO BANK	2 V-SALES VERIFICATION	U	I	\$377,300
6001/0503	01/2011	71 DTH CER	0	U	I	\$100
5506/1067	01/2011	74 PROBATE	0	U	I	\$100
3796/1927	08/2004	06 SPECIAL WARRANTY	2 V-SALES VERIFICATION	Q	I	\$440,000
3600/0503	12/2003	31 CERT TL	0	U	I	\$100
1731/0212	04/1991	07 WARRANTY	4 V-APPRAISERS OPINION	U	I	\$227,300
1726/0877	02/1991	07 WARRANTY	0	U	I	\$100
1389/0891	01/1985	05 QUIT CLAIM	0	U	I	\$100
1378/1413	01/1985	05 QUIT CLAIM	0	U	I	\$100
1036/1221	01/1980	07 WARRANTY	0	U	I	\$335,750

[Property Description](#)

SEC 15 TWP 15 RGE 22
PLAT BOOK B PAGE 246
SILVERLAND
BLK A W 147 FT LOTS 5.6 &
EXC BEGIN AT THE SW COR OF LOT 6 TH N 332.90 FT TH
S 89-59-30 E 30 FT TH S 195 FT TH CONT S 01-35-37 W 124.41
FT TH S 65-46-30 W 29.10 FT TO THE POB &
EXC THE E 11 FT OF LOT 5

[Land Data - Warning: Verify Zoning](#)

Use	CUse	Front	Depth	Zoning	Units	Type	Rate	Loc	Shp	Phy	Class Value	Just Value
GCSF	1802	.0	.0	B2A	53,181.00	SF						
GCSF	1915	.0	.0	B2A	20,000.00	SF						

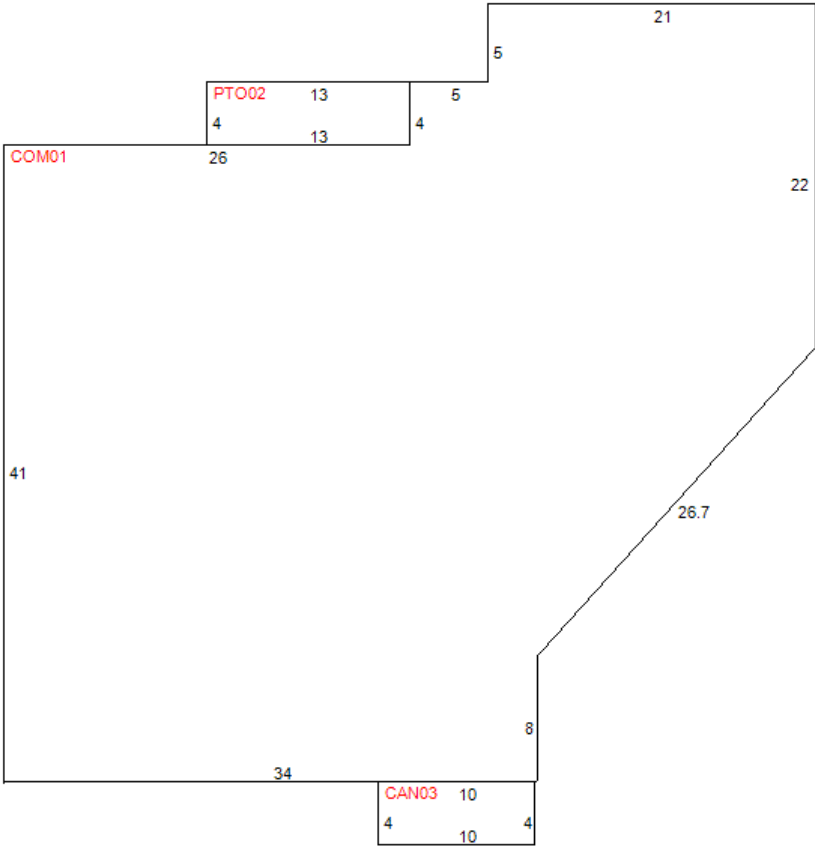
Neighborhood 9977 - COMM - SR 40 SE 25TH/BASELINE
Mkt: 2 70

[Traverse](#)

Building 1 of 2

COM01=R34U8A42|26,7U22L21D5L5D4L26D41.U41R26
PTO02=L13U4R13D4.L26D40,9R34

CAN03=D4L10U4R10.



[Building Characteristics](#)

Structure	4 - MASONRY NO PILAST	Year Built	1974
Effective Age	5 - 20-24 YRS	Physical Deterioration	0%
Condition	2	Obsolescence: Functional	0%
Quality Grade	600 - AVERAGE	Obsolescence: Locational	0%
Inspected on	5/1/2017 by 117	Base Perimeter	193

Exterior Wall 24 CONC BLK-PAINT39 HARDEE BOARD66 STONE VEN-BLK

Section	Wall Height	Stories	Year Built	Basement %	Ground Flr Area	Interior Finish	Sprinkler	A/C
1	9.0	1.00	1974	0	2,010	M11 ONE STORY STORE	100 %	N Y
2	1.0	1.00	1974	0	52	PTO PATIO	100 %	N N
3	9.0	1.00	1974	0	40	CAN CANOPY-ATTACHD	100 %	N N

Section: 1

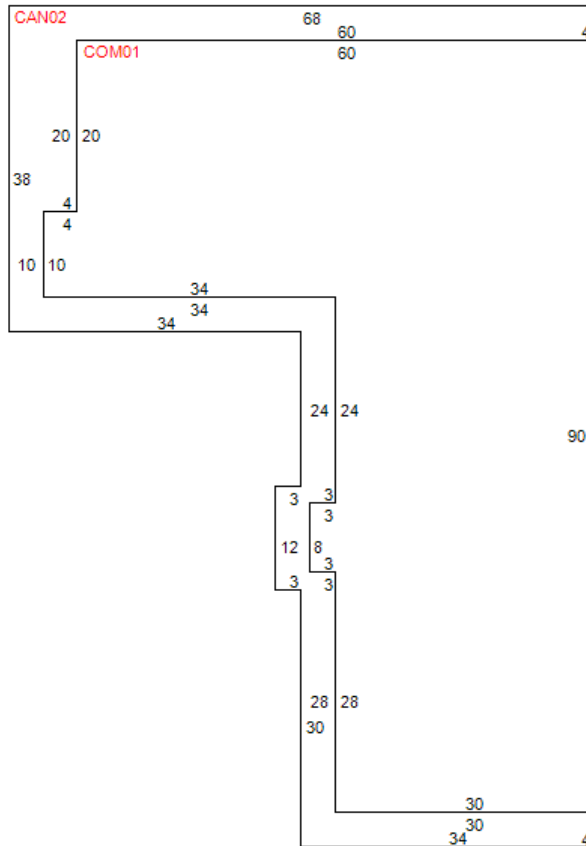
Elevator Shafts: 0	Apmtments: 0	Kitchens: 0	4 Fixture Baths: 0	2 Fixture Baths: 1
Elevator Landings: 0	Escalators: 0	Fireplaces: 0	3 Fixture Baths: 1	Extra Fixtures: 3

[Traverse](#)

Building 2 of 2

COM01=L60D20L4D10R34D24L3D8R3D28R30U90.

CAN02=L60D20L4D10R34D24L3D8R3D28R30D4L34U30L3U12R3U18L34U38R68D4.



