

DERANGO, BEST & ASSOCIATES

PROFESSIONAL REAL ESTATE APPRAISERS, ADVISORS & CONSULTANTS
1601 EAST AMELIA STREET, ORLANDO, FLORIDA 32803

October __, 2021

Mr. Jonathan Clark
Florida Airport Management, LLC
450 South Orange Avenue, 3rd Floor
Orlando, Florida 32801

Re: Appraisal of portions of the Avon Park Executive Airport located in Avon Park, Highlands County, Florida.

Dear Mr. Clark:

As requested, we have completed our inspection and appraisal of the above referenced property. The purpose of our appraisal was to estimate the current market value of the fee simple interest in the described real property, including nine buildings. We have also determined fair market rent estimates for the real property.

The intended use of the appraisal is to provide information and guidance in the decision making concerning an airport lease and operating agreement contemplated between the City of Avon Park and Florida Airport Management, LLC. The intended users of our appraisal are the parties to the pending agreement, including representatives of the Federal Aviation Administration (FAA). There are no other intended uses or intended users of our appraisal.

The attached appraisal report provides the data and reasoning employed in formulating our value estimates. Our appraisal has been prepared in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) and Appraisal Institute regulations and appraisal guidelines put forth by the FAA.

Based on the information and analysis set forth in the attached appraisal report, our estimates of value, as of September 20, 2021, are as follows:

Fair Market Value, Fee Simple Interest: \$7,000,000

Fair Market Rent – Master Lease \$219,100/Year*

*See terms outline for lease and operating agreement.

The value reported is qualified by certain definitions, limiting conditions and certification statements, which are set forth within the attached report.

Thank you for this opportunity to be of service.

DERANGO, BEST & ASSOCIATES

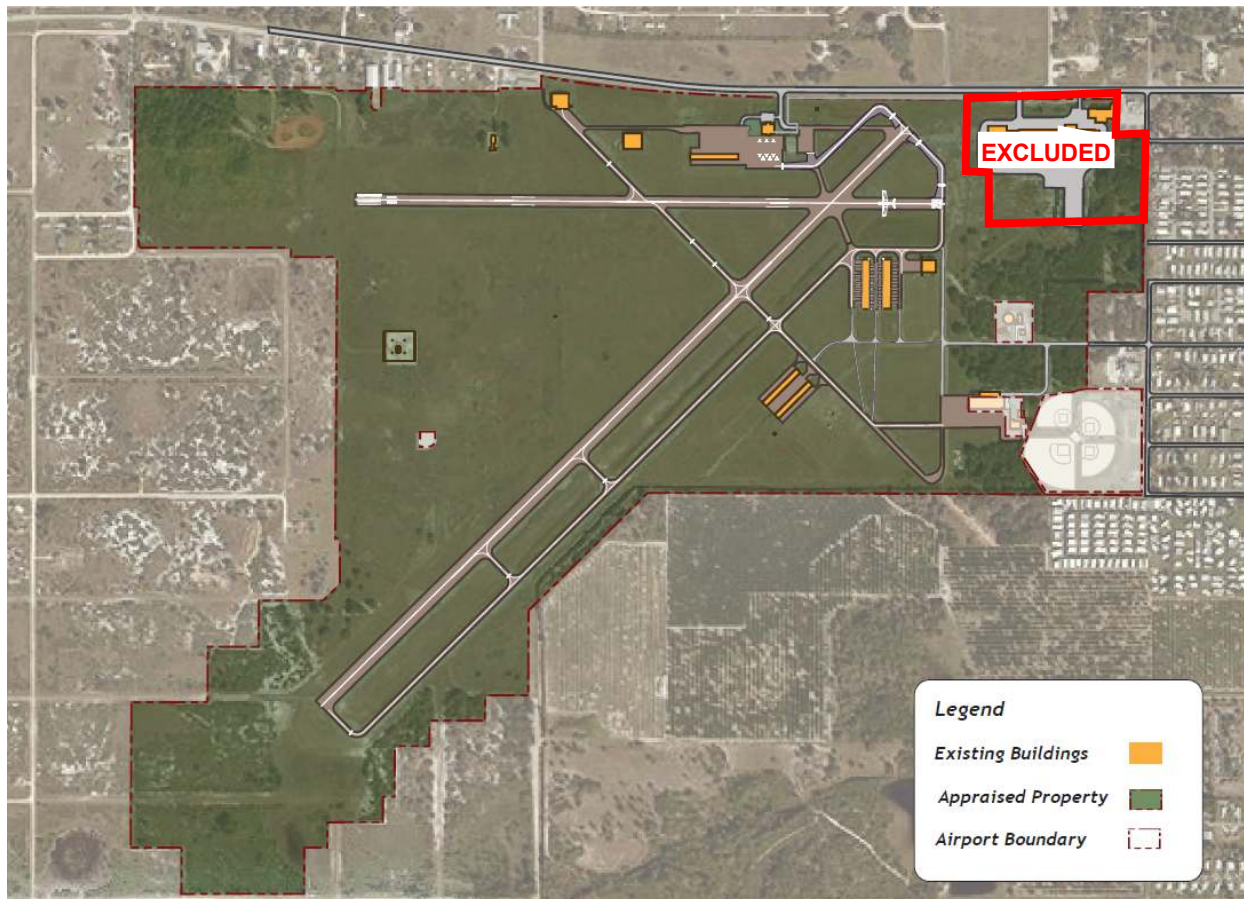
Daniel R. DeRango, MAI, CCIM
Cert Gen RZ 1054
21-225

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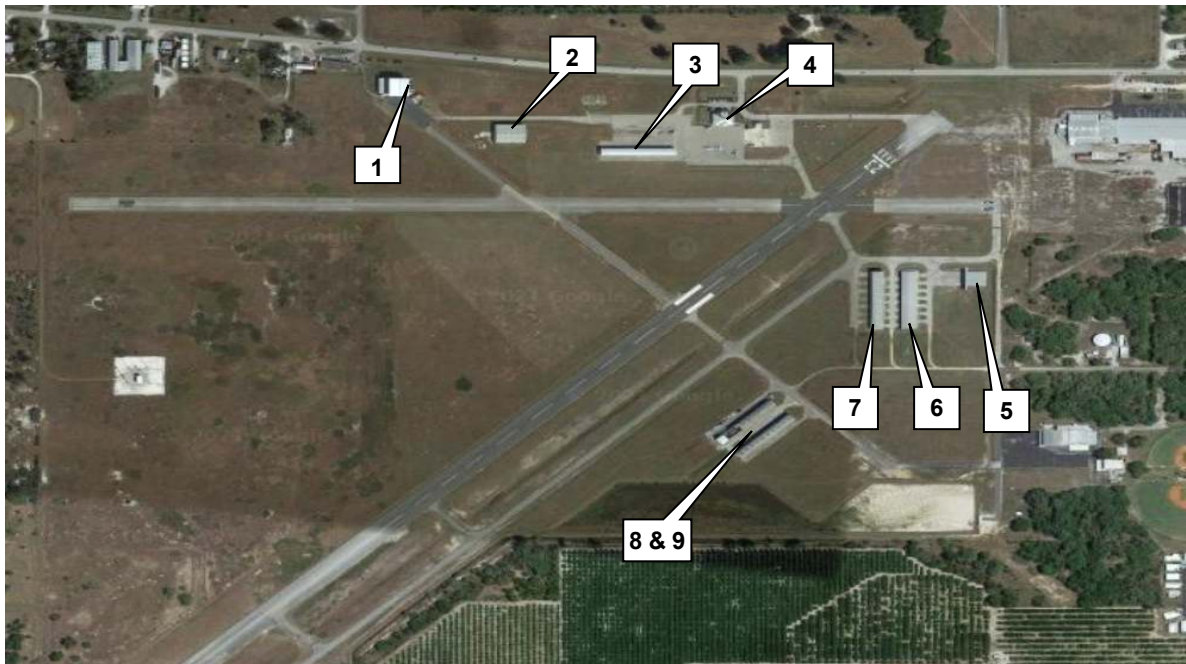
EXECUTIVE SUMMARY



PROPERTY LOCATION: The appraised property consists of the majority of the lands within the Avon Park Executive Park Airport (AVO). The airport is located along the south side of Main Street (State Road 64), west of U.S. Highway 27 North in Highlands County, Florida. The property address is 1535 FL-64, Avon Park, FL 33825.

PROPERTY OVERVIEW: The appraised property consist of approximately 406± acres. The site is irregular in shape, predominantly level and well-draining. The airfield operation boundaries consists of 283± acres of the larger airport property. The remaining 123.6± acres are future development lands around the airfield.

The property is zoned I-1, Light Industry & PR, Public Recreation/Open Space by the City of Avon Park with an Industrial and Conservations Future Land Use Designation.



**IMPROVEMENTS
DESCRIPTION:**

The property is improved with nine airside buildings constructed between 1978-2009. The appraised buildings are summarized as follows:

Avon Park Executive Airport Buildings Appraised

Map ID	Building Use	User	Year Built	Building Area (SF)	Quality/ Condition
1	Hangar/Office/Shop	AG Flying Service	1986	8,800	Good
2	Hangar/Shop/Warehouse	Vacant	1985	12,819	Very Poor
3	T-Hangars	Multi users - 10 bays total	1985	10,574	Poor to Fair
4	Office/Terminal	FBO Operator & City of Avon Park	2009	4,939	Good
5	Hangar	Highlands Aviation	2003	6,400	Good
6	T-Hangars	Multi users - 14 bays total	2006	19,200	Average to Good
7	T-Hangars	Multi users - 14 bays total	2003	17,550	Average to Good
8	T-Hangars	Multi users - 10 bays total	1978	10,608	Fair to Average
9	T-Hangars	Multi users - 10 bays total	1981	10,608	Fair to Average
			Total	101,498	

Additional improvements include infrastructure, paved areas including runways, taxiways, aprons, perimeter fencing, signage and interior roadways as well as drainage systems and onsite utilities.

**PURPOSE & INTENDED
USE OF THE APPRAISAL:**

The purpose of our appraisal was to estimate the current market value of the fee simple interest in the property, including nine buildings. We have also determine fair market rent estimates for the described property.

The intended use of the appraisal is to provide information and guidance in the decision making concerning a leasing and operating agreement contemplated between the Avon Park Airport Authority and Florida Airport Management, LLC. The intended users of our appraisal are the parties to the noted pending lease agreement, including representatives of the FAA. There are no other intended uses or intended users of our appraisal.

**EFFECTIVE DATE
OF APPRAISAL:**

September 20, 2021

VALUE CONCLUSIONS:

Fair Market Value, Fee Simple Interest: \$7,000,000

Fair Market Rent – Master Lease: \$219,100/Year*

*See terms outline for lease and operating agreement.

EXTRAORDINARY ASSUMPTIONS

ASSUMPTION NO.1

We have relied on information provided by public records and information in supplied documents including a Master Plan for the Avon Park Executive Airport with respect to the specifications of the appraised property. This includes building information. We have assumed that the information as provided and cited herein is materially accurate for purposes of our analysis.

ASSUMPTION NO.2

We have not been provided with an environmental survey of the property or improvements. We have no expertise in the discovery of these issues, and we do not know of any environmental hazards at the property. We have assumed for purposes of our appraisal that there are no significant issues at the property. Our value estimates are subject to a review of an environmental study.

ASSUMPTION NO.3

We have not been provided with building or other inspection reports for the appraised improvements. We have no expertise in the discovery of these issues, and, other than noted herein, we do not know of any specific items of deferred maintenance at the property. We have assumed for purposes of our appraisal that, other than noted herein that there are no significant deferred maintenance items and that the building systems are in working order and in serviceable condition. Our value estimates are subject to a review of inspection reports if available.

ASSUMPTION NO. 4

The value estimates cited herein is for the real property interests only. Our value excludes furnishings, vehicles, all tangible personal property, equipment and business fixtures and any intangible value or goodwill associated with the airport operation.

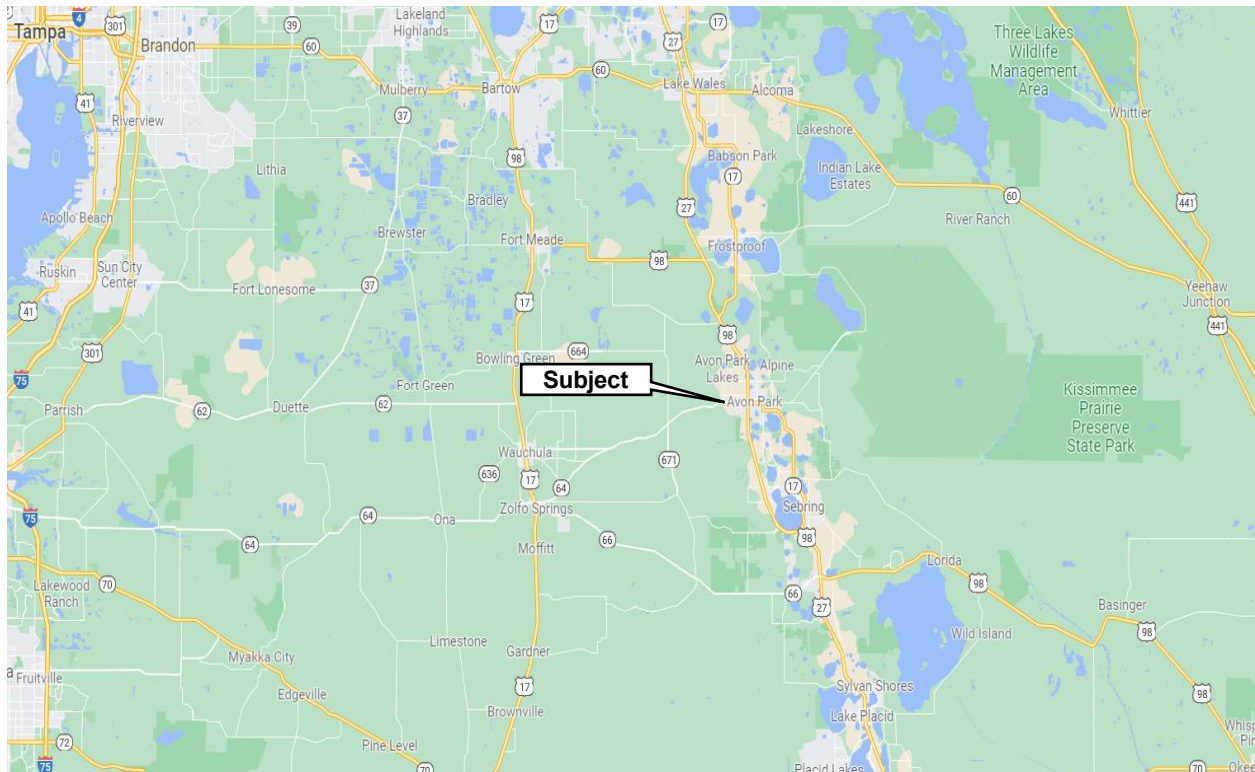
ASSUMPTION NO. 5

The value estimates cited herein are based on limited rental and operating data with respect to the existing tenants and expenses related to the property. We have assumed that the information provided is materially accurate for purposes of our appraisal.

ASSUMPTION NO. 6

It is our understanding and assumption that the use of the airfield and related parcels are subject to typical use restrictions set forth as part of grant funding requirements from the FAA and/or FDOT. We have not been provided with a title report detailing the noted encumbrances and our appraisal is subject to review of any extraordinary restrictions.

INTRODUCTION



SCOPE OF THE ASSIGNMENT

DeRango, Best & Associates has been requested by Florida Airport Management, LLC to prepare an appraisal of a 406± acre portion of the Avon Park Executive Airport (AVO) located in Avon Park, Highlands County, Florida. The property address for the airport is 1535 State Road 64, Avon Park, Florida 33825. We have appraised the defined tract of land and identified buildings within the appraised lands. The purpose of this appraisal is to estimate the market value of the fee simple interest in the described property and the fair market rental rate for the property under current market conditions.

The scope of the appraisal included an inspection of the property and the neighborhood. Public record information considered in our analysis of the subject was obtained from the Highlands County Property Appraiser's office. Comparable sales and rental information was obtained from databases published by MicroDecisions, CoStar, Loopnet, additional research of the public records, market participants and other third-party sources.

LEGAL DESCRIPTION

The legal description of the appraised property is lengthy and has been added into the addendum of this report.

OWNERSHIP AND SALES HISTORY

The property has been under the same or related ownership for many years. The current ownership entity is:

City of Avon Park
110 East Main Street
Avon Park, Florida 33825

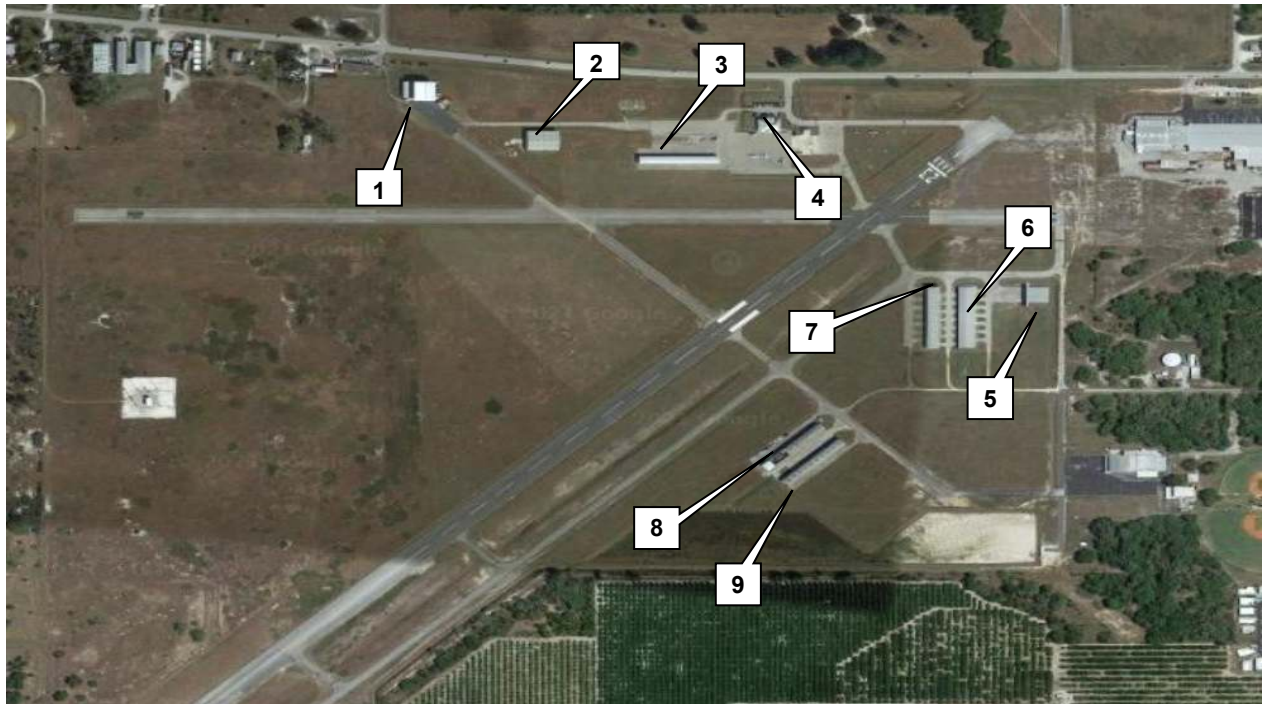
No transactions have been recorded on the property within the past five years. The property is not listed, for sale or under contract for purchase. However, as noted the property is under consideration for a long term master leasing and operating agreement.

MARKETING AND EXPOSURE TIME

Our concluded market value and market rent estimates consider the type of real estate, the market conditions. We estimate the marketing period for the property to be about 24 months or fewer. This time frame recognizes that the conclusion of the market value will remain at the same level throughout the marketing period.

We have also estimated that the exposure time of the property to be about 24 months.

