



Street View of Subject Property



Aerial View of Subject Property

Report Format:	Evaluation in the form of a Restricted Appraisal Report
Report Name:	Midas
Client Information:	Bank X, client address
Property Address:	Subject address
Market Value Opinion:	\$1,000,000
Intended Use:	Loan underwriting and/or credit decisions
Intended User:	Bank X, not intended to be used by any other entity or person.
Date of the Report:	March 10, 2022
Effective Date:	March 20, 2022
Property Rights:	Leased fee interest
Approach Utilized:	Income Approach
Type of Value:	Market Value
Exposure/Marketing Time:	12 months
Property Submarket:	Submarket
Legal:	Legal description
Tax Id:	0000-0000-0000
Current Taxes and Assess.:	The current just market assessment for the property is \$736,000. The current total real estate taxes are \$8,384.
Current Use:	Automotive services
Projected Use:	Automotive services
Owner(s) of Record:	Property owner LLC
Sales History:	No sale of the property was noted in a five-year sale search. We are not aware that the subject is actively listed for sale or under contract.
Site Size:	29,221 square feet or 0.67 acres
Zoning Designation:	The subject is designated CG, "Commercial General" by the city of Sample City.
Gross Building Area:	3,956 square feet
Year Built:	1976
Remaining Economic Life:	20 years
Building Condition:	Average
Flood Zone:	X, flood insurance is not required. (panel x, dated x)

Site Description

The subject is located at the southeast quadrant of Road 1 just east of Road 2 in the city limits of Sample City. Along the subject segment, Road 1 is a six lane median divided road. There is no curb cut for westbound traffic in front of the subject site. Its intersection with Road 2, a two-lane road, is signalized. The subject site has a single point of ingress/egress from both of these roads.

No survey was provided. Based on the Sample County Property Appraiser's office, the subject site is generally rectangular with 135 feet on Road 1 and 220 feet on Road 2. The subject site comprises 29,221 square feet or 0.67 acres.

The subject site has a pylon sign at its northwest quadrant. There is limited but maintained landscaping. There are 11 striped parking spaces on site with additional land area for additional cars.

Improvements Description

The improvements reflect a three bay automotive repair shop 100% occupied by Midas. Construction reflects concrete block with a flat roof comprising 3,956 square feet.

The entrance to the building is along its northern elevation facing Road 1. Each of the bays have two car lifts with an additional car left outside of the building along the site's eastern boundary.

On the building's western end is a customer waiting areas. Interior buildout reflects vinyl flooring and painted drywall with acoustical drop tile ceiling grid system with recessed fluorescent lighting. In the auto repair area is concrete floor, concrete block walls and open ceiling joist system.

Constructed in 1976, the improvements are currently in average condition with no significant items of deferred maintenance. The building is functional for its intended purpose as auto repair.

Neighborhood

The subject neighborhood is considered stable, with moderate evidence of growth. The majority of the commercial roads, specifically Road 1 and Road 2, are largely built out. New construction, which is limited to a few developments, reflects in-fill locations. Some older buildings have been retrofit to become economically viable since available developable land is scarce in this area of Sample County.

The subject neighborhood is typical of other areas of Sample County with intense commercial development along the principal arterials and supporting residential development. Development along Road 1 reflects anchored and unanchored shopping centers, restaurants, branch banks, and numerous other commercial uses. The very heavy traffic volume along Road 1 is a principal motivation of many businesses to be situated along this arterial.

Market Overview

The subject is 100% leased to a Midas franchisee. Midas is one of the world's largest automotive services company offering maintenance, break, tires, suspension and steering. The franchise has over 2,000 locations including 13 countries. Midas started back in 1956.

Covid-19

COVID-19's long-term effects on commercial real estate are difficult to quantify. Organizations such as the Urban Land Institute, Costar, and CB Richard Ellis are surveying real estate professionals such as brokers, property managers, buyers/sellers, and appraisers to assist in keeping up with this situation.

