

The insight you need. The independence you trust.

El Car Wash

Proposed express car wash
3685 North Federal Highway
Pompano Beach, FL 33064

BBG File #0123116855

Prepared For

Ms. Samantha Burgner
El Car Wash
5201 Southwest 8th Street
Coral Gables, FL 33134

Report Date

August 8, 2023

Prepared By

BBG, Inc., Miami Office
1600 Ponce De Leon Boulevard
Miami, FL 33134
904-622-6334

Client Manager: Clayton Belger, MAI
cbelger@bbgres.com

August 8, 2023

Ms. Samantha Burgner
El Car Wash
5201 SW 8th Street,
Coral Gables, FL 33134

Re: Feasibility/Needs Study
El Car Wash
3685 North Federal Highway
Pompano Beach, FL 33064
BBG File #0123116855

Dear Ms. Burgner,

In accordance with your authorization (per the engagement letter found in the addenda of this report), we have prepared a Feasibility Study of the above-referenced property. This report also incorporates a need and demand study that analyzes the site for its potential as a car wash and forecast a stabilized pro forma. We were not provided with a construction budget.

The subject property is a proposed express car wash facility that reportedly will be approximately 5,581 square feet and configured with a 120' conveyor wash tunnel, electrical room, equipment room, office area, and restroom. Additionally, the facility will have three automatic pay stations and 20 vacuum stations. The site consists of 37,500 square feet and is considered to be an excellent location for a car wash.

The subject is currently owned by Kaja Properties, Inc., who purchased the property on June 7, 2006, for a recorded consideration of \$3,000,000. The property is currently improved with two structures consisting of a free-standing restaurant and a two-story office building, totaling 16,349 square feet. The property is currently under contract for an undisclosed purchase price. Subsequent to closing, the new owner plans to demolish the existing improvements and redevelop the site with the proposed express car wash described above

The feasibility analysis concludes that there is a significant demand for additional car wash services within the local market and the development of the subject car wash is considered justified. Given the population characteristics combined with the lack of a modern express car wash along Federal Highway in the subject market area, it is determined that there is demand for the subject development. The population totals in the area indicate that the prospective wash volume for the proposed facility will be generated from residents that are not currently using car wash services resulting in limited impact on the existing car washes in the trade area. Additionally, given the high volume of traffic along Federal Highway and the density of development in subject site's surrounding location, a car was between those existing car washes to the north, south and west more distant to the immediate market would be better served by subject location.

Additionally, the presence of a convenient express car wash in the market area will likely reduce the number of residents that wash their vehicles at home. Washing a vehicle at home tends to use 100 plus gallons of water per vehicle. Express car washes on average utilize around the same amount of water with a range of 60 to 120 gallons depending on the wash type. However, El Car Wash utilizes a water reclaim system that will recycle about 90% of the water used. Therefore, if it takes 100 gallons to wash a single vehicle then only 10%, or 10 gallons would be fresh water. The water reclamation system at car washes are, therefore, more environmentally responsible than washing a vehicle at home.

Our knowledge and experience, combined with our professional qualifications, are commensurate with the complexity of this assignment. Clayton Belger, MAI has appraised or provided consulting services on over 250 car washes throughout the southeast over the past five years.

This report was prepared to conform with the Uniform Standards of Professional Appraisal Practice as it relates to consulting (feasibility) assignments. Standards 4 and 5, which addressed real property appraisal consulting, were retired from USPAP. This does not mean that appraisers are no longer permitted to complete appraisal consulting assignments; it simply means that the consulting portion of the assignment has no USPAP development or reporting standards. In completing the consulting portion of the assignment, the appraiser is required to comply only with the ethics rule, competency rule, and jurisdictional exception rule.

Note: Our market study conclusions are subject to the following Extraordinary Assumptions and/or Hypothetical Conditions:

EXTRAORDINARY ASSUMPTION(S) AND HYPOTHETICAL CONDITION(S)

The values presented within this appraisal report are subject to the extraordinary assumptions and hypothetical conditions listed below. Pursuant to the requirement within Uniform Standards of Professional Appraisal Practice Standards Rule 2-2(a)(xi), it is stated here that the use of any extraordinary assumptions might have affected the assignment results.

Extraordinary Assumption(s)

We have only been provided with an overview of building specifications. Our feasibility conclusions are subject to completion of the improvements in accordance with what has been described by documentation provided by the developer. It is assumed that completion of construction will occur in a timely manner and that the quality of workmanship will be consistent with what has been envisioned for the project.

Prospective NOI estimates are intended to reflect the current expectations and perceptions of market participants along with available factual data. They should be judged on market support for the forecasts when made, not whether specific items in the forecasts are realized. In estimating our prospective values, we analyzed market trends with regard to income, expenses, and stabilization. Furthermore, economic indicators such as market demographics and future competition were also analyzed. The Prospective NOI cited herein is predicated on the projections incorporated within our analyses. However, all of the projections are subject to external influences (e.g. supply/demand, economy, competition, etc.) and may or may not occur as projected within this appraisal.

Hypothetical Condition(s)

This appraisal employs no hypothetical conditions.

Our firm appreciates the opportunity to have performed this appraisal assignment on your behalf. If we may be of further service, please contact us.

Sincerely,
BBG, Inc.



Clayton Belger, MAI
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AERIAL PHOTOGRAPH

(As is prior to redevelopment)



SUMMARY OF SALIENT FACTS

PROPERTY DATA

Property Name	El Car Wash	
Address	3685 North Federal Highway Pompano Beach, FL 33064	
Property Description	Proposed express car wash	
County	Broward	
Parcel Number	484318010100	
Legal Description	See Addenda	
Site Area	37,500 square feet	(0.86 acres)
Zoning	B-3; General Business	
Year Built	2024 (Proposed)	
Type of Construction	Steel and masonry	
Number of Buildings	1	
Gross Building Area	5,581 square feet	
Overall Condition	New, upon completion	
Overall Quality	Excellent	
Overall Design/Functionality	Good	

RISK SUMMARY

Advantages	<p>Upon completion, the subject property will be a newly constructed, modern express car wash that will be in excellent condition.</p> <p>There are no other express car wash facilities within the three-mile radius market area.</p> <p>The subject benefits from good visibility along North Federal Highway.</p>
Challenges	<p>Rising interest rates are a concern for real estate investors as it may compress returns and impact financing alternatives.</p> <p>Inflation remains a chief concern among investors and lenders. Should inflation not</p>

PROPERTY HISTORY

The subject is currently owned by Kaja Properties, Inc., who purchased the property on June 7, 2006, for a recorded consideration of \$3,000,000. The property is currently improved with two structures consisting of a free-standing restaurant and a two-story office building, totaling 16,349 square feet. The subject is currently under contract for an undisclosed purchase price. Subsequent to closing, the new owner plans to demolish the existing improvements and redevelop the site by constructing an express car wash. This report is a demand study that analyzes the site for its potential as a car wash and projects a stabilized pro forma. We were not provided with a construction budget.

There have been no other recorded sales or reported listing of the subject property in the past 3-years from the effective date of this report.

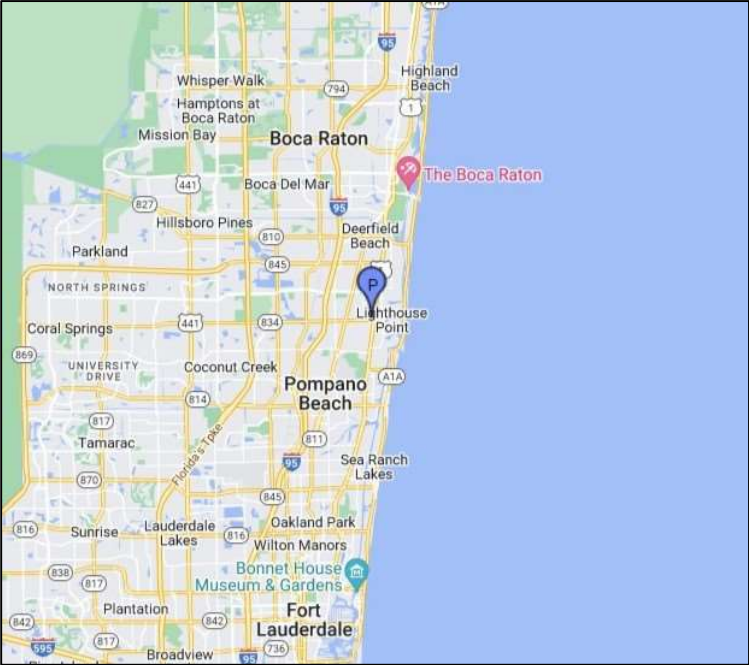
SCOPE OF WORK

SCOPE OF THE INVESTIGATION															
Inspection Details	The client did not request nor require an inspection of the subject for this report. .														
Property Specific Data Requested and Received	<table border="1"> <thead> <tr> <th colspan="2">PROPERTY DATA RECEIVED</th> </tr> </thead> <tbody> <tr> <td>Floor plans</td> <td></td> </tr> <tr> <td>Site plan</td> <td></td> </tr> <tr> <td>ALTA survey</td> <td></td> </tr> </tbody> </table>	PROPERTY DATA RECEIVED		Floor plans		Site plan		ALTA survey							
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Site Size	Property Appraiser Records														
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Tax Data	Property Appraiser Records														
Zoning Information	Planning Dept														
Flood Status	FEMA														
Demographics Reports	Claritas														
VALUATION METHODOLOGY															
Feasibility Methods Utilized	We have utilized market data to determine the projected a stabilized pro forma for the subject property. Based on the projected net operating income we have determined the maximum budget for which the car wash would be considered feasible. Additionally, part of the scope of this assignment was to determine if there is a need in the local community for an express car wash.														
LEVEL OF REPORTING DETAIL															
Complied with the Uniform Standards of Professional Appraisal Practice as it relates to consulting (feasibility) assignments. Standards 4 and 5, which addressed real property appraisal consulting, were retired from USPAP. This does not mean that appraisers are no longer permitted to complete appraisal consulting assignments; it simply means that the consulting portion of the assignment has no USPAP development or reporting standards. In completing the consulting portion of the assignment, the appraiser is required to comply only with the ethics rule, competency rule, and jurisdictional exception rule.															

REGIONAL ANALYSIS

The short- and long-term value of real estate is influenced by a variety of factors and forces that interact within a given region. Regional analysis serves to identify those forces that affect property value, and the role they play within the region. The four primary forces that influence real property value include environmental characteristics, governmental forces, social factors, and economic trends. These forces determine the supply and demand for real property, which, in turn, affect market value.

REGIONAL MAP




ECONOMIC & DEMOGRAPHIC PROFILE

The following profile of the Fort Lauderdale-Pompano Beach-Deerfield Beach, FL MSA was provided by Economy.com, a leading provider of economic, financial, and industry information.




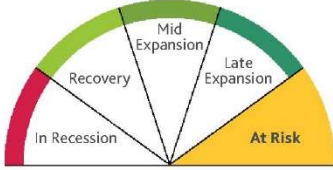
Economy.com’s core assets of proprietary editorial and research content as well as economic and financial databases are a source of information on national and regional economies, industries, financial markets, and demographics. The company is staffed with economists, data specialists, programmers, and online producers who create a proprietary database.

Economy.com’s approach to the analysis of the U.S. economy consists of building large-scale, simultaneous-equation econometric models, which they simulate and adjust with local market information, creating a model of the U.S. macroeconomy that is both top-down and bottom-up. As a result, those variables that are national in nature are modeled nationally while those that are regional in nature are modeled regionally. Thus, interest rates, prices, and business investment are modeled as national variables; key sectors such as labor markets (employment, labor force), demographics (population, households, and migration), and construction activity (housing starts and sales) are modeled regionally and then aggregated to national totals. This approach allows local information to influence the macroeconomic outlook. Therefore, changes in fiscal policy at the national level (changes in tax rates, for example) are translated into their corresponding effects on state economies. At the same time, the growth patterns of large states, such as California, New York, and Texas, play a major role in shaping the national outlook.



