Commercial Real Estate Evaluation

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This Evaluation is intended for internal bank use only.

Street View of Subject Property

Aerial View of Subject Property

Report Format:	**Evaluation in the form of a Restricted Appraisal Report**
Report Name:	Office building
Client Information:	Bank X, client address
Property Address:	Subject address
Market Value Opinion:	$425,000
Intended Use:	Loan underwriting and/or credit decisions
Intended User:	Bank X, not intended to be used by any other entity or person.
Date of the Report:	March 10, 2022
Effective Date:	March 20, 2022
Property Rights:	Fee simple interest
Approach Utilized:	Sales Comparison Approach
Type of Value:	Market Value
Exposure/Marketing Time:	12 months
Property Submarket:	Submarket
Legal:	Legal description
Tax Id:	0000-0000-0000
Current Taxes and Assess.:	The current just market assessment for the property is $376,000. The current total real estate taxes are $3,584.
Current Use:	Professional office
Projected Use:	Professional office
Owner(s) of Record:	Property owner LLC
Sales History:	No sale of the property was noted in a five-year sale search. We are not aware that the subject is actively listed for sale or under contract.
Site Size:	2,000 square feet building pad
Zoning Designation:	The subject is designated CG, "Commercial General" by the city of Sample City.
Gross Building Area:	1,980 square feet
Year Built:	2001
Remaining Economic Life:	20 years
Building Condition:	Average
Flood Zone:	X, flood insurance is not required. (panel x, dated x)

Site Description

The subject is located at the southeast quadrant of Road 1 just east of Road 2 in the city limits of Sample City. Along the subject segment, Road 1 is a six lane median divided road. There is no curb cut for westbound traffic in front of the subject site. Its intersection with Road 2, a two-lane road, is signalized. There is one point of ingress/egress onto Road 1 into the subject park known as Sample Professional Park.

No survey was provided. Based on the Sample County Property Appraiser's office, the Sample Professional Park comprises 5.97 acres with 12 buildings reflecting a .10 floor area ratio. The subject is the northern-most building in the park. The subject site comprises a 2,000 square feet reflecting a building pad.

The subject park has a pylon sign at its northwest quadrant. There is average quality but maintained landscaping. The park has a parking ratio of 3.8 spaces per 1,000 square foot of building area.

Improvements Description

The improvements reflect a single tenant medical office building comprising 1,980 square feet. The building was previously owner occupied but is currently vacant.

The building reflects concrete block construction and was built in 2001. The exterior build out reflects painted stucco over concrete block, main entrance along the western elevation of the building with decorative architectural columns and canopied entryway with single hung arched windows and two entrances. The building has a hip style roof with asphalt shingle over wood truss system.

The interior build out reflects tile or carpet flooring, painted drywall with baseboard, drywall ceilings with flush mount fluorescent lighting, fire alarm system, and security cameras throughout the building. The floorplan includes a reception area with pass-through admin desk, exam rooms, and ADA bathroom. The floor plan of the building is demised into a single tenant layout however could be easily reconfigured to a two tenant building.

The improvements are in average condition and there were no noted signs of significant deferred maintenance. The building is functional for its intended use as a medical office building.

Neighborhood

The subject neighborhood is considered stable, with moderate evidence of growth. The majority of the commercial roads, specifically Road 1 and Road 2, are largely built out. New construction, which is limited to a few developments, reflects in-fill locations. Some older buildings have been retrofit to become economically viable since available developable land is scarce in this area of Sample County.

The subject neighborhood is typical of other areas of Sample County with intense commercial development along the principal arterials and supporting residential development. Development along Road 1 reflects anchored and unanchored shopping centers, restaurants, branch banks, and numerous other commercial uses. The very heavy traffic volume along Road 1 is a principal motivation of many businesses to be situated along this arterial.

Market Overview

According to a 3Q 2021 office market report by Costar, the Sample submarket has an inventory of 11.2 million square feet currently 9.4% vacant with an average rent of $25.14 per square foot.

Net absorption over the last 12 months has equated to 107,000 square feet with 43,200 square feet of office space under construction in the submarket.

11.2 M ↓	43.2 K ↑	107 K	9.4% ↓	$25.14 ↑	$173 ↑	7.9% ↑
Inventory SF	Under Constr SF	12 Mo Net Absorp SF	Vacancy Rate	Market Rent/SF	Market Sale Price/SF	Market Cap Rate

Covid-19

COVID-19's long-term effects on commercial real estate are difficult to quantify. Organizations such as the Urban Land Institute, Costar, and CB Richard Ellis are surveying real estate professionals such as brokers, property managers, buyers/sellers, and appraisers to assist in keeping up with this situation.

