

SUMMARY APPRAISAL REPORT
PEDC DOWNTOWN TECHNOLOGY CENTER
SOUTHWEST CORNER OF E. CHASE STREET AND N. 9TH AVENUE
PENSACOLA, FLORIDA

PREPARED FOR
PENSACOLA-ESCAMBIA PROMOTION & DEVELOPMENT COMMISSION
117 WEST GARDEN STREET
PENSACOLA, FLORIDA 33502

BY
ASMAR APPRAISAL COMPANY, INC.
3 WEST GARDEN STREET, SUITE 504
PENSACOLA, FLORIDA 32502

ASMAR APPRAISAL COMPANY, INC.



Joel J. Asmar, MAI
State-Certified General
Real Estate Appraiser RZ1565

APPRAISERS & CONSULTANTS

3 WEST GARDEN STREET, SUITE 504
PENSACOLA, FLORIDA 32502
joel@asmarappraisal.com

Telephone (850) 433-7631
Fax (850) 433-7632

January 31, 2013

Mr. Lewis Bear, Jr., Chairman
Pensacola-Escambia Promotion &
Development Commission
117 W. Garden Street
Pensacola, Florida 32502

Re: Appraisal of
PEDC Downtown Technology Center
Southwest Corner of E. Chase Street & N. 9th Avenue
Pensacola, Florida
AAC Job 13-1969

Dear Mr. Bear:

Per the contract terms, I have made an inspection of the referenced property for the purpose of estimating the market value of the fee simple interest in the property under the various scenarios requested. This appraisal provides an opinion of the market value of the underlying raw land, the "retail" value of the saleable platted lots and the combined value of the saleable lots to a single purchaser. Based on the information provided, my inspection and valuation analysis, it is my opinion that the market value of the underlying raw land in fee simple estate, as of December 27, 2012, is:

**FINAL VALUE OPINION "AS RAW LAND" – FEE SIMPLE INTEREST
THREE MILLION NINE HUNDRED DOLLARS
(\$3,900,000)**

Please note that the valuation of the underlying raw land was performed under the hypothetical condition that all of the existing site improvements, infrastructure, and any applicable covenants and restrictions have been removed.

Based on the information provided, my inspection and valuation analysis, it is my opinion that the market value of the combined saleable platted lots "As Developed" to a single purchaser, as of December 27, 2012, is:

**FINAL VALUE OPINION "AS-IS" – FEE SIMPLE INTEREST
FOUR MILLION THREE HUNDRED THOUSAND DOLLARS
(\$4,300,000)**

Based on the information provided, my inspection and valuation analysis, it is my opinion that the market value of the saleable lots as allocated to the identified five marketable groupings outlined herein, as of December 27, 2012, is as follows:

OPINION OF TOTAL GROSS RETAIL SELLOUT VALUE				
Lots/Block	Gross Lot (Saleable) Dimensions	Gross (Lot) Saleable Area	Reconciled Unit Value per SF	Estimated Retail Value
1-8, Block "A"	200' x 400'	80,000 SF	\$26.00	\$2,080,000
13-20, Block "A"	200' x 400'	80,000 SF	\$22.00	\$1,760,000
1-8, Block "B"	139' x 400'	55,600 SF	\$20.00	\$1,112,000
13-15, Block "B"	139' x 150'	20,850 SF	\$21.00	\$437,850
17-19, Block "B"	139' x 150'	20,850 SF	\$22.00	\$458,700
Estimated Total Gross Retail Sellout Value				\$5,850,000 "R"

Please note that the valuation of the saleable lots was performed under the extraordinary assumption that the surface parking lot associated with the Pensacola Bay Center is available for use by the future occupants of the PEDC Downtown Technology Center.

This is a summary appraisal report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice. The reader is advised that the level of detail presented within this report is in a summarized format with supporting documentation pertaining to data, reasoning, and the analyses retained in the appraiser's work file.

This appraisal has been made in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP) and with the Code of Professional Ethics of the Appraisal Institute. This appraisal assignment was not made, nor was the appraisal rendered on the basis of a requested minimum valuation, specific valuation, or an amount, which would result in the approval of a loan.

I estimate a reasonable marketing period at 12 to 24 months. This estimate is based on my review of sales of similar properties within the same market area.

I appreciate the opportunity to perform this work for you. If there should be any questions, please do not hesitate to call.

Respectively,



Joel J. Asmar, MAI
State-Certified General
Real Estate Appraiser RZ1565

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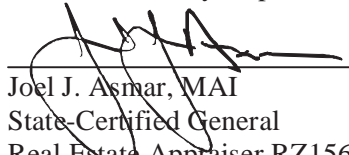
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CERTIFICATION OF VALUE

I certify, to the best of my knowledge and belief, the following:

- The statements of fact contained in this appraisal report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved. I also have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement and 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.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- I have made a personal inspection of the property that is the subject of this report. No one provided significant professional assistance to the person signing this report.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute and the State of Florida relating to review by its duly authorized representatives.
- The appraisal assignment was not based on a requested valuation, a specific valuation or the approval of a loan.
- As of the date of this report, I have completed the requirements of the continuing education program of the Appraisal Institute and the State of Florida for the current cycle.
- I certify that I have complied with the competency provision of the Uniform Standards of Professional Appraisal Practice.
- The appraiser herein, by reason of this report, is not required to give testimony in court with reference to the property appraised unless arrangements have been previously made therefore.
- I have performed no services, as an appraiser or in any other capacity, regarding the subject property within the three-year period immediately preceding acceptance of this assignment.


Joel J. Asmar, MAI
State-Certified General
Real Estate Appraiser RZ1565

January 31, 2013
Date

SUMMARY OF SALIENT FACTS AND IMPORTANT CONCLUSIONS

PROPERTY IDENTIFICATION:	The subject property consists of the underlying raw land and the 30 saleable lots that are associated with the recently developed PEDC Downtown Technology Center.
OWNERSHIP OF RECORD:	Pensacola-Escambia Promotion & Development Commission
LOCATION OF PROPERTY:	This development is located on the south side of E. Chase Street between Florida Blanca Street and N. 9 th Avenue in Pensacola, Florida.
PURPOSE OF APPRAISAL:	The purpose of this appraisal is to provide an opinion of the market value of the underlying raw land, the retail value of the 30 saleable lots in marketable groupings, and the market value of the combined saleable lots to a single purchaser.
PROPERTY RIGHTS APPRAISED:	Fee simple ownership rights.
DATE OF REPORT:	January 31, 2013
DATE OF VALUATION:	December 27, 2012
ASSESSMENT:	\$65,500 to \$95,000 for each individual platted lot – refer to Assessment and Taxes section of report.
LAND USE CLASSIFICATION:	GRD, Gateway Redevelopment District.
PROJECT AREA & DIMENSIONS:	The PEDC Downtown Technology Center is positioned on a rectangular shaped tract with an estimated site area of 9.19 acres. The property is estimated to have 1,000.36' of frontage on E. Chase Street, 400' on Florida Blanca Street and 400' on S. Ninth Avenue.
PROJECT DESCRIPTION:	This is an economic development project that is intended to attract and accommodate companies associated with various technology industries. The project was platted in April 2010 with the construction of the base infrastructure and site improvements completed in early 2012. The project is divided into 40 individual lots of which 20 lots are located in Block "A" with the remainder in Block "B". The saleable total is only 30 lots as outlined herein. The typical platted lot in Block "A" has 50' in width and 200' of depth with approximately 10,000 SF (0.23 acres). The platted lots in Block "B" also have 50' in width with the depth being approximately 139' with a gross area of approximately 6,950 SF (0.16 acres). The lots in Block "B" have a reduced effective depth due to an existing driveway and utility easement that encumbers the south 35' of these lots. The lots have all necessary base infrastructure installed with utility stub-outs in place. Central access is available with the center access road which is referenced

as Salamanca Street. Stormwater retention for the individual lots is accommodated off-site at Admiral Mason Park.

HIGHEST AND BEST USE:

Speculative hold for future commercial development of the individual saleable lots in accordance with zoning regulations and/or deed restrictions of record.

FINAL VALUE OPINIONS

UNDERLYING RAW LAND:

\$3,900,000 (Hypothetical Condition Applies – Refer to Pg. 13)

TOTAL RETAIL LOT VALUE:

\$5,850,000 (Extraordinary Assumption Applies – Refer to Pg. 13)

BULK LOT SALE VALUE:

\$4,300,000 (Extraordinary Assumption Applies – Refer to Pg. 13)

PREMISES OF THE APPRAISAL

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

The valuation analysis, final value opinion and certification appearing in this appraisal report are subject to the following assumptions and limiting conditions:

1. The appraiser certifies that to the best of his knowledge and belief, the statements contained in this appraisal and upon which the opinions expressed herein are based, are correct, subject to the limiting conditions herein set forth; also, that this appraisal has been made in conformity with the Professional Standards of the Appraisal Institute.
2. No responsibility is to be assumed for legal or title considerations. Title to the property is assumed to be marketable and free and clear of all liens, encumbrances, easements and restrictions unless otherwise stated in this report.
3. The property is appraised free and clear of all liens and encumbrances unless otherwise stated in this report.
4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
5. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
6. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
8. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.
9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity has been stated, defined, and considered in this appraisal report.
10. It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.
11. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.
12. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.

Page 2 - (Cont'd) Assumptions & Limiting Conditions

13. The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.
14. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act (ADA). The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility. Since the appraisers have no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.
15. Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.
16. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
17. Possession of this report, or a copy thereof, does not carry with it the right of publication. Any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event, only with proper written qualification and only in its entirety may not use it for any purpose.
18. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the appraiser.
19. The appraiser is not required to give testimony or appear in court because of the performance of this appraisal, unless arrangements have been previously made therefore. It is understood that any future agreements concerning court testimony will acknowledge that the appraiser is an expert in the field of real estate valuation and is entitled to a fee of not less than \$200 per hour and/or a minimum expert witness fee of \$400 per occurrence, whichever is greater.
20. The acceptance of this report by the client is acknowledgment that the client has personally read the report and specifically agrees that the data set forth herein is accurate to the best of the client's knowledge. As part of the appraiser/client employment agreement, the client agrees to notify the appraiser of the existence of any error, omission or invalid data within 15 days of receipt and return the report along with all copies to the appraiser for correction prior to any use whatsoever.

Page 3 - (Cont'd) Assumptions & Limiting Conditions

21. Clients requesting appraisals typically seek a single property value opinion. Realistically, a single value opinion is simply a specific value out of a range of values rather than the only possible value. Thus, by acceptance of this report the client acknowledges that a value opinion is the product of a professionally service and is only an opinion and not a provable fact. A value opinion may vary between appraisers based on the same facts. The appraiser warrants only that the value conclusion is his best opinion as of the effective date of valuation.

SPECIAL ASSUMPTIONS, CONDITIONS AND/OR SEVERANCE OF PROPERTY RIGHTS

Extraordinary Assumptions/Hypothetical Conditions: The preparation of this appraisal report required the use of the following hypothetical condition and extraordinary assumption:

The valuation of the underlying raw land was performed under the hypothetical condition that all of the existing site improvements, infrastructure, and any applicable covenants and restrictions have been removed.

Please note that the valuation of the saleable lots was performed under the extraordinary assumption that the surface parking lot associated with the Pensacola Bay Center is available for use by the future occupants of the PEDC Downtown Technology Center.

Severance of Property Rights: I am not aware of any easements, encroachments or prior reservations applicable to this property unless otherwise noted within this report. A title abstract/policy was not provided to the appraiser.

IDENTIFICATION OF APPRAISAL REPORT FORMAT

This is a summary report that is intended to comply with the reporting requirements set forth by the Uniform Standards of Professional Appraisal Practice. The reader is advised that the level of detail presented within this report is in a summarized format with supporting documentation pertaining to data, reasoning, and the analyses retained in the appraiser's work file.

APPRAISAL PREPARED FOR

Mr. Lewis Bear, Jr., Chairman
Pensacola-Escambia Promotion &
Development Commission
117 W. Garden Street
Pensacola, Florida 32502

PURPOSE OF APPRAISAL

The purpose of this appraisal is to provide an opinion of the market value of the underlying raw land, the retail value of the 30 saleable lots in marketable groupings, and the market value of the combined saleable lots to a single purchaser.

INTENDED USE, USER AND FUNCTION OF APPRAISAL

It is my understanding this appraisal shall serve as a guideline for asset valuation purposes. The intended users of this report are the Pensacola-Escambia Promotion & Development Commission (PEDC) and the Pensacola Chamber of Commerce.

DATE OF REPORT

January 31, 2013

DATE OF INSPECTION

December 27, 2012

DATE OF VALUE OPINION

The effective date of value is December 27, 2012, which corresponds with the date the property was last inspected.

PROPERTY RIGHTS TO BE APPRAISED

The property rights appraised include all present and future benefits and rights of the property associated with the fee simple ownership position, free and clear of mortgage indebtedness, leases, other liens or special assessments against the property.

DEFINITION OF MARKET VALUE

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

- a) buyer and seller are typically motivated;
- b) both parties are well informed or well advised and acting in what they consider their own best interests;
- c) a reasonable time is allowed for exposure in the open market;
- d) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- e) 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."¹

¹ 2012-2013 Edition Uniform Standards of Professional Appraisal Practice as promulgated by the Appraisal Standards Board of the Appraisal Foundation.

EXPOSURE TIME

Exposure time may be defined as follows: 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 upon an analysis of past events assuming a competitive and open market. Exposure time is different for various types of real estate and under various market conditions.

It is noted that the overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. This statement focuses on the time component. The fact that exposure time is always presumed to occur prior to the effective date of the appraisal is substantiated by related facts in the appraisal process: supply/demand conditions as of the effective date of the appraisal; the use of current cost information; the analysis of historical sales information (sold after exposure and after completion of negotiations between seller and buyer); and the analysis of future income expectancy estimated from the effective date of the appraisal.² I estimate the exposure time for this property to be 12 to 24 months.

² 2012-2013 Edition Uniform Standards of Professional Appraisal Practice (USPAP), The Appraisal Foundation, SMT-6, July 1, 2006, pages 87-88.

MARKETING PERIOD

Reasonable marketing time is an estimate of the amount of time it might take to sell a property interest in real estate at the estimated market value level during the period immediately after the effective date of the appraisal.³ The reasonable marketing time is a function of price, time, use and anticipated market conditions such as changes in the cost and availability of funds; not an isolated estimate of time alone. Marketing time, which occurs after the effective date of the market value estimate, differs from exposure time, which is always presumed to precede the effective date of an appraisal.

In developing the estimated marketing period, the marketing time of the comparable sales were considered as well as current listings of similar properties. In addition, brokers familiar with the subject neighborhood were contacted and the marketing period is supported by findings from these interviews. I estimate the marketing time for this property to be 12 to 24 months.

³ 2006 Uniform Standards of Professional Appraisal Practice (USPAP), The Appraisal Foundation, Advisory Opinion 7, July 1, 2006, pages 128-129.

SCOPE OF WORK

Scope of Work is defined as the type and extent of research and analysis performed in an assignment.⁴ According to the Scope of Work Rule, in each appraisal, appraisal review, and appraisal reporting assignment, an appraiser must:

1. identify the problem to be solved;
2. determine and perform the scope of work necessary to develop credible appraisal assignment results; and,
3. disclose the scope of work in the report.

The scope of work includes but is not limited to:

1. the extent to which the property is identified;
2. the extent to which the tangible property is inspected;
3. the type and extent of the data researched; and,
4. the type and extent of analyses applied to arrive at opinions or conclusions.

The scope of work must include the research and analyses that are necessary to develop credible assignment results. For this appraisal assignment, the appraiser performed the following tasks to complete the assignment in a competent manner and to be in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP).

The appraisal problem was identified by receiving preliminary information and data from the PEDC and the staff at the Pensacola Chamber of Commerce. I then completed my own independent analysis of the data provided, along with other preliminary information, to identify the appraisal problem. The appraisal problem and purpose of this appraisal report was to provide an opinion of the market value of the underlying raw land, the individual market value of the 30 saleable lots in marketable groupings, and the market value of the combined saleable lots to a single purchaser. All of these value opinions are based on the effective date of December 27, 2012 which corresponds with the last date of inspection.

The subject property was identified by the legal description and other documentation provided by the client and the staff at the Chamber of Commerce. The identification process also included referencing the

⁴ 2006 Uniform Standards of Professional Appraisal Practice (USPAP), The Appraisal Foundation, page 4 (Effective July 1, 2006)

Escambia County Property Appraiser's file data, the Escambia County GIS Website, along with maps and other exhibits gathered during the appraisal assignment research.

Specific primary information provided and/or considered during the course of this appraisal is listed below:

- Final recorded plat for the PEDC Downtown Technology Center that was dated April 2010 and recorded in Plat Book 19 at Page 9 of the Escambia County Public Records.
- A copy of the Overall Site Plan for the project that was performed by Atkins and dated January 9, 2012 with the drawing number listed as C-001.
- Interlocal Agreement between the City of Pensacola, Escambia County, the Community Redevelopment Agency of the City of Pensacola (CRA) and the PEDC. This agreement was dated February 21, 2008 with a copy included within the addenda section of this report.
- Development Guideline for the PEDC Downtown Technology Center that was provided by the Chamber of Commerce. This 13 page document provides a summary of the development requirements and guidelines for the technology campus. A copy of this document is included within the addenda section of this report
- Preliminary covenants & restrictions, by-laws and articles of incorporation for the PEDC Downtown Technology Center and the proposed owners association. These documents were prepared by Richard Sherrill, attorney.
- Information obtained from Scott Luth and Adam Myers of the Pensacola Chamber of Commerce via conference calls, email correspondence and the initial scope meeting.

Additional primary data concerning region, neighborhood and the property was obtained through discussions with city and county government officials, taxing authority, zoning authority, the Escambia County Property Appraiser's Office and applicable utility companies. Secondary data was obtained from the Chamber of Commerce and Realtor publications.

Specific market data utilized in this valuation analysis was collected from my office files and from the public records of various counties within the Florida Panhandle. A party to each sale was contacted whenever possible to verify and confirm the transaction data contained in the public records.

The nature of the market data collected has been determined based upon a thorough inspection of the subject property and resulting highest and best use analyses. Within the confines of this analysis, I have made an examination of all available and pertinent market data that could be located within a minimum time frame

of at least six months before the effective date of the appraisal. However, this search has been extended substantially in many areas, in order to obtain a sufficient quantity of market data.