As of March 2022, Florida had 36.2 million people have been vaccinated reflecting 66% of the population. With the vaccine and boosters available nationwide, a more hopeful attitude is emerging. Offices, restaurants and general socializing are normalizing. More recently, subsequent variants have resulted in increased infections but not deaths. Hospitalizations continue with the unvaccinated. Schools are open with masking rules in Florida largely gone.

The subject was operating under normal hours at the time of our inspection. It is our understanding that the tenant has not been impacted by Covid and continues to pay their contractual lease rent. The majority of the market data in this report took place after the start of pandemic. Therefore, it is our opinion that the subject is not substantively impacted by Covid.

Highest and Best Use

The site is designated "Commercial General" (CG) land use by the city of Sample City. The city of Sample City does not utilize zoning classifications. This is a mixed use designation applied to those areas considered appropriate for development with uses intended to provide commercial goods and services on a citywide basis, with the objective of encouraging consolidated commercial centers providing for the full spectrum of commercial uses.

Allowable uses include branch banks, supermarkets, shopping centers, car washes, automotive repair, restaurants, bars, convenience stores, gas stations, etc. The following reflects the land use designations. The subject conforms to the zoning restrictions.

It is our opinion that the highest and best use of the subject as if vacant would be for various commercial uses commensurate with the development character of the area such as automotive, retail and to a lesser extent office. The highest and best use as improved is its current use as an auto repair shop. A typical buyer of the subject would be a local investor or end-user. With the highest and best use identified, we can proceed with our valuation.

Valuation



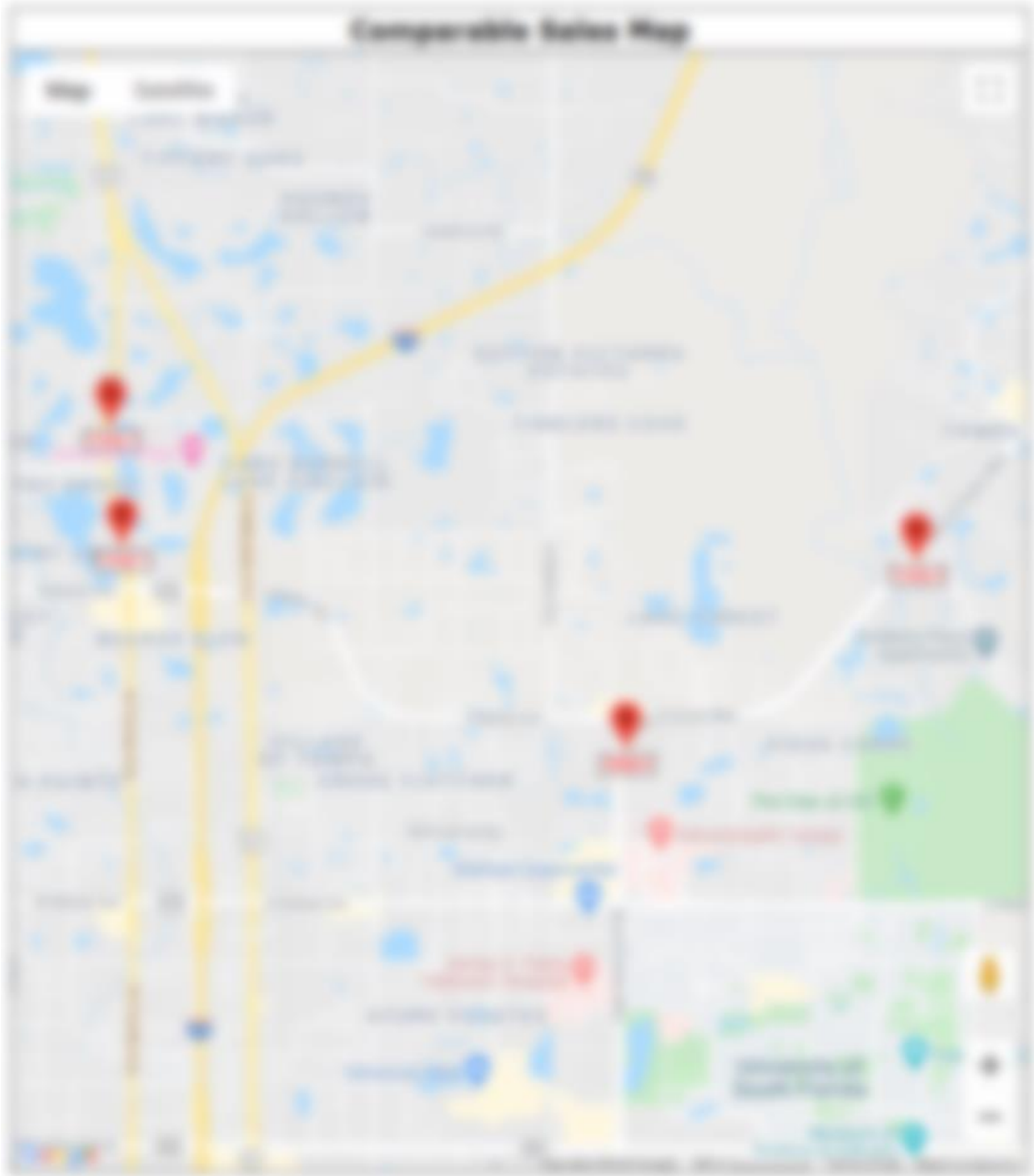
Rent Comp 1: The property is located at Comp 1 address in Sample City. This is an average location along Road 1 in Sample County. The improvements reflect an auto repair facility comprising 4,320 square feet. The single story building was constructed in 1987. The property is fully leased to Right Way Auto Air & Repair. The average lease term is three years and the rental rate is \$17.00 per square foot on a modified gross basis.



