

BBG



Third-party reports by a true third party

Feasibility Analysis

Dirty Dogs Car Wash

Proposed express car wash
2900 West Atlantic Boulevard
Pompano Beach, Florida 33069

BBG File #0121019047

Prepared For

Mr. Martin Emmett
Dirty Dogs Franchise Group
1389 Peachtree Street,
Atlanta, GA 30309

Report Date

October 20, 2021

Prepared By

BBG, Inc., Miami Office
1600 Ponce De Leon Boulevard
Miami, FL 33134
786-522-4550

Client Manager: Eric Hoening, MAI
ehoening@bbgres.com



VALUATION



ADVISORY



ASSESSMENT



ZONING



October 20, 2021

Mr. Martin Emmett
Dirty Dogs Franchise Group
1389 Peachtree Street,
Atlanta, GA 30309

Re: Appraisal of Real Property
Dirty Dogs Car Wash
2900 West Atlantic Boulevard
Pompano Beach, Florida 33069
BBG File #0121019047

Dear Mr. Emmett,

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.

The subject property is a proposed 3,300 square foot express car wash. The facility will be oriented with a conveyor wash tunnel, an equipment room, office area and restrooms. Additionally, the facility will be oriented with two automatic pay stations and 18 vacuum stations. The site consists of 35,156 square feet and has good frontage and visibility along West Atlantic Boulevard. Overall the site is considered to be a good location for a car wash.

The subject is currently owned by E Pompano, LLC which purchase the property in August 2021 for a recorded consideration of \$800,000. We were provided with no details of this transaction. The property is under contract to Dirty Dog's Franchise Group, LLC for a consideration of \$1,125,000. The buyer plans to construct an express car wash. Upon completion, the car wash will be owner-operated as Dirty Dog's Car Wash. The site is zoned B-3 which allows for use as a car wash via a special exception permit. One of the stipulations for receiving the special exception is to determine if the property fulfills a demonstrated need for the public convenience and service of the population of the neighborhood with consideration given to the present availability of such uses. It is determined in this analysis that the development of the car wash is feasible and that there is a demand within the neighborhood for a new express car wash. As such, the proposed car wash would fulfill a demonstrated need for the public convenience and service of the population of the neighborhood.

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 justified. Given the population totals and the lack of a modern express car wash along West Atlantic Boulevard, 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 aren't 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 West Atlantic Boulevard, 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 east, north and west would better serve the needs of residents in the local market without a significant material effect on the existing car washes.

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 last five years.

This appraisal 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 feasibility conclusion is subject to the following Extraordinary Assumptions and/or Hypothetical Conditions:

EXTRAORDINARY ASSUMPTION(S) AND HYPOTHETICAL CONDITION(S)

The conclusions presented within this 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 report.

If construction costs, pricing figures or car wash services provided change significantly, this report may become unreliable and an updated feasibility study may be suggested.

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.



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AERIAL PHOTOGRAPH



SUMMARY OF SALIENT FACTS

PROPERTY DATA

Property Name	Dirty Dogs Car Wash	
Address	2900 West Atlantic Boulevard Pompano Beach, Florida 33069	
Property Description	Proposed express car wash	
County	Broward	
Parcel Number	4842-33-05-4000	
Legal Description	See Addenda	
Site Area		
Primary Site	35,156 square feet	(0.81 acres)
Zoning	B-3	
Year Built	2022 (Proposed)	
Type of Construction	Steel and masonry	
Number of Buildings	1	
Gross Building Area	3,300 square feet	
Overall Condition	New, upon completion	
Overall Quality	Excellent	
Overall Design/Functionality	Excellent	

RISK SUMMARY

Advantages	<p>The subject property will be a newly constructed, modern express car wash that will be in excellent condition.</p> <p>The neighborhood is experiencing significant growth and development.</p> <p>The subject benefits from good visibility and frontage along West Atlantic Boulevard.</p>
Challenges	<p>Risk of new competition</p> <p>Risk of a decline in the rate of growth in the area</p>

PROPERTY HISTORY

The subject is currently owned by E Pompano, LLC which purchase the property in August 2021 for a recorded consideration of \$800,000. We were provided with no details of this transaction. The property is under contract to Dirty Dog's Franchise Group, LLC for a consideration of \$1,125,000. The buyer plans to construct an express car wash. Upon completion, the car wash will be owner-operated as Dirty Dog's Car Wash.

PROPERTY HISTORY	
Current Contract	
Sale Price	\$1,125,000
Grantor	E Pompano, LLC
Grantee	Dirty Dog's Franchise Group, LLC
Comments	This is the current contract of the site.
Recent Transaction	
Sale Date	August 20, 2021
Document	117548538
Sale Price	\$800,000
Grantor	Mario and Shile Di Sorbo
Grantee	E Pompano, LLC
Comments	This was the purchase of the subject as vacant land.

SCOPE OF WORK

SCOPE OF THE INVESTIGATION															
Inspection Details	The subject site was not inspected.														
Property Specific Data Requested and Received	<table border="1"> <thead> <tr> <th colspan="2">PROPERTY DATA RECEIVED</th> </tr> </thead> <tbody> <tr> <td>Site plan</td> <td></td> </tr> <tr> <td>Construction and equipment budget</td> <td></td> </tr> <tr> <td>Pro forma</td> <td></td> </tr> <tr> <td>ALTA survey</td> <td></td> </tr> </tbody> </table>	PROPERTY DATA RECEIVED		Site plan		Construction and equipment budget		Pro forma		ALTA survey					
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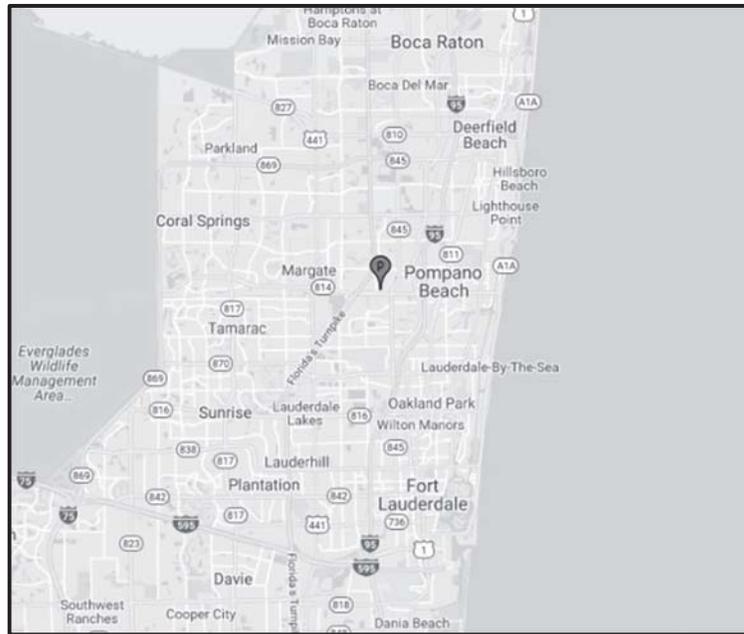
VALUATION METHODOLOGY	
Feasibility Methods Utilized	To test the feasibility of this project we have applied a typical overall rate of return to the total project costs to determine an NOI that would be acceptable to the typical market participant. We then compare the pro forma NOI that was derived from our projected financial analysis to the market derived NOI based on the cost to determine if the project is feasible.

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 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.

MOODY'S
ANALYTICS

FORT LAUDERDALE-POMPANO BEACH-DEERFIELD BEACH FL

Data Bufile# MSA code IUSA_DMFO1

ECONOMIC DRIVERS

HIGH TECH

TOURIST

LOGISTICS

EMPLOYMENT GROWTH RANK

2020-2022

52

1st quintile

2020-2025

42

1st quintile

Best=1, Worst=410

RELATIVE COSTS

LIVING

115%

BUSINESS

101%

U.S.=100%

VITALITY

0.73

Rank: 27

Best=1, Worst=408

QUALITY

50

OF LIFE

Best=1, Worst=378

BUSINESS CYCLE STATUS

ANALYSIS

Recent Performance. The economy in Fort Lauderdale-Pompano Beach-Deerfield Beach is starting to break free from COVID-19. The area's unemployment rate has dipped below the state-wide and national mark for the first time since 2019, but low-paying positions at restaurants and hotels account for 70% of jobs created over the last six months. Personal bankruptcies have dipped to a 14-year low, while business bankruptcies are stuck at eight-year highs.

Administrative support. FOT has emerged as a hub for low-wage jobs in office support, and this status has implications for the area's forecast. Nearly 11% of the area's workforce is employed in administrative/waste services. Among metro areas or divisions with more than 1 million residents, only Memphis TN has a higher concentration of these jobs. This category includes employment through temp agencies, work in landscaping and janitorial services, and jobs in building security. Many of these positions were scaled back or eliminated when businesses shuttered their workplaces and ordered most employees to telework, but a vigorous recovery is in the forecast as office buildings reopen this year.

Though wages for jobs in administrative/waste services are 23% below average, this employment pays bigger dividends to FOT. These jobs provide an option for low-skilled employees who have limited labor market opportunities—FOT's workforce participation rate is the highest in the state because of these jobs. Abundant entry-level office jobs attract young laborers and professionals, which also explains why the growth rate of 25- to 44-year-olds will rise twice as fast as the national rate over the next five years.

Population rebound. Following four consecutive years of slowdowns, population growth in FOT will accelerate this year. In 2019, the area's population increased by just more than 6,000 residents, the smallest increase of the decade. Official estimates for 2020 have not been released, but the area's population is likely to have further declined last year because international migration was viscerated by the COVID-19 lockdowns. International migration is a key source of new residents for FOT. Without this pipeline, its population would have fallen in each of the last two years. Growth will recover this year as vaccines propagate, the national death rate recedes, and immigration rebounds. The medium-term outlook is further improved because President Biden and the Democrats, who now have complete control of Congress, are less hostile to immigration than the previous administration.