FORT LAUDERDALE-POMPANO BEACH-DEERFIELD BEACH FL

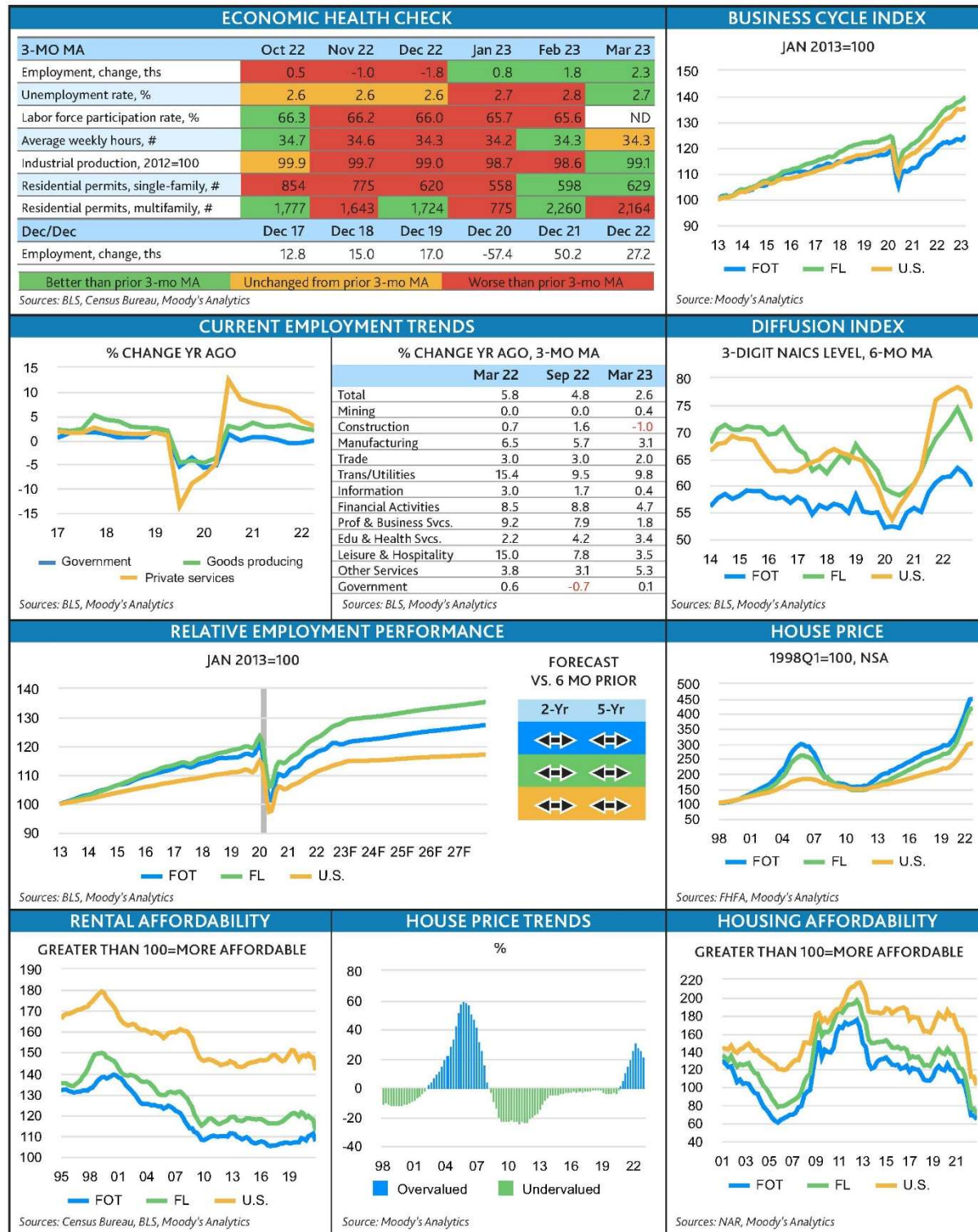
Data Buffet® MSA code: USA_DMFOF

ECONOMIC DRIVERS	EMPLOYMENT GROWTH RANK	RELATIVE COSTS	VITALITY	QUALITY								
<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  HIGH TECH </div> <div style="text-align: center;">  TOURIST <small>DESTINATION</small> </div> <div style="text-align: center;">  LOGISTICS </div> </div>	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <small>2022-2024</small> 146 <small>2nd quintile</small> </div> <div style="text-align: center;"> <small>2022-2027</small> 87 <small>2nd quintile</small> </div> </div> <small>Best=1, Worst=410</small>	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <small>LIVING</small> 116% </div> <div style="text-align: center;"> <small>BUSINESS</small> 103% </div> </div> <small>U.S.=100%</small>	<div style="text-align: center;"> <small>RELATIVE</small> 0.73 <small>Rank: 27</small> </div> <small>Best=1, Worst=403</small>	<div style="text-align: center;"> <small>OF LIFE</small> 50 </div> <small>Best=1, Worst=378</small>								
BUSINESS CYCLE STATUS	ANALYSIS											
	<p>Recent Performance. Fort Lauderdale-Pompano Beach-Deerfield Beach's economy is revving back up. Job growth over the past four months is now ahead of the South average following a sharp slowdown in late 2022. Nearly all industries have found renewed momentum, save for the construction industry, which is reeling amid weakness in the housing market. The unemployment rate has ticked lower this year and sits near its cyclical low even as the labor force is cresting new heights. Finally, the housing market is rapidly cooling, with single-family prices plateauing after two years of exceptionally strong increases. Residential building is muted as well. Single-family permit issuance is running at less than half of last year's pace.</p> <p>White collar. Professional and financial services will settle into a slower pace of growth amid heightened recession fears and financial market instability. While white-collar employees such as American Express will continue to be important for FOT's economy, job additions will be limited in the near term. Financial market turbulence and the increased risk of a recession have led companies to control expense growth and reduce their hiring plans. Fortunately, significant layoffs are unlikely because of long-term labor force constraints and the attractiveness of South Florida for long-term investments. Furthermore, strong labor force growth and demographics will ensure a pool of labor for white-collar firms.</p> <p>Tourism. FOT's key tourism driver will likewise generate only modest growth in the near term, but prospects are brighter further out. A weakening national economy will restrain travel. Inflation pressures, dwindling excess savings, and spent-up demand for travel following the post-pandemic boom are already having an effect. According to the Conference Board,</p>											
<p>only 40% of Americans are planning to take a vacation in the next six months, far below the 10-year average prior to COVID-19. Furthermore, international visitors have been slow to return, and the extraordinary strength of the U.S. dollar will further dissuade would-be travelers given higher costs. Once the national economy regains momentum in late 2024, FOT's natural amenities and accessibility will give the metro division a leg up and leisure/hospitality will drive above-average growth.</p> <p>Logistics. The red-hot growth in FOT's logistics industry will cool, but strong structural advantages augur a favorable outlook. Logistics payrolls are up a whopping 11% on a year-ago basis, but slowing goods consumption will slow net hiring. Spending growth on durable goods—the primary driver of logistics and warehousing demand—has moderated given muted real income growth, still-high inflation, and high interest rates. Consumers are shifting more spending to services, and the deceleration in goods spending will translate to a deceleration in growth for FOT's logistics industry. Still, the Port of Everglades will ensure further development of logistics. Prospects for the port's cargo operations are bright thanks to its ties to Latin America and its intermodal container transfer facility with linkages to rail and highway connections, all located in fast-growing Florida.</p> <p>Fort Lauderdale-Pompano Beach-Deerfield Beach's pace of growth will downshift as professional services and finance exercise caution. Longer term, benefits from tourism and logistics, a diverse economy, and a prime location in the heart of South Florida will fuel job creation on par with the state average.</p>												
STRENGTHS & WEAKNESSES	<p>Logistics. The red-hot growth in FOT's logistics industry will cool, but strong structural advantages augur a favorable outlook. Logistics payrolls are up a whopping 11% on a year-ago basis, but slowing goods consumption will slow net hiring. Spending growth on durable goods—the primary driver of logistics and warehousing demand—has moderated given muted real income growth, still-high inflation, and high interest rates. Consumers are shifting more spending to services, and the deceleration in goods spending will translate to a deceleration in growth for FOT's logistics industry. Still, the Port of Everglades will ensure further development of logistics. Prospects for the port's cargo operations are bright thanks to its ties to Latin America and its intermodal container transfer facility with linkages to rail and highway connections, all located in fast-growing Florida.</p> <p>Fort Lauderdale-Pompano Beach-Deerfield Beach's pace of growth will downshift as professional services and finance exercise caution. Longer term, benefits from tourism and logistics, a diverse economy, and a prime location in the heart of South Florida will fuel job creation on par with the state average.</p>											
<p style="text-align: center;">STRENGTHS</p> <ul style="list-style-type: none"> » Strong ties to international trade via Latin America. » Spillover from Miami tourism and trade. » Attractive tourist destination. <p style="text-align: center;">WEAKNESSES</p> <ul style="list-style-type: none"> » Eastward expansion limited by Atlantic Ocean, westward expansion limited by Everglades. » Worsening population trends. » Highly volatile employment base. 												
FORECAST RISKS												
<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <small>SHORT TERM</small> ↓ </div> <div style="text-align: center;"> <small>LONG TERM</small> ↓ </div> </div>												
<p>RISK EXPOSURE 2023-2028 72 1st quintile <small>Most=1 Least=403</small></p> <p style="text-align: center;">UPSIDE</p> <ul style="list-style-type: none"> » Infrastructure improvements benefit trade flows and airport more than expected. » Additional skilled services companies relocate to FOT from traditional hubs. <p style="text-align: center;">DOWNSIDE</p> <ul style="list-style-type: none"> » Tropical storms devastate public infrastructure and private property. » International immigration is slow to rebound following the pandemic, limiting population growth. 												
MOODY'S RATING												
Aaa COUNTY AS OF NOV 17, 2022												
2017	2018	2019	2020	2021	2022	INDICATORS	2023	2024	2025	2026	2027	2028
93.5	96.4	99.5	96.4	104.5	109.3	Gross metro product (C12\$ bil)	112.8	115.8	119.7	124.0	128.0	132.1
3.3	3.1	3.2	-3.1	8.4	4.5	% change	3.2	2.7	3.4	3.6	3.3	3.2
836.9	853.2	865.7	810.7	845.9	887.0	Total employment (ths)	902.0	911.0	921.9	930.6	938.8	948.2
2.0	1.9	1.5	-6.4	4.3	4.9	% change	1.7	1.0	1.2	0.9	0.9	1.0
4.0	3.5	3.1	9.6	4.9	2.9	Unemployment rate (%)	3.2	3.8	3.8	3.6	3.5	3.4
5.0	5.0	7.0	6.4	10.8	4.8	Personal income growth (%)	7.0	5.3	4.6	4.7	4.3	4.3
56.3	58.6	60.9	63.6	65.7	66.7	Median household income (\$ ths)	68.6	71.0	73.4	75.9	78.4	81.0
1,931.2	1,940.8	1,947.3	1,943.3	1,935.1	1,966.3	Population (ths)	1,989.4	2,007.3	2,023.8	2,040.7	2,058.6	2,077.8
0.8	0.5	0.3	-0.2	-0.4	1.6	% change	1.2	0.9	0.8	0.8	0.9	0.9
8.0	2.9	0.3	-7.2	-8.8	29.6	Net migration (ths)	20.0	14.3	13.3	13.9	15.2	16.9
1,748	1,580	1,635	1,431	1,629	1,081	Single-family permits (#)	2,040	2,844	3,293	3,448	3,343	3,145
3,286	1,752	3,495	2,997	2,440	1,272	Multifamily permits (#)	3,963	3,971	3,740	3,465	3,148	2,963
275.7	295.6	309.8	326.7	377.2	470.4	FHFA house price (1995Q1=100)	489.2	473.5	465.8	471.6	481.8	494.5

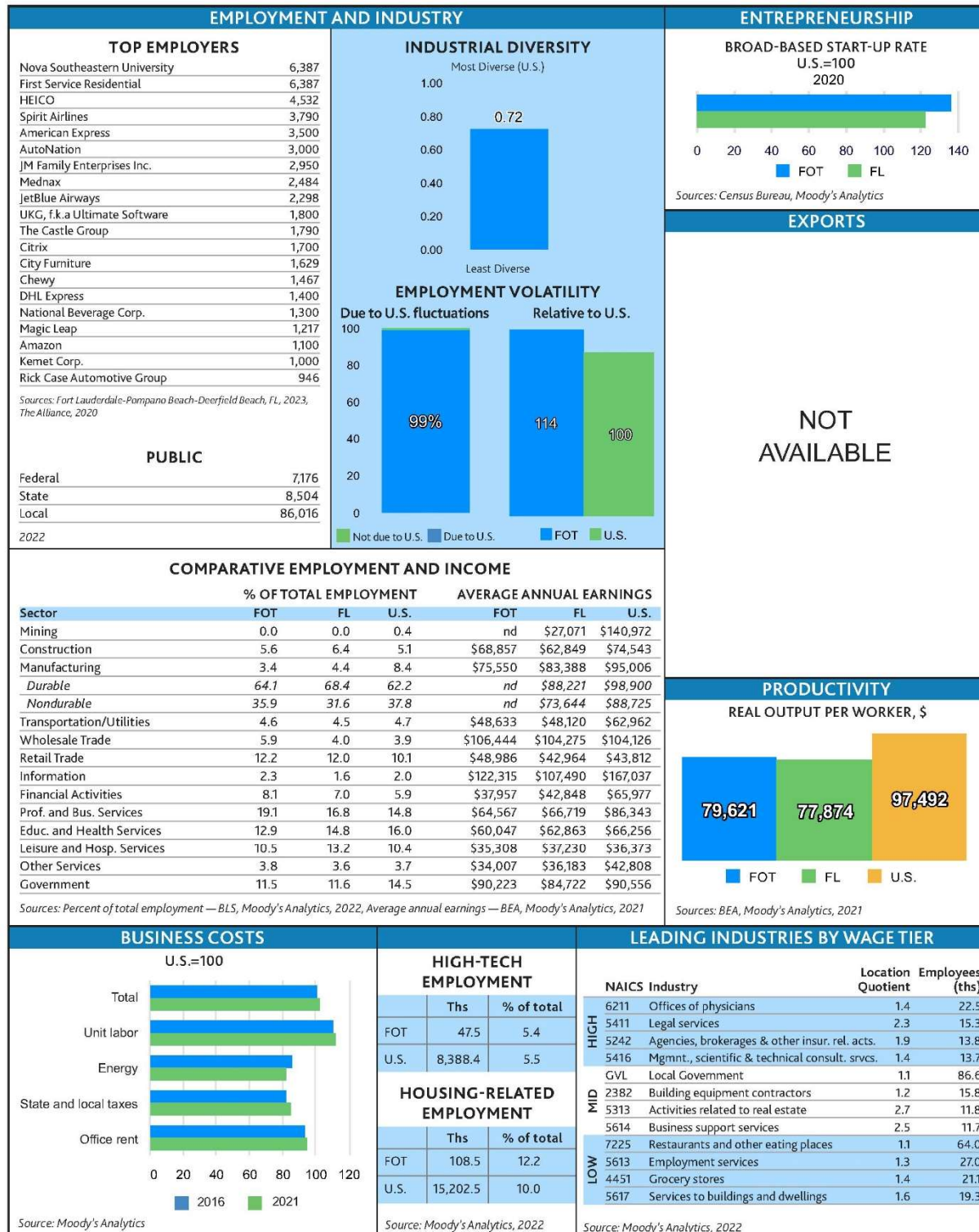
MOODY'S ANALYTICS / Précis® U.S. Metro / April 2023

Colin Seitz 1-866-275-3266
April 2023 help@economy@moody's.com

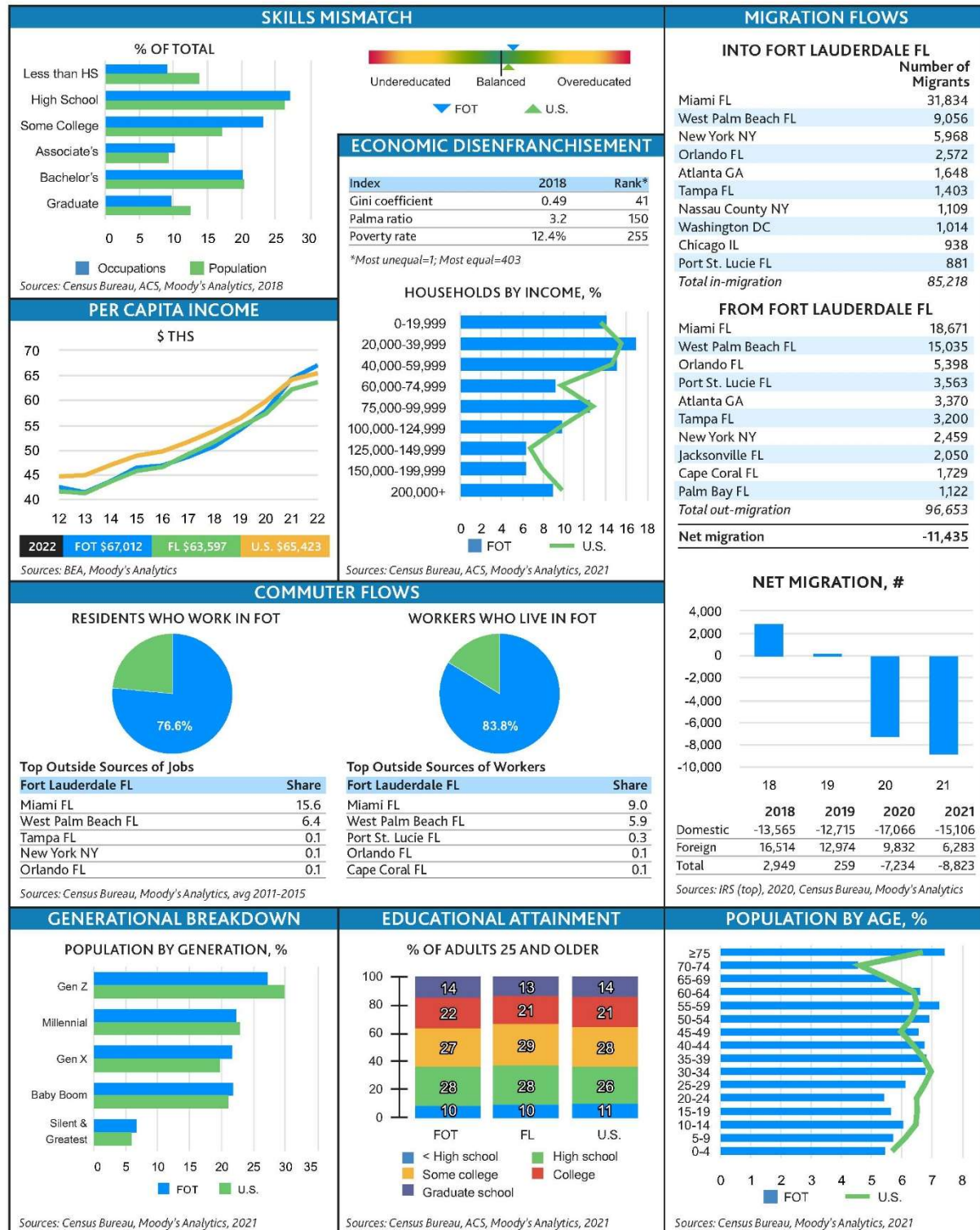
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MARKET AREA ANALYSIS

INTRODUCTION

A market area is the geographic area in which the subject property competes for the attentions of market participants; the term broadly defines an area containing diverse land uses. Market areas are defined by a combination of factors including physical features the demographic and socioeconomic characteristics of the residents or tenants, the condition of the improvements and land use trends. Market area analysis focuses on the identification of boundaries and the social, economic, governmental and environmental influences that affect the value of real property within those boundaries. In conducting market area analysis, the competitive supply and demand for the subject property is more directly addressed.