Rent Comp 2: The property is located at Comp 2 address in Sample City. This is an average location along Road 1 in southern Sample County. The improvements reflect an auto repair facility comprising 7,482 square feet. The two story building was constructed in 1965. The property is fully leased with a Kings Custom Rebuilt Transmissions. The average lease term is 15 years and the rental rate is \$18.50 per square foot on a triple net basis.



Rent Comp 3: The property is located at Comp 3 address in Sample City. This is an average location along Road 1 in Sample County. The improvements reflect an auto repair facility comprising 1,334 square feet. The single story building was constructed in 1955. The property is fully leased to Michelle's Fast Car Sales. The average lease term is three years and the rental rate is \$21.82 per square foot on a triple net basis.



Rent Comparables Map

The subject reflects a 20 year lease to Midas with three years remaining. There are two two-year options. Rent is currently \$84,272 per year, \$21.30 per square foot or \$7,023 per month. Lease terms are on absolute net basis with a pass through for real estate taxes, insurance, maintenance/repair and management.

The subject lease was generally considered to be at market bracketed by the above rent comparables. We then presented the following pro forma based on the subject's actual lease. Common area maintenance (CAM) was input based on the estimated reimbursable totaling about \$4.40 per square foot. We then deducted a 3% vacancy and collection loss estimate.

Real estate taxes were based on the current assessment and millage rate. Insurance was estimated at \$0.65 per square foot. Maintenance/repairs was estimated at \$1.00 per square foot or \$330 per month. Given the single tenant nature of the building, management was impotent 3% of the effective gross income. Reserves for replacement of short-lived items was input at \$0.30 per square foot. Total expenses equated to \$4.82 per square foot or 19% of EGI.

Pro Forma				
Potential Gross Income				
Sq. Ft.		/Month	/SF	Per Annum
3,956	Midas	\$7,022	\$21.30	\$84,267
	Common Area Maintenance (CAM)		\$4.40	\$17,400
	Less: Vacancy & Collection Loss	3%		\$2,520
	Effective Gross Income			\$99,147
Expenses				
	% of EGI	Per Month	Per Sq. Ft.	
Fixed				
Real Estate Taxes	8%	\$699	\$2.12	\$8,384
Insurance	3%	\$214	\$0.65	\$2,571
Variable				
Maintenance & Repair	4%	\$390	\$1.00	\$4,680
Management	3%	\$248	\$0.75	\$2,974
Utilities	0%	\$0	\$0.00	\$0
Reserves	1%	\$80	\$0.30	\$,960
Total Expenses	19%	\$1,589	\$4.82	\$19,079
Net Operating Income	81%	\$6,678	\$20.24	\$80,078

The resulting net operating income (NOI) can be converted into value through direct capitalization. This is accomplished by dividing the NOI by an overall rate reflective of the property's perceived risk relative to other real estate and non-real estate investments.