As of March 2022, Florida had 36.2 million people have been vaccinated reflecting 66% of the population. With the vaccine and boosters available nationwide, a more hopeful attitude is emerging. Offices, restaurants and general socializing are normalizing. More recently, subsequent variants have resulted in increased infections but not deaths. Hospitalizations continue with the unvaccinated. Schools are open with masking rules in Florida largely gone.

The subject was operating under normal hours at the time of our inspection. The majority of the market data in this report took place after the start of pandemic. Therefore, it is our opinion that the subject is not substantively impacted by Covid.

Highest and Best Use

The site is designated “Commercial General” (CG) land use by the city of Sample City. The city of Sample City does not utilize zoning classifications. This is a mixed use designation applied to those areas considered appropriate for development with uses intended to provide commercial goods and services on a citywide basis, with the objective of encouraging consolidated commercial centers providing for the full spectrum of commercial uses.

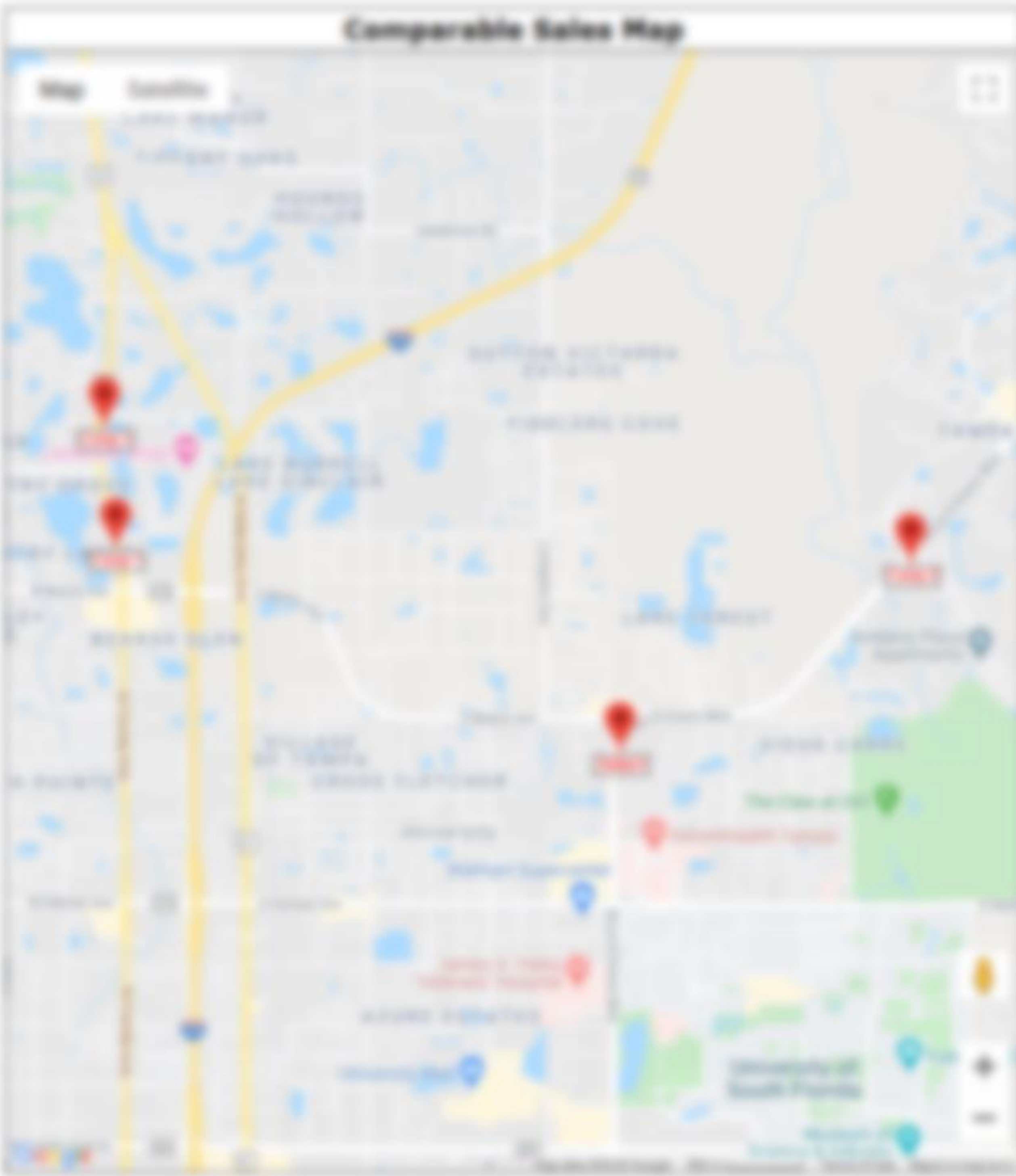
It is our opinion that the highest and best use of the subject as if vacant would be for professional office and medical use. The highest and best use as improved is current use as a medical office building. A typical buyer of the subject would be an owner user. With the highest and best use identified, we can proceed with our valuation.