PROPERTY PHOTOGRAPHS



AERIAL VIEW



HANGAR 1 FACING EAST



BUILDING/WAREHOUSE 2 FACING SOUTHEAST



BUILDING/WAREHOUSE 2 FACING EAST/ NORTHEAST



T-HANGAR 3 FACING WEST



FBO TERMINAL BUILDING 4 FACING NORTHWEST



FBO TERMINAL BUILDING 4 FACING NORTH



HANGAR 5 FACING EAST



T HANGARS 6 & 7 FACING NORTH



T HANGARS 6 & 7 FACING SOUTH



T HANGARS 6 & 7 FACING NORTHEAST



T HANGARS 8 & 9 FACING NORTHEAST



T HANGARS 8 & 9 FACING SOUTHWEST



FUEL FARM

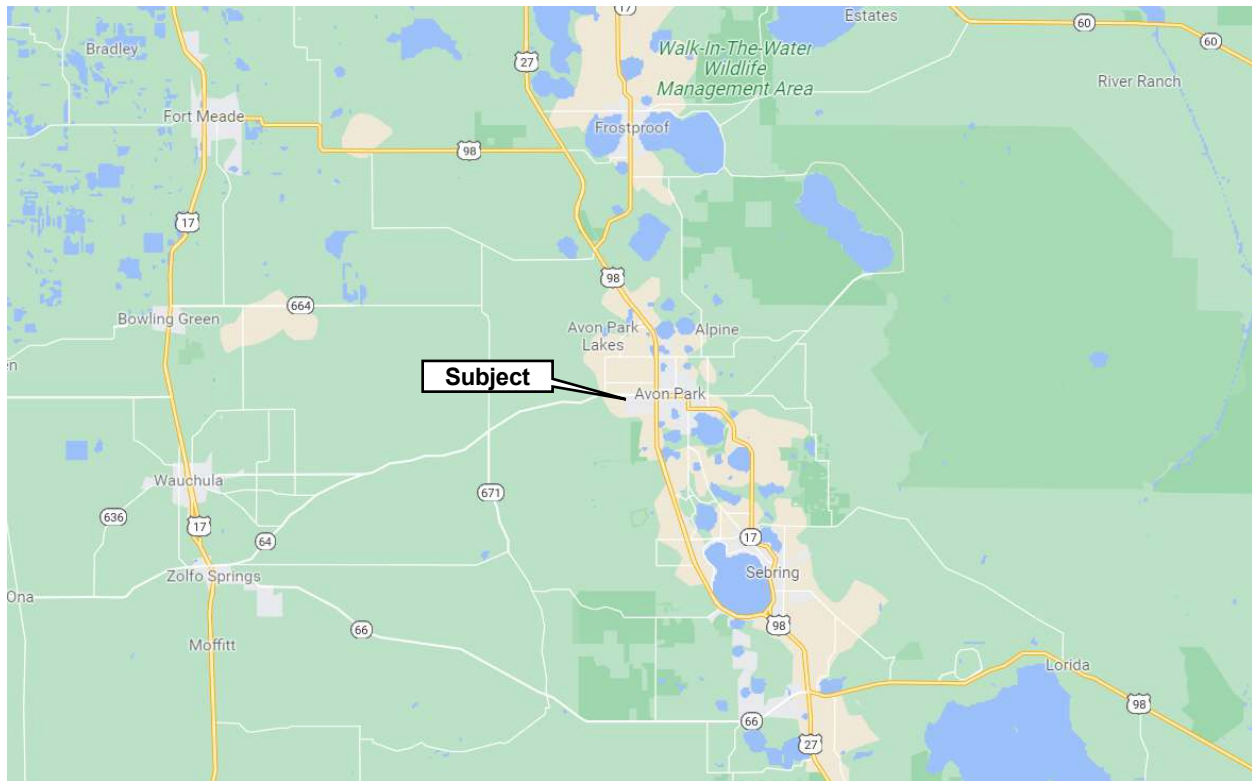


VIEW FACING EAST ALONG STATE ROAD 64 – AIRPORT TO LEFT



VIEW FACING WEST ALONG STATE ROAD 64 – AIRPORT TO RIGHT

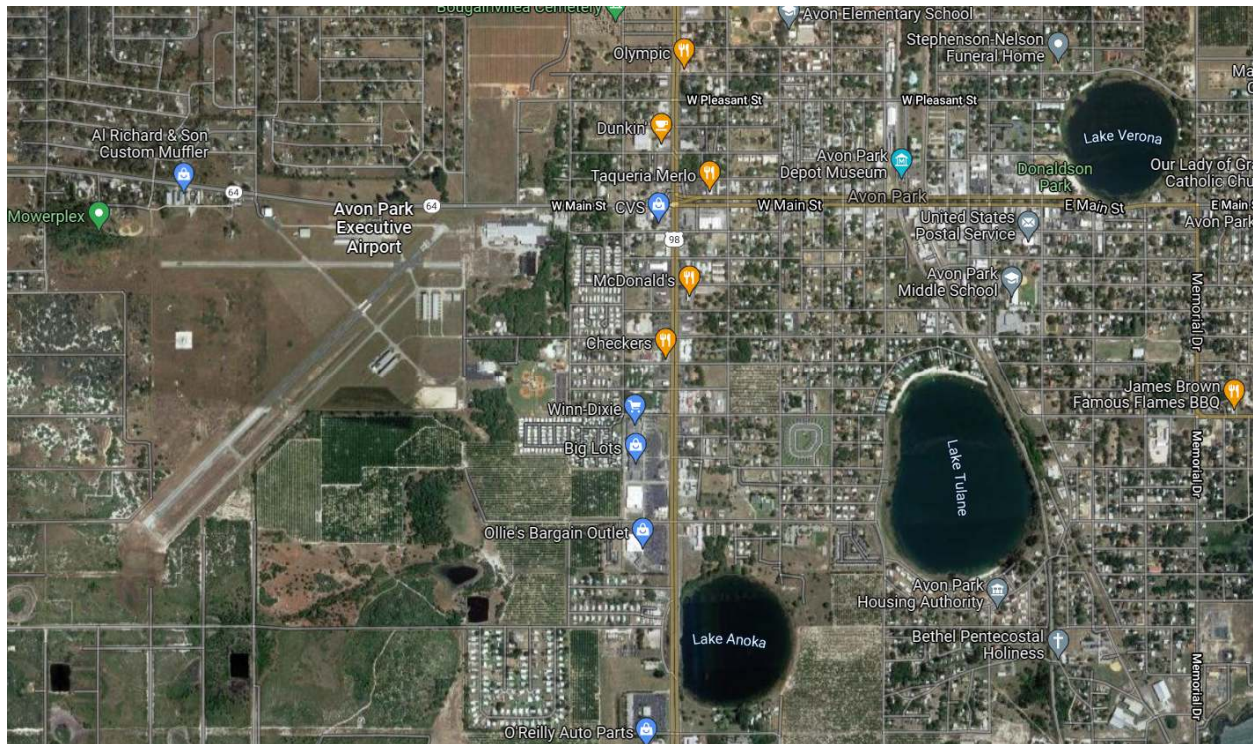
AREA AND NEIGHBORHOOD OVERVIEW



The Avon Park Executive Airport is within the City of Avon Park and is approximately 2.5 miles east of the central business district of the city. The airport is near the convergence of US Highway 27/Highway 8, County Road 64 and County Road 17. State Road 17 is about 19 miles to the west. Avon Park is located nine miles north of Sebring and 23 miles south of Lake Wales in a mostly rural area approximately in middle of the Florida peninsula with respect to the coastal areas of Vero Beach to the East and Bradenton to the West. The population of Avon Park is estimated at 10,689 (US Census Bureau July 1, 2019). Avon Park has a median household income of \$30,750.

Commercial in the area generally follow the two nearby highway corridors, US Highway 27 and County Road 64 (West Main Street). To the immediate east of the subject, along US 27 runs north and south through the region there are a number of fast-food and local restaurants, car-dealerships and retail centers to the south. A Walmart Supercenter is about one mile to the north of the neighborhood along Highway 27.

CR 64/West Main Street is the primary east-west thoroughfare in the area and is a part of a designated historic district as it passes through downtown Avon Park. Local historical landmarks include; The Jacaranda Hotel, "The Gazebo", and The Historical Depot Museum,



Residential development in surrounding areas to the north and southwest of the airport include a mix of established subdivisions, rural ranchettes multiple manufactured and home communities. Several developments in the area are 55 and older restricted retirement communities. Notable residential developments include:

- Reflections on Silver Lake
- Knoll-Century Hill
- Villa Del Sol Mobile Home Park
- Avon Park Village
- Avon Mobile Home Park

Additionally, the Sun N' Lake Golf and Residential Community of Sebring is about 6.5 miles south of the airport and includes 12± square miles with approximately 5,000 residents. The district currently contains 12,401 single-family lots.

There are a number of public schools in the area, the largest being Avon Park High School, located on the south side of Main Street just east of Memorial Drive. South Florida State College (SFSC) is located 2 miles south of the subject property and serves 19,000 residents of Highlands, Hardee, and DeSoto counties. SFSC offers bachelor's degree programs for Applied Science in Supervision and Management (BAS-SM), Nursing (BSN), and in Elementary Education (BSEE).

Advent Health has an ER facility in Avon Park and a hospital located near Sebring to the south of Avon Park.



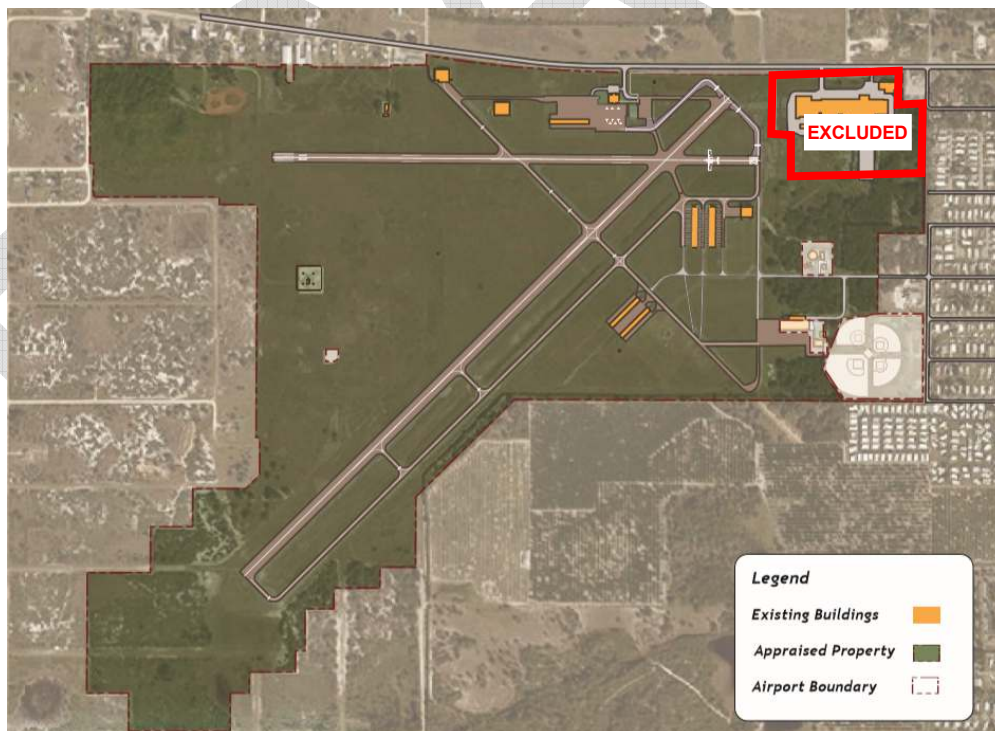
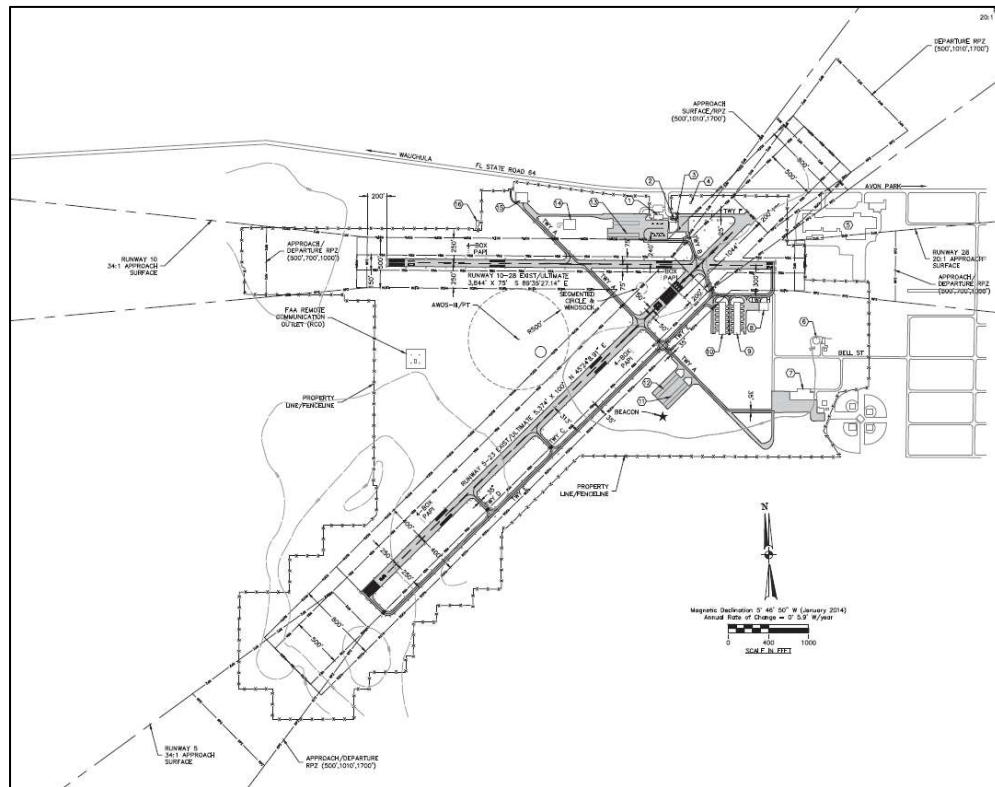
The immediate neighborhood surrounding the airport is a mix of rural commercial and light industrial uses. The most notable facility in the surrounding neighborhood is Classic Caladiums complex located at the east end of the airfield. The company leases a large industrial facility for the distribution and development of ornamental caladiums.



Also surrounding the airport are City facilities including a municipal baseball complex/park, public utilities plants, mobile home parks and subdivisions and agricultural uses such as citrus groves.

There is limited new development in the immediate neighborhood and land use patterns are not expected to change in the near term.

AIRPORT OVERVIEW



Runway Information

Runway 5/23

Dimensions: 5,374 x 100 ft. / 1,638 x 30 m
Surface: asphalt, in excellent condition
Weight limitations:
Single wheel: 26,000 lbs.
Runway edge lights: Medium intensity
Instrument approach: ILS

Runway 10/28

Dimensions: 3,844 x 75 ft. / 1,172 x 23 m
Surface: asphalt, in fair condition
Weight limitations:
Single wheel: 110,000 lbs.
Runway edge lights: Medium intensity
Instrument approach: ILS

Airport Operational Statistics (Per AirNav.com)

Aircraft based on the field: 44
Single engine airplanes: 36
Multi engine airplanes: 4
Jet airplanes: 0
Helicopters: 1
Gliders airplanes: 2
Ultralights: 1

Fixed Base Operators

FBO services are limited at AVO. The City of Avon Park operates the sole FBO Terminal operation. The adjoining fuel farm includes both Avgas and Jet A fueling. Other private facility locations are also available for based aircraft.

AREA AIRPORTS

Airport ID	AIRPORT NAME	TOWN	Control Tower	Distance to AVO
SEF	SEBRING REGIONAL AIRPORT	SEBRING	No	12.1 nm SE
X07	LAKE WALES MUNICIPAL AIRPORT	LAKE WALES	No	18.9 nm NNW
2RR	RIVER RANCH RESORT AIRPORT	RIVER RANCH	No	19.5 nm NE
CHN	WAUCHULA MUNICIPAL AIRPORT	WAUCHULA	No	20.5 nm WSW
BOW	BARTOW EXECUTIVE AIRPORT	BARTOW	Yes	25.5 nm NW
X06	ARCADIA MUNICIPAL AIRPORT	ARCADIA		29.8 nm SW
GIF	WINTER HAVEN REGIONAL AIRPORT	WINTER HAVEN		31.0 nm NNW
LAL	LAKELAND LINDER INTERNATIONAL AIRPORT	LAKELAND		36.0 nm NW

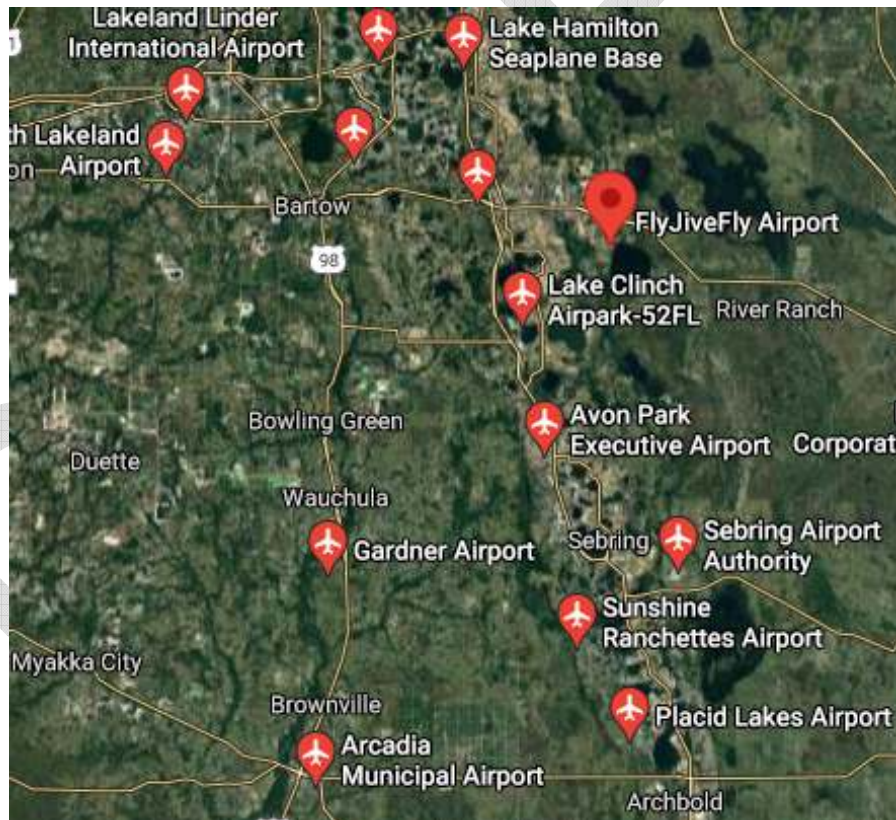


Figure 2-14 Airports in the Vicinity of AVO (Miami Sectional Chart)



Source: FAA, Miami Aeronautical Sectional Chart, February 2015

PROPERTY DESCRIPTION



Location

The appraised property is the northern 406± acres of the larger Avon Park Executive Airport that is located along the south side of FL-64, west of U.S Highway 27 North. The property is located in northwest Highlands County. The property address is 1535 FL-64, Avon Park, Florida 33825.

Site Size/Configuration

The appraised site is depicted above and contains 406± acres. The parcel has 2,700± feet of frontage along the south side of State Road 64. The property extends south from the highway from about 2,600 feet at the east end of the airport to about 5,100 feet to the end of the main runway at the west end of the airport. The southern and western borders of the airport are predominantly abutting rural residential areas and agricultural tracts. The east end of the airport follows South Self Avenue. Surrounding uses include municipal utilities and other City property and pre-manufactured housing parks and subdivision.

Note: A 21± acre leasehold at the northeast corner of the airport that is leased to Classic Caladiums is not included in the current appraisal. Also excluded are municipal properties in the southeast corner of the airport holdings as shown above.

Access & Exposure



The primary vehicular access to the airport is along the north side of Highway 64 to the FBO terminal (Building 5) which is near the center of the highway frontage. The road is an undivided highway and access is available in both directions via a single driveway. There is also a gated access to Hangar 1 via the highway at the west end of the airfield. Exposure is good to the highway traffic. Highway 64 has traffic counts reported to be 9,000 AADT in the area of the airport.