Considering the subject's characteristics as an automotive repair shop, its location in Sample City, the improvement's effective age/condition, quality and duration of the lease terms, plus demand for this type of space in this market at this time, we have selected an 8.0% capitalization rate.

The NOI is transformed into a value estimate by the formula $V = I/R$, where $V =$ value, $I =$ NOI and $R =$ overall rate. Therefore, the following capitalizes value for the property: $\$80,073 \div 8.0\% = \$1,000,913$

Reconciliation

Based on the foregoing, we determined the "As Is" Leased Fee Interest Market Value for the subject property at \$1.0 million or \$253 per square foot. As a general crosscheck, we analyzed sales of automotive repair shops in the Tampa Bay area. For example, an auto repair shop located at 12204 N. Florida Avenue in Tampa comprises 4,536 square feet and was constructed from 2012 to 2013. The property was purchased in March 2021 for \$1.2 million or \$265 per square foot.

Another sale of note is 3201 54th Avenue North in St. Petersburg. This 1,024 square foot auto repair shop is much inferior to the subject since it was constructed in 1950. The property was purchased in October 2020 for \$190,000 or \$186 per square foot reflecting an 8.5% capitalization rate.

A third sale we reviewed was a 4,395 square foot auto repair shop located at 3231 Lithia Pinecrest Road. This property was purchased in October 2020 for \$2.112 million or \$481 per square foot.

The market value opinion is based on a 12-month marketing and exposure period.

"As Is" Leased Fee Interest Market Value Opinion: \$1,000,000

Preparer:

Appraiser
State-Certified General Appraiser #
Appraisal Firm
Appraiser Address
Appraiser Phone
Appraiser Email

Subject Photos



Subject Exterior View



Subject Exterior View



Subject Exterior View



Subject Exterior View



Interior View



Interior View



Interior View



Interior View

Sample

Disclaimers, Scope of Work, and Market Value Definition

Disclaimers: This report is an Evaluation developed in compliance with the development and content requirements of the Interagency Appraisal and Evaluation Guidelines contained in the Federal Register Volume 75, No. 237 issued December 10, 2010 as allowed by The State of Florida HB 927 effective October 1, 2017.

This report also adheres to USPAP (2020-2021) standards for development and reporting of a Restricted Appraisal Report. Therefore, this report is an Evaluation in the form of a restricted appraisal.

This Evaluation is intended for internal use only by the client, Bank X, and is not intended for any third-party use. The client is hereby notified that the appraiser's opinions and conclusions set forth in the report may not be understood properly without additional information contained in the appraiser's work file.

This Evaluation is intended to provide a credible value opinion based on the client's intended use and is intended to be used for transactions that qualify for the appraisal threshold exemption, business loan exemption, or subsequent transaction exemption outlined in the 2010 Interagency Appraisal and Evaluation Guidelines. This Evaluation is not intended to be used for transactions that do not meet these exemptions.

Scope of Work: We collected factual information about the subject property and the surrounding market. Our research included Costar, Loopnet, and to some degree the Sample County Property Appraiser's Office. We inspected the interior and exterior of the subject building.

Methodology:

Definition of Market Value¹: Market Value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

¹Definition is from regulations published by federal regulatory agencies pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989 between July 5, 1990, and August 24, 1990, by the Federal Reserve System (FRS), National Credit Union Administration (NCUA), Federal Deposit Insurance Corporation (FDIC), the Office of Thrift Supervision (OTS), and the Office of Comptroller of the Currency (OCC). This definition is also referenced in regulations jointly published by the OCC, OTS, FRS, and FDIC on June 7, 1994, and in the Interagency Appraisal and Evaluation Guidelines, dated October 27, 1994.