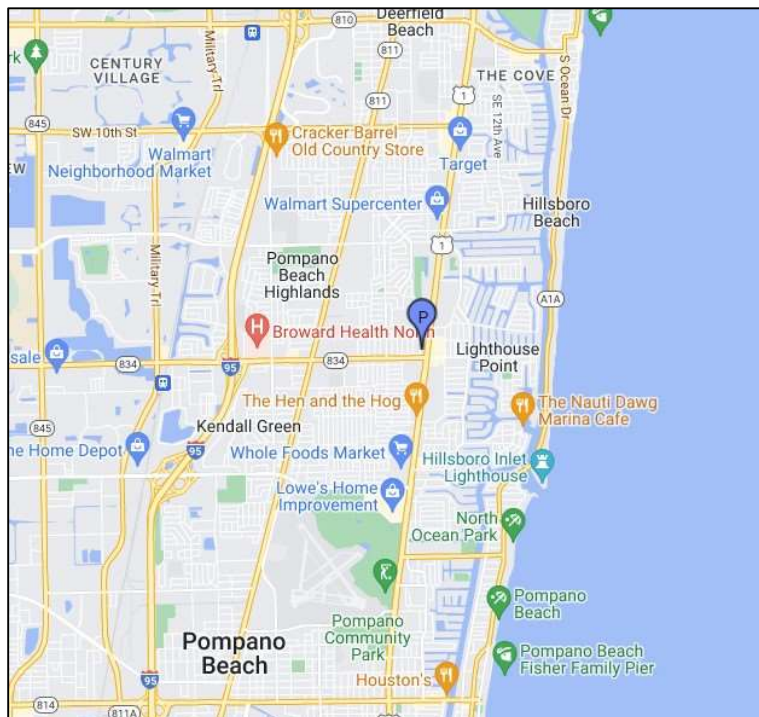
The purpose of a market area analysis is to provide a bridge between the study of general influences on all property values and the analysis of a particular subject. Market area boundaries are identified by determining the area in which the four forces that affect value (social, economic, governmental and environmental) operate in the same way they affect the subject property. Interaction of the various components influencing these four forces often results in the dissimilarities regarding the length of time between the stages of a market area’s life cycle.

GENERAL DESCRIPTION

The market area boundaries are generally:

- North West Hillsborough Boulevard
- South East Atlantic Boulevard
- East Atlantic Ocean
- West Powerline Road

MARKET AREA MAP



ACCESS

Access to the subject market area is average, which contributes to the market area's stability. Primary linkages within neighborhood boundaries include:

MAJOR LINKAGES OF THE MARKET AREA		
Name	Direction	Number of Lanes
North Federal Highway	North/South	6
Dixie Highway	North/South	4
Interstate 95	North/South	10
Sample Road	East/West	6

GENERAL LAND USES

The subject is located on the west side of North Federal Highway, east of NE 18th Terrace, just north of East Sample Road. The surrounding area is a mixed-use neighborhood consisting of a variety of residential, retail, and industrial properties. Land use patterns follow traditional development trends. The more intense commercial and retail uses are along major carriers and at major intersections, the majority of commercial development is concentrated along North Federal Highway.

Adjacent to the north of the subject is an auto repair shop followed by an online car dealership office. Adjacent to the east, across NE 18th Terrace is a boat training facility followed by established single-unit homes, Adjacent to the west, across North Federal Highway is the Venetian Isle Shopping Center, that includes a Publix, Staples, and a variety of specialty retailers. Adjacent to the south is a Wawa gas station and convenience store followed by the Shopper's Haven Shopping Center, across Sample Road.

- Residential – Adequate mix of single-unit homes, multifamily properties and manufactured homes. There has been minimal development in the area in recent years as much of the surrounding land is developed. Most new construction in the area involves redevelopment of existing improvements.
- Retail – Primarily concentrated along North Federal Highway, as well as Walnut Avenue where most regional big box retailers and supporting uses such as restaurants, bank branches, drug stores, gas stations/convenience stores, specialty shops, etc. are located.

Big box and grocery retailers in the area include Publix, Staples, Petco, Dollar Tree, Michael's, Beall's Outlet, Walmart Supercenter, Whole Foods, TJ Maxx, and Lowe's Home Improvement, among others.

- Industrial – There is significant development in the area with properties ranging from small warehouses to large distribution centers, primarily located to the west of the subject, along Dixie Highway and Military Trail/North Andrews Avenue.
- Employment Center - Numerous local, regional, and national employers located in the immediate area as well as proximity to numerous employment centers within nearby Fort Lauderdale. Economic drivers in the region include high tech, financial and professional business services as well as logistics and tourism.

DEMOGRAPHICS

The following data highlights the market area demographics for the 1, 3, and 5-mile radii from the subject, as provided by *Claritas Inc.*

COMPARATIVE DEMOGRAPHIC ANALYSIS FOR PRIMARY TRADE AREA			
Description	3685 N Federal Highway - 1 mi.	3685 N Federal Highway - 3 mi.	3685 N Federal Highway - 5 mi.
	Totals	Totals	Totals
Population			
2028 Projection	18,237	117,138	242,752
2023 Estimate	18,124	114,527	237,411
2020 Census	18,206	113,581	235,688
2010 Census	16,395	98,736	209,147
2023 Est. Median Age	44.28	43.74	46.21
2023 Est. Average Age	43	43	45.2
Households			
2028 Projection	7,647	48,899	106,122
2023 Estimate	7,648	48,003	104,028
2020 Census	7,729	47,791	103,561
2010 Census	6,850	41,629	92,500
2023 Est. Average Household Size	2.40	2.40	2.30
2023 Est. Households by Household Income (%)			
Household Income < \$15,000	9.5	12.0	10.9
Household Income \$15,000 - \$24,999	8.5	9.7	9.0
Household Income \$25,000 - \$34,999	8.7	9.7	9.2
Household Income \$35,000 - \$49,999	12.1	14.2	13.0
Household Income \$50,000 - \$74,999	14.3	17.9	17.6
Household Income \$75,000 - \$99,999	13.1	11.4	11.4
Household Income \$100,000 - \$124,999	9.7	7.5	8.2
Household Income \$125,000 - \$149,999	5.5	4.5	5.4
Household Income \$150,000 - \$199,999	6.7	5.3	6.0
Household Income \$200,000 - \$249,999	4.1	2.9	3.2
Household Income \$250,000 - \$499,999	5.0	3.0	3.8
Household Income \$500,000+	2.8	1.7	2.4
2023 Est. Average Household Income	\$102,745	\$83,475	\$92,635
2023 Est. Median Household Income	\$69,023	\$55,287	\$60,282
2023 Est. Tenure of Occupied Housing Units (%)			
Owner Occupied	66.3	59.2	61.9
Renter Occupied	33.7	40.8	38.1
2023 Est. Median All Owner-Occupied Housing Value	\$365,645	\$322,237	\$370,824

Source: 2023 Claritas, Inc.

SITE DESCRIPTION

INTRODUCTION

The description of the site is based upon our information available from the client, and public sources.

GENERAL DESCRIPTION OVERVIEW							
Location	West North Federal Highway, east of NE 18th Terrace, just north of East Sample Road						
Parcel Number	484318010100						
Legal Description	See Addenda						
Site Area	37,500 square feet (0.8609 acres)						
Configuration	Generally Rectangular						
Topography	Level						
Drainage	Appears adequate						
Utilities/Municipal Services	Typical utilities and municipal services available to site.						
Floodplain:	<table border="1"> <thead> <tr> <th><u>Zone</u></th> <th><u>Map</u></th> <th><u>Date</u></th> </tr> </thead> <tbody> <tr> <td>Zone X (shaded)</td> <td>12011C0188H</td> <td>August 18, 2014</td> </tr> </tbody> </table> <p>Zone X (shaded) is a Non-Special Flood Hazard Area (NSFHA) of moderate flood hazard, usually the area between the limits of the 100-year and 500-year floods. Are also used to designate base floodplains of lesser hazards, such as areas protected by levees from 100-year flood, or shallow flooding areas with average depths of less than one foot or drainage areas less than 1 square mile. This is an area in a low to moderate risk flood zone that is not in any immediate danger from flooding caused by overflowing rivers or hard rains. In communities that participate in the National Flood Insurance Program (NFIP), flood insurance is available to all property owners and renters in this zone.</p>	<u>Zone</u>	<u>Map</u>	<u>Date</u>	Zone X (shaded)	12011C0188H	August 18, 2014
<u>Zone</u>	<u>Map</u>	<u>Date</u>					
Zone X (shaded)	12011C0188H	August 18, 2014					
Soil/Subsoil Conditions	We did not receive nor review a soil report. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property.						
Environmental Concerns	No studies provided. The site is assumed to be free of any environmental concerns.						
Land Use Restrictions	There are no known detrimental easements, encroachments or other restrictions that would adversely affect the site's use or marketability.						
Hazards Nuisances	None noted						
Frontage	151' along North Federal Highway and 151' along NE 18th Terrace						
Access	Access to the property will be available via curb-cut entranceways along North Federal Highway to southbound traveling vehicles; however, northbound traveling vehicles can make an immediate U-turn just passed the subject. A second curb-cut entranceway will be available along NE 18th Terrace to both directions of traffic.						
Visibility	Average						
Surrounding Land Uses	Retail, residential, and industrial						
Enterprise Zone	No						
Traffic Counts	North Federal Highway has an AADT of 46,500 vehicles per day.						
Transportation Facilities	Private vehicles is the common and preferred.						
Comments	The proposed facility is considered to be an excellent location for an express car wash. See the Car Wash Market Analysis section for additional details.						

ZONING

Designation	B-3
Future Land Use	General Business
Zoning Intent	The General Business (B-3) district is established and intended to accommodate a diverse range of moderate-intensity retail, service, office, recreation/ entertainment, visitor accommodation, and institutional uses that serve the residents and businesses in the community at large.
Compliance	The proposed subject is a legal, conforming use in this zoning district via a special exception permit.

ZONING REQUIREMENTS

Permitted Uses	A variety of commercial uses
Minimum Lot Size	10,000 SF
Minimum Lot Width	100'
Maximum Coverage Ratio	60%
Pervious Area (minimum)	20%
Front (min. ft.)	0'
Rear (min. ft.)	30'
Side (min. ft.)	0'
Maximum Height	105'
Required No. Parking Spaces	1 space per 500 SF

ZONING MAP



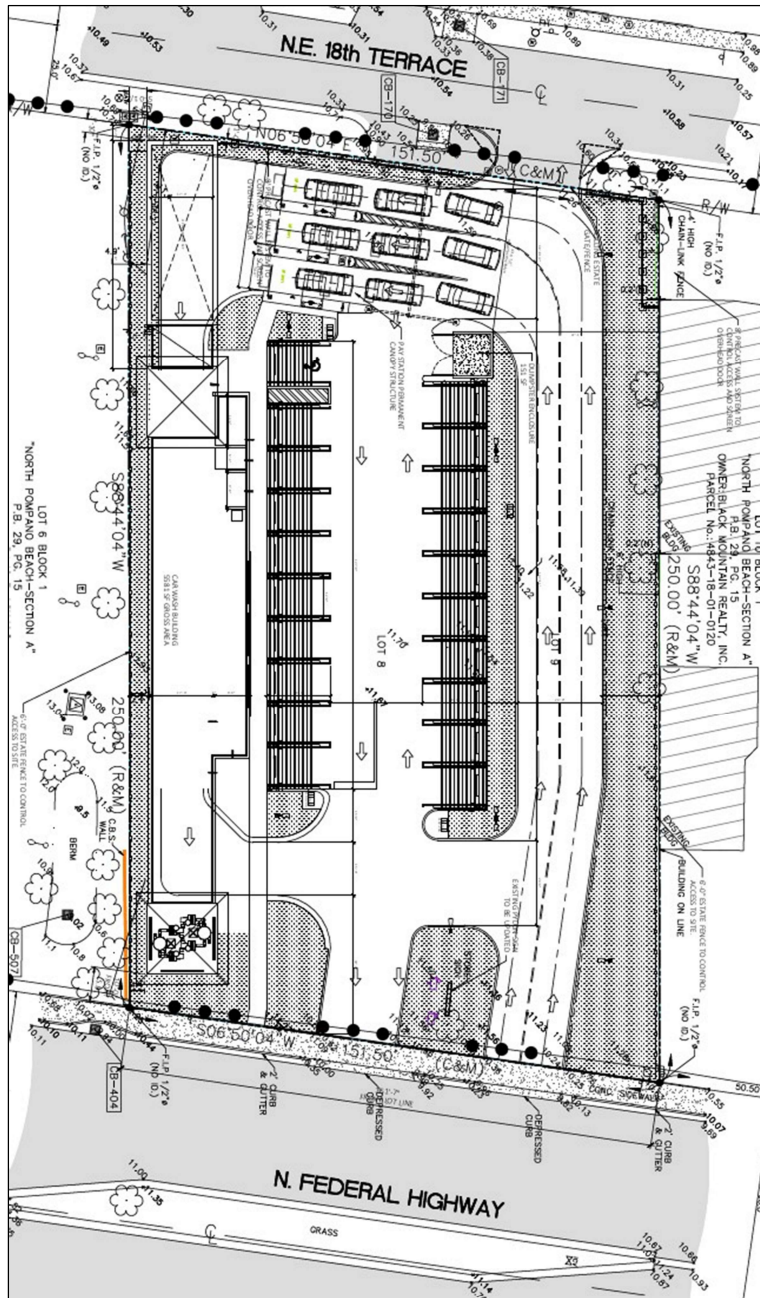
FLOOD MAP



PARCEL MAP



SITE SURVEY



PROPOSED IMPROVEMENTS DESCRIPTION

The proposed improvement descriptions are based on general discussions with the developer and typical of an express car wash.

