

**SUMMARY REPORT
REAL ESTATE APPRAISAL**

**Of
Nine Mile Road Navy Site 8**



Nine Mile Road, Pensacola,
Escambia County, Fl, 32526

As of
November 18, 2013

Prepared For
Mr. Jim Cronley
Terhaar & Cronley General Contractors
1401 E. Belmont St.
Pensacola, Florida
32501

Prepared by
HOFFMAN & ASSOCIATES, P. A.
Terry G. Hoffman, MAI, FL-State-Certified General Real Estate Appraiser RZ46



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November 18, 2013

Mr. Jim Cronley
Terhaar & Cronley General Contractors
1401 E. Belmont St.
Pensacola, Florida
32501

Re: Summary Report, Real Estate Appraisal
Nine Mile Road Navy Site 8
Nine Mile Road, Pensacola,
Escambia County, Fl, 32526

Dear Mr. Cronley:

At your request, we have prepared an appraisal for the above referenced property, which may be briefly described as follows:

This is approximately 640 acres of vacant land of which we have determined approximately 474 acres usable and the rest in wetland and low areas.

Please reference page 13 of this report for important information regarding the scope of research and analysis for this appraisal, including property identification, inspection, highest and best use analysis and valuation methodology.

Mr. Cronley
Terhaar & Cronley General Contractors
November 18, 2013
Page 2

We certify that we have no present or contemplated future interest in the property beyond this estimate of value. The appraiser has not performed any prior services regarding the subject within the previous three years of the appraisal date.

Your attention is directed to the Limiting Conditions and Assumptions section of this report (page 11). Acceptance of this report constitutes an agreement with these conditions and assumptions. In particular, we note the following:

Hypothetical Conditions:

- There are no hypothetical conditions for this appraisal.

Extraordinary Assumptions:

- There are no Extraordinary Assumptions for this appraisal.

Based on the appraisal described in the accompanying report, subject to the Limiting Conditions and Assumptions, Extraordinary Assumptions and Hypothetical Conditions (if any), we have made the following value conclusion(s):

Current As Is Market Value:

The "As Is" market value of the Fee Simple estate of the property, as of November 18, 2013, is

\$4,750,000

Four Million Seven Hundred Fifty Thousand Dollars

The market exposure time¹ preceding November 18, 2013 would have been 9 to 12 months and the estimated marketing period² as of November 18, 2013 is 9 to 12 months.

This appraisal is not a building inspection, structural inspection, environmental inspection or pest inspection. By preparing this report, the appraiser is not acting as a building inspector, structural engineer, environmental specialist or pest inspector. In performing the limited inspection of this property, areas that were readily accessible were visually observed and the review is superficial only. This inspection is not technically exhaustive and does not offer warranties or guarantees of any kind. We advise our clients and/or the client's agents or assignees to have the property inspected by a professional in that

¹ Exposure Time: see definition on page 9.

² Marketing Time: see definition on page 9.

specific field that offers such warranties or guarantees if there are any concerns of adverse or negative conditions.

Respectfully submitted,
Hoffman & Associates, P. A.

A handwritten signature in black ink, appearing to read "Terry G. Hoffman", with a long horizontal flourish extending to the right.

Terry G. Hoffman, MAI
FL-State-Certified General Real Estate
Appraiser RZ46

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Summary of Important Facts and Conclusions

GENERAL

Subject: Nine Mile Road Navy Site 8
 Nine Mile Road, Pensacola,
 Escambia, FL, 32526

This is approximately 640 acres of vacant land of which we have determined approximately 474 acres usable and the rest in wetland and low areas.

Owner: United States Government Department of Navy

Legal Description: The East 1/2 and the E1/2 of the West 1/2 of Section 5, Township 1 South, Range 31 west, and the West 1/2 of the West 1/2 of Section 4 Township 1 South, Range 31 West. All located in Escambia County, Florida.

Census Tract: 36.03

Date of Report: November 18, 2013

Intended Use: The intended use is for possible negotiations to purchase or trade this property for another property.

Intended User(s): The client and only the client.

Assessment:

Real Estate Assessment and Taxes										
Tax ID	Land	Improvements	Other	Total	City Rate	County Rate	Other Rate	Tax Rate	Taxes	Special Assessment
05-1S-31-1101- 000-000	\$4,027,050	\$0	\$0	\$4,027,050	\$0.00	\$15.26	\$0.00	\$15.26	\$61,443	\$0
05-1S-31-2201- 000-000	\$1,350,900	\$0	\$0	\$1,350,900	\$0.00	\$15.26	\$0.00	\$15.26	\$20,611	\$0
Totals	\$5,377,950	\$0	\$0	\$5,377,950					\$82,054	\$0

Note that there are no taxes because the subject property is federal property exempt from property taxes.

Sale History: The subject has not sold in the last three years, according to public records.

Current Listing/Contract(s): The subject is not currently listed for sale, or under contract.

Land:

Land Summary						
Parcel ID	Gross Land Area (Acres)	Gross Land Area (Sq Ft)	Usable Land Area (Acres)	Usable Land Area (Sq Ft)	Topography	Shape
Nine Mile R	640.00	27,878,400	474.00	20,647,440	Generally level with a slight slope.	Square

Improvements:

There are no major improvements located on the subject property.

See area definitions, page 10.

Zoning:

P Public District

Highest and Best Use of the Site:

is to purchase for future use as the market in Pensacola improves. The future use of the subject property could include a mix of residential, light neighborhood commercial and even light industrial or office use. Due to the large size of the subject property, such a development could be over the next 10 or so years similar to the Milestone Development several miles east of the subject that was also a Navy landing field.

VALUE INDICATIONS	
Land Value:	\$4,750,000
Reconciled Value(s):	<u>As Is</u>
Value Conclusion(s)	\$4,750,000
Effective Date(s)	November 18, 2013
Property Rights	Fee Simple

Definitions

Market Value:³

"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, knowledgeably and assuming the price is not affected by undue stimulus." Implicit in this definition is the consumption 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 each acting in what he considers his own best interest;
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;
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.

A **Fee Simple** estate is defined³ as:

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.

A **Leased Fee** interest is defined³ as:

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

Marketing Time is defined³ as:

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of the appraisal.

Marketing time differs from exposure time, which is always presumed to precede the effective date of the appraisal.

³ Office of Comptroller of the Currency (OCC) under 12 CFR, Part 34, Sub-Part C- Appraisals, 34.42 Definitions (g). This definition is also referenced in regulations jointly published by the OCC, OTS, FRS, and FDIC on July 7, 1994, and in the Interagency Appraisal and Evaluation Guidelines.

Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time.

Exposure Time is defined³ as:

1. The time a property remains on the market.
2. The estimated length of time 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.

See Marketing Time, above.

As Is Market Value

The estimate of the market value of the real property in its current physical condition, use and zoning as of the appraisal date.³

Stabilized Value

Stabilized value is the prospective value of a property after construction has been completed and market occupancy and cash flow have been achieved.⁴

As Complete Value

The prospective value of a property after all construction has been completed. This value reflects all expenditures for lease-up and occupancy that may be expected to have occurred at that point in time, which may or may not put the property at stabilized value.

⁴ Narrative1.com. Thomas W. Armstrong, MAI

Limiting Conditions and Assumptions

Acceptance of and/or use of this report constitutes acceptance of the following limiting conditions and assumptions; these can only be modified by written documents executed by both parties.

This appraisal is to be used only for the purpose stated herein. While distribution of this appraisal in its entirety is at the discretion of the client, individual sections shall not be distributed; this report is intended to be used in whole and not in part.

No part of this appraisal, its value estimates or the identity of the firm or the appraiser(s) may be communicated to the public through advertising, public relations, media sales, or other media.

All files, work papers and documents developed in connection with this assignment are the property of Hoffman & Associates, P. A.. Information, estimates and opinions are verified where possible, but cannot be guaranteed. Plans provided are intended to assist the client in visualizing the property; no other use of these plans is intended or permitted.

No hidden or unapparent conditions of the property, subsoil or structure, which would make the property more or less valuable, were discovered by the appraiser(s) or made known to the appraiser(s). No responsibility is assumed for such conditions or engineering necessary to discover them. Unless otherwise stated, this appraisal assumes there is no existence of hazardous materials or conditions, in any form, on or near the subject property.

Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, was not called to the attention of the appraiser nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test for such substances. The presence of such hazardous substances may affect the value of the property. The value opinion developed herein is predicated on the assumption that no such hazardous substances exist on or in the property or in such proximity thereto, which would cause a loss in value. No responsibility is assumed for any such hazardous substances, nor for any expertise or knowledge required to discover them.

Unless stated herein, the property is assumed to be outside of areas where flood hazard insurance is mandatory. Maps used by public and private agencies to determine these areas are limited with respect to accuracy. Due diligence has been exercised in interpreting these maps, but no responsibility is assumed for misinterpretation.

Good title, free of liens, encumbrances and special assessments is assumed. No responsibility is assumed for matters of a legal nature.

Necessary licenses, permits, consents, legislative or administrative authority from any local, state or Federal government or private entity are assumed to be in place or reasonably obtainable.

It is assumed there are no zoning violations, encroachments, easements or other restrictions which would affect the subject property, unless otherwise stated.

The appraiser(s) are not required to give testimony in Court in connection with this appraisal. If the appraisers are subpoenaed pursuant to a court order, the client agrees to pay the appraiser(s) Hoffman & Associates, P. A.'s regular per diem rate plus expenses.

Appraisals are based on the data available at the time the assignment is completed. Amendments/modifications to appraisals based on new information made available after the appraisal was completed will be made, as soon as reasonably possible, for an additional fee.

Americans with Disabilities Act (ADA) of 1990

A civil rights act passed by Congress guaranteeing individuals with disabilities equal opportunity in public accommodations, employment, transportation, government services, and telecommunications. Statutory deadlines become effective on various dates between 1990 and 1997. Hoffman & Associates, P. A. has not made a determination regarding the subject's ADA compliance or non-compliance. **Non-compliance could have a negative impact on value, however this has not been considered or analyzed in this appraisal.**

Scope of Work

According to the Uniform Standards of Professional Appraisal Practice, it is the appraiser's responsibility to develop and report a scope of work that results in credible results that are appropriate for the appraisal problem and intended user(s). Therefore, the appraiser must identify and consider:

- the client and intended users;
- the intended use of the report;
- the type and definition of value;
- the effective date of value;
- assignment conditions;
- typical client expectations; and
- typical appraisal work by peers for similar assignments.

This appraisal is prepared for Mr. Jim Cronley, Terhaar & Cronley General Contractors. The problem to be solved is to estimate the 'as is' market value of the subject property. The intended use is for possible negotiations to purchase or trade this property for another property. This appraisal is intended for the use of the client and only the client.

SCOPE OF WORK

Report Type:	This is a Summary Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(B). This format provides a summary of the appraisal process, subject and market data and valuation analyses.
Property Identification:	The subject has been identified by the legal description and the assessors' parcel number.
Inspection:	An inspection of the subject site from a public street has been made and photographs have been taken. We have also review aerial photographs of the site. Because this is a military operating field, access to the property was not available. Review of the property by the above means is considered adequate for the purposes of this appraisal.
Market Area and Analysis of Market Conditions:	A complete analysis of market conditions has been made. The appraiser maintains and has access to comprehensive databases for this market area and has reviewed the market for sales and listings relevant to this analysis.

Highest and Best Use Analysis: A complete as vacant highest and best use analysis for the subject has been made. Physically possible, legally permissible and financially feasible uses were considered, and the maximally productive use was concluded.

Valuation Analyses

Cost Approach: A cost approach was not applied as this approach is not applicable in the valuation of vacant land.

Sales Comparison Approach: A sales approach was applied as there is adequate data to develop a value estimate and this approach reflects market behavior for this property type. Because of the slow residential market that typically drives the sale of large acreage tracts, there were limited sales requiring excess adjustments due to the lack of similar size properties in this location. There are very few acreage sales in the south portion of the county due to the lack of demand.

Income Approach: An income approach was not applied as this approach is not necessary in order to develop a credible appraisal. This approach is also generally not applicable for valuing vacant land.

Hypothetical Conditions:

- There are no hypothetical conditions for this appraisal.

Extraordinary Assumptions:

- There are no Extraordinary Assumptions for this appraisal.

Comments

The scope of this appraisal requires the gathering of material facts affecting the value of the property appraised as of the date of the appraisal. This includes gathering and analyzing regional, neighborhood, and economic trends and characteristics which might affect the value of the property. Also, specific features and characteristics of the property are analyzed.

Comparable land sales, building sales and listing information of similar properties are gathered and analyzed and compared to the property using indicated unit prices as demonstrated by market actions.

Sources used for gathering data include personal office files and records maintained in computer data bases, the public records of the appropriate county, Metro Market Trends, Inc. (public records recordings), personal interviews with property owners, sellers, buyers and brokers. An attempt is made to verify each sale and lease used in this report with a party to the transaction. If verification by the parties involved is not available, public records recordings are relied upon.

Sales History

The subject has not sold in the last three years, according to public records. It has been in the name of the United States Government Department of Navy for a number of years.

Current Listings/Contracts

The subject is not currently listed for sale, or under contract.