Assumptions

1. It is assumed that title to the property is clear and marketable and there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. The Appraisal Firm, Inc. has not examined title and makes no representations relative to the condition thereof.
2. It is assumed that surveys and/or plats furnished to, or acquired by, the preparer and used in the making of this report are correct. It is assumed that the utilization of the land and improvements is within the boundaries or property lines as described in the report, and there is no encroachment or trespass.
3. The Appraisal Firm, Inc. has not retained independent engineer(s) or architect(s) in connection with the report and therefore, makes no representations relative to conformance with approved architectural plans, specifications, or recommendations contained in or based on any soil(s) report.
4. It is assumed that all factual data furnished by the client, property owner, owner's representative, or persons designated by the client or owner are accurate and correct unless otherwise specifically noted in the report. Any material error in the gathered data could have substantial impact on the conclusions reported; as a result, The Appraisal Firm, Inc. reserves a right to amend conclusions reported if made aware of such an error.
5. It is assumed that there are no mineral or sub-surface rights of value involved in the report and there are no other development rights of value that may be transferred. Subsurface rights, minerals and oils, were not considered.
6. The existence of hazardous material, which may or may not be present on the property, was not observed by the preparers. The preparers have no knowledge of the existence of such material on or in the property. The preparers, however, are not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated ground water, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated upon the assumption that there is no such material on or in the property that would cause loss in value or affect its marketability.
7. It is assumed that the property or properties described are structurally sound, seismically safe, and that all building systems (mechanical, electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required. It is assumed that the improvements as currently constituted conform to all applicable local, state, and federal building codes and ordinances.
8. No rights to expert testimony, pretrial or other conferences, disposition, or related services are included in this Evaluation. If as a result of this undertaking, The Appraisal Firm, Inc. or any its officers, professionals, and/or consultants are requested or required to provide any of the foregoing services, such shall be subject to the availability of The Appraisal Firm, Inc.'s professionals or consultants at the time and shall further be subject to the party or parties requesting or requiring such services paying the then applicable professional fees and expenses.
9. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. The Appraisal Firm, Inc. has not made a specific compliance survey with The Americans with Disabilities Act ("ADA").
10. Neither all nor any of the contents of the report shall be conveyed to the public through advertising, public relations, news, sales or other media without written consent and approval of The Appraisal Firm, Inc. This Evaluation is intended for internal bank use only.

Certification

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

- ✔ The statements of fact contained in this report are true and correct.
- ✔ The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- ✔ 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.
- ✔ We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- ✔ Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- ✔ The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- ✔ The signatories of this appraisal report nor the Appraisal Firm have been sued by a regulatory agency or financial Institution for fraud or negligence involving an appraisal report.
- ✔ Compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in 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.
- ✔ Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, 2020-2021 Edition.
- ✔ Appraiser has made a personal inspection of the property that is the subject of this report.
- ✔ No one provided significant real property appraisal assistance to the persons signing this certification.
- ✔ Our analyses, opinions, and conclusions have been developed, and this report has been prepared, in compliance with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of The Appraisal Foundation, and in accordance with the appraisal-related mandates within Title XI of the Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). This report was also prepared in conformance with the State of Florida Standards for Certified General Real Estate Appraisers.

- ✔ We have not relied on unsupported conclusions relating to characteristics such as race, color, religion, national origin, gender, marital status, familial status, age, receipt of public assistance income, handicap, or an unsupported conclusion that homogeneity of such characteristics is necessary to maximize value.
- ✔ It is our opinion that the subject does not include any enhancement in value as a result of any natural, cultural, recreational or scientific influences retrospective or prospective.
- ✔ We have extensive experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.
- ✔ The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- ✔ As of the date of this report, Appraiser MAI has completed the continuing education program for Designated Members of the Appraisal Institute.
- ✔ We have not relied on the work of others if we have a reasonable doubt that the work is credible.
- ✔ We have performed no services as an appraiser, or in any capacity, regarding the property that is the subject of this report within the three year period immediately preceding acceptance of this assignment.

Respectfully submitted,
THE APPRAISAL FIRM, INC.

Appraiser
State-Certified General Appraiser #

Qualifications

Sample