The extent of reporting the data has been governed by the Uniform Standards of Professional Appraisal Practice. Also, the selection of the data reported is limited to that information which I consider to be relevant to the assignment and to the purpose of the appraisal, under the terms of the highest and best use conclusions rendered herein.

The sales comparison approach is the most applicable method of valuation for the requested market value opinions of the underlying raw land, the saleable individual lot groupings and the value of the saleable lots to a single purchaser. The initial valuation analysis will be directed at the property as undeveloped raw land. This section of the report will include the appraiser's opinion of highest and best use, presentation of sale data, the valuation analysis and final value opinion. The valuation "as developed" will follow which will include the appraiser's opinion of highest and best use, presentation of comparable sales, the retail market value of the saleable lot groupings and the reconciled value of the saleable individual lots to a single purchaser. This appraisal is in a summarized format with supporting documentation retained in the work file.

PRESENTATION OF DATA

PROPERTY IDENTIFICATION

The subject property consists of the underlying raw land, the 30 saleable lots and the implied common elements that are associated with the recently developed PEDC Downtown Technology Center.

LOCATION

The PEDC Downtown Technology Center is located on the south side of E. Chase Street between Florida Blanca Street and N. 9th Avenue in Pensacola, Florida.

OWNERSHIP OF RECORD

A cursory review of the Escambia County public records indicate the property is under the ownership of the following entity:

Pensacola-Escambia Promotion &
Development Commission
117 W. Garden Street
Pensacola, Florida 32502

LEGAL DESCRIPTION

The legal description listed on the recorded plat (Plat Book 19, Page 9) is restated below:

LEGAL DESCRIPTION:

All of Lots 1 through 10, Block 15 and a portion of Lots 11 through 20, Block 15, New City Tract, in the City of Pensacola, Florida according to the map of said City copyrighted by Thomas C. Watson in 1906; all of Block 16, New City Tract, in the City of Pensacola, Florida according to the map of said City copyrighted by Thomas C. Watson in 1906; Lots 430 through 448, Old City Tract, in the City of Pensacola, Florida according to the map of said City copyrighted by Thomas C. Watson in 1906; and that portion of Old City Tract, in the City of Pensacola, Florida according to the map of said City copyrighted by Thomas C. Watson in 1906 and vacated Salamanca Street (68' R/W) and 8th Avenue (120' R/W), lying between Ninth Avenue (State Road #289, R/W varies) and Florida Blanca Street (55' R/W) and between Chase Street (R/W varies) and the north line Aragon, a traditional neighborhood development, a replat of portion of Old City Tract and New City tract in Sections 22 and 46, Township 2 South, Range 30 West, City of Pensacola, Escambia County, Florida as recorded in Plat Book 16 at pages 84, 84A and 84B of the public record of said County, more particularly described as follows:

Begin at the northwest corner of Aragon, a traditional neighborhood development, a replat of portion of Old City Tract and New City tract in Sections 22 and 46, Township 2 South, Range 30 West, City of Pensacola, Escambia County, Florida as recorded in Plat Book 16 at pages 84, 84A and 84B of the public record of said County, said point being on the east right of way line of Florida Blanca Street (55' R/W); thence North 80 degrees 02'15" East along the north line of said Aragon and its easterly extension for a distance of 1001.09 feet to the west right of way line of Ninth Avenue (State Road #289, R/W varies); thence North 10 degrees 00'34" West along said west right of way line for a distance of 400.00 feet to the south right of way line of Chase Street (R/W varies); thence South 80 degrees 02'15" West along said south right of way line for a distance of 1000.36 feet to the east right of way line of said Florida Blanca Street; thence South 09 degrees 54'21" East along said east right of way line for a distance of 400.00 feet to the point of beginning. All lying and being in Sections 22 and 46, Township 2 South, Range 30 West, City of Pensacola, Escambia County, Florida. Containing 9.19 acres, more or less.

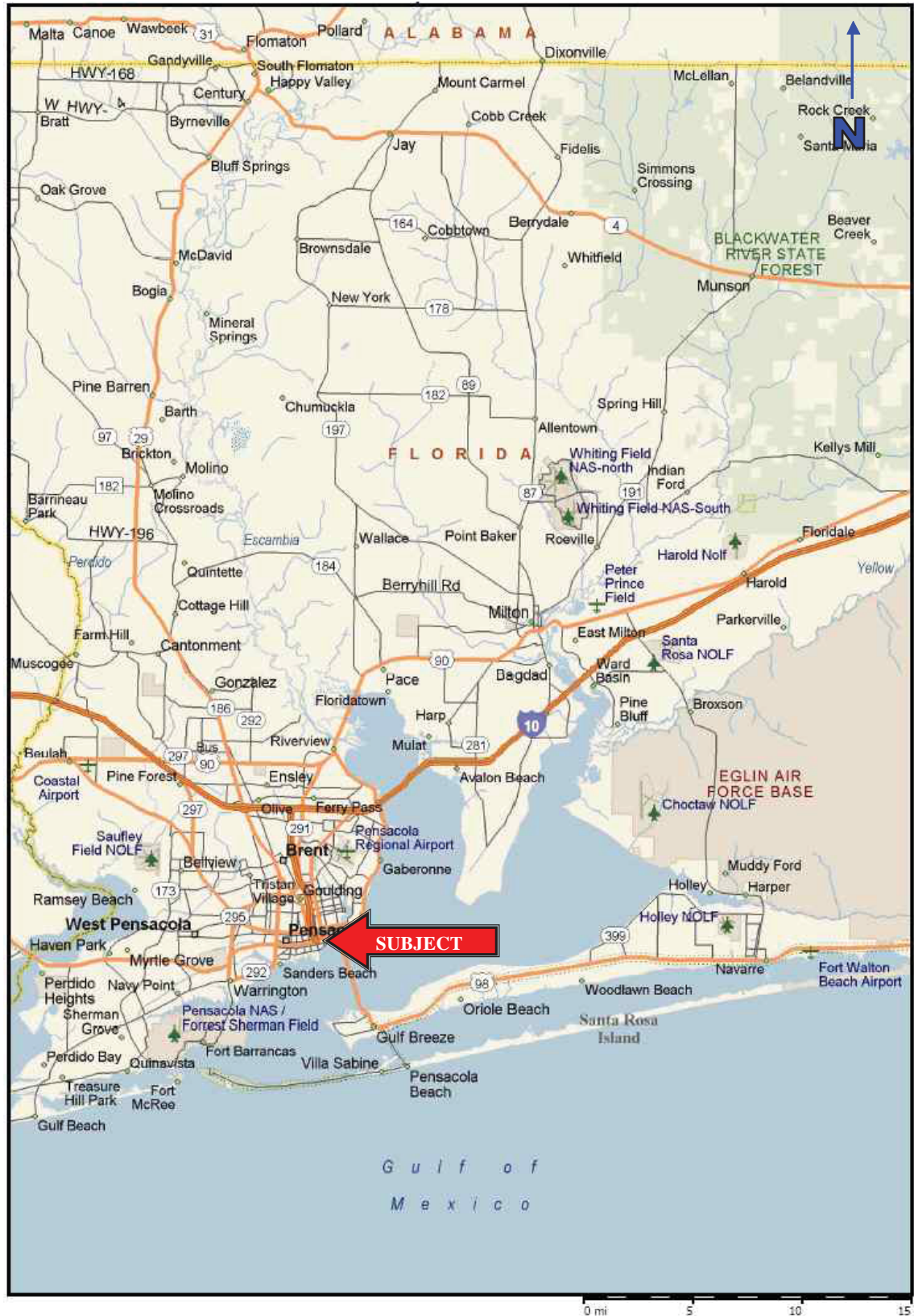
REGIONAL AREA DATA

The Pensacola Metropolitan Statistical Area (MSA) consists of the two westernmost counties in Northwest Florida: Escambia and Santa Rosa. The MSA is situated along the Gulf of Mexico and the Intracoastal Waterway in the area dubbed as “The Western Gate to the Sunshine State”. The MSA is strategically placed between various large southern cities. It is located approximately 60 miles from Mobile, Alabama; 200 miles from New Orleans, Louisiana; 200 miles from Tallahassee, Florida; and 370 miles from Atlanta, Georgia and the area is closer to St. Louis, Missouri than to Miami, Florida.

Escambia County has approximately 661 square miles and Santa Rosa County encompasses 1,024 square miles. There is an additional 100 square miles of water area within the counties’ boundaries. The City of Pensacola is the seat of Escambia County, with the county seat for Santa Rosa being the City of Milton.

A map of the region is included on the following page:

GENERAL AREA MAP



Four forces have a significant influence on property values in the region. They can be classified as follows:

ECONOMIC FORCES
SOCIAL FORCES
GOVERNMENTAL FORCES
ENVIRONMENTAL FORCES

The interaction of these forces influences the value of real property in the market. The following regional and city analyses are presented with these factors in mind.

ECONOMIC FORCES

An analysis of economic trends is confined to the local economy, which is most applicable to the subject of the appraisal. This category evaluates trends in employment and housing within the MSA.

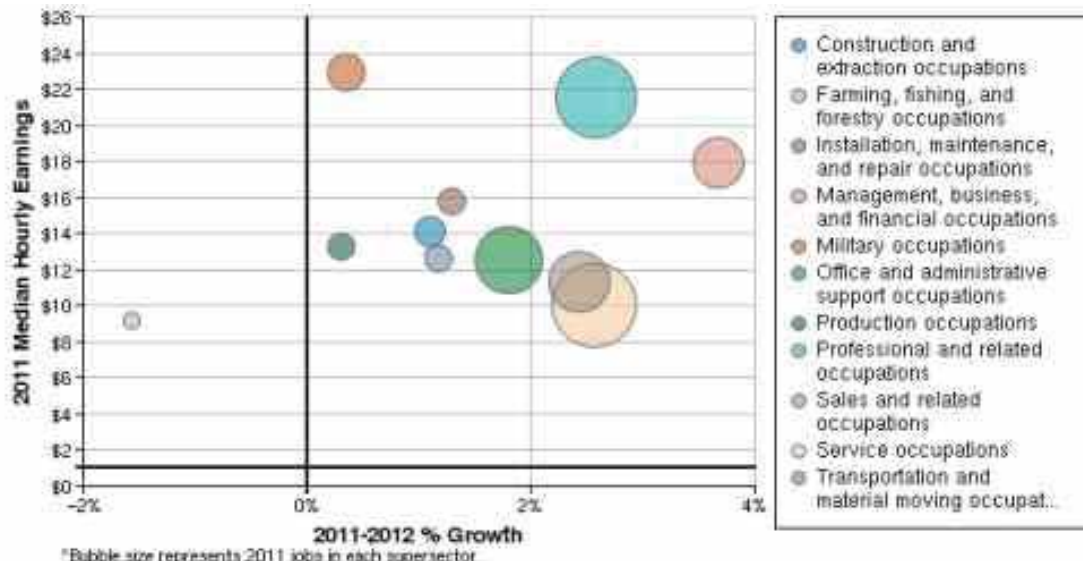
Employment: Pensacola's regional economy continues to rely heavily upon tourism and governmental expenditures (primarily military). At the present time, federal, state and local government employs approximately 18% of the work force. A breakdown of the labor market by sector for the Pensacola MSA is shown in the following table:

Description	2011 Jobs	2012 Jobs	Growth	% Growth	2011 EPW
Agriculture, natural resources, and mining	4,766	4,948	182	4%	\$23,950
Construction	13,613	13,741	128	1%	\$40,556
Education and health services	34,175	35,182	1,007	3%	\$45,044
Financial activities	20,130	21,135	1,005	5%	\$30,577
Government	41,136	41,546	410	1%	\$75,397
Information	3,709	3,751	42	1%	\$50,440
Leisure and hospitality	22,024	22,509	485	2%	\$18,208
Manufacturing	6,088	6,078	-10	0%	\$63,442
Other services	12,682	12,890	208	2%	\$20,815
Professional and business services	28,943	29,900	957	3%	\$38,727
Trade, transportation, and utilities	36,018	36,418	400	1%	\$37,309
Total	223,283	228,099	4,816	2%	\$43,110

The highest job growth for the most recent period was attributed to the financial, professional and medical service area. These sectors experienced 3% to 5% annual growth rates. The construction industry remained at a depressed employment level.

In an effort to diversify past and existing labor trends, local government has intensified their efforts in securing new manufacturing industry to the area. This effort, which commenced in the late 1980s, continues to the present time. From a historical standpoint, this effort has not been successful with the manufacturing sector having an increasingly smaller share of the labor workforce. The 2011-2012 period showed a minor decline in the manufacturing jobs section despite these efforts.

A comparison of the average sector employment earnings per employee is included in the following bubble graph. The professional sector is by far the highest growth and income sector in this market area. This provides a strong foundation for a solid middle class which is a desirable attribute for moderate size communities.



Military personnel still have a profound effect upon the area's economy. The military directly employed approximately 14,747 persons in 2011 with earnings of over \$1.5 million. The area is host to numerous military installations including Naval Air Station Pensacola, Saufley Field, Corry Station and Whiting Field.

The majority of naval activities in the area are concentrated on the west side of the metropolitan area. The largest base is Naval Air Station Pensacola, located southwest of Pensacola's Central Business District, and is adjacent to the entrance to Pensacola Bay.

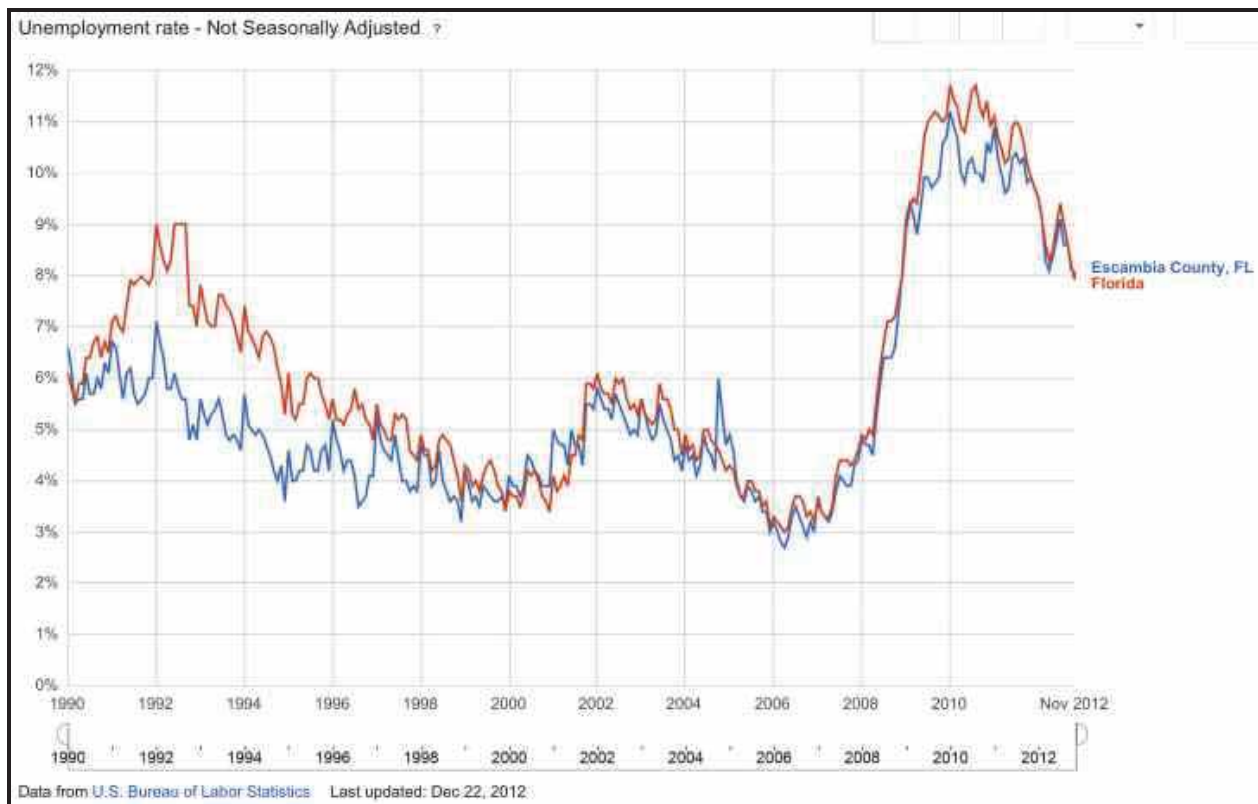
The Naval Air Station has undergone numerous changes in recent years that have had an economic impact in the area. This includes the closure of the Naval Aviation Depot (NADEP) and the subsequent relocation of the Naval Aviation Technical Training Command (NATTC) from Memphis, Tennessee to the Pensacola base. The loss of NADEP included 75 military positions and 3,400 civilians. However, 2,700 employees have been successfully relocated in the local area via the base realignment process. The transfer of NATTC has resulted in a \$285 million construction project in Pensacola. The project, considered Northwest Florida's largest ever, comprised 2.3 million square feet of infrastructure. The construction project was completed in 1997 with the bulk of instructors, staff and students having arrived in the fall of 1996.

Major employers in the Pensacola region include the federal government - 7,162 and local/state government - 19,110 for the year 2010. The three area hospitals rank 4th, 5th, and 9th respectively with a combined employment of approximately 9,463 persons. This represents an increase of 6.8% over the 8,864 persons reported in 2005. Other important area employers include Navy Federal Credit Union, Gulf Power Company, Ascend Performance Materials (nylon fiber/industrial organic chemicals), Lakeview Center (a mental health facility), International Paper (paper manufacturer), Pensacola Christian College (school and publishing company), West Telemarketing and the University of West Florida. These employers represent a broad base of industries.

A significant number of jobs in the service sector are provided by the health care industry. Pensacola is a regional center for medical care in Northwest Florida and South Alabama, offering specialized health care services for people in a wide multi-state area. The health care industry is becoming an increasingly important component to the economic viability of the Pensacola area. The industry is comprised of hospitals, offices of physicians and dentists, outpatient centers, medical labs and home health care, and nursing and residential care facilities. There are six hospitals in the MSA; Baptist Hospital, Gulf Breeze Hospital, Jay Hospital, Sacred Heart Hospital, Santa Rosa Medical Center, and West Florida Hospital.

The addition of the Andrews Institute in Gulf Breeze has brought world-class orthopedics and sports medicine to the Pensacola area. The health care industry is responsible for employing over 27,000 persons who had earnings of over \$1.3 billion in 2010. Sales in the industry were estimated at \$2.5 billion in 2010.