Access to the east campus of buildings is available via Bell Street and Seamans Street, south of Highway 64 via south Self Street. There is also a dirt road along the west side of airfield which also borders the subject property but does not appear to have access to the property.

Utilities

City water is available along State Road 64. Sewer service is currently available. Most users on the airport rely on wells for water and septic systems for sanitary sewage treatment.

Environmental Hazards

We are not aware of any environmental hazards that may exist. However, the detection of specific and unapparent environmental hazards is beyond our area of expertise. We have assumed no adverse conditions exist for purposes of our appraisal. (See extraordinary assumptions.)

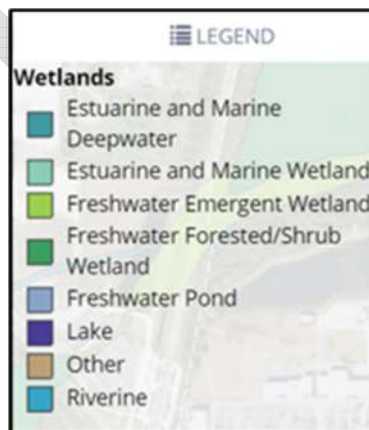
Topography & Soils



The property is generally level and at road grade. The airport utilizes a master on-site master storm water management system utilizing retention areas along the runways, taxiways and highway.

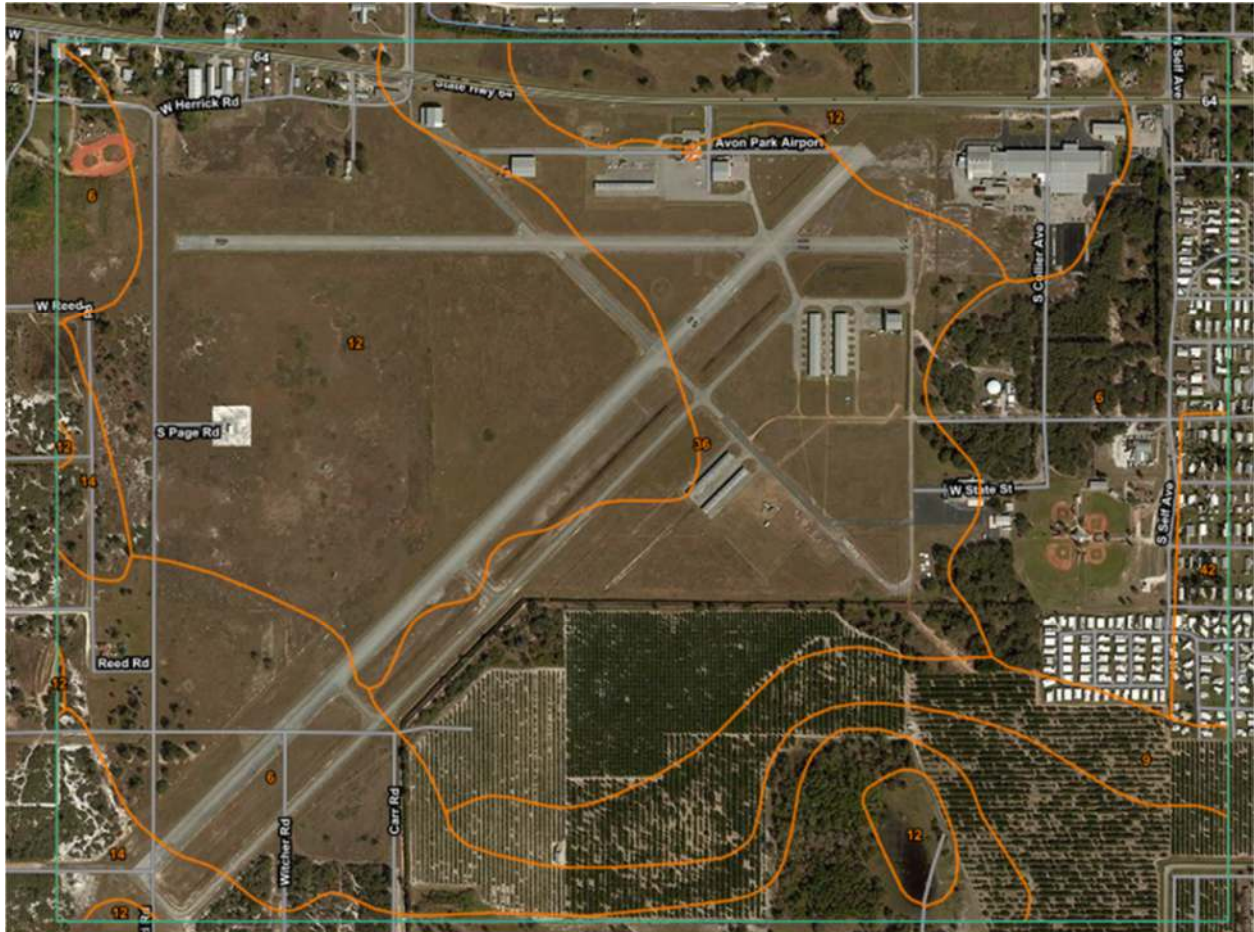
National Wetlands Map

The airfield and surrounding lands do not appear to have any known jurisdictional wetlands areas.



Soil Map

The airport site appears to drain well with primarily sandy soils typical to the region.



Highlands County, Florida (FL055)			
Highlands County, Florida (FL055)			
Map Unit Symbol	Map Unit Name	Acres in AOI	Percent of AOI
6	Tavares sand, 0 to 5 percent slopes	183.0	28.5%
9	Astatula sand, 0 to 5 percent slopes	36.2	5.6%
12	Basinger fine sand, 0 to 2 percent slopes	217.1	33.9%
14	Satellite sand, 0 to 2 percent slopes	40.9	6.4%
36	Pomello sand, 0 to 5 percent slopes	154.1	24.0%
42	Astatula-Urban land complex, 0 to 8 percent slopes	10.0	1.6%
Totals for Area of Interest		641.4	100.0%

Flood Hazard Data

As shown on Panel 12095C0610F, dated September 25, 2009, of the Flood Insurance Rate Maps, published by FEMA, the property is located in Flood Zone X, a minimal flood hazard area.



PROPERTY ASSESSMENTS AND TAXES

Most of the City owned property is part of the airfield and most of the parcels are exempt from taxation, including the undeveloped lands and parcels with airport infrastructure. The property is assessed for ad valorem property taxes by Highlands County as follows:

2020 Property Assessments and Taxes

Parcel	HCPA Parcel ID #	Acreage	Building SF	Land Assessment	Building Assessment	Extra Feature	Total Assessed Value	2020 Taxes
Hangar 1	21-33-28-010-0210-003G	2.00	12,520	\$43,566	\$221,674	\$21,640	\$286,880	\$4,603
Building 2	21-33-28-010-0210-003F	0.86	12,819	\$18,750	\$169,371	\$3,917	\$192,038	\$3,075
T-Hangar 3	21-33-28-010-0210-003C	1.86	10,574	\$40,000	\$128,739	\$37,646	\$206,885	\$3,314
FBO Terminal 4	21-33-28-010-0210-003K	0.34	5,544	\$7,500	\$509,576	\$12,636	\$529,712	\$0
Hangar 5	21-33-28-010-0210-003H	0.53	6,400	\$11,625	\$148,952	\$36,529	\$197,106	\$3,190
T-Hangar 6	21-33-28-010-0210-003J	1.10	19,200	\$24,050	\$284,444	\$35,247	\$343,741	\$5,569
T-Hangar 7	21-33-28-010-0210-003I	1.10	175,550	\$24,050	\$239,740	\$20,823	\$284,613	\$4,621
T-Hangar 8 & 9	21-33-28-010-0210-003D	1.86	10,608	\$40,500	\$241,257	\$20,487	\$302,244	\$4,840
Totals		9.67	253,215	\$210,041	\$1,943,753	\$188,925	\$2,343,219	\$29,212

All real estate taxes are current. There are no delinquent taxes.

EASEMENTS AND ENCUMBRANCES

We have not reviewed a title report or complete survey of the airport property. We know of no adverse easements. The property is subject to the Avon Park Executive Airport Master Plan and the rules and regulations of the FAA. The airport is also subject to restrictions associated with grant assurances from the FAA and/or Florida Department of Transportation. (See Extraordinary Assumptions)

For appraisal purposes we assume typical utilities easements are in place and that cross easements. We also assume the master storm-water management system presently on airport will remain in place to the shared benefit of property uses on the airport.

21-225

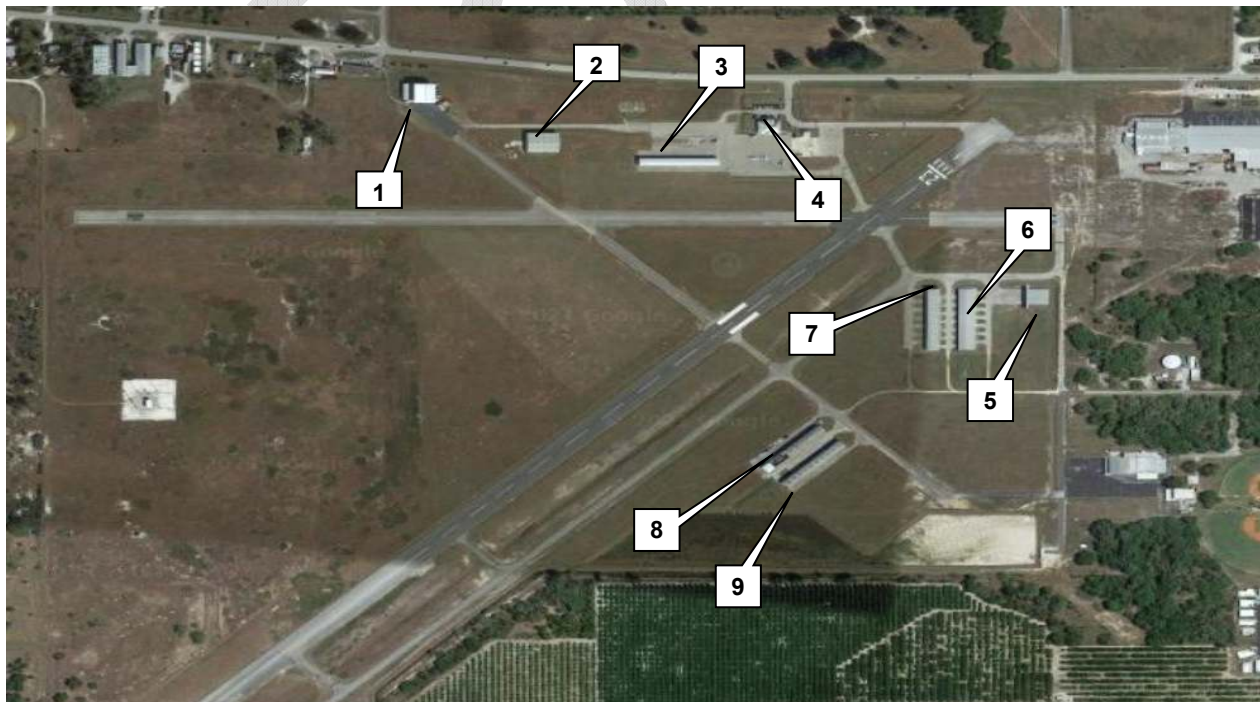
IMPROVEMENTS DESCRIPTION

The property is improved with nine airside buildings totaling 105,218± SF of building area. The buildings were constructed between 1978-2009. The buildings are summarized below and in the following pages:

Avon Park Executive Airport Buildings Appraised

Map ID	Building Use	User	Year Built	Building Area (SF)	Quality/Condition
1	Hangar/Office/Shop	AG Flying Service	1986	8,800	Good
2	Hangar/Shop/Warehouse	Vacant	1985	12,819	Very Poor
3	T-Hangars	Multi users - 10 bays total	1985	10,574	Poor to Fair
4	Office/Terminal	FBO Operator & City of Avon Park	2009	4,939	Good
5	Hangar	Highlands Aviation	2003	6,400	Good
6	T-Hangars	Multi users - 14 bays total	2006	19,200	Average to Good
7	T-Hangars	Multi users - 14 bays total	2003	17,550	Average to Good
8	T-Hangars	Multi users - 10 bays total	1978	10,608	Fair to Average
9	T-Hangars	Multi users - 10 bays total	1981	10,608	Fair to Average
			Total	101,498	

Additional improvements include infrastructure, paved areas including runways, taxiways, aprons, perimeter fencing, signage and interior roadways as well as drainage systems and onsite utilities.





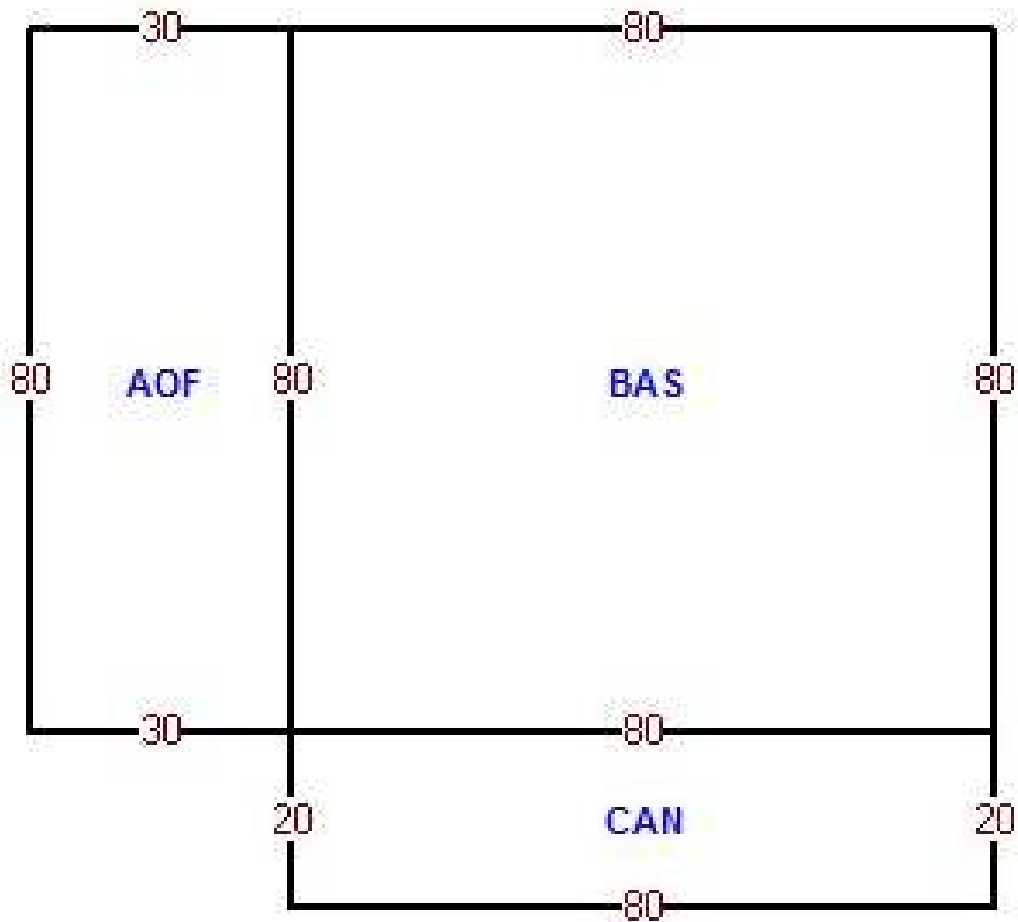
HANGAR 1

Building 1 is a 8,800 ± SF hangar/office upon a 2.00 acre leased site. The single-story structure was built in 1986 and is of metal construction on a concrete foundation. The hangar bay has insulated walls and ceiling with ceiling mounted spot lighting. The bay has a horizontal rolling hangar door. The building has 2,400 SF of lean-to office and shop space and a 1,600 SF canopy. The interior areas feature office and workshop areas, a restroom and a lounge area. The building is functional in layout and has 24' wall heights and a 22' door height.





1699 SR 64 W



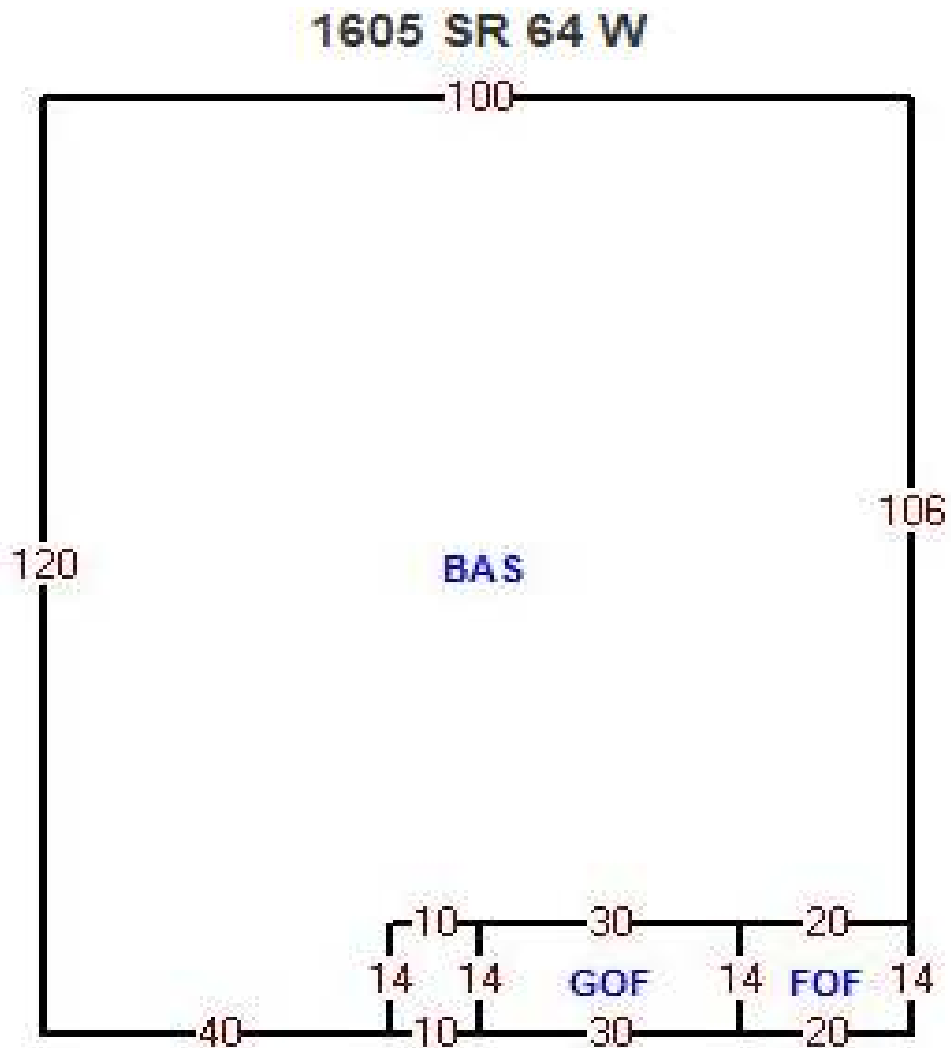
Building ID #	1
Building Use	Hangar/ Office/Shop
Location on Airport	Northwest corner of the airfield. Located at the eastern terminus of taxiway A.
Access/Exposure on Site	Direct access to Taxiway A. Gated access via driveway to Highway 64.
Building Area (SF)	8,800
Year Built	1986
Construction	Metal
Quality of Construction	Good
Condition	Good
Estimated Height	26'
Air conditioned / Office %	19%
Office Finishes	Average to Good quality offices shop space
Occupancy	Single Tenant
Comments/Features	Building also has a 1,600 SF canopy. Known as the Ben Hill Griffin Hangar

WAREHOUSE BUILDING 2:

Warehouse Building 2 contains 12,819 ± SF hangar. The single-story structure was built in 1985 and is of metal construction on a concrete foundation. The building has some second story mezzanine and office space. The building is functional in layout and has 14' to 16' wall heights. The building has been poorly maintained and is in very poor condition. (See extraordinary assumptions.)