Building Characteristics

Structure	4 - MASONRY NO PILAST	Year Built 1977
Effective Age	5 - 20-24 YRS	Physical Deterioration 0%
Condition	2	Obsolescence: Functional 0%
Quality Grade	600 - AVERAGE	Obsolescence: Locational 0%
Inspected on	5/1/2017 by 117	Base Perimeter 314

Exterior Wall 24 CONC BLK-PAINT39 HARDEE BOARD62 FACE BRICK-WD

Section	Wall Height	Stories	Year Built	Basement %	Ground Flr Area	Interior Finish	Sprinkler	A/C
1	8.0	1.99	1977	0	3,664	M18 MULTI-STORY OFFICE	75 %	N Y
						M01 RESIDENTIAL	25 %	N Y
2	8.0	1.00	1977	0	996	CAN CANOPY-ATTACHD	100 %	N N

Section: 1

Elevator Shafts: 0	Aptments: 1	Kitchens: 1	4 Fixture Baths: 0	2 Fixture Baths: 6
Elevator Landings: 0	Escalators: 0	Fireplaces: 0	3 Fixture Baths: 2	Extra Fixtures: 4

Miscellaneous Improvements

Type	Nbr Units	Type	Life	Year In	Grade	Length	Width
105 FENCE CHAIN LK	112.00	LF	20	1991	1	0.0	0.0
144 PAVING ASPHALT	30,002.00	SF	5	1974	3	0.0	0.0
159 PAV CONCRETE	2,941.00	SF	20	1979	3	0.0	0.0
250 WALLS MASONRY	792.00	SF	50	1991	4	0.0	0.0
250 WALLS MASONRY	65.00	SF	50	1974	5	0.0	0.0
116 FENCE VINYL	52.00	LF	99	2003	4	0.0	0.0
114 FENCE BOARD	278.00	LF	10	2003	4	0.0	0.0
111 FENCE WOOD	52.00	LF	10	2003	2	0.0	0.0

Appraiser Notes

CROSS ROADS PLAZA
AS OF 10/15/2020
BLDG01=VACANT.....1-3FX 1-2FX 3X
BLDG02=201-AFLAC REGIONAL OFFICE.....1-2FX EST
202-VICEROY HOME SERVICES.....1-2FX EST
203-AFLAC REGIONAL OFFICE.....1-2FX EST

204-VACANT.....1-2FX EST
205-210-VACANT.....2-2FX EST
APARTMENT.....2BED/2-3FX EST

[Planning and Building](#)
[** Permit Search **](#)

Permit Number	Amount	Issued Date	Complete Date	Description
BLD21-1663	\$1,800	7/6/2021	1/1/1900	GIBBS /MINOR INTERIOR & ELECTRICAL REPAIR
SGN19-0159	\$2,400	11/1/2019	1/1/1900	FREESTANDING
OC00219	\$25,000	2/22/2010	1/1/1900	INT. RENO.
OC00979	\$1,600	6/1/1994	1/1/1900	RSRA
OC1026	\$3,550	6/1/1991	1/1/1900	BLDG01=REROOF
OC0876	\$55,000	6/1/1991	1/1/1900	BLDG01&02=RENVATIONS
OC0718	\$11,000	5/1/1991	1/1/1900	BLDG02=REROOF
OC00879	\$3,000	5/1/1989	1/1/1900	BLDG03=DEMO;BURNED OUT

National Flood Hazard Layer FIRMMette



82°6'5"W 29°11'49"N



0 250 500 1,000 1,500 2,000 Feet 1:6,000

Basemap: USGS National Map: Orthoimagery: Data refreshed October, 2020

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, A99
		With BFE or Depth Zone AE, AO, AH, VE, 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 Levee. 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
GENERAL STRUCTURES		Area of Undetermined Flood Hazard Zone D
		Channel, Culvert, or Storm Sewer
		Levee, Dike, or Floodwall
OTHER FEATURES		20.2 Cross Sections with 1% Annual Chance Water Surface Elevation
		17.5 Cross Sections with 1% Annual Chance Water Surface Elevation
		Coastal Transect
		Base Flood Elevation Line (BFE)
		Limit of Study
		Jurisdiction Boundary
MAP PANELS		Coastal Transect Baseline
		Profile Baseline
		Hydrographic Feature
		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 **4/20/2022 at 9:55 AM** 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.

Addendum E

Comparable Data

Improved Sales

ADDENDA

Office Sale Comparable 1

814 E Silver Springs Blvd

Location Information

Location	814 East Silver Springs Boulevard
	Ocala, FL
Market	Valuation Properties
Submarket	Valuation Office
County	Marion
APN	28365-001-00



Physical Property Summary

Property Type	Office (General Purpose)
Gross Building Area	12,000 SF
Rentable Area	12,000 SF
Land Acres	0.78 Acres
Land SF	33,977 SF
Land to Building Ratio	2.83
No. of Buildings	2
No. of Stories	2
Year Built (Renovated)	1911 (1986)
Construction	Masonry
Condition	Average
Parking	Surface Parking
Investment Class	Class C

Sale Data

Transaction Type	Listing
Listing Date	April 25, 2022
Marketing Time	0 months
Grantor	Carriage Hill Investments LTD
Grantee	Listing
Document No.	Listing
Listing Price	\$1,350,000
Financing Terms	Cash to Seller
Price Adjustments For:	
Financing	\$0
Conditions of Sale	\$0
Other	\$0
Adjusted Price	\$1,350,000
Price Per SF	\$112.50

Financial Data

Source	Listing - 2021
Occupancy	100.0%
Property Operations Status	Stabilized Operations

Financial Indicators

Effective Gross Income	\$114,504
EGIM	11.79
Operating Expense Ratio	27.6%
NOI	\$82,940
Derived Cap Rate	6.14%
Reported Cap Rate	N/A

Verification Confirmed-Other

Comments

The subject is located along the south side of Silver Springs Boulevard. This comparable represents two 2-story, office buildings. The property was constructed in 1911/1986 and in average condition. This comparable is currently listed for a sale price of \$1,350,000 (\$112.50 per SF). The property had an NOI of \$82,940 in 2021, which equates to a cap rate of 6.14%. The 3-mile demographics are: 47,546 (Population), \$40,853 (Median HH Income), population growth '21-'26 (11.16%).

ADDENDA

Office Sale Comparable 2

101 SW 3rd St

Location Information

Location	101 Southwest 3rd Street
	Ocala, FL
Market	Valuation Properties
Submarket	Valuation Office
County	Marion
APN	2853-033-003



Physical Property Summary

Property Type	Office (General Purpose)
Gross Building Area	8,120 SF
Rentable Area	8,120 SF
Land Acres	0.72 Acres
Land SF	31,363 SF
Land to Building Ratio	3.86
No. of Buildings	1
No. of Stories	1
Year Built (Renovated)	1986
Construction	Wood frame
Condition	Average
Parking	Surface Parking
Investment Class	Class C

Sale Data

Transaction Type	Closed
Date	October 28, 2021
Marketing Time	N/A
Grantor	Pals-Ocala, LLC
Grantee	101 SW 3rd St, LLC
Document No.	2021153781
Price	\$900,000
Financing Terms	Cash to Seller
Price Adjustments For:	
Financing	\$0
Conditions of Sale	\$0
Other	\$0
Adjusted Price	\$900,000
Price Per SF	\$110.84

Financial Data

Source	Secondary Verification
Occupancy	100.0%
Property Operations Status	Stabilized Operations

Financial Indicators

NOI	N/A		
Derived Cap Rate	N/A		
Reported Cap Rate	N/A	Verification	Confirmed-Other

Comments

The subject is located at the northwest corner of 3rd Street and 1st Avenue. This comparable represents a 1-story, office building. The property was constructed in 1986 and in average condition. This comparable was transacted on October 28, 2021 for \$900,000 (\$110.84 per SF) and was reportedly 100% leased at the time of sale. The 3-mile demographics are: 45,626 (Population), \$38,739 (Median HH Income), population growth '21-'26 (11.02%)

ADDENDA

Office Sale Comparable 3

1320 SE 25th Loop

Location Information

Location	1320 Southeast 25th Loop
	Ocala, FL
Market	Valuation Properties
Submarket	Valuation Office
County	Marion
APN	29939-002-03



Physical Property Summary

Property Type	Office (General Purpose)
Gross Building Area	5,460 SF
Rentable Area	5,460 SF
Land Acres	0.66 Acres
Land SF	28,750 SF
Land to Building Ratio	5.27
No. of Buildings	1
No. of Stories	1
Year Built (Renovated)	1999
Construction	Masonry
Condition	Average
Parking	Surface Parking
Investment Class	Class C

Sale Data

Transaction Type	Closed
Date	September 2, 2021
Marketing Time	N/A
Grantor	1320 SE 25th Loop, LLC
Grantee	Rinconada Florida, LLC
Document No.	2021125038
Price	\$764,500
Financing Terms	Cash to Seller
Price Adjustments For:	
Financing	\$0
Conditions of Sale	\$0
Other	\$0
Adjusted Price	\$764,500
Price Per SF	\$140.02

Financial Data

Source	Listing
Occupancy	100.0%
Property Operations Status	Stabilized Operations

Financial Indicators

NOI	\$64,000		
Derived Cap Rate	8.37%		
Reported Cap Rate	N/A	Verification	Confirmed-Other

Comments

The subject is located along 1320 SE 25th Loop. This comparable represents a single-tenant one-story office building. The property was constructed in 1999 and in average condition. This comparable was transacted on September 2, 2021 for \$764,500 (\$140.02 per SF). The property had an NOI of \$64,000, which equates to a cap rate of 8.37%. The tenant (Kindred Hospice) had approximately two years of remaining term at the time of sale. The 3-mile demographics are: 42,638 (Population), \$44,853 (Median HH Income), population growth '21-'26 (10.99%).