GENERAL DESCRIPTION OVERVIEW	
Address	3685 North Federal Highway Pompano Beach, FL 33064
Property Description	Proposed express car wash
Year Built	2024 (Proposed)
Number of Buildings	1
Number of Stories	1
Gross Building Area (Proposed)	5,581 square feet
Total Parking Spaces (Proposed)	20
ADA Compliance	The proposed property is assumed to be fully ADA compliant.

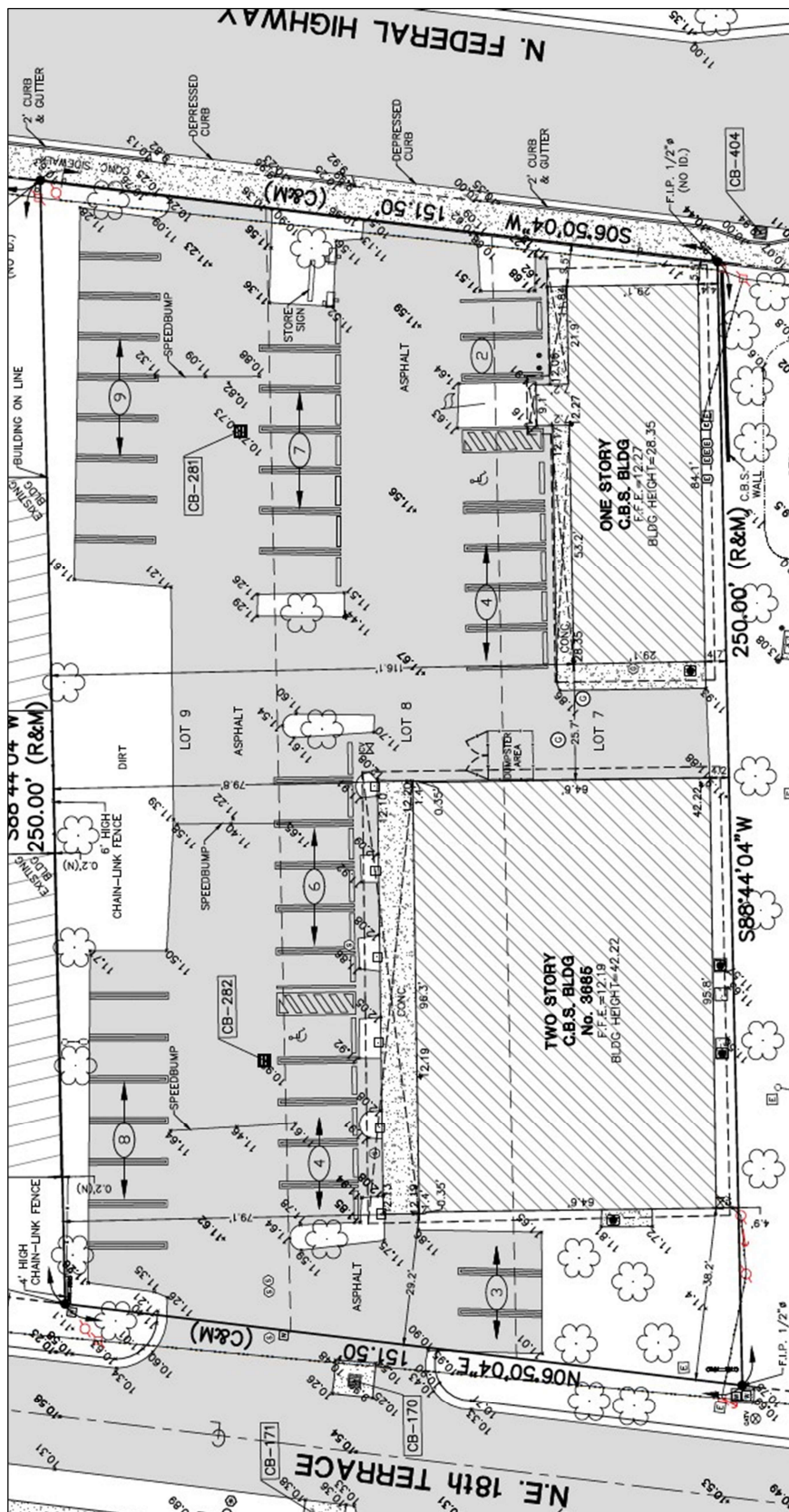
CONSTRUCTION DETAIL	
General Layout	The proposed express car wash building will reportedly be approximately 5,581 square feet and consist of entrance and exit vestibules, a 120' conveyor wash tunnel, electrical room, equipment room, office area, and restroom. Additionally, the facility will be oriented with three automatic pay stations and 20 vacuum stations.

MECHANICAL DETAIL	
Heating	Forced Air (office and restroom only)
Cooling	Central HVAC (office and restroom only)
Plumbing	Assumed to code and adequate
Electrical	Assumed to code and adequate
Car Wash Equipment	The subject will be configured with equipment that is typical of an express car wash. This includes a conveyor, correlator, arches, mitters, brushes, wraps, high pressure system, chemical delivery system, blowers and supporting equipment. Additionally, the site will be configured with three automatic pay stations, tunnel computer system, vacuum system and various other equipment items.

SITE IMPROVEMENTS	
Parking Type	Surface
Landscaping	Low maintenance shrubs and grass
Signage	Building and pylon signage

SUMMARY	
Building Condition	Excellent, upon completion
Building Quality	Excellent
Design and Functionality	Good

EXISTING SITE PLAN



PROPERTY ASSESSMENT AND TAX ANALYSIS

The subject property is currently assessed as a mixed-use commercial property having a two-story office building and a free-standing restaurant. We have utilized assessment comparables of other car wash facilities within Broward County to estimate the subject property taxes as an express car wash facility. The following chart summarizes the assessment comparables.

ASSESSMENT COMPARABLES				
Property Address	Year Built	Bldg Size (SF)	Assessed Value	Assessed Value Per SF
Subject Property (Pro Forma)	2024 (Proposed)	5,581	\$2,371,925	\$425
Nemos Express Car Wash (2651 North University Drive, Sunrise)	2006	3,329	\$1,356,550	\$407
LUV Car Wash (1250 South State Road 7, North Lauderdale)	2000	2,912	\$1,106,710	\$380
Rising Tide Car Wash (10340 Royal Palm Blvd, Coral Springs)	2022	2,944	\$2,237,280	\$760
Rising Tide Car Wash (2970 N State Road 7, Margate)	2017	4,299	\$2,038,870	\$474
Sparkle Clean Car Wash (3061 NW 17th Terrace, Oakland Park)	2009	2,689	\$1,301,540	\$484
Spin Car Wash (7880 W McNab Road, North Lauderdale)	2019	2,997	\$1,257,400	\$420
M Car Wash (1080 NW 31st Ave, Fort Lauderdale)	2022	2,342	\$1,031,710	\$441
Low	2000	2,342	\$1,031,710	\$380
High	2022	4,299	\$2,237,280	\$760
Average	2014	3,073	\$1,475,723	\$481

We have estimated the proposed subject property assessment, upon completion, equal to \$425 PSF, which is within the range of the comparables given the size of the proposed building.

The following table summarizes our projection of real property taxes as an express car wash.

REAL ESTATE ASSESSMENT AND TAXES	
Tax ID No.	Proforma
484318010100	\$2,371,925
Tax Value Subtotal	\$2,371,925
Assessed Value @	100.00% \$2,371,925
General Tax Rate	per \$1,000 20.58750
Property Taxes	\$48,832
Non-Ad Valorem Taxes	\$5,837
Total Taxes	\$54,669
Less: 4% Early Payment Discount	(\$2,187)
Total Net Taxes	\$52,482
Total Taxes PSF	\$9.40

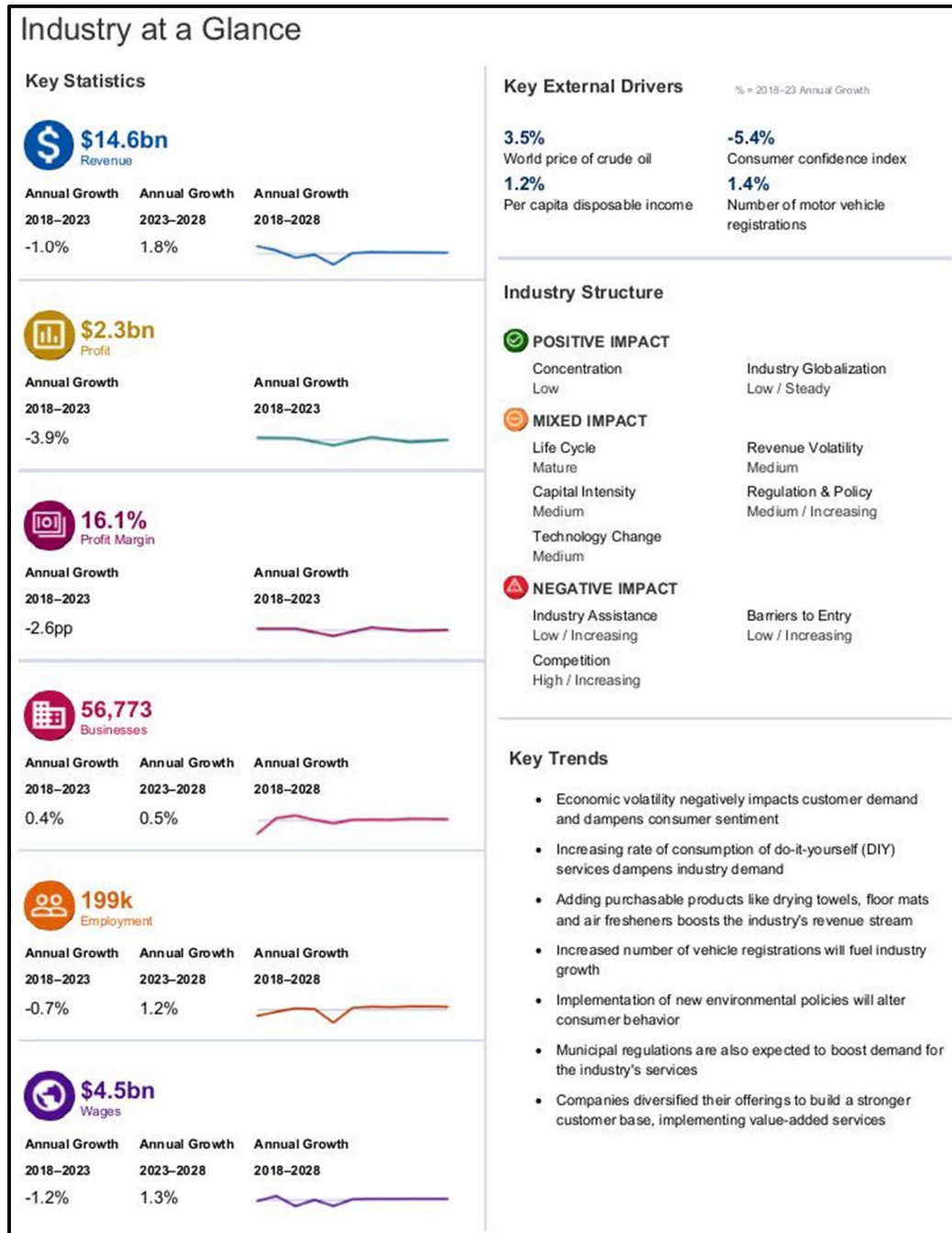
Given the extent of the equipment involved, car wash facilities like the subject are often assessed as additional personal property/equipment tax liability. Based on several car wash expense comparables, we estimate an additional personal property tax liability of \$10,000.

Therefore, the total proposed tax liability estimate for the subject is \$62,482 (\$54,669 RE tax + \$10,000 PP tax).

MARKET ANALYSIS

INDUSTRY OVERVIEW

The following market analysis is based primarily on the March 2023 IBIS World report on Car Wash and Auto Detailing in the United States. Operators in the Car Wash and Auto Detailing industry clean, wash and wax automotive vehicles, such as passenger cars, trucks, vans and trailers. This industry also includes self-service car wash establishments. The Car Wash and Auto Detailing industry does not include companies that predominantly change motor oil or provide automotive repair and maintenance services.



WASH FORMATS

Conveyor Car Washes

Conveyor car wash sales are expected to account for 42.2% of total industry revenue. In a conveyor wash, a vehicle is typically driven onto a conveyor belt and taken through a tunnel that uses mechanized brushes and cloths in conjunction with high-pressure water application and a drying system. Customers have the option of purchasing a range of services such as express wash, wheel bright, waxes and undercarriage washes.

Typically, conveyor washes operate under three different models; that is, operators can offer full-serve, flex-serve or express conveyor washes to consumers. According to car wash supplier Mark VII, full-service washes are considered to comprise the most high-end, time-consuming services and are, therefore, considered a destination model, as consumers must exit their vehicle to have the car washed. Furthermore, since full-serve washes are more time-consuming, consumers must be willing to allocate more time to capitalize on the extra services offered with the car wash. Examples of extra services include windshield repair and carpet cleaning.

While full-serve tunnels generally require less space to operate, full-serve car washes require more labor to compensate for the services not performed by the typical car wash machinery. Amid the COVID-19 (coronavirus) crisis, demand for full-service washes decreased as some industry operators temporarily curtailed the interior cleaning service associated with this wash. For instance, Mister Carwash announced that its full-service washes would not come with interior cleaning due to health safety reasons. After the pandemic has slowed down, the company has gradually offered interior cleaning at selected locations.

Flex-serve car washes primarily focus on cleaning the car's exterior. However, if a customer wants to clean the car's interior, a section of the car wash is allocated for that service, while all other vehicles simply receiving an exterior wash are able to exit the car wash without having to exit their cars. Flex-serve car washes are similar to full-serve car washes in that they offer comparable services and therefore require more employees than express car washes by offering exterior cleans irrespective of interior cleaning services. Flex-serve car washes are able to simultaneously appeal to those who wish to take advantage of a full-serve wash, as well as time-poor consumers who wish to wash their car's exterior and exit the car wash without any added inconvenience of having to exit their vehicle.

Express tunnel washers are becoming more popular in the industry. This type of conveyor car wash provides exterior cleaning only and free access to vacuums after exiting the tunnel. The typical wait time averages five minutes, while full-service tunnel washes have a much longer wait time of between 10 and 15 minutes, according to industry operator Carwash & Detail. Furthermore, express exterior tunnel washes typically cost \$7.00, while full-service tunnel washes average \$15.00, according to the International Carwash Association. Due to its convenience and safety, demand for express wash is expected to grow during the coronavirus outbreak.