Building ID #	2
Building Use	Warehouse/ Maintenance Hangar
Location on Airport	Northern portion of the airfield. North of runway 10-28. East of taxiway A.
Access/Exposure on Site	No paved access to building. Old driveway is not useable. East side of Taxiway A.
Building Area (SF)	12,819
Year Built	1985
Construction	Metal
Quality of Construction	Average
Condition	Very Poor
Estimated Height	18'
Air conditioned / Office %	0%
Office Finishes	N/A
Occupancy	Vacant
Comments/Features	Building is at or near the end of its useful life. The structure is in very poor condition and is not in an occupiable/leasable state as is.

T-HANGAR 3

T-Hangar 3 is a 10,574± SF multi-tenant building with 10 T-Hangar bays. The Steel building is of average quality metal construction on a concrete foundation. The building was built in 1985 and is in average to fair condition.



Building ID #	3
Building Use	T-Hangar
Location on Airport	Northern portion of the airfield. North of runway 10-28. East of taxiway A. East of Building 2.
Access/Exposure on Site	Access by internal roadway. No public road access
Building Area (SF)	10,574
Year Built	1985
Construction	Metal
Quality of Construction	Average
Condition	Fair to Poor
Estimated Height	
Air conditioned / Office %	0%
Office Finishes	N/A
Occupancy	Multi-tenant
Comments/Features	10 T-Hangar Bays. Scheduled for demolition in 2023/2024

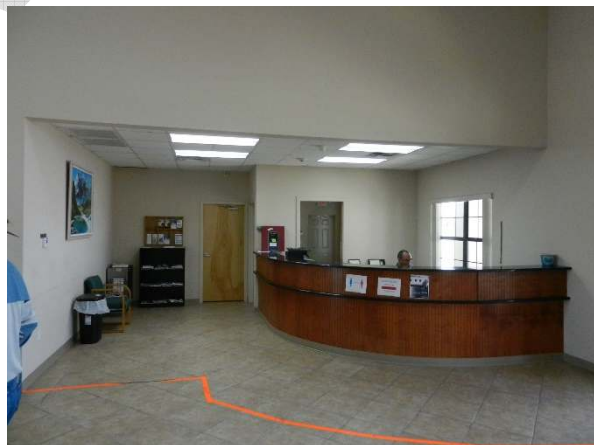
FBO TERMINAL BUILDING 4

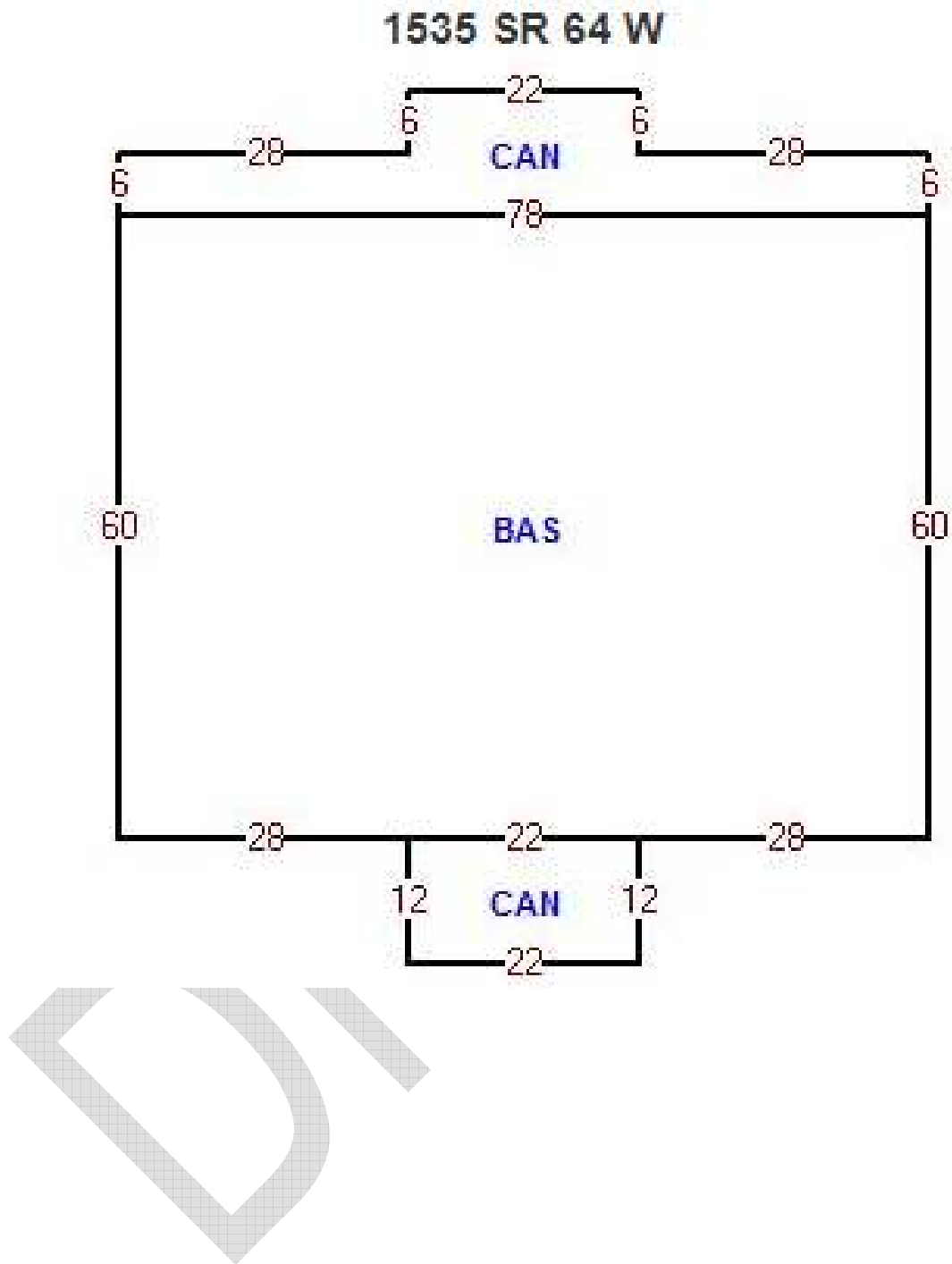


The FBO office/terminal building is 4,939± SF and is of steel construction with stucco exterior. The building is 100% air conditioned. The one-story structure was built in 2009 and is of good quality and in good condition. The building is functional in layout. The interior space is of good quality and has a mix of ceramic tile and commercial grade carpet flooring. The building has a ceiling grid with recessed fluorescent lighting. Other building features include:

- Reception area
- Conference room
- Pilots lounge
- Executive offices
- Bathrooms/Restrooms
- Metal roof

The FBO site includes an above ground fuel farm with two tanks of gallons each. (One AvGas tank and one JetA tank.)



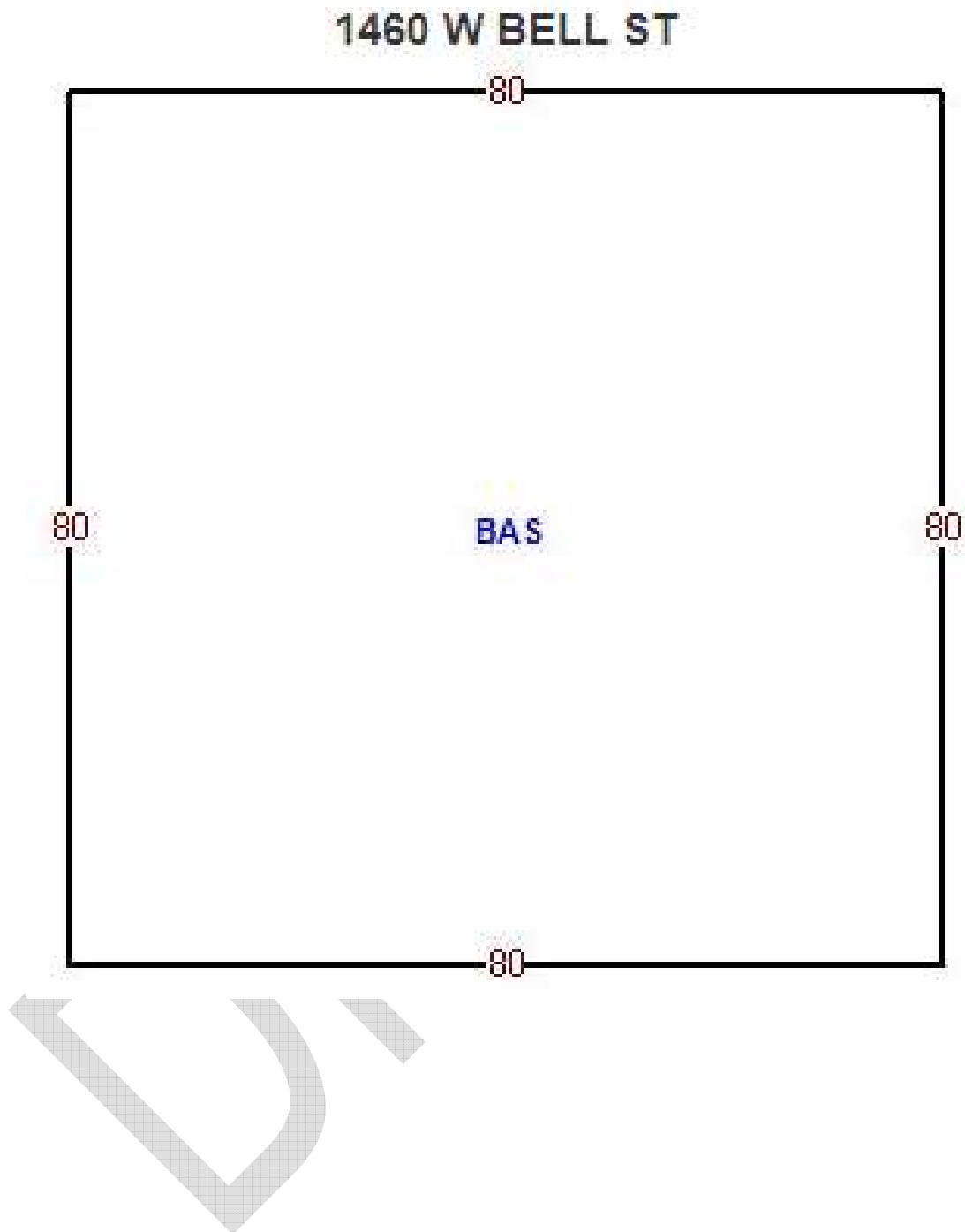


Building ID #	4
Building Use	Terminal Building
Location on Airport	Northern portion of the airfield. North of runway 10-28. East of taxiway A. East of Building 3.
Access/Exposure on Site	Access and Exposure along south side of FL-64. Access to Taxiway A&B
Building Area (SF)	4,680
Year Built	2009
Construction	Stucco over Metal
Quality of Construction	Good
Condition	Good
Estimated Height	20' in center
Air conditioned / Office %	100%
Office Finishes	Good quality finishes.
Occupancy	Single User -City of Avon Park
Comments/Features	Newest building on airfield. Rear of building accesses the apron.

HANGAR 5 – HIGHLAND AVIATION:

Hangar 5 is a storage and maintenance hangar with 6,400 ± SF upon a 0.53 acre parcel. The one story structure was built in 2003 of metal construction on a concrete foundation. We were not afforded access to the hangar interior during our site visit. Per HCPA records the hangar does not have office or shop space. The height appears to be around 24 feet with horizontal rolling hangar doors.





Building ID #	5
Building Use	Storage/Maintenance Hangar
Location on Airport	Eastern end of the airfield. South of runway 10-28.
Access/Exposure on Site	Access by south side of Taxiway H. Gated access from West Bell Street. No road exposure.
Building Area (SF)	6,400
Year Built	2003
Construction	Metal
Quality of Construction	Good
Condition	Good
Estimated Height	22'
Air conditioned / Office %	N/A
Office Finishes	Average
Occupancy	Single Tenant
Comments/Features	Occupied by Highlands Aviation which also leases an adjoining ramp. Tenant also owns an adjoin hangar in fee simple.

T-HANGARS 6 & 7

T-Hangar 6 and 7 are multi-tenant steel buildings with 14 bays per building. Hangar 6 is 19,200± SF and Hangar 7 has 17,550 SF. The T-hangers are constructed of metal with a concrete foundation. The structures were constructed between 2003 and 2006. The building heights are about 14'.







T-Hangar 6 Sketch:



T-Hangar 7 Sketch:



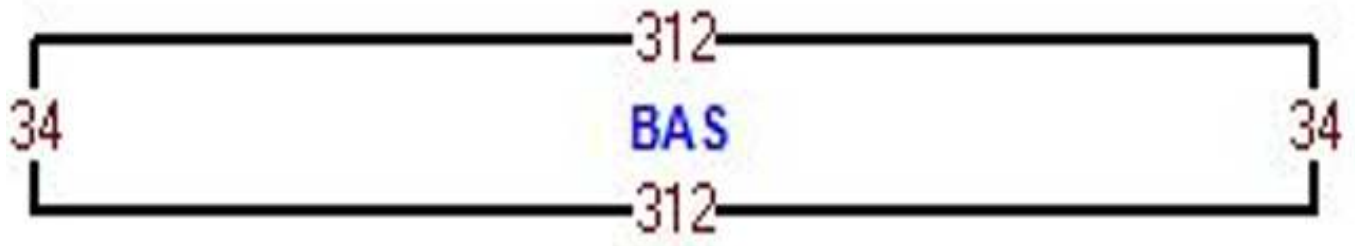
Building ID #	6	7
Building Use	T-Hangar	T-Hangar
Location on Airport	Eastern portion of the airfield. Adjacent to Building 7. South of runway 10-28.	Eastern portion of the airfield. Adjacent to Building 6. South of runway 10-28.
Access/Exposure on Site	Access to Taxiways A & H. No direct public road exposure.	Access to Taxiways A & H. No direct public road exposure.
Building Area (SF)	19,200	17,550
Year Built	2006	2003
Construction	Metal	Metal
Quality of Construction	Average to Good	Average to Good
Condition	Average to Good	Average to Good
Estimated Height	14'	14'
Air conditioned / Office %	0%	0%
Office Finishes	None.	None.
Occupancy	Multi Tenant	Multi Tenant
Comments/Features	14 T-hangar bays	14 T-hangar bays

T-HANGARS 8 & 9

T-Hangar 8 and 9 are multi-tenant steel buildings with 10 bays per building. Both buildings are 10,608± SF T-hanger constructed of metal with a concrete foundation. The structures were constructed between 1978 and 1981. The building heights are about 14'.

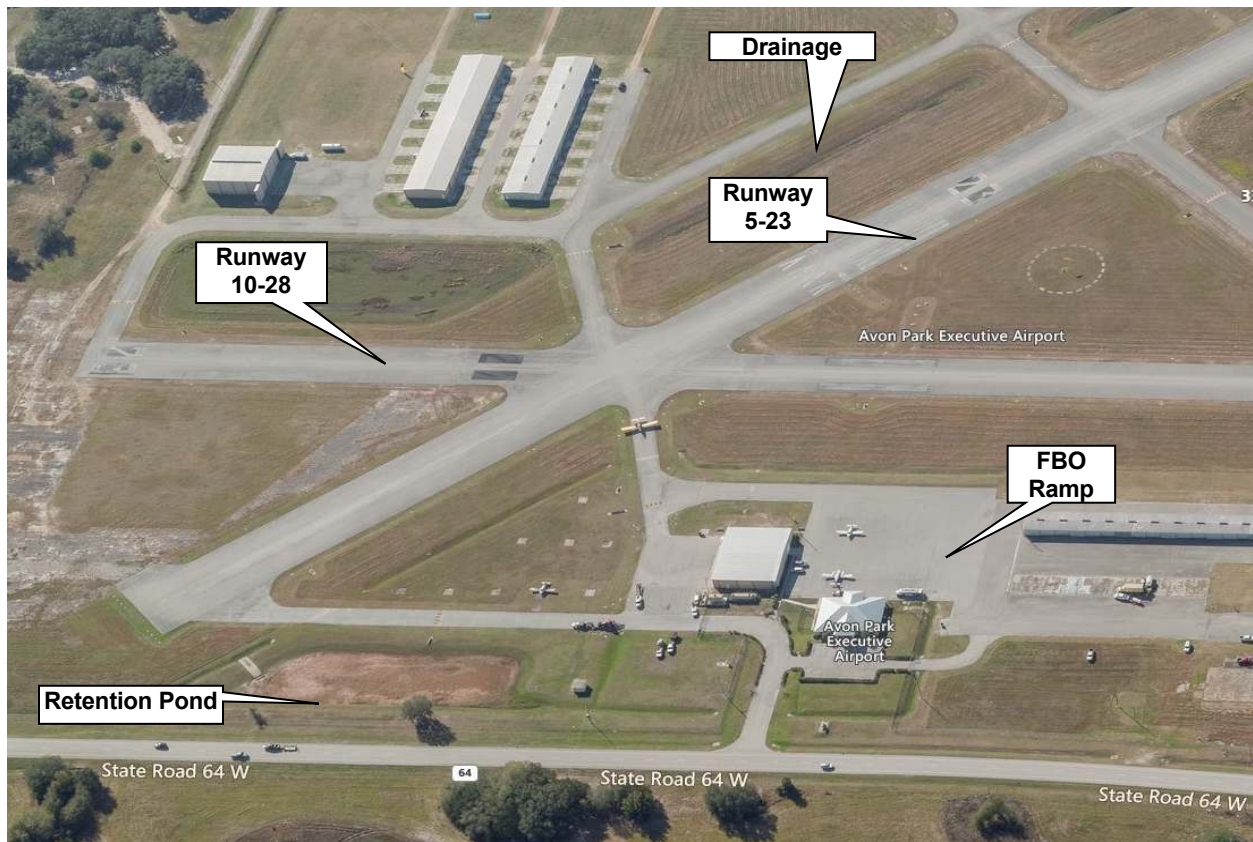


T-Hangar 8 & 9 Sketch (Identical Buildings):



Building ID #	8	9
Building Use	T-Hangar	T-Hangar
Location on Airport	Southeast corner of the site. Adjacent to Building 9. South of runway 10-28. Along south side taxiway A	Southeast corner of the site. Adjacent to Building 8. South of runway 10-28. Along south side taxiway A
Access/Exposure on Site	Access to Taxiway A. No direct road access. No public road exposure.	Access to Taxiway A. No direct public road access or exposure.
Building Area (SF)	10,608	10,608
Year Built	1978	1981
Construction	Metal	Metal
Quality of Construction	Average to Good	Average to Good
Condition	Fair to Average	Fair to Average
Estimated Height	14'	14'
Air conditioned / Office %	0%	0%
Office Finishes	None.	None.
Occupancy	Multi Tenant	Multi Tenant
Comments/Features	10 T-hangar bays	10 T-hangar bays

AIRPORT SITE IMPROVEMENTS



RUNWAYS: There are two active runways serving AVO- Runway 05-23 and Runway 10-28.

TAXIWAYS: There are 6 active taxiways providing access to the both runways from all buildings.



**STORM WATER
MANAGEMENT:**

There are several on-site water retention ponds.

Multiple asphalt paved surface parking lots and interior roads with adequate parking to good levels of parking for each building

FENCING:

The airport has chain-link fencing around the property.