ADDENDA

Office Sale Comparable 4

3201 SW 34th Ave

Location Information

Location	3201 Southwest 34th Avenue
	Ocala, FL
Market	Valuation Properties
Submarket	Valuation Office
County	Marion
APN	R2372-001-003



Physical Property Summary

Property Type	Office (General Purpose)
Gross Building Area	14,792 SF
Rentable Area	14,792 SF
Land Acres	1.06 Acres
Land SF	46,174 SF
Land to Building Ratio	3.12
No. of Buildings	1
No. of Stories	2
Year Built (Renovated)	1990 (2020)
Construction	Concrete/Blk/Stucco
Condition	Average
Parking	Surface Parking
Investment Class	Class C

Sale Data

Transaction Type	Closed
Date	September 8, 2020
Marketing Time	N/A
Grantor	Central Florida Commercial, LLC
Grantee	Catemitto, LLC
Document No.	2020094171
Price	\$1,500,000
Financing Terms	Cash to Seller
Price Adjustments For:	
Financing	\$0
Conditions of Sale	\$0
Other	\$0
Adjusted Price	\$1,500,000
Price Per SF	\$101.41

Financial Data

Source	Secondary Verification
Occupancy	100.0%
Property Operations Status	Stabilized Operations

Financial Indicators

NOI	N/A		
Derived Cap Rate	N/A		
Reported Cap Rate	N/A	Verification	Confirmed-Other

Comments

The subject is located at the intersection of 31st Street and 34th Avenue. This comparable represents a 2-story, office building. The property was constructed in 1990, renovated in 2020, and in average condition. This comparable was transacted on September 8, 2020 for \$1,500,000 (\$101.41 per SF) and was reportedly 100% leased at the time of sale. The 3-mile demographics are: 32,456 (Population), \$41,898 (Median HH Income), population growth '21-'26 (10.86%)

Lease Comparables

ADDENDA

Office Rental Survey Comparable 1

SSB Golden Plaza Offices

Location Information

Location	2216 East Silver Springs Ocala, FL
Market	Valuation Properties
Submarket	Valuation Office
County	Marion
APN	28333-001-03



Physical Property Summary

Property Type	Office (General Purpose)
Gross Building Area	5,000 SF
Rentable Area	5,000 SF
No. of Stories	1
Max Ceiling Height (Feet)	N/A
Year Built (Renovated)	1975
Construction	Masonry
Condition	Average
Parking	Surface Parking
Investment Class	Class C

Lease Availability Details

Survey Date	Apr-2022
Overall Occupancy at Survey	50.5%

Lease Summary

Start Date - Term	Tenant Name	Lease Status: Lease Size (SF)	Base Rent/SF	Reimb.	Rent Steps	Free Rent & TI Allowance
4/25/22 - 36 Mos.	Listing	Asking Rent: 1,238	\$12.00	Modified Gross	Negotiable	No Free Rent; No TI

Comments

The subject is the SSB Golden Plaza Offices. The property was constructed in 1975 and in average condition. At the time of the survey, the subject was reportedly 50.5% leased. Currently, there are two 1,238 SF office suites listed for \$12.00 per SF (MG). The 3-mile demographics are: 50,508 (Population), \$46,510 (Median HH Income), population growth '21-'26 (11.15%).

ADDENDA

Office Rental Survey Comparable 2

1823 E Fort King St

Location Information

Location	1823 East Fort King Street Ocala, FL
Market	Valuation Properties
Submarket	Valuation Office
County	Marion
APN	28332-001-17



Physical Property Summary

Property Type	Office (General Purpose)
Gross Building Area	10,000 SF
Rentable Area	10,000 SF
No. of Stories	2
Max Ceiling Height (Feet)	N/A
Year Built (Renovated)	2006
Construction	Masonry
Condition	Average
Parking	Surface Parking
Investment Class	Class C

Lease Availability Details

Survey Date	Apr-2022
Overall Occupancy at Survey	100.00%

Lease Summary

Start Date - Term	Tenant Name	Lease Status: Lease Size (SF)	Base Rent/SF	Reimb.	Rent Steps	Free Rent & TI Allowance
4/25/22 - 36 Mos.	Listing	Asking Rent: 1,000	\$12.00	Triple Net	Negotiable	No Free Rent; No TI
12/24/20 - 24 Mos.	D.R. Horton, Inc.	Signed Lease: 1,000	\$14.00	Modified Gross	Not Revealed	No Free Rent; No TI

Comments

The subject is located along the north side of King Street. The property was constructed in 2006 and in average condition. At the time of the survey, the subject was reportedly 100% leased. D.R. Horton, Inc. signed a 2-year lease for a first floor, 1,000 SF, office suite for \$14.00 per SF (MG). Currently, there is a listing for a first floor, 1,000 SF, office suite for \$12.00 per SF (NNN) and a second floor, 5,000 SF, office suite for \$10.50 per SF (NNN). The 3-mile demographics are: 50,402 (Population), \$45,093 (Median HH Income), population growth '21-'26 (11.1%).

ADDENDA

Office Rental Survey Comparable 3

Paddock Park Professional Center

Location Information

Location	3200 Southwest 34th Avenue Ocala, FL
Market	Valuation Properties
Submarket	Valuation Office
County	Marion
APN	2372-204-200



Physical Property Summary

Property Type	Office (General Purpose)
Gross Building Area	10,136 SF
Rentable Area	7,198 SF
No. of Stories	1
Max Ceiling Height (Feet)	N/A
Year Built (Renovated)	1993
Construction	Wood frame
Condition	Average
Parking	Surface Parking
Investment Class	Class C

Lease Availability Details

Survey Date	Apr-2022
Overall Occupancy at Survey	22.00%

Lease Summary

Start Date - Term	Tenant Name	Lease Status: Lease Size (SF)	Base Rent/SF	Reimb.	Rent Steps	Free Rent & TI Allowance
11/4/21 - 36 Mos.	Kosmerika Organika Salon	Signed Lease: 1,092	\$12.00	Triple Net	Not Revealed	No Free Rent; No TI

Comments

The subject is located within the Paddock Park Professional Center. The property was constructed in 1993 and in average condition. At the time of the survey, the subject was reportedly 22% leased. Kosmerika Organika Salon signed a 3-year lease for a 1,000 SF suite for \$12.00 per SF (NNN). The 3-mile demographics are: 29,168 (Population), \$44,350 (Median HH Income), population growth '21-'26 (10.91%).

ADDENDA

Office Rental Survey Comparable 4

Bellwether Professional Park

Location Information

Location	2201 Southeast 30th Avenue Ocala, FL
Market	Valuation Properties
Submarket	Valuation Office
County	Marion
APN	29505-010100



Physical Property Summary

Property Type	Office (General Purpose)
Gross Building Area	4,800 SF
Rentable Area	4,800 SF
No. of Stories	1
Max Ceiling Height (Feet)	N/A
Year Built (Renovated)	2007
Construction	Masonry
Condition	Average
Parking	Surface Parking
Investment Class	Class C

Lease Availability Details

Survey Date	Apr-2022
Overall Occupancy at Survey	100.00%

Lease Summary

Start Date - Term	Tenant Name	Lease Status: Lease Size (SF)	Base Rent/SF	Reimb.	Rent Steps	Free Rent & TI Allowance
4/1/21 - 60 Mos.	Insurance Office of America	Signed Lease: 3,300	\$12.50	Triple Net	1.00% Per Annum	No Free Rent; No TI

Comments

The subject is located within the Bellwether Professional Park. The property was constructed in 2007 and in average condition. At the time of the survey, the subject was reportedly 100% leased. Insurance Office of America signed a 5-year lease for a 3,300 SF suite for \$12.50 per SF (NNN). The 3-mile demographics are: 48,082 (Population), \$53,343 (Median HH Income), population growth '21-'26 (10.99%).