Date of Inspection:

November 18, 2013

Date of Report:

November 18, 2013

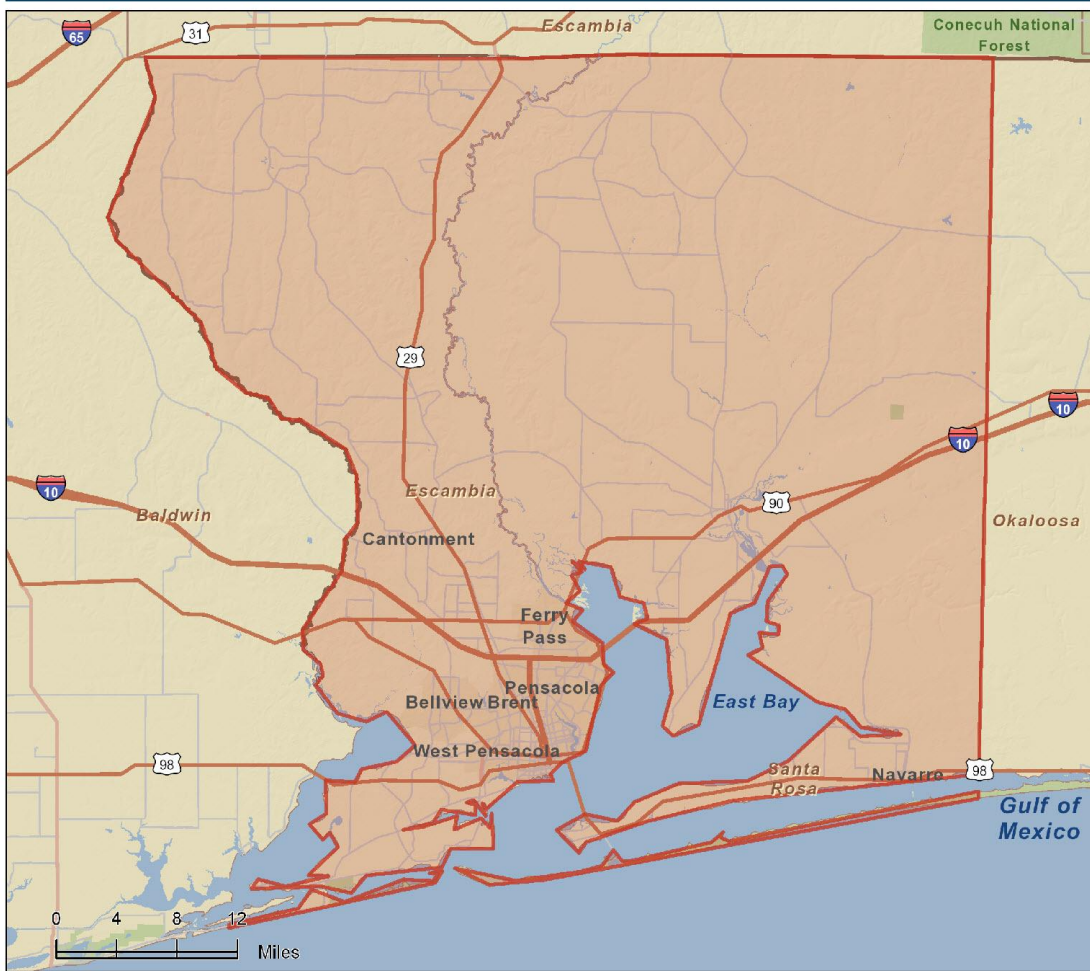
Market Area Analysis (Pensacola MSA)



Site Map

Pensacola MSA MAP

Prepared by Terry Hoffman



November 26, 2013

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Demographic and Income Profile - Appraisal Version

Escambia-Santa Rosa County
 Pensacola-Ferry Pass-Brent, FL Metropolitan Statistical A...
 Geography: CBSA

Prepared by Terry Hoffman

Summary	Census 2010	2013	2018			
Population	448,991	457,170	475,656			
Households	173,148	176,670	184,624			
Families	115,593	117,481	122,228			
Average Household Size	2.46	2.46	2.46			
Owner Occupied Housing Units	118,871	116,528	123,924			
Renter Occupied Housing Units	54,277	60,142	60,700			
Median Age	38.0	38.5	39.0			
Trends: 2013 - 2018 Annual Rate	Area	State	National			
Population	0.80%	0.99%	0.71%			
Households	0.88%	0.98%	0.74%			
Families	0.80%	0.87%	0.63%			
Owner HHS	1.24%	1.32%	0.94%			
Median Household Income	3.62%	3.47%	3.03%			
		2013	2018			
Households by Income		Number	Percent	Number	Percent	
<\$15,000		26,742	15.1%	26,014	14.1%	
\$15,000 - \$24,999		21,983	12.4%	16,097	8.7%	
\$25,000 - \$34,999		20,993	11.9%	18,803	10.2%	
\$35,000 - \$49,999		28,340	16.0%	26,865	14.6%	
\$50,000 - \$74,999		34,398	19.5%	35,446	19.2%	
\$75,000 - \$99,999		20,544	11.6%	28,716	15.6%	
\$100,000 - \$149,999		15,147	8.6%	21,722	11.8%	
\$150,000 - \$199,999		4,703	2.7%	6,448	3.5%	
\$200,000+		3,820	2.2%	4,513	2.4%	
Median Household Income		\$43,681		\$52,179		
Average Household Income		\$59,465		\$68,955		
Per Capita Income		\$23,517		\$27,281		
		Census 2010	2013	2018		
Population by Age		Number	Percent	Number	Percent	
0 - 4	27,984	6.2%	27,561	6.0%	28,613	6.0%
5 - 9	26,980	6.0%	27,555	6.0%	27,983	5.9%
10 - 14	27,712	6.2%	27,325	6.0%	28,554	6.0%
15 - 19	33,766	7.5%	31,526	6.9%	31,019	6.5%
20 - 24	35,277	7.9%	34,816	7.6%	31,564	6.6%
25 - 34	56,707	12.6%	61,777	13.5%	65,596	13.8%
35 - 44	54,905	12.2%	53,721	11.8%	56,680	11.9%
45 - 54	68,029	15.2%	64,669	14.1%	59,475	12.5%
55 - 64	55,242	12.3%	59,969	13.1%	65,042	13.7%
65 - 74	35,527	7.9%	39,543	8.6%	47,769	10.0%
75 - 84	19,917	4.4%	20,989	4.6%	24,546	5.2%
85+	6,945	1.5%	7,719	1.7%	8,815	1.9%

Data Note: Income is expressed in current dollars.
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2013 and 2018.

November 26, 2013

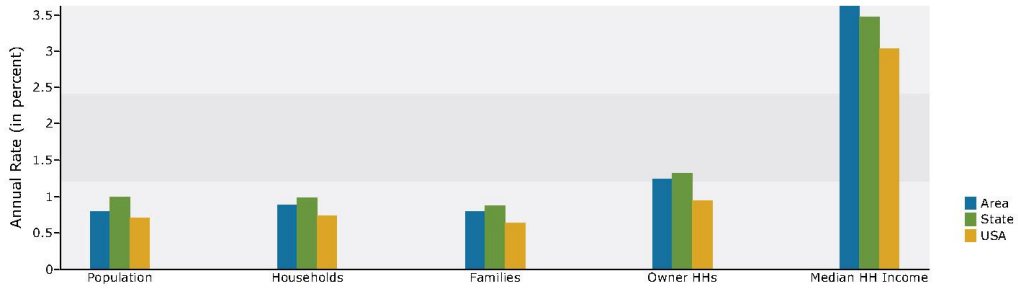


Demographic and Income Profile - Appraisal Version

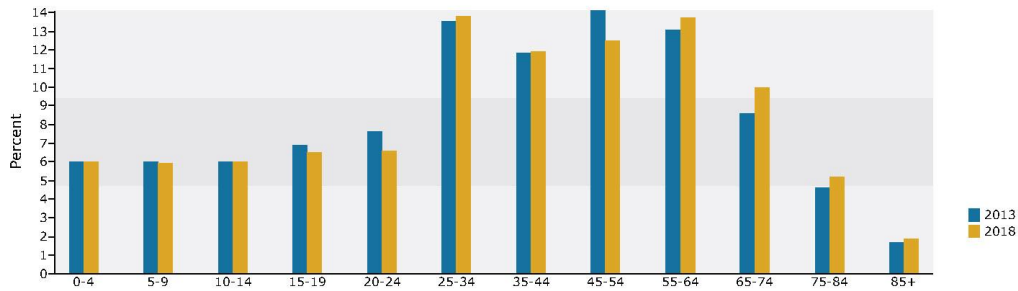
Escambia-Santa Rosa County
 Pensacola-Ferry Pass-Brent, FL Metropolitan Statistical A...
 Geography: CBSA

Prepared by Terry Hoffman

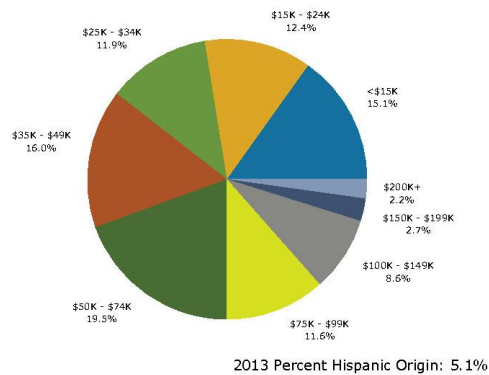
Trends 2013-2018



Population by Age



2013 Household Income



Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2013 and 2018.

November 26, 2013

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Market Area and Property Characteristics

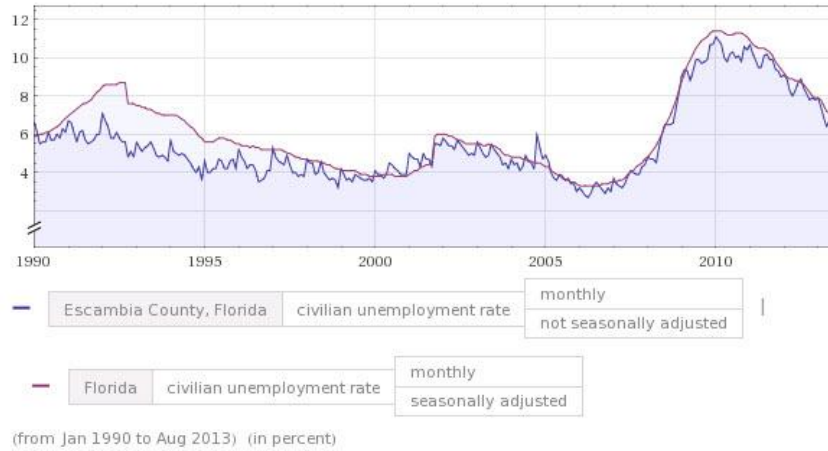
The subject property is located within the Pensacola MSA which includes both Escambia and Santa Rosa Counties located at the west end of Florida in the Panhandle section of Florida. Approximately 2/3 of the population is located within Escambia County. Pensacola is the county seat of Escambia County and Milton is the county seat for Santa Rosa County. A comparison of the central populous areas of both counties follows:

<i>Location</i>	<i>County</i>	<i>Population</i>	<i>Median Income</i>	<i>Med. House</i>
State			\$44,299	\$151,000
Pensacola	Escambia	52,340	\$41,779	\$138,815
Escambia	Escambia	299,114	\$39,856	
Santa Rosa	Santa Rosa	154,104	\$51,900	
Milton	Santa Rosa	9,140	\$35,738	\$106,984
Jay	Santa Rosa	549	\$28,730	\$71,384

As can be seen the Pensacola Santa Rosa County area that encompasses the Pensacola MSA is continuing to grow at a pace less than the State but more than the Nation. The median household income is \$43,681.

Pensacola has had a slow economic growth since the real estate downturn of 2006. This is shown by the following information present in discussion and chart form.

Unemployment Escambia County vs. the State of Florida



The unemployment rate for Escambia has followed the same trend as the state and the national rate, but generally has been slightly less than the state rate which is now the same of 6.7% as Escambia County.

Building Permit Trends for Escambia & Santa Rosa County

Escambia County Residential Building Permits

Santa Rosa County Residential Building Permits

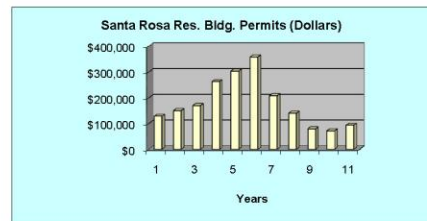
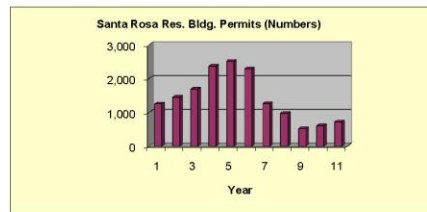
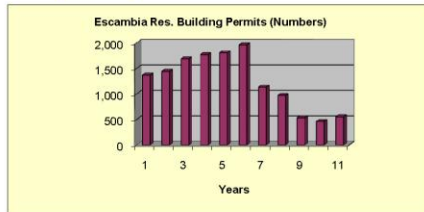
Prepared by: Hoffman & Associates, P.A., Commercial Real Estate Appraisers

Source: Metro Market Trends, Inc.

rev:1/20/11

Date	Number	Volume in \$1,000	%Change
2000	1,368	\$131,842	
2001	1,439	\$140,051	6.23%
2002	1,688	\$170,096	21.45%
2003	1,766	\$198,139	16.49%
2004	1,805	\$220,107	11.09%
2005	1,957	\$313,121	42.26%
2006	1,131	\$188,568	-39.78%
2007	968	\$154,460	-18.09%
2008	531	\$81,605	-47.17%
2009	458	\$63,761	-21.87%
2010	550	\$75,347	18.17%

Date	Number	Volume in \$1,000	%Change
2000	1,249	\$128,188	
2001	1,444	\$149,534	16.65%
2002	1,685	\$170,028	13.71%
2003	2,368	\$262,431	54.35%
2004	2,513	\$303,931	15.81%
2005	2,289	\$357,507	17.63%
2006	1,259	\$208,034	-41.81%
2007	971	\$140,131	-32.64%
2008	517	\$79,144	-43.52%
2009	601	\$71,575	-9.56%
2010	714	\$93,230	30.25%



Note the sharp decline in permits after 2006 and the continued drop somewhat leveling in 2009 and 2009. Note also that there has been a slight increase in permitting in both counties for 2010. This was true of Okaloosa and Walton Counties to the east.

Population Trends

This is a growing area of Pensacola as the residential areas move north from the central Pensacola area. This is shown by the contrast between the Pensacola MSA growth rate for 2000-2010 of .8% annually as compared to the one and three mile radius data for the subject indicating 2.68% and 1.18%.

Housing Trends

Housing trends tend to follow the population with indication that the housing market is possibly try to recover. It is seasonal and the Spring of 2014 should be the time that tells if this is a real recovery.

Income Trends

The average income for the Pensacola MSA is \$59,465 as compared to \$72,613 for the one mile radius, \$70,201 for the two mile radius and \$66,506 for the five mile radius areas. This indicates that the subject area is a more prosperous area of the Pensacola MSA which is further supported by the higher price homes generally in the area.

Unemployment Trends

The unemployment trend for the Escambia County area has been similar to that of the State though generally not quite as high. We contribute that to the military presence that generally is not affected by economic changes as much as private business. Our unemployment rate of 6.7% is higher than the national average of 5.8% because of the major decline in the construction and related industries over the past five or so years.

Land Use Trends

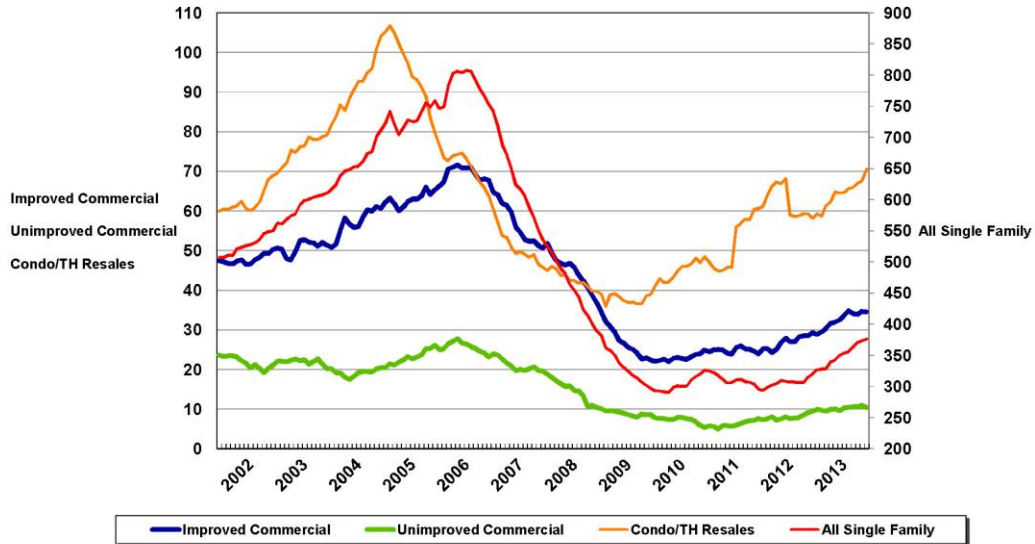
Before the decline in the economy in 2006 residential development was moving in this direction with high expectations of custom subdivisions of homes generally greater than \$250,000. As shown by the previous chart of building permit trends in Escambia County, we have had a major drop in construction over the past five years and are presently still below the permits issued in 2000. Obviously, this area has a long way to go in improving. It is interesting to note that 2010 was the first year that the permits have increased in number and volume.

