

Sarasota Commons Shopping Center

Our new Southside Athletic Club is a huge success, and has been voted the top athletic club in Sarasota County. We are currently 100% occupied at this property. Publix has decided to extend its lease and remodel their store.

We are currently distributing to our partners a cash rate of return equal to 21% on their original investment. We are also maintaining significant reserves for a future roof replacement in addition to paying down our mortgage. This property has in all likelihood experienced the greatest increase in value to date as a result of new tenants and improvements made since our acquisition in 1994.

Sunset Plaza

Sunset Plaza was sold in 2001, although the closing occurred in early 2002, at a significant increase in overall value. Nevertheless, the profitability of the property had always been limited in potential and therefore we were glad to see it sold. We look forward to concentrating our focus on properties with a credit income and preferably grocery store anchor tenants.

Brickell Properties

The new apartment building next door to Brickell Station Associates is almost completed and a second apartment building has broken ground between 12th and 13th Streets, which will be twin towers. The 78-floor Millennium project is almost topped out and the Espirito Santo Plaza is well underway. The face of the neighborhood is changing daily. Publix will be building a second store on S.W. Third Avenue and S.W. 7th Street and will now have two Publix stores in the same neighborhood within one mile of each other. We have put our Brickell Oaks property on the market for \$3.3 million. Our original acquisition cost for Brickell Oaks was \$240,000, with an original equity of \$68,000. Hopefully, next year we will be able to report a sale.

Strip Malls Centered on Supermarkets Pull in the Investors

Wall Street Journal – April 12, 2002

Grocery-anchored strip centers are hot as investors flock to a relatively safe asset class in turbulent economic times...

Strip shopping centers as a class are highly valued by investors in real-estate investment trusts. Shares of strip-center REITS are trading at a premium of about 16% above the net value of their assets, compared with 7% for office REITS and 12% for REITS overall, Green Street said.

Delray Towne Center

We have leased the only remaining site in the center, which was a vacant outparcel and a building is under construction for this new tenant.

Commodore Realty

The Commodore team continues to remain committed to (1) a quality product; (2) conservative management (3) adding value to our properties; and (4) better than market rates of return to our partners.

Max D. Puyanik
Chief Executive Officer
April 2002

REPORT FROM THE BRIDGE

Annual Report
April 2002



**Sarasota Crossings
Shopping Center**



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I am often asked about the rate of return we are distributing to our partners.

Commercial real estate is often valued in direct proportion to the rate of return generated. The factor or multiple used to establish this value is greatly dependent upon the degree of risk associated with ownership. We have followed a policy of conservative investments with low risk. Our policy of low risk has resulted in investments in food-anchored shopping centers with the belief that this property group will continue to provide the necessities of life in both good times and bad times. We also believe in maintaining reserves for future contingencies such as capital improvements, tenant turnover, unforeseen emergencies and changes in the economic climate. Finally, we have also financed our properties with mortgages that are conservative in relationship to overall property value, having a fixed rate of interest and a fully amortized principal balance with the belief that in good times and bad, so long as the mortgage is paid, the property will never be the subject of distressed conditions. Keeping this philosophy in mind, in this Report From the Bridge, we have provided not only a status report on the properties but a rate of return we are currently distributing to our partners.

Overall, 2001 was good to Commodore Realty, as we made substantial inroads on filling our vacancies with quality new tenants. We moved forward with our plan to search for another commercial acquisition, and after looking at many properties throughout the year, settled upon an acquisition. We have under contract, and are in a due diligence and financing contingency phase, the Sarasota Crossings Shopping Center, a Publix-anchored investment grade property with incredible tenants and a location that will grow in importance and value throughout the coming years.

Tavernier Towne Shopping Center

We are now in the process of obtaining bids on the revised plans from selected contractors.

We concluded a deal with Community Bank to take our outparcel and their plans require an amendment to our Development Order to allow a slight change in site plan for their anticipated building. We have filed our application with the Monroe County Planning Department to amend our Development Order and are currently awaiting a hearing date.

The remodeled movie theater at Tavernier Towne is doing a fabulous business and grosses almost twice as much per square foot than prior to the remodeling. This increase in sales at the Tavernier Towne Twin Cinema provides confirmation that the expanded Cinema will enjoy a great deal of success as well.

Our partners at Tavernier Towne are receiving a distribution equal to 9% of their original investment. In the case of Tavernier Towne, distributed rate of return cannot be the only criteria for our success. This property has been the subject of an expansion throughout the period of our ownership and this expansion is still not totally completed. Nevertheless, a few interesting facts help to tell this story. Tavernier was originally acquired as a 64,757 square foot property. Today, after the expansion of the Winn Dixie Store and adding the Post Office and Blockbuster Video, totally remodeling the premises and putting a new roof on both Phase I and Phase II, we stand at 106,529 square feet of building. It was originally 10 acres of land and today exceeds 20 acres. When purchased it had a few years remaining on the Winn Dixie lease and now we have a 20 year lease with Winn Dixie and a 30-year term with the Post Office. The remaining expansion will bring the property to a total size of 118,629 square feet. Much of this progress has been paid out of income while maintaining the distribution to partners.

Upon its completion, this property will be one of a kind in Monroe County, Florida.

Trafalgar Square Shopping Center

Trafalgar Square Shopping Center is 98% occupied. The shoe store we put into our last 2,000 square feet failed and we are now negotiating with a computer store which will provide both computer products and service.

We completed the final requirements of the Department of Environmental Protection and recently received a Site Rehabilitation Completion Order regarding the environmental contamination that existed at Trafalgar Square at the time of acquisition. The neighborhood surrounding the center is in a building boom and the future of this property will be greatly affected by the growing population. After refinancing and a partial payback, our partners are receiving a distributed rate of return equal to 33-1/3% on their money.

Bird Bay Plaza

We entered into a new lease for three vacant spaces totaling 7,800 square feet at the Bird Bay Plaza during the year 2000, with an oriental buffet. The tenant also operates the Oriental Buffet on Bee Ridge Road in Sarasota, which is one of the most popular and busy restaurants in the entire Sarasota market. We anticipate their reputation and good operation to generate a lot of new traffic at the Bird Bay Plaza. We have still not rented our athletic club space and are looking for a prospective tenant who would work closely with the medical community and the hospitals to provide rehabilitative therapy. Considering the age demographic of the Venice market, we feel this would be a great addition to the Bird Bay Plaza.

We have completed sealcoating and striping of the parking lot and are in the process of painting the premises; adding landscaping and installing new faux stone finish on the façade. This property continues to have the same cash distribution to its partners today as when it was originally acquired. The rate of return, however, cannot be calculated because our partners have received 100% of their investment back at the time of refinancing.