Low-cost airlines. Vacation-hungry U.S. households whose incomes have been pinched by the COVID-19 recession will discover many paths to FOT. Three low-cost, no-frills airlines, JetBlue, Spirit and Southwest, account for two-thirds of enplanements at FOT's airport, which is the third busiest in the state after Orlando's and Miami's. Over the next three years, jobs in leisure/hospitality will fully rebound from last year's debilitating restrictions and lockdowns as these carriers shuttle in millions of tourists. Jobs in management/professional services will also benefit from this resurgence; two low-cost carriers have their headquarters in FOT: Spirit Airlines and Silver Airways.

The economy in Fort Lauderdale-Pompano Beach-Deerfield Beach is rapidly recovering from the coronavirus recession. Job growth will accelerate this year with the return of office workers, tourists and foreign migrants. The region's international character and prime location in the heart of South Florida will fuel long-term growth.

Kwame Donaldson April 2021 1-866-275-3266
help@economy.com

STRENGTHS & WEAKNESSES

STRENGTHS

- » Strong ties to international trade via Latin America.
- » Spillover from Miami tourism and trade.
- » Attractive tourist destination.

WEAKNESSES

- » Eastward expansion limited by Atlantic Ocean; westward expansion limited by Everglades.
- » Weak housing market.
- » Highly volatile employment base.

FORECAST RISKS

SHORT TERM ↓

LONG TERM ↑

COVID-19 EXPOSURE APRIL 2021 **19** 1st quintile Most=1
Least=403

UPSIDE

- » Infrastructure improvements benefit trade flows and airport more than expected.
- » Manufacturing grows following the dredging of Port Everglades.

DOWNSIDE

- » Tropical storm devastates public infrastructure and private property.
- » Political hostility toward immigration limits population growth.

MOODY'S RATING

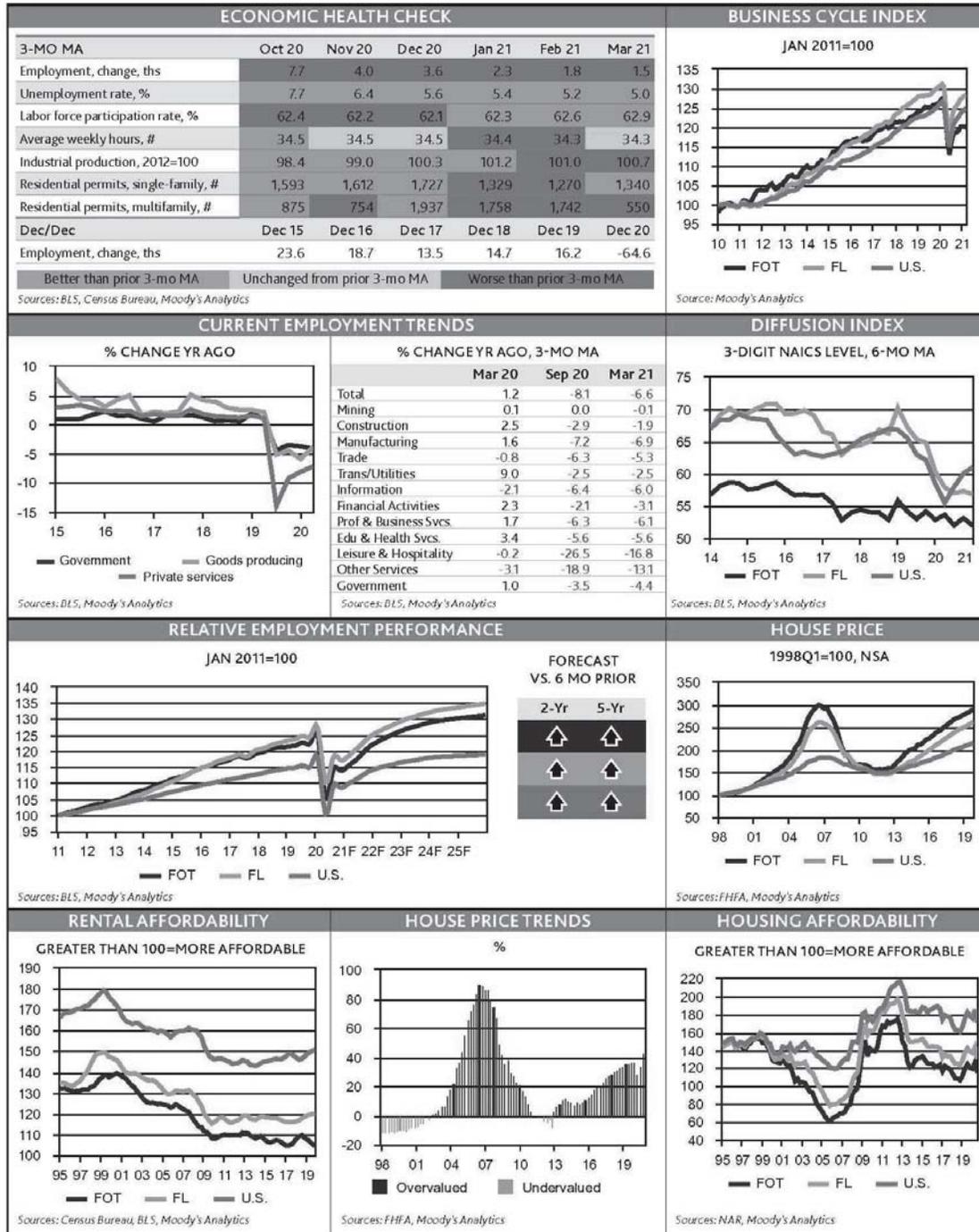
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COUNTY AS OF FEB 23, 2012

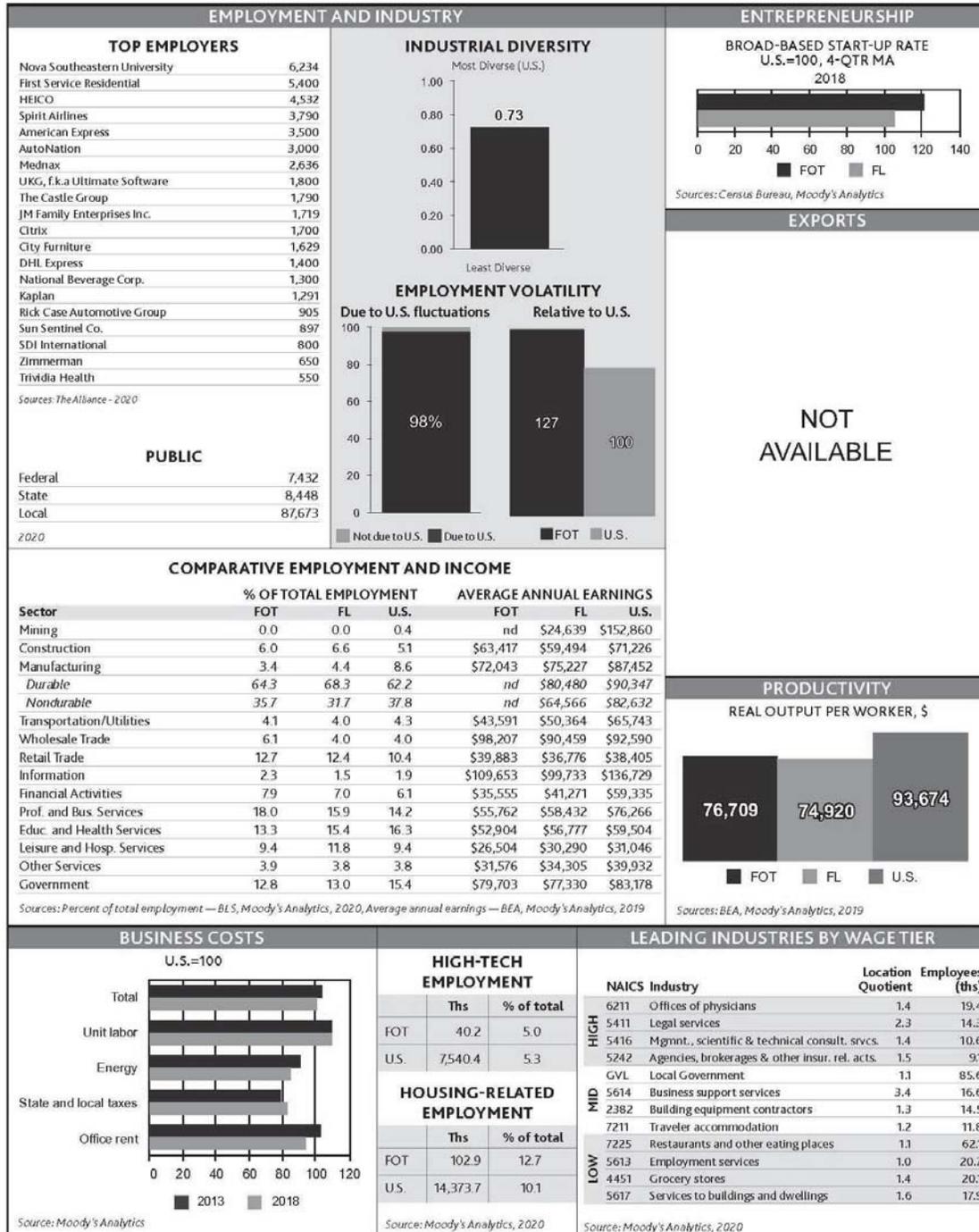
2015	2016	2017	2018	2019	2020	INDICATORS	2021	2022	2023	2024	2025	2026
86.6	891	92.2	95.7	99.2	95.7	Gross metro product (C12\$ bil)	1011	108.8	112.6	116.8	120.8	124.6
4.2	2.9	3.4	3.8	3.7	-3.5	% change	5.6	7.5	3.6	3.7	3.4	3.1
797.6	820.3	836.8	853.2	865.8	809.1	Total employment (ths)	834.4	879.1	903.5	917.6	925.3	932.6
3.0	2.8	2.0	2.0	1.5	-6.5	% change	3.1	5.4	2.8	1.6	0.8	0.8
5.1	4.5	4.0	3.4	3.1	8.6	Unemployment rate (%)	4.4	3.2	3.2	3.3	3.4	3.4
7.7	2.8	5.0	4.9	3.9	5.0	Personal income growth (%)	3.0	2.7	5.5	5.3	4.9	4.9
53.4	55.1	56.2	60.0	61.5	61.7	Median household income (\$ ths)	61.5	62.3	64.1	66.0	67.8	69.7
1,885.0	1,912.6	1,934.5	1,946.1	1,952.8	1,966.1	Population (ths)	1,977.5	1,994.3	2,015.1	2,036.0	2,057.2	2,079.5
1.3	1.5	1.1	0.6	0.3	0.7	% change	0.6	0.8	1.0	1.0	1.0	1.1
1.70	20.0	14.9	5.2	0.9	9.5	Net migration (ths)	8.2	12.5	16.9	17.2	17.8	19.2
1,494	1,535	1,748	1,580	1,635	1,456	Single-family permits (#)	3,676	6,048	6,981	7,319	7,434	6,936
3,958	2,570	3,286	1,752	3,495	2,961	Multifamily permits (#)	2,098	3,089	3,589	3,892	3,810	3,149
236.2	255.5	276.2	296.0	310.8	327.7	FHFA house price (1995Q1=100)	328.4	314.6	303.5	295.7	292.0	291.3