Metro Market Trends Data

We have also asked Metro Market Trends of Pensacola to use their database for additional data indicating the present condition of the real estate market for the Escambia and Santa Rosa County areas. Metro Market is a real estate research company that accumulates recorded sales data for a number of counties throughout Florida.

ESCAMBIA Total Number of Transactions

12 Month Moving Average
7/1/2000 - 6/30/2013



Metro Market Trends, Inc., 850-474-1398, www.mmtinfo.com

Escambia & Santa Rosa Vacant Land/Acreage Sales

Total Dollar Volume
12 Month Moving Average
1/1/91 - 12/31/10



Metro Market Trends, Inc., 850-474-1398, www.mmtinfo.com

Note that all real estate sales rose at a steady rate till 2002 and then increased noticeably till approximately 2006 where it dropped to a low in approximately 2009 and has been somewhat level during 2009 and 2010 with a slow gain during 2011 and 2013. This trend is reasonable similar for both Escambia and Santa Rosa County.

The second chart is a combination of vacant land and acreage sales for Escambia and Santa Rosa Counties. Again, note that 2003 appears to have been the low with sales beginning to increase through 2005 and 2006 where they leveled off. In 2007 and part of 2008 there is a sharp increase in sales that lasted for only a year or so and then dropped noticeably during 2008 and 2009. Overall, the general trend in values for Vacant Land and Acreage sales was similar to all real estate sales noted in the first chart.

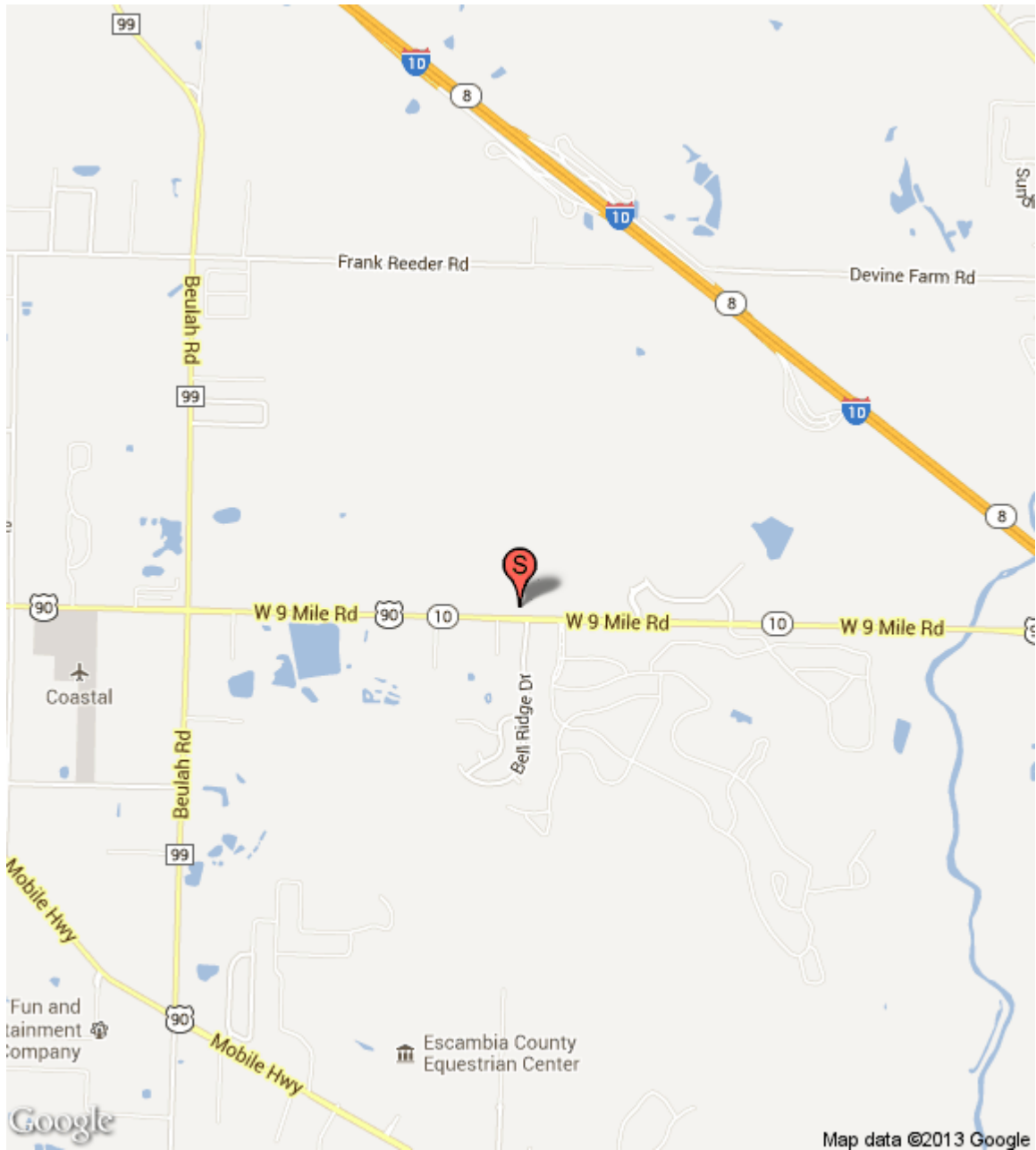
What is shown by all of these charts and all of the data is that the market peaked in about 2006 and has dropped substantially and in some cases the volume is at level seen in the early 2000's. This noticeable lack of activity is indicative of the market and the reason there are few land sales for comparison and valuation of the subject property at this time. For that reason, comparison of earlier sales in the immediate area of the subject will be used in valuing the subject property with proper adjustments for the difference in time.

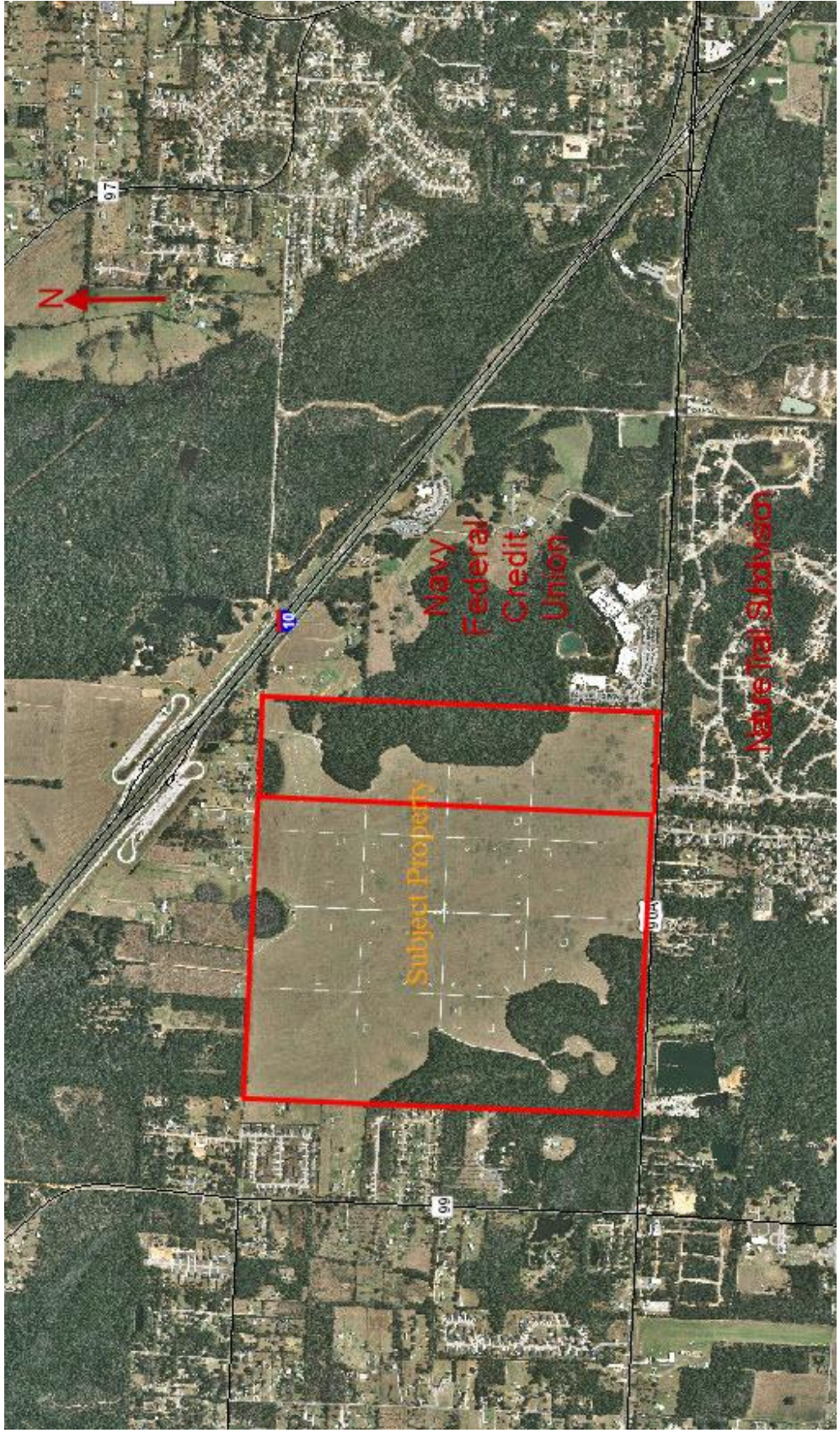
Overall, this was and will be one of the main residential growing areas to be followed commercially. In years past this area was "out" and somewhat removed, but since the residential development has moved north into the Ten Mile Road, Kingsfield Road and the Beulah area, this area of west Pensacola has become one of the prime residential areas because of the easy access to shopping and downtown by way of Interstate 10 and 110. It is expected to be a prime area in the future as the market recovers and is still showing reasonably strong demand with Nature Trail continuing to grow with the area expected to be built out in the next two to three years.

As this is the first interchange coming into Florida from Alabama, it is expected to be a major commercial market area for service stations, motels, stores and possibly major retail development in the future. The real question is when will our market recover to the point that such interest and develop is warranted.

Because of the custom developments in the area, the good access from Nine Mile Road and Interstate 10, it is our opinion that when the market does begin to recover, this area will be one of the first to experience that demand. This has been supported by the stronger than normal demand for housing in Nature Trail which is directly across Nine Mile Road from the property. The continued expansion of the Navy Federal Credit Union facility is also expected to support such growth.

Neighborhood Map





Immediate Neighborhood Description

Area Description & Boundaries

The neighborhood boundaries extend from Kingsfield Road to Saufley Field Road on a north south axis and from Pine Forest Road to the Florida/Alabama state line on an east west axis. This is a mixed area of homes ranging in value from approximately \$100,000 to \$500,000 with an average of approximately \$200,000. They generally range in age from new to 40 years old. This is a growing area of Northwest Pensacola with good access to downtown by way of Interstate 10. Downtown Pensacola is approximately 11 miles southeast of the subject. Shopping is three to five miles east of the subject at near Nine Mile Road at the intersection of Pine Forest and then US 29.

Area & Property Use Characteristics

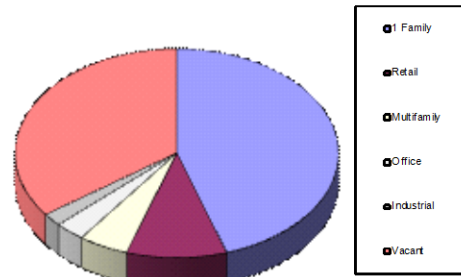
Location	<input type="checkbox"/> Urban	<input checked="" type="checkbox"/> Suburban	<input type="checkbox"/> Rural	Population Trend	<input checked="" type="checkbox"/> Up	<input type="checkbox"/> Stbl	<input type="checkbox"/> Dn
Build Up	<input type="checkbox"/> Over 75%	<input checked="" type="checkbox"/> 25% to 75%	<input type="checkbox"/> Under 25%	Employment Trend	<input type="checkbox"/> X	<input checked="" type="checkbox"/> X	<input type="checkbox"/>
Built Up <input type="checkbox"/> Fully Dev.	<input type="checkbox"/> Rapid	<input checked="" type="checkbox"/> Steady	<input type="checkbox"/> Slow	Personal Income Level	<input checked="" type="checkbox"/> X	<input type="checkbox"/>	<input type="checkbox"/>
Property Values	<input type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Declining	Retail Sales	<input type="checkbox"/>	<input checked="" type="checkbox"/> X	<input type="checkbox"/>
Demand/Supply	<input type="checkbox"/> Shortage	<input checked="" type="checkbox"/> In Balance	<input type="checkbox"/> Over Supply	New Construction	<input checked="" type="checkbox"/> X	<input type="checkbox"/>	<input type="checkbox"/>
Vacancy Trend	<input type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Declining	Vacancy Trend	<input type="checkbox"/>	<input checked="" type="checkbox"/> X	<input type="checkbox"/>
Change in Economic Base	<input type="checkbox"/> Likely	<input checked="" type="checkbox"/> Unlikely	<input checked="" type="checkbox"/> Taking Place	Rental Demand	<input type="checkbox"/>	<input checked="" type="checkbox"/> X	<input type="checkbox"/>

Land Use Trends

Present Land Use	Supply/Demand			Vacancy
	Under	In Bal.	Over	
45% 1 Family	<input type="checkbox"/>	<input checked="" type="checkbox"/> X	<input type="checkbox"/>	5%
10% Retail	<input type="checkbox"/>	<input checked="" type="checkbox"/> X	<input type="checkbox"/>	10%
5% Multifamily	<input type="checkbox"/>	<input checked="" type="checkbox"/> X	<input type="checkbox"/>	5%
3% Office	<input type="checkbox"/>	<input checked="" type="checkbox"/> X	<input type="checkbox"/>	10%
2% Industrial	<input type="checkbox"/>	<input checked="" type="checkbox"/> X	<input type="checkbox"/>	5%
35% Vacant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
100%				

Change in Land Use	Likely	<input type="checkbox"/>
	Not Likely	<input checked="" type="checkbox"/> X
	Taking Place	<input type="checkbox"/>

Land Use



Land uses in the neighborhood consist of the Navy Federal Credit Union central call center that recently announced an additional \$200,000,000 in planned improvements for the next seven years and to reach employment of 3,000+. Nature Trail Subdivision is across the street from the property and has been developing over the past 10 or so years with exclusive homes generally ranging in value from \$250,000 to \$500,000. This is a gated community with a large clubhouse, pool and tennis courts. The remaining subdivisions in this area are either older with homes ranging in value from \$100,000 to \$250,000 or newer subdivisions with homes typically in the \$170,000 to \$240,000 price range. Though the market has been slower over the past seven or so years this area has continued a better growth than other areas of Pensacola due to shopping, ease of access and conveniences.