In-bay Automatic Car Washes

With in-bay automatic car washes, customers usually remain within their automobile. The vehicle remains stationary and is washed by soap and water applied from a rollover mechanism. These automatic car washes can be touchless, friction or a combination of both. The fully automated system is usually triggered by a coin-operated vending machine. These types of car washes are a relatively minor segment within the specialized car wash industry. However, in the total car wash market, they are more prominent. Gas stations operate most of the 40,000 automatic or rollover car washes in the United States.

As a result, the majority are classified outside this industry. The average price is \$10.00 for an in-bay automatic wash. In-bay automatic car washes account for an expected 16.0% of industry revenue. Demand for this segment is expected to increase over the five years to 2028, as consumers increasingly use in-bay automatic car washes as an alternative to full-serve car washes. Furthermore, technological advancements in the way of reducing friction on vehicles while cleaning have also contributed to this segment's increase in market share during the five-year period.

Many consumers typically equate a rough car wash (i.e. aggressive friction from the brushes causing a car to sway as it is being washed) with unwanted wear and tear on their vehicles. New in-bay automatic configurations, such as PDQ's ProTouch in-bay automatic wash system are capitalizing on those who prefer a wash with a softer amount of friction than other conventional car washes. Moreover, this segment is expected to expand as a share of industry revenue amid the coronavirus pandemic as it involves the least human contacts between customers and employees.

Detailing Services

With detailing services, vehicles are washed and waxed manually. Furthermore, detailing includes careful cleaning of the vehicle's interior panels and upholstery, door jams and windows. Detailing services are more commonly performed when a vehicle is about to be sold and often involve engine detailing, which includes removing all dirt and grease with a degreasing agent. Detailing may also involve minor paintwork repairs and interior steam cleaning.

This segment is highly labor-intensive as the whole process is done manually and costs often exceed \$50.00. Sales from this service segment are expected to comprise 16.6% of total industry revenue. Nonetheless, the majority of open locations temporarily curtailed interior cleaning services amid the coronavirus outbreak, partially reducing this segment's share of industry revenue. Among all, Autobell Car Wash Inc. was one of the only few that still offered interior cleaning services. The company claims that it uses a hospital-grade disinfectant solution called PURTABS to kill bacteria and viruses in highly touched areas.

Hand Washing

These services sometimes include a waxing service and a light cleaning of the vehicle's interior. However, this is not a full detailing service. Consumers will choose hand-washing services if they require extra care for their car. This segment is highly labor-intensive and, therefore, has a higher average price of \$20.00. In 2022, revenue from handwashing services is expected to account for 5.1% of total industry sales. Hand-washing's share of industry revenue has declined during the five-year period as a result of consumers opting for more conventional conveyor car washes or in-bay automatic car washes instead of hand-washing services. Moreover, many industry establishments temporarily suspended this service to limit the spread of the coronavirus in 2020.

Self-service Bays

These drive-in bays are equipped with wands and hoses for consumers to use on their vehicles to presoak, wash, double soap, pre-rinse, clean wheels and double rinse their vehicles. These self-service bays typically have a coin-operated vending machine. Consumers commonly have access to a coin-operated vacuum for interior cleaning and are provided with towels, air fresheners and soaps from vending machines. These self-service bays typically do not have high labor requirements and the average price of self-service bays is \$5.00-\$10.00. This segment is expected to account for an estimated 10.1% of revenue in 2023. Nevertheless, amid the coronavirus pandemic, many state governments prohibited the operations of self-service bays at open locations, causing this segment to decline as a share of industry revenue.

LOCATIONAL FACTORS

There are a number of characteristics that are common to all types of carwash operations. This section describes the elements and criteria that investors should consider as they search for a suitable location and site. The following analyzes several of the key characteristics and is followed by a chart with a rating for each as well as an overall rating of the site.

Competition

The following chart and map illustrate the competition within a three-mile radius of the subject. Self-service, In-Bay Automatic or hand washes are not included as they do not pose a significant competitive threat.

COMPETITION			
Number	Name	Type	Distance from Subject
1	Lighthouse Carwash	Self-Service	0.74 miles
2	Sparkling Image Car Wash	Full Service	1.26 miles

Comparable No. 1 is a self-service car washes that will be noticeably inferior to the proposed subject. There is still a small segment of the marketplace that does not want automated equipment touching their vehicle, but for the most part the express exterior model has made these operations obsolete. A more quality product can be achieved by an express wash in a shorter amount of time for a similar or lower price.

Comparable No. 2 is a full-service car wash that appears in average condition. Full-service car washes primarily cater to a different clientele that is seeking a completely “hands off” car wash experience in which an employee drives the vehicle through the tunnel and then cleans the interior of the car at a higher price point.

Given the population totals, the number of competitors in the market is considered minimal. As such, the proposed car wash would fulfill a demonstrated need for the public convenience and service of the population of the neighborhood. Upon completion of the subject, there is a relatively minimal risk of new competition within a three-mile radius in the foreseeable future.

Traffic Counts

Although traffic counts are often overrated in terms of their significance in rating a site, you will need to have adequate flow for exposure. The recommended minimum traffic count, measured as average annual daily traffic count or AADT, is at least 5,000 vehicles per day for self-service, 20,000 vehicles for in-bays automatic, and 30,000 vehicles for a conveyor operation. **North Federal Highway has an AADT of 46,500 vehicles per day.**

Access

The highway lanes should not be divided by a culvert or median unless there is a traffic signal or dedicated turning lanes immediately in front of the site. The site should be able to accommodate at least two curb cuts. However, if regulations prohibit more than one curb cut, this should not be used as the sole reason for rejecting a site as long as the other physical characteristics are good. **Access to the property will be available via curb-cut entranceways along North Federal Highway to southbound traveling vehicles; however, northbound traveling vehicles can make an immediate U-turn just passed the subject. A second curb-cut entranceway will be available along NE 18th Terrace to both directions of traffic.**

Visibility

The site needs to be visible so that it will have adequate exposure. The site should be at-grade with the roadway. Sites that slope upwards or downwards will have less visibility and may be perceived by some consumers as inconvenient to use. Buildings and signs should be visible in both directions for at least 400 to 500 feet. **The subject will be at road grade and have good visibility along North Federal Highway.**

Demographics

The population density within a three-mile radius for self-service carwash should be at least 15,000 persons for rural areas, 25,000 for semi-rural areas, and 50,000 for neighborhood and suburban business districts. If the project is an in-bay automatic carwash, the population density within a three-mile radius should be at least 20,000 for rural areas, 35,000 for semi-rural areas, and 45,000 for neighborhood and suburban business districts. If the project is a conveyor carwash, the population density for a three-mile radius should be at least 35,000 for neighborhood business districts and 65,000 for suburban business districts. The population trend should be positive, and the pattern of growth should be headed towards the site rather than away from it. **The site has approximately 114,527 people within a three-mile radius. Additionally, the median household income within a three-mile radius is \$55,287. Population totals are projected to increase over the next several years with a projected population of 117,138 people within a three-mile radius by 2028.**

Retail Influence

Proximity to essential amenities like shopping centers, educational institutions, and even recreational facilities tend to attract a wide range of customers looking for convenience and one-stop shopping. Current trends have indicated there is a positive correlation between car washes and nearby retailers. **The subject site is situated along a primary roadway located directly across from a large shopping center with several national retailers including Publix, Staples, Dollar Tree, and Petco. There is another multi-tenant shopping center to the immediate south of the subject as well as along North Federal Highway located to the north and south of the proposed subject.**

The following chart summarizes the above analyses and provides the overall site rating.

SITE LOCATION ANALYSIS	
Criteria	Rating
Competition	Minimal
Traffic Count	Excellent
Access	Average
Visibility	Good
Demographics	Excellent
Retail Influence	Above Average
Overall Site Rating	Excellent

INDUSTRY OUTLOOK

Over the next five years to 2028, revenue for the Car Wash and Auto Detailing industry is forecast to increase at an annualized rate of 0.5% to \$15.1 billion. Industry operators will benefit from improved consumer spending levels, which will fuel increased spending on discretionary services such as car washing and auto detailing. Data also shows vehicle ownership is noticeably longer for an individual vehicle resulting in improved maintenance to include car washing. However, recent rising unemployment is expected to somewhat hamper stronger industry revenue growth as consumers will reduce driving and return to money-saving habits, such as carpooling and public transit. The good news is the foregoing is not a long-term trend. Also, a trend is surfacing whereby businesses will suspend work from-home arrangements for employees requiring full or part-time in-office requirement boosting car use toward the pre-pandemic level. To trigger industry demand, operators may offer discounts for basic car washes, slightly diluting the effects of the cost-saving measures industry operators have adopted to mitigate increasing operating costs. Nonetheless, factors supporting industry demand and a potential recession in the outlook period result in a slightly lower growth than in the current period.

Consumers will be more likely to spend on discretionary services, such as car washing and auto detailing. Moreover, the number of vehicles in use in the United States is projected to rise steadily over the next five years, further expanding the industry's potential customer base. Specifically, IBISWorld forecasts that the number of motor vehicle registrations will increase at an annualized rate of 1.6% over the five years to 2028. Demographic trends and increasing disposable income will push the number of vehicle registrations higher as more individuals are able to purchase vehicles.

Nonetheless, the industry may be constrained by the gradual impact of environmental policies designed to promote the use of alternative transportation, such as carpooling, public transportation and bicycles. Volatile gas prices are also expected to reduce car use. Persistent volatility in oil and gas prices could potentially hinder industry performance by lowering consumers' disposable income, encouraging them to drive less and carpool or take public transit instead. Even though oil prices are expected to rise in the future, consumers may opt for more gas-efficient vehicles rather than reducing distances traveled. IBISWorld estimates total vehicle miles will grow at an annualized rate of 1.8% over the five years to 2028. While steady growth in miles driven points to higher demand for car washing services, a simultaneous increase in alternative transportation may hinder industry demand somewhat.

PROJECTED FINANCIAL PERFORMANCE

INCOME PROJECTION

A common way to project income for a car wash is to estimate a capture rate. The capture rate is calculated by dividing the annual number of car washes by the number of days per year (365), divided by the locations daily traffic count. The following table provides a summary of capture rates for numerous car wash facilities where we were able to obtain adequate information to calculate a meaningful capture rate based on the most comparable properties.

EXPRESS WASH CAPTURE RATE ANALYSIS							
Comp No	Wash Type	Wash Name	Traffic AADT	Annual Washes	Capture Rate	Wash Price Range	Avg. Ticket
1	Express	Confidential	49,000	104,795	0.586%	\$6 - \$21	\$9.02
2	Express	Confidential	56,500	121,858	0.591%	\$14 - \$30	N/A
3	Express	Confidential	43,000	105,928	0.675%	\$6 - \$21	\$10.92
4	Express	Confidential	40,000	114,975	0.788%	\$7 - \$20	\$11.03
5	Express	Confidential	36,500	114,000	0.856%	\$10 - \$25	\$12.84
6	Express	Confidential	21,996	71,031	0.885%	\$10 - \$24	\$13.80
7	Express	Confidential	38,500	129,400	0.921%	\$6 - \$21	\$9.84
8	Express	Confidential	30,000	103,150	0.942%	\$6 - \$18	\$11.00
9	Express	Confidential	25,000	90,006	0.986%	\$7 - \$25	\$13.82
10	Express	Confidential	25,400	93,805	1.012%	\$7 - \$18	\$10.22
11	Express	Confidential	33,300	124,192	1.022%	\$8 - \$24	\$13.08
12	Express	Confidential	31,000	121,000	1.069%	\$7 - \$23	\$10.11
13	Express	Confidential	41,500	155,000	1.023%	\$10 - \$25	\$9.33
14	Express	Confidential	34,500	135,500	1.076%	\$10 - \$25	\$10.40
15	Express	Confidential	38,000	149,530	1.078%	\$6 - \$21	\$9.64
16	Express	Confidential	32,653	132,582	1.112%	\$8 - \$24	\$12.97
17	Express	Confidential	30,492	123,923	1.113%	\$10 - \$24	\$11.69
18	Express	Confidential	36,500	150,327	1.128%	\$10 - \$25	\$14.32
19	Express	Confidential	31,500	133,995	1.165%	\$6 - \$21	\$9.68
20	Express	Confidential	33,189	147,488	1.218%	\$7 - \$18	\$10.17
21	Express	Confidential	30,714	139,044	1.240%	\$5 - \$20	\$9.25
22	Express	Confidential	33,100	150,501	1.246%	\$6 - \$21	\$10.31
23	Express	Confidential	33,500	154,867	1.267%	\$6 - \$20	\$10.25
24	Express	Confidential	24,000	112,285	1.282%	\$10 - \$25	\$13.30
25	Express	Confidential	15,500	74,825	1.323%	\$6 - \$20	\$10.21
26	Express	Confidential	30,600	148,968	1.334%	\$6 - \$20	\$11.38
27	Express	Confidential	22,000	109,452	1.363%	\$5 - \$25	\$9.86
28	Express	Confidential	18,434	101,000	1.501%	\$8 - \$16	\$9.68
29	Express	Confidential	31,339	173,820	1.520%	\$10 - \$24	\$12.48
30	Express	Confidential	30,200	172,641	1.566%	\$6 - \$21	\$10.45
31	Express	Confidential	27,887	162,677	1.598%	\$8 - \$15	\$10.76
32	Express	Confidential	24,014	146,362	1.670%	\$11 - \$29	\$14.49
33	Express	Confidential	30,000	190,335	1.738%	\$12 - \$25	\$12.84
34	Express	Confidential	34,500	223,666	1.776%	\$9 - \$25	\$10.54
35	Express	Confidential	27,000	190,277	1.931%	\$12 - \$25	\$12.92
36	Express	Confidential	20,000	147,808	2.025%	\$8 - \$25	\$10.96
37	Express	Confidential	23,500	181,388	2.115%	\$11 - \$25	\$12.55
38	Express	Confidential	9,405	87,665	2.554%	\$10 - \$24	\$13.03
39	Express	Confidential	20,162	220,000	2.989%	\$10 - \$20	\$10.45
40	Express	Confidential	12,000	132,000	3.014%	\$8 - \$14	\$11.13
			30,160	136,052	1.36%		\$11.30

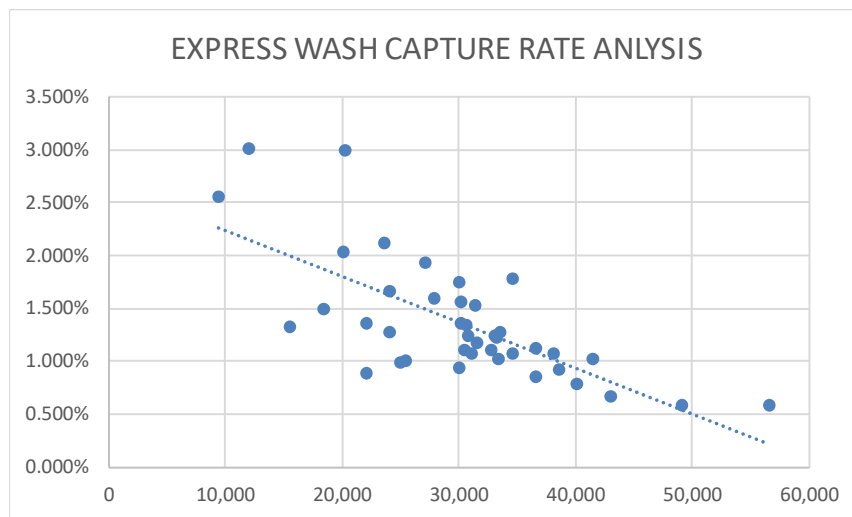
The foregoing table of data indicates capture rates ranging widely from 0.586 percent to 3.014 percent. There are a multitude of factors besides traffic counts that are considered in the selection of a capture rate, to include: nearby competitors, visibility, location, and area demographics.