MOODY'S ANALYTICS / Précis® U.S. Metro / April 2021

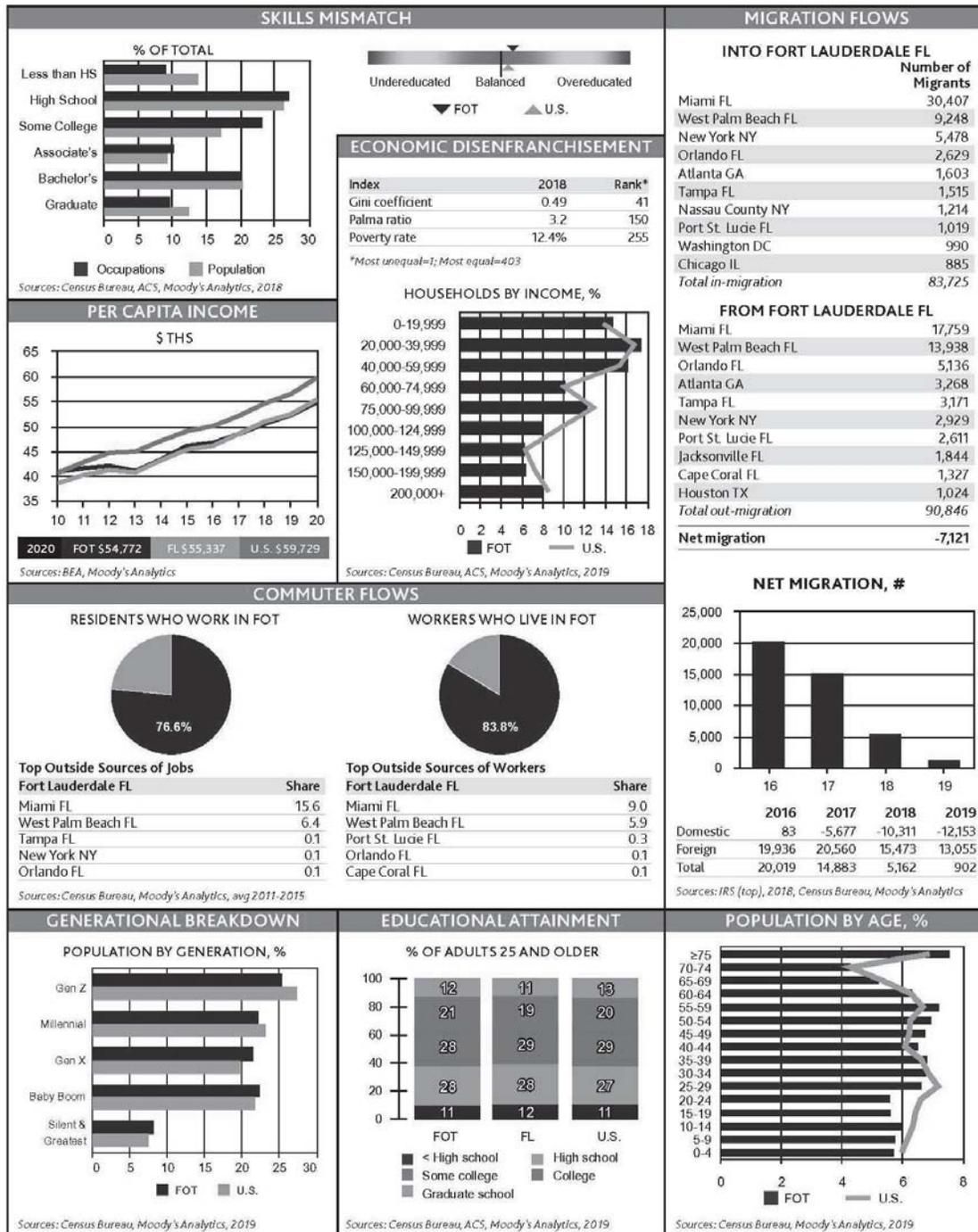
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MARKET AREA ANALYSIS

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.

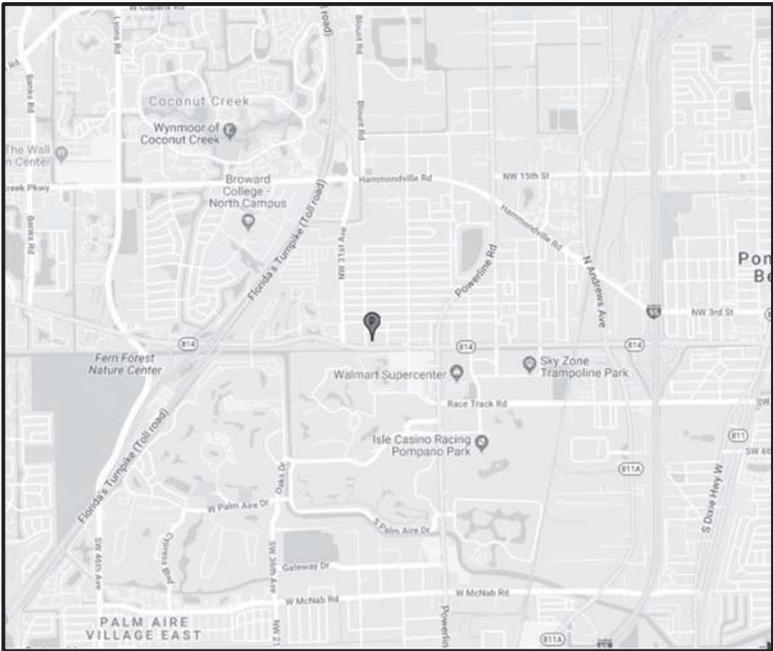
The purpose of a market area analysis is to provide a bridge between the study of general influences on all property values and the analysis of a particular subject. Market area boundaries are identified by determining the area in which the four forces that affect value (social, economic, governmental 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 Copans Road
- South Cypress Creek Road
- East Interstate 95
- West Highway 441

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
West Atlantic Boulevard	East/West	6
Cypress Creek Road	East/West	6
Hammondville Road	East/West	4
Andrews Avenue	North/South	4
Florida's Turnpike	North/South	6
Intersate 95	North/South	6
Powerline Road	North/South	6

GENERAL LAND USES

The subject is located along the north side of West Atlantic Avenue between Northwest 28th Avenue and Northwest 30th Avenue in a mixed-used area consisting primarily of a variety of office, retail, industrial and residential 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 West Atlantic Boulevard and Powerline Road.

Adjacent to the east of the subject is a Taco Bell and adjacent to the west is a vacant commercial site followed by an Auto Zone. Adjacent to the north is single family residences and adjacent to the south, across West Atlantic Boulevard is an apartment complex.

- Residential – Adequate mix of established single-family communities and multifamily uses in the form of apartments and for sale townhomes and condominiums. There has been both new single family and multifamily development in the area over the last several years.
- Retail – Primarily concentrated along West Atlantic Boulevard and Powerline Road 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.
- Industrial – Significant amount of industrial development east of the subject along the Interstate 95 corridor. Properties in this area range from small warehouses to large manufacturing and distribution facilities.
- Employment Centers – Adequate employment centers in the immediate neighborhood as well as proximity to numerous employers in Fort Lauderdale.

The area is an established neighborhood but has still experienced new development and redevelopment in the neighborhood including several multifamily and retail projects.

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	2900 West Atlantic Blvd - 1 mi Radius	2900 West Atlantic Blvd - 3 mi Radius	2900 West Atlantic Blvd - 5 mi Radius
	Totals	Totals	Totals
Population			
2026 Projection	14,147	118,361	421,575
2021 Estimate	13,335	112,641	400,574
2010 Census	11,674	101,614	360,298
2000 Census	10,353	101,332	354,804
2021 Est. Median Age	41.52	41.66	42.35
2021 Est. Average Age	42.36	42.4	42.21
Households			
2026 Projection	5,803	48,133	171,944
2021 Estimate	5,513	45,908	163,773
2010 Census	4,987	41,906	148,923
2000 Census	4,410	43,045	150,482
2021 Est. Average Household Size	2.41	2.36	2.41
2021 Est. Households by Household Income			
Income < \$15,000	10.7	11.7	10.7
Income \$15,000 - \$24,999	11.1	11.8	10.4
Income \$25,000 - \$34,999	11.9	11.2	10.4
Income \$35,000 - \$49,999	17.6	14.7	14.6
Income \$50,000 - \$74,999	18.9	18.8	18.9
Income \$75,000 - \$99,999	11.5	12.4	12.1
Income \$100,000 - \$124,999	7.9	7.8	8.0
Income \$125,000 - \$149,999	5.2	4.5	4.9
Income \$150,000 - \$199,999	2.9	3.7	4.5
Income \$200,000 - \$249,999	1.2	1.5	2.1
Income \$250,000 - \$499,999	0.9	1.4	2.3
Income \$500,000+	0.2	0.5	1.1
2021 Est. Average Household Income	\$64,132	\$67,601	\$76,884
2021 Est. Median Household Income	\$48,823	\$50,718	\$54,419
2021 Est. Tenure of Occupied Housing Units			
Owner Occupied	61.7	62.8	64.4
Renter Occupied	38.3	37.2	35.6
2021 Est. Median All Owner-Occupied Housing Value	\$173,471	\$196,261	\$238,420
Source: 2021 Claritas, Inc.			