ADDENDA

Office Rental Survey Comparable 5

3233 SW 33rd Rd

Location Information

Location	3233 Southwest 33rd Road Ocala, FL
Market	Valuation Properties
Submarket	Valuation Office
County	Marion
APN	2372-400-000



Physical Property Summary

Property Type	Office (General Purpose)
Gross Building Area	5,223 SF
Rentable Area	5,223 SF
No. of Stories	1
Max Ceiling Height (Feet)	N/A
Year Built (Renovated)	1997
Construction	Wood frame
Condition	Average
Parking	Surface Parking
Investment Class	Class C

Lease Availability Details

Survey Date	Apr-2022
Overall Occupancy at Survey	100.00%

Lease Summary

Start Date - Term	Tenant Name	Lease Status: Lease Size (SF)	Base Rent/SF	Reimb.	Rent Steps	Free Rent & TI Allowance
12/15/20 - 36 Mos.	Groups Recover Together	Signed Lease: 2,586	\$16.00	Modified Gross	Not Revealed	No Free Rent; No TI

Comments

The subject is located in a node of office buildings along 33rd Road. The property was constructed in 1997 and in average condition. At the time of the survey, the subject was reportedly 100% leased. Groups Recover Together signed a 3-year lease for a 2,586 SF suite for \$16.00 per SF (MG). The 3-mile demographics are: 29,836 (Population), \$43,964 (Median HH Income), population growth '21-'26 (10.9%).

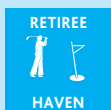
Addendum F

DCF Reports

Addendum G

Précis Metro Report - Economy.Com, Inc.

ECONOMIC DRIVERS



EMPLOYMENT GROWTH RANK

2020-2022
101
2nd quintile

2020-2025
42
1st quintile

Best=1, Worst=410

RELATIVE COSTS

LIVING
98%

BUSINESS
101%

U.S.=100%

VITALITY

RELATIVE
0.19
Rank: 132

Best=1, Worst=403

QUALITY

OF LIFE
206

Best=1, Worst=378

BUSINESS CYCLE STATUS



ANALYSIS

Recent Performance. Ocala's recovery is outperforming the state and national averages as total employment expands past its prerecession peak. The metro area's recession was relatively mild, and the economy fully recovered lost jobs faster than average. Transportation/warehousing and manufacturing have been on steady upward trajectories for most of the pandemic, boosted by elevated consumer spending on goods. However, healthcare employment made little progress in 2021 as labor shortages and the turbulent pandemic situation have weighed on growth. Unemployment is still hovering about 1 percentage point above its pre-pandemic rate, but the labor force has fully recovered. House price appreciation is tracking the heady state pace and outperforming the national rate.

Medical. Healthcare employment will bounce back in the coming year thanks to steady demand from OCA's outsize senior population. The industry accounts for more than one in six private-sector jobs in the metro area, slightly ahead of the state and national averages. Providers will increase headcounts over the coming months as healthcare demand and labor supply normalize. Further out, OCA's status as a retiree haven will support healthcare employment growth to outperform, as seniors are the largest consumers of medical services.

Goods and distribution. Manufacturing and logistics employment growth will slow to a more sustainable pace in the near term but continue to outperform compared with the nation. Though known mainly as a retiree haven, OCA is emerging as a factory and logistics hub. Transportation/warehousing employment has tripled over the past decade and factory employment has expanded more than average. OCA continues to attract investment thanks to its strategic location in Central Florida, halfway between

Atlanta and Miami. Companies such as FedEx, Chewy and Amazon have distribution and fulfillment centers in the metro area.

The rise in online shopping, accelerated by the pandemic, has pushed factories and distributors to boost headcounts. Production lines and warehouses have been humming as consumers shifted spending toward goods instead of services. Elevated consumer goods spending will continue to support investment in manufacturing and logistics, though consumers will gradually resume spending on services as virus fears subside.

Residential. Favorable demographic trends will support housing-related industries over the forecast horizon. OCA boasts well above-average population growth, which directly benefits the local housing market. Low housing inventories have resulted in faster-than-average house price appreciation in OCA. However, the metro area's house prices remain more affordable than in many nearby cities. The large influx of retirees and steady flow of migrants from more expensive nearby metro areas, including Orlando, will boost single-family housing demand. This will also support construction job growth to outperform that in the state and region.

Ocala will maintain its lead on Florida and the U.S. in the near term, supported by strength in private services, particularly healthcare. The metro area's strategic location will also continue to attract new investment in manufacturing and logistics, and relative affordability will draw residents from costly neighboring metro areas. Long term, population growth will outperform despite the lack of lucrative employment opportunities, and the metro area will add jobs faster than the U.S. and the fast-growing South.

Bridget Ryan
December 2021

1-866-275-3266
help@economy.com

STRENGTHS & WEAKNESSES

STRENGTHS

- » Large retiree population underpins healthcare and consumer services.
- » Relatively high housing affordability.

WEAKNESSES

- » Local government is highly susceptible to fluctuations in property taxes.
- » Low per capita income.
- » Low worker productivity.
- » High employment volatility.

FORECAST RISKS

SHORT TERM



LONG TERM



COVID-19
EXPOSURE
DECEMBER 2021

267

4th quintile

Most=1
Least=403

UPSIDE

- » OCA's central location helps fuel stronger logistics investment.
- » In-migration picks up more rapidly than anticipated.

DOWNSIDE

- » Frequent and destructive tropical storms devastate homes and infrastructure.

MOODY'S RATING

NR

COUNTY
AS OF JAN 12, 2021

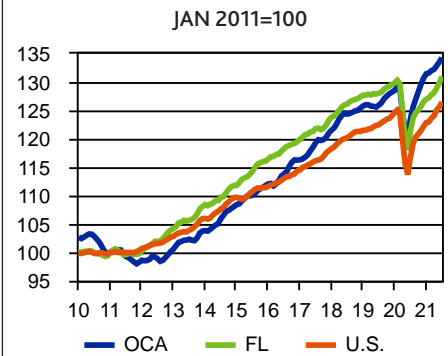
2015	2016	2017	2018	2019	2020	INDICATORS	2021	2022	2023	2024	2025	2026
9.6	9.8	10.1	10.5	10.7	10.6	Gross metro product (C12\$ bil)	11.3	11.8	12.4	12.9	13.5	14.0
4.6	2.5	3.6	3.5	1.8	-1.0	% change	6.5	5.0	5.0	4.2	4.0	3.7
97.9	101.1	103.0	105.7	108.4	105.9	Total employment (th)	108.7	113.6	116.9	119.0	120.4	121.9
2.3	3.2	1.9	2.7	2.5	-2.2	% change	2.6	4.5	2.9	1.7	1.2	1.2
6.6	5.9	5.1	4.4	4.0	7.2	Unemployment rate (%)	4.9	4.3	4.2	4.2	4.5	4.6
4.1	5.0	5.8	4.5	5.4	12.1	Personal income growth (%)	9.8	-0.9	6.5	6.0	5.5	5.3
40.5	41.8	43.2	46.3	49.6	48.8	Median household income (\$ th)	48.4	48.6	50.2	52.1	53.8	55.6
342	347	353	359	366	368	Population (th)	370	375	380	385	389	393
1.2	1.5	1.7	1.6	1.8	0.7	% change	0.6	1.2	1.4	1.2	1.0	1.1
5.5	6.7	7.5	7.5	8.2	4.6	Net migration (th)	4.7	6.4	7.3	6.5	6.3	6.6
1,055	1,412	1,942	2,726	2,349	3,784	Single-family permits (#)	5,394	4,001	3,927	3,658	3,520	3,255
0.0	16.0	304.0	91.0	18.0	43.0	Multifamily permits (#)	211.6	136.8	133.9	131.8	119.3	90.0
166	178	193	207	224	239	FHFA house price (1995Q1=100)	272	285	280	275	271	269

