

# APPRAISAL REPORT

## RETAIL APPRAISAL REPORT

As of: November 08, 2022

Borrower: Boca Raton Re Investments,  
LLC

Address: 1424 N Federal Highway  
Boca Raton, FL 33432

File No: 12140

## PREPARED FOR:

Best Meridian International  
Insurance Co. SPC, A Cayman  
Islands Company  
1200 Brickell Avenue, Suite 950  
Miami, FL 33131

## PREPARED BY:

Jeff Michael  
State Certified General  
Real Estate Appraiser RZ-3042

December 1, 2022

Best Meridian International Insurance  
Company SPC, A Cayman Islands Company

1200 Brickell Avenue, Suite 950

Miami, FL 33131

RE: Appraisal Report #12140

Retail property appraisal report for property located at 1424 N Federal Highway, Boca Raton, FL

Borrower: Boca Raton Re Investments, LLC

Dear Sirs:

As requested, I have prepared an appraisal of the property referenced above, per the terms agreed upon in the Letter of Engagement. The appraisal develops an opinion of the market value of the Fee Simple estate in the above referenced real property as of November 08, 2022 on an "As Is" basis. The opinion of value reported below is qualified by certain assumptions, limiting conditions, certifications, and definitions, which are set forth in the report.

In order to carry out this assignment, a market study of real estate activity in the vicinity of the subject property has been conducted. This investigation included the collection and analysis of sales, offerings, and other developments which have occurred in the area in the recent past. The sources of this data included the Palm Beach County records, our own data bank, other real estate brokers and appraisers, and knowledgeable individuals active in the area.

This appraisal has been completed in accordance with (a) all Federal banking regulations (primarily OCC Regulation 12 CFR Part 34, FDIC Regulation 12 CFR Part 323 and Title XI of the Financial Institution Reform, Recovery Enforcement Act of 1989 ("FIRREA"), and (b) the Uniform Standards of Professional Appraisal Practices and Conduct ("USPAP") as promulgated by the Appraisal Standards Board of the Appraisal Foundation.

The subject is an improved site with a total area of 59,305 SF. The shape of the property is rectangular and has frontage on N Federal Highway. Visibility and access are rated as average. Topography of the site is mostly level. Zoning is B-4 - Business, Boca Raton. Flood zone is "X", as identified by Panel #12099C1177F, dated October 05, 2017.

The subject is a Retail building with 7,560 SF, built in 1968, and in Good condition. The property was extensively renovated in 2013. It is located at 1424 N Federal Highway, Boca Raton. Exterior walls

are concrete block frame with stucco. The property is situated on a 59,305 SF site, that is zoned B-4 - Business, Boca Raton.

The building is built out as a restaurant. There is 7,560 SF of building area. There is an additional 1,740 SF of uncovered outdoor dining area. Total seating is 259 people.

The Market Value of the Fee Simple interest of the subject property in "as is" condition, as of November 08, 2022, is estimated to be:

**EIGHT MILLION TWO HUNDRED THOUSAND DOLLARS**

**\$8,200,000**

This letter of transmittal and the pages that follow constitute our report, including the data and analyses utilized in forming an opinion of value. Should you have any questions concerning this report, please do not hesitate to call our office.

Respectfully submitted,



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Jeff Michael, State-Certified General Real Estate Appraiser, RZ 3042

# TABLE OF CONTENTS

**TABLE OF CONTENTS ..... 4**

**INTRODUCTION ..... 6**

SUMMARY OF SALIENT FACTS AND CONCLUSIONS ..... 6

IDENTIFICATION OF THE SUBJECT ..... 8

CURRENT OWNERSHIP AND SALES HISTORY ..... 8

PERTINENT DATES OF INSPECTION/DATE OF THE REPORT ..... 8

PURPOSE OF THE APPRAISAL ..... 8

INTENDED USE OF THE APPRAISAL ..... 8

MARKET VALUE DEFINED ..... 9

PROPERTY INTERESTS APPRAISED ..... 9

LEGAL DESCRIPTION ..... 10

SCOPE OF WORK ..... 10

EXTRAORDINARY ASSUMPTIONS ..... 10

HYPOTHETICAL CONDITIONS ..... 11

EXPOSURE TIME ..... 11

MARKETING TIME ..... 11

THE APPRAISAL PROCESS ..... 12

**FACTUAL DESCRIPTIONS ..... 14**

NEIGHBORHOOD DESCRIPTION ..... 14

AERIAL VIEW ..... 15

AERIAL SATELLITE VIEW ..... 15

SITE ANALYSIS ..... 16

CONCLUSION ..... 17

ZONING MAPS ..... 18

FLOOD MAPS ..... 19

AERIAL ..... 20

IMPROVEMENT DESCRIPTION ..... 21

CONCLUSION ..... 21

SUBJECT PHOTOGRAPHS ..... 22

REAL ESTATE TAX INFORMATION ..... 28

HIGHEST AND BEST USE ANALYSIS ..... 29

SALES COMPARISON APPROACH TO VALUE ..... 31

SALES LOCATION MAP ..... 38

**ANALYSIS AND ADJUSTMENT OF SALES ..... 39**

SUMMARY OF IMPROVED SALES WITH ADJUSTMENTS ..... 40

VALUE CONCLUSION ..... 41

INCOME APPROACH TO VALUE ..... 42

DETERMINATION OF MARKET RENT ..... 42

RENT COMPARABLES ..... 42

PUBLISHED RATES ..... 50

OCCUPANCY/INCOME DESCRIPTION ..... 50

MARKET RENT CONCLUSIONS..... 50  
POTENTIAL GROSS INCOME..... 51  
VACANCY AND COLLECTION LOSS ..... 51  
EXPENSE ANALYSIS ..... 52  
CAPITALIZATION RATE..... 53  
DIRECT CAPITALIZATION SUMMARY ..... 55  
INCOME CAPITALIZATION APPROACH VALUE CONCLUSION ..... 55  
RECONCILIATION AND FINAL VALUE ESTIMATE ..... 56  
FINAL MARKET VALUE ESTIMATE ..... 56  
**CERTIFICATION OF VALUE..... 57**  
**ASSUMPTIONS AND LIMITING CONDITIONS..... 58**  
**QUALIFICATIONS OF THE APPRAISER..... 60**

## INTRODUCTION

### Summary of Salient Facts and Conclusions

Client:	Best Meridian International Insurance Company SPC, A Cayman Islands Company
Purpose of the Appraisal:	The purpose of this appraisal is to provide an opinion of the market value of the Fee Simple interest of the subject, in "as is" condition.
Intended Use of the Appraisal:	This appraisal is intended for the use of our client, Best Meridian International Insurance Company SPC, A Cayman Islands Company, to assist with collateral assessment, risk analysis, and other uses associated with the interests of the lender.
Property:	Retail building located at 1424 N Federal Highway, Boca Raton, FL 33432
Folio:	06-43-47-20-15-001-0011
Legal Description:	Lengthy, see legal description on page 6.
Effective Date of Appraisal:	November 08, 2022
Property Rights Appraised:	Fee Simple estate
Land Size:	59,305 SF
Building Size:	7,560 SF
Year Built:	1968
Overall Conditions:	Good
Effective Age:	10 years
Remaining Economic Life:	40 years
Land to Building Ratio:	9.98:1
Zoning:	B-4 - Business, Boca Raton
Highest and Best Use as Vacant:	The Highest and Best Use of the subject as vacant would be to improve with a Retail building.
Highest and Best Use as Improved:	The Highest and Best Use is the current use.
Building Assessment:	\$591,655

Land Assessment:	\$2,577,929
XF Value Assessment:	\$0
Market Value Assessment:	\$3,169,584
Assessed Value Assessment:	\$2,878,273
Real Estate Taxes:	\$61,218
Flood Zone:	Flood zone is "X", as identified by Panel # 12099C1177F, dated October 05, 2017.
Sales History:	No recorded sales prior three years
Listing/Contract Information:	The property is advertised for sale for \$9,000,000.
Owner of Record:	Boca Raton Re Investments, LLC
Borrower:	Boca Raton Re Investments, LLC
Exposure Period:	Estimated at more or less 7 months
Marketing Time:	Estimated at more or less 7 months
Extraordinary Assumptions:	None
Hypothetical Conditions:	None

The Market Value of the Fee Simple interest of the subject property in "as is" condition, as of November 08, 2022, is estimated to be:

**EIGHT MILLION TWO HUNDRED THOUSAND DOLLARS**

**\$8,200,000**

## **Identification of the Subject**

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The subject is a Retail building with 7,560 SF, built in 1968, and in Good condition. The property was extensively renovated in 2013. It is located at 1424 N Federal Highway, Boca Raton. Exterior walls are concrete block frame with stucco. The property is situated on a 59,305 SF site, that is zoned B-4 - Business, Boca Raton.

The building is built out as a restaurant. There is 5,945 SF of building area, as well as a 1,615 SF covered patio for outdoor dining (included in total building size used in the report). There is an additional 1,740 SF of uncovered outdoor dining area. Total seating is 259 people.

## **Current Ownership and Sales History**

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No recorded sales prior three years.

The appraiser has not reviewed a title history of the subject. This appraisal is based on the assumption that there are no atypical title restrictions that could impact Market Value.

The subject is not currently advertised for sale on the Multiple Listing Service or Loopnet Services.

## **Pertinent dates of inspection/Date of the Report**

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The subject property has been inspected on various occasions throughout the process of preparing an appraisal report. A physical inspection of the site was conducted on, and the effective date the appraisal is November 08, 2022.

## **Purpose of the Appraisal**

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The purpose of this appraisal is to provide a market value opinion of the Fee Simple estate of the subject property, in "as is" condition.