Unemployment: Florida's unemployment rate jumped to 12.3 percent in March 2010, the highest since 1975. That's just one-tenth of a percentage point higher than the previous month, and 2.6% higher than that reported a year ago. Much of this is attributed to a significant decline in the tourism and construction trade due to the nationwide economic downturn. The state unemployment rate has since subsided with a rate of 7.9% reported as of November 2012. In Escambia County, the unemployment rate for October 2012 was 8.1 percent. In comparison, from 2003 to 2006 unemployment in Escambia and Santa Rosa Counties typically ranged from 3% to 5%. Thus, there has been a significant increase in unemployment in the local area which is consistent with the statewide trend. The following line chart shows the most recent employment trends for Escambia County and the State of Florida.



Real Estate/Housing: The residential real estate market is in a well publicized slump that not only applies to the local market area but the nation as a whole. The Florida Panhandle real estate market experienced unparalleled demand during the period of 2000 through the summer of 2005. Appreciation rates were unprecedented in recent history with buyers appearing to have an insatiable level of demand for

residential properties. This changed by the summer/fall of 2005 with a continuous decline in market demand evident through the year 2010.

From a micro standpoint, the catalyst of the local market downturn was considered by most to be the back-to-back active hurricane seasons of 2004 and 2005 along with the prospect of escalating insurance premiums and ad valorem taxes. In hindsight, it is now apparent that the basic framework of the national housing market was flawed which permeated through the local level. A combination of readily available credit, low interest rate loans, the use of non-traditional mortgage instruments and rampant speculation helped fuel increased demand which resulted in rapid price appreciation. Once short and long term interest rates increased, the self-perpetuating market effectively collapsed due to the lack of real fundamentals.

National influences contributed to the residential housing slump as evident by the widespread impact throughout the United States. There are multiple factors that contributed to the decline. These include the following:

- Historically low mortgage interest rates
- An increase in non-traditional mortgage financing instruments
- Relaxed mortgage credit standards
- Widespread market speculation

The national financial framework is now cited as the primary culprit of the housing slump. Interest rates remained at historically low levels for an extended period in the first part of this decade which contributed to the housing bubble. From 2001 through 2003, the Federal Reserve held interest rates at extremely low levels (1% to 2%) which resulted in low residential mortgage rates. After inflationary pressures prompted the Federal Reserve to act, a series of rapid increases in the Federal Funds Rate were made commencing in the summer of 2004 and culminating to a rate of 5.25% in the summer of 2006. Although subsequent decreases in the Federal Funds Rate were made, the adverse effect of the rapid increases already made its impact. Many adjustable rate mortgages reset at higher interest rates which in turn impacted market demand. In addition, long term rates increased which contributed to the reduction in market activity and demand.

The use of non-traditional mortgage instruments also increased in 2002 through 2006. These mortgage instruments included interest-only, adjustable rate mortgages (ARMs), option payment ARMS, along with 40-year conventional mortgages. These non-traditional mortgages greatly increased the affordability of residential properties to a segment of the purchasing marketplace that could not qualify under conventional terms. Most of these mortgage instruments were also susceptible to rate increases.

Relaxed credit standards played a significant role in the housing bubble. Qualification standards for many of the non-traditional mortgage instruments were less than that established for traditional conventional mortgages. This resulted in an expansion of the purchasing marketplace to include buyers who normally would not qualify based on established credit thresholds. A combination of the preceding factors provided a foundation for increased demand in residential properties.

Housing inventory levels also increased dramatically from 2006 through 2008. In 2005, the estimated housing inventory was 2.846 million which correlated to a 4.5 month supply. The total current inventory reported for the U.S. was 2.03 million homes correlating to a 4.8 month supply. The inventory rate continues to decline with a supply of 5.3 months reported as of October 2012.

SOCIAL FORCES

This category is primarily concerned with population characteristics and demographics. A study of an area's population produces much information about the basic demands in the local real estate market. The following headings consist of regional data pertinent to this topic.

Population: Population growth in the Pensacola MSA has continued at a steady pace since 1960. The table, which follows, shows the actual population changes in the Pensacola MSA from 1980 through 2010.

Total Population			
Year	Escambia	Santa Rosa	Pensacola MSA
1980	234,600	56,600	291,200
1990	263,500	82,100	345,400
2000	294,410	117,743	412,153
2005	303,596	136,037	439,633
2010	339,948	142,620	482,568

Of the currently estimated 457,859 area residents for 2012, 76% have completed high school and 26% have college degrees. The largest segment of the population (27.6%) is 45 to 64 years old with the next highest being the 25 to 44 year old segment with 24.7%. A breakdown of the population by age group within the MSA is outlined in the following table:

Age	2011 Population	2012 Population	Change	% Change
under 15	83,714	84,343	629	1%
15 - 24	68,445	67,781	-664	-1%
25 - 44	112,183	112,838	655	1%
45 - 64	125,552	125,999	447	0%
65+	64,583	66,897	2,314	4%
Total	454,476	457,859	3,383	1%

GOVERNMENTAL FORCES

This category addresses state and local government forces within the subject's regional area.

Type of Government: The City of Pensacola has a council/manager government with 10 city council members elected for two-year terms. The strong mayor was recently adopted via the new city charter with the mayor now elected by the citizens. The strong mayor and city manager oversee the day-to-day operation of city government.

Escambia County is governed by a five-member board of commissioners who are elected within specified districts for four-year terms. The county administrator is hired by the Board of County Commissioners and has the responsibility of directing county operations.

Santa Rosa County has a five-member board of commissioners who are elected within specified districts for four-year terms. The board is responsible for hiring the county administrator who oversees the daily operations of the government.

Building Codes/Zoning: The City of Pensacola and Escambia County governments both operate planning and zoning departments. The respective departments are responsible for establishing and enforcing land use regulations. The City of Pensacola and Escambia County also operate separate building inspection

departments. These offices are responsible for enforcing codes for building construction, electrical, mechanical, plumbing, and gas installations.

The City of Milton, the City of Gulf Breeze, and Santa Rosa County also operate separate zoning office and building inspection departments. The city departments are located within the respective city limits. The Santa Rosa County departments are located in Milton with satellite offices in Midway. The Midway office was opened recently to serve southern Santa Rosa County.

Law Enforcement/Fire Department: Escambia County and Santa Rosa County Sheriff Departments within the MSA and the respective City Police Departments provide adequate law enforcement within the immediate market area. Fire departments are staffed by volunteers and paid personnel in the county and paid employees in the city.

Utilities: Northwest Florida is served with electrical power by Gulf Power Company, which owns three modern generating stations. BellSouth Telephone Company provides telephone service throughout the MSA. Escambia County Utilities Authority supplies water and sanitary sewage disposal service to the area. It also disposes of trash within the unincorporated area of the county; Sanitation Services of Pensacola having jurisdiction within the city limits. Natural gas is available within the MSA by Energy Services of Pensacola.

Transportation: Federal Highway Interstate 10 runs through the MSA in its course from Los Angeles, California to Jacksonville, Florida. Additionally, the MSA is dissected by a variety of state, county and local roads, providing access throughout the area. The Pensacola Regional Airport is a commercial airport served by COMAIR, Continental, Delta, ASA, Northwest Airlink, and US Airways.

The City of Pensacola operates the Port of Pensacola, which accommodates ocean-going vessels with drafts to 33 ft. Escambia County Transit (ECAT) provides local service for a 91 square mile area.

Taxes: The State of Florida has no personal income tax. Additionally, there is no sales tax on food, medicine, packaging, boiler fuels or inventories. Sales taxes targeted toward tourism (retail sales, rentals, transient living accommodations) comprise 65% to 70% of Florida's tax revenue. There is a corporate state income tax of 5.5%. Ad valorem taxes are levied on property throughout the county to provide operating revenue to local government.

ENVIRONMENTAL FORCES

Environmental forces relate to the characteristics of a property's geographic location.

Climate: The MSA is located in a semi-tropical climate, typical of the region along the upper Gulf Coast. The average temperature in January is 52 degrees and in July is 82 degrees. High winds or hurricanes have occurred in late Summer and early Fall. A summation of the data is exhibited in the following table:

Description	Avg. Temp.	Avg. Precip.	Avg. Humidity
Spring	67.1	4.51	73
Summer	80.8	6.58	75
Fall	72.7	5.52	72
Winter	53.9	4.44	72

Topography/Soil: The MSA is located on the Gulf Coastal Plain, which generally consists of level and flat land. The soils are mostly of the sandy loam nature and are generally well suited for buildings, roads and other common urban improvements.

Recreation: A wide variety of cultural activities such as music, art, theatrical productions and dance are located in the Pensacola area. Canoeing, boating, fishing and other outdoor sporting activities are popular throughout the MSA. Recently, the Pensacola Ice Pilots (ice hockey team), and the Pensacola Pelicans (baseball) have been established in Pensacola with home games played at the Pensacola Civic Center and UWF, respectively.

Transportation: Escambia and Santa Rosa Counties are located along a sheltered 12 ft. draft barge route that runs from Brownsville, Texas to Apalachicola, Florida. Rail service is provided by Alabama Gulf Coast Railway, CSX Transportation Services and Amtrak (passenger train).

Regional Resources: Agriculture has continued to be a major contributor to the economy. It remains one of the prime resources of the area for row crop and tree farming. There are also extensive petroleum deposits offshore in the Gulf of Mexico. However, at the current time, only exploratory drilling has been permitted. The future impact of this resource is questionable as the prospect of full production drilling is vehemently opposed by environmentalists and local and state government.

Perhaps the most recognized resource for the area is the sparkling white sandy beach, which extends from Mobile Bay along peninsular Florida. The beaches in the Pensacola area remain a major tourist attraction.

Development: The development of Pensacola was largely predicated on environmental factors. As was customary for most of the original “old cities” in the U.S., development commenced from the waterfront where the oldest improvements are located. Downtown Pensacola is located in this vicinity with several structures of 150+ years still standing. The northward development push was a natural progression due to the physical barriers of Escambia Bay, Bayou Texar and Bayou Chico. A local family had the foresight to acquire rural timberland which was sold and/or developed and now encompasses Northeast Pensacola.

As the city matured, it grew northward from the southern shoreline. The city (using a grid design) built several residential areas known as North Hill and East Hill on the west side of Bayou Texar and East Pensacola Heights on the east side. These areas are easily identifiable because of the "grid" pattern of development. Newer developments extended out to the north of these early subdivisions. One area in particular was very slow to develop but eventually became the most desirable section in Greater Pensacola. That area, Northeast Pensacola, is built on land, which was formerly under the ownership of the Baars family.

Summary: The Pensacola MSA remains an evolving metropolitan area. Traditionally dependent on an extensive military presence, the intensification of efforts to secure other industries shows the willingness of local government officials and community leaders to achieve a diversified economy. The MSA also has natural resources and beauty, affordable housing, and a growing, young workforce, all of which provide a good foundation for future growth.

Real estate values have shown decreases in recent years. This includes both the residential and commercial markets, although the residential market downturn is certainly more pronounced following a rapid increase in inventory due to rapid build-out in the early part of this decade. Construction of new residential developments has ceased which should allow for some recovery as the absorption of the existing inventory levels continue.

NEIGHBORHOOD DATA

The neighborhood can be described as the Downtown Central Business District and the Gateway District. The boundaries include Wright Street to the north, Reus Street to the west, 17th Avenue to the east, and the waterfront of Pensacola Bay to the south. The center point of the Downtown CBD is the intersection of Garden Street and Palafox Street.

At present, the downtown area serves a variety of functions. It is the center of Pensacola's financial, legal, and accounting services as well as local, state and federal government offices. Other uses include professional offices, retail establishments, churches, lodges, restaurants, hotels, warehouse/wholesale operations, and residential dwellings. More recently, the Community Maritime Park had added a recreational and entertainment aspect to the area

The downtown area has experienced economic growth and decline cycles that are similar to most other urban areas. Downtown Pensacola traditionally has served as the center of social and economic growth for this community. This included government, retail, service, and office functions. Following the suburbanization trends of the 1970s, many of the large retail establishments have relocated to other more fruitful areas. It is doubtful the downtown area will ever again serve as the primary retail trade area for this community.

With the exodus of large retailers, there was a large void in the downtown area, which contributed to the decline in appearance for the area. In response, the Downtown Improvement Board (DIB) was established for the purpose of promoting and improving the immediate area. The funding for administration and projects is provided by an additional two mills in property taxes applicable to the downtown area.

One of the first major projects coordinated by the DIB was streetscaping Palafox Street. This project commenced in 1988 and contributed significantly to the appeal of the downtown area in general and specifically those properties fronting this street. Recently, the streetscaping was upgraded to correct deficiencies in materials used in the original construction. Additional work on "side streets" continues including along Main Street. Similar streetscape projects are underway in the Seville district as part of the implementation of the Ray Gindroz plan for improving access and maximizing the appeal of this area.

Major commitments by government occurred 15 to 25 years ago with the construction of a new City Hall, the County Judicial Building, the County Administrative building and a State office building. All of these are "bunched" in the Government Street to Main Street corridor extending two blocks westerly from Main Street.

The appeal of the downtown area has increased drastically over the past 15 or so years. The seed of the rejuvenation is attributed to the renaissance with commercial development along Palafox Street and the surrounding area and the renewed interest in the historic Seville area. Many buildings have been purchased and completely renovated resulting in increased appeal overall. This private sector effort continues to be bolstered by the City of Pensacola via the Community Redevelopment Agency.

One of the most visible projects is the redevelopment of the Aragon Court area. Aragon is a traditional neighborhood development that is the product of a joint effort between the City of Pensacola via the Community Redevelopment Agency (CRA) and the private sector. The CRA was interested in the development of an attractive mixed use development that would not only encourage residential development within the downtown area but also be compatible with the adjacent Seville historical district. It consists of an approximate 20 acre site located in the eastern section of the downtown neighborhood district. The development is strategically positioned to the west of Admiral Mason Park which is host to several war memorials and has a view of Pensacola Bay for the eastern section of the site. This park was recently landscaped with an attractive stormwater pond installed.

Development of the Aragon project commenced in September 1999 with it consisting of 141 lots that have been slated for residential and commercial development. The infrastructure for the development is very attractive. Site improvements include antique style streetlights, brick pavers pedestrian crossovers, common parking areas, private parks, a public kids park, rear alley access roads, and a central common stormwater retention pond. The quality of the site improvements is above average for the local area.

There has been considerable work put into the planning and design of the Aragon development. As the build out of the undeveloped platted lots continues, the vision and proper planning that conceived the idea for this traditional neighborhood development becomes more and more apparent. This has also resulted in a

corresponding increase in the project's overall appeal that will assist in bolstering property values within this development and the surrounding area.

The Maritime Park project has had a profound influence on the immediate area. The park has been in the planning stages for many years with the baseball stadium completed in early 2012. This project consists of a joint public/private development project placed on a large waterfront tract located immediately south of the former ECUA sewer plant. The public portion of the project includes an amphitheatre, baseball stadium and numerous parks. This project also has nine private development sites available for purchase. The ECUA plant has been removed and its 19 acre site may be acquired by the City of Pensacola as part of the expansion of the redevelopment of this waterfront district.

The downtown business core is improved with historic and modern low and mid-rise buildings. These buildings host office, retail and service tenants with the upper floor levels dominated by office use. The Palafox corridor to the south of Wright Street has undergone a recent resurgence for retail and service use with numerous new businesses opening up in the past three years. The nightlife scene has experienced the highest amount of growth with multiple restaurants, lounges and nightclub venues now present especially to the south of Garden Street.

The Gateway District anchors the east side of the Downtown CBD and Seville district. The Gateway area has proved particularly attractive in the past ten years for tourism driven businesses. This includes dine-in restaurants, fast food restaurants, motels, and lounges/nightclubs. Most of the aforementioned commercial uses are desirous of a location on the major arterial roadways of Bayfront Parkway, Gregory Street, Chase Street and Ninth Avenue.

Within this area, a number of large, attractive buildings have been constructed overlooking Pensacola Bay, the most prominent being the Gulf Power Company mid-rise office building built in approximately 1989, and is purported to have cost in the neighborhood of \$25,000,000. The 10,000-seat Pensacola Bay Center was constructed along Ninth Avenue and Gregory Street in 1985. The Marriott Residence Inn was constructed in 1998 and is located on the south side of Chase Street, approximately one block east of the

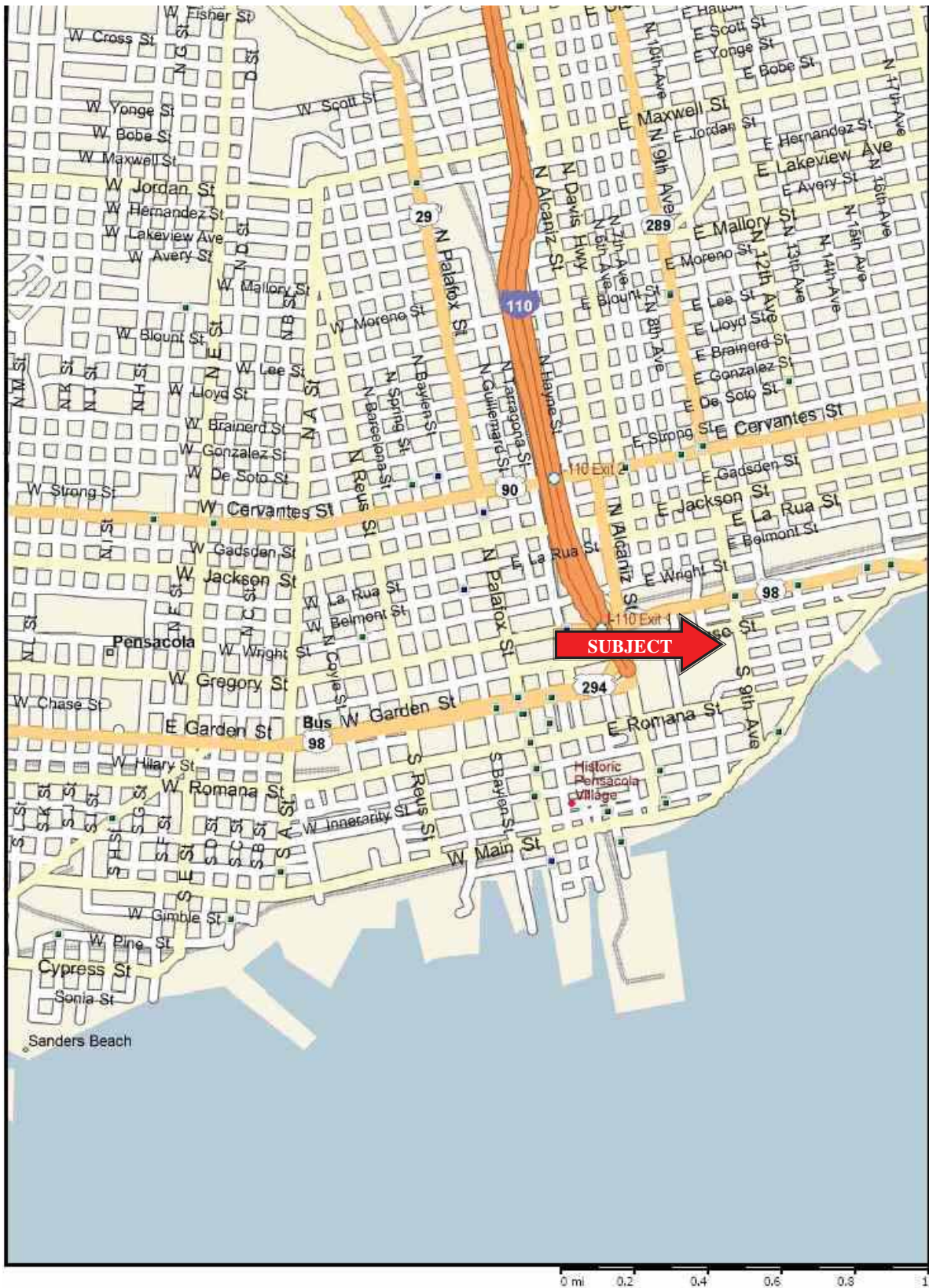
subject. In 2007, the Courtyard by Marriott was developed approximately three blocks east of the subject, which holds 120 guest rooms. The Crown Plaza is located to the north of the Pensacola Bay Center.