SITE DESCRIPTION

INTRODUCTION

The description of the site is based upon our physical inspection of the property, information available from the client, and public sources. See the *Data Sources Used Within This Report* table in the Scope of Work section for more detail.

GENERAL DESCRIPTION OVERVIEW			
Location	North side of West Atlantic Boulevard, between Northwest 28th Avenue and Northwest 30th Avenue		
Parcel Number	4842-33-05-4000		
Legal Description	See Addenda		
Site Area			
Primary Site	35,156 square feet		(0.81 acres)
Configuration	Generally Rectangular		
Topography	Generally Level		
Drainage	Appears adequate		
Utilities/Municipal Services	Typical utilities and municipal services available to site.		
Floodplain:	<u>Zone</u>	<u>Map</u>	<u>Date</u>
	Zone X and AH	12011C0356H	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 unusual conditions observed. No studies provided. Site is assumed to be free of any environmental concerns.		
Land Use Restrictions	None noted		
Hazards Nuisances	None		
Frontage	167' West Atlantic Boulevard		
Access	Access easement from the adjacent parcel to the west		
Visibility	Good		
Surrounding Land Uses	Retail and residential		
Traffic Counts	49,000 along West Atlantic Boulevard		
Transportation Facilities	Adequate		
Comments	The subject site is deemed to be a good location for a car wash. See the Car Wash Market Analysis section for additional details.		

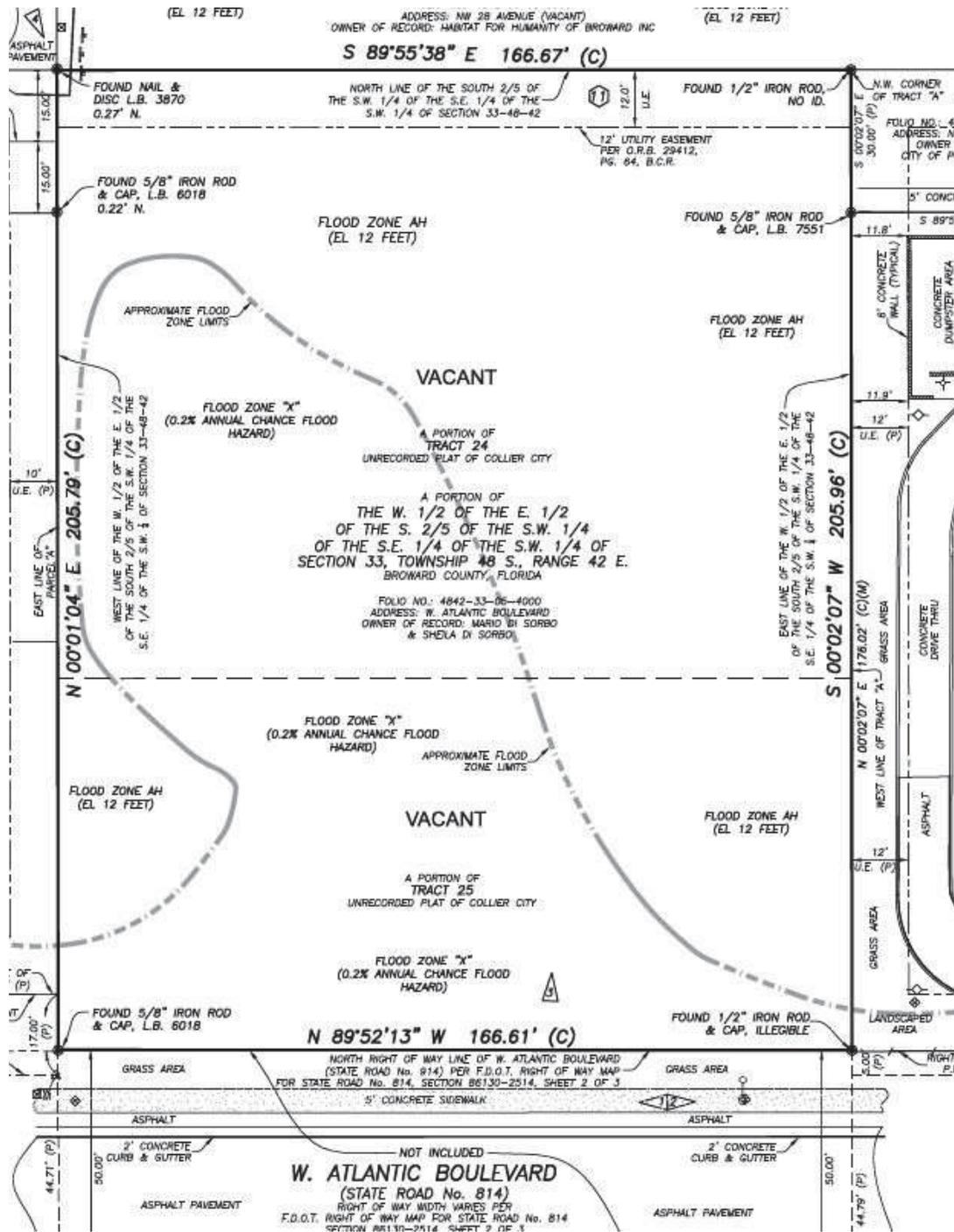
ZONING

Designation	B-3
Future Land Use	Commercial
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 (e.g., most retail sales and service uses, restaurants, offices, banks, restaurants, gasoline filling stations, marinas, auto and boat sales and service uses, theaters, hotels, child care facilities, vocational or trade schools, health care facilities, places of worship). It also accommodates complementary residential uses (e.g., live-work and upper-story dwellings) and moderate- to high-density multifamily development (either stand-alone or mixed with commercial development), community residences, and recovery communities.
Compliance	The subject will be a legal conforming use in this district via a special exception permit.

ZONING REQUIREMENTS

Permitted Uses	A wide range of commercial uses
Minimum Lot Size	10,000 SF
Maximum Lot Size	None
Minimum Lot Width	100 Feet
Maximum Coverage Ratio	60%
Minimum Open Space	20%
Front (min. ft.)	None
Rear, alley/no alley (min. ft.)	30 Feet
Side (min. ft.) interior	None
Maximum Height	105 Feet
Required No. Parking Spaces	One per 500 SF of building area
Subject's Actual	3.24 per 500 SF of building area

SITE SURVEY



ZONING MAP



IMPROVEMENTS DESCRIPTION

GENERAL DESCRIPTION OVERVIEW

Address	2900 West Atlantic Boulevard Pompano Beach, Florida 33069
Property Description	Proposed express car wash
Year Built	2022 (Proposed)
Gross Building Area	3,300 square feet
Total Parking Spaces	18
Parking Ratio	2.73 spaces per 500 SF of net building area.
ADA Compliance	The property is assumed to be fully ADA compliant.

CONSTRUCTION DETAIL

General Layout	The subject represents a proposed car wash facility that will be known as Dirty Dog's Car Wash. This will be an express style car wash with two automated pay stations and 18 vacuum stations. The car wash building will contain 3,300 square feet and will be oriented with the wash tunnel, equipment room, office area and restroom. We were provided with only minimal details of the exterior and interior finishes of the facility including the flooring, roof, wall finishes etc.
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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 oriented with equipment that is typical of an express car wash. This includes a log chain conveyor, correlator, arches, mitters, brushes, wraps, high pressure system, chemical delivery system, blowers and supporting equipment. Additionally, the site will be oriented with three automatic paystations, tunnel computer system, vacuum system and various other equipment items.

SITE IMPROVEMENTS

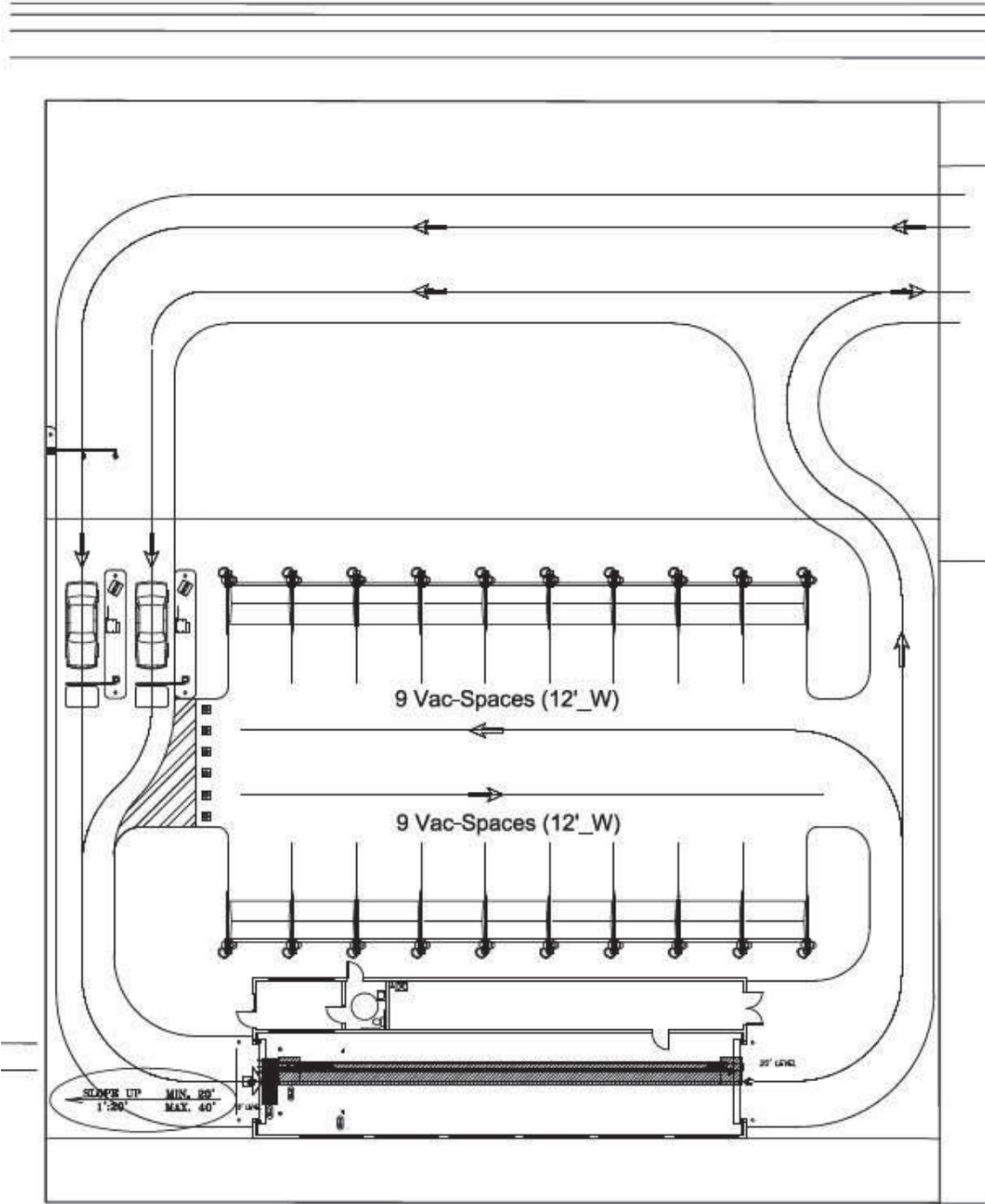
Parking Type	Surface (18 vacuum spaces)
Landscaping	A variety of trees, shrubbery and grass
Signage	Building signage