As previously mentioned, the most recent traffic study along North Federal Highway indicated a traffic count of 46,500 vehicles per day. The subject site is deemed to be an excellent car wash location as explained in the car wash site analysis section. The primary factor that attributes to the excellent location is the lack of express car wash competition in the market area and the good demographics.

Given the population totals and the lack of a modern express car wash in subject’s immediate market area along Federal Highway, demand exists for the subject express car wash development. The population totals in the area indicate that the prospective wash volume for the proposed facility will likely come from residents that are not currently utilizing wash services and will not just take business from the other car washes in the trade area. Additionally, given the high volume of traffic along Federal Highway, it is unlikely that consumers are currently travelling three to five miles (could take in excess of 20 to 30 minutes round trip) to wash their vehicle. Therefore, an express car wash between those existing car washes would better serve the needs of residents in the local market without a material impact on the existing car washes serving the local and broader market.

Sites with less than ideal population totals can sometimes be successful if there is a significant retail influence that brings people to the market from outside the typical three mile radius. For example, a car wash in a small town with less than idea population totals but is located as an outparcel to the only Walmart within 10+ miles can often be successful to the people traveling from outside the market to the Walmart. The subject does not have any significant retail influences in the immediate area that would consistently attract consumers form outside the typical competitive radius.

Recognizing the subject’s traffic count is towards the upper end of the observed range of the comparables set forth earlier, the following chart illustrates the diminishing return in capture rate as traffic count increases.



Considering these factors, an appropriate capture rate for the subject is forecast to be towards the middle to upper end of all the capture rate comparables. We estimate the subject’s capture rate at 1.25% which indicates annual wash volume as follows.

CAPTURE RATE				
AADT	X	Capture Rate	=	Cars Per Day
46,500	X	1.25%	=	581
Projected Annual Vehicles Washed:				212,156

The subject's proposed wash package price points are as follows.

- Basic \$10.00 (Monthly unlimited for \$25.00/mo)
- Wash Package 1: \$16.00 (Monthly unlimited for \$30.00/mo)
- Wash Package 2: \$20.00 (Monthly unlimited for \$35.00/mo)
- Wash Package 3: \$25.00 (Monthly unlimited for \$39.99/mo)
- Wash Package 4: \$30.00 (Monthly unlimited for \$44.99/mo)

The capture rate comparables above indicate average wash prices ranging from \$9.25 to \$14.49, with an average of \$11.30. The expected wash package price points are consistent with several of the comparables in the capture rate analysis chart. Most developers have begun to increase wash prices as the cost to construct car washes has continued to increase. Note that the monthly memberships is reflected in the average wash price.

Membership packages are typically priced at 2.5 times or less the base wash package. This will drive significant wash volume but will also lead to a lower average ticket price than a wash that does not offer memberships. Given the expected wash prices, and also considering the median household income and the lack of competition, we have projected an average ticket price of \$13.00. Given the previous data, the stabilized revenue projection for the subject is calculated as follows.

REVENUE PROJECTION				
Annual Washes	X	Average Ticket Price	=	Annual Revenue
212,156	X	\$13.00	=	\$2,758,031
Rounded to:				\$2,760,000

SUBJECT'S PROJECTED INCOME AND EXPENSES

It typically takes approximately two years for a car wash property to stabilize and our estimate as illustrated is based on the third year of operations. The developer's pro forma as well as the BBG projected revenue and expenses are detailed as follows. We included both the pro forma for the subject operating seven days a week as well as being closed on Sundays.

PRO FORMA OPERATING ANALYSIS		
	BBG Stabilized Projection	
	Total	% of Rev.
INCOME		
Gross Revenue	\$2,760,000	100%
Fixed Expenses		
Real Estate Taxes	\$62,482	2.3%
Insurance	\$25,000	0.9%
Variable Expenses		
Utilities	\$207,000	7.5%
Repairs & Maintenance	\$69,000	2.5%
Payroll	\$455,400	16.5%
Chemicals/Supplies	\$193,200	7.0%
Administrative & General	\$138,000	5.0%
Management	\$82,800	3.0%
Replacement Reserves	\$27,600	1.0%
TOTAL EXPENSES	\$1,260,482	45.7%
NET OPERATING INCOME (NOI)	\$1,499,518	54.3%

COMPARABLE OPERATING EXPENSE DATA

Typically, the best source of information to estimate pro forma operations for the property is the actual historical performance of the subject. However, since the subject property is proposed, the pro forma operations for the subject were estimated according to comparable operations. Each of the respective expense items is estimated in the following analysis with consideration given to comparable expense.

COMPARABLE EXPENSES								
Comparable No.	1		2		3		4	
Location	Confidential		Confidential		Confidential		Confidential	
Year Built	2016		2018		2015		2015	
Rentable Area	4,160		8,262		4,390		5,120	
Year Operations	Express		Express		Express		Express	
INCOME	Amount	% EGI	Amount	% EGI	Amount	% EGI	Amount	% EGI
Revenue	\$1,559,037	100%	\$2,447,638	100%	\$2,212,165	100%	\$2,277,107	100%
EXPENSES								
Real Estate Taxes	\$27,993	1.8%	\$55,790	2.3%	\$73,192	3.3%	\$38,582	1.7%
Insurance	\$39,029	2.5%	\$37,877	1.5%	\$38,597	1.7%	\$20,791	0.9%
Utilities	\$134,552	8.6%	\$190,264	7.8%	\$132,640	6.0%	\$166,950	7.3%
Repairs & Maintenance	\$23,557	1.5%	\$60,117	2.5%	\$64,676	2.9%	\$87,500	3.8%
Payroll	\$255,701	16.4%	\$396,683	16.2%	\$433,342	19.6%	\$448,616	19.7%
Chemicals/Supplies	\$108,176	6.9%	\$135,944	5.6%	\$139,442	6.3%	\$190,473	8.4%
Administrative & General Management	\$88,727	5.7%	\$235,980	9.6%	\$64,541	2.9%	\$136,992	6.0%
Replacement Reserves	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Total Expenses	\$750,759	48.2%	\$1,191,339	48.7%	\$1,011,106	45.7%	\$1,113,461	48.9%
NET OPERATING INCOME	\$808,278		\$1,256,299		\$1,201,059		\$1,163,646	

OPERATING EXPENSE ANALYSIS AND PROJECTIONS

Typically, the best source of information to estimate pro forma operations for the subject property is the actual historical performance of the subject. However, since the subject property is proposed, the pro forma operations for the subject were estimated based on comparable operations. Each of the respective operating expense items is estimated in the following table with consideration given to comparable operating expense data. Our overall expense estimate is towards the upper-end of the market range as a majority of the comparable do not include a management expense or reserves for replacement.

OPERATING EXPENSE COMPARISON AND CONCLUSION			
Expense Item	Expense Comps		BBG
	Range	Average	Forecast
Real Estate Taxes	1.8% - 3.3%	2.3%	2.3%
	\$27,993-\$73,192	\$48,889	\$62,482
Insurance	0.9% - 2.5%	1.7%	0.9%
	\$20,791-\$39,029	\$34,074	\$25,000
Utilities	6.0% - 8.6%	7.4%	7.5%
	\$132,640-\$190,264	\$156,102	\$207,000
Repairs & Maintenance	1.5% - 4.4%	2.2%	2.5%
	\$23,557-\$78,684	\$47,619	\$69,000
Payroll	16.2% - 19.7%	18.0%	16.5%
	\$255,701-\$448,616	\$383,586	\$455,400
Chemicals/Supplies	5.6% - 8.4%	6.8%	7.0%
	\$108,176-\$190,473	\$143,509	\$193,200
Administrative & General	2.9% - 9.6%	6.1%	5.0%
	\$64,541-\$235,980	\$131,560	\$138,000
Management	0.00% - 3.2%	3.2%	3.0%
	\$49,467	\$49,467	\$82,800
Replacement Reserves	0%	0.0%	1.0%
	\$0	\$0	\$27,600
Total Operating Expense %	45.7% - 48.9%	47.9%	45.7%
Total Operating Expenses	750,759-\$1,191,339	\$1,016,666	\$1,260,482

COMMENTS	
Real Estate Taxes	Taxes were previously concluded in the tax section of this report and include both the real estate and personal property taxes. The taxes are higher than the range of the comparables but are consistent with the local market.
Insurance	This category includes property and casualty insurance that is required or typical at the subject and similar properties. The insurance estimate is within the range of the comparables on an overall basis.
Utilities	The utilities estimate is within the range of the comparables.
Repairs & Maintenance	This category accounts for the cost of ongoing systems and structural maintenance and repairs. Payroll and contract costs associated with these services are included. The repairs & maintenance estimate is within the range of the comparables.
Payroll	This category includes the hourly pay of employees as well as the salary for the site manager. The payroll estimate is within the range of the comparables.
Chemicals/Supplies	The chemicals/supplies expense is within the range of the comparables.
Administrative & General	This category includes office-related expenses, advertising, legal and professional fees, licensing fees, credit card fees, vehicle damage expenses as well as additional miscellaneous expenses. The administrative & general estimate is within the range of the comparables.
Management	This category accounts for management performed by the owner or third-party management company. Owner's of express car washes typically have a general manager with a salary that is included in the payroll. Most owners spend approximately 20 to 25 hours a week at a location to ensure efficient operations. The management expense is estimated at 3.0% of gross revenue and is consistent with broker and lender practices for express car washes.
Replacement Reserves	Based on typical broker and lender practices.

PRO FORMA

Following is a summary of the forecast income and operating expense for the subject representing the summation of the preceding analyses assuming a full 7-days a week operation.

PRO FORMA	FY 2022	
Revenue	\$	% of Rev.
Gross Annual Revenue	\$2,760,000	100.0%
Expenses		
Real Estate Taxes	\$62,482	2.3%
Insurance	\$25,000	0.9%
Utilities	\$207,000	7.5%
Repairs & Maintenance	\$69,000	2.5%
Payroll	\$455,400	16.5%
Chemicals/Supplies	\$193,200	7.0%
Administrative & General	\$138,000	5.0%
Management	\$82,800	3.0%
Replacement Reserves	\$27,600	1.0%
Total Expenses	\$1,260,482	45.7%
NET OPERATING INCOME (NOI)	\$1,499,518	54.3%

FEASIBILITY ANALYSIS

To test the feasibility of this project, we have applied a typical overall rate of return to the total project costs to determine an NOI that would be acceptable to the typical market participant.

OVERALL RATE OF RETURN

When adequate data is available, the overall rate is best derived from the comparable sales of existing car wash facilities. Dividing a property's net operating income by the sales price provides an indication of the overall rate of return (capitalization rate). The following table summarizes capitalization rates extracted from comparable sales transactions.

As this industry is based on going concerns and business operations, much of the transactional information is confidential given the transaction includes both real estate and business assets. The real estate is recorded, the business component of that and its allocation is confidential. Many of these operators are clients and our relationships with them has afforded the ability to get this information, with the understanding that it remains confidential.

Additionally, any information that was obtained through from a client during the course of an appraisal is considered confidential and would be a violation of USPAP to disclose and one would be hard-pressed to find listings of an express car wash with financial operating information that is disclosed without a non-disclosure agreement.

MARKET DERIVED CAPITALIZATION RATE SUMMARY					
No.	Wash Type	Location	Date of Sale	Sales Price	Capitalization Rate
1	Express	Confidential	Contract	\$7,900,000	9.01%
2	Express	Confidential	Contract	\$9,000,000	10.16%
3	Express	Confidential	Contract	\$7,900,000	9.57%
4	Express	Confidential	May-23	\$8,650,000	10.10%
5	Express	Confidential	Nov-22	\$7,120,000	11.08%
6	Express	Confidential	Oct-22	\$9,150,000	8.76%
7	Express	Confidential	Oct-22	\$7,000,000	9.75%
8	Express	Confidential	Oct-22	\$4,750,000	9.07%
9	Express	Confidential	Jul-22	\$14,000,000	10.00%
10	Express	Confidential	May-22	\$10,000,000	7.90%
11	Express	Confidential	Apr-22	\$15,500,000	10.05%
12	Express	Confidential	Mar-22	\$7,130,000	9.00%
13	Express	Confidential	Jan-22	\$6,500,000	9.51%
Low					7.90%
High					11.08%
Average					9.54%
Concluded Rate					10.00%

The sales above indicate a range of capitalization rates from 7.90% to 11.08% with an average of 9.54%. The subject is a proposed wash that does not have a proven operation history and has an excellent location and will be new construction and thus in excellent condition.

Market participants have indicated that rising interest rates have yet to have any material impact on most car wash transactions. The flow of capital into the car wash industry has placed continued upward pressure on gross revenue multipliers that has outweighed the impact of rising interest rates. However, conversations in the last several weeks have indicated while capitalization rates have not changed significantly, the sales volume has decreased, and it is possible that capitalization rates could trend upwards moving forward. Another conversation with an active car wash buyer in the market indicated that they were looking to actively renegotiate several deals that were under contract given the continued rise in interest rates.

However, even with the rise in interest rates, Private equity is still flooding the market with capital as the industry has been “discovered.” Numerous private equity firms and other investment companies have moved out of assets such as multifamily and self-storage and into the car wash space. The car wash market has also benefitted from the fact that capitalization rates are still significantly higher than interest rates.

The primary risk associated with the subject is the potential for new competition. Given prevailing and forecast population totals and trends, the number of potential competitors in the market is considered minimal. As such, there is a risk of new competition entering the market.

Premised on the forgoing, subject should achieve an capitalization rate (overall rate of return) near the average of the sales set forth earlier. We have determined that an overall rate of **10.00%** to be appropriate.

TOTAL PROJECT COST – BREAK EVEN ANALYSIS

The following is included to indicated the maximum construction costs for the project to be considered feasible before applying a profit.

MARKET DERIVED EXPECTED RETURN		
NET OPERATING INCOME	\$1,499,518	\$302.93
Based on Most Probable Rate of 10.00%	\$14,995,178	\$3,029.33

Based on the projected NOI and applied capitalization rate, the construction costs would need to be at or under \$14,995,178 in order for the project to be feasible. Additionally, a profit would need to be an additional consideration. For example, assuming a developer expects a \$1,000,000 return on this project as profit, then a total feasible construction budget (inclusive of land, site work, building, equipment and soft costs) would require a cost of \$13,995,178. Based on our experience with express car washes it is absolutely feasible to construct a quality express car wash under this budget amount and providing for profit.