Summation

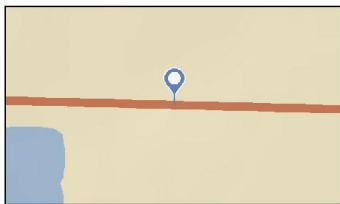
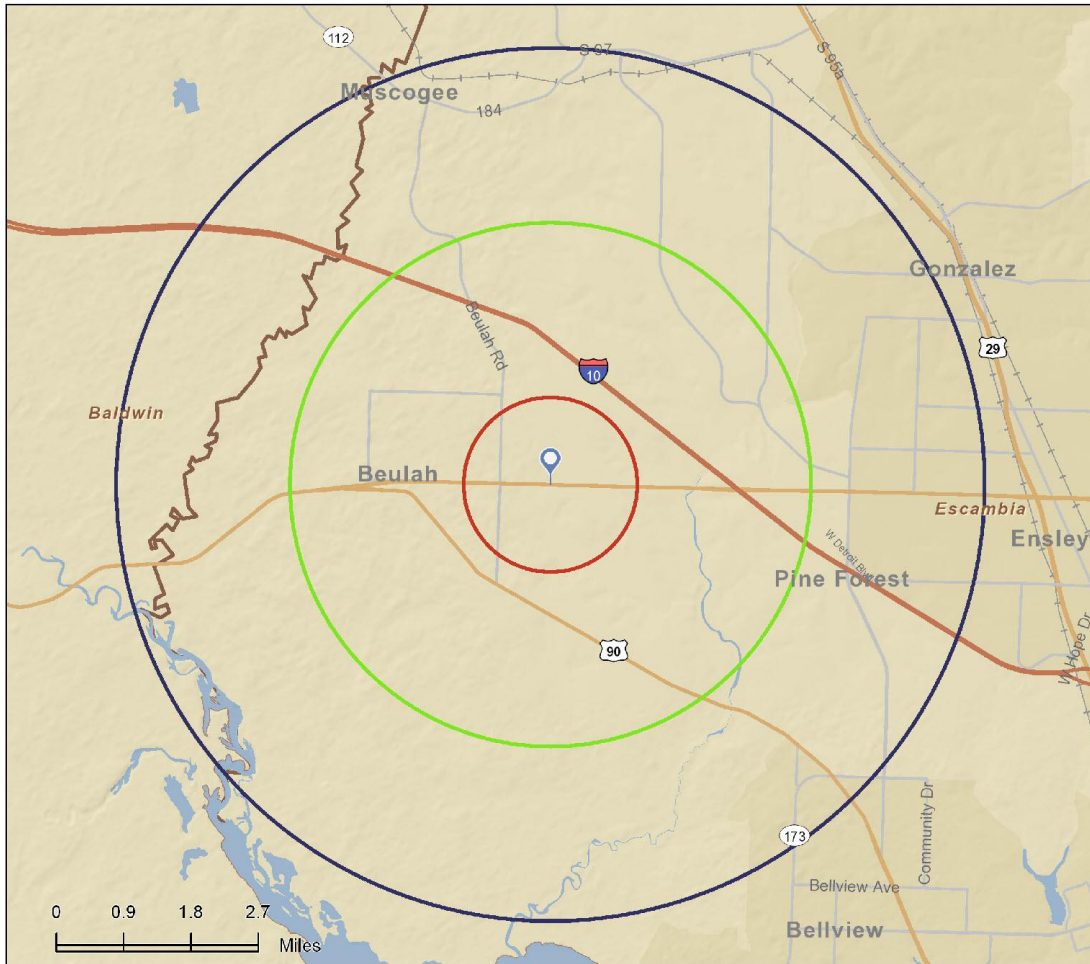
Pensacola has experienced a slower than average real estate market over the past seven or so years, but this area of Pensacola is the growth area and though there have been almost no new subdivision construction there has been new home construction and sales due to the oversupply of residential lots. This oversupply appears to be declining and demand slowly increases for residential lots. Commercial development in this area is still years away with most of the newer commercial properties several miles east of the subject at Pine Forest Road. The commercial development has also been slower, but there have been new national tenant stores scattered in the Pensacola area mostly retail oriented.



Site Map

W Nine Mile Rd, Pensacola, FL, 32526
Ring: 1, 3, 5 Miles

Prepared by Terry Hoffman
Latitude: 30.535414
Longitude: -87.37079



November 26, 2013

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Demographic and Income Profile - Appraisal Version

W Nine Mile Rd, Pensacola, FL, 32526
Rings: 1, 3, 5 mile radii

Prepared by Terry Hoffman
Latitude: 30.535414204
Longitude: -87.37078957

Summary	Census 2010	2013	2018			
Population	686	820	936			
Households	244	300	345			
Families	197	241	275			
Average Household Size	2.81	2.73	2.71			
Owner Occupied Housing Units	219	265	306			
Renter Occupied Housing Units	25	35	39			
Median Age	40.4	40.9	41.5			
Trends: 2013 - 2018 Annual Rate	Area	State	National			
Population	2.68%	0.99%	0.71%			
Households	2.83%	0.98%	0.74%			
Families	2.67%	0.87%	0.63%			
Owner HHs	2.92%	1.32%	0.94%			
Median Household Income	4.60%	3.47%	3.03%			
Households by Income	2013		2018			
	Number	Percent	Number	Percent		
<\$15,000	8	2.7%	7	2.0%		
\$15,000 - \$24,999	22	7.3%	16	4.6%		
\$25,000 - \$34,999	30	10.0%	26	7.5%		
\$35,000 - \$49,999	57	19.0%	52	15.1%		
\$50,000 - \$74,999	62	20.7%	65	18.8%		
\$75,000 - \$99,999	64	21.3%	94	27.2%		
\$100,000 - \$149,999	43	14.3%	65	18.8%		
\$150,000 - \$199,999	11	3.7%	16	4.6%		
\$200,000+	3	1.0%	4	1.2%		
Median Household Income	\$60,759		\$76,079			
Average Household Income	\$72,613		\$81,919			
Per Capita Income	\$27,065		\$30,762			
Population by Age	Census 2010		2013		2018	
	Number	Percent	Number	Percent	Number	Percent
0 - 4	46	6.7%	53	6.5%	59	6.3%
5 - 9	46	6.7%	56	6.8%	62	6.6%
10 - 14	44	6.4%	54	6.6%	65	7.0%
15 - 19	40	5.8%	46	5.6%	54	5.8%
20 - 24	38	5.5%	43	5.2%	42	4.5%
25 - 34	77	11.2%	92	11.2%	110	11.8%
35 - 44	96	14.0%	113	13.8%	119	12.8%
45 - 54	112	16.4%	125	15.2%	129	13.8%
55 - 64	94	13.7%	118	14.4%	137	14.7%
65 - 74	62	9.1%	80	9.8%	103	11.0%
75 - 84	22	3.2%	31	3.8%	43	4.6%
85+	8	1.2%	9	1.1%	10	1.1%

Data Note: Income is expressed in current dollars.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2013 and 2018.

November 26, 2013



Demographic and Income Profile - Appraisal Version

W Nine Mile Rd, Pensacola, FL, 32526
Rings: 1, 3, 5 mile radii

Prepared by Terry Hoffman
Latitude: 30.535414204
Longitude: -87.37078957

Summary	Census 2010	2013	2018			
Population	9,407	9,999	10,806			
Households	3,480	3,707	4,024			
Families	2,772	2,942	3,181			
Average Household Size	2.70	2.70	2.68			
Owner Occupied Housing Units	3,067	3,207	3,512			
Renter Occupied Housing Units	413	500	512			
Median Age	40.9	41.7	42.2			
Trends: 2013 - 2018 Annual Rate	Area	State	National			
Population	1.56%	0.99%	0.71%			
Households	1.65%	0.98%	0.74%			
Families	1.57%	0.87%	0.63%			
Owner HHs	1.83%	1.32%	0.94%			
Median Household Income	4.61%	3.47%	3.03%			
Households by Income	2013		2018			
	Number	Percent	Number	Percent		
<\$15,000	264	7.1%	242	6.0%		
\$15,000 - \$24,999	298	8.0%	203	5.0%		
\$25,000 - \$34,999	317	8.6%	268	6.7%		
\$35,000 - \$49,999	739	19.9%	665	16.5%		
\$50,000 - \$74,999	736	19.9%	743	18.5%		
\$75,000 - \$99,999	627	16.9%	885	22.0%		
\$100,000 - \$149,999	551	14.9%	783	19.5%		
\$150,000 - \$199,999	115	3.1%	160	4.0%		
\$200,000+	60	1.6%	75	1.9%		
Median Household Income	\$55,906		\$70,034			
Average Household Income	\$70,201		\$80,561			
Per Capita Income	\$26,005		\$29,974			
Population by Age	Census 2010		2013		2018	
	Number	Percent	Number	Percent	Number	Percent
0 - 4	584	6.2%	596	6.0%	642	5.9%
5 - 9	623	6.6%	657	6.6%	697	6.4%
10 - 14	626	6.7%	666	6.7%	753	7.0%
15 - 19	633	6.7%	598	6.0%	631	5.8%
20 - 24	497	5.3%	534	5.3%	476	4.4%
25 - 34	981	10.4%	1,094	10.9%	1,243	11.5%
35 - 44	1,290	13.7%	1,319	13.2%	1,352	12.5%
45 - 54	1,561	16.6%	1,561	15.6%	1,536	14.2%
55 - 64	1,343	14.3%	1,487	14.9%	1,625	15.0%
65 - 74	825	8.8%	970	9.7%	1,208	11.2%
75 - 84	337	3.6%	410	4.1%	515	4.8%
85+	108	1.1%	110	1.1%	129	1.2%

Data Note: Income is expressed in current dollars.
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2013 and 2018.

November 26, 2013



Demographic and Income Profile - Appraisal Version

W Nine Mile Rd, Pensacola, FL, 32526
Rings: 1, 3, 5 mile radii

Prepared by Terry Hoffman
Latitude: 30.535414204
Longitude: -87.37078957

Summary	Census 2010	2013	2018			
Population	28,717	29,896	31,704			
Households	10,999	11,470	12,208			
Families	8,143	8,459	8,962			
Average Household Size	2.58	2.58	2.57			
Owner Occupied Housing Units	8,887	9,011	9,718			
Renter Occupied Housing Units	2,112	2,459	2,490			
Median Age	41.5	42.2	42.9			
Trends: 2013 - 2018 Annual Rate	Area	State	National			
Population	1.18%	0.99%	0.71%			
Households	1.25%	0.98%	0.74%			
Families	1.16%	0.87%	0.63%			
Owner HHs	1.52%	1.32%	0.94%			
Median Household Income	4.14%	3.47%	3.03%			
Households by Income		2013	2018			
		Number	Percent			
<\$15,000		1,261	11.0%			
\$15,000 - \$24,999		1,187	10.3%			
\$25,000 - \$34,999		1,182	10.3%			
\$35,000 - \$49,999		1,855	16.2%			
\$50,000 - \$74,999		2,164	18.9%			
\$75,000 - \$99,999		1,757	15.3%			
\$100,000 - \$149,999		1,401	12.2%			
\$150,000 - \$199,999		470	4.1%			
\$200,000+		192	1.7%			
Median Household Income		\$51,961	\$63,632			
Average Household Income		\$66,506	\$77,313			
Per Capita Income		\$25,774	\$30,047			
Population by Age		Census 2010	2013	2018		
		Number	Percent	Number	Percent	
0 - 4	1,701	5.9%	1,699	5.7%	1,790	5.6%
5 - 9	1,722	6.0%	1,820	6.1%	1,902	6.0%
10 - 14	1,774	6.2%	1,816	6.1%	2,014	6.4%
15 - 19	1,886	6.6%	1,713	5.7%	1,718	5.4%
20 - 24	1,662	5.8%	1,651	5.5%	1,387	4.4%
25 - 34	3,273	11.4%	3,639	12.2%	3,902	12.3%
35 - 44	3,659	12.7%	3,707	12.4%	3,950	12.5%
45 - 54	4,639	16.2%	4,494	15.0%	4,245	13.4%
55 - 64	3,959	13.8%	4,337	14.5%	4,757	15.0%
65 - 74	2,661	9.3%	3,024	10.1%	3,648	11.5%
75 - 84	1,285	4.5%	1,482	5.0%	1,814	5.7%
85+	495	1.7%	515	1.7%	575	1.8%

Data Note: Income is expressed in current dollars.
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2013 and 2018.