SUMMARY

Building Condition	New, upon completion
Building Quality	Excellent
Design and Functionality	Excellent

SITE PLAN

W. ATLANTIC BOULEVARD



PROPERTY ASSESSMENT AND TAX ANALYSIS

The subject property is currently assessed as vacant land. We have utilized assessment comparables of other car wash facilities within the county to estimate the subject property taxes upon completion of development. 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)	2022 (Proposed)	3,300	\$1,567,500	\$475
Nemos Express Car Wash (2651 North University Drive, Sunrise, FL)	2006	3,329	\$1,356,760	\$408
Jeff's Express Car Wash (1250 South State Road 7, North Lauderdale, FL)	2000	2,912	\$872,400	\$300
Autoplaza Car Wash (5411 Stirling Road, Davie, FL)	1998	5,712	\$3,264,920	\$572
Rising Tide Car Wash (2970 FL-7, Margate, FL)	2017	4,299	\$1,967,960	\$458
Sparkle Clean Car Wash (3061 Northwest 17th Terrace, Oakland Park, FL)	2009	2,689	\$1,128,460	\$420
Spin Car Wash (7880 W McNab Road, North Lauderdale, FL)	2019	2,997	\$1,245,060	\$415
Low	1998	2,689	\$872,400	\$300
High	2019	5,712	\$3,264,920	\$572
Average	2008	3,656	\$1,639,260	\$429

We have estimated the subject property assessment upon completion at \$475 PSF which is within the range of the comparables.

The following table summarizes the subject's real property taxation and our projection of real property taxes:

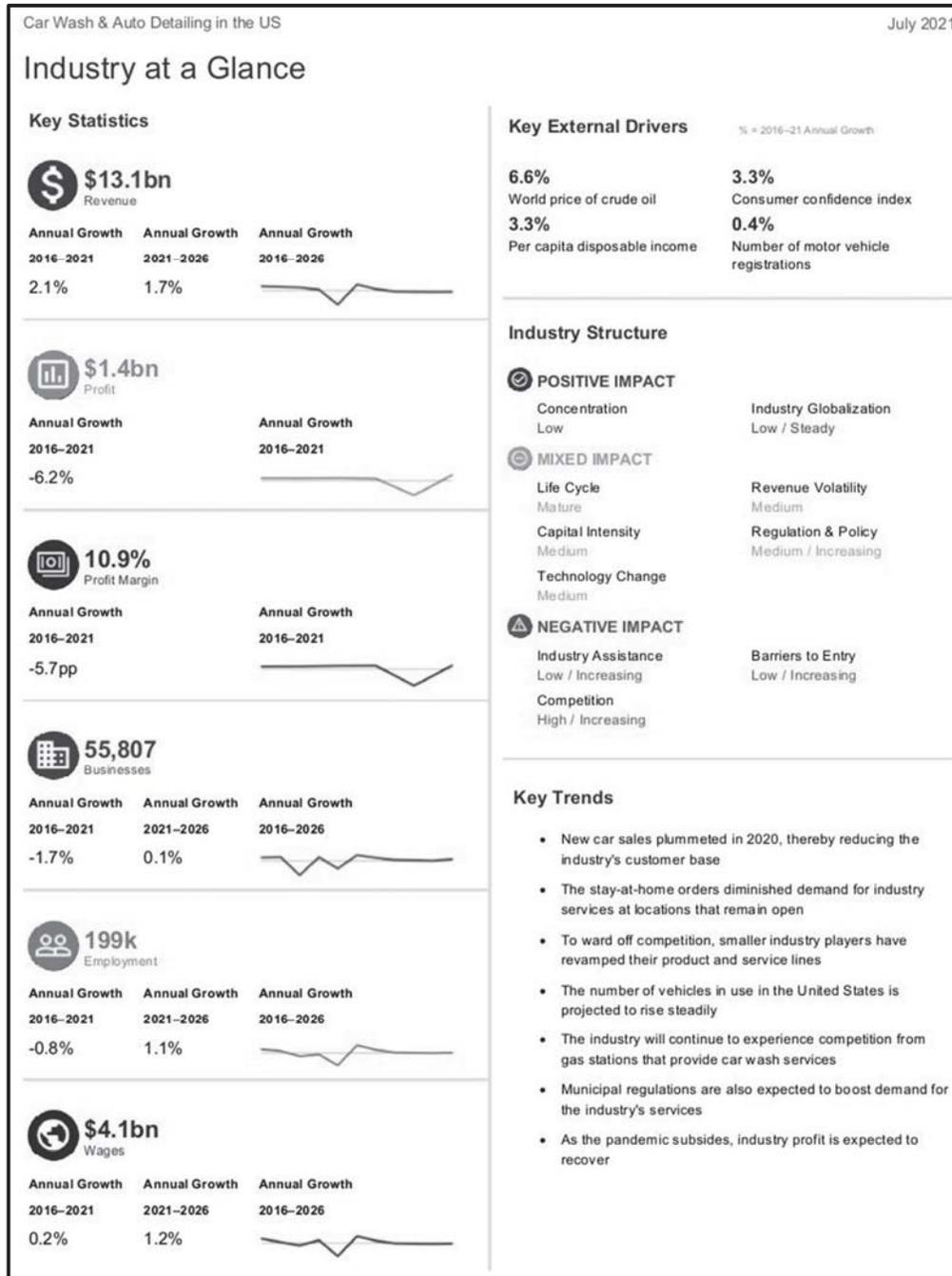
REAL ESTATE ASSESSMENT AND TAXES		
Tax ID No.	Proforma	
4842-33-45-4000	\$1,700,000	
Tax Value Subtotal	\$1,700,000	
Assessed Value @	100.00%	\$1,700,000
General Tax Rate	per \$1,000	20.2360
Property Taxes	\$34,401	
Non-Ad Valorem Taxes	\$0	
Total Taxes	\$34,401	
Less: 4% Discount	\$1,376	
Total Net Taxes	\$33,025	
Total Taxes PSF	\$0.83	

Given the extent of the equipment involved, car wash facilities like the subject are often assessed an additional personal property/equipment tax liability. Based on several car wash expense comparables, we estimate an additional personal property tax liability of \$10,000. As such, our total proposed tax liability estimate for the subject is \$40,451 (\$30,451 RE tax + \$10,000 PP tax).

MARKET ANALYSIS

INDUSTRY OVERVIEW

The following market analysis is based primarily on the July 2021 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.



CURRENT PERFORMANCE

Like many industries that rely on discretionary spending, this industry is sensitive to changes in household finances. Therefore, before 2020, improving per capita disposable income enabled consumers to spend more on discretionary services, including car washes. Furthermore, industry performance benefited from the downtrends in oil and gas prices during the majority of the five-year period. Lower fuel prices encouraged more liberal driving habits, convincing more consumers to minimize their use of taking public transportation or shirk carpool options and choose to drive themselves instead. Lower prices at the pump and greater discretionary spending encouraged consumers to wash their cars more frequently.

In 2020, however, an unprecedented drop in demand resulted from the COVID-19 (coronavirus) outbreak placed downward pressure on industry revenue. In March 2020, some state governments considered the industry's services to be nonessential, forcing a large number of industry establishments to temporarily shutter amid the pandemic. Moreover, shelter-in-place orders significantly reduced vehicle use in the first half of 2020, causing industry revenue to fall in 2020. As the pandemic subsides, industry revenue is expected to recover in 2021. Overall, industry revenue is expected to increase at an annualized rate of 2.0% to \$13.1 billion over the five years to 2021, including 9.4% growth in 2021 alone.

INDUSTRY LIFE CYCLE

The Car Wash and Auto Detailing industry is in the mature phase of its industry life cycle. Indicators of this stage include steady growth in industry value-added, increasing incidence of mergers and acquisitions, a steady level of product and service innovation and a steady customer base. Industry value-added, which measures the industry's contribution to the overall economy, is anticipated to rise an annualized 0.1% over the 10 years to 2026. Comparatively, the US GDP is expected to grow at an annualized rate of 2.1% during the same 10-year period. Despite the sharp decline in the price of oil spurred strong revenue growth for industry operators for most of the past five years, an anticipated sharp revenue decline in 2020 weighed on the industry's annualized growth rate significantly. Further, the industry is not forecast to reenter a growth phase due to increasing evidence of saturated markets and complete acceptance of the industry's services.