A notable anchor for the eastern periphery of the Downtown CBD is the Florida Institute for Human and Machine Cognition (IHMC). This is a non-profit research institute that is directed at developing technology for cognitive prostheses. IHMC is presently located in the old police headquarters building on Alcaniz Street.

Chase Street is a primary commercial roadway that runs one-way eastward connecting downtown Pensacola with the Pensacola Bay Bridge. Gregory Street is a one-way roadway that parallels Chase Street and runs westward from the Bay Bridge to downtown Pensacola. Gregory Street is commonly referred to as “Restaurant Row” as it is the location of numerous prominent restaurants including McGuire’s, Outback Steak House, Melting Pot, Franco’s, Bagelheads, Rodizio Grill, Landry’s and Carrabba’s Italian Grill.

As a result of the continued interest in the downtown area and the promotion of same by the City of Pensacola and the DIB, the downtown district has a greatly improved physical appearance and appeal. The future outlook appears good with the continued trend of upgrading and renovating existing structures and a build out of available sites.

NEIGHBORHOOD MAP



REAL ESTATE MARKET ANALYSIS

Overview

The residential and commercial real estate market is in a well publicized slump that not only applies to the local market area but the nation as a whole. The Florida Panhandle real estate market experienced unparalleled demand during the period of 2000 through the summer of 2005. Appreciation rates were unprecedented in recent history with buyers appearing to have an insatiable level of demand for residential and commercial properties. This changed by the summer/fall of 2005 with a continuous decline in market demand evident through the year 2010. From 2010 to the present, stabilization trends have been evident.

From a micro standpoint, the catalyst of the local residential market downturn was considered by most to be the back-to-back active hurricane seasons of 2004 and 2005 along with the prospect of escalating insurance premiums and ad valorem taxes. In hindsight, it is now apparent that the basic framework of the national housing market was flawed which permeated through the local level. A combination of readily available credit, low interest rate loans, the use of non-traditional mortgage instruments and rampant speculation helped fuel increased demand which resulted in rapid price appreciation. Once short and long term interest rates increased, the self-perpetuating market effectively collapsed due to the lack of real fundamentals.

National (Macro) Trends/Influences and Analysis

National influences contributed to the real estate slump as evident by the widespread impact throughout the United States. There are multiple factors that contributed to the decline. These include the following:

- Historically low mortgage interest rates
- An increase in non-traditional mortgage financing instruments
- Relaxed mortgage credit standards
- Widespread market speculation

The national financial framework is now cited as the primary culprit of the slump. Interest rates remained at historically low levels for an extended period in the first part of this decade which contributed to

the housing bubble. From 2001 through 2003, the Federal Reserve held interest rates at extremely low levels (1% to 2%) which resulted in low residential mortgage rates. After inflationary pressures prompted the Federal Reserve to act, a series of rapid increases in the Federal Funds Rate were made commencing in the summer of 2004 and culminating with a rate of 5.25% in the summer of 2006. Although multiple decreases in the Federal Funds Rate have been made, the adverse effect of the rapid increases already made its impact. Many adjustable rate mortgages reset at higher interest rates which in turn impacted market demand. Long term rates have also increased and contributed to the reduction in market activity.

The use of non-traditional mortgage instruments increased in 2002 through 2006. These mortgage instruments included interest-only, adjustable rate mortgages (ARMs), option payment ARMS, along with 40-year conventional mortgages. These non-traditional mortgages greatly increased the affordability of residential properties to a segment of the purchasing marketplace that could not qualify under conventional terms. Most of these mortgage instruments were also susceptible to rate increases.

Relaxed credit standards also played a significant role in the real estate bubble. Qualification standards for many of the non-traditional mortgage instruments were less than that established for traditional conventional mortgages. This resulted in an expansion of the purchasing marketplace to include buyers who normally would not qualify based on established credit thresholds.

A combination of the preceding factors provided a foundation for increased demand in residential/commercial properties. The rapid appreciation evident during the 2002 through 2005 period also encouraged rampant speculation. Many individuals speculated that increasing real estate values would continue to escalate resulting in quick profits in relatively short periods. The speculation activity was typically leveraged by the non-traditional mortgage instruments.

The peak in the housing bubble occurred in the second or third quarter of 2005. Following this period, residential sales activity and values have experienced declines throughout the nation, with few exceptions. The decline varies significantly by region as evident by information published by the National Association of Realtors (NAR). On the following page, I have included two tables that report sales activity and sale prices for existing homes since 2009 as allocated by region.

Existing Home Sales

Year		U.S.	Northeast	Midwest	South	West	U.S.	Northeast	Midwest	South	West	Inventory*	Mos. Supply
2009		4,340,000	590,000	980,000	1,640,000	1,130,000	*	*	*	*	*	2,740,000	8.8
2010		4,190,000	570,000	910,000	1,630,000	1,080,000	*	*	*	*	*	3,020,000	9.4
2011		4,260,000	540,000	910,000	1,680,000	1,130,000	*	*	*	*	*	2,320,000	8.2
Seasonally Adjusted Annual Rate							Not Seasonally Adjusted						
2011	Nov	4,400,000	540,000	980,000	1,740,000	1,140,000	335,000	40,000	68,000	132,000	95,000	2,620,000	7.1
2011	Dec	4,380,000	580,000	970,000	1,700,000	1,130,000	349,000	44,000	76,000	136,000	93,000	2,320,000	6.4
2012	Jan	4,630,000	600,000	1,010,000	1,760,000	1,260,000	260,000	30,000	53,000	101,000	76,000	2,330,000	6.0
2012	Feb	4,600,000	590,000	1,020,000	1,770,000	1,220,000	287,000	38,000	64,000	112,000	73,000	2,400,000	6.3
2012	Mar	4,470,000	590,000	1,020,000	1,730,000	1,130,000	360,000	43,000	82,000	140,000	95,000	2,320,000	6.2
2012	Apr	4,620,000	620,000	1,030,000	1,790,000	1,180,000	400,000	52,000	89,000	155,000	104,000	2,500,000	6.5
2012	May	4,620,000	610,000	1,040,000	1,810,000	1,160,000	448,000	57,000	108,000	169,000	114,000	2,470,000	6.4
2012	Jun	4,370,000	540,000	1,020,000	1,730,000	1,080,000	463,000	58,000	111,000	180,000	114,000	2,370,000	6.5
2012	Jul	4,470,000	580,000	1,040,000	1,770,000	1,080,000	430,000	64,000	106,000	167,000	93,000	2,400,000	6.4
2012	Aug	4,830,000	630,000	1,110,000	1,920,000	1,170,000	476,000	65,000	108,000	190,000	113,000	2,400,000	6.0
2012	Sep	4,690,000	590,000	1,090,000	1,880,000	1,130,000	372,000	47,000	88,000	153,000	84,000	2,170,000	5.6
2012	Oct r	4,760,000	580,000	1,110,000	1,890,000	1,180,000	401,000	50,000	90,000	163,000	98,000	2,110,000	5.3
2012	Nov p	5,040,000	620,000	1,190,000	2,040,000	1,190,000	387,000	46,000	85,000	156,000	100,000	2,030,000	4.8
vs. last month:		5.9%	6.9%	7.2%	7.9%	0.8%	-3.5%	-8.0%	-5.6%	-4.3%	2.0%	-3.8%	-9.4%
vs. last year:		14.5%	14.8%	21.4%	17.2%	4.4%	15.5%	15.0%	18.2%	5.3%	-22.5%	-32.4%	
year-to-date:							4.284	0.550	0.984	1.686	1.064		

Note: Annual inventory figures are from December of each year

Sales Price of Existing Homes

Year		U.S.	Northeast	Midwest	South	West	U.S.	Northeast	Midwest	South	West
Median							Average (Mean)				
2009		\$172,500	\$240,500	\$144,100	\$153,000	\$211,100	\$216,900	\$276,300	\$171,100	\$192,700	\$256,700
2010		172,900	243,500	141,600	150,100	214,800	220,000	281,500	172,500	193,000	264,100
2011		166,100	237,500	135,400	144,200	201,300	214,000	276,900	166,900	188,100	252,300
Not Seasonally Adjusted							Not Seasonally Adjusted				
2011	Nov	164,000	237,600	132,300	142,500	200,400	210,400	274,700	162,000	184,500	250,600
2011	Dec	162,200	220,000	128,900	145,100	204,500	209,500	262,000	158,700	188,600	252,600
2012	Jan	154,600	225,200	121,400	134,000	189,300	200,900	266,600	150,600	175,700	240,400
2012	Feb	155,600	222,000	119,800	137,500	193,500	201,600	263,300	147,900	178,100	245,200
2012	Mar	164,800	230,200	131,600	146,500	204,600	212,100	269,000	160,200	189,300	256,000
2012	Apr	173,700	233,100	139,900	152,500	224,000	221,700	273,800	168,900	198,000	272,000
2012	May	180,300	239,900	147,700	159,400	230,700	229,600	280,200	178,100	206,400	278,500
2012	Jun	188,800	253,200	156,200	164,100	235,100	238,200	294,600	190,000	212,300	283,400
2012	Jul	187,800	254,200	153,700	161,700	241,200	236,200	291,800	186,000	207,100	288,900
2012	Aug	184,900	249,800	151,000	158,000	242,000	233,100	288,100	183,800	202,600	287,700
2012	Sep	178,300	235,400	145,300	150,500	245,300	226,600	274,900	176,300	193,300	291,500
2012	Oct r	176,900	230,300	141,500	151,900	243,100	224,500	269,600	172,100	194,300	290,800
2012	Nov p	180,600	232,900	141,600	157,400	248,300	229,500	272,000	172,400	202,800	295,900
vs. last year:		10.1%	-2.0%	7.0%	10.5%	23.9%	9.1%	-1.0%	6.4%	9.9%	18.1%

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The preceding tables provide obvious support that a slow recovery is underway in the residential housing market. The total sales within the United States decreased every year from 2005 through 2008. The existing home sale total for the entire U.S. was 4.26 million for 2011 which indicates there has been a slight decline from 2010. However, the sales total is a vast improvement over previous years.

Housing inventory levels have also increased dramatically since 2005. At the height of the market in 2005, the estimated housing inventory was 2.846 million which correlated to a 4.5 month supply. The total current existing homes for sale as of November 2012 totaled 2.03 million homes correlating to a 4.8 month supply. This is a significant improvement from the 12.5 month supply reported for July 2010 and is at a level that will finally support increases in home prices.

Building permits on a nationwide basis for new single and multiple family residential construction have decreased significantly since the peak period in 2005. The following graph shows the 24 year history of residential permits issued for the nation.



The commercial real estate market has exhibited similar trends as the residential market. The correction in the commercial real estate market commenced in late 2006 or 2007 and it continued through the year 2010. The downturn has been most pronounced since the collapse of the credit market in the Fall of 2008. This has resulted in escalating yield and capitalization requirements for most investors. The impact has been apparent to all segments of the commercial real estate market. However, the retail sector has experienced a significant impact with the reduction in consumer spending due to the recessionary conditions evident.

Local (Micro) Trends/Influences & Analysis

The demand for residential properties in the greater Pensacola area from the year 2000 through the summer of 2005 was unparalleled in comparison to the past 30 to 40 years. The local market experienced strong levels of growth over this period. This in turn encouraged a rapid escalation in the construction of residential subdivisions.

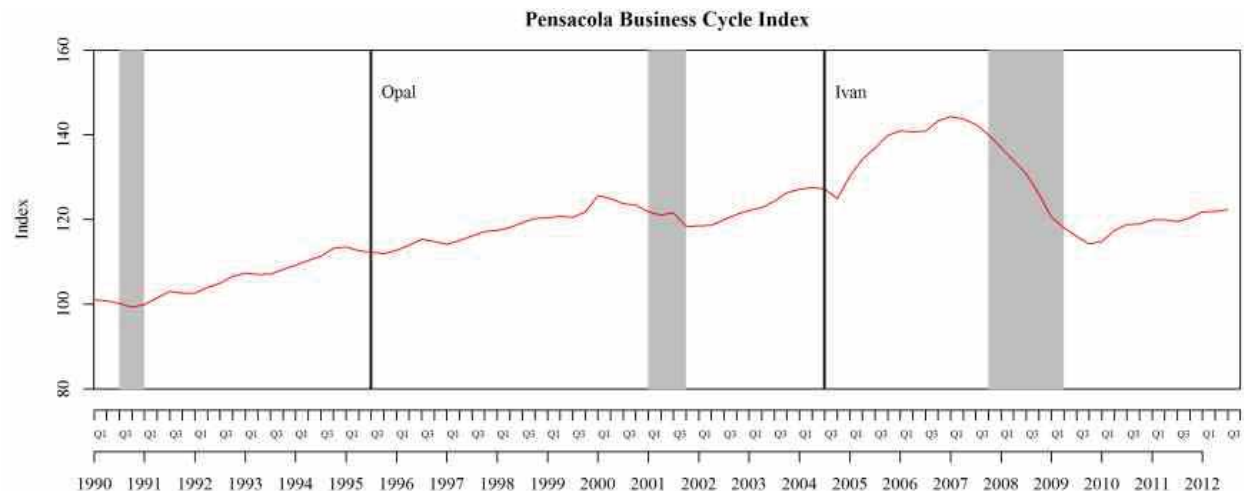
During the 2000 through 2003 period, there was a steady increase in demand with a corresponding impact on property values. This demand level, while described as steady, resulted in +10% to +25% annualized appreciation for a broad range of property types. From the Winter of 2003 through the Summer of 2005, the demand for coastal property increased exponentially. During this period, the value of property in many cases doubled and even tripled. Rural and semi-rural communities located outside the city limits of Pensacola and Milton were less impacted with more moderate appreciation rates evident.

There has been a drastic change in market conditions for the local real estate market since the Summer of 2005. The market has changed from an obvious seller's market to a profound buyer's market during this timeframe with this trend continuing through the end of 2010. Sale rates during this period have been at a fraction of what was evident in 2004 and 2005 with values decreasing to a point that coincides with what was evident in the years 2000 through 2003.

Haas Center Statistics

The Haas Center has compiled a business cycle index for the Pensacola MSA. According to information on their website (<http://haas.uwf.edu/cycle-index.html>), the business cycle index is a "simple statistic that tracks the current state of the regional economy. The index is calculated from a number of data series that moves systematically with overall economic conditions. It is important not to focus on the magnitude of the index, but rather the direction. One may infer a rise in the index as an expansion of economic activity in the region and a decline in the index as a contraction in economic activity. Regional indexes are computed using data on employment, retail sales, tourism-related spending, and the unemployment rate. Three national cyclical recessions (denoted in grey) and two major hurricanes (denoted in

black) are presented on the graph below for reference.” A copy of the Pensacola MSA business cycle index from the Haas Center is included below:



The significance of the most recent recessionary cycle is apparent based on the previous index graph. The summary comments from the Haas Center states that the business cycle appears to be stabilizing since the last recession. The comments also address changes in the local unemployment rate with 9.91% reported in the third quarter of 2011 with a rate of 8.43% indicated for the third quarter of 2012.

Multiple Listing Service Statistics

The combined Pensacola MSA has experienced a steep decline in sales in the 2005 through 2009 period as previously discussed. The following table provides a summary of total residential land sales per each 12-month period for the combined Escambia/Santa Rosa County area. The information was obtained from the Pensacola Multiple Listing Service (MLS).

ANNUAL SALE TOTALS – RESIDENTIAL LAND								
Annual Period	2005	2006	2007	2008	2009	2010	2011	2012
Number of Sales	1,694	869	589	367	329	417	443	618
Average Days on Market	187	142	146	222	251	313	349	368
Sales Price/List Price Ratio	93%	90%	86%	81%	86%	83%	80%	81%

The previous tables indicate that there has been a significant decline in annual sale totals for residential land from 2005 through 2009. In 2005, there were 1,694 residential land sales recorded on the Pensacola Multiple Listing Service. In 2009 there were only 329 lot sales indicating a sales total decline of

81% as compared to the 2005 base year. The 2010 and 2011 sale totals show some improvement over the 2009 total. The data for 2012 shows 618 sales which is a significant improvement over the 2009 low.

Demand for detached single family residential dwellings exhibits similar trends as the residential land statistics. The 2012 data indicates a 40% decline in single-family residential dwelling sales from 2005. However, the 2005 data was influenced by the robust market. The 2008 and 2010 periods had the lowest sale total over the study period. The 2012 data shows an 8.9% improvement over 2011. A table detailing the annual sale totals for 2005 through 2012 is included below:

ANNUAL SALE TOTALS – DETACHED SINGLE FAMILY RESIDENTIAL DWELLINGS								
Annual Period	2005	2006	2007	2008	2009	2010	2011	2012
Number of Sales	7,362	6,181	5,053	4,035	4,213	4,028	4,075	4,436
Average Days on Market	46	80	106	123	124	123	142	129
Sales Price/List Price Ratio	97%	96%	96%	95%	95%	95%	94%	96%

The commercial/industrial real estate market has also been impacted with values steadily rising for 2003 through 2006/2007 with general devaluation evident from 2007 through 2010. Changes to the credit market in 2008 also significantly impacted the commercial market. Financing for large and small commercial projects remains difficult and local bankers have confirmed that credit standards have been tightened.