CONCLUSION

The feasibility analysis concludes that there is a noticeable demand for additional car wash services within the local market and the development of the subject car wash is justified. Given the population totals and the lack of a modern express car wash along Federal Highway in the market area, it is determined that there it truly a need for the subject development. The population totals in the area indicate that the prospective wash volume for the proposed facility will likely come from residents that are not currently utilizing wash services and will not just take business from the other car washes in the trade area.

Additionally, given the high volume of traffic along North Federal Highway, it is unlikely that consumers are currently travelling three to five miles (could take in excess of 20 to 30 minutes round trip) to wash their vehicle. A car wash between the existing car washes to the north, south and west would better serve the needs of residents in the local market without a significant material effect on the existing car washes.

Additionally, the presence of a convenient express car wash in the market area will likely reduce the number of residents that wash their vehicles at home. As offered earlier, In conclusion, there is also a need for this car wash facility from an environmental perspective since recycling of the .

CERTIFICATION

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
 2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
 3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved with this assignment.
 4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
 5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
 6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
 7. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
 8. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the state of Georgia.
 9. The reported analyses, opinions, and Value Indications were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics, the Standards of Professional Practice of the Appraisal Institute.
 10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
 11. As of the date of this report, Clayton Belger, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.
 12. Clayton Belger, MAI has not and Patrick Warfield has not made a personal inspection of the property that is the subject of this report.
 13. Patrick Warfield, State-Registered Trainee Appraiser RI25644 provided real property appraisal assistance to the person(s) signing this certification. Assistance included neighborhood and regional market research, site improvements and building descriptions. As of the date of this report, I, Clayton Belger, MAI, the supervisory appraiser of the registered trainee appraiser (Patrick Warfield), who contributed to the development or communication of this appraisal, hereby accept complete responsibility for any work performed by the registered trainee appraiser named in this report as if it were my own work.
 14. Clayton Belger, MAI has and Patrick Warfield has not provided services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.
 15. The use of this report is subject to the requirements of the Florida Real Estate Appraisal Board relating to review by its duly authorized representatives. As of the date of this report, Clayton Belger, MAI is a State Certified Appraiser and have completed the continuing education requirements for the State of Florida.
-



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STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

This market study has been made with the following general assumptions:

- 1) Notwithstanding that the Appraiser may comment on, analyze, or assume certain conditions in the appraisal, BBG, Inc. shall have no monetary liability or responsibility for alleged claims or damages pertaining to: (a) title defects, liens or encumbrances affecting the property; (b) the property's compliance with local, state or federal zoning, planning, building, disability access and environmental laws, regulations and standards; (c) building permits and planning approvals for improvements on the property; (d) structural or mechanical soundness or safety; (e) contamination, mold, pollution, storage tanks, animal infestations or other hazardous conditions affecting the property; and (f) other conditions and matters for which licensed real estate appraisers are not customarily deemed to have professional expertise. Accordingly:
 - a) The Appraiser has not conducted any engineering or architectural surveys in connection with this appraisal assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the Appraiser or the Appraiser's staff or was obtained or taken from referenced sources and is considered reliable. The Appraiser and BBG, Inc. shall not be monetarily liable or responsible for or assume the costs of preparation or arrangement of geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
 - b) Unless otherwise stated in the report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment. Further, unless otherwise stated, it is assumed that there are no subsurface oil, gas or other mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Further, unless otherwise stated, it is assumed that there are no rights associated with extraction or exploration of such elements considered. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
 - c) Any legal description or plats reported in the appraisal are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings, or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. BBG, Inc. has made no survey of the property and assumes no monetary liability or responsibility in connection with such matters.
 - d) Title is assumed to be good and marketable, and in fee simple, unless otherwise stated in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as stated. Further, BBG, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way.
 - e) The appraisal report is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the appraisal report; additionally, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the appraisal report. Further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value opinion. Moreover, unless otherwise stated herein, it is assumed that there are no encroachments or violations of any zoning or other regulations affecting the subject property, that the utilization of the land and improvements is within the boundaries or property lines of the property described, and that there are no trespasses or encroachments.
 - f) The American Disabilities Act (ADA) became effective January 26, 1992. The Appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity

with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would 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 impact upon the value of the property. Since the Appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.

- g) No monetary liability or responsibility is assumed for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report.
- h) It is assumed the subject property is not adversely affected by the potential of floods; unless otherwise stated herein. Further, it is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any proposed buildings.
- i) Unless otherwise stated within the appraisal report, the depiction of the physical condition of the improvements described therein is based on visual inspection. No monetary liability or responsibility is assumed for (a) the soundness of structural members since no engineering tests were conducted; (b) the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made; and (c) hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during the Appraiser's inspection.
- j) If building improvements are present on the site, it is assumed that no significant evidence of termite damage or infestation was observed during physical inspection, unless so stated in the appraisal report. Further, unless so stated in the appraisal report, no termite inspection report was available. No monetary liability or responsibility is assumed for hidden damages or infestation.
- k) Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No monetary liability or responsibility is assumed for such conditions or for engineering which may be required to discover them.
- l) BBG, Inc., excepting employees of BBG Assessment, Inc., and the appraiser(s) are not experts in determining the presence or absence of hazardous substances toxic materials, wastes, pollutants, or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. BBG, Inc. and the appraiser(s) assume no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. The Client is free to retain an expert on such matters in this field; however, Client retains such expert at Client's own discretion, and any costs and/or expenses associated with such retention are the responsibility of Client.
- m) BBG, Inc. is not an expert in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The Appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions contained within the appraisal report based upon any subsequent endangered species impact studies, research, and investigation that may be provided. However, it is assumed that no environmental impact studies were either requested or made in conjunction with this analysis, unless otherwise stated within the appraisal report.

- 2) If the Client instructions to the Appraiser were to inspect only the exterior of the improvements in the appraisal process, the physical attributes of the property were observed from the street(s) as of the inspection date of the appraisal. Physical characteristics of the property were obtained from tax assessment records, available plans, if any, descriptive information, and interviewing the client and other knowledgeable persons. It is assumed the interior of the subject property is consistent with the exterior conditions as observed and that other information relied upon is accurate.
- 3) If provided, the estimated insurable value is included at the request of the Client and has not been performed by a qualified insurance agent or risk management underwriter. This cost estimate should not be solely relied upon for insurable value purposes. The Appraiser is not familiar with the definition of insurable value from the insurance provider, the local governmental underwriting regulations, or the types of insurance coverage available. These factors can impact cost estimates and are beyond the scope of the intended use of this appraisal. The Appraiser is not a cost expert in cost estimating for insurance purposes.
- 4) The dollar amount of any value opinion herein rendered is based upon the purchasing power and price of the United States Dollar as of the effective date of value. This appraisal is based on market conditions existing as of the date of this appraisal.
- 5) The value opinions reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value opinions, unless such proration or division of interests is set forth in the report. Any division of the land and improvement values stated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.
- 6) Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are BBG, Inc.'s best estimate of current market thinking of what future trends will be. No warranty or representation is made that such projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
- 7) The Appraiser assumes no monetary liability or responsibility for any changes in economic or physical conditions which occur following the effective date of value within this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.
- 8) Any proposed or incomplete improvements included in the appraisal report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.
- 9) If the appraisal report has been prepared in a so-called "public non-disclosure" state, real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public record. If this is such a "non-disclosure" state, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the Appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

- 10) Although the Appraiser has made, insofar as is practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the Appraiser either by the Client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the Appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or opinions of value.
- 11) The right is reserved by the Appraiser to make adjustments to the analyses, opinions, and conclusions set forth in the appraisal report as may be required by consideration of additional or more reliable data that may become available. No change of this report shall be made by anyone other than the Appraiser. The Appraiser shall have no monetary liability or responsibility for any unauthorized change(s) to the report.
- 12) The submission of the appraisal report constitutes completion of the services authorized and agreed upon. Such appraisal report is submitted on the condition the Client will provide reasonable notice and customary compensation, including expert witness fees, relating to any subsequent required attendance at conferences, depositions, or judicial or administrative proceedings. In the event the Appraiser is subpoenaed for either an appearance or a request to produce documents, a best effort will be made to notify the Client immediately. The Client has the sole responsibility for obtaining a protective order, providing legal instruction not to appear with the appraisal report and related work files, and will answer all questions pertaining to the assignment, the preparation of the report, and the reasoning used to formulate the opinion of value. Unless paid in whole or in part by the party issuing the subpoena or by another party of interest in the matter, the Client is responsible for all unpaid fees resulting from the appearance or production of documents regardless of who orders the work.
- 13) Client shall not disseminate, distribute, make available or otherwise provide any Appraisal Report prepared hereunder to any third party (including without limitation, incorporating or referencing the Appraisal Report, in whole or in part, in any offering or other material intended for review by other parties) except to (a) any third party expressly acknowledged in a signed writing by Appraiser as an "Intended User" of the Appraisal Report provided that either Appraiser has received an acceptable release from such third party with respect to such Appraisal Report or Client provides acceptable indemnity protections to Appraiser against any claims resulting from the distribution of the Appraisal Report to such third party, (b) any third party service provider (including rating agencies and auditors) using the Appraisal Report in the course of providing services for the sole benefit of an Intended User, or (c) as required by statute, government regulation, legal process, or judicial decree. In the event Appraiser consents, in writing, to Client incorporating or referencing the Appraisal Report in any offering or other materials intended for review by other parties, Client shall not distribute, file, or otherwise make such materials available to any such parties unless and until Client has provided Appraiser with complete copies of such materials and Appraiser has approved all such materials in writing. Client shall not modify any such materials once approved by Appraiser. In the absence of satisfying the conditions of this paragraph with respect to a party who is not designated as an Intended User, the receipt of an Appraisal Report by such party shall not confer any right upon such party to use or rely upon such report, and Appraiser shall have no liability for such unauthorized use or reliance upon such report. In the event Client breaches the provisions of this paragraph, Client shall indemnify, defend and hold Appraiser, and its affiliates and their officers, directors, employees, contractors, agents and other representatives (Appraiser and each of the foregoing an "Indemnified Party" and collectively the "Indemnified Parties"), fully harmless from and against all losses, liabilities, damages and expenses (collectively, "Damages") claimed against, sustained or incurred by any Indemnified Party arising out of or in connection with such breach, regardless of any negligence on the part of any Indemnified Party in preparing the Appraisal Report.

ADDENDA

Appraiser QualificationsA
Letter of Engagement B

APPRAISER QUALIFICATIONS

Profile

Clayton Belger is a Senior Appraiser in Florida for BBG with extensive experience in commercial real estate valuation. He specializes in automotive, car wash and going concern valuation.

Prior to joining BBG, Clayton was a Staff Appraiser at The Sage Group. He has expertise with analyses of numerous property types including multifamily, single and multi-tenant retail, industrial, office, special purpose and vacant land. His experience also includes feasibility studies, consulting and market analysis. Experience with special purpose properties includes gas stations, religious facilities, power plants, and over 150 car washes.

Professional Affiliations

Appraisal Institute

MAI Designation

General Certified Appraiser:

State of Florida (License #RZ3658)

State of Georgia (License #359340)

State of North Carolina (License #A7912)

State of Tennessee (License #5197)

Education

Master of Business Administration, Concentration in Finance, Florida Gulf Coast University, Lutgert College of Business, Fort Myers, FL

Bachelor of Science in Finance and Real Estate Florida State University, College of Business, Tallahassee, FL

[Type here]



VALUATION



ADVISORY



ASSESSMENT



ZONING



Ron DeSantis, Governor

Melanie S. Griffin, Secretary



STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION

FLORIDA REAL ESTATE APPRAISAL BD

THE CERTIFIED GENERAL APPRAISER HEREIN IS CERTIFIED UNDER THE
PROVISIONS OF CHAPTER 475, FLORIDA STATUTES

BELGER, CLAYTON

14333 BEACH BLVD, STE 33
JACKSONVILLE FL 32250

LICENSE NUMBER: RZ3658

EXPIRATION DATE: NOVEMBER 30, 2024

Always verify licenses online at [MyFloridaLicense.com](https://www.MyFloridaLicense.com)



Do not alter this document in any form.

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Profile

Patrick Warfield is a registered trainee appraiser in Florida, working out of the BBG Jacksonville office. Mr. Warfield has been engaged with commercial real estate experience throughout the continental United States since June 2022. His scope of competency expands across a broad range of asset types and assignment conditions. Mr. Warfield specializes in the valuation of specialty properties, primarily car wash and gas station facilities, with appraisal work provided on over 50+ reports since joining BBG.

Mr. Warfield is currently working towards his certified general appraiser license.

Professional Affiliations

State of Florida –Registered Trainee Appraiser RI25644

Education

Bachelor of Science, University of North Florida, December 2008

Coursework

- Basic Appraisal Principals
- Basic Appraisal Procedures
- Florida Trainee Appraiser Subject Matter
- National Uniform Standards of Professional Appraisal Practice USPAP

LETTER OF ENGAGEMENT

July 27, 2023

Ms. Samantha Burgner
El Car Wash
5201 SW 8th Street
Coral Gables, FL 33134

Phone: 413-464-2267
Email: samantha@elcarwash.com

RE: Feasibility and Need Study of EL Car Wash, 3685 North Federal Highway, Pompano Beach, FL 33064

Dear Ms. Burgner:

We are pleased to submit this proposal and our Terms and Conditions for the Feasibility/Needs Study of the above referenced real estate.

PROPOSAL SPECIFICATIONS

Report Premise:	To provide a comprehensive market needs study and general feasibility conclusion on the subject property.
Intended Use:	Planning purposes
Intended Users:	El Car Wash , their officers, representative, and counselors
Scope of Work:	The engagement will entail the application of primary and secondary market research to develop a comprehensive market needs study and general feasibility conclusion of the contemplated development.
Inspection:	No Appraiser Inspection
Site/Property Contact:	Name: Phone: Email:
Appraisal Standards:	Uniform Standards of Professional Appraisal Practice (USPAP) and Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute

Report Type:
Report Format:
Fee:

Feasibility/Need Study
Narrative
\$5,500
Fee includes up to two hours of consultation time after delivery of the final reports. Any time incurred thereafter will be billed at an hourly rate.

Please indicate below who is responsible for payment:

Name:
Geovanny Ortiz

Company:
National Express Wash, LLC.

Address:
5201 SW 8th St, Coral Gables, FL 33134

Phone:

Email:
geovanny@elcarwash.com

Retainer:

Signature: _____
50% at Engagement
Wire Payment/ACH Information Below:
Bank of America
Acct#: 488038497058
Wire Payment Routing#: 026009593
ACH Payment Routing#: 111000025

Payment Terms:

Balance is due and payable upon delivery of the final report or within 30 days of your receipt of our draft report, whichever is sooner. If a draft report is requested, the fee is considered earned upon delivery of our draft report.