November 26, 2013

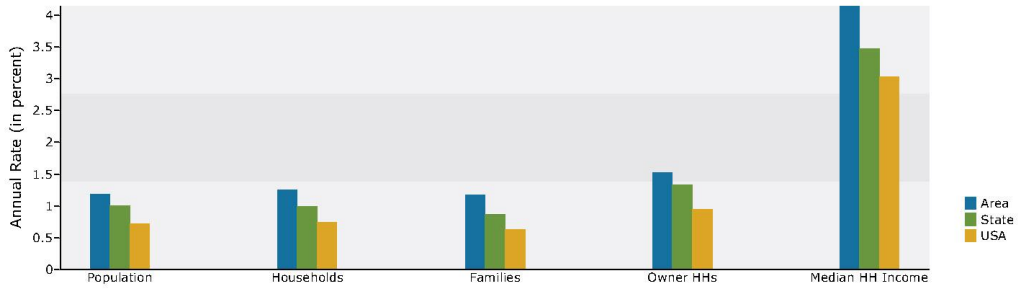


Demographic and Income Profile - Appraisal Version

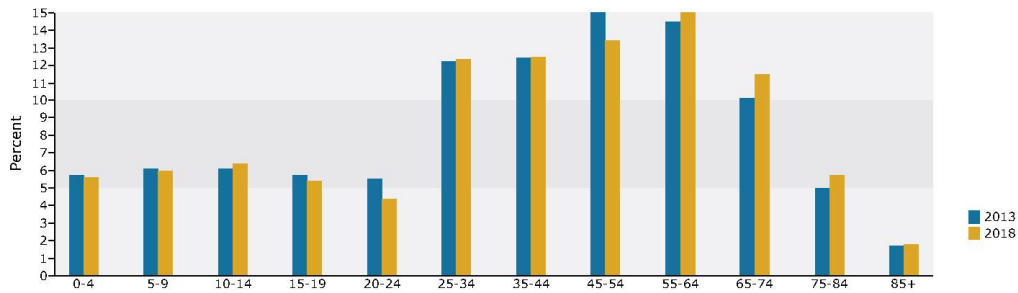
W Nine Mile Rd, Pensacola, FL, 32526
Rings: 1, 3, 5 mile radii

Prepared by Terry Hoffman
Latitude: 30.535414204
Longitude: -87.37078957

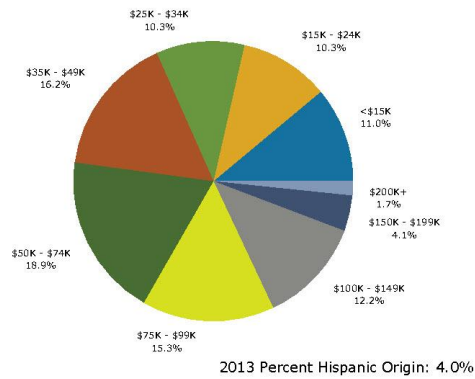
Trends 2013-2018



Population by Age



2013 Household Income



Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2013 and 2018.

November 26, 2013

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Page 6 of 6

Property Description

This is approximately 640 acres of vacant land of which we have determined approximately 474 acres usable and the rest in wetland and low areas.

SITE	
Location:	The subject property is located on the north side of Nine Mile Road approximately one mile west of the intersection of Nine Mile Road and interstate 10.
Current Use of the Property:	The property is presently a helicopter practice landing field for the United States Navy.
Site Size:	Total: 640.00 acres; 27,878,400 square feet Usable: 474.00 acres; 20,647,440 square feet All of the usable land area is cleared and gradually sloping for its use as a helicopter practice landing field.
Shape:	The site is one section which is a square mile.
Frontage/Access:	The subject property has good access with frontage as follows: <ul style="list-style-type: none">• Nine Mile Road : 5,280 feet• Frank Reeder Road: 5,280 feet The site has an average depth of 5,280 feet. It not a corner lot.
Visibility:	Good
Topography:	The subject has generally level topography above street grade and approximately 166 acres of wet areas.
Soil Conditions:	The soil conditions observed at the subject appear to be typical of the region and adequate to support development.
Utilities:	Electricity: Electricity Sewer: Community sewer Water: Water Natural Gas: Gas Utilities: The site is serviced by above ground cable lines. Adequacy: The subject's utilities are typical and adequate for the market area. They include electrical, water, sewer, telephone and cable.
Site Improvements:	<ul style="list-style-type: none">• Few street lights in the area.

- No sidewalks.
- No concrete curb and gutters.
- The site is cleared similar to pasture land with several wet areas scattered around the site as can be seen on the aerial of the subject property.

Flood Zone: The subject is located in an area mapped by the Federal Emergency Management Agency (FEMA). The subject is located in FEMA flood zone X, which is not classified as a flood hazard area.

FEMA Map Number: 12033C02906
 FEMA Map Date: September 29, 2006

The subject is outside the 500 year flood plain. The appraiser is not an expert in this matter and is reporting data from FEMA maps.

Wetlands/Watershed: There is approximately 166 acres of wet area as shown as woodlands areas on the aerial of the subject property.

Environmental Issues: None noted.

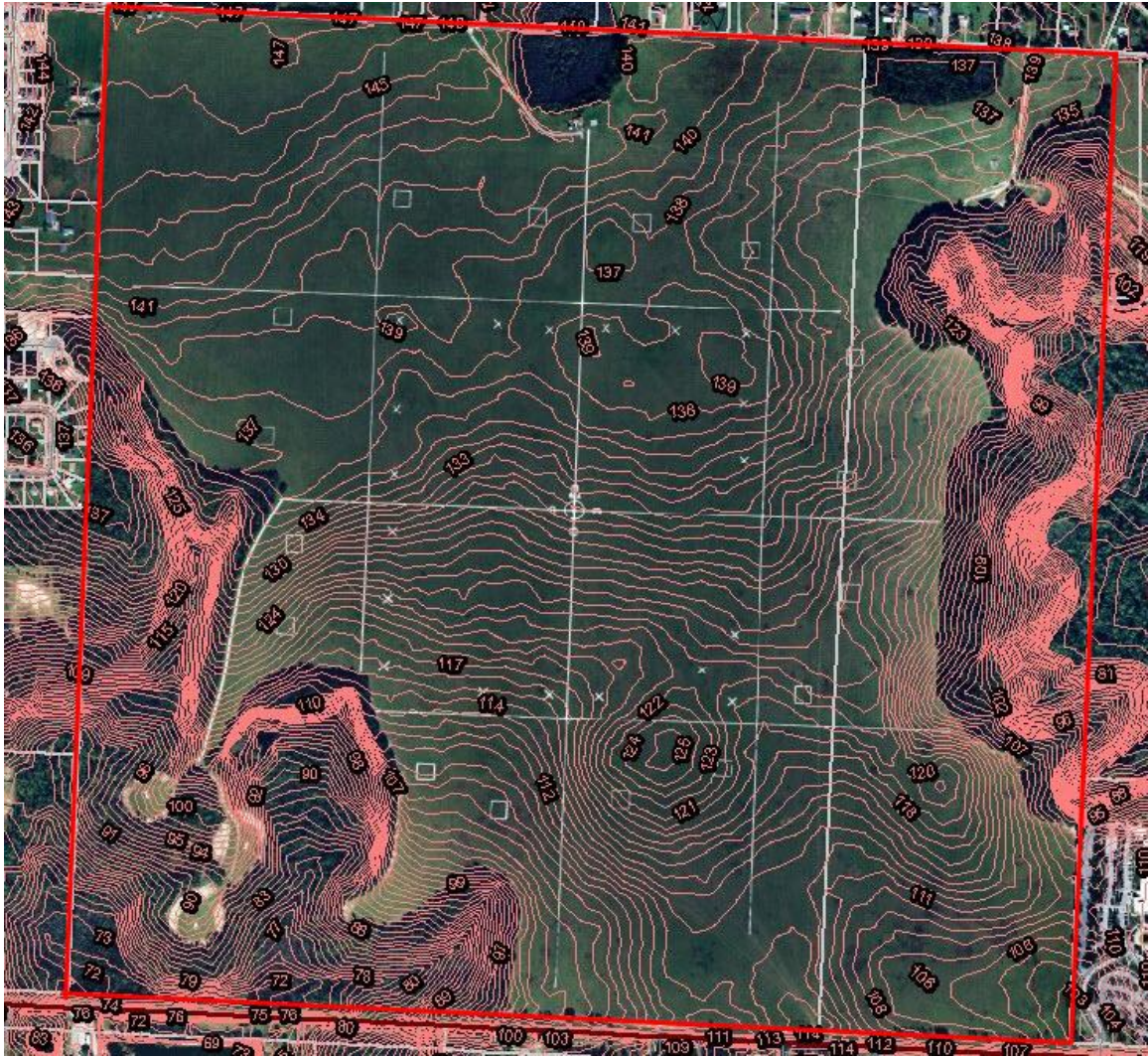
Encumbrance / Easements: None noted.

Site Comments: The subject property is approximately 640 acres of which 474 appears to be usable. The property has good elevation and good frontage along Nine Mile Road. It extends north to Frank Reeder Road a two lane secondary neighborhood artery. Nine Mile Road is a two lane highway and a State and Federal Highway designated as State Road 10 and Alternate US Highway 90.

The highest portion of the property is at the northwest corner where the property generally slopes to the southeast dropping from 147 feet to 105 feet in elevation. The wet areas are shown as the darker treed areas at the southwest corner and the east side of the property.

Site Plan/Tax Map/Survey





Topographical Map



Wetlands designation Map

Americans With Disabilities Act

Please reference the Limiting Conditions and Assumptions section of this report on page 12.

Hazardous Substances

Please reference the Limiting Conditions and Assumptions section of this report on page 12.

Subject Photographs



Southeast Corner of Subject at Nine Mile Road



Interior of Subject Property



Nine Mile Road at Subject Property



Center of Subject on Nine Mile Road



Northwest Corner of Subject at Frank Reeder Road



Frank Reeder Road at Subject Property



West Side of Subject Property from Frank Reeder Road



We Area Near Center of Subject on Frank Reeder Road



Center of Subject Property from Frank Reeder Road



Description Here



Above Average Residence along Frank Reeder Road



Typical Home in Bell Ridge Subdivision just South of the Subject



Typical Home in Nature Trail Subdivision just South of the Subject



One of Several Buildings in Navy Federal Credit Union's Complex

Assessment and Taxes

Taxing Authority Escambia County

Assessment Year 2013

Real Estate Assessment and Taxes										
Tax ID	Land	Improvements	Other	Total	City Rate	County Rate	Other Rate	Tax Rate	Taxes	Special Assessment
05-1S-31-1101- 000-000	\$4,027,050	\$0	\$0	\$4,027,050	\$0.00	\$15.26	\$0.00	\$15.26	\$61,443	\$0
05-1S-31-2201- 000-000	\$1,350,900	\$0	\$0	\$1,350,900	\$0.00	\$15.26	\$0.00	\$15.26	\$20,611	\$0
Totals	\$5,377,950	\$0	\$0	\$5,377,950					\$82,054	\$0

Real Estate Assessment Analysis			
Tax ID	Total	Equalization Ratio	Implied Value
05-1S-31-1101-000-000	\$4,027,050	85.0%	\$4,737,706

Comments

Because the subject is federally owned property it is not subject to local county property taxes. The assessment and the taxes shown would be the expected results if the subject property were owned by an individual.

Zoning

LAND USE CONTROLS

Zoning Code	P Public District
Zoning Description	This zoning district is intended for publicly owned parcels. Conversion for business or industrial park development is allowed. Rezoning or county approval would be expected for most uses contemplated for the subject property.
Zoning Change Likely	Yes, for consideration of the future use.
Zoning Change Description	We would expect a zoning change to compatible residential or light commercial uses similar to zoning that is already in this immediate area.
Zoning Comments	Both the county zoning and the future land use would have to be changed for the possible uses of the subject property. I discussed this with a representative of the Escambia County Zoning Department and he indicated that such change would be possible and reasonable limited of course to being compatible with the surrounding uses in the area.

6.05.32. P--Public district.

A. *Intent and purpose of district.* Publicly owned parcels for educational and correctional facilities and purposes, other public institutional uses, borrow pits and associated reclamation activities, collection and/or processing of solid waste, and sanitary landfills. Conversion of suitable public lands for business or industrial park development is allowed. Refer to article 11 for uses, heights and densities allowed in P, public districts located in the Airport/Airfield Environs.

B. *Site development standards.* Site development standards contained in the C-1 district shall be applicable to this zoning district. Refer to article 7 for specific performance standards relating to borrow pits and associated reclamation activities.

Highest and Best Use

Highest and best use may be defined as

the reasonably probable and legal use of vacant land or improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.³

1. **Legally Permissible:** What uses are permitted by zoning and other legal restrictions?
2. **Physically Possible:** To what use is the site physically adaptable?
3. **Financially Feasible:** Which possible and permissible use will produce any net return to the owner of the site?
4. **Maximally Productive.** Among the feasible uses which use will produce the highest net return, (i.e., the highest present worth)?

Highest and Best Use of the Site

The highest and best use of the site, as vacant, is to purchase for future use as the market in Pensacola improves. The future use of the subject property could include a mix of residential, light neighborhood commercial and even light industrial or office use. Due to the large size of the subject property, such a development could be over the next 10 or so years similar to the Milestone Development several miles east of the subject that was also a Navy landing field.

The process of estimating the highest and best use of a property starts with the legal use. Under the present zoning it would only be available for governmental use. Our discussion with the planning office indicated that rezoning of the property would be reasonable. We would expect such zoning to be a mix of residential, commercial and even possibly light industrial.

The next consideration is the possible physical use of the subject property. The large size of the subject would allow for a variety of uses. The large size also lends itself to development as a PUD or planned unit development. This type development could include the various uses that would complement each other. Residential development of the site would bring a population in need of light shopping and services lending itself to commercial development of the frontage along Nine Mile Road. The 600+ homes to be finished within the next several years in Milestone Subdivision, directly across the street from the subject, also lends itself to possible commercial development.

Obviously, there are low areas that would limit and shape the development, but we have estimated that there is approximately 474 acres of usable land area with an estimated

2,900 feet of frontage along Nine Mile Road which is the main commercial artery for this area connection with Interstate 10 approximately a mile east of the subject.

The next consideration is the financially feasible use of the property. This analysis is not a detailed study, but rather an analysis of the property as to possible uses implied by the present market and present market conditions. Pensacola experienced a noticeable increase in demand and prices after Hurricane Ivan in 2004. That carried into the real estate decline of 2006 and 2008 that has continued even to this date. In the past, such a decline was typically two to maybe three years. The S&L crisis lasted for four or more years, but this recent market decline is in its seventh year only recently showing any indication of a possible slow recovery.

The Pensacola and Northwest Florida has had excess inventory of residential properties and lots. We have seen commercial and office rents decline by as much as 20% to 40%. We have also seen improved properties drop to prices 60% to 80% of their original prices. Only recently in the past six or nine months have we seen what appears to be a steady decline in residential inventory and possible an increase in occupancy in offices and retail properties. Prices have not started to increase noticeably, but that should come as the market continues to improve.

The problem delaying are recovery is that none of these prices make residential or even commercial development financially feasible at this time. Properties are still selling for low prices and new construction would be set by the cost which cannot be supported at this time by present rents or sales prices. It would take a year or more to bring this size property "online" due to rezoning, planning and organizing the financing. We would thing that the market would have to show better signs of recovery before such development is financially feasible and could pass the scrutiny of financial institutions that are still "licking their wounds" from past such developments.

It is therefore our opinion that the highest and best use would be to hold and plan the future development of the subject property when the Pensacola market recovers to such a state that it is financially feasible to move forward with such development.

Valuation Methodology

Three basic approaches may be used to arrive at an estimate of market value. They are:

1. The Cost Approach
2. The Income Approach
3. The Sales Comparison Approach

Cost Approach

The Cost Approach is summarized as follows:

$$\begin{array}{r} \text{Cost New} \\ - \text{Depreciation} \\ + \text{Land Value} \\ = \text{Value} \end{array}$$

Income Approach

The Income Approach converts the anticipated flow of future benefits (income) to a present value estimate through a capitalization and or a discounting process.