Valuation

Comparable 1 - This property is located on the west side of Road 1, north of Road 2 in Sample City. Located within the Sample Office Park, the improvements reflect a multi-tenant medical office building comprising 5,115 square feet purchased for owner occupancy by a local anesthesiologist in January 2022 for $910,000 or $178 per square foot.

Comparable 2 - This property is located at the southwest quadrant of Road 1 and Road 2 in Sample City. Located within Palm Sample Villa Center, the improvements reflect a medical office building comprising 2,541 square feet purchased for owner occupancy in April 2021 for $560,000 or $220 per square foot.

Comparable 3 - This property is located on the east side of Road 1, north of Road 2 in Sample City. Located within the Sample Professional Park, the improvements reflect a single tenant medical office building comprising 2,480 square feet purchased for investment purposes and February 2021 for $499,000 or $201 per square foot.



Improved Comparables Map

Improved Sales Summary and Adjustment Grid				
	Subject	Comp 1	Comp 2	Comp 3
Property Name:	University Cove Professional Park	Lake Gass Office Park Building 1	Palm Villa Centre	Stonewater Professional Park
Location:	14495 University Place	15380 N. Florida Avenue	15303 Amberly Drive	15953 N. Florida Avenue
Submarket:	University	Lutz	New Tampa	Lutz
O.R. Book/Page:		2020035480	26584/852	26458/726
Seller:		JWPatti LLC	Rolli Property Investments LLC	VIDHI Shah LLC
Buyer:		Dr. Debra S. and Kenneth Scott Eriksen	Leaderess LLC	R & D Alliance LLC
Date of Sale:		January, 2020	April, 2019	March, 2019
Sale Price:		$910,000	$560,000	$499,000
Building Size:		5,114	2,541	2,480
Unadjusted Price/SF:		$178	$220	$201
Adjustments				
Rights Transferred:		Fee simple	Fee simple	Leased fee
Financial Considerations:		Market	Market	Market
Conditions of Sale:		Arm's Length	Arm's Length	Arm's Length
Market Conditions - Time:		Stable	Stable	Stable
Time Adjusted Cash Equiv. Price/SF:		$178	$220	$201
Location:	Average	Inferior 5%	Similar	Inferior 5%
Building Size (SF):	1,980	5,114 15%	2,541	2,480
Year Built/Condition:	2001 Average	2007	2000	2005
Floor Area Ratio:	0.10	0.18	0.25	0.08
Net Adjustments:		20%	0%	5%
Adjusted Price/SF:		$214	$220	$211

Improved Sales Adjustment Grid

Reconciliation

There are several units of comparison generally employed in the analysis of medical office properties. In this instance, the market dictates price per square foot index is most appropriate. The adjustment categories include location, building size, year built/condition, and floor area ratio. After adjustments, the sales range from $211 to $220 per square foot, with a mean of $215 per square foot.

Based on the relative merits of each sale, but placing greater emphasis on Comparable 1, we have concluded to value of the subject at $215 per square foot which equates to $425,700 or a rounded Market Value of $425,000.

The above value opinion is based on a 12-month marketing and exposure period.

"As Is" Fee Simple Interest Market Value Opinion: $425,000.

Preparer:

Appraiser
State-Certified General Appraiser #
Appraisal Firm
Appraiser Address
Appraiser Phone
Appraiser Email

Subject Photos

Exterior View of Subject

Exterior View of Subject

Exterior View of Subject

Exterior View of Subject

Interior View of Subject

Interior View of Subject

Interior View of Subject

Interior View of Subject

Disclaimers, Scope of Work, and Market Value Definition

Disclaimers: This report is an Evaluation developed in compliance with the development and content requirements of the Interagency Appraisal and Evaluation Guidelines contained in the Federal Register Volume 75, No. 237 issued December 10, 2010 as allowed by The State of Florida HB 927 effective October 1, 2017.

This report also adheres to USPAP (2020-2021) standards for development and reporting of a Restricted Appraisal Report. Therefore, this report is an Evaluation in the form of a restricted appraisal.

This Evaluation is intended for internal use only by the client, Bank X, and is not intended for any third-party use. The client is hereby notified that the appraiser's opinions and conclusions set forth in the report may not be understood properly without additional information contained in the appraiser's work file.

This Evaluation is intended to provide a credible value opinion based on the client's intended use and is intended to be used for transactions that qualify for the appraisal threshold exemption, business loan exemption, or subsequent transaction exemption outlined in the 2010 Interagency Appraisal and Evaluation Guidelines. This Evaluation is not intended to be used for transactions that do not meet these exemptions.