## **Intended Use of the Appraisal**

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This appraisal is intended for the use of our client, Best Meridian International Insurance Company SPC, A Cayman Islands Company, to assist with collateral assessment, risk analysis, and other uses associated with the lender.



## **Market Value Defined**

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

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and each acting in what he or she considers his/her own best interest;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

**Source:** Federal Reserve System, 12 CFR Parts 208 and 225, Appraisal Standards for Federally Related Transactions, Section 225.62.

## **Property Interests Appraised**

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

*Leased Fee Interest* - A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease).

The property is owner occupied.

The interest appraised is the Fee Simple interest.

**Legal Description**

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The subject property, located at 1424 N Federal Highway, Boca Raton, FL 33432, is legally described, as per public records, as follows:

Legal Description	T M RICKARDS SUB LT 1 LYG E OF US HWY 1 & LT 2 LYG E OF US HWY 1 (LESS SLY 144.35 FT AS IN OR6238P963) BLK 1
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**Scope of Work**

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The scope of the assignment relates to the extent and manner in which research is conducted, data is gathered and analysis is applied. In completion of the assignment, the following steps were performed:

*Identification of the Property*

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The property is identified through the following sources:

- ❖ Postal address
- ❖ Assessor’s records
- ❖ Legal description

*Inspection of the Property*

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- ❖ The extent of the inspection included the following: Interior inspection was conducted.

*Type of Research and Sources*

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- ❖ Information regarding subject physical characteristics are as per Palm Beach Property Appraiser records, confirmed by appraiser at inspection when possible.
- ❖ A search was conducted for sales and listings of similar properties, sources included Public Records, Multiple Listing Service, and CoStar data services.
- ❖ The appraiser was provided with owner reported income and expenses for the subject property, which were utilized for appraisal purposes.
- ❖ A search was conducted for recent rentals and listing of similar properties available for rent. Sources included the Multiple Listing Service and CoStar data services.
- ❖ Capitalization rates reported by local market participants have been relied upon, as well as capitalization rates from widely used market reports.

**Extraordinary Assumptions**

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The report is not based on any Extraordinary Assumptions.

## Hypothetical Conditions

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The report is not based on any Hypothetical Conditions.

## Exposure Time

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Exposure time is the estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market.

The chart below, from CoStar data services, is comprised of data from retail sales over the prior year.

Sales Past Year	
Asking Price Per SF	\$740 ↑
Sale to Asking Price Differential	-2.4% ↑
Sales Volume	\$423M ↑
Properties Sold	72 ↓
Months to Sale	7.1 ↓
For Sale Listings	14 ↓
Total For Sale SF	252K ↓

Based on the study presented above, exposure time is estimated at 7 months.

## Marketing Time

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Marketing time is the estimated length of time that the property interest being appraised would be on the market to achieve consummation of a sale at market value on the effective date of the appraisal; a forward looking estimate based on future trends assuming a competitive and open market.

In a previous section, exposure time was estimated at 7 months.

According to conversations with market participants active in this submarket, expectations are for current trends to continue in the foreseeable future.

Marketing time is therefore estimated at 7 months.

## The Appraisal Process

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In determining the market value of the subject, the following approaches were utilized:

- ❖ Cost Approach – No
- ❖ Sales Comparison Approach – Yes
- ❖ Income Approach - Yes

As a part of the valuation process, the appraiser inspected the subject and surrounding properties, the neighborhood and the comparables. The highest and best uses were analyzed and determined for the subject both as vacant and as improved.

A search for comparable land sales was made based upon, but not limited to the following search criteria: 1) Similarly located land within the general area. 2) Date of sale within the past three years and 3) Similar potential use. The most comparable sales were then selected from those transactions which met these criteria.

The Cost Approach is based upon the premise that a prudent buyer will pay no more for a property than it would cost to reproduce or replace a substitute property with the same utility. The Cost Approach is a method in which the value of a property is developed by 1) estimating the replacement or reproduction cost new of the subject improvements, 2) deducting the estimated depreciation from all sources, and 3) adding this depreciated reproduction or replacement cost of the improvements to the site value. The site value is based upon a vacant site's being used to its highest and best use. Generally speaking, the site value is estimated by the Sales Comparison Approach. Replacement or reproduction cost new can be derived from reliable cost manuals or from interviews with reputable local contractors. Depreciation can be from physical, functional, or economic causes. Depreciation can be observed from rent loss or based upon a cost-to-cure. In all cases, information concerning depreciation is developed from the market by observing comparable properties.

The Sales Comparison Approach relies heavily upon the principle of substitution. Recent sales of similar properties are gathered, and a meaningful unit of comparison is developed. Then, a comparative analysis between the sales and the subject involves consideration for differences in location, time, terms of sale, and physical characteristics. The reliability of the Sales Comparison Approach depends, to a large extent, upon the degree of comparability between the sales and the subject. The major strengths of this approach include the reflection of actual market transactions and the fact that common denominators are fairly easily determined. The potential weaknesses of this approach arise from the fact that the data is historical and ideal comparables are usually very difficult to obtain.

The Income Approach to value is predicated upon the relationship between income and value. Although all of the appraisal principles are involved in this approach, the principle of anticipation is particularly applicable. This appraisal technique converts anticipated annual net income into an indication of value. This process is called capitalization, and it involves multiplying the annual net income by a factor or dividing it by a rate that weighs such considerations as risk, time, return on investment, and return of investment. The appropriateness of this rate or factor is critical, and there are a number of techniques by which it may be developed. The net income attributable to the subject

property is estimated by subtracting vacancy, collection losses, and expenses from the property's annual potential gross income. All of these figures are derived from market comparison of properties similar to the subject. The reliability of the Income Approach depends upon the reliability of income and expense estimates, the duration of the net annual income, the capitalization rate or factor used, and the method of capitalization. The weakness of this approach lies in the estimation of income and expenses and the fact that not all properties are suitable for this approach. The strength of this approach is its reflection of typical investor considerations as they analyze income-producing properties.

## FACTUAL DESCRIPTIONS

### Neighborhood Description

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A neighborhood can be defined as: "A portion of a larger community, or an entire community in which there is a homogeneous grouping of inhabitants, buildings, or business enterprises. Inhabitants of a neighborhood usually have a more than casual community interest and a similarity of economic level or cultural background. Neighborhood boundaries may consist of well-defined natural or man-made barriers or they may be more or less well defined by a distinct change in land use or in the character of the inhabitants.

Neighborhoods may be devoted to such uses as residential, commercial, industrial, agricultural, cultural, and civic activities, or a mixture of these uses. Analysis of the neighborhood in which a particular property is located, is important due to the fact that the various economic, social political, and physical forces which affect the neighborhood also directly influence the individual properties within it. An analysis of these various factors as they affect value of the subject property is presented in the following discussion.

### Location

1424 N Federal Highway

Boca Raton, FL 33432

### Boundaries

North: N Federal Highway

South: E Boca Raton Road

East: Highway A1A

West: N Dixie Highway

### Land Use

The subject is part of a mixed use area.

### Access

Access is rated as average via the N Federal Highway.

### Conclusion

No unfavorable conditions that could adversely impact marketability were observed during neighborhood inspection.



## Site Analysis

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- ❖ Location: 1424 N Federal Highway  
Boca Raton, FL 33432
- ❖ Assessor's Parcel Number: 06-43-47-20-15-001-0011
- ❖ Land Area: 59,305 SF Size as per Public Records.
- ❖ Shape: Rectangular
- ❖ Road Frontage: ±280' along and ±440' along N Federal Highway.
- ❖ Access: The subject property is accessed by N Federal Highway.
- ❖ Visibility: Visibility from surrounding development is rated as average.
- ❖ Terrain: Mostly level.
- ❖ Utilities:
  - Water Available
  - Sewer Available
  - Electricity Available
  - Telephone Available
  - Mass Transit Adequate Access
- ❖ Adjacent Properties: The subject is part of a mixed use area.
- ❖ Flood Plain: Flood zone is "X", as identified by Panel #12099C1177F, dated October 05, 2017.
- ❖ Drainage: Drainage appears to be Adequate, although an inspection was not made during a heavy rain period.
- ❖ Landscaping: Minimal and typical of this type of property.



- ❖ Easements/Encumbrances: Inspection did not reveal any easements that could affect marketability. In the performance of this appraisal, we did not find, nor were we made aware of an easements or encroachments (other than standard utility easements) that would have an adverse effect on the subject. We suggest that a legal opinion be obtained to ensure that no adverse easements or encroachments exist.
  
- ❖ Zoning/Restrictions: B-4 - Business, Boca Raton
  
- ❖ Environmental Regulations: No hazardous materials were observed during inspection of the subject property. We have no knowledge of the existence of such materials on or in the property. We recommend the employment of a qualified environmental firm to detect any environmental problems which might exist, as we are not qualified in this area of expertise.
  
- ❖ Parking: There is adequate on site parking.