The extent of the slow market conditions prevalent is best exhibited by reviewing the number of commercial improved sale transactions in the general market area. The following table provides a summary of the total number of commercial sales per each 12-month period for the combined Pensacola Multiple Listing Service area.

ANNUAL SALE TOTALS – COMMERCIAL PROPERTIES							
Annual Period	2006	2007	2008	2009	2010	2011	2012
Number of Sales	215	179	118	82	100	110	142
Average Days on Market	167	200	201	244	251	360	367

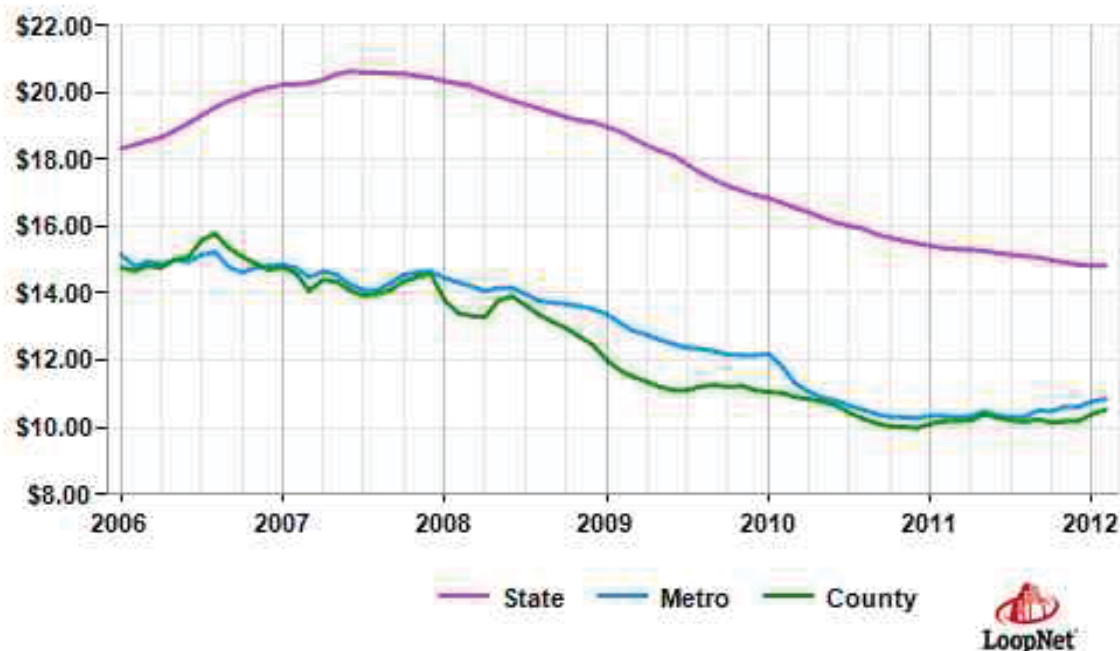
The previous tables indicate that there has been a significant decline in annual sale totals for commercial property from 2006 through 2009. In 2006, there were 215 reported commercial sales recorded on the Pensacola MLS. In 2009, the suggested low point, there were only 82 sales indicating a total decline of 61.9% as compared to the 2006 base year. The 2010 and 2011 data shows modest improvement although the marketing time continues to increase. The year 2012 shows significant improvement with a 29% increase in

sales over the previous period.

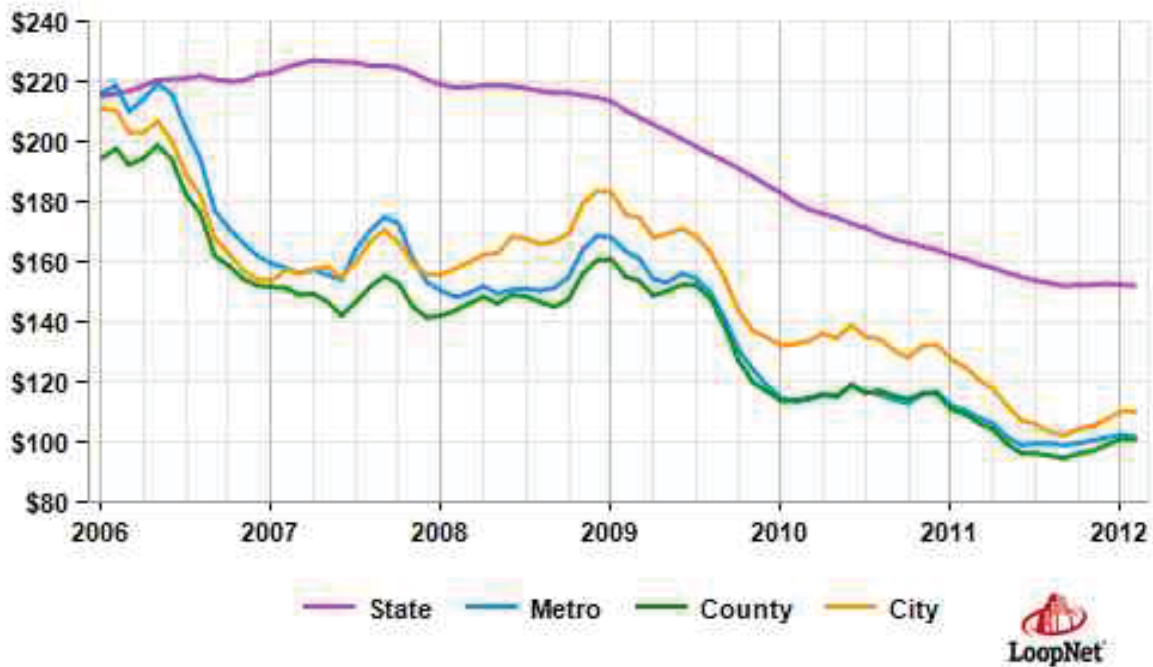
The retail market within the Pensacola area has fluctuated drastically in recent years like many other sectors. The period of 2000 through 2006 is best described as years of tremendous growth with significant new retail construction evident along major thoroughfares throughout this market area. In the past five years, new development has effectively ceased. This abrupt change is attributed to a variety of factors including the well publicized collapse of the residential market with the Pensacola area experiencing a significant downturn due to the rampant speculation associated with the residential condominium market along the coastal area.

The transition from a growth market to a declining market for commercial retail space was initially gradual but escalated on the decline side for the period of 2008 through 2010. This was attributed to the continued decline in the residential market, the collapse of the credit markets in the Fall of 2008, and continuous recessionary conditions evident. Stabilization trends in both lease rates and property values have been evident from 2011 through the present period. The following graphs were obtained from LoopNet with these adequately depicting the decline and stabilization phases for retail rents and sale offerings in recent years.

Asking Rent Retail for Lease Pensacola, FL (\$/SF/Year)



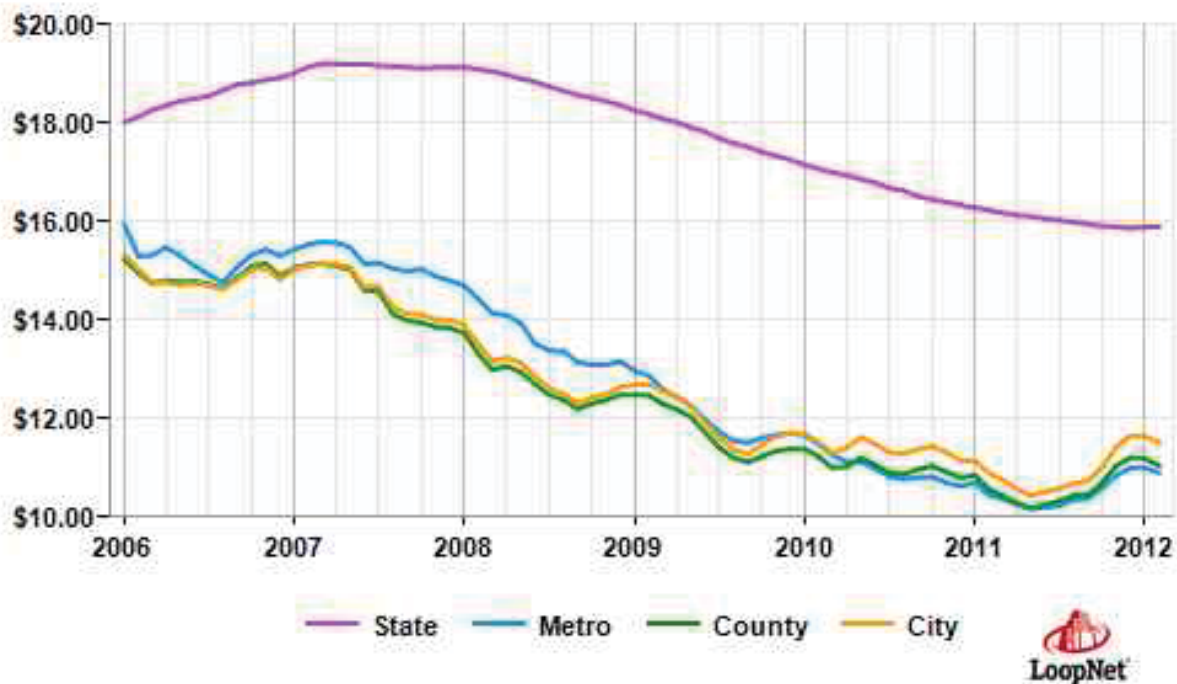
Asking Prices Retail for Sale Pensacola, FL (\$/SF)



Rent pressures and incentives are also apparent in this market. Many tenants are renegotiating lease terms and/or relocating to competing developments in an effort to reduce rent. Within some developments, asking rental rates have been reduced significantly in an effort to increase occupancy.

The commercial office market has also been impacted in various sectors. The medical and downtown office market sectors in Pensacola have been impacted but not to the extent evident in the Destin area. The latter has experienced negative rent pressures with rental rates in certain areas being 30% to 70% less than that charged during the 2005 – 2007 market peak. The following line graph published by LoopNet shows the general market trends for the office market both on a local and statewide level.

Asking Rent Office for Lease Pensacola, FL (\$/SF/Year)



Downtown CBD Trends/Influences & Analysis

The Pensacola Downtown CBD has also been impacted by the economic downturn. Office and retail rents have trended downward in an effort to keep tenants and stave off increasing vacancies. The retail sector has been the most impacted due to a contraction in consumer spending. However, retail is also a smaller component of the commercial sector within the CBD. Office rental rates have also been negatively impacted but to a much lower scale.

Susan Moody of Montgomery Realtors has managed the SunTrust building at 220 W. Garden Street since 2006. She indicated that occupancy in 2006 was 100% with the current occupancy (as of January 2013) being 85.2%. She did state that rental rates have remained relatively unchanged over the past six years with negotiation typical with prospective tenants.

Joe Johnson of Johnson & Johnson Properties is the longtime manager of the Bank of America building on W. Garden Street. He indicated that the current occupancy rate is approximately 50% with an 84% rate indicated for 2005. This is a significant reduction in occupancy which reflects the termination of

several leases for large units. He did state that the full service rental rate of \$17.50 per SF remains unchanged since 2005.

Another well-seasoned and knowledgeable downtown mid-rise office manager who wished to remain anonymous indicated that his occupancy has remained relatively unchanged from 2006 to the present. He added that his rental rates have remained flat and he projects there to be minimal increase in rental rates for the next three to five years.

Undeveloped land values have also been negatively impacted over the past five years. One example is the southeast corner of S. Palafox Street and Main Street. This 0.761 acre tract was purchased in May 2005 for \$1.5 million. It was to be developed with a residential/retail condominium development to be called The Floridian. This property recently resold in August 2011 for \$840,000 indicating a total value decline of 44%. It will be developed with a commercial bank building with construction plans underway.

The commercial lots in the Aragon development facing S. Ninth Avenue also provide a good example. Four of these lots are presently listed for sale in the \$89,500 to \$105,000 range. In May 2007 near the market high, one of these commercial lots sold for \$250,000. Two of these lots recently sold for \$85,000 each. Assuming a current market value in the \$85,000 range, a total value decline of 66% is indicated since 2007.

Recently, it was announced that a new \$12 million, 60,000 SF office building will be constructed at the Maritime Park. The building is to be primarily occupied by the Studer Group with some excess space to be leased to other tenants. This project is more a reflection of the growing presence and needs of the Studer Group rather than an indication of an increase in market demand. As further evidence, there are nine shovel ready outparcel sites at the Maritime Park with only one to be developed as of a current date. Ed Spears, Executive Director of the Community Maritime Park Associates (CMPA), confirmed that interest has been shown in several lots but has not progressed to an exchange of offers or a contract.

Development of the Maritime Park has brought nine outparcels to the market which directly compete with other undeveloped sites within the Downtown area. These lots are being soft marketed as long-term ground leases based on recent appraised fee simple land values which have been in the \$21 to \$27 per SF

range. The Maritime Park outparcel lots have a view of an attractive baseball park and Pensacola Bay. The recently cleared 19 acre ECUA site is also a large development tract that may be a future market competitor for the downtown area once potential environmental contamination concerns are addressed.

The Downtown CBD has fared better than other areas with this attributed primarily to its largely developed status with limited land available for accommodating the rampant commercial and residential development associated with the recent real estate bubble. There were no high or mid rise office buildings constructed in this area over the past 25 years which has contributed to stabilized rental rates. However, growth in rental rates remains flat with this projected to continue over the new term. This likewise discourages new construction and implies that supply and demand are at market equilibrium.

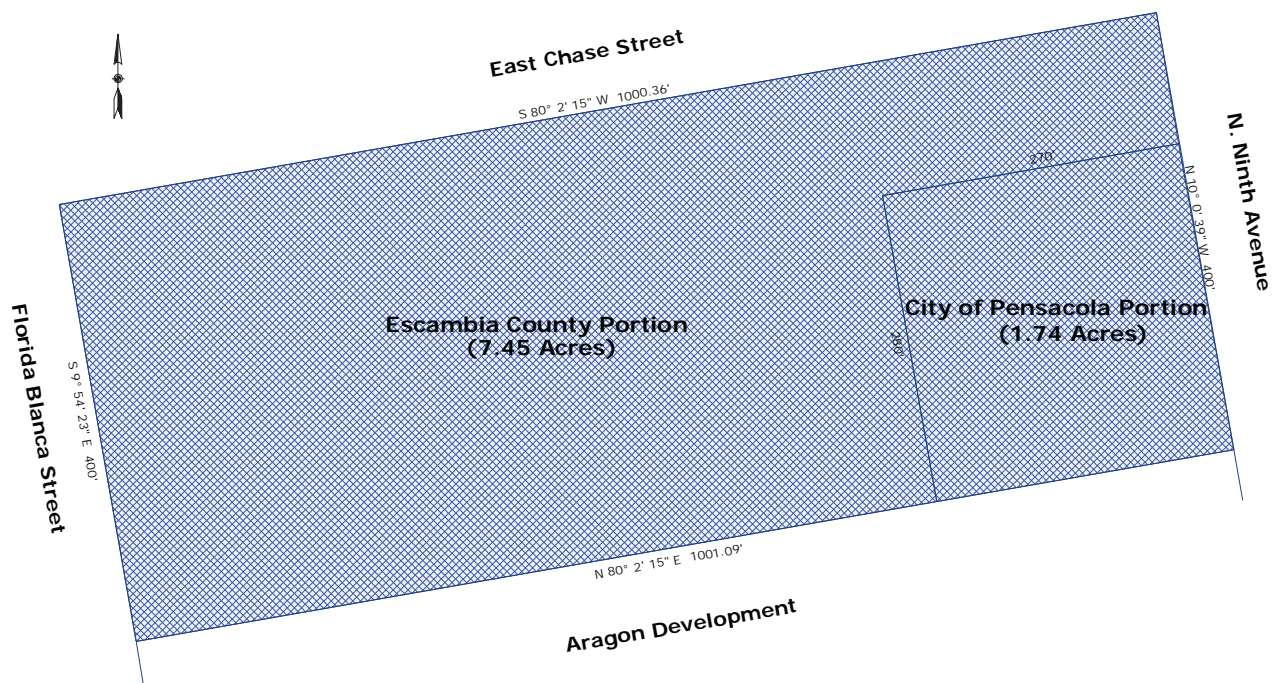
Closing Thoughts and Summary

The local residential real estate trends are consistent with state and nationwide trends. The primary factors that contributed to an overbuilt market were primarily fueled by national and regional influences rather than local factors. The 2005 through 2010 period is associated with the most significant period of decline with stabilization and even market growth signs evident in the most recent years. In summary, the prognosis for the local real estate market is a prolonged slow recovery with modest increases in demand anticipated for the near term.

SITE DESCRIPTION

General Description: The subject tract is a rectangular property tract that encompasses a portion of Blocks 15 & 16 of New City Tract along with a portion of the Old City Tract. The property originally comprised two separate parcels that were previously owned by Escambia County and the City of Pensacola. The larger tract of 7.45 acres was owned by Escambia County with the City of Pensacola contributing a 1.74 acre tract. These parcels were collectively conveyed to the current ownership as part of the Interlocal Agreement executed in February 2008.

The property has approximate dimensions of 400' x 1,000' with a total gross area of 9.19 acres (400,290 SF). The tract has 1,000.36' of frontage on the south side of E. Chase Street. The depth of the parcel is uniform at 400.0' with this measurement also representing the frontage on Florida Blanca Street (west boundary) and N. Ninth Avenue (east boundary). The south boundary measures 1,001.19' with this abutting the Aragon development (Plat Book 16, Page 84) to the south. Centros Street appears to extend along a portion of the south boundary with it being part of the internal road network for the Aragon development. A sketch of the tract is included below as a visual aid to the reader with it also depicting the areas conveyed by the two government entities.



Topography: The property has level to gently sloping topography. The highest elevation was evident in the north portion of the tract with a gradual slope to the south. The site has been cleared years ago with the exception of a few hardwoods and magnolia trees.

