Additional Leased Fee Value of

The Noted Cell Tower Pad Lease

As noted previously, SBA Monarch Towers currently leases a small pad located at the south end of the subject parcel for cell tower use. A copy of this lease is contained on file in our office. This pad lease started May 22, 2011 for an initial 5-year term, with (4) 5-year renewal terms that provide for significant extra monthly income to the owner. However, since there is no guarantee this lease will continue in perpetuity, only limited additional leased fee value is attributed to this income stream.

As of the date of valuation and per the owner, the SBA Monarch Towers lease was reportedly fixed at $650 per month during the first 5-year renewal term ending June 2021. No rent escalations are noted in the lease.

The periodic (monthly) receipt of the contract rent over the term(s) of each lease was brought back to a present value based on a 6.0% discount rate (beginning of period payments). This is considered a reasonable rate to account for the relatively low risk associated with this tenant and the short-term nature of the associated pad lease.

As indicated, given the ever-present potential for the tenant to fail to renew its lease in 2021, it is imprudent to assume this income stream will continue into perpetuity. In this regard, we have partitioned the PV analysis to match the holding period ending with the expiration of the lease, plus one 5-year renewal term.

One final note – we have deducted reasonable management fees of 2.0% from the contract rent income stream to account for management fees over the holding period.

Based on the preceding, the market value of the leased fee interest **in the cell tower pad lease** is concluded to be roughly **$\_\_\_\_\_\_\_\_\_\_**, as shown in the following chart**.**



Final Concluded As Is Market Value – Leased Fee

By adding the PV of the cell tower pad lease income to the stabilized fee simple value, it is the appraiser’s opinion that the **final concluded as is market value** of the leased fee interest in the **subject property**, as of ${eff\_date\_value}, is as follows:

|  |  |
| --- | --- |
|  |  |
| Stabilized Market Value – Fee Simple | $\_\_\_\_\_,000 |
| Add: PV Cell Tower Pad Lease Income | $\_\_,000 |
| **Concluded As Is Market Value – Leased Fee:** | **$\_\_\_\_\_,000** |