RADIO TRANSMISSION TOWER:



COMMENTS AND OBSERVATIONS

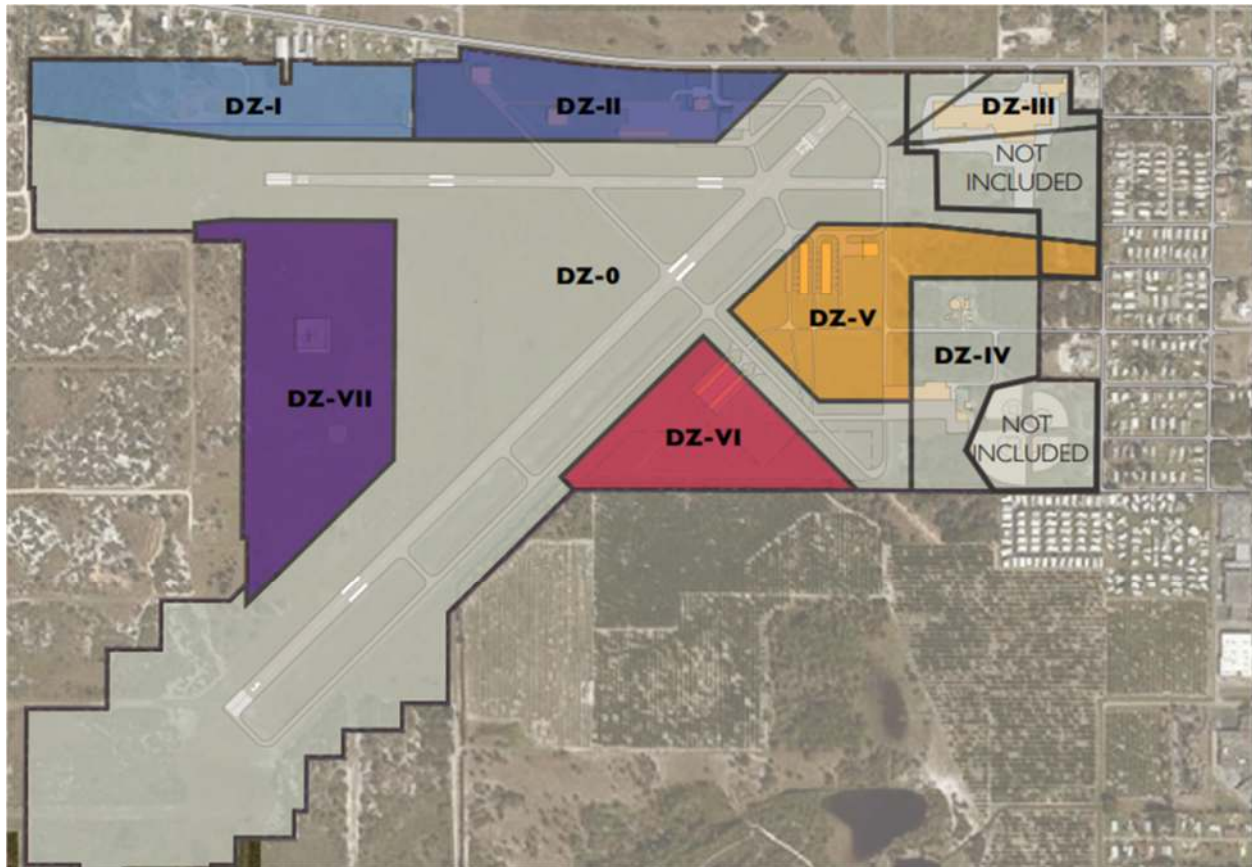
The existing building improvements are relatively limited at AVO at present, consisting of two box hangars, multiple T- Hangars totaling 58 total units, and an executive terminal. Warehouse Building 2 is in very poor condition and at the date of the appraisal the structure is not in a usable state and is at the end of its useful life.

The airport has significant amounts of available lands for both aeronautical and non-aeronautical uses.

A recent study of the airport outlines the following uses and reflects an estimate of about 123.6 acres of development as follows:

Airport Land Boundary (Total)	19,301,540	SF	443.10	AC
Encumbered Airport Property:				
Calladium Property	1,039,412	SF	23.86	AC
Renfro Property	62,828	SF	1.44	AC
Baseball Park	487,574	SF	11.19	AC
Starkey Property	12,106	SF	0.28	AC
Un-Encumbered Airport Property	17,699,620	SF	406.33	AC
Airfield Operation Boundaries - Undevelopable	12,315,507	SF	282.73	AC
Available Property For Industrial Development	5,384,113	SF	123.60	AC

A conceptual master plan/development plan for the airport shown on the following page which demonstrates the future development potential of the airport. . We also note that there are opportunities for future expansion into surrounding lands, particularly to the west and south of the airport, that are undeveloped and or are put to agricultural uses such as citrus groves which are generally available and may be suited to higher uses as more intensive development of the airport moves forward.



THE FOLLOWING BELOW RERESENTS
 A DEMAND DRIVEN APPROACH
 SEE PROFORMA FOR 10 YEAR PROJECTED
 MINIMUM

DZ-I	Future TBD Year 16-20 100,000 SF Total
DZ-II	(2) 22,500 SF Hangars (5) 13,000 SF Hangars 110,000 SF Total
DZ-III	Future Development
DZ-IV	Future Development
DZ-V	(5) 13,000 SF Hangars (4) 15,500 x 2 + 8,500 x 2 T Hangars 48,000 113,000 SF Total
DZ-VI	100,000 SF Total TBD Future
DZ-VII	(5) 50,000 SF 250,000 SF Total TBD Future

HIGHEST AND BEST USE

In estimating the highest and best use of the property, we have considered those uses that are legally permissible, physically possible, economically supported, and which would result in the highest return to the land. In appraisal practice, the Highest and Best Use Analysis is the foundation upon which the valuation of a property is based.

Legal Considerations

The property is zoned I-1, Light Industry and PR, Public Recreation/Open Space by the City of Avon Park. The future land use designation for the tract is predominately, Industrial with a small portion of the land having a future land use of Recreation & Open Space.

The airport is currently operating under an Airport Community Reinvestment Act, which was created in 2001. The CRA is required to adhere to Federal Aviation Administration rules concerning the type, size, height, number and proposed use of buildings and improvements and restrictions within grant assurances (see extraordinary assumptions). The uses on the Airport are also directed by the Avon Park Executive Airport Master Plan.

The legally permitted uses of the areas of the Airport used for airfield activities and clear zones/aviation easements are highly limited and exclude or significantly reduce the utility of the land for building development. The areas around the perimeter of the airfield and on certain lands in the central areas of the property can be developed with aviation/aeronautical uses or industrial uses compatible and complementary to the location on airport property.

Physical Considerations

The 406± acre tract has adequate size and configuration to support development and future development. The site has good access and exposure characteristics with respect to Highway 64. The property has access to public water service along the highway. The topography of the site is generally level and well-draining and includes an on-site master storm water retention system. The physical characteristics support a variety of legally permitted uses on the site.

Economic Considerations

The property is located within a rural area of Central Florida in Highlands County. The economy of the Avon Park area is stable and no change in land use patterns are expected in the short term. There has been little new development taking place in the surrounding neighborhood. The airport property is near US Highway 27 which is a favorable factor. The airport has been in place for many years and the existing buildings on the property are generally well occupied.

Conclusions: Highest and Best Use of the Land

Based on our analysis, the highest and best use of the unencumbered/restricted use areas of the tract is for mixed commercial and aeronautical uses and commercial activities along the highway frontage and eastern areas of the airfield. Additional uses of more remote areas of the tract would be for agricultural or agri-business activities. The development timing would be expected to be over a period of years as demand dictates.

Note: The uses of the areas of the site that are subject to restrictions for airport uses and related easements under grant funding requirements have a very narrow use potential and the restricted uses are the only allowable uses of these areas of the property. The value of these lands contributes to the value of the airside lands rather than have a direct economic value in and of themselves.

Highest and Best Use: As Improved

As presently developed, the uses of the site and buildings located on the property are consistent with the highest and best use of the land. However, there remains significant areas of developable lands and as improved the larger parcel is an underutilization of the tract's overall potential.

APPRAISAL PROCESS

The first phase of our appraisal is to estimate the market value of the fee simple interest in the property "as is". We have applied two approaches the valuation of the defined property. We have first employed the Cost Approach. The approach is based on the principle of substitution. The analysis includes an estimate of the market value for the underlying land which is based on a Direct Sales Comparison approach. We have then arrived at an estimate of depreciated improvements value. The approach provides an indication of the value of the property as developed and utilized.

We have also applied an Income Approach using the actual and potential income from leasing activities for the nine buildings appraised herein. The expected income reflects the capitalized value of the existing improvements.

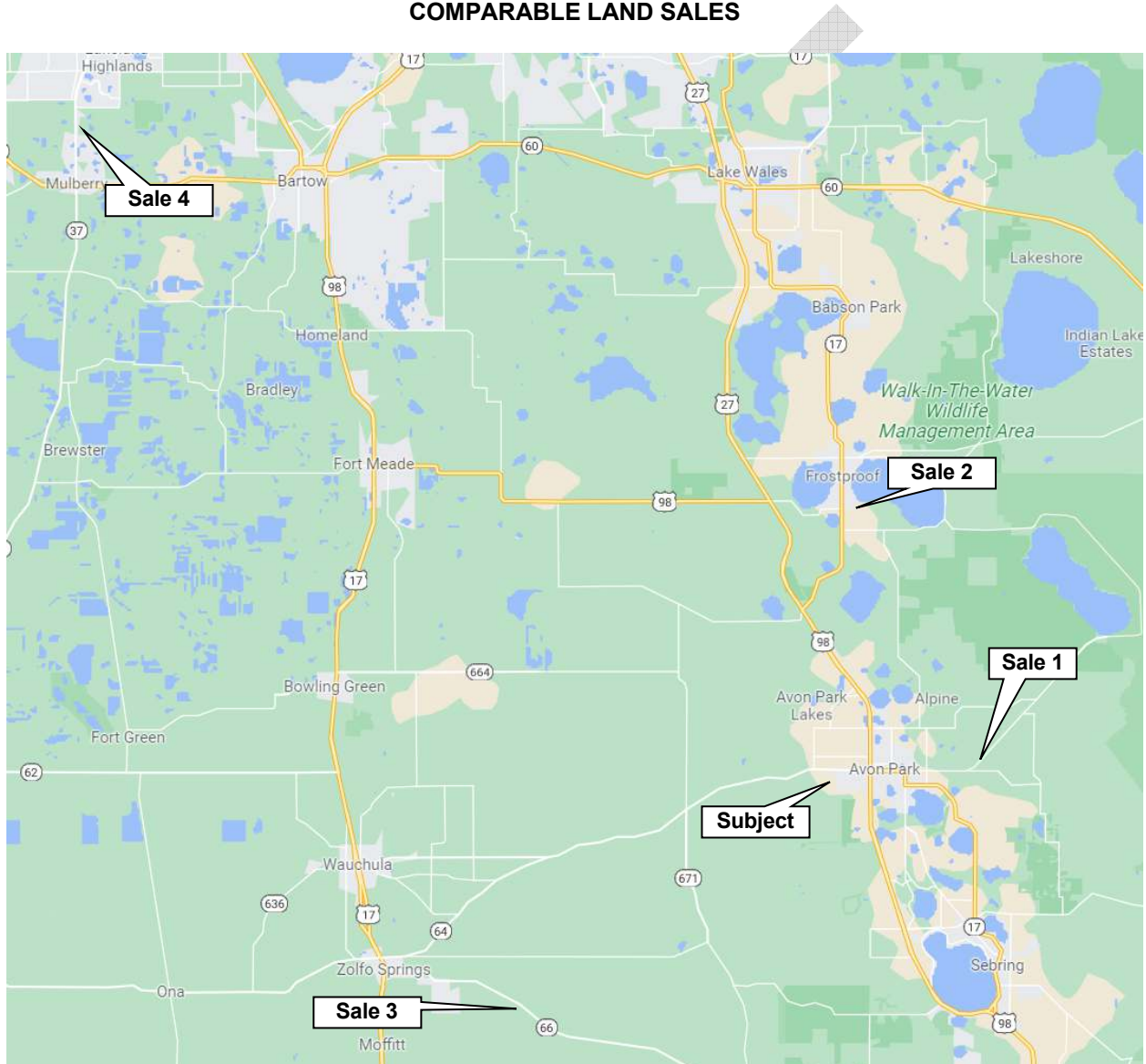
The indications from the two analyses have been reconciled into an estimate of value of the property under current market conditions.

The second phase of our analysis is to determine the Fair Market Rent for the appraised property under the proposed terms of the lease contemplated between the City of Avon Park and Florida Airport Management. For this analysis we have considered the opportunities and responsibilities afforded the parties in the context of the overall value determined for the property.

LAND VALUE ESTIMATE

The first step in the our analysis is to estimate the market value of the underlying airport land as if vacant and available at the date of appraisal. The only viable measure of land value for the tract is the Sales Comparison Approach. We researched and evaluated land sales transactions of sites with similarities to the appraised airport tract as vacant to arrive at a value of the site at the date of appraisal. A summary of the sales we emphasized and descriptions of how the transactions compare to the appraised tract are as follows.

COMPARABLE LAND SALES

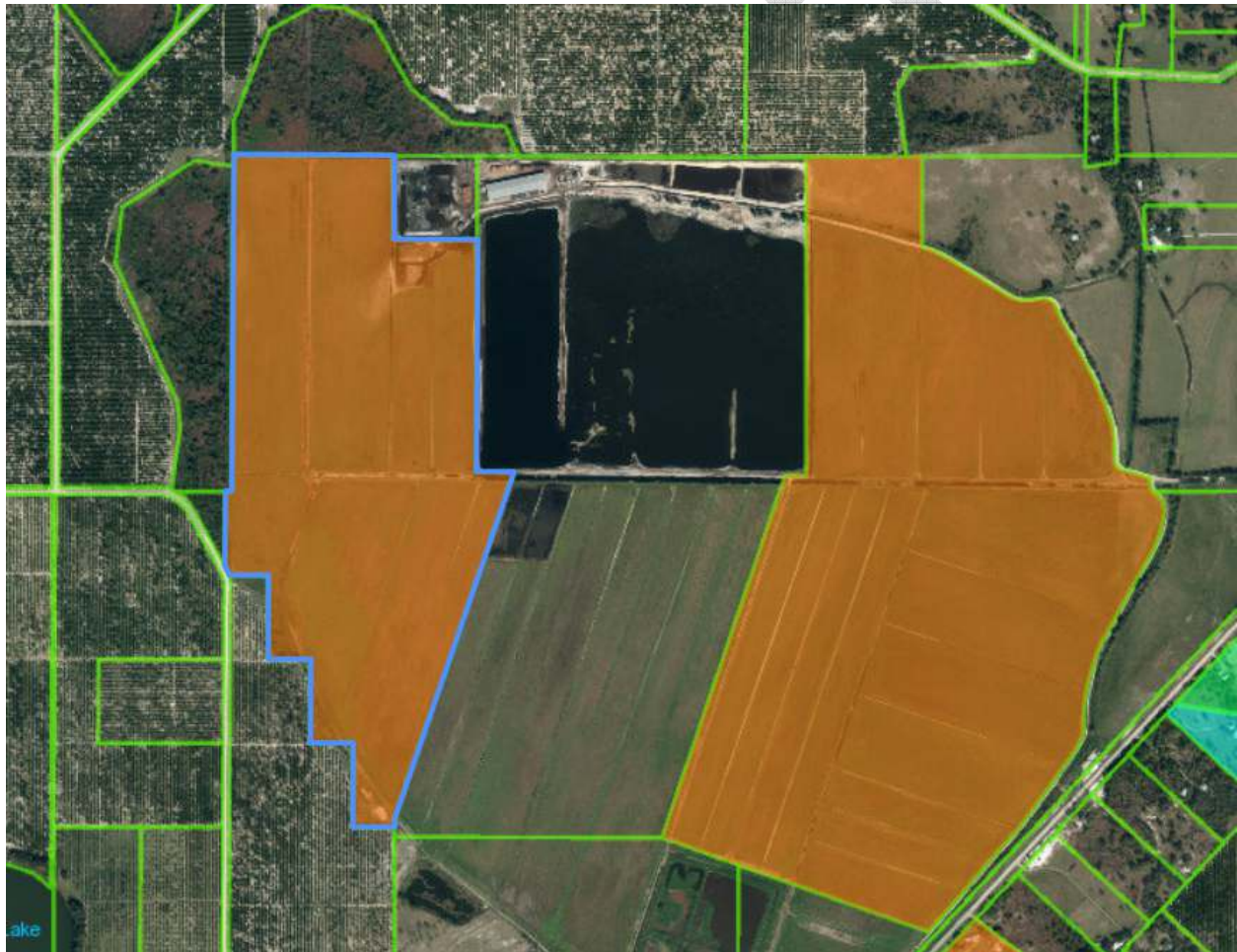


COMPARABLE LAND SALES					
	SUBJECT	1	2	3	4
Location	South side of FL-64, west of US Highway 27 North	West side of FL-64, east of US Highway 27	The north and south side of East Main Street (Highway 64) east of Avon Park	Northwest corner of T S Wilson Road & Turkey Hill Road	West side of Church Avenue, south of Shepherd Road
City, County	Avon Park, Highlands County	Avon Park, Highlands County	Avon Park, Highlands County	Frostproof, Polk County	Mulberry, Polk County
Buyer		Harrell's LLC	Beck Agricultural Holdings LLLP	Ben Hill Griffin, Inc.	BHU Laxmi Bishnu, LLC
Seller		Wabasso Road Dairy, Inc.	CLP Citrus, Inc.	Ellingson Groves, Inc.	Highway 37 Farms, LLC
Sale Date		Sep-20	May-20	Feb-21	Oct-19
Sale Price		\$4,500,000	\$3,000,000	\$1,250,000	\$1,320,000
Usable Acres	406	501	365	78	124
% Usable	100%	100%	100%	100%	79%
Configuration	Irregular, Adequate for development	Irregular, Adequate for development	Two irregular, adequate tracts	Rectangular, adequate.	Mostly Rectangular, adequate
Topography	Generally level, mostly cleared.	Generally level, planted in sod	Generally level, planted in citrus	Generally level,	Retired golf course. Some ponds, wetlands and wooded areas.
Road Frontage	Extensive along the south side of FL-64	West side of FL 64	Extensive on both sides of Highway 64	North side of T S Wilson Road, west side of Turkey Hill Road	West side of Church Avenue
Street Access	Good to FL-64	Good to FL-64	Good on both sides of Highway 65	Good to T S Wilson Road and Turkey Hill Road	Average along Church Avenue
Primary Exposure	Over 2,800 feet along the south side of FL-64	About 1,950 feet along the west side of FL 64	about 4,000 feet on each side of the highway	Over 1,185 feet along the north side of T S Wilson Road & 2,600 feet along the west side of Turkey Hill Rd	Approximately 4,980 feet along the west side of Church Avenue
Water/Sewer Service	City Water/Septic	Well/Septic	Well/Septic	Well/Septic	Sewer and water service available.
Zoning	I-1 & PR, City of Avon Park	AU, Highlands County	AU, Highlands County	I-1, City of Frostproof	C-2, City of Mulberry
Future Land Use (FLU) designation	Industrial and Recreation & Open Space	Agricultural	Agricultural	Industrial	Highway Commercial & Conservation
Price/ Gross Acre	SUBJECT	\$8,982	\$8,219	\$16,092	\$10,645
Comments	Majority of the parcel is zoned Industrial. Mix of surrounding uses.	Currently used for agriculture purposes	Large citrus grove tract sold by citrus grower to agricultural company.	Citrus grove property located just west of a Lowe's Distribution Center & Ferguson Plumbing Distribution Center	Purchased with entitlements for up to 900,000 SF of mixed use office and retail space. 12 acres designated wetlands. SWFWMD has approved a master retention system permit.
COMPARISON					
Marketing Conditions	Sep-21	Slightly Inferior	Slightly Inferior	Similar	Inferior
Terms of Sale	Market	Similar	Similar	Similar	Auction (+)
Location	Avon Park just west of US Highway 27	Inferior	Inferior	Somewhat Superior	Superior
Usable Acres	406	Slightly Larger (+)	Somewhat Smaller (-)	Much Smaller (-)	Much Smaller (-)
% Usable Area (Acres)	100%	Similar	Similar	Similar	Somewhat Inferior
Access	Good to Highway 64	Similar	Similar	Superior	Similar
Exposure	Good to Highway 64	Similar	Superior	Superior	Similar
Configuration	Irregular, Adequate	Similar	Similar	Superior	Slightly Superior
Zoning/Entitlements	I-1 & PR, City of Avon Park	Inferior	Inferior	Similar	Superior
Land Use Designation	Industrial and Recreation & Open Space	Inferior	Inferior	Similar	Superior
OVERALL COMPARISON	SUBJECT	Inferior	Inferior	Superior	Similar to Inferior

Sale No. 1 is an agricultural tract located along the west side of FL-64, east of US Highway 27 in Avon Park. The property is located to the northeast of the airport and was purchased by an adjoining property owner for expansion of their agricultural holdings.