ECONOMIC HEALTH CHECK

3-MO MA	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21	Nov 21
Employment, change, ths	-0.1	-0.0	0.1	0.2	0.3	0.3
Unemployment rate, %	5.0	5.2	5.3	5.3	5.2	5.1
Labor force participation rate, %	46.9	47.2	47.4	47.4	47.3	47.3
Average weekly hours, #	33.9	34.1	33.9	34.3	34.2	34.2
Industrial production, 2012=100	100.0	100.5	101.1	101.1	101.3	101.6
Residential permits, single-family, #	6,097	5,805	5,670	5,513	6,097	6,223
Residential permits, multifamily, #	21	21	21	272	552	2,454
Dec/Dec	Dec 15	Dec 16	Dec 17	Dec 18	Dec 19	Dec 20
Employment, change, ths	2.1	3.1	1.8	3.2	2.0	-1.4
<div> <div>Better than prior 3-mo MA</div> <div>Unchanged from prior 3-mo MA</div> <div>Worse than prior 3-mo MA</div> </div>						

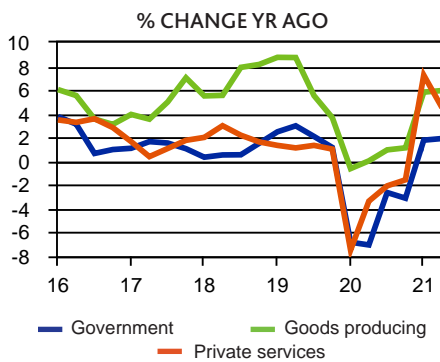
Sources: BLS, Census Bureau, Moody's Analytics

BUSINESS CYCLE INDEX



Source: Moody's Analytics

CURRENT EMPLOYMENT TRENDS

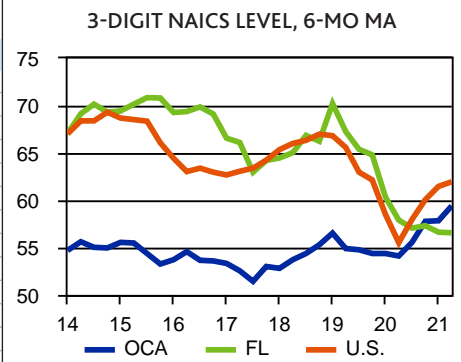


Sources: BLS, Moody's Analytics

	% CHANGE YR AGO, 3-MO MA		
	Nov 20	May 21	Nov 21
Total	-1.6	4.9	2.0
Mining	5.2	-0.3	0.5
Construction	2.1	6.6	6.1
Manufacturing	2.8	6.5	7.5
Trade	0.3	4.1	0.8
Trans/Utilities	11.4	16.4	12.5
Information	-16.4	-6.2	-0.2
Financial Activities	-2.3	-0.8	-0.2
Prof & Business Svcs.	6.3	7.2	0.5
Edu & Health Svcs.	-4.4	2.4	1.1
Leisure & Hospitality	-13.0	11.4	4.5
Other Services	-8.7	3.7	7.2
Government	-2.0	0.2	-5.6

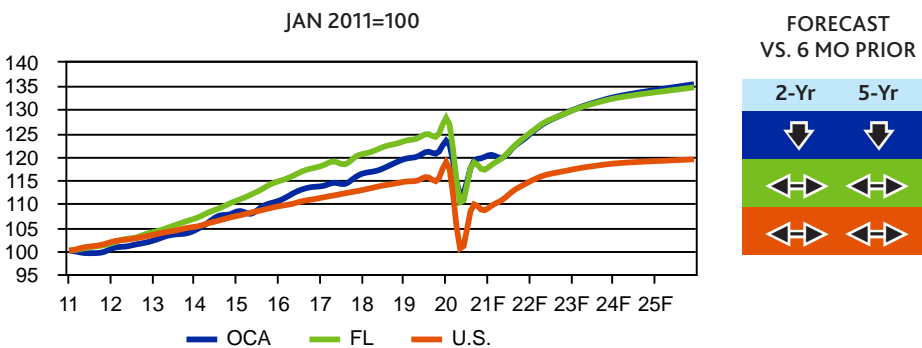
Sources: BLS, Moody's Analytics

DIFFUSION INDEX



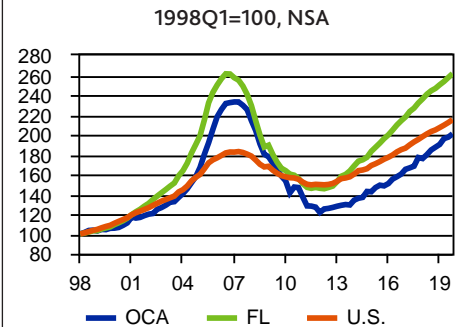
Sources: BLS, Moody's Analytics

RELATIVE EMPLOYMENT PERFORMANCE



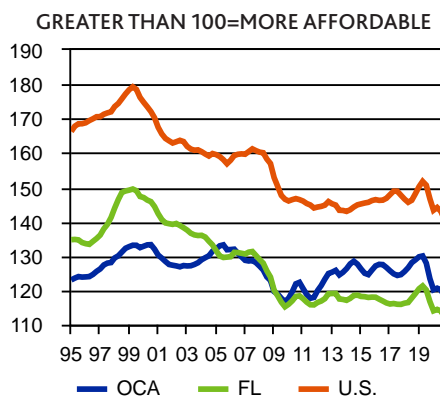
Sources: BLS, Moody's Analytics

HOUSE PRICE



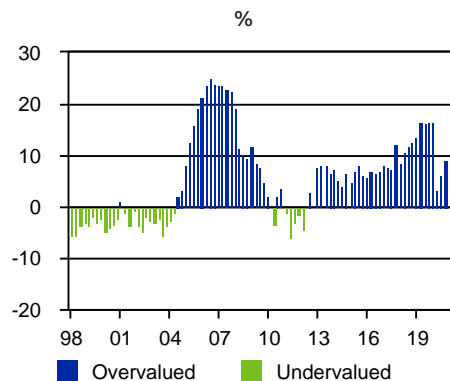
Sources: FHFA, Moody's Analytics

RENTAL AFFORDABILITY



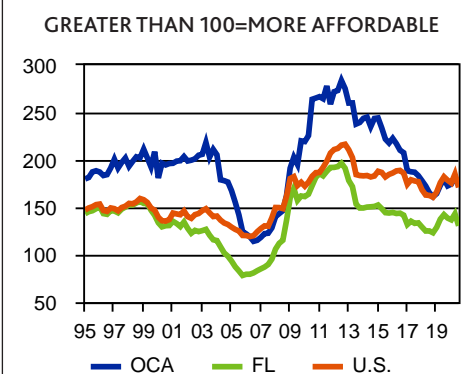
Sources: Census Bureau, BLS, Moody's Analytics

HOUSE PRICE TRENDS



Sources: FHFA, Moody's Analytics

HOUSING AFFORDABILITY



Sources: NAR, Moody's Analytics

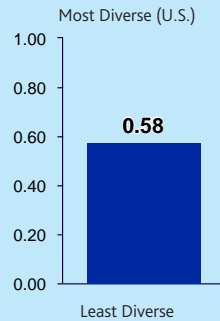
EMPLOYMENT AND INDUSTRY

TOP EMPLOYERS

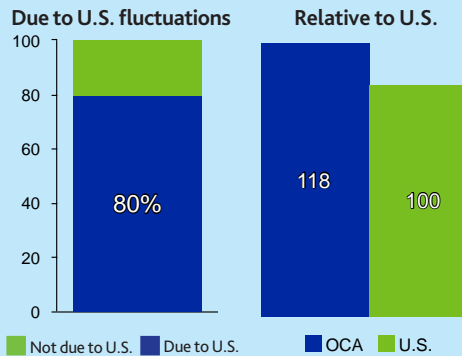
Munroe Regional Medical Center	2,648
AdventHealth Ocala	2,648
Wal-Mart Supercenter	2,583
Ocala Health	2,583
Ocala Regional Medical Center	2,200
Lockheed Martin Corp.	1,600
Publix Super Markets Inc.	1,488
E-One Inc.	1,200
Chewy.com	1,150
FedEx	900
Sitel	700
Custom Window Systems Inc.	650