Mergers and acquisitions, which are an indicator of a mature life cycle, have accelerated over the five years to 2021. Prominent industry player Mister Car Wash acquired six regional companies during the period. Furthermore, Mace Security International Inc., which was previously a prominent industry player, sold off the majority of its establishments to other large industry operators just prior to the period. Over the 10 years to 2026, the number of industry enterprises is expected to decrease at an annualized rate of 0.8%, indicating the industry has consolidated during the period.

WASH FORMATS

Conveyor Car Washes

Conveyor car wash sales are expected to account for 48.3% 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 \$7.00 for an in-bay automatic wash. In-bay automatic car washes account for an expected 19.5% of industry revenue. Demand for this segment is expected to increase over the five years to 2021, 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 15.2% 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 2021, revenue from handwashing services is expected to account for 6.0% 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 \$4.00. This segment is expected to account for an estimated 11.0% of revenue in 2021. 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	Mr. Squeaky Car Wash	Flex	2.0 miles
2	Car Wash	Self-Service	2.5 miles
3	Rising Tide Car Wash	Flex	2.7 miles
4	Jeff's Express Car Wash	Express	2.9 miles
5	Kinght Auto Spa	Full Service	3.0 miles

Competitor No. 1 will be the primary competitor for the subject as it is a flex service car wash that offer both full service and express car washes with free vacuum and is also located along Atlantic Boulevard. However, this facility will be significantly inferior to the subject property in both quality and condition. The subject will have new, state-of-the-art wash equipment, whereas this competitor is oriented with dated equipment.

Comparable Nos. 3 and 4 are relatively new express or flex car washes that are of good quality and condition; however, these facilities are at the edge of the competitive radius and are located along a different roadway (State Road 7). These two facilities are considered competitors but will not significantly impact the revenue potential of the subject.

Competitor No. 5 is a full service competitor that will be significantly inferior to the subject. Full service competitors typically caters to a different clientele and is also inferior in both quality and condition. Full service customers are typically seeking a completely “hands off” wash experience and are willing to pay a higher price.

The other competitors is self-service car wash that that is noticeably inferior to the subject. There is still a small segments 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.

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.

Traffic Counts

Although traffic counts are often over rated 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. **The most recent traffic study along west Atlantic Boulevard indicated a traffic count of 49,000 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 site will be available via the adjacent parcel to the west. The adjacent parcel to the west has access from Northwest 30th Avenue which is accessible from West Atlantic Boulevard to vehicles traveling in both directions.**

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 site is at road grade and has good visibility along West Atlantic Boulevard.**

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 112,641 people within a three-mile radius. Additionally, the median household income within a three-mile radius is \$50,718. Population totals are projected to continue to increase over the next several years with a projected population of 118,361 people within a three-mile radius by 2026.**

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	Good
Overall Site Rating	Good

INDUSTRY OUTLOOK

Over the five years to 2026, revenue for the Car Wash and Auto Detailing industry is forecast to expand at an annualized rate of 1.7% to \$14.2 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. However, rising oil and gas prices are expected to somewhat hamper stronger industry revenue growth as some consumers will reduce driving and return to moneysaving habits, such as carpooling and public transit. However, as the COVID-19 (coronavirus) vaccine is being widely distributed, many businesses will suspend work-from-home arrangements for employees, boosting car use to return to 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.

Per capita disposable income growth is one of the main determinants of demand for this industry's services. As the national unemployment rate is forecast to rebound, per capita disposable income is expected to grow at an annualized rate of 2.7% over the five years to 2026. Therefore, 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 overall customer base. Specifically, IBISWorld forecasts that the number of motor vehicle registrations will increase at an annualized rate of 1.4% over the five years to 2026. 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 effects 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 2.1% over the five years to 2026. 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

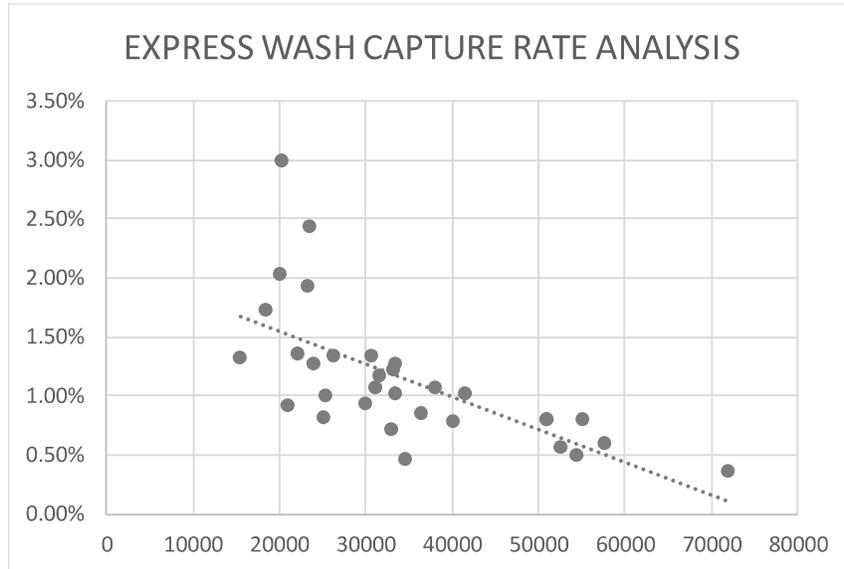
A common way to project income for a car wash is to analyze the capture rate. The capture rate is calculated by dividing the annual number of car washes by the number of days per year (365), divided by the daily traffic count.

Located in the following table is the capture rate for several comparable car wash facilities for which we were able to obtain adequate information.

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	34,500	58,757	0.467%	\$11 - \$20	\$16.29
2	Express	Confidential	54,400	97,820	0.493%	\$7 - \$20	\$11.03
3	Express	Confidential	49,000	104,795	0.586%	\$6 - \$21	\$9.02
4	Express	Confidential	57,500	124,830	0.595%	\$5 - \$15	\$7.43
5	Express	Confidential	33,000	87,235	0.724%	\$5 - \$15	\$7.11
6	Express	Confidential	40,000	114,975	0.788%	\$7 - \$20	\$11.03
7	Express	Confidential	25,000	75,000	0.822%	\$6 - \$20	\$12.75
8	Express	Confidential	36,500	114,000	0.856%	\$10 - \$25	\$12.84
9	Express	Confidential	20,900	69,715	0.914%	\$7 - \$20	\$11.20
10	Express	Confidential	38,500	129,400	0.921%	\$6 - \$21	\$9.84
11	Express	Confidential	30,000	103,150	0.942%	\$6 - \$18	\$11.00
12	Express	Confidential	25,400	93,805	1.012%	\$7 - \$18	\$10.22
13	Express	Confidential	33,300	124,192	1.022%	\$8 - \$24	\$13.08
14	Express	Confidential	31,000	121,000	1.069%	\$7 - \$23	\$10.11
15	Express	Confidential	41,500	155,000	1.023%	\$10 - \$25	\$9.33
16	Express	Confidential	38,000	149,530	1.078%	\$6 - \$21	\$9.64
17	Express	Confidential	31,500	133,995	1.165%	\$6 - \$21	\$9.68
18	Express	Confidential	33,189	147,488	1.218%	\$7 - \$18	\$10.17
19	Express	Confidential	33,100	150,501	1.246%	\$6 - \$21	\$10.31
20	Express	Confidential	33,500	154,867	1.267%	\$6 - \$20	\$10.25
21	Express	Confidential	24,000	112,285	1.282%	\$10 - \$25	\$13.30
22	Express	Confidential	15,500	74,825	1.323%	\$6 - \$20	\$10.21
23	Express	Confidential	30,600	148,968	1.334%	\$6 - \$20	\$11.38
24	Express	Confidential	26,300	128,480	1.338%	\$7 - \$18	\$11.13
25	Express	Confidential	22,000	109,452	1.363%	\$5 - \$25	\$9.86
26	Express	Confidential	29,000	151,577	1.432%	\$12 - \$25	\$12.84
27	Express	Confidential	30,200	172,641	1.566%	\$6 - \$21	\$10.45
28	Express	Confidential	18,500	116,965	1.732%	\$6 - \$20	\$10.25
29	Express	Confidential	23,200	163,360	1.929%	\$6 - \$20	\$9.78
30	Express	Confidential	20,000	147,808	2.025%	\$8 - \$25	\$10.96
31	Express	Confidential	23,454	208,663	2.437%	\$10 - \$20	\$8.48
32	Express	Confidential	20,162	220,000	2.989%	\$10 - \$20	\$10.45
			31,335	127,034	1.217%		\$10.67

As shown in the foregoing table, the data indicates capture rates ranging from 0.467 percent to 2.989 percent. We note that there are a multitude of factors besides traffic counts that should be considered in the selection of a capture rate. They include: nearby competitors, visibility, location, and area demographics.

The following chart illustrates the trend between traffic counts and capture rates. As shown there is a diminishing return as traffic counts increase.



As previously mentioned, the most recent traffic study along West Atlantic Boulevard indicated a traffic count of 49,000 vehicles per day. The subject site is deemed to be a good car wash location as explained in the car wash site analysis section.

The capture rates presented are sites ranging from average to excellent locations. Considering these factors, as well as the diminishing returns for higher traffic counts indicated in the chart above, an appropriate capture rate for the subject should fall toward the lower end of the range. Although towards the lower end of the total range, 0.90% is towards the upper end of the range of the comparables with traffic counts in excess of 40,000. We estimate the subject’s capture rate at 0.90%. This indicates annual wash volume at follows.

CAPTURE RATE				
AADT	X	Capture Rate	=	Cars Per Day
49,000	X	0.90%	=	441
Projected Annual Vehicles Washed:				160,965

The subject’s proposed wash package pricing ranges from a low of \$10.00 for a basic wash and dry, up to a high of \$25.00 for the premium wash. Midgrade washes will be at price points of \$12.00, \$13.00 and \$20.00. The comparables above indicate average wash prices ranging from \$8.48 to \$16.29 with an average of \$10.72.