The sale property is made up of two large tracts that bracket a site that was already owned by the purchaser. The land area for the purchase totals 501± acres. The tracts sold for \$4,500,000 to Harrell's, LLC (Harrell's Horticultural) in September of 2020. The sale equates to \$8,982/Acre.

The property has limited access and exposure relative to the subject and has a more remote location. The indication sets the lower end of the expected range of the airport tract.



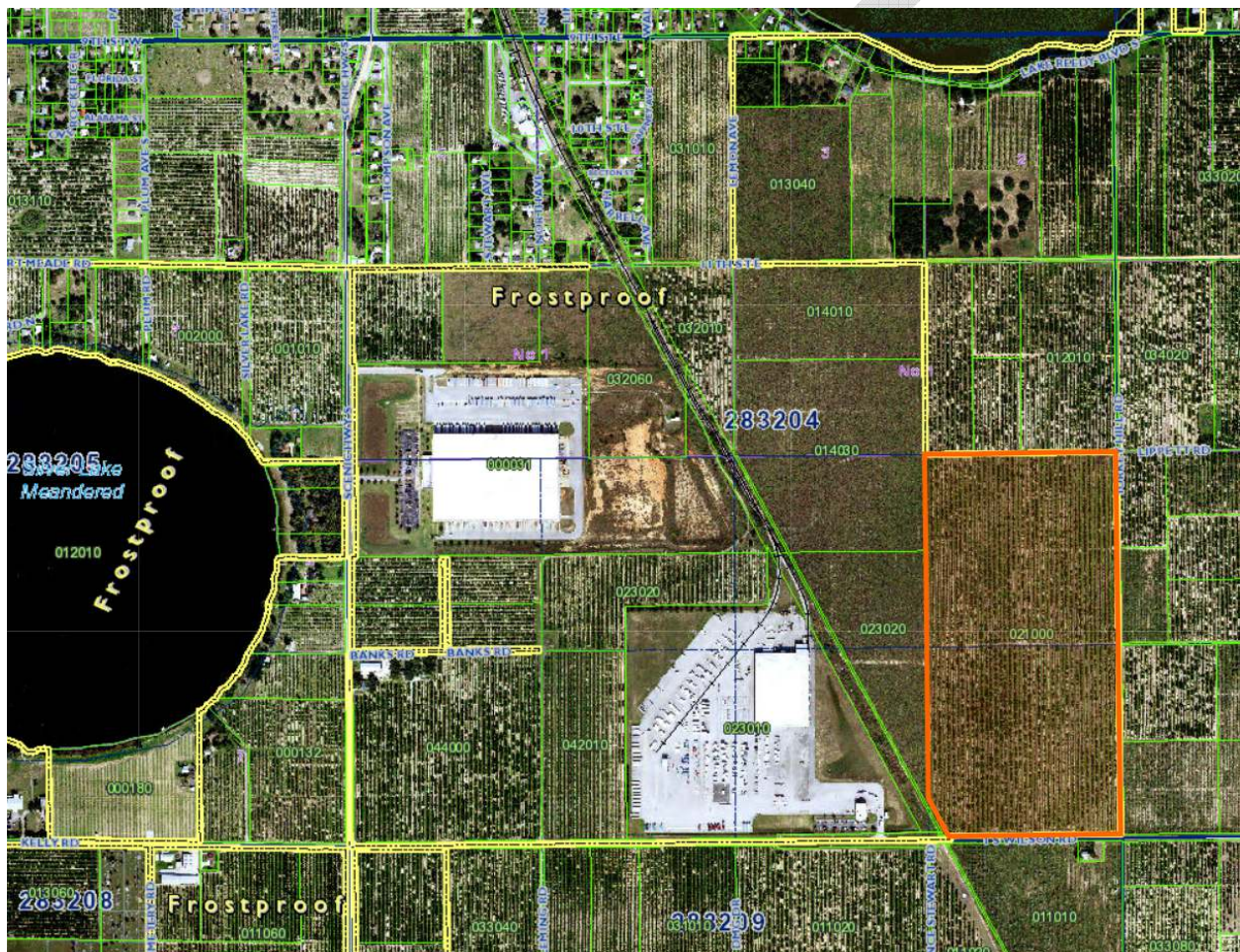
Sale No. 2 is an agricultural tract located along the north and south sides of Highway 64, east of the developed area of Avon Park. The property is planted with citrus and was sold by the citrus grower to a large agricultural concern.

The sale property has extensive frontage on both sides of the highway and has lake frontage along Deer Lake at the north end of the tract. The land area for the purchase (depicted in orange below) totals 365± acres. The tract sold to Beck Agricultural for \$3,000,000 to in September of 2020. The sale equates to \$8,219/Acre.

The property has limited access and exposure relative to the subject and has a more remote location. The indication sets the lower end of the expected range of the airport tract.



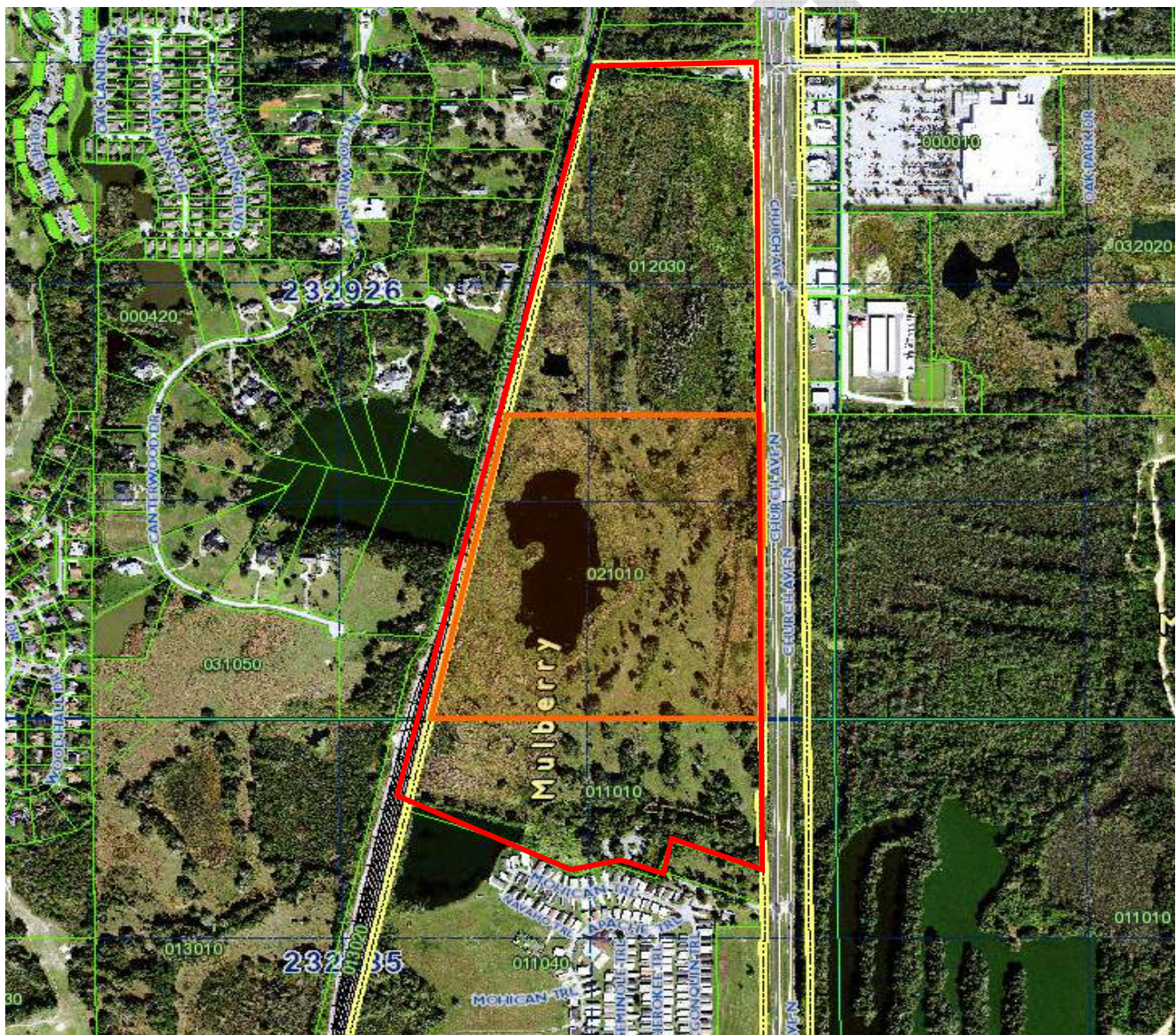
The property was purchased by Ben Hill Griffin, Inc. in February of 2021 for \$1,250,000. The useable acreage which equates to \$16,092/Acre.



Sale No. 4 is located in the Mulberry area of Polk County about 25 miles northwest of Avon Park. The site is located along the west side of Church Avenue, south of Shepherd Road in an emerging commercial near a WalMart store on Church Avenue.

This 157± acre property is a former golf course tract that includes a small lake and wetlands netting 124 acres of usable lands. The property sold with entitlements for the development of a mixed use commercial project named "Riverwalk Town Center" and has a commercial zoning and land use designation.

The was purchased at auction by BHU Laxmi Bushnu, LLC in October of 2019 for \$1,320,000, equating to \$8,408/gross acre or \$10,645/usable acre.



Analysis

The land sales available for review range in price from \$1,250,000 to \$4,500,000 for parcels of 78± acres to 501± acres. The price per useable acre from the sales range from \$8,219/acre for a more rurally located citrus tract up to \$16,092/acre for a site with potential for future industrial and commercial uses. The average of the four sales indications is \$10,985/acre.

In addition to the large tract sales, we are also aware of the sale of a smaller parcel directly across Highway 64 from the airport as depicted below:



The 14.3 acre parcel sold in August of 2019 for \$240,000 or \$16,783/acre. The buyer was a development company located in South Florida. The sale indication is just above the range of indications provided by the larger sale properties and reflects the value of the highway exposure along the frontage for the airport property.

In weighing the data with respect to the appraised tract we have considered the following factors:

- The real estate market has been improving in the region over the past few years. However, the Avon Park market has seen little development and large land sales activity has been limited.
- The site is located just west of the US Highway 27 corridor and near the developed areas of Avon Park which is superior to the locations of some of the lower priced indications from the noted sales.
- The size of the comparable sales bracket the size of the 406± acre subject property, but most are smaller sites.

- The highway frontage of the property would have a premium value relative to the indications from the larger and more rural/agricultural related properties, but most of the tract “as vacant” is beyond the influence of the highway exposure having more similarities to the lower end of the range of the sales indications.
- Sales 1 and 2 are recent transactions for similar sized tracts and both are in the Avon Park Area. The parcels sold from \$8,219/acre to \$8,982/acre. Both tracts are inferior in location and have agricultural uses and an agricultural zoning.
- Sale 3 is located north of the area in Frostproof and is a smaller parcel relative to the subject. The citrus grove tract is located in an emerging industrial and distribution area and sets the upper end of the value range at \$16,092/acre.
- Sale 4 is in Mulberry, northwest of the subject. The sale consisted of a former golf course that sold at auction. The property is in an emerging commercial node and sold with entitlements for up to 900,000 SF of office/retail uses. The zoning is a C-2, commercial zoning. The indication at \$10,645/usable acre would be somewhat below expectations for the subject “as if vacant”

Land Value Conclusion – As Vacant

The value of the tract overall would be expected to fall above the nearby agricultural tracts (Sales 1 & 2), and similar or somewhat below the sales with greater commercial/industrial use potential (Sales 3 & 4). Based on the location and sized of the tract relative to the comparables, we estimate a value above the average of the sales indications on a per acre basis as follows:

406 Acres @ \$12,500/ Acre = \$5,075,000

IMPROVEMENTS COST ESTIMATE

The next step of the Cost Approach is to estimate the replacement cost new for the buildings and site improvements on the site. To develop these estimates we have reviewed published cost data compiled by Marshall Valuation Service (MVS), a nationally recognized cost service. We have also reviewed recent costs for similar buildings recently developed in the region for comparison purposes.

Marshall Valuation Service (MVS)

Using MVS to estimate direct costs, we have reviewed the construction type and quality of construction class for the various improvements and have used the published costs as a guide in estimating direct costs. The MVS costs have been adjusted for local and current cost multipliers to provide a base estimate of improvement costs.

The MVS estimates include typical site preparation costs, utility connections, and some indirect costs such as architectural/engineering fees and contractor's overhead. However, these costs do not include items such as extra site improvements, municipal fees, financing, and on and off-site costs associated with the development. A summary of the MVS cost analysis is presented as follows:

<i>Marshall Valuation Service (MVS) Replacement Cost Estimates</i>								
Building Component	Class/Quality/Section/Date	Base Cost	Sprinklers	Total	Story Height	Local	Current	Total
Building 1 - Hangar	Steel (Class S) Good - Maintenance Hangar Sec 14, Pg 29 Feb-20	\$75.00	\$0.00	\$75.00	1.231	0.9500	1.1900	\$104.37
Building 2 - Warehouse/Storage Hangar	Steel (Class S) Average - Maintenance Hangar Sec 14, Pg 29 Feb-20 & Average Storage Warehouse Sec 14, Pg 26 Feb-20	\$45.00	\$0.00	\$45.00	1.000	0.9500	1.1900	\$50.87
Building 3 - T-Hangar	Steel (Class S) Average to Low Cost T-Hangar Sec 14, Pg 30 Feb-20	\$33.00	\$0.00	\$33.00	0.921	0.9500	1.1900	\$34.36
Building 4 - Terminal Building / FBO	Steel (Class S) Stucco Finish Average to Good - Office Sec 14, Pg 26 Feb-20	\$120.00	\$0.00	\$120.00	1.000	0.9500	1.1900	\$135.66
Building 5 - n Hangar	Steel (Class S) Good -Storage Hangar Sec 14, Pg 29 Feb-20	\$59.50	\$0.00	\$59.50	1.086	0.9500	1.1900	\$73.05
Building 6 - T-Hangar	Steel (Class S) Average to Low Cost T-Hangar Sec 14, Pg 30 Feb-20	\$33.00	\$0.00	\$33.00	1.000	0.9500	1.1900	\$37.31
Building 7 - T-Hangar	Steel (Class S) Average to Low Cost T-Hangar Sec 14, Pg 30 Feb-20	\$33.00	\$0.00	\$33.00	0.960	0.9500	1.1900	\$35.81
Building 8 - T-Hangar	Steel (Class S) Average to Low Cost T-Hangar Sec 14, Pg 30 Feb-20	\$33.00	\$0.00	\$33.00	0.921	0.9500	1.1900	\$34.36
Building 9 - T-Hangar	Steel (Class S) Average to Low Cost T-Hangar Sec 14, Pg 30 Feb-20	\$33.00	\$0.00	\$33.00	0.921	0.9500	1.1900	\$34.36

Cost Comparables

Comparable Hangar Cost Data

Location/City	Year Built	Type	Building Size/SF ±	Cost/SF ±	Comments
Witham Field/Martin County Airport Stuart, FL	2016	Box Hangar	24,000	\$83	Corporate hangar added to FBO leasehold. Existing infrastructure kept costs down. Includes 3,750 SF of attached office. Door height is estimated at 24'.
Deland Municipal Airport, Deland, FL	2021	Box Hangar	12,430	\$126	Proposed maintenance hangar addition. 34' Height. 300 SF of office space. Hyrdraulic bifold door.
Brooksville-Tampa Bay Regional Airport Brooksville, FL	2019	Box Hangar	10,000	\$71	Basic storage hangar with no office or restroom. 24' Height. Manual rolling doors.
Orlando-Apopka Airport, Apopka FL	2019	Box Hangar	2,500	\$70	Basic storage and mainenance hangar. Hydraulic bifold door. No restroom or office.

We have weighed both the data provided by comparables and costs from the MVS guidelines in preparing our replacement costs for the appraised buildings.

General Site Improvements and Infrastructure

Site improvements include paved vehicle parking, runways, interior roadways/taxiways, fencing, etc. We have allocated a replacement cost of \$5.00/SF for of building area for general site improvements.

Aircraft Paving Areas

Airport	Acres	Cost / Acre	Year Built
Pompano Beach Airpark	3.36	\$247,759	2013
NW Florida Beaches Int'l. Panama City, FL	4.55	\$494,505	2015
Opa Locka AirportOpa Locka (Miami), FL	8.00	\$425,000	2016
NW Florida Beaches Int'l. (Expansion)	0.71	\$658,471	2018-19
Rocky Mountain MetropolitanDenver, CO	2.84	\$597,193	2019
Vero Beach Regional AirportVero Beach, FL	4.01	\$412,720	2016
Savannah Hilton Head Int'l.	8.37	\$261,050	2008-09

The cost of airside paving for ramps, taxiways and runways have been estimated at \$200,000/acre for approximately 35 acres of paved areas.

Fuel Farm

COMPARABLE FUEL FARM COSTS				
AIRPORT	CAPACITY /	YEAR BUILT	COST	COST / GALLON
Ocala International Ocala, FL	36,000	2015	\$500,000	\$13.89
New Smyrna Beach Municipal New Smyrna, FL	24,000	2012	\$340,000	\$14.17
Kissimmee Gateway Kissimmee, FL	52,000	2010	\$630,000	\$12.12
AVERAGE:				\$13.39

The fuel farm replacement costs are based on the costs of aboveground fuel farms at other facilities of which we have knowledge. Based on all of the information reviewed, we estimate the replacement cost for the main FBO's 24,000-gallon fuel farm to be \$12.50±/gallon.

Indirect Costs

The indirect costs for the improvements include design and professional fees, governmental fees, administration costs, and real estate expenses during construction period, etc. We have estimated additional indirect costs at 10.0% of direct costs.

DEPRECIATION

After determining the cost new for the improvements, the next step is to adjust these costs to reflect accrued depreciation at the property for physical wear and tear, functional problems and any prevailing weakness in the market area (economic obsolescence).

Physical Depreciation

The first form of physical depreciation is curable deferred maintenance. These are items of repair and/or replacement that should be addressed in a short time frame at the property. Most of the improvements are adequately maintained. (See extraordinary assumptions.)

Warehouse building 2 and T-Hangar 3 are nearing the end of their economic/useful life. We have not been provided with an estimate of deferred maintenance for our analysis. We have reflected the condition of the buildings in our long-term depreciation estimates.

The long-term physical depreciation at the property is estimated using the modified age life method of depreciation. This is a simple methodology which expresses estimated levels of depreciation as a percentage of replacement cost estimates.

We have estimated the effective age of each of the improvements based on the observed condition at the appraisal date.

We have reviewed the MVS estimates for useful lives of the existing buildings. Given the quality of construction, the buildings have expected useful lives ranging of from 40-50 years.

Functional Obsolescence

As noted, the improvements are functional in design and use. Also, the use of replacement cost estimates, which are based on replacement of the structures with buildings of similar utility and size using current costs and construction methods tends to eliminate functional super adequacies. Therefore, we have made no deductions for functional problems in our analysis.

Economic Obsolescence

As discussed the property is located in an area of lagging development in southwestern Florida where demand has been low. However, no deduction for economic obsolescence is required for our analysis.