## **Conclusion**

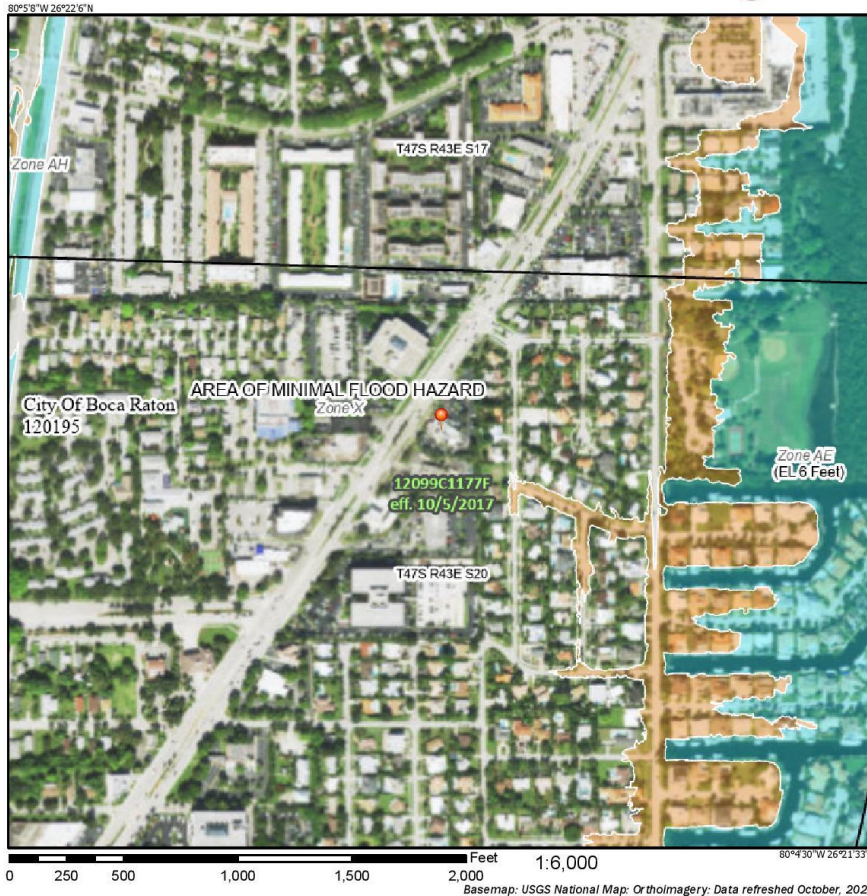
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Review of the above findings indicates that overall characteristics of the site are average and similar to most sites in the area. No unfavorable conditions affecting marketability were observed.



# Flood Maps

## National Flood Hazard Layer FIRMette



### Legend

- SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT
- SPECIAL FLOOD HAZARD AREAS**
    - Without Base Flood Elevation (BFE) Zone A, V, AE20
    - With BFE or Depth Zone AE, AO, AH, VE, AR
    - Regulatory Floodway
  - OTHER AREAS OF FLOOD HAZARD**
    - 0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile Zone X
    - Future Conditions 1% Annual Chance Flood Hazard Zone X
    - Area with Reduced Flood Risk due to Levee. See Notes. Zone X
    - Area with Flood Risk due to Levee Zone D
  - OTHER AREAS**
    - NO SCREEN: Area of Minimal Flood Hazard Zone X
    - Effective LOMRs
    - Area of Undetermined Flood Hazard Zone I
  - GENERAL STRUCTURES**
    - Channel, Culvert, or Storm Sewer
    - Levee, Dike, or Floodway
  - CROSS SECTIONS**
    - 20.2: Cross Sections with 1% Annual Chance
    - 17.6: Water Surface Elevation
    - Coastal Transect
    - Base Flood Elevation Line (BFE)
    - Limit of Study
    - Jurisdiction Boundary
  - OTHER FEATURES**
    - Coastal Transect Baseline
    - Profile Baseline
    - Hydrographic Feature
  - MAP PANELS**
    - Digital Data Available
    - No Digital Data Available
    - Unmapped
- The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards.

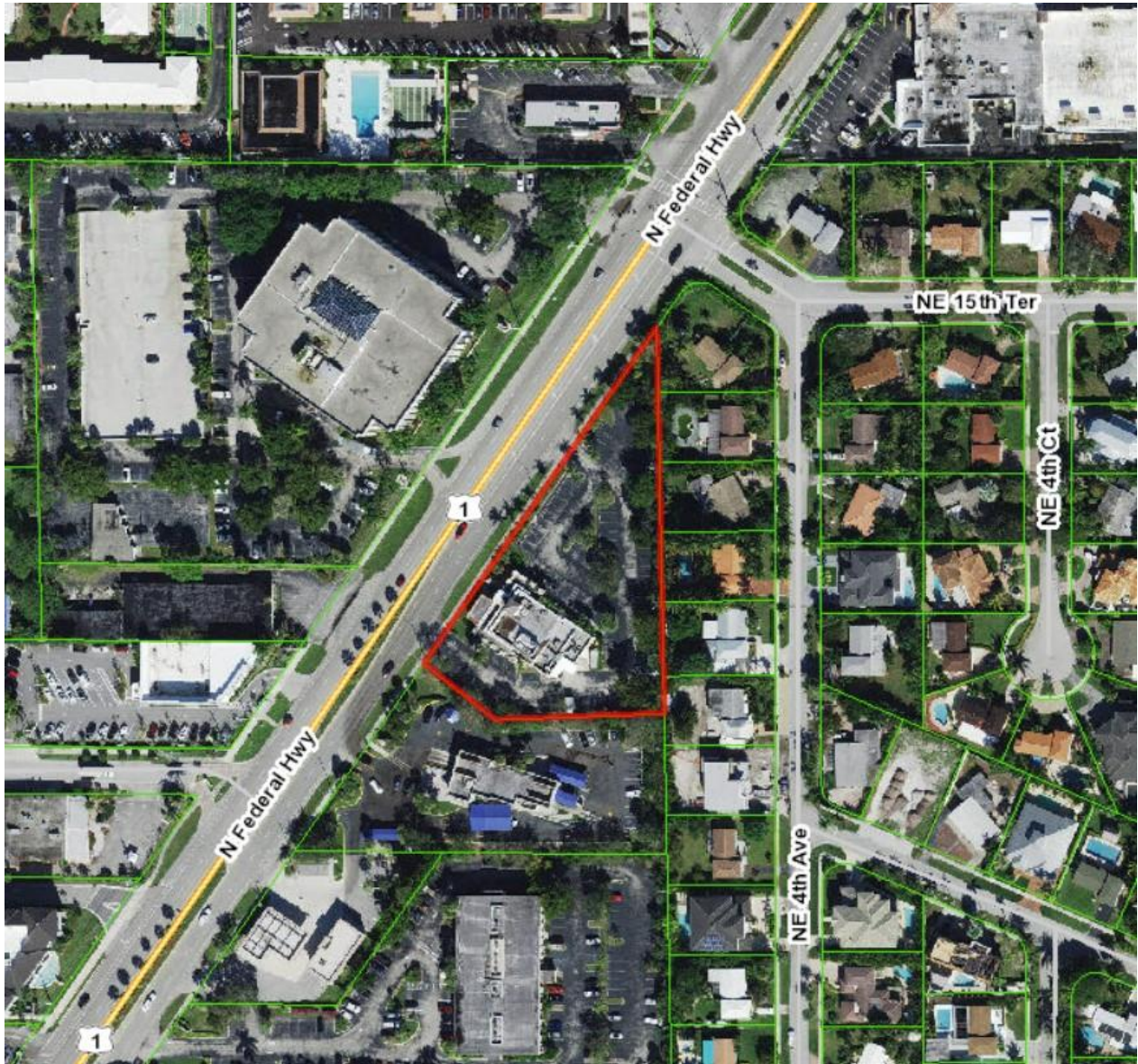
The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 11/13/2022 at 9:26 AM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.

Source: Fema flood map service center website

**Aerial**

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## Improvement Description

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❖ Building Area:	7,560 SF as per public records is the size used throughout this report.
❖ Year of Construction:	1968
❖ Construction Class:	Class "C" as per Marshall Valuation Service Guidelines.
❖ Construction Quality:	Quality is Average as per Marshall Valuation Service Guidelines.
❖ Overall Condition:	Average
❖ Effective Age:	25 years
❖ Remaining Economic Life:	25 years
❖ Foundation:	Slab-on-grade
❖ Structure:	Concrete Block
❖ Roofing:	Flat, BUTG
❖ Insulation:	Unknown
❖ Electrical:	Adequate for commercial use
❖ Plumbing:	Adequate for commercial use
❖ Air Conditioning/Heating:	Central A/C
❖ Functional Utility:	Average

## Conclusion

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The subject is in Average condition.

**Subject Photographs**

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**Front View**



**Rear View**



**North Side View**



**South Side View**



**Bar Area**



**Interior View - Kitchen**





**Interior View – Second Kitchen**



**Interior View**



**Interior View**



**Interior View**



**Interior View**



**Interior View**

## **Real Estate Tax Information**

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The subject property, located in Boca Raton, Florida, is subject to Palm Beach County ad valorem taxes on real and personal property, as well as city taxes if located in an incorporated area. The Florida Statutes provide for assessment and collection of yearly Ad Valorem Taxes on Real and Personal Property. However, the taxes are assessed, collected, and used on the local county level. The assessment for the property is established each year as of January 1 by the Palm Beach County Property Appraiser's Office at 100% of "Just Value". The tax due is computed according to annual millage rates established by Palm Beach County. Millage rates are the amount paid to each taxing body for every \$1,000 of assessed value. Taxes are payable in November with a 4% discount and become delinquent on April 1.

According to the current Palm Beach County tax roll data, assessment and taxes are as follows:

Building Assessment:	\$591,655
Land Assessment:	\$2,577,929
XF Value Assessment:	\$0
Market Value Assessment:	\$3,169,584
Assessed Value Assessment:	\$2,878,273
Real Estate Taxes:	\$61,218

In order to ascertain if assessment is in line with that of similar properties, tax records of similar properties within similar neighborhood and similar areas were studied. The research indicates that the assessment of the subject, appears to be adequate and typical for this type of facility.