Sales Comparison Approach

The Sales Comparison Approach compares sales of similar properties with the subject property. Each comparable sale is adjusted for its inferior or superior characteristics. The values derived from the adjusted comparable sales form a range of value for the subject. By process of correlation and analysis, a final indicated value is derived.

Final Reconciliation

The appraisal process concludes with the Final Reconciliation of the values derived from the approaches applied for a single estimate of market value. Different properties require different means of analysis and lend themselves to one approach over the others.

Analyses Applied

A **cost analysis** was considered and was not developed because this approach is not applicable in the valuation of vacant land.

A **sales comparison analysis** was considered and was developed because there is adequate data to develop a value estimate and this approach reflects market behavior for this property type. Because of the slow residential market that typically drives the sale of large acreage tracts, there were limited sales requiring excess adjustments due to the lack of similar size properties in this location. There are very few acreage sales in the south portion of the county due to the lack of demand.

An **income analysis** was considered and was not developed because this approach is not necessary in order to develop a credible appraisal. This approach is also generally not applicable for valuing vacant land.

Land Value

The subject's land value has been developed via the sales comparison approach.

Sales Comparison Approach – Land Valuation

The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution and externalities. The following steps describe the applied process of the Sales Comparison Approach.

- The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.
- The most pertinent data is further analyzed and the quality of the transaction is determined.
- The most meaningful unit of value for the subject property is determined.
- Each comparable sale is analyzed and where appropriate, adjusted to equate with the subject property.
- The value indication of each comparable sale is analyzed and the data reconciled for a final indication of value via the Sales Comparison Approach.

Land Comparables

We have researched numerous sales in the surrounding area and have selected these nine properties as the most similar to the subject for this analysis; these are documented on the following pages followed by a location map and analysis grid. All sales have been researched through numerous sources, inspected and verified by a party to the transaction.

Comp	Address	Date	Price Per Land Unit	Land Units
	City	Price	Price per Acre	Acres
Subject	Nine Mile Road	1/0/00	--	0.00
	Pensacola	--	--	640
1	500 Blk. Blue Angel S of US 98 Pensacola	12/30/11 \$300,000	\$22,338	0.00 13.43
2	4810 W Nine Mile Rd Cantonment	8/9/12 \$3,300,000	\$13,750	0.00 157.8
3	Hwy. 97 south of Lake Suzanne Dr. Cantonment	5/24/13 \$1,450,000	\$16,379	0.00 88.53
4	8600 Beulah Rd. Pensacola	3/22/13 \$100,000	\$12,804	0.00 7.81
5	Mobile Hwy. Pensacola	7/8/13 \$1,075,000	\$7,287	0.00 147.52
6	Helm's Rd Pensacola	9/27/13 \$604,100	\$5,253	0.00 115
7	Mobile Highway north side Pensacola	9/7/04 \$5,030,000	\$20,630	0.00 243.6
8	Nine Mile Rd. W of Interstate 10 Pensacola	9/7/04 \$7,462,600	\$19,847	0.00 376
9	Nine Mile & I 10 Pensacola	10/12/06 9,000,000	\$66,667	0.00 135

Land Comparable 1



Transaction

ID	1055	Date	12/30/2011
Address	500 Blk. Blue Angel S of US 98	Price	\$300,000
City	Pensacola		
State	Florida	Financing	Conv.
Tax ID	23-2s-31-1102-1	Price Per Front Foot	NA
Grantor	First National Bank of Baldwin City	Price Per SF	\$0.51
Grantee	Thomas & Karen Brown	Price Per Acre	\$22,338
Verification Source	Broker Peter King	Official Records Book	6803
		Recorded Page	1757

Site

Acres	13.43	Topography	Level
Land SF	585,011	Road Frontage	630
Shape	Rectangular	Depth	1318
Utilities	All	Zoning	C-2

Comments

This is the sale of 18.94 acres of which 13.43 acres was upland and located at the center front of the property fully usable. This property is .4 miles south of US 98 just removed from the commercial activity of that intersection with Blue Angel Parkway. The adjacent owner operating a landing field purchased the property to control use of land in the area of the landing field and for future investment. This property was last listed for \$400,000 July 2011 selling in December 2011. It was previously listed for prices beginning at \$1,585,000 reduced to \$975,000 before reasonably listed by Mr. King at \$400,000. The unit prices shown are reflective of the upland area only. The overall land area price was \$15,839.

Land Comparable 2



Transaction

ID	1392	Date	8/9/2012
Address	4810 W Nine Mile Rd	Price	\$3,300,000
City	Cantonment		
State	Florida	Financing	Conv.
Tax ID	4-1S-31-1101	Price Per Front Foot	NA
Grantor	Escambia County 4-H County Council	Price Per SF	NA
Grantee	Navy Federal Credit Union	Price Per Acre	\$13,750
Verification Source	4 H Rep & our appraisal	Official Records Book	6893
		Recorded Page	907

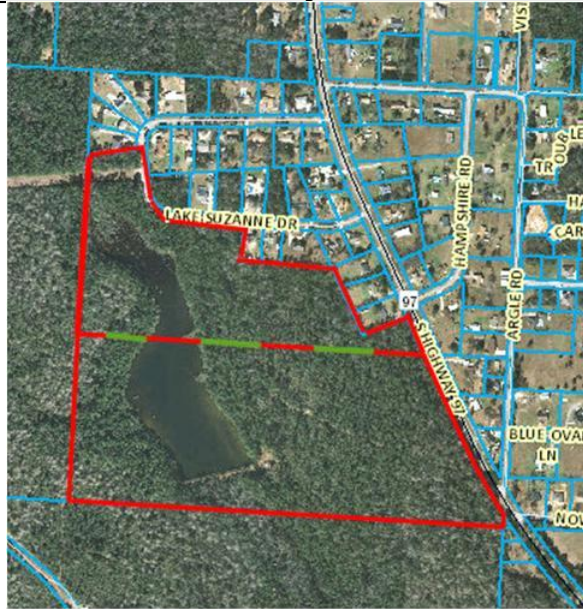
Site

Acres	157.80	Topography	Sloping
Land SF	NA	Road Frontage	2000
Shape	Irregular	Depth	4000
Utilities	All	Zoning	AG Agricultural (1.5

Comments

This is a large 240 acre site located on the north side of Nine Mile Rd. approximately 1/2 mile west of the intersection with I-10. Based on a wetlands evaluation prepared for the buyer 88.5 acres of this property was designated as wetlands of which approximately 6.3 acres was an attractive lake in place. Assume the lake of contributory value a total of 157.8 acres of usable land is estimated. The unit prices shown above is for the usable acres after subtracting \$300,000 for onsite building and improvements from the full purchase price of \$3,600,00. The value per acre for the full 240 acres is \$13,750. This was purchased by the adjacent owner Navy Federal Credit Union for future expansion. Due to the close location to the Interstate exchange there is some possible future commercial use for this property.

Land Comparable 3



Transaction

ID	1393	Date	5/24/2013
Address	Hwy. 97 south of Lake Suzanne Dr.	Price	\$1,450,000
City	Cantonment		
State	Florida	Financing	Conv.
Tax ID	30-1N-31-4202 &	Price Per Front Foot	NA
Grantor	Estate of Melonee Olsen et al	Price Per SF	NA
Grantee	Thomas Henry	Price Per Acre	\$16,379
Verification Source	Mr. Heny's office manager -Becky	Official Records Book	7021
		Recorded Page	573

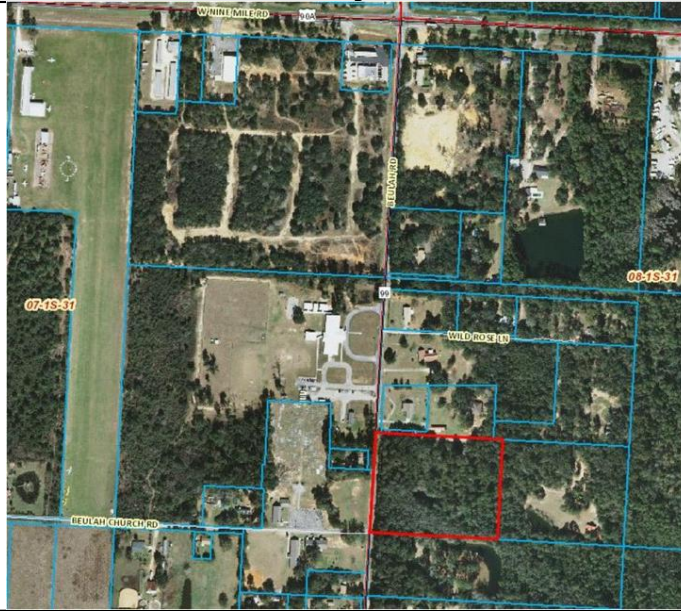
Site

Acres	88.53	Topography	Sloping
Land SF	NA	Road Frontage	NA
Shape	Irregular	Depth	NA
Utilities	All	Zoning	VR-1 Residential

Comments

This is the sale of approximately 88.5 acres of which approximately 14.5 is a lake located near the back portion of the property. The buyer is a local home builder, but his office manager, Becky, indicated that the property was purchased for his own use and possibly future exclusive residential development. There was approximately 875' of road frontage along Lake Suzanne Dr. available as residential lots. There was also approximately 1,100' of frontage on the east side of Hwy. 97. Sewer is in the general area, but is not immediately available for this property. Considering the lake area as an enhancement, the unit price shown above is for the total acreage of 88.53 acres.

Land Comparable 4



Transaction

ID	1330	Date	3/22/2013
Address	8600 Beulah Rd.	Price	\$100,000
City	Pensacola		
State	Florida	Financing	Cash
Tax ID	08-1S-31-2301-000-003	Price Per Front Foot	NA
Grantor	Richard & Jamaica Christine	Price Per SF	\$0.29
Grantee	Henry & Cheryl Casey III	Price Per Acre	\$12,804
Verification Source	Public Records	Official Records Book	6993
		Recorded Page	185

Site

Acres	7.81	Topography	Level
Land SF	340,204	Road Frontage	516
Shape	Rectangular	Depth	659.95
Utilities	No sewer	Zoning	R-R

Comments

This is a wooded 7.81 acre parcel located in the Beulah community zoned for residential use. The site is located south of Nine Mile Road on the east side of Beulah Road. There appears to be some wet areas on the site, but it does not appear to affect the overall utility of the site.

Land Comparable 5



Transaction

ID	1390	Date	7/8/2013
Address	Mobile Hwy.	Price	\$1,075,000
City	Pensacola		
State	Florida	Financing	Conv.
Tax ID	8-1s-31-3401 & 2101-3-1	Price Per Front Foot	NA
Grantor	Classic Home Builders, Inc.	Price Per SF	NA
Grantee	Clearwater 102 LLC	Price Per Acre	\$7,287
Verification Source	Public Records & Gerald McGuire PE	Official Records Book	7042
		Recorded Page	1183

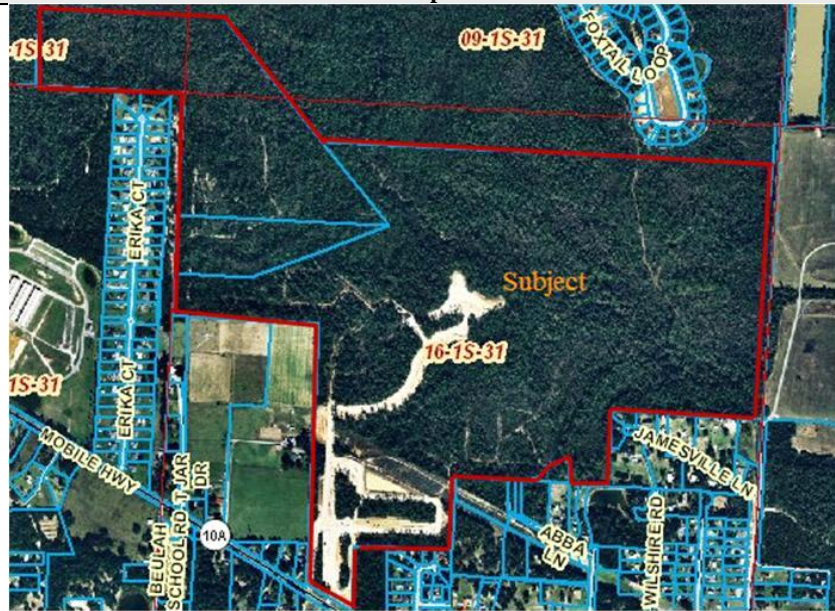
Site

Acres	147.52	Topography	Sloping
Land SF	NA	Road Frontage	NA
Shape	Irregular	Depth	Varies
Utilities	All	Zoning	R-R Rural residential

Comments

This is the sale of approximately 147.52 acres that was in the development stage with sewer lines, concrete curb and gutters and rock bed in most of the area. This work was stopped several years ago when the market slowed noticeably. The property was about to go back to the bank and the developer worked out this sale to a South Florida development company. They are moving forward with construction changing the name to Huntington Creek subdivision. Because of the conditions of the sale it appears that little weight was afforded the onsite improvements that would appear to be at least half complete for approximately 146 lots.

Land Comparable 7



Transaction

ID	763	Date	9/7/2004
Address	Mobile Highway north side	Price	\$5,030,000
City	Pensacola		
State	Florida	Financing	Conv.
Tax ID	NA	Price Per Front Foot	NA
Grantor	Tree Farm Development Corp	Price Per SF	NA
Grantee	Classic Home, Advantage Home, Mobile	Price Per Acre	\$20,630
Verification Source	Pub. records & R. Swaine	Official Records Book	5493
		Recorded Page	275

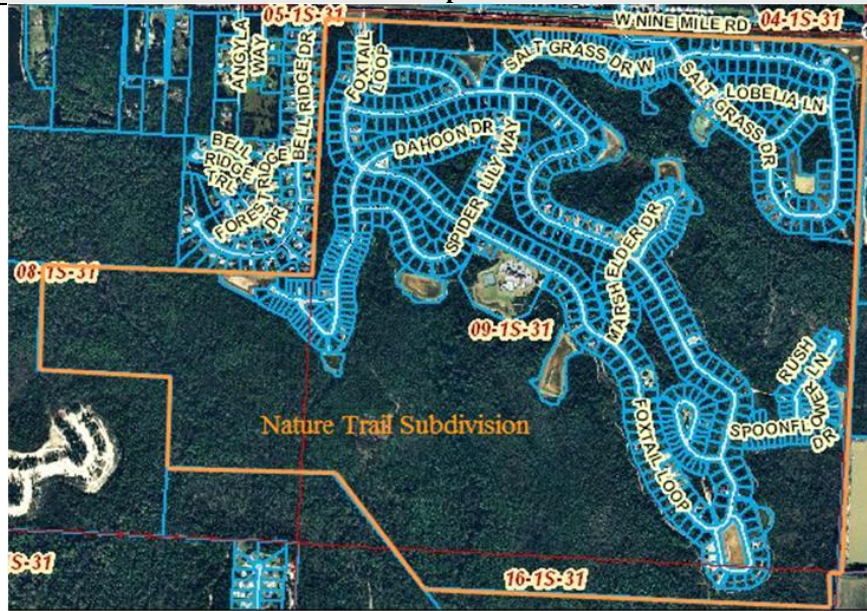
Site

Acres	243.60	Topography	Sloping
Land SF	NA	Road Frontage	475
Shape	Irregular	Depth	NA
Utilities	All	Zoning	Res

Comments

This is the sale of 487.2 acres deeded to three entities though contracted as one sale. The price indicated \$10,315 per acre with the seller and buyers estimating at the time of the sale approximately half the property wet indicating a value of \$20,630 per acre for usable land area. Before the closing it was determined that slightly more than the half was wet and the seller agreed to give several finished lot in Nature Trail, when completed, to offset the loss. Nature Trail was the planned development to the north of this property and developed by the seller of the property transferring their contract rights to the buyers. The main access to this property was from Mobile Highway just west of Brandywood Drive.