Source: Ocala/Marion County Chamber & Economic Partnership, 2020

INDUSTRIAL DIVERSITY



EMPLOYMENT VOLATILITY



PUBLIC

Federal	860
State	3,716
Local	10,100

2020

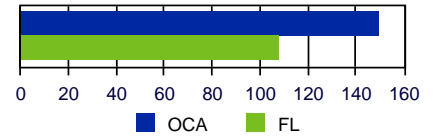
COMPARATIVE EMPLOYMENT AND INCOME

Sector	% OF TOTAL EMPLOYMENT			AVERAGE ANNUAL EARNINGS		
	OCA	FL	U.S.	OCA	FL	U.S.
Mining	0.1	0.0	0.4	\$34,000	\$24,639	\$152,860
Construction	7.6	6.6	5.1	\$43,908	\$59,494	\$71,226
Manufacturing	9.0	4.4	8.6	\$60,072	\$75,227	\$87,452
Durable	83.4	68.3	62.2	nd	\$80,480	\$90,347
Nondurable	16.6	31.7	37.8	nd	\$64,566	\$82,632
Transportation/Utilities	5.3	4.0	4.3	\$42,524	\$50,364	\$65,743
Wholesale Trade	3.9	4.0	4.0	\$64,277	\$90,459	\$92,590
Retail Trade	15.6	12.4	10.4	\$33,902	\$36,776	\$38,405
Information	0.5	1.5	1.9	\$69,414	\$99,733	\$136,729
Financial Activities	3.6	7.0	6.1	\$23,188	\$41,271	\$59,335
Prof. and Bus. Services	9.2	15.9	14.2	\$34,479	\$58,432	\$76,266
Educ. and Health Services	17.3	15.4	16.3	\$54,160	\$56,777	\$59,504
Leisure and Hosp. Services	11.0	11.8	9.4	\$23,094	\$30,290	\$31,046
Other Services	2.6	3.8	3.8	\$33,314	\$34,305	\$39,932
Government	13.9	13.0	15.4	\$60,873	\$77,330	\$83,178

Sources: Percent of total employment — BLS, Moody's Analytics, 2020, Average annual earnings — BEA, Moody's Analytics, 2019

ENTREPRENEURSHIP

BROAD-BASED START-UP RATE U.S.=100, 4-QTR MA 2019



Sources: Census Bureau, Moody's Analytics

EXPORTS

Product	\$ mil
Food and kindred products	ND
Chemicals	ND
Primary metal manufacturing	ND
Fabricated metal products	12.7
Machinery, except electrical	38.3
Computer and electronic products	ND
Transportation equipment	18.1
Miscellaneous manufacturing	ND
Other products	38.8
Total	125.8

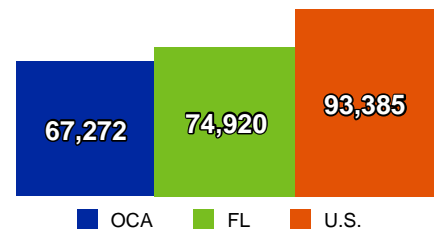
Destination	\$ mil
Africa	1.6
Asia	27.1
European Union	13.0
Canada & Mexico	47.1
South America	12.1
Rest of world	24.8
Total	125.8

% of GDP	1.0
Rank among all metro areas	340

Sources: BEA, International Trade Administration, Moody's Analytics, 2019

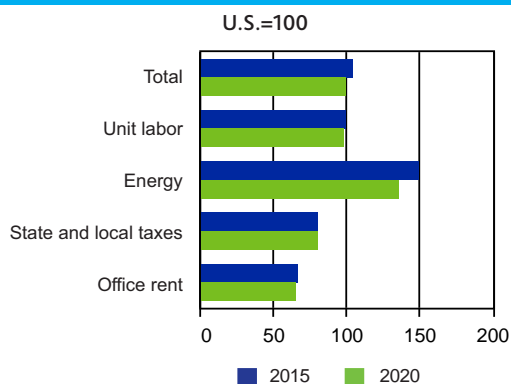
PRODUCTIVITY

REAL OUTPUT PER WORKER, \$



Sources: BEA, Moody's Analytics, 2020

BUSINESS COSTS



Source: Moody's Analytics

HIGH-TECH EMPLOYMENT

	Ths	% of total
OCA	3.6	3.4
U.S.	7,540.4	5.3

HOUSING-RELATED EMPLOYMENT

	Ths	% of total
OCA	13.4	12.7
U.S.	14,373.7	10.1

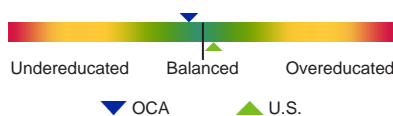
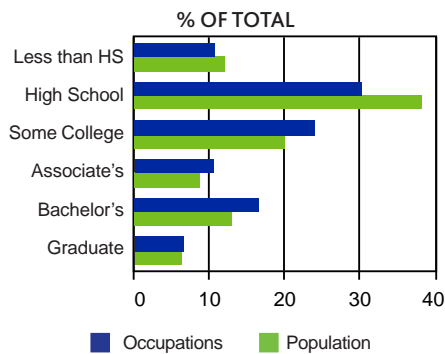
Source: Moody's Analytics, 2020

LEADING INDUSTRIES BY WAGE TIER

NAICS Industry	Location Quotient	Employees (ths)
6211 Offices of physicians	2.4	4.3
GVF Federal Government	0.4	0.7
4234 Pro. & comm. equip. & supplies merchant whslrs.	0.4	0.2
PH Private Household Workers	0.9	0.2
GVL Local Government	1.0	10.4
6221 General medical & surgical hospitals	1.0	3.3
2382 Building equipment contractors	1.2	1.6
4841 General freight trucking	2.2	1.6
7225 Restaurants & other eating places	1.2	8.8
FR Farms	2.1	3.9
GVS State Government	1.0	3.5
4451 Grocery stores	1.5	2.9

Source: Moody's Analytics, 2020

SKILLS MISMATCH

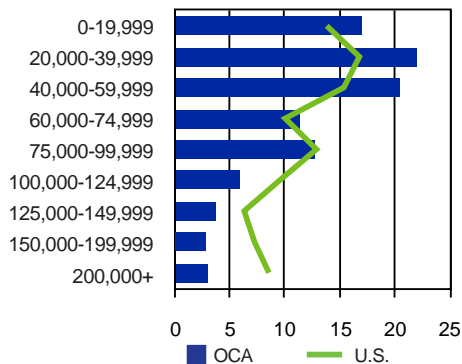


ECONOMIC DISENFRANCHISEMENT

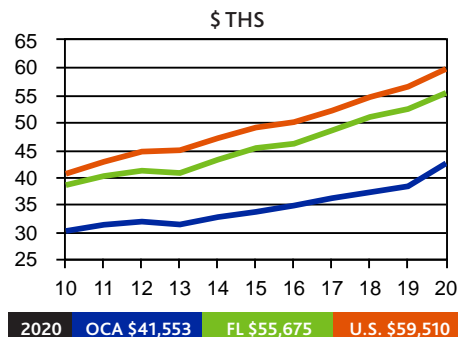
Index	2019	Rank*
Gini coefficient	0.44	281
Palma ratio	2.8	308
Poverty rate	15.0%	128

*Most unequal=1; Most equal=403

HOUSEHOLDS BY INCOME, %



PER CAPITA INCOME



MIGRATION FLOWS

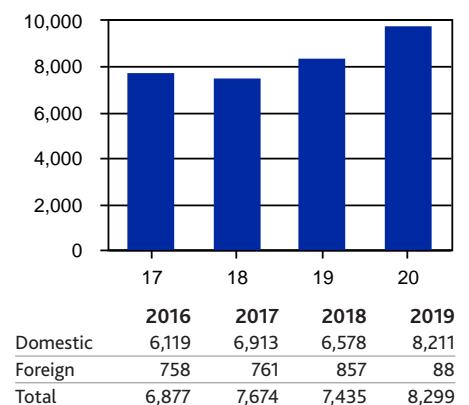
INTO OCALA FL

	Number of Migrants
Orlando FL	2,509
Tampa FL	1,121
Homosassa Springs FL	773
The Villages FL	770
Gainesville FL	757
Fort Lauderdale FL	592
Miami FL	540
Jacksonville FL	532
New York NY	451
West Palm Beach FL	417
Total in-migration	21,603