Report Copies:

Fee quoted includes all expenses

Delivery Date:

1 Final PDF

Report Delivery Recipients:

1 week from acceptance and receipt of critical information
If any other person(s) are authorized to be included on delivery of the report, please include their information in the space below:

Name(s):

Email(s):

Acceptance Date:

Date of Execution

The attached Terms and Conditions of the Engagement are deemed part of this Appraisal Services Agreement and are incorporated fully herein by reference and shall apply to any appraisal reports, contract or orders into which they are incorporated. In addition, with respect to any appraisal report, any use of or reliance on the appraisal by any party, regardless of whether the use or reliance is authorized or known by BBG, Inc. and its agents, servants, employees, principals, affiliated companies and all those in privity with them, constitutes acceptance of such Terms and Conditions of the Engagement, as well as acceptance of all other appraisal statements, limiting conditions and assumptions stated in the appraisal report. Use of this appraisal report constitutes acknowledgement and acceptance of the Terms and Conditions of the Engagement, special assumptions (if any), extraordinary assumptions (if any), and hypothetical conditions (if any) on which this estimate of market value is based. This appraisal report has been prepared for the exclusive benefit of the client. It may not be used or relied upon by any other party. Any other party who is not the identified client within this report who uses or relies upon any information in this report does so at their own risk.

Client acknowledges and agrees that BBG may anonymize all property and operational information ("Client Data") provided and aggregate with other anonymized data from other Clients and/or other sources and use such aggregated, anonymized Client Data in existing or future BBG product offerings. BBG shall process the Client Data in a manner that renders the form and source of the Client Data unidentifiable to any other Client or third party.

We appreciate this opportunity to be of service to you on this assignment. If you have additional questions, please contact us.



As Agent for BBG, Inc.

AGREED AND ACCEPTED



Client Signature

7/28/2023

Date

Terms and Limiting Conditions of the Engagement

The Terms and Conditions of the Engagement are deemed part of the attached Proposal Specifications and Appraisal and Consulting Services Agreement and are incorporated fully therein, and shall apply to any appraisal services, consulting services, oral testimony, reports, contracts, or orders into which they may be incorporated.

A) Definitions. In the Terms and Conditions of the Engagement:

1. "BBG, Inc." means BBG, Inc. and its agents, successors, assigns, servants, employees, principals, affiliated companies and all those in privity with them.
2. "Appraiser" means the appraiser(s) performing part or all of the appraisal services and/or signing an appraisal report. "Appraiser" may also mean "Consultant" in a consulting assignment.
3. "Appraisal and Consulting Services Agreement" means any written agreement with Client for performance of the appraisal services by Appraiser, including any agreement entered into electronically.
4. "Client" means any party identified expressly as a client in an Appraisal and Consulting Services Agreement and also any party identified expressly as a client by the Appraiser in an appraisal report.
5. "Appraisal" means any appraisal or consulting report(s) prepared by or oral report and/or testimony presented by BBG, Inc.
6. "Report" means a written or oral report prepared by and/or oral testimony presented by BBG, Inc.

B) Venue and Jurisdiction

THIS APPRAISAL AND CONSULTING SERVICES AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE DOMESTIC SUBSTANTIVE LAWS OF THE STATE OF TEXAS, WITHOUT GIVING EFFECT TO ANY CHOICE OR CONFLICT OF LAW PROVISION. IF ANY ACTION RELATING TO THIS APPRAISAL AND CONSULTING SERVICES AGREEMENT OR THE CONTEMPLATED TRANSACTIONS IS BROUGHT BY A PARTY HERETO AGAINST ANY OTHER PARTY HERETO, THE PREVAILING PARTY IN SUCH ACTION WILL BE ENTITLED TO RECOVER ALL REASONABLE EXPENSES RELATING THERETO (INCLUDING REASONABLE ATTORNEYS' FEES AND EXPENSES) FROM THE NON-PREVAILING PARTY.

Each party to this Appraisal and Consulting Services Agreement (a) hereby irrevocably submits to the exclusive jurisdiction and venue of the state courts located in Dallas County, Texas (or, if but only if such court lacks jurisdiction, the United States District Court for the Northern District of Texas) for the purpose of any Action between any of the parties hereto arising in whole or in part under or in connection with this Appraisal and Consulting Services Agreement, any Ancillary Agreement, or the Contemplated Transactions, (b) hereby waives and agrees not to assert any claim that he, she or it is not subject personally to the jurisdiction of the above-named courts or that any such Action brought in the above-named courts should be dismissed on grounds of forum non conveniens. Notwithstanding the foregoing, a party hereto may commence any Action in a court other than the above-named courts solely for the purpose of enforcing an order or judgment issued by the above-named courts.

C) Limitations of Liability

It is expressly agreed that in any action which may be brought against BBG, Inc., arising out of, relating to, or in any way pertaining to this engagement, this Appraisal and Consulting Services Agreement, or any services, reports, information, or opinions contained therein or presented, BBG, Inc. shall not be responsible or liable for any incidental or consequential losses, unless the same was fraudulent or prepared with gross negligence. It is further agreed that the collective liability of BBG, Inc. in any such action shall not exceed the fees paid for the preparation of the respective report or services unless the same was fraudulent or prepared with gross negligence. Finally, it is agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.

Client hereby agrees to indemnify, defend, protect, and hold BBG, Inc. harmless from and against all claims, damages, losses and expenses, including attorneys' fees, expenses and costs, incurred upon investigating and defending any claim, action or proceeding arising from, or in any way connected to, relating to, or in any way pertaining to this engagement, this Appraisal and Consulting Services Agreement, or any services, reports, information, or opinions contained therein or presented.

Further, you acknowledge that any opinions and conclusions expressed by professionals employed by BBG, Inc. related to this agreement are representations made by them as employees and not as individuals. BBG, Inc.'s responsibility is limited to you as a Client. The use of BBG, Inc.'s product by third parties is not intended unless

Terms and Limiting Conditions of the Engagement

expressly stated and shall be solely at the risk of you and/or third parties. BBG, Inc. acknowledges that Client will be the end-user of, and can rely upon, the opinion and conclusions of BBG, Inc.

D) Confidentiality

The parties agree that (i) this Appraisal and Consulting Services Agreement and the terms contained herein, (ii) opinions or valuation conclusions, (iii) the identity of the analyst or the firm and any reference to the professional organization of which the appraiser is affiliated or to the designations thereof, and (iv) all information regarding the property of whatever nature made available to either party by the other (including all versions of BBG, Inc.'s final report and all prior drafts of same) and methods of each party revealed during the performance of the Services (altogether, collectively, the "Confidential Information") shall be treated as strictly confidential. Accordingly, neither party nor any employee, agent or affiliate thereof shall disclose the same to any third party without the written consent of other party and approval of Appraiser; provided, however, that, a party shall not hereby be precluded from disclosure of Confidential Information that may be compelled by legal requirements, or from disclosing this Appraisal and Consulting Services Agreement (and the terms contained herein) to its attorneys, accountants, auditors, lenders, and other professionals who may be bound to that party by duties of confidence.

Do not provide Personally Identifiable Information (PII) to BBG, Inc. or any of its agents. PII is any piece of information meant to identify a specific individual. This includes data such as a Social Security number, driver's license number and financial account numbers.

E) General Assumptions and Limiting Conditions

Appraisal services have been provided with the following general assumptions:

1. Notwithstanding that the Appraiser may comment on, analyze or assume certain conditions in the appraisal or consulting assignment, BBG, Inc. shall have no monetary liability or responsibility for alleged claims or damages pertaining to: (a) title defects, liens or encumbrances affecting the property; (b) the property's compliance with local, state or federal zoning, planning, building, disability access and environmental laws, regulations and standards; (c) building permits and planning approvals for improvements on the property; (d) structural or mechanical soundness or safety; (e) contamination, mold, pollution, storage tanks, animal infestations or other hazardous conditions affecting the property; and (f) other conditions and matters for which licensed real estate appraisers are not customarily deemed to have professional expertise. Accordingly:
 - a) The Appraiser has not conducted any engineering or architectural surveys in connection with this appraisal or consulting assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the Appraiser or the Appraiser's staff or was obtained or taken from referenced sources and is considered reliable. The Appraiser and BBG, Inc. shall not be monetarily liable or responsible for or assume the costs of preparation or arrangement of geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
 - b) Unless otherwise stated in the written report or oral report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment. Further, unless otherwise stated, it is assumed that there are no subsurface oil, gas or other mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Further, unless otherwise stated, it is assumed that there are no rights associated with extraction or exploration of such elements considered. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
 - c) Any legal description or plats reported in the appraisal are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. BBG, Inc. has made no survey of the property and assumes no monetary liability or responsibility in connection with such matters.
 - d) Title is assumed to be good and marketable, and in fee simple, unless otherwise stated in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as stated. Further, BBG, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way, except as stated.

Terms and Limiting Conditions of the Engagement

- e) The appraisal report is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the report; additionally, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the report. Further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value opinion. Moreover, unless otherwise stated herein, it is assumed that there are no encroachments or violations of any zoning or other regulations affecting the subject property, that the utilization of the land and improvements is within the boundaries or property lines of the property described, and that there are no trespasses or encroachments.
- f) The American Disabilities Act (ADA) became effective January 26, 1992. The Appraiser has not made a specific compliance survey or analysis of the property to determine whether it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would 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 impact upon the value of the property. Since the Appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.
- g) No monetary liability or responsibility is assumed for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report or oral report.
- h) It is assumed the subject property is not adversely affected by the potential of floods unless otherwise stated herein. Further, it is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any existing or proposed buildings.
- i) Unless otherwise stated within the appraisal report or oral report, the depiction of the physical condition of the improvements described therein is based on visual inspection. No monetary liability or responsibility is assumed for (a) the soundness of structural members since no engineering tests were conducted; (b) the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made; and (c) hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during the Appraiser's or Consultant's inspection.
- j) If building improvements are present on the site, it is assumed that no significant evidence of termite damage or infestation was observed during physical inspection, unless so stated in the appraisal report or oral report. Further, unless so stated in the report or oral report, no termite inspection report was available. No monetary liability or responsibility is assumed for hidden damages or infestation.
- k) Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No monetary liability or responsibility is assumed for such conditions or for engineering which may be required to discover them.
- l) BBG, Inc., excepting employees of BBG Assessment, Inc., and the appraiser(s) are not experts in determining the presence or absence of hazardous substances toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. BBG, Inc. and the appraiser(s) assume no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. The Client is free to retain an expert on such matters in this field; however, Client retains such expert at Client's own discretion, and any costs and/or expenses associated with such retention are the responsibility of Client.
- m) BBG, Inc. is not an expert in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The Appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions contained within the appraisal report based upon any subsequent endangered species impact studies, research, and investigation that may be provided. However, it is assumed that no environmental impact studies were either requested or made in conjunction with this analysis, unless otherwise stated within the report.

Terms and Limiting Conditions of the Engagement

2. If the Client instructions to the Appraiser were to inspect only the exterior of the improvements in the appraisal process, the physical attributes of the property were observed from the street(s) as of the inspection date of the appraisal. Physical characteristics of the property were obtained from tax assessment records, available plans, if any, descriptive information, and interviewing the client and other knowledgeable persons. It is assumed the interior of the subject property is consistent with the exterior conditions as observed and that other information relied upon is accurate.
3. If provided, the estimated insurable value or cost is included at the request of the Client and has not been performed by a qualified insurance agent or risk management underwriter. This cost estimate should not be solely relied upon for insurable value or cost purposes. The Appraiser is not familiar with the definition of insurable value from the insurance provider, the local governmental underwriting regulations, or the types of insurance coverage available. These factors can impact cost estimates and are beyond the scope of the intended use of this appraisal. The Appraiser is not a cost expert in cost estimating for insurance purposes.
4. The dollar amount of any value opinion herein rendered is based upon the purchasing power and price of the United States Dollar as of the effective date of value. Any appraisal report is based on market conditions existing as of the effective date.
5. Any value opinions reported or expressed apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value opinions, unless such proration or division of interests is set forth in the report. Any division of the land and improvement values stated herein is applicable only under the program of utilization shown. These separate valuations are invalidated for any other application.
6. Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are BBG, Inc.'s best estimate of current market thinking of what future trends will be. No warranty or representation is made that such projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
7. The Appraiser assumes no monetary liability or responsibility for any changes in economic or physical conditions which occur following the effective date of value within this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.
8. Any proposed or incomplete improvements included in the appraisal report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.
9. If the appraisal report has been prepared in a so-called "public non-disclosure" state, real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public record. If this is such a "non-disclosure" state, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the Appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
10. Although the Appraiser has made, insofar as is practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the Appraiser either by the Client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the Appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or opinions of value.
11. The right is reserved by the Appraiser to make adjustments to the analyses, opinions, and conclusions set forth in the appraisal report as may be required by consideration of additional or more reliable data that may become available. No change of this report shall be made by anyone other than the Appraiser or Consultant. The Appraiser shall have no monetary liability or responsibility for any unauthorized change(s) to the report.
12. The submission of the appraisal report constitutes completion of the services authorized and agreed upon unless other services are provided for in this agreement. Such report is submitted on the condition the Client will provide reasonable notice and customary compensation, including expert witness fees, relating to any

Terms and Limiting Conditions of the Engagement

subsequent required attendance at conferences, depositions, or judicial or administrative proceedings, unless otherwise defined herein. In the event the Appraiser is subpoenaed for either an appearance or a request to produce documents, a best effort will be made to notify the Client immediately. Unless paid in whole or in part by the party issuing the subpoena or by another party of interest in the matter, the Client is responsible for all unpaid fees resulting from the appearance or production of documents regardless of who orders the work. A payment agreement must be reached in advance of the Appraiser providing such services.

13. Client shall not disseminate, distribute, make available or otherwise provide any appraisal report prepared hereunder to any third party (including without limitation, incorporating or referencing the report , in whole or in part, in any offering or other material intended for review by other parties) except to (a) any third party expressly acknowledged in a signed writing by Appraiser as an "Intended User" of the report provided that either Appraiser has received an acceptable release from such third party with respect to such report or Client provides acceptable indemnity protections to Appraiser against any claims resulting from the distribution of the report to such third party, (b) any third party service provider (including rating agencies and auditors) using the report in the course of providing services for the sole benefit of an Intended User, or (c) as required by statute, government regulation, legal process, or judicial decree. In the event Appraiser consents, in writing, to Client incorporating or referencing the report in any offering or other materials intended for review by other parties, Client shall not distribute, file, or otherwise make such materials available to any such parties unless and until Client has provided Appraiser with complete copies of such materials and Appraiser has approved all such materials in writing. Client shall not modify any such materials once approved by Appraiser. In the absence of satisfying the conditions of this paragraph with respect to a party who is not designated as an Intended User, the receipt of a report by such party shall not confer any right upon such party to use or rely upon such report, and Appraiser shall have no liability for such unauthorized use or reliance upon such report. In the event Client breaches the provisions of this paragraph, Client shall indemnify, defend and hold Appraiser, and its affiliates and their officers, directors, employees, contractors, agents and other representatives (Appraiser and each of the foregoing an "Indemnified Party" and collectively the "Indemnified Parties"), fully harmless from and against all losses, liabilities, damages and expenses (collectively, "Damages") claimed against, sustained or incurred by any Indemnified Party arising out of or in connection with such breach, regardless of any negligence on the part of any Indemnified Party in preparing the report.