Scope of Work: We collected factual information about the subject property and the surrounding market. Our research included Costar, Loopnet, and to some degree the Sample County Property Appraiser's Office. We inspected the interior and exterior of the subject building**.**

Methodology:
Definition of Market Value[1]: Market Value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

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

[1]Definition is from regulations published by federal regulatory agencies pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989 between July 5, 1990, and August 24, 1990, by the Federal Reserve System (FRS), National Credit Union Administration (NCUA), Federal Deposit Insurance Corporation (FDIC), the Office of Thrift Supervision (OTS), and the Office of Comptroller of the Currency (OCC). This definition is also referenced in regulations jointly published by the OCC, OTS, FRS, and FDIC on June 7, 1994, and in the Interagency Appraisal and Evaluation Guidelines, dated October 27, 1994.

Assumptions

1. It is assumed that title to the property is clear and marketable and there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. The Appraisal Firm, Inc. has not examined title and makes no representations relative to the condition thereof.

2. It is assumed that surveys and/or plats furnished to, or acquired by, the preparer and used in the making of this report are correct. It is assumed that the utilization of the land and improvements is within the boundaries or property lines as described in the report, and there is no encroachment or trespass.

3. The Appraisal Firm, Inc. has not retained independent engineer(s) or architect(s) in connection with the report and therefore, makes no representations relative to conformance with approved architectural plans, specifications, or recommendations contained in or based on any soil(s) report.

4. It is assumed that all factual data furnished by the client, property owner, owner's representative, or persons designated by the client or owner are accurate and correct unless otherwise specifically noted in the report. Any material error in the gathered data could have substantial impact on the conclusions reported; as a result, The Appraisal Firm, Inc. reserves a right to amend conclusions reported if made aware of such an error.

5. It is assumed that there are no mineral or sub-surface rights of value involved in the report and there are no other development rights of value that may be transferred. Subsurface rights, minerals and oils, were not considered.

6. The existence of hazardous material, which may or may not be present on the property, was not observed by the preparers. The preparers have no knowledge of the existence of such material on or in the property. The preparers, however, are not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated ground water, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated upon the assumption that there is no such material on or in the property that would cause loss in value or affect its marketability.

7. It is assumed that the property or properties described are structurally sound, seismically safe, and that all building systems (mechanical, electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required. It is assumed that the improvements as currently constituted conform to all applicable local, state, and federal building codes and ordinances.

8. No rights to expert testimony, pretrial or other conferences, disposition, or related services are included in this Evaluation. If as a result of this undertaking, The Appraisal Firm, Inc. or any its officers, professionals, and/or consultants are requested or required to provide any of the foregoing services, such shall be subject to the availability of The Appraisal Firm, Inc.'s professionals or consultants at the time and shall further be subject to the party or parties requesting or requiring such services paying the then applicable professional fees and expenses.

9. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. The Appraisal Firm, Inc. has not made a specific compliance survey with The Americans with Disabilities Act ("ADA").

10. Neither all nor any of the contents of the report shall be conveyed to the public through advertising, public relations, news, sales or other media without written consent and approval of The Appraisal Firm, Inc. This Evaluation is intended for internal bank use only.

Certification

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

- The statements of fact contained in this report are true and correct.
- 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.
- 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.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- The signatories of this appraisal report nor the Appraisal Firm have been sued by a regulatory agency or financial Institution for fraud or negligence involving an appraisal report.
- Compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in 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.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, 2020-2021 Edition.
- Appraiser has made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the persons signing this certification.
- Our analyses, opinions, and conclusions have been developed, and this report has been prepared, in compliance with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of The Appraisal Foundation, and in accordance with the appraisal-related mandates within Title XI of the Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). This report was also prepared in conformance with the State of Florida Standards for Certified General Real Estate Appraisers.

- We have not relied on unsupported conclusions relating to characteristics such as race, color, religion, national origin, gender, marital status, familial status, age, receipt of public assistance income, handicap, or an unsupported conclusion that homogeneity of such characteristics is necessary to maximize value.

- It is our opinion that the subject does not include any enhancement in value as a result of any natural, cultural, recreational or scientific influences retrospective or prospective.

- We have extensive experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.

- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

- As of the date of this report, Appraiser MAI has completed the continuing education program for Designated Members of the Appraisal Institute.

- We have not relied on the work of others if we have a reasonable doubt that the work is credible.

- We have performed no services as an appraiser, or in any capacity, regarding the property that is the subject of this report within the three year period immediately preceding acceptance of this assignment.

Respectfully submitted,
THE APPRAISAL FIRM, INC.

Appraiser
State-Certified General Appraiser #

Qualifications