FROM OCALA FL

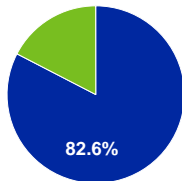
	Number of Migrants
Orlando FL	1,890
Tampa FL	1,055
Homosassa Springs FL	839
Gainesville FL	713
The Villages FL	692
Jacksonville FL	443
Deltona FL	367
Lakeland FL	209
Fort Lauderdale FL	175
West Palm Beach FL	172
Total out-migration	15,190
Net migration	6,413

NET MIGRATION,



COMMUTER FLOWS

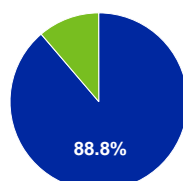
RESIDENTS WHO WORK IN OCA



Top Outside Sources of Jobs

Ocala FL	Share
Orlando FL	6.0
The Villages FL	3.5
Gainesville FL	3.3
Homosassa Springs FL	1.1
Tampa FL	0.5

WORKERS WHO LIVE IN OCA



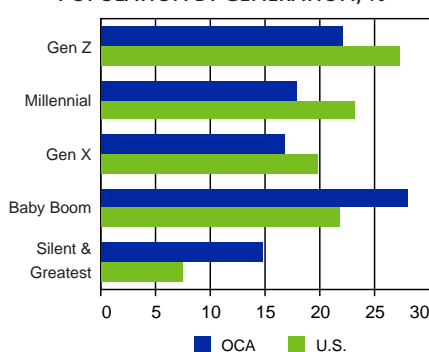
Top Outside Sources of Workers

Ocala FL	Share
Homosassa Springs FL	3.3
Orlando FL	1.9
Gainesville FL	1.5
The Villages FL	0.9
Tampa FL	0.4