Soil Map: The property has two soil types per the Soil Survey handbook for Escambia County. The soil type is dominated by the Foxworth (19) variety with approximately 5.6 acres of coverage concentrated in the west and central portion of the tract. This soil type is associated with broad ridge tops in upland areas with a slope range of 0% to 5%. The remainder of the property has the Hurricane (11) soil type with a similar slope range and upland characteristics. A copy of the soil map is included as an exhibit following this section of the report. A summary of the soil types and features is listed in the following table:

Escambia County, Florida (FL033)			
Map Unit Symbol	Map Unit Name	Acres in AOI	Percent of AOI
11	Hurricane sand, 0 to 5 percent slopes	3.6	39.7%
19	Foxworth sand, 0 to 5 percent slopes	5.6	60.3%
Totals for Area of Interest		9.2	100.0%

Flood Zone/Drainage: The property is located entirely within flood zone “X” according to FEMA flood insurance rate map panel 12033C 0390G (dated September 29, 2006). Flood zone “X” is assigned to areas that are not prone to 100-year flooding. A copy of the flood zone map is included as an exhibit following this section of the report.

Vegetation: The property has been cleared in the past with the remaining natural vegetation consisting of grass and a few hardwood trees including oaks and magnolias.

Utility Services Available: All requisite utility services are available to the subject property including water and sanitary sewer service. The latter is by gravity fed service.

Access: The property is accessible via the use of four right-of-ways: Florida Blanca Street, East Chase Street, North Ninth Avenue and Centros Street. East Chase Street (R/W Varies) is a three lane, one-way directional traffic arterial road to the east. This road serves as the final exit or south landing for Interstate 110 with two of the three traffic lanes dedicated for this purpose. There is also a single lane that extends from Alcaniz Street and merges with the aforementioned off ramp lanes. East Chase Street is asphalt paved with

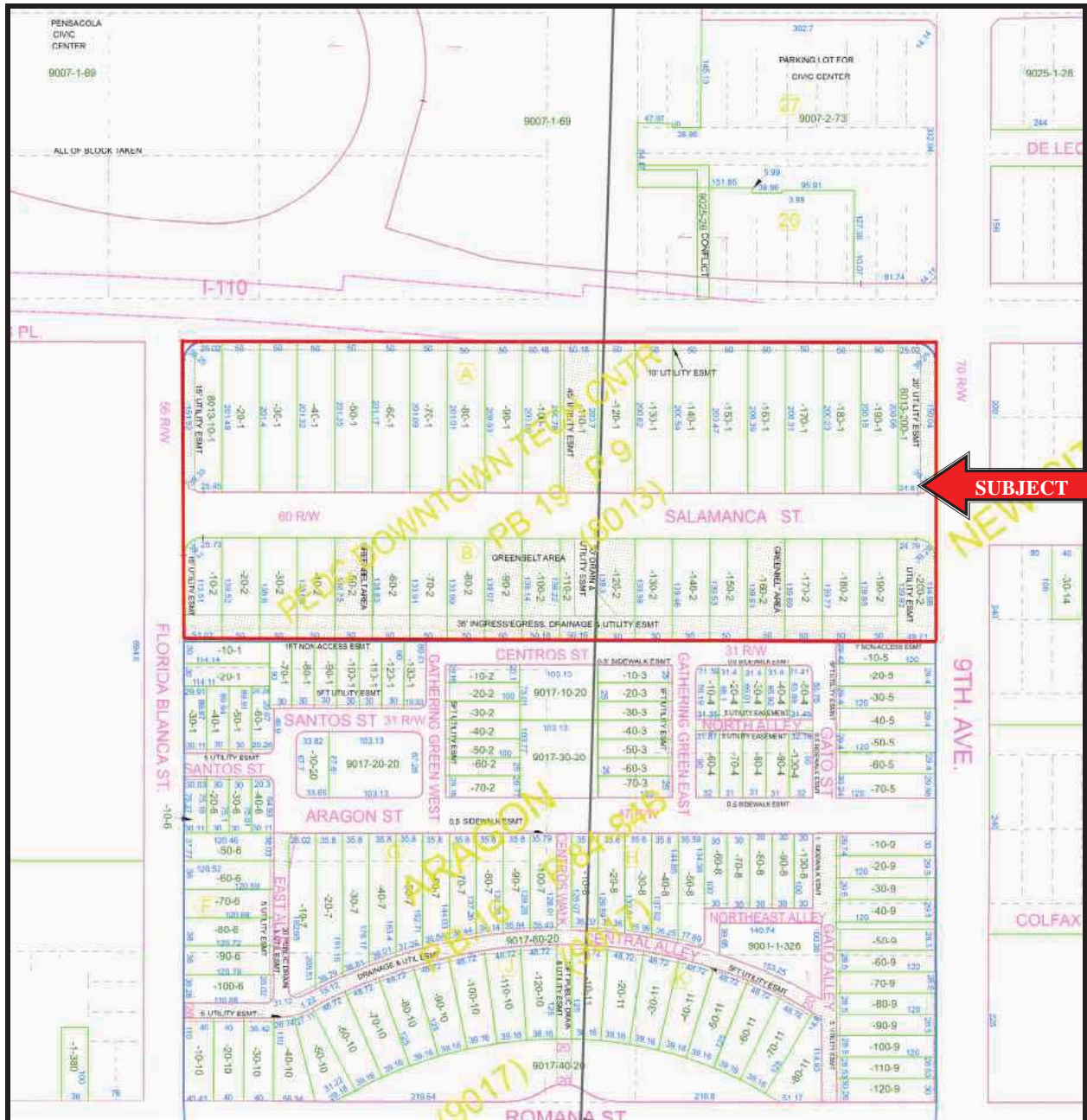
Easements/Encumbrances: I have not been furnished a title policy divulging easements and/or encroachments of record for the underlying raw land. There are various easements, covenants and restrictions imposed for the developed lots within the PEDC Downtown Technology Center project which will be discussed in a subsequent section of this report. I am not aware of any easements and/or encumbrances of record that would preclude the underlying land from being developed in a reasonable manner.

Environmental Conditions: A Phase 1 Environmental Site Assessment has not been furnished. I am unaware of any surface and/or subsoil contamination evident within the subject boundaries or adjacent area. No visible sources of contamination were evident during my inspection.

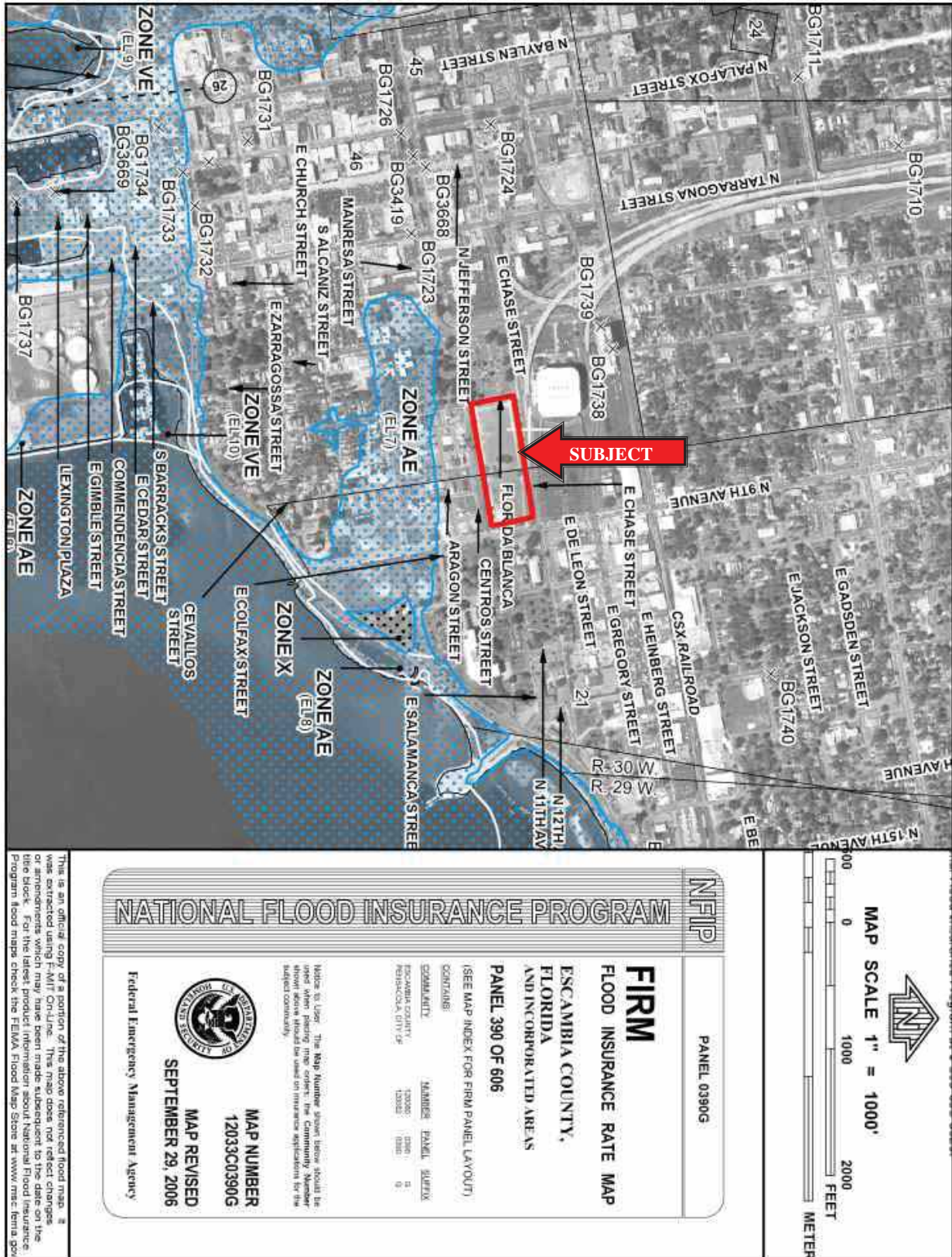
AERIAL PHOTOGRAPH



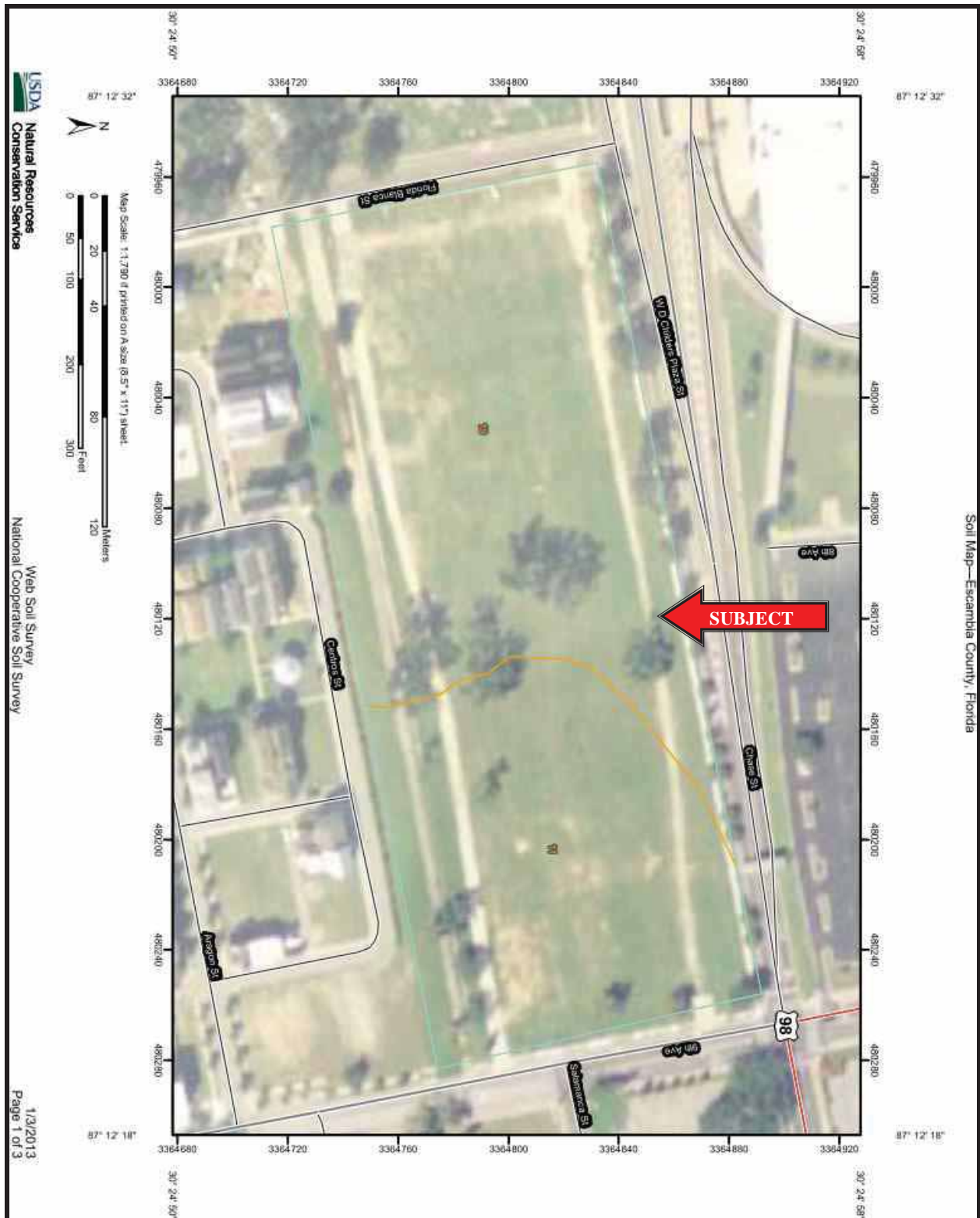
EXCERPT FROM SECTION MAP



FLOOD ZONE MAP



SOIL SURVEY MAP

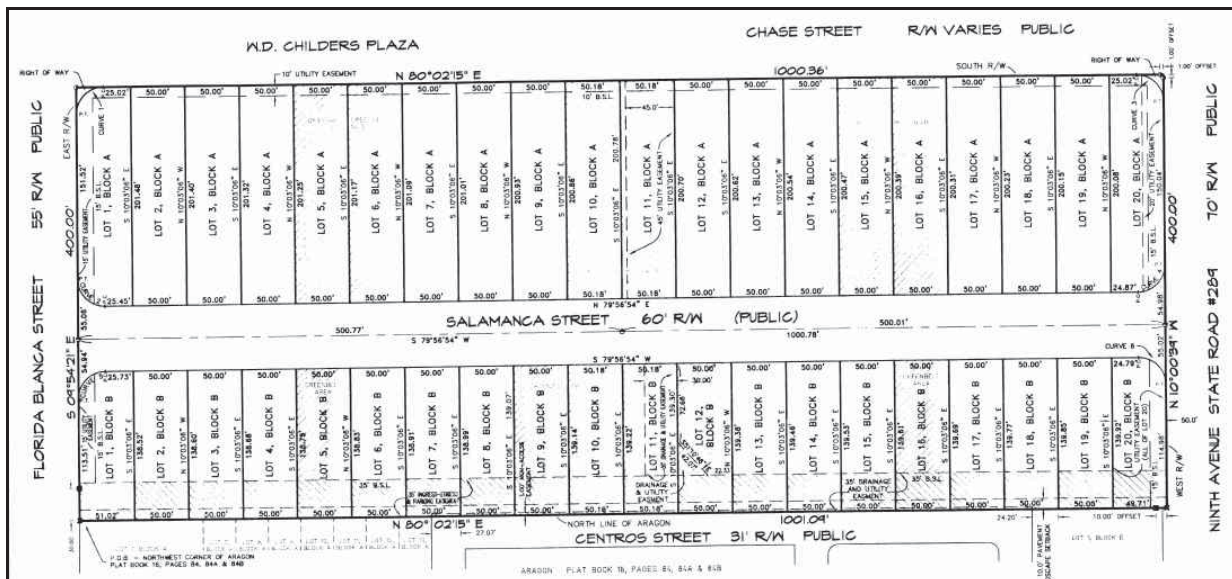


PROJECT DESCRIPTION

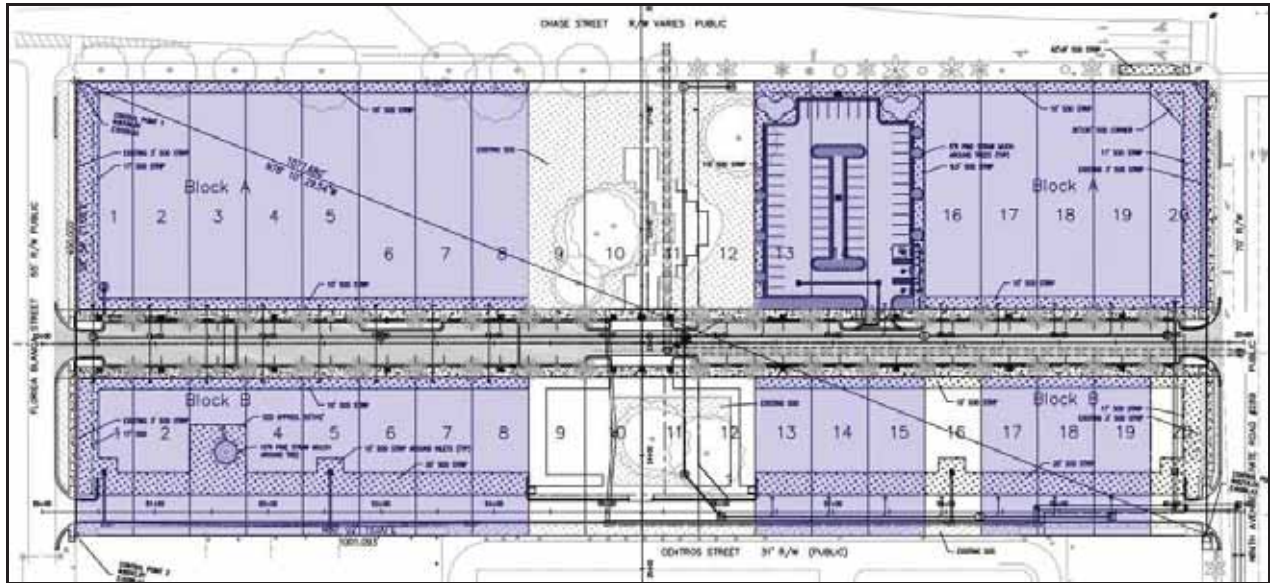
General Description: The PEDC Downtown Technology Center was constructed to provide shovel ready sites that would attract innovation based technological companies. The primary motivation was to construct a project to accommodate the growing technology field. Future occupants were envisioned to accommodate rapidly growing local businesses like Avalex Technologies and AppRiver which needed larger buildings.