## **Highest and Best Use Analysis**

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Four criteria are examined in order to determine the highest and best use of the subject property. The criteria and their applicability to the subject, both “as vacant” and “as improved” are as follows:

- **Legally Permissible:** a legally permissible use is determined primarily by current zoning regulations. However, other considerations such as long-term leases, deed restrictions, and environmental regulations may preclude some possible highest and best use.
- **Physically Possible:** the size, shape and topography affect the uses to which land may be developed. The utility of a parcel is dependent on its frontage and depth. Sites with irregular shapes may be more expensive to develop, and topography or subsoil conditions may make utilization too costly or restrictive. Highest and best use as improved also depends on physical characteristics such as condition and utility.
- **Financially Feasible:** the use of the property is analyzed to make a determination as to the likelihood that the property is capable of producing a return which is greater than the combined income needed to satisfy operation expenses, debt service, and capital amortization. Any use that is expected to produce a positive return is classified as financially feasible.
- **Maximally Productive:** the use that provides the highest rate of return among financially feasible uses is the highest and best use. The use of the land must yield a profitable net return, and the quantity of land devoted to any specific use must be limited to that quantity which will yield a maximum return to each owner.

### **Highest and Best Use as Vacant**

#### *Legally Permissible*

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With the subject site being vacant and available for use, the current zoning would be the legal restraint on what improvements could be placed on the site. Subject site is zoned B-4 - Business, Boca Raton, which permits primarily retail uses.

#### *Physically Possible*

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The size, shape, and terrain is conducive for many types of development. The utilities serving the subject site are adequate for many uses. The property visibility from the street is average, accessibility is average. The subject’s size of 59,305 square feet is sufficient to allow development and most allowed uses could be physically placed on the site without any unreasonable hindrance. The subject site physical aspects do not impose apparent physical limitations on development for the legally permissible uses.

#### *Financially Feasible*

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Financially feasible refers to legal uses which are physically possible and have a sufficient demand to produce a positive return. Once the physically possible and legally permissible potential land uses have been determined, the next step in estimating the highest and best use is to determine which uses are economically feasible. Construction of a Retail structure would be financially feasible.

### *Maximally Productive*

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Among the physically possible, legally permissible and financially feasible uses, the maximally productive use of the site represents the Highest and Best Use. Based on the above criteria, the maximally productive use of the site would be construction of a Retail building. Highest and Best Use as Vacant, therefore, is the construction of a Retail building.

### **Highest and Best Use as Improved**

#### *Legally Permissible*

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As discussed, the subject site zoning and legal restrictions permit retail land uses.

#### *Physically Possible*

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The physical characteristics of the subject improvements were discussed in detail in the Subject Property Identification section of this report. Overall, the construction quality of the subject improvements is considered Average. Based on the design of the improvements, physically possible uses of the space are Retail.

#### *Financially Feasible*

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Financially feasible refers to legal uses which are physically possible and have a sufficient demand to produce a positive return. Once the physically possible and legally permissible potential improvement uses have been determined, the next step in estimating the highest and best use is to determine which uses are economically feasible. The current use is economically feasible.

### *Maximally Productive*

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Among the physically possible, legally permissible and financially feasible uses, the maximally productive use of the site represents the Highest and Best Use. Based on the above criteria, the maximally productive use of the property, as improved, is the current use.

### **Highest and Best Use Summary**

The Highest and Best Use of the subject as vacant would be to improve with a Retail building.

The Highest and Best Use of the site as improved is the current use. The property is appraised accordingly.

## **Sales Comparison Approach to Value**

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The Sales Comparison Approach draws heavily upon the principle of substitution. In essence, this principle states that a prudent purchaser will pay no more for any particular property than it would cost him to acquire an equally desirable alternate property. This approach consists of the comparison of similar property, which has recently sold or is currently being offered for sale. This comparison process involves making adjustments between the subject property and the comparable properties on an item-by-item basis. The factors considered in the comparison include date of sale, conditions of the sale (including financial terms), and physical characteristics. The subject property is the standard, and the adjustments are made to the sale price of the comparable property in order to arrive at an indication of value for the subject.

The weakness of this approach includes the fact that there may be inadequate data in the marketplace to justify its use, the fact that it is based upon historical data rather than future expectations, and the fact that the conditions of comparability may not closely conform to the subject property. Its strength lies in the fact that it reflects actual market behavior of typical purchasers under current market conditions. In short, the reliability of this approach depends upon the comparability of the comparable properties, verification of sales data, the conditions under which the property is sold, and the date of the sale. This approach is applicable to both vacant and improved properties.

In order to estimate the value of the subject property as improved, the Palm Beach County Deed Records were searched for recent comparable sales. In addition, real estate brokers were consulted for information on properties that would be in competition with the subject if it were offered for sale on the open market.

Of the sales reviewed, based on the above criteria, the following sales represent the best available from the market to determine the subject's market potential under this valuation approach. While some are more ideal than others, the appraisers believe that they represent a sufficient sample of the data reviewed to illustrate a sound market-based conclusion for the subject.

Listed on the following pages are sales used in this analysis.



**Buyer and Seller Information**

<b>Buyer:</b>	799 Federal Investments LLC	<b>Seller:</b>	Linda Lee Corporation
<b>Buyer Type:</b>	Developer/Owner-NTL	<b>Seller Type:</b>	Individual
<b>Buyer Broker:</b>	None	<b>Listing Broker:</b>	CB Schwaderer Inc

**Transaction Details**

<b>Sale Date:</b>	June 2021	<b>Sale Type:</b>	Investment
<b>Sale Price:</b>	\$3,000,000	<b>Building Area:</b>	2,917 SF
<b>Price/SF:</b>	\$1,028.45	<b>Land Area:</b>	20,099 SF
<b>Parcel No:</b>	06-43-47-20-15-006-0011	<b>Tenancy:</b>	Single
<b>Recording Page:</b>	32694-01308	<b>Occupancy:</b>	Stabilized
<b>Sales History:</b>	No recorded sales prior three years.	<b>Exposure:</b>	N/A
<b>Financing:</b>	No recorded mortgage.		

**Transaction Notes**

This comparable is the sale of a fast food/restaurant building. The location was a former Boston Market, but was vacant at time of sale. Property was leased to Truist, a bank in May 2022. Listing rate was \$90.00/SF, on a NNN basis.

**Building Details**

<b>Zoning:</b>	DDRI	<b>Age:</b>	27
<b>Ceiling Height:</b>	9'0	<b>Condition:</b>	Average
<b>Build Out:</b>	Average	<b>Location:</b>	Average





**Buyer and Seller Information**

<b>Buyer:</b>	389 NW 1st Ave LLC	<b>Seller:</b>	James H Batmasian
<b>Buyer Type:</b>	Individual	<b>Seller Type:</b>	Developer/Owner-NTL
<b>Buyer Broker:</b>	Marcus & Millichap	<b>Listing Broker:</b>	None

**Transaction Details**

<b>Sale Date:</b>	March 2022	<b>Sale Type:</b>	Investment
<b>Sale Price:</b>	\$4,075,000	<b>Building Area:</b>	3,220 SF
<b>Price/SF:</b>	\$1,265.53	<b>Land Area:</b>	24,720 SF
<b>Parcel No:</b>	06-43-47-20-18-024-0030	<b>Tenancy:</b>	Multi
<b>Recording Page:</b>	N/A	<b>Occupancy:</b>	Stabilized
<b>Sales History:</b>	No recorded sales prior three years.	<b>Exposure:</b>	N/A
<b>Financing:</b>	No recorded mortgage.		

**Transaction Notes**

This comparable is the sale of a single tenant retail building. Tenant is Vitamin Shoppe, who reportedly has 3 years remaining on their lease term. Reported capitalization rate was 5.4%.

**Building Details**

<b>Zoning:</b>	B-4	<b>Age:</b>	9
<b>Ceiling Height:</b>	9'0	<b>Condition:</b>	Average
<b>Build Out:</b>	Average	<b>Location:</b>	Average



**Buyer and Seller Information**

<b>Buyer:</b>	1190 Commercial Boulevard LLC	<b>Seller:</b>	V 3 Fund III Oakland Park LLC
<b>Buyer Type:</b>	Individual	<b>Seller Type:</b>	Individual
<b>Buyer Broker:</b>	None	<b>Listing Broker:</b>	None

**Transaction Details**

<b>Sale Date:</b>	April 2022	<b>Sale Type:</b>	Investment
<b>Sale Price:</b>	\$2,947,500	<b>Building Area:</b>	3,320 SF
<b>Price/SF:</b>	\$887.80	<b>Land Area:</b>	24,750 SF
<b>Parcel No:</b>	49-42-14-00-0521	<b>Tenancy:</b>	Single
<b>Recording Page:</b>	11809-7957	<b>Occupancy:</b>	Stabilized
<b>Sales History:</b>	The Property sold for \$2,263,200 in June 2020.		
<b>Financing:</b>	No recorded mortgage.		

**Transaction Notes**

This comparable is the sale of a single tenant restaurant building. Tenant is an independent barbecue restaurant.

**Building Details**

<b>Zoning:</b>	B-2	<b>Age:</b>	48
<b>Ceiling Height:</b>	9'0	<b>Condition:</b>	Average
<b>Build Out:</b>	Average	<b>Location:</b>	Average



**Buyer and Seller Information**

<b>Buyer:</b>	Surfside Realty Group LLC	<b>Seller:</b>	Andrew Joseph Bucher
<b>Buyer Type:</b>	Corporate/User	<b>Seller Type:</b>	Individual
<b>Buyer Broker:</b>	None	<b>Listing Broker:</b>	None

**Transaction Details**

<b>Sale Date:</b>	March 2022	<b>Sale Type:</b>	Investment
<b>Sale Price:</b>	\$1,478,300	<b>Building Area:</b>	1,714 SF
<b>Price/SF:</b>	\$862.49	<b>Land Area:</b>	15,507 SF
<b>Parcel No:</b>	49-42-25-03-0980	<b>Tenancy:</b>	Single
<b>Recording Page:</b>	11805-7002	<b>Occupancy:</b>	Stabilized
<b>Sales History:</b>	No recorded sales prior three years.	<b>Exposure:</b>	N/A
<b>Financing:</b>	No recorded mortgage.		