Land Comparable 8



Transaction

ID	759	Date	9/7/2004
Address	Nine Mile Rd. W of Interstate 10	Price	\$7,462,600
City	Pensacola		
State	Florida	Financing	Conv.
Tax ID	NA	Price Per Front Foot	NA
Grantor	Tree Farm Development Corp	Price Per SF	NA
Grantee	Nature Walk LLC	Price Per Acre	\$19,847
Verification Source	Ronald E. Swaine Broker	Official Records Book	5493
		Recorded Page	272

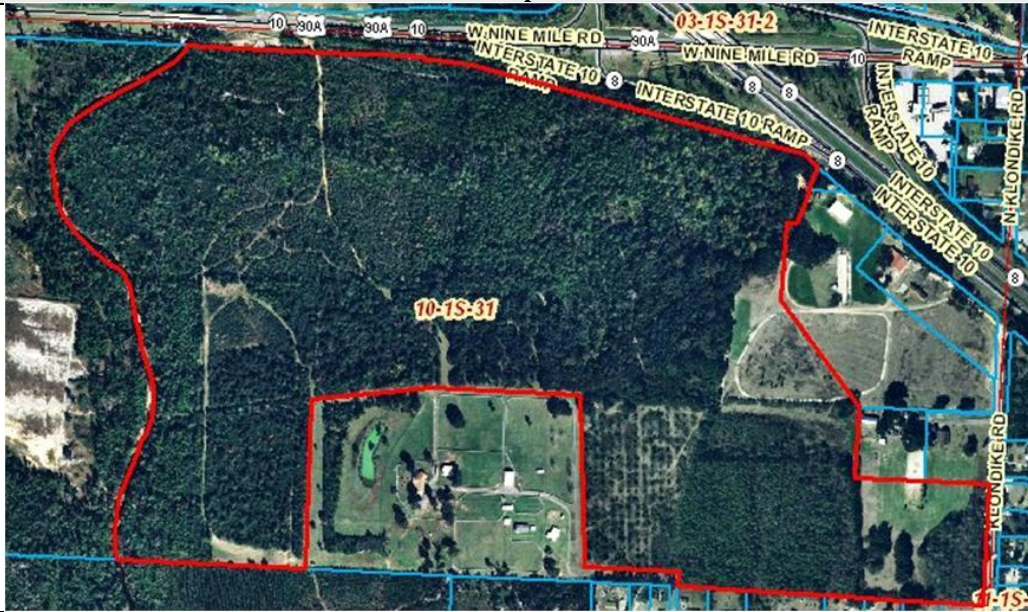
Site

Acres	376.00	Topography	Rolling
Land SF	NA	Road Frontage	5280
Shape	Irregular	Depth	NA
Utilities	All	Zoning	Res/Com

Comments

This is the sale of 748.982 acres of which the developers indicated 376 acres usable due to wetlands areas. The unit rate considered is the usable land area. This property was originally contracted for approximately 1,250 acres at \$10,000 per acre for usable and wet areas. At the time the buyers estimated half the property usable. Before closing, the buyers sold approximately 40% of the property at the south end on Mobile Hwy to two other developers at their price to facilitate the sale. The property was developed as Nature Trail an upper end subdivision with a mix of 100'+ lots and patio lots totalling 657. Lots (500) were quickly presold as packages for \$147,500 (2 lots 1 patio) before construction began.

Land Comparable 9



Transaction

ID	760	Date	10/12/2006
Address	Nine Mile & I 10	Price	\$9,000,000
City	Pensacola		
State	Florida	Financing	Conv.
Tax ID	NA	Price Per Front Foot	NA
Grantor	RGB Development, Inc.	Price Per SF	NA
Grantee	Moulton Properties, Inc.	Price Per Acre	\$66,667
Verification Source	Moulton Properties	Official Records Book	6010
		Recorded Page	1026

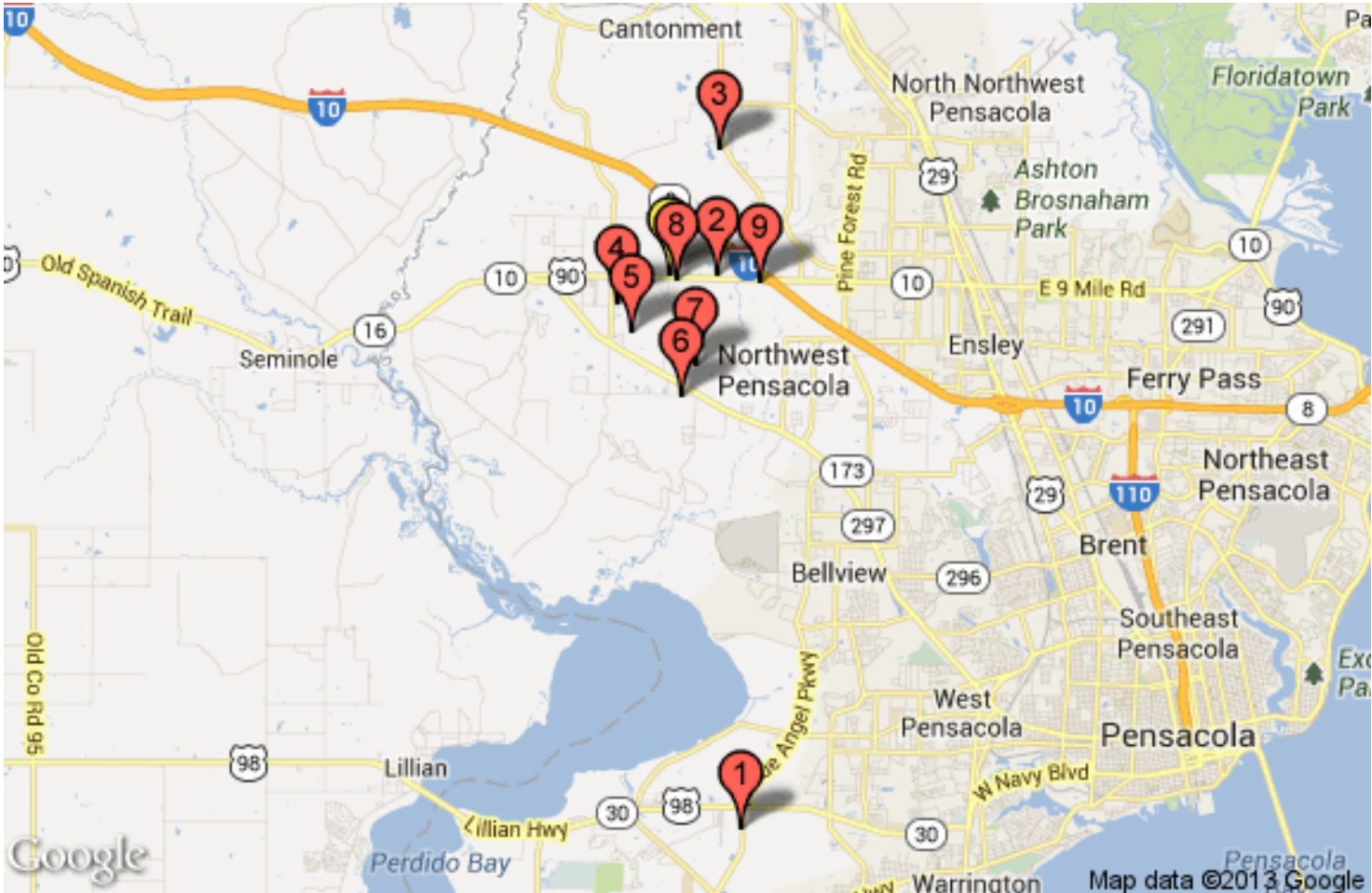
Site

Acres	135.00	Topography	Sloping
Land SF	NA	Road Frontage	1200
Shape	Irregular	Depth	NA
Utilities	All	Zoning	C-2

Comments

This is the sale of 174 acres of which approximately 135 were usable. The property is zoned commercial and located at the southwest corner of Nine Mile Road and the Interstate 10. This is the first interchange in Florida coming from Alabama. Mary Moulton indicated that this was a purchase as part of a 1031 tax exchange base on the sale of a larger parcel owned by Moulton Properties. This property previously sold in July 2004 for \$3,000,000 with probable light commercial development with primarily residential development contemplated. Moulton Properties purchased the property for major retail "big box" possibilities which was favorably considered at that time by national developers till the market decline in 2006. More recently, (4/11) Moulton Properties has indicated continued interest in out parcels from service stations, convenient food stores and motels.

Comparables Map



Note: The subject property arrow is behind sale #8.

Analysis Grid

The above sales have been analyzed and compared with the subject property. We have considered adjustments (if needed) in the areas of:

- Property Rights Sold
- Financing
- Conditions of Sale
- Market Trends
- Location
- Physical Characteristics

On the following page is a sales comparison grid displaying the subject property, the comparables and the adjustments applied.

Land Analysis Grid		Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6	Comp 7	Comp 8	Comp 9	
Address	Nine Mile Road	500 Blk. Blue Angel	4810 W Nine Mile Rd	Hwy. 97 south of Lake Suzanne	8600 Beulah Rd.	Mobile Hwy.	Helm's Rd	Mobile Highway	Nine Mile Rd. W of Interstate 10	Nine Mile & I 10	
City	Pensacola	Pensacola	Cantonment	Cantonment	Pensacola	Pensacola	Pensacola	Pensacola	Pensacola	Pensacola	
State	Fl	Florida	Florida	Florida	Florida	Florida	Florida	Florida	Florida	Florida	
Date		12/30/2011	8/9/2012	5/24/2013	3/22/2013	7/8/2013	9/27/2013	9/7/2004	9/7/2004	10/12/2006	
Price	--	\$300,000	\$3,300,000	\$1,450,000	\$100,000	\$1,075,000	\$604,100	\$5,030,000	\$7,462,600	\$9,000,000	
Acres	474.00	13.43	157.80	88.53	7.81	147.52	115.00	243.60	374.49	135.00	
Acre Unit Price	\$0	\$22,338	\$20,913	\$16,379	\$12,804	\$7,287	\$5,253	\$20,649	\$19,927	\$66,667	
Transaction Adjustments											
Property Rights	Fee Simple	Simple	0.0%	Simple	0.0%	Simple	0.0%	Simple	0.0%	Simple	0.0%
Financing	Conventional	Conv.	0.0%	Conv.	0.0%	Conv.	0.0%	Cash	0.0%	Conv.	0.0%
Conditions of Sale	Cash	Conv	0.0%	Conv.	0.0%	Conv.	0.0%	Typical	0.0%	Conv.	0.0%
Expenditures After Sale		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Adjusted Acre Unit Price		\$22,338	\$20,913	\$16,379	\$12,804	\$7,287	\$5,253	\$20,649	\$19,927	\$66,667	
Market Trends Through	1/0/00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-52.0%	-52.0%	-52.0%	
Adjusted Acre Unit Price		\$22,338	\$20,913	\$16,379	\$12,804	\$7,287	\$5,253	\$9,911	\$9,565	\$32,000	
Location	Good	Good	Better	Good	Average	Average	Average	Average	Good	Better	
% Adjustment		0%	-10%	0%	10%	10%	10%	10%	0%	-10%	
\$ Adjustment		\$0	-\$2,091	\$0	\$1,280	\$729	\$525	\$991	\$0	-\$3,200	
Distance	0.00	9.58	0.83	2.36	1.01	1.16	2.09	1.61	0.16	1.59	
% Adjustment		0%	0%	0%	0%	0%	0%	0%	0%	0%	
\$ Adjustment		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Usable Acres	474.00	13.43	157.80	88.53	7.81	147.52	115.00	243.60	374.49	135.00	
% Adjustment		-50%	-20%	-15%	-50%	-20%	-20%	-10%	-5%	-15%	
\$ Adjustment		-\$11,169	-\$4,183	-\$2,457	-\$6,402	-\$1,457	-\$1,051	-\$991	-\$478	-\$4,800	
Shape	Square	Rectangular	Irregular	Irregular	Rectangular	Irregular	Irregular	Irregular	Irregular	Irregular	
% Adjustment		0%	0%	0%	0%	0%	0%	0%	0%	0%	
\$ Adjustment		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Utilities	Electricity, Water,	All	All	All	No sewer	All	No sewer	All	All	All	
% Adjustment		0%	0%	0%	0%	0%	0%	0%	0%	0%	
\$ Adjustment		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Proposed Use	Future	Vacant	Office/Industrial	Residential	Residential	Residential	Subdivision	Residential	Subdivision	Retail	
% Adjustment		0%	-25%	0%	0%	0%	0%	0%	0%	-40%	
\$ Adjustment		\$0	-\$5,228	\$0	\$0	\$0	\$0	\$0	\$0	-\$12,800	
% Adjustment		0%	0%	0%	0%	0%	0%	0%	0%	0%	
\$ Adjustment		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Adjusted Acre Unit Price		\$11,169	\$9,411	\$13,922	\$7,682	\$6,558	\$4,728	\$9,911	\$9,087	\$11,200	
Net Adjustments		-50.0%	-55.0%	-15.0%	-40.0%	-10.0%	-10.0%	0.0%	-5.0%	-65.0%	
Gross Adjustments		50.0%	55.0%	15.0%	60.0%	30.0%	30.0%	20.0%	5.0%	65.0%	

Comparable Land Sale Adjustments

Market Trend

Sales 7, 8 and 9 were all in the immediate area, but were older sales occurring when our market was at or approaching its peak. In the addendum of this report is an analysis use in the appraisal by this firm of the 4H Club property located just east of the subject. We had very few comparable land sales so we simply analyzed sales and resales of the same or similar properties to determine the decline in property value from the time of the peak till April 2011 when that report was done. Based on our review of the market and discussion with local commercial brokers, we do not see and significant change in the market since that time. Our market basically declined over a two to three year period and stayed and has stayed at the bottom of that decline over the past several years. Therefore, we consider that analysis applicable today. It simply indicated a 52% decline in value which was used in the 4H club appraisal. That property (comparable sale 2) sold for slightly more than we appraised it for therefore indicating that analysis to have merit. This time adjustment was therefore applied to sales 7, 8 and nine.