Most developers have begun to increase wash prices as the cost to construct car washes has continued to increase. Note that the property will provide monthly memberships, this is reflected in the average wash price. Given the expected wash prices, we have projected an average ticket price of \$11.00.

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
160,965	X	\$11.00	=	\$1,770,615
Rounded to:				\$1,770,000

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 subject's projected revenue and expenses are detailed as follows.

PRO FORMA OPERATING ANALYSIS		
	BBG Stabilized Projection*	
	Total	% of Rev.
INCOME		
Gross Revenue	\$1,770,000	100%
Fixed Expenses		
Real Estate Taxes	\$40,451	2.3%
Insurance	\$17,500	1.0%
Variable Expenses		
Utilities	\$150,450	8.5%
Repairs & Maintenance	\$53,100	3.0%
Payroll	\$309,750	17.5%
Chemicals/Supplies	\$141,600	8.0%
Administrative & General	\$115,050	6.5%
Management	\$53,100	3.0%
Replacement Reserves	\$17,700	1.0%
TOTAL EXPENSES	\$898,701	50.8%
NET OPERATING INCOME (NOI)	\$871,299	49.2%

* Fiscal Year Beginning Jul-21

COMPARABLE 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		2016		2011		2010	
Rentable Area	4,160		4,438		3,543		3,018	
Year Operations	Express		Express		Express		Express	
INCOME	Amount	% EGI						
Revenue	\$1,559,037	100%	\$1,768,860	100%	\$1,391,949	100%	\$1,273,180	100%
EXPENSES								
Real Estate Taxes	\$27,993	1.8%	\$38,834	2.2%	\$36,051	2.6%	\$4,481	0.4%
Insurance	\$39,029	2.5%	\$25,747	1.5%	\$13,715	1.0%	\$20,923	1.6%
Utilities	\$134,552	8.6%	\$139,554	7.9%	\$88,887	6.4%	\$69,955	5.5%
Repairs & Maintenance	\$23,557	1.5%	\$78,684	4.4%	\$67,132	4.8%	\$48,466	3.8%
Payroll	\$255,701	16.4%	\$342,000	19.3%	\$219,922	15.8%	\$210,746	16.6%
Chemicals/Supplies	\$108,176	6.9%	\$153,702	8.7%	\$114,910	8.3%	\$51,438	4.0%
Administrative & General Management	\$88,727	5.7%	\$151,956	8.6%	\$50,042	3.6%	\$79,758	6.3%
Replacement Reserves	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Total Expenses	\$727,202	46.6%	\$930,477	52.6%	\$590,659	42.4%	\$535,767	42.1%
NET OPERATING INCOME	\$831,835		\$838,383		\$801,290		\$737,413	

OPERATING EXPENSE ANALYSIS AND PROJECTIONS

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 data. Our overall expense estimate is towards the top of the 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	0.4% - 2.6%	1.7%	2.3%
	\$4,481-\$38,834	\$26,840	\$40,451
Insurance	1.0% - 2.5%	1.6%	1.0%
	\$13,715-\$39,029	\$24,854	\$17,500
Utilities	5.5% - 8.6%	7.1%	8.5%
	\$69,955-\$139,554	\$108,237	\$150,450
Repairs & Maintenance	1.5% - 4.8%	3.6%	3.0%
	\$23,557-\$78,684	\$54,460	\$53,100
Payroll	15.8% - 19.3%	17.0%	17.5%
	\$210,746-\$342,000	\$257,092	\$309,750
Chemicals/Supplies	4.0% - 8.7%	7.0%	8.0%
	\$51,438-\$153,702	\$107,057	\$141,600
Administrative & General	3.6% - 8.6%	6.0%	6.5%
	\$50,042-\$151,956	\$92,621	\$115,050
Management	3.2% - 3.9%	3.6%	3.0%
	\$49,467-\$50,000	\$49,734	\$53,100
Replacement Reserves	0%	0.0%	1.0%
	\$0	\$0	\$17,700
Total Operating Expense %	42.1% - 55.8%	45.9%	50.8%
Total Operating Expenses	\$535,767-\$930,477	\$696,026	\$898,701

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 income and expense projections for the subject which is a summation of the preceding analysis.

PRO FORMA	FY 2022	
Revenue	\$	% of Rev.
Gross Annual Revenue	\$1,770,000	100.0%
Expenses		
Real Estate Taxes	\$40,451	2.3%
Insurance	\$17,500	1.0%
Utilities	\$150,450	8.5%
Repairs & Maintenance	\$53,100	3.0%
Payroll	\$309,750	17.5%
Chemicals/Supplies	\$141,600	8.0%
Administrative & General	\$115,050	6.5%
Management	\$53,100	3.0%
Replacement Reserves	\$17,700	1.0%
Total Expenses	\$898,701	50.8%
NET OPERATING INCOME (NOI)	\$871,299	49.2%

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. Additionally, you 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	\$4,500,000	10.00%
2	Express	Confidential	Sep-21	\$10,250,000	8.94%
3	Express	Confidential	Jul-21	\$8,500,000	10.52%
4	Express	Confidential	Dec-20	\$4,300,000	12.08%
5	Express	Confidential	Dec-20	\$7,500,000	10.01%
6	Express	Confidential	Jul-20	\$2,850,000	12.43%
7	Express	Confidential	Mar-20	\$4,750,000	12.89%
8	Express	Confidential	Nov-19	\$2,500,000	12.40%
9	Express	Confidential	Aug-19	\$4,200,000	12.12%
Low					8.94%
High					12.89%
Median					12.08%
Average					11.27%
Concluded Rate					10.00%

The sales above indicate a range of capitalization rates from 8.94% to 12.89% with an average of 11.27%. The subject is a proposed wash that does not have a proven operation history but is in good location and will be in excellent condition.

The primary risk associated with the subject is the potential for new competition. Given the population total in the neighborhood, the number of existing car washes and the desire for properties in the Broward County market, there is a possibility of new competition in the neighborhood to the north of the subject.

All of these sales, aside from Nos. 1, 2, 3, 4, 5 and 6, closed prior to the worst of Covid-19. Although most car wash operators have experienced increased revenue since the economy has begun to reopen there are some market participants that believe the full service car wash segment could have a longer term impact on revenue as there may be some consumers that don't want an employee inside or touching their vehicle. These customers could potentially wash their vehicle at home or choose a lower priced express wash option. Given that the subject will be an express wash it is unlikely that it would be impacted upon completion.

Therefore, the subject should achieve an capitalization rate near the average of the sales. We have determined that an overall rate of **10.00%** is appropriate.

TOTAL PROJECT COST

The following chart indicates the total development costs for the property. Profit of 35.0% has been included as this is typically expected from developers within the market.

TOTAL PROJECTED COST WITH PROFIT	
Portion	Amount
Total Development Costs	\$3,585,000
Plus Profit (35%)	\$1,254,750
Total Development Costs Including Profit	\$4,839,750
Land Purchase Price	\$1,125,000
Total Project Cost	\$5,964,750

MARKET DERIVED EXPECTED RETURN

Applying the overall rate of return to the total project cost indicates the NOI that would be required from the typical market participant. The following chart indicates the requires NOI.

MARKET DERIVED EXPECTED RETURN	
Total Project Cost	\$5,964,750
Sensitivity Analysis (0.25% OAR Spread)	NOI
Based on Low-Range of 9.75%	\$581,563
Based on Most Probable Rate of 10.00%	\$596,475
Based on High-Range of 10.25%	\$611,387
Required NOI	\$596,475

FEASIBILITY DETERMINATION

The following chart illustrates the difference between the required NOI that the typical investor or market participant would require and the projected NOI for the subject.

FEASIBILITY DETERMINATION	
Required NOI	\$596,475
Subject NOI Estimate	\$871,299
NOI Difference	\$274,824

As shown, the NOI estimate for the subject is more than the required NOI that the typical investor or market participant would require and the project is considered **feasible**. In other words, the projected project costs are reasonable and the projected net operating income will satisfy the investment criteria of a typical car wash market participant.

CONCLUSION

Given the information described on the preceding pages, we have determined the proposed car wash to be **feasible** as it relates to economic, market, technical, financial and management feasibility.

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 justified. Given the population totals and the lack of a modern express car wash along West Atlantic Boulevard, it is determined that there is 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 aren't 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 West Atlantic Boulevard, 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 east, north and west would better serve the needs of residents in the local market without a significant material effect on the existing car washes.

Our recommendation is for the car wash to be constructed as planned.

CERTIFICATION

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved with this assignment.
4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the state of Florida.
9. The reported analyses, opinions, and 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 and Eric Hoening, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.
12. Clayton Belger, MAI has not and Eric Hoening, MAI has not made a personal inspection of the property that is the subject of this report.
13. No one provided significant real property appraisal assistance to the person signing this certification.
14. Clayton Belger, MAI has not and Eric Hoening, MAI 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 acceptance of 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, and Eric Hoening, MAI, are State Certified Appraisers and have completed the continuing education requirements for the State of Florida.



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STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following general assumptions:

1. Any legal description or plats reported herein 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. We have made no survey of the property and assume no responsibility in connection with such matters.
2. 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. No responsibility is assumed for the costs of preparation or for arranging geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
3. No responsibility is assumed for matters legal in nature. Title is assumed to be good and marketable and in leased fee 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.
4. Unless otherwise stated herein, it is assumed there are no encroachments or violations of any zoning or other regulations affecting the subject property and 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.
5. BBG, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way.
6. It is assumed the subject property is not adversely affected by the potential of floods; unless otherwise stated herein.
7. 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.
8. Unless otherwise stated within the report, the depiction of the physical condition of the improvements described herein is based on visual inspection. No liability is assumed for the soundness of structural members since no engineering tests were conducted. No liability is assumed for the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made. No responsibility is assumed for hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during our inspection.
9. If building improvements are present on the site, no significant evidence of termite damage or infestation was observed during our physical inspection, unless so stated in the report. No termite inspection report was available, unless so stated in the report. No responsibility is assumed for hidden damages or infestation.
10. Any proposed or incomplete improvements included in this 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.
11. No responsibility is assumed for hidden defects or 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.
12. Responsible ownership and competent property management are assumed.
13. The appraisers assume no 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.
14. 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.
15. Any division of the land and improvement values opined herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.