**Transaction Notes**

This comparable is the sale of a single tenant restaurant building. Tenant is Skyline Chili.

**Building Details**

<b>Zoning:</b>	B-1	<b>Age:</b>	52
<b>Ceiling Height:</b>	9'0	<b>Condition:</b>	Average
<b>Build Out:</b>	Average	<b>Location:</b>	Average



**Buyer and Seller Information**

<b>Buyer:</b>	220145 LLC	<b>Seller:</b>	OPH/FT Lauderdale Realty LC
<b>Buyer Type:</b>	Developer/Owner-RGNL	<b>Seller Type:</b>	Individual
<b>Buyer Broker:</b>	None	<b>Listing Broker:</b>	None

**Transaction Details**

<b>Sale Date:</b>	August 2022	<b>Sale Type:</b>	Investment
<b>Sale Price:</b>	\$8,000,000	<b>Building Area:</b>	6,920 SF
<b>Price/SF:</b>	\$1,156.07	<b>Land Area:</b>	141,362 SF
<b>Parcel No:</b>	49-42-25-28-0010	<b>Tenancy:</b>	Single
<b>Recording Page:</b>	11836-0737	<b>Occupancy:</b>	Stabilized
<b>Sales History:</b>	No recorded sales prior three years.	<b>Exposure:</b>	N/A
<b>Financing:</b>	No recorded mortgage.		

**Transaction Notes**

This comparable is the sale of a single tenant restaurant building. Tenant is Millers Ale House.

**Building Details**

<b>Zoning:</b>	B-1	<b>Age:</b>	23
<b>Ceiling Height:</b>	9'0	<b>Condition:</b>	Average
<b>Build Out:</b>	Average	<b>Location:</b>	Average



**Buyer and Seller Information**

<b>Buyer:</b>	ILGA LLC	<b>Seller:</b>	4490 Group LLC
<b>Buyer Type:</b>	Individual	<b>Seller Type:</b>	Individual
<b>Buyer Broker:</b>	None	<b>Listing Broker:</b>	None

**Transaction Details**

<b>Sale Date:</b>	October 2022	<b>Sale Type:</b>	Investment
<b>Sale Price:</b>	\$2,400,000	<b>Building Area:</b>	3,167 SF
<b>Price/SF:</b>	\$757.81	<b>Land Area:</b>	30,150 SF
<b>Parcel No:</b>	48-43-18-00-0280	<b>Tenancy:</b>	Single
<b>Recording Page:</b>	11846-4515	<b>Occupancy:</b>	Stabilized
<b>Sales History:</b>	No recorded sales prior three years.	<b>Exposure:</b>	N/A
<b>Financing:</b>	No recorded mortgage.		

**Transaction Notes**

This comparable is the sale of a single tenant restaurant building. Tenant is an independent restaurant, Columbo’s Market.

**Building Details**

<b>Zoning:</b>	B-3A	<b>Age:</b>	56
<b>Ceiling Height:</b>	9’0	<b>Condition:</b>	Average
<b>Build Out:</b>	Average	<b>Location:</b>	Average

### Sales Location Map



## ANALYSIS AND ADJUSTMENT OF SALES

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

Adjustment Factor	Accounts For	Comments
<b>Effective Sale Price</b>	Atypical economics of a transaction, such as demolition cost or expenditures by buyer at the time of purchase.	No adjustments warranted.
<b>Real Property Rights</b>	Fee simple, leased fee, leasehold, partial interest, etc.	No adjustments warranted.
<b>Financing Terms</b>	Seller financing, or assumption of existing financing, at non-market terms.	No adjustments warranted.
<b>Conditions of Sale</b>	Extraordinary motivation of buyer or seller, assemblage, forced sale.	No adjustments warranted.
<b>Market Conditions</b>	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.	Upward adjustment is warranted for sale 1.
<b>Location</b>	Market or submarket area influences on sales price; surrounding land uses influences.	No adjustments warranted.
<b>Land/Bldg Ratio</b>	The subject has a 9:1 land to building ratio.	No adjustments warranted.
<b>Size</b>	Inverse relationship that often exists between parcel size and unit value.	Sales 1 & 4 are smaller, downward adjustment warranted.
<b>Utility</b>	The subject is built out as a full service restaurant.	Upward adjustment is warranted for sales 3, 4 & 6, which are limited service restaurants.
<b>Age</b>	The subject was built in 1968.	No adjustments
<b>Condition</b>	The subject is in good condition	No adjustments warranted.
<b>Occupancy</b>	The subject is owner occupied.	No adjustments warranted.

**Summary of Improved Sales with Adjustments**

Comp No.	Subject	1	2	3	4	5	6
<b>Address</b>	1424 N Federal Highway	799 N Federal Highway	880 N Federal Highway	1190 E Commercial Blvd	2590 N Federal Highway	2851-2861 N Federal Highway	4490 N Federal Highway
<b>City</b>	Boca Raton	Boca Raton	Boca Raton	Oakland Park	Fort Lauderdale	Fort Lauderdale	Lighthouse Point
<b>Date of Sale</b>	---	06/21	03/22	04/22	03/22	08/22	10/22
<b>Sale Price</b>	---	\$3,000,000	\$4,075,000	\$2,947,500	\$1,478,300	\$8,000,000	\$2,400,000
<b>Bldg. Size (SF)</b>	7,560	2,917	3,220	3,320	1,714	6,920	3,167
<b>Land Area (SF)</b>	59,305	20,099	24,720	24,750	15,507	141,362	30,150
<b>Land to Bldg Ratio</b>	9.98	6.89	7.68	7.45	9.05	11.44	9.52
<b>SP/SF</b>	---	\$1,028	\$1,265	\$887	\$862	\$1,156	\$757
<b>Property Rights</b>	---	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
<b>Financing</b>	---	None	None	None	None	None	None
<b>Conditions of Sale</b>	---	Typical	Typical	Typical	Typical	Typical	Typical
<b>Year Built</b>	1968	1994	2013	1974	1970	1999	1966
<b>Qualitative Adjustments</b>							
<b>Cond. of Sale</b>							
<b>Fin. Terms</b>							
<b>Months Elapsed</b>		16	7	6	7	2	0
<b>Mkt Con/Time</b>		+					
<b>Qualitative Adjustments</b>							
<b>Location</b>							
<b>Qualitative Analysis</b>		Comparable	Comparable	Comparable	Comparable	Comparable	Comparable
<b>Size</b>		-			-		
<b>Qualitative Analysis</b>		Smaller	Comparable	Comparable	Smaller	Comparable	Comparable
<b>Land/Bldg Ratio</b>							
<b>Qualitative Analysis</b>		Comparable	Comparable	Comparable	Comparable	Comparable	Comparable
<b>Utility</b>				+	+		+
<b>Qualitative Analysis</b>		Comparable	Comparable	Inferior	Inferior	Comparable	Inferior
<b>Age</b>							
<b>Qualitative Analysis</b>		Comparable	Comparable	Comparable	Comparable	Comparable	Comparable
<b>Condition</b>							
<b>Qualitative Analysis</b>		Comparable	Comparable	Comparable	Comparable	Comparable	Comparable
<b>Occupancy</b>							
<b>Qualitative Analysis</b>		Comparable	Comparable	Comparable	Comparable	Comparable	Comparable
<b>Total Net Adjustments</b>		=	=	+	+	=	+



**Value Conclusion**

The sales range from \$757-\$1,265/SF. Sales 1 & 2 are located closest to the subject, on the same street. Sales 3-6 are restaurant buildings, but located further from the subject.

The grid summarizes the adjustments made to each sale. It is the appraiser’s opinion after reviewing these sales and consideration of current market conditions; the subject property has a Fee Simple value of approximately \$1,100.00 per SF. The results of this analysis indicate that the subject has an overall Fee Simple value of \$8,320,000.

**IMPROVED SALES ANALYSIS**

Qualitative Analysis		
Sale No.	Price/SF	Net Adjustment
Sale 2	\$1,265.53	=
Sale 5	\$1,156.07	=
Subject	---	---
Sale 1	\$1,028.45	=
Sale 3	\$887.80	+
Sale 4	\$862.49	+
Sale 6	\$757.81	+

**Concluded Value**

Concluded Price/SF		Building Size		Value
\$1,100.00	×	7,560	=	\$8,320,000

**MARKET VALUE ESTIMATE**

<b>Indicated Value by Sales Comparison:</b>	<b>\$8,320,000</b>
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## **Income Approach to Value**

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The Income Approach to value presumes that no prudent buyer will pay more for the right to receive the future income stream for the subject property than an amount for which he can obtain the rights to a substitute future income stream, assuming similar quality, quantity, and durability of the income streams.

The quality of the future benefits affects investment risk and the buyer's ability to receive a return on his initial investment, as well as, a return of his investment. The quantity of the future benefits reflects the amount of the future income stream plus potential appreciation or depreciation over the buyer's term of ownership. Durability relates to the amount of time that an investment will continue to provide positive benefits of ownership adequate to meet the investor's criteria.