Sources: Census Bureau, Moody's Analytics, avg 2011-2015

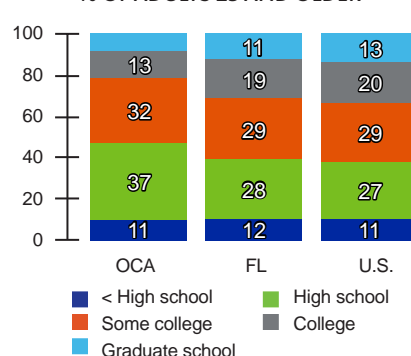
GENERATIONAL BREAKDOWN

POPULATION BY GENERATION, %

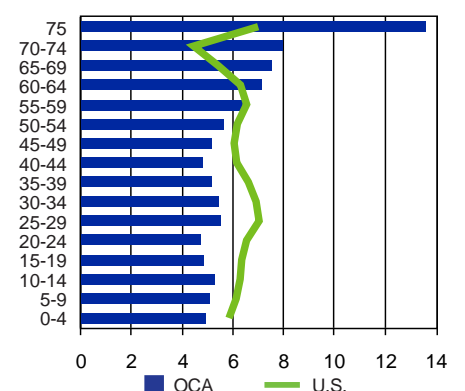


EDUCATIONAL ATTAINMENT

% OF ADULTS 25 AND OLDER

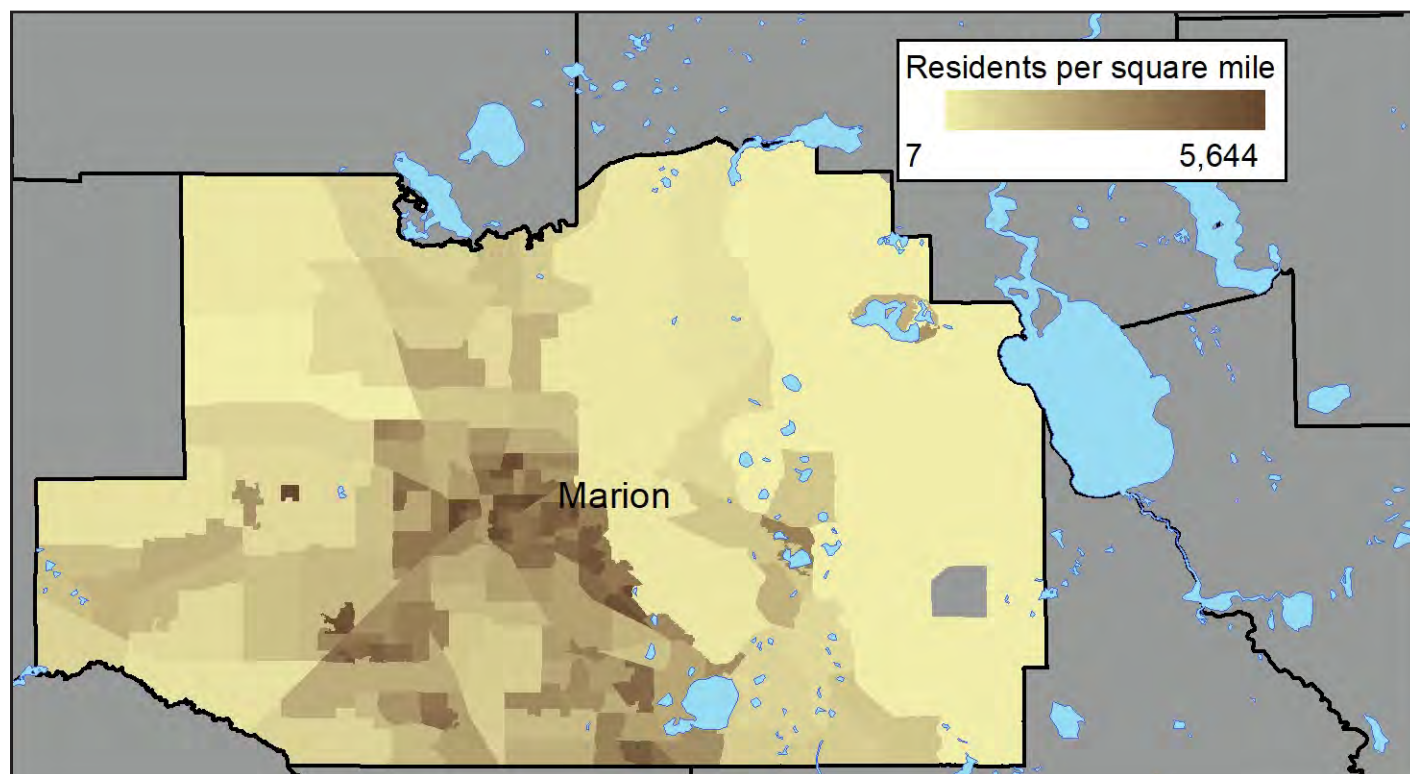


POPULATION BY AGE, %

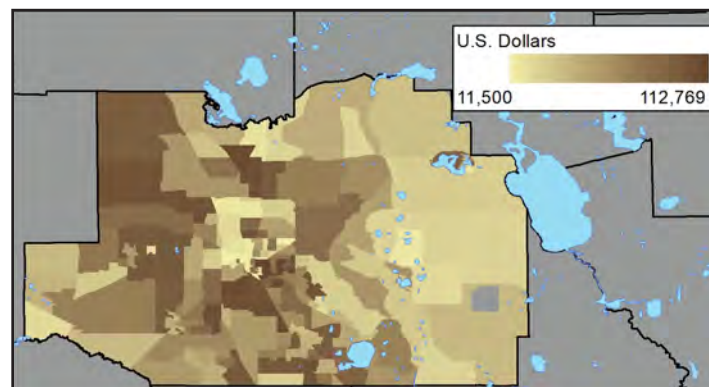


GEOGRAPHIC PROFILE

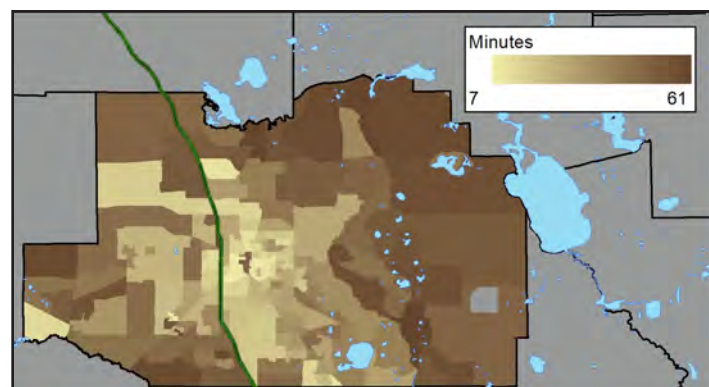
POPULATION DENSITY



MEDIAN HOUSEHOLD INCOME



MEDIAN COMMUTE TIME



POPULATION & HOUSING CHARACTERISTICS

	Units	Value	Rank*
Total area	sq mi	1,662.7	218
Total water area	sq mi	74.6	163
Total land area	sq mi	1,584.5	207
Land area - developable	sq mi	1,176.7	117
Land area - undevelopable	sq mi	411.4	213
Population density	pop. to developable land	296.6	247
Total population	ths	373.5	162
U.S. citizen at birth	% of population	88.8	272
Naturalized U.S. citizen	% of population	5.9	88
Not a U.S. citizen	% of population	2.2	278
Median age		48.9	14
Total housing units	ths	173.2	150
Owner occupied	% of total	60.1	144
Renter occupied	% of total	23.9	337
Vacant	% of total	15.9	81
1-unit; detached	% of total	65.8	216
1-unit; attached	% of total	2.6	293
Multifamily	% of total	9.8	395
Median year built		1990	

* Areas & pop. density, out of 410 metro areas/divisions, including metros in Puerto Rico; all others, out of 403 metros.

Sources: Census Bureau, Moody's Analytics, 2019 except land area 2010

Sources: ACS, Moody's Analytics

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Addendum H

Appraiser Qualifications and Licenses



Ned B. Palmer II

MAI

*First Vice President
Specialty Practice – Senior Housing
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t 813-987-5114
ned.palmer@nmrk.com

YEARS OF EXPERIENCE

16+

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Office
Multifamily
Retail
Marinas and Terminals
Complex Mixed-Use Assets

Ned Palmer II, MAI, joined Newmark Valuation & Advisory in 2018 and serves as a First Vice President and member of the Healthcare practice. In this role, Mr. Palmer assists in the valuation of a wide array of acute care hospitals and other healthcare-oriented property types. He has extensive experience in preparing Fair Market Value (FMV) reports for Stark Law compliance. Furthermore, he has extensive experience in providing FMV's for timeshares. He also provides various consulting services such as feasibility studies, going concern valuations and highest and best use analyses for healthcare investors and operators.

Mr. Palmer's appraisal and consulting assignments have included: vacant land, hundreds of medical office buildings, ambulatory surgery centers, dialysis facilities, plasma donation facilities, imaging facilities, cancer centers, short-term acute care hospitals, long-term acute care hospitals, specialty hospitals, micro hospitals, clinics, office buildings, shopping centers, industrial complexes, commercial properties, single-family subdivisions, multifamily housing, restaurants, bank branches, roller skating and ice skating rinks, ports and terminals, islands and waterfront commercial, marinas, bowling alleys, car washes, gas stations/convenience stores and other investment properties throughout the United States. He has also performed valuations of proposed, partially completed, renovated and existing structures. In addition, Mr. Palmer has significant experience in the valuation of partial interests, leaseholds, and going concerns.

Prior to NKF, Mr. Palmer was the managing director of West Florida for Capstone Valuation Advisors, LLC, a national firm based in Orlando, for six years.

Professional Affiliations

- Member of the board of directors; University Relations Chair, Florida Gulf Coast Chapter of the Appraisal Institute
- Former University Relations Chair, Region X

Licenses and Designations

- MAI designation, Appraisal Institute
- Certified general real estate appraiser, states of Florida, Colorado, Connecticut, Maryland, Texas, Virginia, and Wisconsin.

Education

Ned earned Bachelor of Science degrees in real estate and finance from Florida State University.



Ron DeSantis, Governor

Halsey Beshears, Secretary



STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION

FLORIDA REAL ESTATE APPRAISAL BD

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PALMER, NED BURTON II

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Norman W. LeZotte

MAI

*Senior Managing Director
Specialty Practice Leader – Seniors
Housing & Healthcare
Market Leader – Florida*

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YEARS OF EXPERIENCE

25+

AREAS OF SPECIALTY

Healthcare

Senior Housing

Industrial

Office/Retail

Multifamily

Expert Witness Testimony

Appraisal Review Services

Norm W. LeZotte MAI, joined Newmark Valuation & Advisory in 2017 as Senior Managing Director and Leader of the firm's Valuation & Advisory Healthcare & Seniors Housing practice. In this role, Norm coordinates Newmark's national team of appraisers focused on senior housing and health care assignments. He brings to his position 25 years of experience in the real estate appraisal industry, in both the private and government sectors.

Norm's appraisal and consulting assignments have included vacant land, office buildings, shopping centers, industrial complexes, commercial properties, single-family residential properties, multi-housing, senior housing and other investment properties throughout the United States. He has also performed valuations of proposed, partially completed, renovated and existing structures, including over 5,000 health care-related properties.

Prior to Newmark, Norm was President and Chief Executive Officer of Salus Valuation Group, Inc., a national health care valuation firm based in Atlanta, for nearly eight years. He previously served for almost nine years as Managing Director of Cushman & Wakefield's Senior Housing/Healthcare Industry Group.

Prior to Cushman & Wakefield, Norm was a manager for PricewaterhouseCoopers, LLC, where he prepared appraisals, market surveys and feasibility studies on all facets of senior housing and health care properties for corporate and institutional clients alike. He performed similar duties at Gulf Atlantic Valuation Services, where he worked as a Regional Manager 1995 to 1999. Norm began his career as a property tax assessor in Manatee County, Florida, a position he held from 1993 to 1995.

Norm earned the MAI designation from the Appraisal Institute in addition to completing continuing education courses and seminars sponsored by the Appraisal Institute and other real estate factions on an annual basis to maintain state licensing requirements.

Professional Affiliations

- Qualified expert witness in bankruptcy litigation, state of Texas
- Task force member, National Investment Center for Seniors Housing & Care (NIC)

Licenses and Designations

- MAI designation, Appraisal Institute
- Certified General Real Estate Appraiser, states of Florida, Alabama, Colorado, Georgia, Maryland, Massachusetts, Mississippi, South Carolina, Tennessee, Texas and New York

Education

Norm attended the University of Alabama, where he earned a Bachelor of Science degree in commerce and business administration with a concentration in real estate finance.



Ron DeSantis, Governor

Halsey Beshears, Secretary



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Jose Ortiz

MAI, MRICS

*Senior Vice President Specialty
Practice Leader – Multifamily
Market Leader – Florida*

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YEARS OF EXPERIENCE

17+

AREAS OF SPECIALTY

Multifamily
Complex Mixed-Use Assets
Condominium Conversion
Mobile Home Communities
Industrial and Office
Subdivisions
Self Storage Facilities
Vacant Land
Highest and Best Use Analysis
Appraisal Review Services

Jose Ortiz, MAI, MRICS, joined Newmark Valuation & Advisory in 2017 and currently serves as a senior vice president in Florida. In this role, Jose is responsible for business development and continuing to provide outstanding service to clients. Jose is also the Florida leader for the Valuation & Advisory's multifamily specialty practice.

Since beginning his career in valuation in 2004, Jose has worked with clients on a wide variety of property types and has provided valuation analyses. Jose has expertise researching real estate markets, analyzing market data and communicating conclusions for proposed and existing projects. His appraisal assignments have typically included determining highest/best use and market value analysis. His consulting services have included property acquisition pricing, determining the ideal real estate product for a given market and determining proposed project feasibility.

Prior to Newmark, Jose served as a vice president in CBRE's office in Palm Beach Gardens for more than seven years. Previously, Jose worked for five years as an appraiser with Callaway & Price, Inc., in West Palm Beach. He began his real estate career as a researcher at Callaway & Price, Inc.

Professional Affiliations

- MAI designation, Appraisal Institute
- Member, Royal Institute of Chartered Surveyors (MRICS)

Licenses and Designations

- Certified general real estate appraiser, states of Florida and Georgia

Education

Jose earned a bachelor's degree in real estate and finance from Florida Atlantic University.



Ron DeSantis, Governor

Halsey Beshears, Secretary



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