SUMMARY & CONCLUSION

The final step of our approach is to add the previously estimated land value estimate to arrive at a total value indication via the Cost Approach as follows:

Avon Park Executive Airport Cost Approach Summary					
Replacement Costs New Existing	Direct Costs \$/SF	Indirect Cost Allocation 10.0%	Total Cost \$/SF	Building Size SF±	Total Replacement Costs
Building 1 - Box Hangar	\$100.00	\$10.00	\$110.00	8,800	\$968,000
Building 2 - Warehouse/Maintenance Hangar	\$55.00	\$5.50	\$60.50	12,819	\$775,550
Building 3 - T Hangar	\$45.00	\$4.50	\$49.50	10,574	\$523,413
Building 4 - FBO Terminal/Office Building	\$135.00	\$13.50	\$148.50	4,680	\$694,980
Building 5 - Box Hangar	\$100.00	\$10.00	\$110.00	6,400	\$704,000
Building 6 - T Hangar	\$45.00	\$4.50	\$49.50	19,200	\$950,400
Building 7 - T Hangar	\$45.00	\$4.50	\$49.50	17,550	\$868,725
Building 8 - T Hangar	\$45.00	\$4.50	\$49.50	10,608	\$525,096
Building 9 - T Hangar	\$45.00	\$4.50	\$49.50	10,608	\$525,096
Total Direct Cost of Buildings			\$64.55	101,239	\$6,535,260
General Site Improvements and Infrastructure			\$5.00	101,239	\$506,195
Runway/Taxiway Paving (\$/Acre)			\$300,000	35.00	\$10,500,000
Fuel Farm (\$/Gallon)			\$14.50	20,000	\$290,000
Total Replacement Costs, New (Rounded)					\$17,831,455

Long Lived Physical Depreciation	Effective Age	Economic Life	Allocated %	Depreciation Allowance
Building 1 - Box Hangar	30	45	66.7%	-\$645,333
Building 2 - Warehouse/Maintenance Hangar	44	45	97.8%	-\$758,315
Building 3 - T Hangar	35	40	87.5%	-\$457,986
Building 4 - Terminal Building / FBO	12	50	24.0%	-\$166,795
Building 5 - Box Hangar	18	45	40.0%	-\$281,600
Building 6 - T Hangar	15	40	37.5%	-\$356,400
Building 7 - T Hangar	15	40	37.5%	-\$325,772
Building 8 - T Hangar	32	40	80.0%	-\$420,077
Building 9 - T Hangar	32	40	80.0%	-\$420,077
General Site Improvements:	40	50	80.0%	-\$404,956
Runway/Taxiway Paving	45	50	90.0%	-\$9,450,000
Fuel Farm	3	30	10.0%	-\$29,000
Total Long Term Physical Depreciation				-\$13,687,311
Functional Obsolescence				\$0
Economic Obsolescence				\$0
Total Depreciation Allocation			-76.8%	-\$13,687,000
<u>Depreciated Improvements Value Estimates</u>				
Building 1 - Ben Hill Griffin Hangar				\$323,000
Building 2 - Warehouse/Maintenance Hangar				\$17,000
Building 3 - T Hangar				\$65,000
Building 4 - Terminal Building / FBO				\$528,000
Building 5 - Hangar				\$422,000
Building 6 - T Hangar				\$594,000
Building 7 - T Hangar				\$543,000
Building 8 - T Hangar				\$105,000
Building 9 - T Hangar				\$105,000
Site Improvements:				\$101,000
Runway/Taxiway/Aprons Paving				\$1,050,000
Fuel Farm				\$261,000
Total Improvement Value				\$4,114,000
Land Value Estimate				\$5,075,000
Total Value Indication Via Cost Approach				\$9,189,000

INCOME APPROACH

The Income Approach is based upon an investor's rationale with regard to the rental cash flow that a property can generate as an investment. For our analysis, we have used the Direct Capitalization Method. The first step of our analysis is to ascribe a market rent estimate to the existing facilities. We have reviewed comparable rents for similar facilities in determining our rent estimates as shown below. The data reviewed to determine these rents are discussed as follows:

Hangar Rental Rates

Location	Hangar Size / SF	Hangar Quality	Year Built	Base Rent / SF	Comments
Sebring Regional Airport, Sebring, FL	4,582	Good	2007	\$5.24	62' wingspan clearance. Automated hydraulic door
Sebring Regional Airport, Sebring, FL	3,780	Very Good	2019	\$5.40	Commercial Hangar, building 103. 18' verticle clearance with a 63' wingspan clearance. 230 SF of office space. One metal roll up door.
Winter Haven Regional Airport, Winter Haven, FL	2,200	Good	2007	\$4.09	Freestanding Hangar. Price includes electricity and tax payments. Waiting list for hangars.
Leesburg International Airport Leesburg, Florida	20,000	Good	2000	\$3.65	Skybolt Hangar. Built to suit by the airport in 2000. 100% air-conditioned. Older lease rate with rent schedule established in 1999 prior to construction of hangar. Net lease rate.
Lakeland-Linder Regional Lakeland, Florida	12,600	Metal	1980±	\$4.15	Maintenance hangar & offices leased to a single tenant by an FBO.

As shown, the surveyed hangars have rents ranging from \$3.65/SF to \$5.24/SF on a modified gross or full service expense basis wherein the tenants pay for minor maintenance and utilities in addition to the base rent for the space. However the Leesburg hangar at the low end of the range is a net lease with the tenant paying for property expenses in addition to base rent.

Subject Hangar 1 is currently leased to AG Flying Services at a base rental rate of \$30,624/year, plus annual real estate taxes of \$4,603. The base rent equates to \$3.48/SF of building area, and with property taxes the rate is \$4.00/SF.

The contract lease rate for Hangar 1 is in the lower part of the range of the data surveyed. Given the good quality of the hangar and attached offices and the condition of the hangar we estimate that the market rent for the hangar is greater than the contract rent. For our analysis, we estimate a market rent of \$4.50/SF on a modified gross expense basis.

Subject Hangar 5 is occupied Highlands Aviation. We have not been provided with a lease or rental rate information for this leasehold. The hangar is a simple box hangar and has no office or shop areas. Also the location of the hangar at the east side of the airfield is weighed in our analysis. We estimate the market rent of the hangar to be \$4.00/SF on a modified gross expense basis.

Warehouse Building 2

The building is presently in extreme disrepair and is in an un-leasable state. The cost to bring the building to a leasable state could likely exceed the potential for a rent and we have excluded the building for purposes of our Income Approach analysis.

FBO Terminal Building 4

The terminal office is of good quality and in good condition. However, the demand for office space and terminal needs at the airport are low relative to the level of activities at other airports which have higher levels of operations and FBO operations that have higher volumes of fuel flowage.

We have surveyed area office rates in similar areas of Highlands County and Polk County for comparison purposes. Office rates generally are from \$8.00/SF to about \$12.00/SF and are generally on a modified gross expense basis at those rates. We estimate the market rent for the Terminal Building to be \$9.50/SF on a modified gross basis.

T-Hangars- Building 3, 6, 7, 8, & 9

T-Hangar Rental Rates

Location	Bay Size ±	From	To	Comments
Orlando Executive Airport	1,054 to 1,477	\$315	\$700	Newer complex. Near downtown Orlando
Arthur Dunn Air Park	1,114 to 1,668	\$263	\$415	Cocoa Beach area of Brevard County
Punta Gorda Airport	1,000 to 1,350	\$300	\$350	Electric hydro-swing doors. Also offer older Ts with bi-fold doors@ \$250/month.
Sebring Regional Airport, Sebring, FL	1,040	\$289	N/A	Nearest competing airport to the South of AVO
Winter Haven Regional Airport, Winter Haven, FL	1,120	\$302	N/A	Located north of the area in Polk County
Sebastian Municipal Airport	1,018 to 1,100	\$365	N/A	Small airfield in south Brevard County
Melbourne International	975 - 1,645	\$400	\$450	10 to 25 year old T-Hangars. Located east of the area in Brevard County

The T-Hangar rates presently reported for the occupied units range from \$173/month for the small T-Hangars to \$388/Month for the larger T-Hangars. The average rental rate for the 58 units is \$233/month. The rates cited are inclusive of Taxes and property maintenance.

The rate range surveyed for other small T-Hangars is from \$289/month to \$400/month. The small hangars at AVO appear to rent for much less at from \$173/month to about \$190/month.

For the small T-Hangar bays in Building 3, we have forecast a market rate of \$250/month given the below average condition of the hangar at present.

For the T-Hangar Bays in Buildings 8 and 9, a higher rate of \$300/month is forecast.

For the larger T-Hangar Bays in Buildings 5 and 6 we have forecast market rates of \$375/month.

Vacancy and Collection Allocation

We have forecast stabilized vacancy and collection allocation for the two box hangars at 5%. The hangars have maintained good occupancy and there is a very limited supply of hangar space at AVO.

The Executive Terminal building is mostly unoccupied at present. We estimate a stabilized vacancy rate at 15% for our forecast.

The T-Hangars generally have good occupancy but these bays tend to have higher turnover than spaces with longer contract rents. We have estimated a 10% vacancy allocation for the T-Hangar buildings.

OPERATING EXPENSES

Management and Administration Fees

Management and administrative fees have been estimated at 7% of effective gross income. The rate reflects the relatively low rental rates in the facilities relative to the cost of management and administration.

Property Taxes

We have used the actual taxes assessed in our analysis.

Property Insurance

We have projected property insurance at about \$32,000/year for the buildings or \$0.36/SF. The actual reported premium for the entire airport is reported at around \$45,000 per year and we have allocated about 71% of the total to the real property rentals evaluated herein.

Repairs & Property Maintenance

We have estimated the annual repairs and maintenance of the subject facility at about \$60,000/year or \$0.68/SF of building area. The rate reflects that most of the buildings are T-Hangars that are maintained by the Landlord versus the hangars and terminal that would be expected to be maintained primary by the tenants at the rental rates cited.

Utilities

Based on the information provided, utilities are forecast at around \$10,000 per year.

Capital Reserves Allocation

Typically, the Income Approach includes an allocation for reserves for replacement of capital items with short economic lives relative to the property as a whole. For this analysis, an allocation of \$0.15/SF of building area has been made for the capital replacement reserves.

CAPITALIZATION

After deducting expenses and reserves, the next step of the approach is to convert the resulting net income into a value indication. This is accomplished through capitalization of the forecast cash flows to an estimate of present value as of the date of appraisal.

Since airport parcels do not generally sell in fee simple, there are no direct comparables from which to determine an appropriate capitalization rate. We have therefore reviewed comparable rates shown by other types of buildings with analogous uses and income characteristics in determining a rate for this analysis.

Table 25

NATIONAL WAREHOUSE MARKET

Third Quarter 2021

	CURRENT	LAST QUARTER	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
DISCOUNT RATE (IRR)^a					
Range	5.00% – 7.50%	5.00% – 7.50%	5.25% – 7.50%	5.25% – 9.00%	5.50% – 9.25%
Average	6.16%	6.06%	6.13%	6.38%	6.88%
Change (Basis Points)		+ 10	+ 3	- 22	- 72
OVERALL CAP RATE (OAR)^a					
Range	3.00% – 6.50%	3.30% – 6.50%	3.40% – 7.00%	1.50% – 6.25%	3.00% – 7.00%
Average	4.43%	4.77%	4.84%	4.62%	5.21%
Change (Basis Points)		- 34	- 41	- 19	- 78

In reviewing current investor surveys¹, to determine the yield expectations for other types of income-generating real property, such as light industrial uses, capitalization rates are presently very low at from about 3.00% to 6.50% for properties with very high levels of credit tenants. The most recent PwC survey averages 4.43%. However, the cited rates are for institutional grade investments which would have much lower rates than is appropriate in the subject analysis. The PwC survey responses for non-institutional grade industrial properties is from 75 to 100 points higher.

We also have reviewed estimates provided by RealtyRates.com for industrial properties for 3rd Quarter 2021 of from 4.58% to 12.75% and average around 9.04%.

Finally, we have reviewed sales of industrial buildings around the Central Florida region for industrial properties/complexes that are similar in scope to the subject. The range reviewed is from 5.7% to 9.12% and the average is about 7.3% for mainly multitenant warehouse properties.

¹ Prepared by PwC and RealtyRates.com; 3rd Quarter 2021

In determining the appropriate rate for our analysis we have weighed the following:

- The property is in an airport location at an airport with stable levels of activity.
- The facility would be expected to attract mostly small users and local business tenancy relative to regional or national corporate tenancies.
- The older facilities and limitations on services at the airport are a limiting factor on rent growth.
- The age and condition of the improvements add risk to the income forecast due to uncertainties of future needs for significant repairs or capital replacements.

Based on the noted factors, a capitalization rate in the upper part of the cited range of 9.25% would be reasonable for this analysis. This rate would account for the risk factors described above while still recognizing the positive attributes of the property and recognizing the upside potential for rents over time.

After capitalizing the net income estimate, the final step of our Income Approach is to adjust the indication to reflect:

1. The depreciated value of the fuel farm which is not otherwise included in the estimate.
2. We have prepared an allocation of the 123.64± acres of available development land described earlier. We have estimated the value these areas based on future commercial/industrial uses at around \$15,000/acre for allocation purposes or \$1,854,000

A summary of our Income Approach is presented as follows:

Income Approach Value	\$1,440,000
Depreciated Fuel Farm Value	\$261,000
Depreciated Airport Improvements	\$1,050,000
Developable Land Value	<u>\$1,854,000</u>
Total Income Approach Indication	\$4,605,000

Stabilized Income Approach Summary										
	Totals	Hangar 1	Building 2	T-Hangar 3	Terminal	Hangar 5	T-Hangar 6	T-Hangar 7	T-Hangar 8	T-Hangar 9
Base Rent										
Building Area	101,239	8,800	12,819	10,574	4,680	6,400	19,200	17,550	10,608	10,608
Market Rent -Annual \$/SF or by T-Hangar \$/Unit/Month	\$3.34						\$3.75			
Vacancy & Collection Loss Rate	-12.62%	5.00%	0.00%	10.00%	15.00%	5.00%	\$63,000	\$63,000	\$36,000	\$36,000
Vacancy & Collection Loss Allocation	-\$42,629						-9,450			
Operating Expenses										
Management and Admin. Fees (% of EG 7.00%)	\$20,652	\$2,633	\$0	\$1,890	\$2,645	\$1,702	\$3,749	\$3,749	\$2,142	\$2,142
Real Estate Taxes	\$26,137	\$4,603	\$0	\$3,314	\$0	\$3,190	\$5,569	\$4,621	\$2,420	
Repairs & Maintenance @	\$60,126	\$5,984	\$0	\$7,190	\$3,182	\$4,352	\$13,056	\$11,934	\$7,213	\$7,213
Utilities @	\$9,726						\$2,112			
Capital Reserves for Replacements @ \$0.15	\$13,263		\$0	\$17,364	\$8,027	\$12,252	\$31,398	\$28,552	\$16,761	\$16,761
Total Expenses & Reserves	\$161,735	\$18,676	\$0	\$18,950	\$8,729	\$13,212	\$34,278	\$31,185	\$18,352	\$18,352
Net Operating Income	\$133,296	\$18,944	\$0	\$8,050	\$29,062	\$11,108	\$19,273	\$22,366	\$12,248	\$12,248
Capitalization Rate	9.26%	9.25%	N/A	9.25%	9.25%	9.25%	9.25%	9.25%	9.25%	9.25%
Value Indications	\$1,440,000	\$205,000	\$0	\$87,000	\$314,000	\$120,000	\$208,000	\$242,000	\$132,000	\$132,000

RECONCILIATION

The two approaches used in valuing the real property fall in a broad range of indications:

Cost Approach:	\$9,189,000
Income Approach:	\$4,605,000

The Cost Approach is generally deemed to be a good indication of value for special use properties like aviation related facilities. The replacement costs of the facility are supported by the comparable data. The challenge in the approach is the estimation of depreciation for aging buildings like the subject improvements. The analysis tends to set the upper part of the expected range. However, given that the costs of development of hangars and infrastructure has risen considerably in the last few years, the Cost Approach provides a measure of value which reflects this trend.

Also, the largest component of the value estimate at the airport is the underlying land. The land was valued by direct sales comparison with recent sales in the same general market area. Since the Cost Approach directly incorporates the estimated value associated with the land, including the value of lands available for future development within the larger airport property, the approach has been weighed in our analysis. However, the inclusion of the substantial costs of replacement for infrastructure and paving, which cannot readily be monetized with the low levels of activity at AVO, is a mitigating factor also weighed in our conclusion.

The Income Approach is a good indication of value for investment properties where rental potential is a primary concern. In the case of the appraised property the potential income is very limited relative to the depreciated cost for the buildings. Also, as noted above the approach does not directly incorporate the value of the undeveloped or underdeveloped areas of the underlying land. The approach does however reflect the economics of the small airport which has low levels of activity at present. The limited demand for hangar and terminal space is such that rents do not currently support the cost of development which has a negative impact on the expected value of the improvements.

We have given somewhat more emphasis to the Cost Approach recognizing the current value of the land and the future opportunities for economic development and expansion on undeveloped areas of the tract. We have also weighed the value in use associated with the existing airport infrastructure and site development as primary factors in the valuation of the airport property overall. These factors are tempered by the age and condition of many of the improvements and the relatively low rental rates in place at present.

Based on the above, our opinion of market value for the fee simple interest in the property under the market conditions prevailing on September 30, 2021, is:

\$7,000,000

FAIR MARKET RENT ESTIMATE – MASTER LEASE AND OPERATING AGREEMENT

As requested, our appraisal also includes an estimate of Fair Market Rent for the property under terms proposed in a pending master lease and operating agreement. The terms provided are preliminary and are outlined as follows:

- Lessor: City of Avon Park
- Lessee: Florida Airport Management LLC
- Leased Premises: Specifically defined portions of the Avon Park Executive Airport. Premises to include demised real property, easements, all improvements, structures, building, fixtures, improvements, runways, taxiways, roads, paved areas, facilities, equipment, and all tangible personal property described to be leased “As-Is”, Where-Is”
- Initial Lease Term: 30 Years
- Extension Options: Extension Period 1 @ 10 Years, Extension Period 2 @ 9 Years
- Total Potential Term: 49 Years
- Base Annual Rent: TBD
- Annual Rent Escalations: Greater of 3%/year or Annual CPI
- Rent Readjustments: Each 10 Years and at each Extension Option. Reset based on appraisal.
- Additional Rent: Lessee will pay 50% of the fees and expenses incurred by the City of Avon Park/Landlord for preparation/negotiation of the proposed lease. The remaining 50% paid over the first six years of the lease term.
- Expenses: Lessee will be responsible for all operating expenses for the Airport including Taxes, Insurance, Maintenance and Capital Replacements.
- Other Provisions:
 - Lessee assumes right to operate the Airport as a public use facility including leasing and subleasing activities.
 - Property leased subject to existing agreements.
 - Property is leased subject to all grant provisions from FAA and/or FDOT

- Lessee will receive rent credits for specific Capital Projects that are approved in advance by the Lessor.
- Lessor will remain the obligated sponsor of the Airport during the lease
- Lessee is not liable for any pre-existing environmental concerns.

Observations and Analysis

In order to derive an estimate of fair market rent under the terms of the pending agreement between the City of Avon Park and Florida Airport Management we have considered the following factors:

- The stabilized income levels forecast for property rentals is relatively modest at present. The cash flow from rentals at stabilized operating levels is forecast at about \$135,000 per year.
- The master lease/operating agreement contemplated is subject to existing lease agreements. As noted in our valuation, the rates of the leases are low relative to other airports in the region at present and it will take a significant marketing effort and time to enhance rental income as tenant rates are increased.
- The Lessee/Operator will continue to receive public grant funding and subsidies typical to public airport sponsors. These grants are expected to mitigate some of the costs and shortfalls associated with the operations of the airport and the described improvements.
- As described, several of the existing buildings have deferred maintenance issues and/or are structures at or near the end of their economic/useful life. The lessee is obligated to maintain building and is responsible for capital replacements and capital improvements. Also, the expected remaining lives of all the buildings are much shorter than the 30 to 49 year lease term contemplate. Therefore the rental income from these assets are not expected to provide cash flows to the leasehold position over the term of the lease. These costs and risk factors significantly impact the feasibility of the potential rent level for the existing improvements in the contemplated master agreement.
- The most valuable component of the leased property is the available development of land within the airport. The Lessee will be granted the opportunity to lease and develop the unencumbered airport lands. This provision is a primary motivation for the Lessee, but involves considerable projection risks and uncertainties relative to operations and demand at the Airport at present.