There are two accepted forms of the Income Approach, which can be employed for a project similar to the subject property. These methods are the Direct Capitalization and Discounted Cash Flow Analysis. The Direct Capitalization Technique is given greatest credence when a property is currently operating at or near a stabilized occupancy level or when a property is projected to have a relatively level income stream.

In the case of the subject, Direct Capitalization is most appropriate.

### **Analysis of Market Rent**

Market rent, as used in this report, is defined by The Appraisal of Real Estate, Twelfth Edition, by the Appraisal Institute as:

Market rent is the rental income that a property would most probably command in the open market; indicated by the current rents that are either paid or asked for comparable space as of the date of appraisal.

More precisely, it refers to the amount of money a property should produce based upon the actual rental being received from similar properties with like amenities, in the same and/or similar location, as of the effective date of the appraisal

### **Determination of Market Rent**

---

The subject property is a Retail building constructed in 1968. To establish the market lease rate for the subject property, we have researched the surrounding area for recently-signed leases or listings in comparable buildings and considered published average rental rates.

### **Rent Comparables**

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Listed on the following pages are the comparable rentals used in determining an appropriate market rent for the subject space. The rental comparables are also presented in the table(s) on the pages following the rental data sheets and are considered to form a reliable data base from which the subject's market rent may be estimated.

## Comparable Lease 1

---

### Location Data

Location: 799 N Federal Highway  
Boca Raton, FL 33432

---

### Physical Data

Unit Size: ±2,917 SF

Property Condition: Average

Amenities: Typical

No. of Stories: 1




---

### Lease Data

Rental Rate: \$90.00/SF, NNN

Term of Lease: N/A

Confirmation Source: Owner.

### Comments:

This comparable is the lease in a unit near the subject. Lease signed June 2022. Building is a former fast food restaurant, current tenant is Truist, a bank.

## Comparable Lease 2

---

### Location Data

Location: 7875 Glades Road  
Boca Raton, FL 33434




---

### Physical Data

Unit Size: ±7,374 SF

Property Condition: Average

Amenities: Typical

No. of Stories: 1

---

### Lease Data

Rental Rate: \$50.00/SF, NNN

Term of Lease: 10 Years

Confirmation Source: Leasing Agent

### Comments:

This comparable is the lease of a single tenant restaurant building. Lease signed October 2022.

### Comparable Lease 3

---

#### Location Data

Location: 3011 Yamato Road  
Boca Raton, FL 33434




---

#### Physical Data

Unit Size: ±2,089 SF

Property Condition: Average

Amenities: Typical

No. of Stories: 1

---

#### Lease Data

Rental Rate: \$41.00/SF, NNN

Term of Lease: 10 Years

Confirmation Source: Leasing Agent

#### Comments:

This comparable is the lease of restaurant space in a shopping center. Lease signed November 2021.

## Comparable Lease 4

---

### Location Data

Location: 22191 Powerline Road  
Boca Raton, FL 33433




---

### Physical Data

Unit Size: ±8,300 SF

Property Condition: Average

Amenities: Typical

No. of Stories: 1

---

### Lease Data

Rental Rate: \$50.00/SF, NNN

Term of Lease: N/A

Confirmation Source: Leasing Agent

### Comments:

This comparable is the lease of a restaurant unit in a shopping center. Tenant is Olive Garden. Lease signed September 2021.

## Comparable Lease 5

### Location Data

Location: 5050 Town Center Circle  
Boca Raton, FL 33486



### Physical Data

Unit Size: ±8,977 SF

Property Condition: Average

Amenities: Typical

No. of Stories: 1

### Lease Data

Rental Rate: \$50.00/SF, NNN

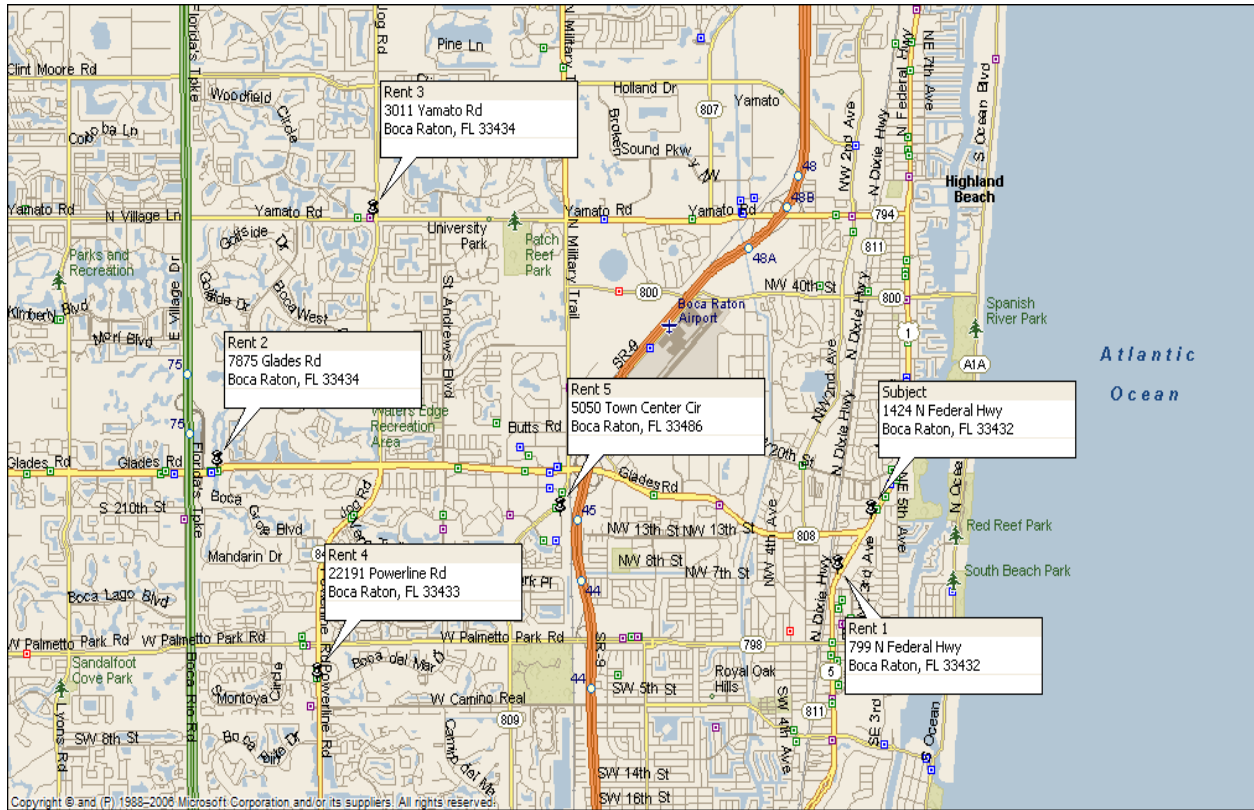
Term of Lease: 10 Years

Confirmation Source: Leasing Agent

### Comments:

This comparable is the lease of a restaurant unit in a shopping center. Lease signed August 2021.

### Rent Location Map



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**SUMMARY OF RENT COMPARABLES WITH ADJUSTMENTS**

Comp No.	Subject	1	2	3	4	5
Address	1424 N Federal Highway	799 N Federal Highway	7875 Glades Road	3011 Yamato Road	22191 Powerline Road	5050 Town Center Circle
City	Boca Raton	Boca Raton	Boca Raton	Boca Raton	Boca Raton	Boca Raton
Rental Rate	---	\$90.00	\$50.00	\$41.00	\$50.00	\$50.00
Unit Size	7,560	2,917	7,374	2,089	8,300	8,977
Lease Type		NNN	NNN	NNN	NNN	NNN
Listing/Actual	--	Actual	Actual	Actual	Actual	Actual

**Quantitative Adjustments**

Listing						
Location			+	+	+	+
Qualitative Analysis	Comparable	Inferior	Inferior	Inferior	Inferior	Inferior
Size	-			-		
Qualitative Analysis	Smaller	Comparable	Smaller	Comparable	Comparable	Comparable
Age						
Qualitative Analysis	Comparable	Comparable	Comparable	Comparable	Comparable	Comparable
Utility						
Qualitative Analysis	Comparable	Comparable	Comparable	Comparable	Comparable	Comparable
Condition						
Qualitative Analysis	Comparable	Comparable	Comparable	Comparable	Comparable	Comparable
Total Net Adjustments		+	=	+	+	+

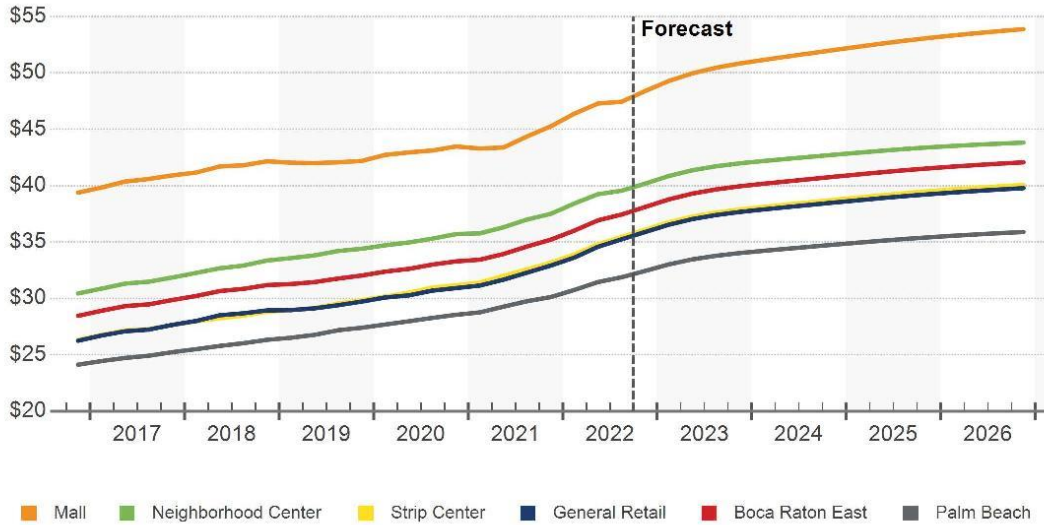
**Published Rates**

The table below shows the CoStar reported rates from the most recent market report for the subject submarket:

**Rent**

Boca Raton East Retail

**MARKET RENT PER SQUARE FEET**



**Occupancy/Income Description**

The property is owner occupied.