It was designed to accommodate high-tech companies desirous of high-speed technology infrastructure with a maximum of four to ten story office building construction permitted and a total employment base of approximately 1,000 persons envisioned. The initial ground breaking occurred in February 2011 with the base infrastructure and surface parking area completed in early 2012. The final plat was approved April 2010 with it recorded in Plat Book 19 at Page 9.

Dimensions of Platted Lots: The campus is divided into two blocks labeled "A" and "B" with each subdivided into 20 platted lots. Block "A" comprises the north tier with Block "B" the south tier. The typical lot in Block "A" has 50' in width and 200' of depth with approximately 10,000 SF (0.23 acres) of gross area. The lots in Block "B" also have 50' in width with the depth being approximately 139' with a gross area of approximately 6,950 SF (0.16 acres). An excerpt from the recorded plat that shows the lot/block breakdown is included below:



Saleable Lot Description: The final approved site plan has a number of lots that are not marketable for a number of reasons. Lots 9, 10, 11 and 12 of Blocks “A” and “B” are dedicated as open/green space and are presently improved with the two central parks. In addition, Lots 16 and 20 in Block “B” are not marketable. Lot 16 (reportedly) is to be reserved as green space between two building pads with Lot 20 completely encumbered by a 50’ wide utility easement. Thus, the total number of saleable lots within this campus is 30. The saleable lots are depicted on the following site plan exhibit as reflected by the blue shaded area:



The total saleable lot area is estimated at 257,300 SF. This calculation is based on the platted lot dimensions of record with no deduction for easements or applicable setbacks. The saleable area for the project equates to a 64.3% of the total site area (400,290 SF). The estimated maximum buildable footprint coverage at the ground level totals 202,090 SF or 50.5% of the total site area. This calculation considers applicable setbacks and easements. A summary of the estimated saleable area and by lot grouping is included in the following table:

Lots/Block	Gross Lot (Saleable) Dimensions	Gross (Lot) Saleable Area	Max. Buildable Area Dimensions	Max Buildable Footprint
1-8, Block “A”	200’ x 400’	80,000 SF	180’ x 385’	69,300 SF
13-20, Block “A”	200’ x 400’	80,000 SF	180’ x 380’	68,400 SF
1-8, Block “B”	139’ x 400’	55,600 SF	94’ x 385’	36,190 SF
13-15, Block “B”	139’ x 150’	20,850 SF	94’ x 150’	14,100 SF
17-19, Block “B”	139’ x 150’	20,850 SF	94’ x 150’	14,100 SF
Column Totals		257,300 SF		202,090 SF

The existing surface parking area is part of the marketable lot grouping as this is a temporary improvement to encourage the first occupant to locate to the campus. There is some flexibility inherent in the site plan with the dedicated green/open space Lots 9 and 12 in Block “A” capable of being swapped with Lots 5 and 16 of the same block. The latter would be pursued for building spacing and shared driveway connections with multiple occupants of the east and west lot groupings. This exchange would not have any impact on the saleable and buildable area calculations shown previously.

The lots in Block “B” have a reduced effective depth due to an existing access and utility easement that encumbers the south 35’ of the lots. There are also additional easements along the perimeter boundaries of the development that encumber numerous lots within Blocks “A” and “B”. These easements are typically 10’ to 20’ in width with most having modest impacts based on typical building setback requirements.

Access: The principal access road for the campus is intended to be Salamanca Street. This is a two-lane asphalt paved public right-of-way that is accommodated within a 60’ public right-of-way. This right-of-way includes parallel parking spaces that extend along the north and south sides of the travel lanes. There is an additional unnamed access driveway that is positioned along the south boundary of the project. This private access road runs parallel to Salamanca Street with it accommodated within the 35’ easement located on the rear portion of the lots in Block “B”. This paved alley is intended to provide access to the rear parking area envisioned for the rear portion of the lots in Block “B”. The 35’ easement appears to have been made to appease the residents of the adjacent Aragon development with the increased setback of the future buildings.

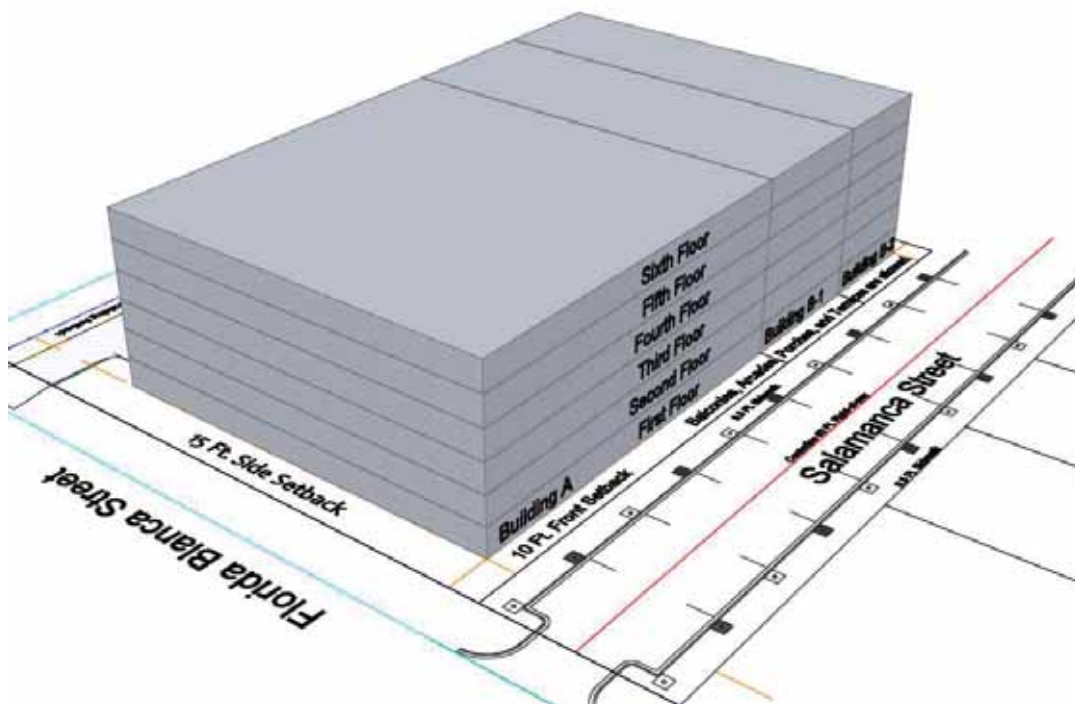
The on-site parking area for the lots in Block “A” is also intended to be placed to the rear or within the north portion of the lots. However, there is no access road in this vicinity with there also being no rear access capability from E. Chase Street. The staff at the Chamber indicates that future access driveways to the anticipated rear parking areas will be placed between buildings on Lots 5 and 16.

Building Design Guidelines: Future building construction within this project is subject to the Pensacola Downtown Technology Campus Design Guidelines. This is a 13-page document that provides general and specific design criteria for future office building construction. A copy of this document is included within the addenda section of this report.

The general design is intended to follow an “urban street form” with minimal to 10’ front setback (with porches/balconies) from the central access road which is Salamanca Street. This design mimics the urban storefront features for much of the historic S. Palafox Street corridor in the CBD. The design criteria also allows for build-out on the individual lots or a grouping of lots to accommodate a single structure.

The maximum building height is 40’ or four stories for Block “B” and 100’ or ten stories for Block “A”. Parking is intended to be accommodated within the individual pad sites with rear surface parking areas or potential multiple level garage parking levels for future mid/high rise structures.

The base infrastructure and design guidelines allows for intensive development of the buildable footprints. However, the engineer’s comments on the building massing diagrams provided includes the following statement: *“Although the allowable maximum height of buildings within the GRD District is 100 feet (see diagram below), parking ratios for the proposed office uses on the site will likely generate an extensive requirement for parking that cannot be accommodated. Therefore, it is expected that 10-story structures, although allowed, will not be constructed.”* The following massing diagrams suggest a maximum six-stories within Block “A” and two or three stories for Block “B”:





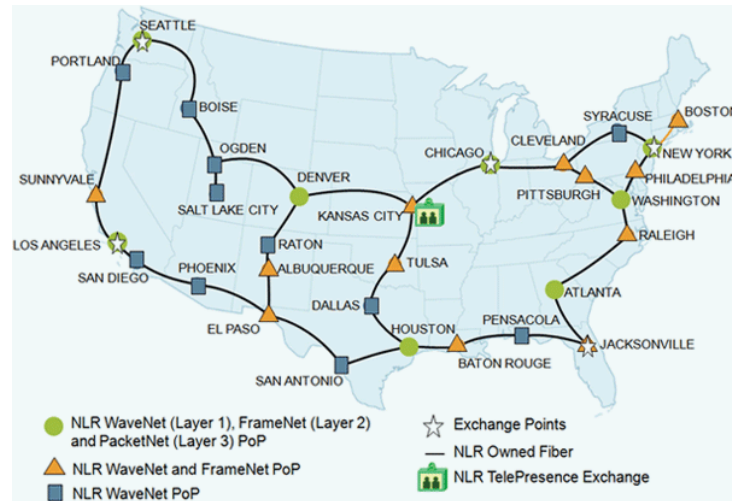
Based on a review of the final site plan, massing diagrams and the engineer's comments, the maximum gross structure area based on three-story construction for Block "B" and six-story construction for Block "A" is estimated at 1,019,370 SF. These maximums are not practically obtainable due to parking constraints and market resistance by reason of atypical design features.

The design guidelines also specify the recommended exterior building materials, exterior colors, roof designs, exterior facades, etc. There is also a list of prohibited exterior construction materials. Scott Luth of the Chamber indicated that these design and development guidelines are self-imposed by the PEDC and could be modified to allow flexibility with the requirements of future occupants. Thus, these guidelines are considered to be the suggested criteria rather than the mandated design requirements.

Base Utility Infrastructure: The construction of the park included the installation of all requisite utility services (water, sewer, electrical, fiber optic and telephone) with stub-outs provided to each marketable platted lot. The park reportedly will have future access to the Pensacola Innovation Network (LambdaRail). The following information was provided by the Chamber about this network:

The Pensacola Innovation Network (PIN) offers high-speed connectivity between the Naval Air Station Pensacola (NASP) complex, Sacred Heart Hospital, Baptist Hospital, Pensacola State College as well as an interface to the Florida LambdaRail network and the National LambdaRail. PIN is driven by several national and local initiatives in support of cutting edge research, experimentation, medical information and medical records sharing, distance learning, and other advanced applications that will require specialized data network services and higher bandwidth.

Access to the LambdaRail network is one of the primary reasons the project has been marketed as a technology park. A map showing the national service area is included below:



According to the National LambdaRail website (<http://www.nlr.net/>), this is a high-speed, fiber-optic network infrastructure covering 12,000 miles and 21 states across the United States. This national network allows connectivity to the Florida LambdaRail Network via the UWF connection hub.

Jim Nitterauer of Gridsouth Network was contacted about the benefits associated with the LambdaRail network access. He indicated that this type of service is desirable for a small segment of the market and that there are limitations as to who can connect with additional fees charged. He stated that users must be approved and are typically reserved to governmental agencies, educational facilities, medical centers and research companies. He also indicated that this type of service is presently only needed by a small amount of private companies.

Justin Beck, President of Beck Property Company, was interviewed and he stated that he was not aware of any inquiries by prospective businesses or prospects in our market area about access to the LambdaRail Network. He indicated the marketability of this level of service would be confined to a very small number of potential users. Several area office building managers indicated that the existing fiber optic network within the downtown area is sufficient for all of their tenants' needs, including high tech companies.

Stormwater Retention: Stormwater retention is handled offsite and is directed to the recently completed stormwater facility at Admiral Mason Park. This stormwater pond is reportedly sized to accommodate the maximum build-out parameters permitted for this development. The availability of off-site stormwater is a common and desirable feature associated with readily developable sites within commercial

subdivisions in this market.

Common Area Features: The common area within the project is predominately confined to the eight platted lots designated as green space. This includes Lots 9 through 12 in Block “A” and Lots 9 through 12 in Block “B”. These areas are referred to as central parks for the respective blocks and have been used in the calculation of the green/open space requirement as part of the permitting process. The central parks are attractive and are presently host to large oak trees, white fences, decorative pavers, concrete sidewalks, irrigation system, landscaping features as well park benches, light poles and trash bins. All utilities are installed underground. It is assumed that all of the site area located outside the saleable lot area will be dedicated as common area for the benefit and use of the saleable lots.

Parking Features/Requirements: The common/public parking spaces within this project are limited. The required parking ratio for this project was reduced to one space per 500 SF of building area per special amendments granted (refer to the Zoning and Land Use section of this report). This parking ratio is significantly less than the one space per 300 SF of building area specified for office use per the GRD zoning regulations. There have been discussions and preliminary plans to provide for common parking area within this development with the construction of a future parking garage. GRD zoning regulations presently do not permit a parking garage.

A 60-space “temporary” surface parking was constructed on Lots 13, 14 and 15 in Block “A” as an enticement to the first prospective occupant. However, the client indicated that the temporary parking area is constructed on marketable lots and that future permanent parking accommodations remain undetermined. There are also 60 parallel street parking spaces positioned along Salamanca Street that are also available for public use.

Many office buildings in the downtown area benefit from parking garages, public street spaces and metered lots, thereby mitigating the impact of lesser on-site parking availability. The Bank of America building on W. Garden Street is one example where the 151 on-site spaces for the 56,648 SF gross building area (one space per 375 SF) is inadequate. The property manager indicated that available parking has been a hindrance to the lease up of vacant space and that past tenants have had to lease parking spaces from the

adjacent SunTrust property. Based on the appraiser's experience, the typical market requirement is one space per 250 SF. The preliminary renderings for Quint Studer's proposed office building call for a three story building with an 82 on-site surface parking lot and use of 200 spaces in the existing Maritime Park lot per the terms of the ground lease. This indicates a ratio of one parking space per 212 SF of gross building area.

The staff at the Chamber indicated that there have been discussions and perhaps a prior agreement with Escambia County for the use of more than 500 surface spaces associated with the Pensacola Bay Center to the north. A copy of a letter that confirms this discussion is included within the addenda section. Final documentation that confirmed this agreement was not provided and this appraisal is performed under the extraordinary assumption (at the client's instruction) that the surface parking lot associated with the Pensacola Bay Center is available for use by the future occupants of the PEDC Downtown Technology Center.

The Pensacola Bay Center parking will alleviate some but not all of the parking constraints with this project. First, this parking area requires a surface level crossing over E. Chase Street at the intersection with Ninth Avenue or Alcaniz Street. This is distant from the dedicated building sites within the project with market resistance anticipated. Second, the use of the off-site +500 spaces corresponds to 250,000 SF of building area at the amended GRD requirements (1 space per 500 SF) or a gross building area of 125,000 SF with a market acceptable level of one space per 250 SF. This off-site parking capacity is still well below the amount needed to facilitate a complete build-out of the park based on three-story construction for Block "B" and six-story construction for Block "A".

The maximum gross building area (GBA) was previously estimated at 1,019,370 SF based on three and six story construction for the respective blocks. The corresponding parking requirement to accommodate a complete build-out would be 2,039 spaces by land use regulations and over 4,000 spaces per typical market requirements.

This project was envisioned to have parking accommodated within the individual pad sites via surface and/or multiple level garage facilities. Surface parking typically takes +400 SF of land area per space with a typical 60' x 200' parcel yielding about 30 spaces. The temporary surface parking area on Lots 13-15 in Block "A" yielded 60 spaces on a 150' x 200' parcel indicating a ratio of one space per 500 SF of land area.

A parking garage is a costly component that is most often avoided in the marketplace. Reviewing the Downtown CBD, there are only four parking garages constructed (three public and one private) with none placed beneath office buildings. A local structural engineer who designed one of these garages estimated a cost of \$13,000 to \$15,000 per space for a conventional parking garage with a lower parking yield evident due to ramp requirements. He also indicated that the potential for deep piling supported foundations and greater structural support becomes likely with the increased building height needed to accommodate the lower level parking levels. Assuming a yield of one space per 500 SF for a two level parking garage, approximately 138 spaces could be accommodated for each level (276 spaces total) within the base footprint (+/-69,000 SF) on the two north tier building sites at an additional cost of \$3.86 million (\$14,000/space). As stated previously, there would also likely be additional foundation/structural costs associated with the lower level parking garage.

These 276 spaces would support between 65,000 SF and 70,000 SF of office space based on typical market requirements. These calculations suggest that two parking garage levels are needed to support every level of office building under a full buildout scenario. The appearance of a three story building of which the lower two levels comprised a parking garage or a six story structure with four levels of parking would not be aesthetically pleasing. The application of the amended land use regulations would enable one garage parking level for each office level. The Pensacola Bay Center spaces and Salamanca Street spaces could provide additional parking in meeting the typical market parking requirement.

Although there is the physical potential for parking garage construction on the lower levels, the excessive cost, limited yield and preponderance of market evidence, suggest that the feasibility and productivity of this component is not consistent with the local real estate market. The use of surface parking is consistent with market activity.

Easements: There are multiple easements that encumber the various individual lots as specified in the recorded plat. There are utility easements along the perimeter of the project that impact every platted lot. Most of these easements are 10' to 20' in width. There is a 20' wide utility easement adjacent to S. Ninth Avenue with a 15' easement applying to the lots adjacent to Florida Blanca Street. The 10' easement extends along the

entire length of E. Chase Street. The four corner lots (i.e., Lots 1 & 20 in Block “A” & “B”) have a significant reduction in buildable width/area due to these easements. Lot 20 in Block “B” is actually rendered as unbuildable because of a 50’ wide easement from N. Ninth Avenue.

All of the lots in Block “B” are subject to a 35’ utility and access easement that extends along the south boundary of the project. This easement is improved with a 20’ wide paved alley that is intended to provide service and parking access to the rear portion of the lots in Block “B”. This easement reduces the average effective depth from 139’ to 104’. There are also utility and access easements that cover a portion of the two central parks.