- The balance of the lands to be leased are part of the active airfield (runways, taxiways, roads, drainage, etc.). These areas are encumbered by grant obligations and sponsor requirements of the FAA and/or FDOT which limits the use of the lands and adds administrative and maintenance requirements to the Operator/Lessee. These areas do not produce significant revenue to the Lessee/Operator at present, but are obviously needed as the infrastructure to support aircraft operations are the essential activity that supports the surrounding improvements, both existing and planned. Under the terms of the Lessee is responsible for the operations of the airport including the repairs, maintenance and upkeep of the airfield and related infrastructure improvements. This obligation is an important consideration in establishing the market rent for the defined property.

In considering the terms of the lease outlined, we have estimated a fair market rent for the leased property based on a return expectation for the various components of the leased property.

Land Rent

The primary component of the market rent is the land rent for the developable areas of the premises leasehold. Typically airport lands are leased based on the market value of the lands at an expected annual yield rate to arrive at an annual rental amount, generally on a net expense basis wherein the lessee pays all property expenses. Other airports in the region surveyed yield rates are as follows:

AIRPORT	LAND RATE % RANGE	ADJUSTMENTS (TYPICAL)	TERM (YEARS)
Orlando Executive	8% to 10%	Annual CPI with 5-year resets	5 to 40
Vero Beach Regional	10%	Varies	20-30
Tampa Executive	10%	5-year resets	30
Tampa International	10%	5-year resets	30
Southwest Florida Regional (Ft. Meyers)	7% to 10%	5-year resets	Average 40
St. Petersburg/Clearwater International	8% to 10%	5-year resets	Up to 40

The rates cited above are for parcels leased to end users by the airport for development by the lessee. Most of these leases are less than 20 acres in size, and many are less than 5 acres. The larger size of the leased lands contemplated (estimated 123.6 acres of developable lands) and the limitations on utilities and infrastructure available lead to the conclusion that the land rental rate should be in the lower part of the cited range. We have forecast a 7.50% land rent rate calculated as follows:

Developable Land Rent: 124 Acres @ \$15,000 /Acre = \$1,854,000 @ 7.50% = \$139,100 /Year

Improvements Rent

The existing improved property (and the lands associated with the buildings) would be expected to have a lease rate that is commensurate with their expected earnings potential based on rental income. In our income approach we have forecast that the stabilized net operating income from leasing is \$133,296/year.

Given the risks and obligations of the Lessee outlined above, a significant discount in the realizable income would be required to undertake the obligations. However, these factors are also mitigated somewhat by the expectation of future increases in rental rates over time. After weighing these factors, we estimate an appropriate discount to be -40% of the stabilized net income as follows:

Existing Buildings Rent:

Stabilized Net Income Forecast	\$133,296
Discount for Master Lease @ -40%	<u>-\$53,318</u>
Rent Estimate for Existing Buildings	\$80,000

The total market rent estimate for the property is therefore as follows:

Market Rent Estimate

Developable Land Rent:	\$139,100
Rent Estimate for Existing Buildings	<u>\$80,000</u>
Total Estimated Market Rent	\$219,100

Comments

The rates above are applicable for the real property component of the master lease and operating agreement contemplated. Also, the rates cited above presume that the Lessee has near term prospects for development/sub-leasing for the developable lands.

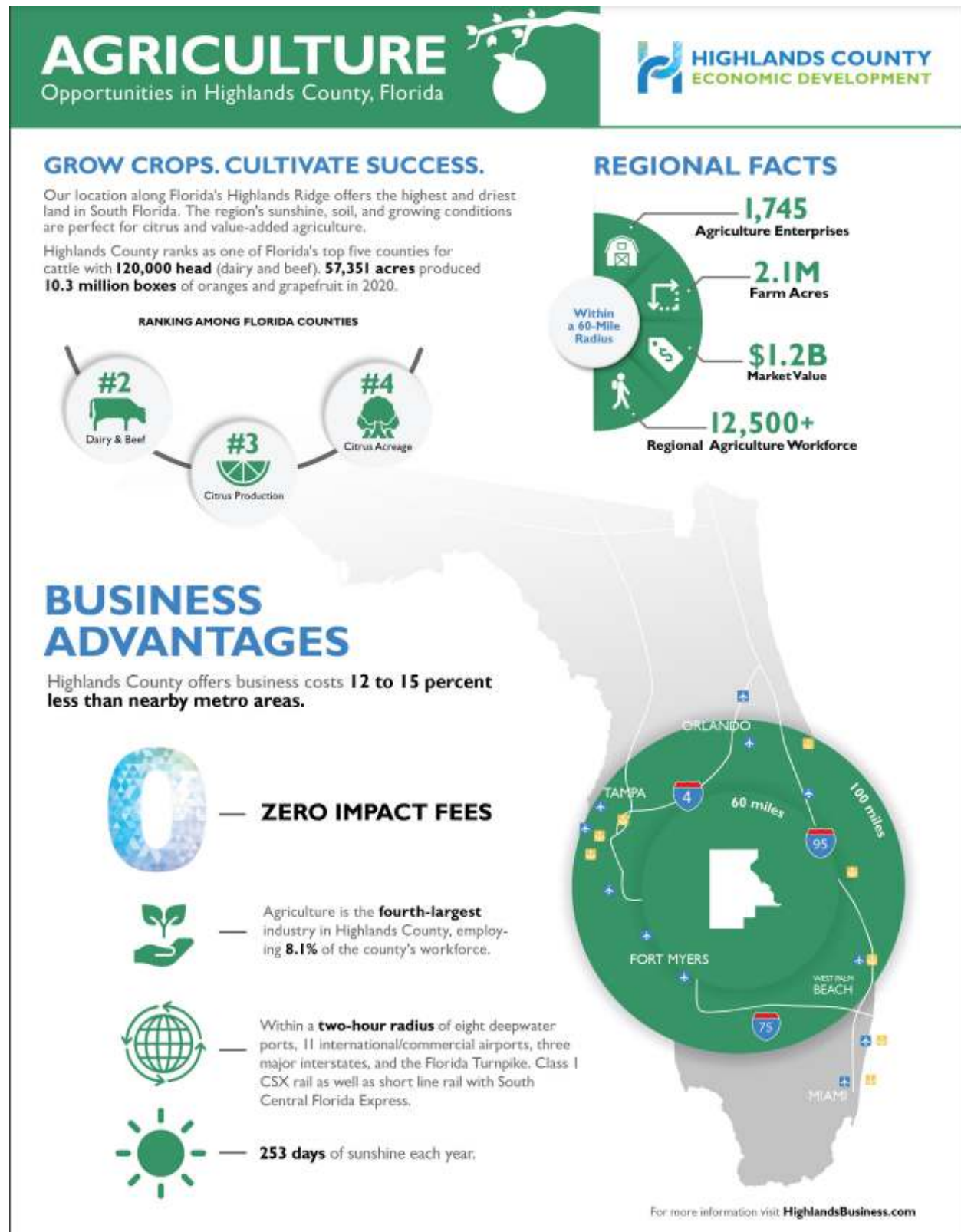
The market rate stated above would have a negative cash flow in the short term relative to the net income generated by current property rentals.

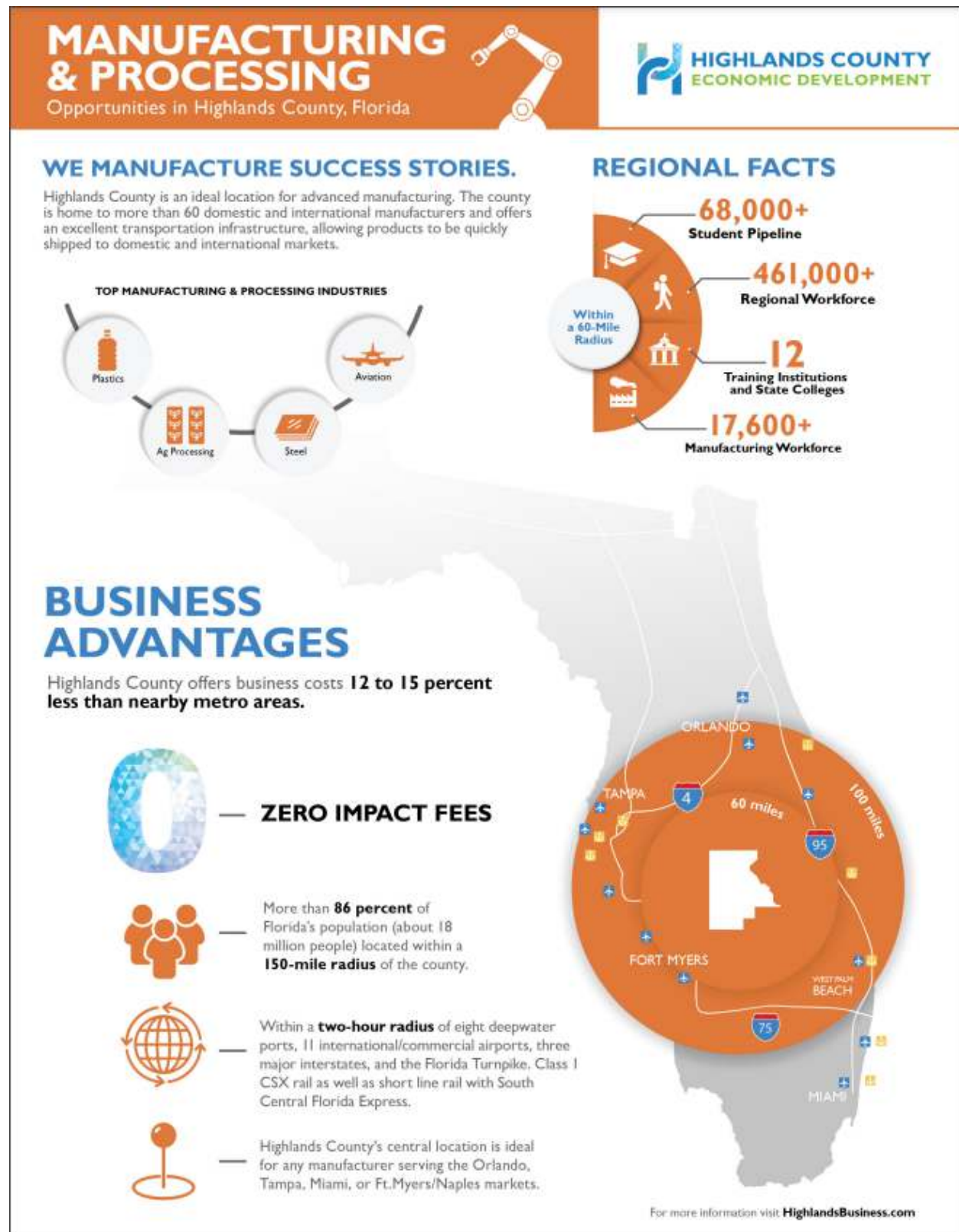
We have not been provided with estimates of other revenues associated with the operation of the airport under the agreement, or annual grant amounts or subsidies that would also contribute to the Lessee's cash flow position under the terms of the proposed master lease and operating agreement.

ADDENDA

Regional Information
Current Rent Roll Provided
Legal Description
General Assumptions & Limiting Conditions
Definitions
Appraiser Certification
Qualifications of Appraiser

REGIONAL INFORMATION





AVIATION

Opportunities in Highlands County, Florida



HIGHLANDS COUNTY
ECONOMIC DEVELOPMENT

ALL LIFT. NO DRAG.

Sebring Regional Airport is a **2,400-acre** airport and commerce park with two runways. The airport features an industrial rail spur and full infrastructure including utilities, telecom and water. **It is also a designated Foreign-Trade Zone (FTZ).**

Avon Park Executive Airport is a **320+ acre** airport, offering two runways, t-hangar rentals, and a main terminal building with a number of amenities.

WITHIN HIGHLANDS COUNTY



REGIONAL FACTS



BUSINESS ADVANTAGES

Highlands County offers business costs **12 to 15 percent less than nearby metro areas.**



ZERO IMPACT FEES



More than **86 percent** of Florida's population (about 18 million people) located within a **150-mile radius** of the county.



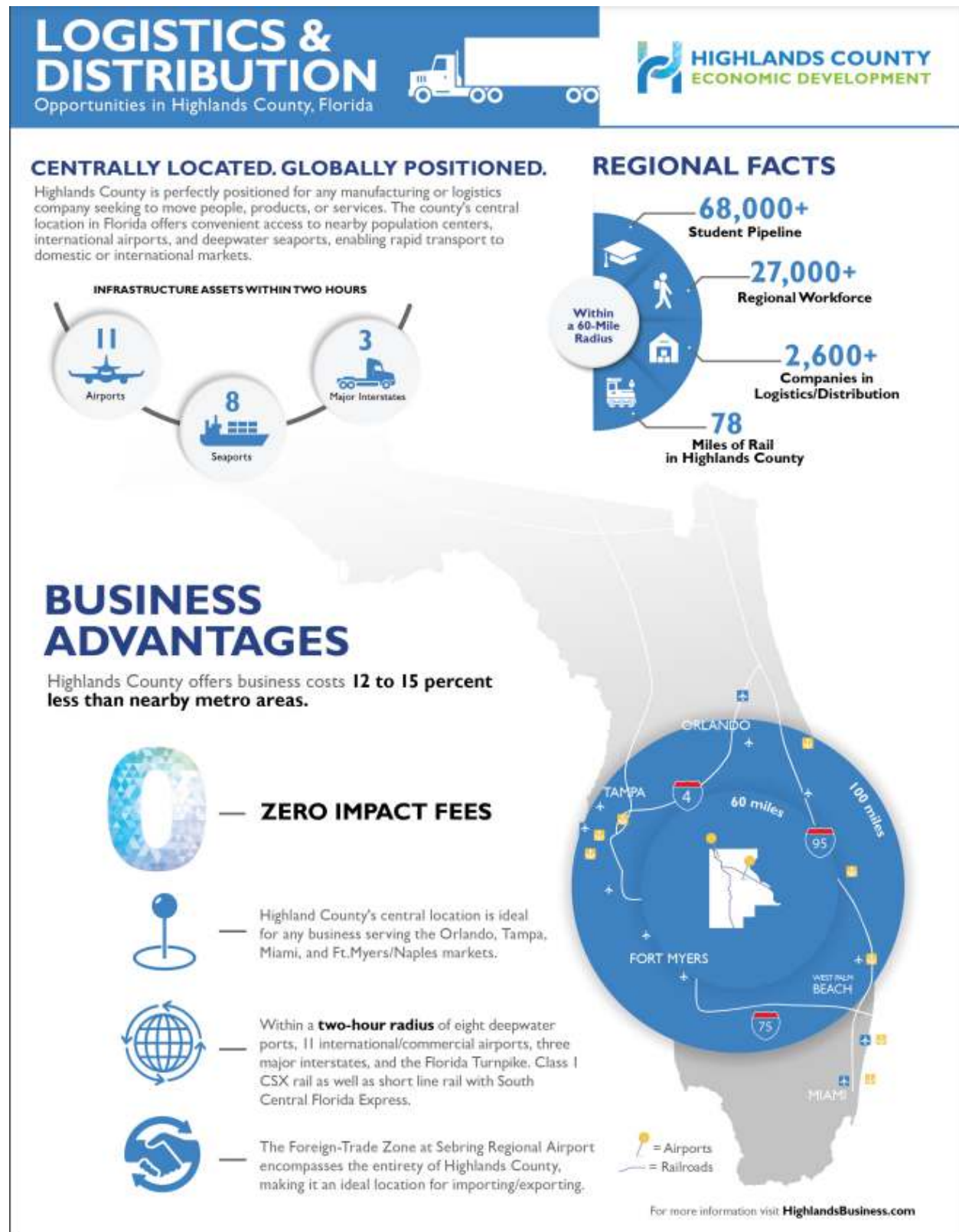
Within a **two-hour radius** of eight deepwater ports, 11 international/commercial airports, three major interstates, and the Florida Turnpike. Class 1 CSX rail as well as short line rail with South Central Florida Express.



253 days of sunshine each year.



For more information visit HighlandsBusiness.com



CURRENT RENT ROLL

DRAFT

LEGAL DESCRIPTION

DRAFT

GENERAL ASSUMPTIONS & LIMITING CONDITIONS

STANDARD

In preparing this appraisal report we have researched physical characteristics and legal issues that affect the appraised property. We have accessed information from a variety of public sources concerning property size, zoning, future land use designation, sewer and water availability, flood hazard information, topographical and drainage information, real estate taxes and information concerning easements and encroachments. We believe that the information researched and provided to us by others is materially accurate for appraisal purposes only. Information in this report concerning physical and legal issues should not be relied on by any person for any purpose or decision making concerning the property without independent confirmation or verification. All persons and parties interested in the property under appraisal should research and confirm information concerning the property directly with pertinent agencies or sources and should not rely solely on the information provided in our appraisal report for decision making.

The legal description furnished is assumed to be correct.

We assume no responsibility for matters in legal character, nor do we render any opinions as to title, which is assumed to be good. This report contains a section entitled "Ownership and Sales History," which describes the recent title history of the subject property. This should not be construed to be a title search or a report of title. We render no opinion as to title, which is assumed to be good and marketable.

All existing liens and encumbrances have been disregarded, and the property is appraised as though free and clear, under responsible ownership and competent management.

Site plans, sketches, drawings and other exhibits in this report are included only to assist the reader in visualizing the property. We assume no liability for their accuracy.

We have made no survey of the property and assume no responsibility in connection with such matters.

The appraisers assume no liability for structural conditions not visible through ordinary inspection.

Information obtained from Public Records, files, Realtors, buyers and sellers, etc. was utilized in the preparation of this appraisal report. The information obtained from these sources was assumed to be accurate and correct. A reasonable effort has been made to verify all such information; however, no responsibility for its accuracy is assumed by this office.

ENVIRONMENTAL

Our appraisal assumes that there are no hazardous materials on the property. We are not aware of the existence of potentially hazardous material(s) on the property. We are not qualified to detect such substances. We urge the client to retain an expert in this field if desired.

We are not aware of any soil or subsoil conditions which would affect the property. The discovery of soil conditions is beyond my area of expertise.

AMERICAN DISABILITY ACT

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. The appraisers have not made a specific compliance survey and analysis of this property to determine whether or not it will be in conformity with the various detailed requirements of the ADA. Such a study could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since there was no direct evidence relating to this issue, the appraisers did not consider possible non-compliance with the requirements of ADA in estimating the value of the property.

OTHER

Disclosure of the contents of this appraisal report is governed by the Standards of the Appraisal Institute.

Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers or the firm with which they are connected, or any reference to the Appraisal Institute or to the MAI or SRA designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without the prior consent and approval of the undersigned.

DEFINITIONS

MARKET VALUE DEFINITION

Source: Financial Institution Reform, Recovery and Enforcement Act of 1989 (FIRREA)
Effective August 24, 1990:

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 specific 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.

PROPERTY RIGHTS APPRAISED

The property rights appraised herein are the Fee Simple Estate.

Fee Simple Estate²

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

² The Appraisal Institute, The Dictionary of Real Estate Appraisal, Fifth Edition, p.78.

CERTIFICATION

I, Daniel R. DeRango, certify that to the best of my 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 General Assumptions and Limiting Conditions and where applicable, the Special Assumptions, and are our personal, unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- My analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.
- This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- 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, I, Daniel R. DeRango, have completed the requirements of the continuing education program of the Appraisal Institute.
- I have made a personal inspection of the property that is the subject of the report.
- Robert C. Kirkwood IV, State-Registered Trainee Real Estate Appraiser #RI24676, provided significant professional assistance including sales research, preparation of comparable sales information, general gathering of supporting data for the appraisal and further assistance in the writing of said appraisal.
- I have complied with the Uniform Standards of Professional Appraisal Practice (USPAP) in conducting the research and analysis, and in formulating the value conclusion(s) contained in this report.
- I am in compliance with the Competency Provision in the USPAP as adopted in FIRREA 1989 and have sufficient education and experience to perform the appraisal of the subject property.
- We have not appraised or provided other services concerning this property in the three years prior to accepting this assignment.
- I, Daniel R. DeRango, the supervisory appraiser of a registered appraiser trainee who contributed to the development or communication of this appraisal, hereby accept full and complete responsibility for any work by the registered trainee appraiser named in this report as if it were my own work.

Daniel R. DeRango, MAI, CCIM
Cert Gen RZ 1054

Robert C. Kirkwood IV, Associate
Trainee RI 24676