**Market Rent Conclusions**

Rent Comparables:	From \$41.00-\$90.00/SF, NNN
Published Rates:	\$38.00/SF, this is for general retail space, inferior to space with restaurant build out.
Actual Income:	The property is owner occupied.
Market Rent Conclusion:	Market Rent is estimated at \$60.00/SF, NNN.

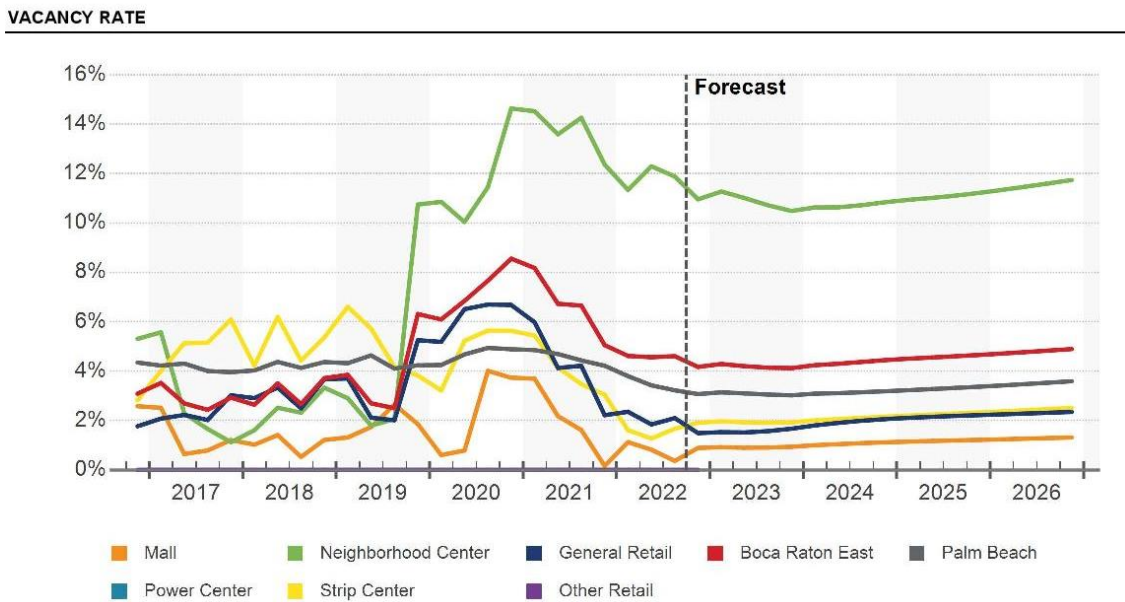
**Potential Gross Income**

The subject potential gross income, based on estimated Market Rent, is presented in the table below:

Income Breakdown	Annual Income	Per SF
Estimated Market Rent	\$ 453,600	\$ 60.00
<b>Potential Gross Income (PGI)</b>	<b>\$ 453,600</b>	<b>\$ 60.00</b>

**Vacancy and Collection Loss**

Submarket vacancy rates from the most recent CoStar market report are presented below:



The subject is owner occupied.

For appraisal purposes a 5% stabilized vacancy and collection loss is estimated.

## **Expense Analysis**

---

There are three categories of expenses, which are to be considered in the operation of a typical income property: fixed, operating, and reserves for replacement.

**Fixed expenses** include real estate taxes and insurance. These expenses do not fluctuate with occupancy.

Under the NNN expense structure, tenant is responsible for payment of property taxes and insurance.

In addition to the fixed expenses, there are other costs incurred in the operation of the property. These **operating expenses** are considered necessary for the preservation of the asset's income-producing potential. Operating expenses for a typical income property includes management, utilities, janitorial, building maintenance, supplies, legal and accounting, and additional items including advertising.

Operating expenses as reported are estimated.

Estimated administrative expense of 3% of PGI is used, along with an estimated \$1,000 legal and professional fee expense.

The third expense category is **reserves for replacement**. It is a fact that short-lived building components will require periodic replacement over the economic life of the subject property. The prudent investor would set aside a portion of the project income each year so that adequate funds are available for such capital replacement. The required reserves for replacement should be typical of similar properties for the remainder of the economic life of the improvements.

Reserves are estimated at 2% of PGI.

---

**Capitalization Rate**

**MORTGAGE EQUITY BAND OF INVESTMENT**

The band of the investment technique has been utilized as a crosscheck to the subsequent techniques. The analysis is shown in the following tables.

Input Variables & Summary	
Mortgage Ratio (LTV)	70%
Interest Rate	5.00%
Term (Years)	30
Equity Yield Rate	7.00%
Annual Constant	6.44%
Weighted Rate	6.61%

Annual Constant	
Present Value	-1
Number of Payments	360
Monthly Interest	0.4167%
Monthly Payment	\$0.005368
Monthly Payment X 12	
=	X 12 = Annual Constant
\$0.005368 X 12	= 0.0644186 6.442%

STEP 1			
Mortgage Ratio	X	Annual Constant	
70.00%	X	6.44%	4.51%
Equity Ratio	X	Equity Ratio	
30.00%	X	7.00%	2.10%
		Weighted Rate	
		=	6.61%

**Capitalization Rates from Local Improved Sales**

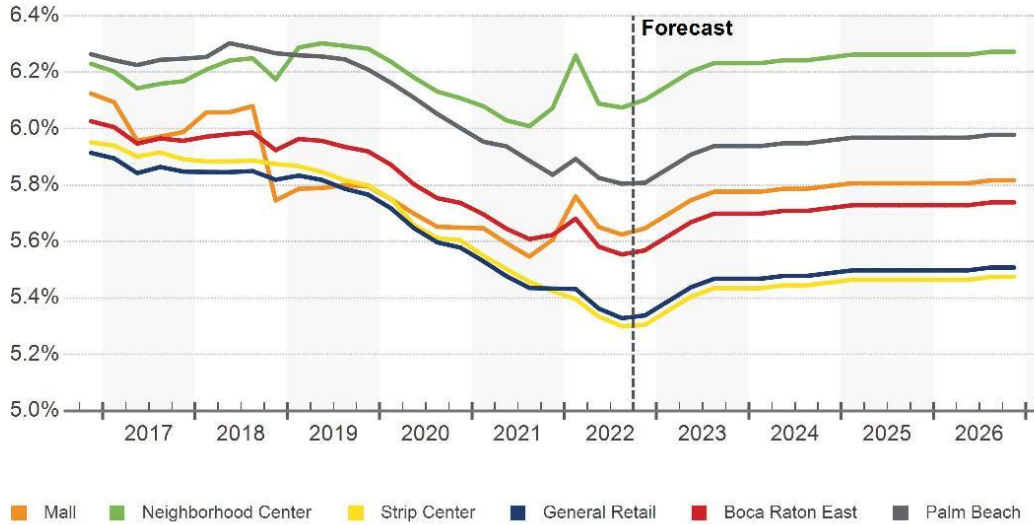
In addition, market participants were consulted. According to conversations with broker and investors in the area, typical capitalization rates for this type and class of property are 4.0-6.0%.

Published Rates

Sales

Boca Raton East Retail

MARKET CAP RATE



Capitalization Rate Conclusion

The capitalization rates from each indication are presented below:

<b>Band of Investment</b>	<b>6.61%</b>
<b>Published Rates</b>	<b>5.40%</b>
<b>Broker Reported Rates</b>	<b>4.0-6.0%</b>
<b>Reconciled Capitalization Rate</b>	<b>5.00%</b>

In selection of a capitalization rate, weight is given to each indication.

**Direct Capitalization Summary**

<b>Income Breakdown</b>	<b>Annual Income</b>	<b>Per SF</b>
Estimated Market Rent	\$ 453,600	\$ 60.00
<b>Potential Gross Income (PGI)</b>	<b>\$ 453,600</b>	<b>\$ 60.00</b>
<b>Vacancy and Collection Loss</b> 5.0%	<b>\$ 22,680</b>	\$ 3.00
<b>Effective Gross Income (EGI)</b>	<b>\$ 430,920</b>	\$ 57.00
<b>Expense Breakdown</b>	<b>Annual Expense</b>	<b>Per SF</b>
Real Estate Taxes	Tenant	
Property Insurance	Tenant	
Administrative	\$ 13,608	\$ 1.80
Utilities	Tenant	
Repairs & Maintenance	\$ 10,000	\$ 1.32
Legal/Accounting	\$ 1,000	\$ 0.13
Replacement Reserves	\$ 9,072	\$ 1.20
<b>Total Expenses</b>	<b>\$ 33,680</b>	<b>\$ 4.46</b>
<b>Expense Ratio (Expenses/EGI)</b>	<b>7.82%</b>	
<b>Net Operating Income (NOI)</b>	<b>\$ 397,240</b>	\$ 52.54
<b>Capitalization Rate</b>	<b>5.00%</b>	
<b>Value</b>	<b>\$ 7,944,800</b>	
<b>Rounded</b>	<b>\$ 7,940,000</b>	

**Income Capitalization Approach Value Conclusion**

**Market Value Estimate**

<b>Indicated Value by Income Approach:</b>	<b>\$7,940,000.00</b>
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## Reconciliation and Final Value Estimate

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In this section of the report, the appraisers bring together all of the data gathered during the appraisal, culminating with their opinion of the most probable value. It is in this section, they summarize their thoughts about the property to reconcile the value indicators into a final conclusion. Your attention is directed to the following which summarizes the value estimates presented throughout this report.