16. 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.
17. 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. Nor are the rights associated with extraction or exploration of such elements considered; unless otherwise stated. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
18. Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are our best estimates of current market thinking of what future trends will be. No warranty or representation is made that these 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.
19. 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 responsibility is assumed for such conditions or for engineering which may be required to discover them.
20. BBG, Inc. representatives are not experts in determining the presence or absence of hazardous substances, defined as all hazardous or 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. We assume no 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. Appraisers are not qualified to detect such substances. The client is urged to retain an expert in this field.
21. We are not experts 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. We assume no 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 based upon any subsequent endangered species impact studies, research, and investigation that may be provided.
22. No environmental impact studies were either requested or made in conjunction with this analysis. The appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent environmental impact studies, research, and investigation that may be provided.
23. The appraisal 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; further, 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.
24. Neither all nor any part of the contents of this report or copy thereof, shall be conveyed to the public through advertising, public relations, news, sales, or any other media, without the prior written consent and approval of the appraisers. This limitation pertains to any valuation conclusions, 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.
25. 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.
26. If this 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.

27. 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.
28. 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.
29. 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.
30. The right is reserved by the appraiser to make adjustments to the analyses, opinions, and conclusions set forth in this 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 appraisers. The appraiser(s) shall have no responsibility for any unauthorized change(s) to the report.
31. 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.
32. The submission of this report constitutes completion of the services authorized. It 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, and 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.
33. Use of this appraisal report constitutes acknowledgement and acceptance of the general assumptions and limiting conditions, special assumptions (if any), extraordinary assumptions (if any), and hypothetical conditions (if any) on which this opinion of market value is based.
34. If provided, the opinion of 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 appraisers are 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 appraisers are not cost experts in cost estimating for insurance purposes.

BBG



BBG OVERVIEW

BBG is one of the nation's largest real estate due diligence firms with more than 35 offices across the country serving more than 2,700 clients. We deliver best-in-class valuation, advisory and assessment services with a singular focus of meeting our clients' needs.

Our professional team offers broad industry expertise and deep market knowledge to help clients meet their objectives throughout the real estate life cycle.

BBG clients include commercial real estate professionals, investors, lenders, attorneys, accountants and corporations.

THE BBG DIFFERENCE

National Footprint. BBG is one of only two national firms offering in-house valuation and environmental and property condition assessment services for all commercial property types.

Customer-focused Growth. BBG is one of the largest national due diligence firms because we deliver best-in-class work product and provide excellent customer care.

Qualified Team. Over 50 percent of BBG appraisers are MAI designated and offer deep industry expertise gained through real-world experience.

Unbiased Independence. By focusing exclusively on due diligence services, BBG guarantees an independent perspective free from potential conflicts of interest.

Innovative Technology. BBG has made significant analytics and IT investments to continually improve our data and report quality.

SERVICES

Valuation

- + Single Asset Valuation
- + Portfolio Valuation
- + Institutional Asset Valuation
- + Appraisal Review
- + Appraisal Management
- + Lease and Cost Analysis
- + Insurance Valuation
- + Arbitration & Consulting
- + Feasibility Studies
- + Highest and Best Use Studies
- + Evaluation
- + Investment analysis
- + Tax appeals
- + Litigation Support

Advisory

- + ASC 805 Business combinations
- + ASC 840 Leases
- + Purchase Price Allocations
- + Portfolio Valuations for reporting net asset values (NAV)
- + Public and non-traded REIT valuations
- + Valuations for litigation and litigation support
- + Sale-leaseback valuation analysis
- + Valuations for bankruptcy/fresh start accounting
- + Cost segregation analysis

Assessment

- + Environmental due diligence
- + Property condition consulting
- + Small loan services
- + Energy consulting
- + Environmental consulting
- + Zoning



VALUATION



ADVISORY



ASSESSMENT



ZONING

ADDENDA

Appraiser QualificationsA

Letter of EngagementB

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

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VALUATION



ADVISORY



ASSESSMENT



ZONING



Ron DeSantis, Governor

Halsey Beshears, 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, 2022

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Eric Hoening, MAI
Managing Director
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Profile

Eric Hoening, MAI is a Managing Director in for BBG covering key MSAs including Tampa Bay, Orlando, Southwest Florida, Jacksonville and North Florida including the panhandle. He has over 25 years of experience in the real estate industry specializing in valuation, financial analysis, consultation, complex sensitivity modeling, discounted cash flow analysis, real estate and tangible tax appeals, market and feasibility, feasibility studies, highest and best use analyses and appraisal review.

Preceding BBG, Eric was Director of Valuation and Advisory Services for JBM Institutional Multifamily Advisors where his primary responsibilities included sourcing asset dispositions, financial analysis, underwriting for existing apartment investments, new construction, land development opportunities and fractured condominiums. These skills were integral in the developing of BOV (Broker Opinion of Value) proposals, offering memorandums and dynamic marketing campaigns. Other responsibilities included tracking development pipelines, construction, operational trends and disposition activity. Another key role is as a transaction manager coordinating between buyer and seller throughout the engagement, marketing, due diligence, closing and post-closing periods. During this 2.5-year tenure, Eric was directly involved in transaction activity that totaled approximately 16,000 multifamily units and a volume of \$1.65 billion.

Other previous experience includes senior appraiser positions at Tropical Realty Appraisal Services (now Franklin Street Valuation Advisory), Gillis & Associates and R/E Marketing Consultants, Inc. Each of these Tampa, Florida based firms focused on valuation and consultation of every segment of real estate including multifamily, retail, hospitality, office, industrial, special purpose and all types of vacant land. Engagements included traditional fee-based appraisals and consultations to complex eminent domain and litigation assignments.

Professional Affiliations

Appraisal Institute

MAI Designation

REIC – Real Estate Investment Council - Member

Certified Real Estate Appraiser:

State of Florida, (License #RZ2406)

State of Georgia, License # 342304)

State of Ohio, License # ACGO.2019005571)

State of Alabama, License # G01443)

Education

Florida State University

Bachelor of Science, 1994

Majors in Real Estate and Entrepreneurship/Small Business Management

The Florida State University Real Estate program offered various course in several real estate disciplines including appraisal, market analysis and the legal environment. All continuing education requirements have been completed for the Appraisal Institute and the State of Florida. Numerous formal course and seminars have been attended and completed throughout the 25+ year career



VALUATION



ADVISORY



ASSESSMENT



ZONING



Ron DeSantis, Governor

Halsey Beshears, 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

HOENING, ERIC CHARLES

201 N FRANKLIN ST STE 1850
TAMPA FL 33602

LICENSE NUMBER: RZ2406

EXPIRATION DATE: NOVEMBER 30, 2022

Always verify licenses online at MyFloridaLicense.com



Do not alter this document in any form.

This is your license. It is unlawful for anyone other than the licensee to use this document.

LETTER OF ENGAGEMENT



October 6, 2021

Martin Emmett
Dirty Dogs Franchise Group
1389 Peachtree Street
Atlanta, GA 30309

via email: martin.emmett@yahoo.com

RE: **Proposal to Provide Appraisal (Market Study) Services**
Market Feasibility and Needs Study
Dirty Dogs Car Wash Site
2900 West Atlantic Boulevard
Pompano Beach, FL

We are pleased to submit this proposal and our Terms and Conditions for the market study of the referenced real estate. While not a traditional appraisal engagement providing value conclusions, this engagement will develop conclusions including, but not limited to market needs and feasibility of the contemplated concept, which under the regulatory definitions of "appraisal assignments", this engagement falls.

PROPOSAL SPECIFICATIONS

Purpose Premise	To provide a comprehensive market needs study and general feasibility conclusion on the subject property.
Intended Use	Internal decision-making purposes
Intended User	Dirty Dogs Franchise Group, their officers, representatives, and counselors
Scope of Work	The engagement will entail the application of primary and secondary market research to develop a comprehensive market needs study needs study and general feasibility conclusion of the contemplated development. Our conclusions will be presented in a narrative report meeting the requirements of an Appraisal Report per USPAP.
Assignment Standards	Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

Fee \$5,500

Delivery On or before October 20, 2021

The above delivery dates are contingent upon immediate receipt of pertinent data requested in Exhibit B.

Retainer None

Expenses Fee quoted includes all expenses

Payment Terms Full payment 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.

Electronic payment using the information below:

Bank of America Acct#: 488038497058
Payment via ACH - Routing #: 111000025
Payment via Wire - Routing#: 026009593
RE: Client#: 9900996579
RE: Invoice#: Please reference BBG's file # from the document

Additional Terms This engagement allows for up to two hours of post transmittal consultation with the signors of the appraisal report. Any additional time spent will be billed weekly based on the following schedule:

Managing Director/MAI	\$350/hour
Senior Appraiser/MAI	\$250/hour
Associate Appraiser/Certified General	\$150/hour
Appraiser Trainee/Analyst	\$80/hour

Report Copies 1 Email PDF to the client; hard copies available upon request

The attached General Assumptions and Limiting and Conditions (Exhibit A) and Property Data Request (Exhibit B) are deemed part of this agreement as though set forth in full herein.

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

Sincerely,



Eric Hoening, MAI
Managing Director
813-327-4101
ehoening@bbgres.com

AGREED AND ACCEPTED



Signature

Martin Emmett

Name

404-216-3331

Phone Number

October 7th, 2021

Date

President

Title

martin.emmett@dirtydogscarwash.com

Email

EXHIBIT A

General Assumptions/Limiting Conditions

This appraisal report has been made with the following general assumptions:

- 1) Notwithstanding that 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 liability 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 estimate. 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 e 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. is not an expert in determining the presence or absence of hazardous substances, defined as all hazardous or 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. assumes 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. Appraiser is not qualified to detect such substances. The Client is urged to retain an expert 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 estimates reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value estimates, unless such proration or division of interests is set forth in the report. Any division of the land and improvement values estimated 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 estimates 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.

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 estimate 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.

EXHIBIT B
Data Requested

Will advise during course of engagement.