Location

To consider the location feature of the subject its close location to the Interstate and location along a main commercial artery is one of the main features. This west side of Pensacola is also the growing residential area of Pensacola. Sales 2 and 9 are considered slightly better in location though they are in the immediate area. The very close location to the Interstate is considered to enhance this property with the possibility of more commercial use. We have there adjusted these two sales down 10%.

Sales 4, 5, 6 and 7 were all more removed than the subject property and considered inferior in overall location. We therefore adjusted each of these sales up 10%.

Usable Acreage (Size)

We typically see smaller acreage tracts, for potential residential use, selling for more per acre than large tracts. A typical subdivision at best is expected to absorb two to possibly three lots per month. Due to the present slower market a one to two year sellout period would be considered advisable. At three lots per month 36 lots would be sold in one year and 72 in two years. The typical lot per acre ratio of usable land would be in the range of 2.5 to possibly 3 lot per acre. Assuming three lots per acre and a two year projected sell out time for 72 lots the typical project size is indicated to be 24 acres. If a developer is buying more than that amount they would consider some discount in price to offset taxes, interest for holding, risk and a reasonable profit for their efforts. The interest alone could be 6% with taxes approximately ½%. We have completed investment rate analysis that have shown the developer or investor typically receiving approximately twice the return as the bank or lender. We therefore estimate his efforts at 12%. The total of these rates would be 18.5% per year. So it can be seen that holding larger tracts of property is costly to a developer and they will discount the property due to the larger size.

We appraised a large acreage tract in Santa Rosa County about five years ago when the market was stronger. We had sales ranging from less than 200 acres averaging \$25,439 per acre, 200-600 acres averaging \$11,003 per acre and over 600 acres averaging \$3,691 per acre. Note that for land three times as large the price per acre dropped to approximately 43% as compared to the smaller parcels.

We also discussed this with several of the commercial brokers in the area and indications of as much as a 30% discount would be expected for a 300 acre tract as compared to a 50 acre tract. Using this data as a base we have estimated the adjustments for size using a 50% maximum adjustment for small sites of under 20 acres and 15% to 20% adjustments for sites of 100 to 150 acres or so with only 5% to 10% adjustments for 250 to 350 acres sites. We plotted these adjustments and they resembled a “bell curve” which would be expected for such data. It is therefore our opinion that these adjustments, though subjective, are reasonable considering the lack of sales data to directly abstract such discounts.

Proposed Use (or possible use)

Most of the sales used were proposed for residential use. Only sales #2 purchased by Navy Federal Credit Union for their expansion and Sale #9 purchased by a local developer active in shopping center development had any potential commercial use. We therefore have adjusted sales#2 down 25% and sale #9 down 40%. Sale #9 was purchased in July 2004 for \$3,000,000 when the purchaser, a local residential developer, planned to develop the property residential with possibly some light commercial use. Just over two years later it was purchased for \$9,000,000 for commercial development associated with the Interstate location. Assuming no time increase in value, this sale would indicate a 33% value for residential use as compared to a commercial use or a 66% discount. Some of this increase could be attributed to time associated with the strong growth at that time, so a 40% downward adjustment for that use appears reasonable.

Sales Comparison Approach Conclusion – Land Valuation

The adjusted values of the comparable properties range from \$4,728 to \$13,922; the average is \$9,296. If the low and high were thrown out and range of \$7,682 to \$11,200 and an average of \$9,288 would be indicated which is not a significant difference. This range simply shows the uncertainty of the acreage market at this time due to the lack of any significant recover to help stabilize these prices.

All of the value indications have been considered, and in the final analysis, all of the comparables have been given reasonable weight in arriving at our final reconciled per square foot value of \$10,000. This final rate is slightly higher than the average, but considering sale #2 indicating a value of \$9,411 and sale #9 at \$11,200 per acre along with sale #3 at \$13,922 per, it is our opinion that a slight upward adjustment above the average is indicated and reasonable. These sales were considered to be more similar in location and possible use as the subject property. The value is as follows:

As Is Market Value	
Indicated Value per Square Foot:	\$10,000
Subject Size:	474.00
Indicated Value:	\$4,740,000
Rounded:	\$4,750,000
Four Million Seven Hundred Fifty Thousand Dollars	

Value Conclusion

Based on the data and analyses developed in this appraisal, we have reconciled to the following value conclusion(s), as of November 18, 2013, subject to the Limiting Conditions and Assumptions of this appraisal.

Reconciled Value(s): Premise: As Is
Interest: Fee Simple
Value Conclusion: **\$4,750,000**
Four Million Seven Hundred Fifty Thousand Dollars

Certification Statement

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 future interest in the property that is the subject of this report, and have 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.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, 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 (USPAP).
- No one provided significant real property appraisal assistance to the person(s) signing this certification.
- We certify sufficient competence to appraise this property through education and experience, in addition to the internal resources of the appraisal firm.
- The appraiser has not performed any prior services regarding the subject within the previous three years of the appraisal date.
- Terry G. Hoffman has made an inspection of the subject property. This inspection was from outside of the property due to lack of access as further discussed within this report.
- Terry G. Hoffman, MAI is currently certified under the voluntary continuing education program of the Appraisal Institute.



Terry G. Hoffman, MAI
FL-State-Certified General Real Estate
Appraiser RZ46

Addenda

Estimating Discount Rate (Effective date April 2011)

Because there was sales activity in the area of the subject property in 2004 through 2006 and very little recent sales activity of similar properties for direct comparison, we have researched and gather sales data on properties that have either sold during the “boom” period and recently resold. These sales are similar in that they are either acreage properties or residential lots located within acreage tracts that were developed during this boom period. By comparing the difference in the unit prices or overall price in the case of a residential lot, we can abstract the loss in value since the end of 2006 to the present and therefore estimate the appropriate discount to apply to the estimated value of the subject property shown herein as of October 2006.

Case #1 – Nature Trail Residential lots

After the packages of three lots were sold and then closed to the individual investors in approximately March of 2007 those investors started selling the standard lots at prices beginning at \$70,000 and increasing to \$100,000 to \$110,000 with the average price around March 2007 of \$100,000. These prices began to fall and sales in March 2011 for single lots range from \$45,000 to \$60,000 with many at the \$59,500 to \$60,000 price range. Estimating the value of a residential lot as of March 2007 at \$100,000 and now that same lot is valued at \$60,000 indicates a **40%** decline in value during that four year period. More recently the prices of lots in Nature Trail have begun to increase, but primarily due to the dwindling of lots available for purchase.

Case #2 – Windsong Residential lots (SR 97 north of SR 297)

Residential lots in Windsong Subdivision started selling in August 2006 at prices ranging from \$72,000 to \$79,000 with an average price around September 2009 of \$72,000. These prices began to fall and the next sales were in December 2009 for \$33,500 per lot in groups of five lots. Prices have increased to \$35,000 in May 2010 and December 2010. Estimating the value of a residential lot as of August 2006 at \$72,000 and now that same lots is valued at and selling for \$35,000 indicates a **51%** decline in value during that four year period.

Case #3 – Ashland Avenue 8.78 Acres

This small acreage tract located on the west side of Ashland Avenue approximately ¼ mile north of Detroit Blvd. was purchased for residential development September 2005 for \$409,400. It sold May 11, 2010 for \$150,000 indicating a drop in value of **63%**.

Case #4 – Avalon Blvd. & Mulat Road, Milton, Florida

This 19.25 acres was purchased in June 2005 for \$1,050,000 for residential development. It was marketed for 178 days at \$599,000 selling for \$550,000 December 12, 2009 indicating a drop in value of **48%**.

Case #5 – Willard Norris Road, Milton, Florida

We have spoken to a developer of property in this area of northeast Milton concerning sales and resales of acreage in this area. He asked to remain anonymous, but indicated that land that they had sold in that region in 2006 to 2007 for approximately \$12,000 per acre they now have taken back from the developer and are selling at an average price of approximately \$6,000 per acre indicating a drop in value of approximately **50%**.

Case #6 – West Roberts Road 9.9 acres

In September 2005, 9.9 acres located on the north side of West Roberts Road just west of Pine Forest Road sold for \$530,000. June 1, 2009 it sold for \$230,000 indicating a loss in value of **57%**.

Summary of Findings

Case #1	40%
Case #2	51%
Case #3	63%
Case #4	48%
Case #5	50%
Case #6	57%
<i>High</i>	63%
<i>Low</i>	40%
<i>Average</i>	<u>51.5%</u>

These sales document a decline in vacant properties including residential acreage and residential lots ranging from 40% to 63% with an average of 51.5%. We therefore have estimated the appropriate discount for the older sales at a rounded 52%.

Though this study was as of April 2011 used for our appraisal of the 4H Club property later sold to Navy Federal Credit Union (sale #2) our research and general discussions with local commercial brokers tend to indicate that there has not been any significant change in the market and therefore this discount for those sales would still be applicable. We have noticed a general “upswing” in the market in the last 6-9 months, but no noticeable change in the overall value structure of properties in our area, especially vacant land that needs a major housing recovery to spur interest in that section of the market.

Hoffman & Associates, P.A.

Real Estate Appraisers – Consultants
1550 Creighton Road Ste. #4
Pensacola, Florida 32504
hoffmanappraiser.com

QUALIFICATIONS TERRY G. HOFFMAN, MAI



STATE CERTIFICATION

April 7, 1990 I was state certified for Florida as a "State Certified General Real Estate Appraiser #RZ46" after successfully completing the required courses and examinations. I am also a Certified General Real Property Appraiser for Alabama #G00817.

MEMBER

National Association of Realtors
Florida Association of Realtors
Pensacola Association of Realtors
Baldwin County Association of Realtors
Pensacola Area Chamber of Commerce
Appraisal Institute-MAI (Designated 1992)

EDUCATION BACKGROUND

I was awarded a Bachelor of Science Degree in Business Management and Administration by the University of West Florida, Pensacola, Florida, June 1970.

I have taken real estate and real estate appraising courses (60+) from the winter of 1969 to recently as part of my working towards the MAI designation and the continuing education required to maintain that designation along with my licenses in both Florida and Alabama. Most of the courses were sponsored by the American Institute of Real Estate Appraisers and later the Appraisal Institute.

I have served as an instructor at Pensacola Jr. College teaching the required salesman's course for licensing in the State of Florida.

I have served as an instructor for the "Metro-Merica" school, "Real Estate for the New Practitioner", a required course for all prospective real estate salesmen in the State of Florida.

I also taught real estate course "REE 4810 Principles of Real Estate Marketing" at the University of West Florida.

I received the MAI designation from the Appraisal Institute November 25, 1992 (MAI Member 9731).

PROFESSIONAL EXPERIENCE

- Employed by the Escambia County Tax Assessor's office from September 1965 until June 1970 in the Land Department. Three years of this time was spent in full time appraising.
- I entered the real estate profession in Pensacola, Florida in October 1970 employed as a real estate salesman with Better Homes Realty.
- I was employed with Adkinson and Associates, under the supervision of F. Earle Adkinson, MAI for one and one half years, specializing in appraisals of commercial and investment properties.
- January 1974 I became a partner in the firm of Swaine, Hoffman & Associates, a real estate appraisal company specializing in all aspects of real estate appraising.
- January 1997 I formed Hoffman & Associates, P.A., I hold a broker's license with the Florida Real Estate Commission and state-certification general real estate appraiser certificate with the Florida Real Estate Appraisal Board.
- I have had appraisal experience in single-family residences, multi-family residential properties, town homes, condominiums, warehouses, retail stores, shopping centers, restaurants, office buildings, vacant acreage, and vacant and improved commercial and industrial properties.
- I served as Vice Chairman of the Associate Realtors of the Pensacola Board of Realtors in 1973, Director for the Board in 1974, Treasurer in 1975, 1st Vice President of the Board in 1976, President of the Board in 1977, and Director of the Board in 1978.
- I have served as a Director for the Florida Association of Realtors for the years 1976 and 1977 and National Director for the year 1977.
- I was awarded the MAI designation by the Appraisal Institute in November 1992 (#9731).
- I was the candidate's guidance chairman and Vice President of the Northwest Florida Chapter of the Appraisal Institute for 1994.
- I was president of the Northwest Florida Chapter of the Appraisal Institute for 1995. At that time the district extended from the Florida/Alabama line east approximately 50 miles east of Tallahassee. Total membership in the chapter was approximately 200.

BUSINESS OVERVIEW

The majority of our work is within a 60 mile radius of Pensacola, Florida. The metropolitan area of Pensacola is slightly more than 450,000 people and includes Escambia and Santa Rosa County. We specialize in commercial appraisal assignments and do no individual residential appraisals. Our primary clients are local and national banks including Bank America, Wells Fargo Bank, Royal Bank of Canada, BB&T Bank, Hancock Bank and most of the local banks within our working area. We also do work for individual banks outside our area upon request along with local clients including individuals, Realtors, attorneys, CPA, etc. We work closely with the local commercial brokers and developers to keep abreast of the changing market and market conditions. We belong to MLS services extending from Baldwin County, Alabama to Panama City, Florida (150 miles of the Gulf Coast). We subscribe to Metro Market Data providing sales data for these areas along with Loopnet for both regional and local data.

Our office is staffed by three State Certified General Appraisers with a total of over 70 years full time appraisal experience.

REFERENCES

Gregg Beck, President
Beck Property Company, Inc.
850-477-7044

Robert Fair, Exec. SVP
ServisFirst Bank
850-266-9100

Keith Hodges, MAI
Escambia Co. Property Appraiser's Office
850-434-2735

John Griffing, President
NAI Halford Company
850-433-0577

Johnnie Wright, Senior VP
Hancock Bank
850-432-9018

AC# 5373477

STATE OF FLORIDA

DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION
FLORIDA REAL ESTATE APPRAISAL BD

SEQ# L10120900899

DATE	BATCH NUMBER	LICENSE NBR
12/09/2010	100235484	RZ46

The CERTIFIED GENERAL APPRAISER
Named below IS CERTIFIED
Under the provisions of Chapter 475 FS.
Expiration date: NOV 30, 2012

HOFFMAN, TERRY GENE
1550 CREIGHTON RD STE 4
PENSACOLA FL 32504



CHARLIE CRIST
GOVERNOR

DISPLAY AS REQUIRED BY LAW

CHARLIE LIEM
SECRETARY

State of Alabama



This is to certify that

Terry Gene Hoffman

*having given satisfactory evidence of the necessary
qualifications required by the laws of the State of Alabama
is licensed to transact business in Alabama as a*

Certified General Real Property Appraiser

*With all rights, privileges and obligations
appurtenant thereto.*

LICENSE NUMBER: G00817
EXPIRATION DATE: 09/30/2013

Jana Brooks Executive Director
ALABAMA REAL ESTATE APPRAISERS BOARD

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