### MARKET VALUE CONCLUSIONS

Valuation Methodology	Value
Sales Comparison Approach	\$ 8,320,000
Income Approach	\$ 7,940,000
<b>Reconciled Value</b>	<b>\$ 8,200,000</b>

The **Sales Comparison Approach** is based on comparison between the subject property and similar properties which sold within a reasonable period prior to the date of appraisal, and which are capable of providing insight into the valuation of the subject property. Units of comparison are examined and developed and after making the appropriate adjustment for differences such as Location and physical characteristics, are then applied to the subject to derive an indication of value. Critical in this valuation methodology, is the availability of sufficient market comparables with which to make valid comparisons. In this case, several sales of similar buildings were considered. This approach is considered a reliable and primary indicator of value.

The **Income Approach** measures value by capitalization of the net income from the real estate. The potential gross income is based on estimated Market Rent. The income approach also relies on sufficient income information for the comparable properties to derive an accurate capitalization rate. The capitalization rate is well supported by rates derived from sales of similar buildings, band of investment method and published rates and is considered reliable. These types of properties can be either owner occupied, or purchased for their income production potential. The Income Approach is therefore considered a secondary and supporting indicator of value.

### Final Market Value Estimate

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The Market Value of the Fee Simple interest of the subject property in "as is" condition, as of November 08, 2022, is estimated to be:

**EIGHT MILLION TWO HUNDRED THOUSAND DOLLARS**

**\$8,200,000**



**CERTIFICATION OF VALUE**

THE APPRAISER/S HEREBY CERTIFIES/Y:

- 1. That he/they have no undisclosed interest in the subject property and the object of this appraisal, either past, present or contemplated. That his/their employment and compensation for rendering his/their opinion in this report is/are not contingent upon the value found, nor upon anything else other than the delivery of this report for the predetermined fee.
- 2. That to the best of his/their knowledge and belief, everything contained in this report is true, that no important facts have been overlooked or withheld from the report and that no one provided significant real property appraisal assistance to the person/s signing this certification.
- 3. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and they are his/their personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- 4. That the appraisal has been made and the report rendered strictly in accordance with guidelines established by the Uniform Standards of Professional Appraisal Practice promulgated by the Appraisal Standards Board of the Appraisal Foundation; and Title XI of the Federal Financial Institution Reform Act of 1989. The use of this report is subject to the requirements of the State of Florida relating to review by the Real Estate Appraisal Sub-committee of the Florida Real Estate Commission.
- 5. That the estimated value of the property described herein is as defined elsewhere in this report and that the contract for the appraisal of said premises is fulfilled by the signer/s hereto upon the delivery of this appraisal duly executed.
- 6. The signor of the report has personally inspected the subject property.
- 7. The signor of this report has performed no services, appraisal or otherwise, related to the subject property in the three years preceding acceptance of this assignment.
- 8. The appraisal is of the date specified in this report, and only covers the premises described, 1424 N Federal Highway, Boca Raton, FL 33432.

The Market Value of the Fee Simple interest of the subject property in "as is" condition, as of November 08, 2022, is estimated to be:

**EIGHT MILLION TWO HUNDRED THOUSAND DOLLARS**

**\$8,200,000**

Jeff Michael, State-Certified General Real Estate Appraiser, RZ 3042

## ASSUMPTIONS AND LIMITING CONDITIONS

I/we assume no responsibility for matters legal in nature, nor do I/we render any opinion as to the title, which is assumed to be marketable. The property is appraised as though under responsible ownership.

The sketch in this report is included to assist the reader in visualizing the property, and I/we assume no responsibility for its accuracy. I/we have made no survey of the property and no responsibility is assumed for this matter.

I/we are not required to give testimony or appear in court because of having made this appraisal with reference to the property in question, unless previous arrangements have been made therefore.

The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.

I/we assume that there are no hidden or unapparent conditions of the property, subsoil or structures, which would render it more or less valuable. I/we assume no responsibility for such conditions or for engineering, which might be required to discover such factors.

Information, estimates and opinions furnished to me/us and contained in this report were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy can be assumed by me/us.

Neither all nor any part of the contents of this report, or copy thereof, shall be used for any purpose by any but the client without the previous written consent of the appraiser/s and/or of the client; nor shall it be conveyed by any, including the client, to the public through advertising, public relations, news, sales or other media, without the written consent and approval of the authors, particularly as to valuation conclusions, the identity of the appraisers, or a firm or firms with which he is connected, or any reference to any professional society or institute or any initialed designations conferred upon the appraisers.

Both legal descriptions and dimensions are taken from sources deemed authoritative; however, no responsibility is assumed.

A survey, by a licensed surveyor or engineer, is recommended.

Value is reported in Dollars on the basis of the national economy prevailing on the date of the appraisal. The appraisal is of the date specified and covers only the described premises. The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

The reader is reminded that when the replacement cost estimate is developed in the report, it is a fair assumption, but nevertheless an assumption which could very well be an over or under estimate since the appraiser is not an expert in construction and should only be used as a guide to any decision. A general contractor or architect should be consulted for an expert opinion.

To the best of my/our knowledge and believe, the appraisal complies with the guidelines established by the Uniform Standards of Professional Appraisal Practice promulgated by the Appraisal Standards

Board of the Appraisal Foundation; and Title XI of the Federal Financial Institution Reform Act of 1989.

The principal signatory of this appraisal is a State Certified General Appraiser in the State of Florida and has completed all continuing education requirements for certification until November 2022.

All other persons signing this appraisal are properly registered with the DBPR Board of Real Estate in Florida and have completed all continuing education requirements through November 2022.

ENVIRONMENTAL DISCLAIMER: Routine inspection of and inquires about the subject property did not develop any information that indicated any apparent significant hazardous substances or detrimental environmental conditions which would affect the property negatively. This notwithstanding, the value estimated in this report is based on the assumption that the property is not negatively affected by the existence of hazardous substances or detrimental environmental conditions. It is possible that tests and inspections made by a qualified hazardous substance and environmental expert would reveal the existence of hazardous materials and environmental conditions on or around the property that would negatively affect its value.

Clearly observable, possible hazardous conditions within the neighborhood, or proximity to the subject property, are addressed in the body of this report. Possible hazardous conditions include stored chemicals, wastes, storage tanks and materials potentially containing asbestos or PCB's. Any market indicated penalties or premiums would be dealt with in the market data analysis.

The American with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey analysis to determine whether or not property is in compliance with act requirements. It is possible that a compliance survey report could reveal that the property in not in compliance with some of the requirements. If so, this could have a negative effect upon the value. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of the ADA in estimating the value of the property.

**QUALIFICATIONS OF THE APPRAISER**

Jeff Michael  
2700 NE 135 Street, #6  
.Miami, Florida 33181  
..Telephone (786) 348-8999

**WORK HISTORY:**

- 2014 to Present      Special Magistrate, Property Tax Appeals, Miami-Dade County Value Adjustment Board
- 2001 to Present      Commercial Real Estate Appraiser
- 2000 to 2001        Assistant Commercial Loan Underwriter, Skymar Capital Corporation
- 1999 to 2000        Residential Mortgage Loan Processor, Wells Fargo Bank

**PERSONAL:**

Engaged full time in real estate since 1999. Resident of Miami-Dade County, Florida since 2000.

**LICENSES HELD IN THE STATE OF FL:**

State-Certified General Real Estate Appraiser (to 11-30-2022)

**EDUCATION:**

- 1992-1996, University of Oregon – Small Business & Entrepreneurship
- Appraisal Institute Course 550 – Advanced Applications
- Appraisal Institute Course 540 – Report Writing & Valuation Analysis
- Appraisal Institute Course 530 – Advanced Sales Comparison Approach and Income Approach
- Appraisal Institute Course 520 – Highest and Best Use and Market Analysis
- Appraisal Institute Course 510 – Advanced Income Capitalization
- AB-I Fundamentals of Real Estate Appraisal

AB-II Appraising Residential and Income Properties

AB-IIB Income Capitalization Techniques

15 Hour USPAP National Course

2002-2014 Continuing Education

**APPRAISAL SERVICES PROVIDED TO:  
PARTIAL LIST**

Ocean Bank

Total Bank

Banco Popular, NA

Union Credit Bank

Intercredit Bank

US Century Bank

Best Meridian Insurance Company

Starfund, LLC

BankAtlantic

Eastern National Bank

First Bank of Miami

One United Bank

Regions Bank

City of Miami

City of North Miami

Halpern & Associates

**APPRAISAL ASSIGNMENTS**

Assignments have included the appraisal of: Single family residential dwellings, duplexes, apartment buildings, shopping centers, office buildings, warehouses, condo conversions of offices, warehouses and apartment buildings, vacant land, acreage, subdivisions developments and special use properties such as gas stations, schools, libraries, churches, self storage facilities, etc.

Testimony as expert witness, in both bankruptcy and divorce courts of Miami-Dade & Broward County, Florida. Assignments have been completed throughout the State of Florida (Duval, Orange, Lee, Osceola, Polk, St. Lucie, Palm Beach, Charlotte, Collier, Sarasota, Miami-Dade, Broward & Monroe Counties).