Development Restrictions: The Interlocal Agreement specifies that the PEDC is responsible for establishing the criteria for eligible buyers of the lots within the technology park. The established criteria is included below as provided by the Chamber:

Downtown Technology Campus Development Criteria

1) Target Industries. PEDC shall market and sell land in the Tech Campus to companies engaged in the following industry sectors*:

- Information Technology
- Information Assurance and Security
- Web applications
- Software Development
- Bioinformatics
- Avionics
- Engineering
- Human Performance Technologies
- Life Sciences

2) Employment Requirements. Companies purchasing land in the Tech Campus shall commit to the following employment and payroll requirements:

- Average Salaries of not less than 125% of the average county wage as determined by the Agency for Workforce Innovation and published by Enterprise Florida
- Minimum of 50 employees employed in one of the technology sectors listed above

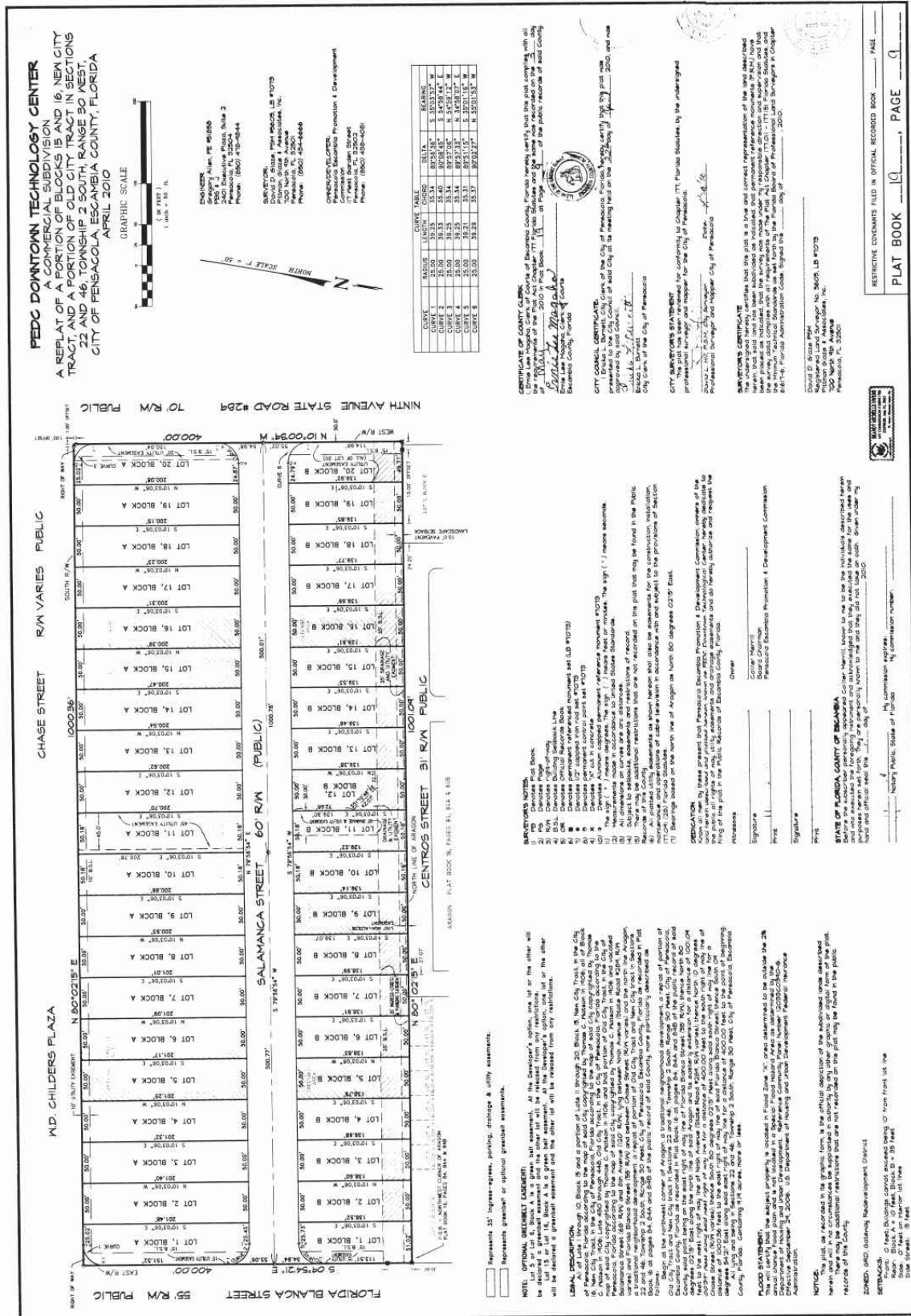
3) Development Requirements. Companies purchasing land in the Tech Campus shall commit to the following development requirements:

- Minimum building size of 14,000 square feet on property south of Salamanca Street
- Minimum building size of 60,000 square feet on property north of Salamanca Street
- Land shall revert back to PEDC if permits are not received within 12 months of the real estate closing and/or construction does not begin within 18 months of closing.

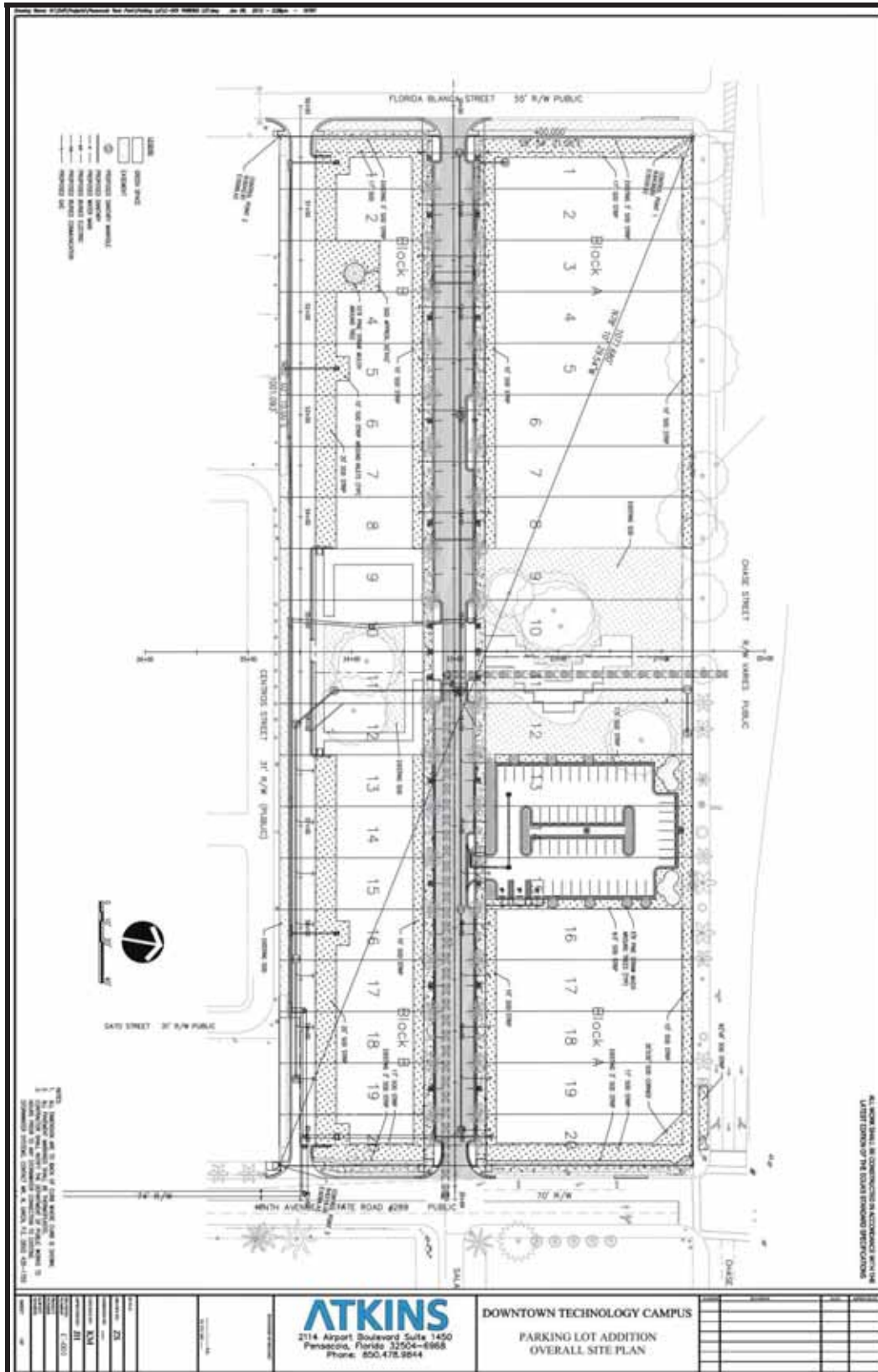
*Land may be sold to companies outside of these industry sectors if the buyer has a fully executed lease with a company in one of these industry sectors meeting the above Employment Requirements and those requirements are agreed to in writing by the tenant. The buyer shall deposit double the amount of the sales price in escrow. Such funds shall be released to the buyer from the escrow account upon occupancy of the technology sector tenant. However, if the property is developed and the tenant company that has executed the lease does not take occupancy of the building within six months of a Certificate of Occupancy the funds placed in escrow shall be released to PEDC.

The criteria listed are quite narrow in scope for target industries with additional requirements imposed for employment and building development. The minimum base employment figure for the park was stated to be 670 persons but the Chamber staff confirmed that only 300 employees are needed to avoid financial penalties associated with an infrastructure construction grant from the U.S. Economic Development Administration (EDA). Reportedly, there is also flexibility in the type of jobs generated. The Chamber staff stated that these are essentially self-imposed criteria that are “suggested” and are “not binding” per confirmation from the U.S. Economic Development Administration. Future construction will likely be scrutinized and will require approval by the PEDC with the potential for public and private dissent. The Interlocal Agreement also states that economic development incentives and/or ad valorem exemptions shall not be available to eligible buyers of the lots.

PLAT MAP



FINAL SITE PLAN



SUBJECT PHOTOGRAPHS



SOUTHERLY VIEW TO PROPERTY - TAKEN FROM E. CHASE STREET



SOUTHEASTERLY VIEW OF PROPERTY – TAKEN FROM NORTHWEST CORNER

SUBJECT PHOTOGRAPHS



NORTHWESTERLY VIEW OF PROPERTY – TAKEN FROM N. NINTH AVENUE



EXISTING PAVED ACCESS DRIVE LOCATED IN 35' EASEMENT AT SOUTH BOUNDARY

SUBJECT PHOTOGRAPHS



VIEW TO EXISTING GREENBELT AREA IN BLOCK "B"



NORTHEASTERLY VIEW OF PROJECT – TAKEN FROM FLORIDA BLANCA STREET

SUBJECT PHOTOGRAPH



NORTHEAST VIEW TO LOTS IN BLOCK "A"



NORTH VIEW TO LOTS IN BLOCK "A" (PENSACOLA BAY CENTER IN BACKGROUND)

SUBJECT PHOTOGRAPH



EXISTING COMMON AREA IMPROVEMENTS AND GREENBELT IN BLOCK "A"



SURFACE PARKING AREA IN BLOCK "A"

SUBJECT PHOTOGRAPH



VIEW TO PROJECT FROM EAST ENTRANCE AT SALAMANCA STREET



EASTERLY VIEW ALONG SALAMANCA STREET AT SUBJECT'S WEST BOUNDARY

SUBJECT PHOTOGRAPH



STREET SCENE NORTH ALONG N. NINTH AVENUE (SUBJECT TO LEFT)



STREET SCENE SOUTH ALONG FLORIDA BLANCA STREET (SUBJECT TO LEFT)

SUBJECT PHOTOGRAPH



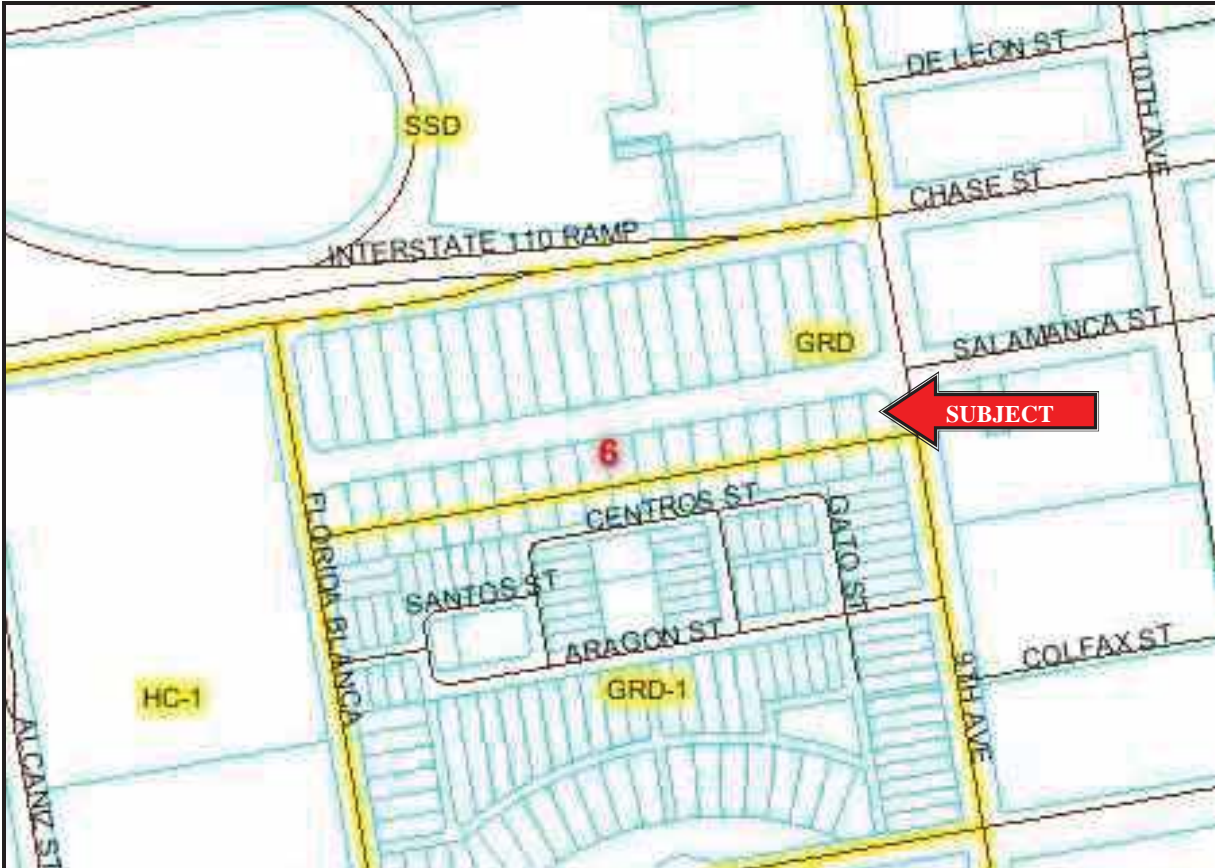
STREET SCENE EAST ALONG CHASE STREET (SUBJECT TO RIGHT)



ADMIRAL MASON PARK WHICH HANDLES STORMWATER FOR SUBJECT PROJECT

ZONING, FUTURE LAND USE AND CONCURRENCY

Zoning: This property is located inside the city limits of Pensacola and subject to the zoning jurisdiction of the City of Pensacola. According to the City of Pensacola Planning and Neighborhood Development Office, this property is located within the GRD, Gateway Redevelopment District. An excerpt from the zoning map showing the subject property is included below:



A description of the GRD, Gateway Redevelopment District, per an excerpt from the City of Pensacola Land Development Code, is listed as follows:

GRD, Gateway Redevelopment District

Purpose of district. The Gateway Redevelopment District is established to promote the orderly redevelopment of the southern gateway to the city in order to enhance its visual appearance, preserve a unique shoreline vista, improve traffic safety, and encourage a high quality of site planning and architectural design. Site specific analysis of each development proposal within the Gateway District is intended to ensure that the scenic orientation and open space image of the Bayfront Parkway is maintained, the development character of the Chase-Gregory corridor is upgraded, and the boundary of the adjacent historic district is positively reinforced.

Uses permitted.

- (a) Single-family and multi-family residential (attached or detached) at a maximum density of seventeen and four-tenths (17.4) units per acre.
- (b) Home occupations, subject to regulations in section 12-2-13.
- (c) Offices.
- (d) Adult entertainment establishments subject to the requirements of Chapter 7-3 of this Code when located within the dense business area as defined in Chapter 12-14, Definitions.
- (e) All commercial uses permitted in the C-2A zone, with no outside storage or repair work allowed, with the exception:
 - 1. Mortuaries and funeral parlors.
 - 2. Appliance and repair shops.
 - 3. Public parking lots and parking garages.
 - 4. New car lots or used car lots.
 - 5. Public utility plants, transmission and generating stations, including radio and television broadcasting stations.
 - 6. Car or truck rental agencies or storage facilities.
- (f) Family day care homes licensed by the Florida Department of Children and Family Services as defined in the Florida Statutes.

Special GRD Amendments: The Pensacola Downtown Technology Campus Design Guidelines indicate that there have been amendments made to the GRD zoning regulations that are specific to the subject project. The following table summarizes these modifications in the design standards.

Gateway Redevelopment District Standards Requested to be Modified by the Design Guidelines		
Standard	GRD Standard	Revised Standard
Required Parking Ratio Section 12-2-12 (4)b.1	1 parking space per 300 square feet of floor space	1 parking space per 500 feet of floor space
Required Front Setback Section 12-2-12 (4)c.3	Five (5) feet from the right-of-way line	Zero (0) feet from the front property line (the right-of-way line of Salamanca Street). The right-of-way line is a mandatory build-to line, without explicit approval. <u>OR</u> A maximum setback of ten (10) feet when an arcade, balcony, awnings, porches, stairwell, entry garden or courtyard are a desired and approved element of the proposed design of a building.
Lot Coverage Section 12-2-12 (4)L	The total coverage of all development sites within the Gateway Redevelopment District, including all structures, parking areas, driveways and all other impervious surfaces, shall not exceed seventy-five (75) percent.	The total parcel lot coverage within the Pensacola Downtown Technology Campus shall, in the aggregate of all impervious surfaces within the entire 9.12 acre parent parcel of the site, not exceed eighty (80) percent of the entire parent parcel.

The listed amendments are intended to facilitate an increase in the development potential of the property. The first item is directed at the minimum parking ratio. The GRD requires one space per 300 SF of office building area with this amended to one space per 500 SF of office building area. This amendment reduces the on-site parking requirement but does not address the functional need for adequate parking for new construction within this development. The typical ratio for office buildings in this market area is one space

per 250 SF of office building area.

There have been discussions and preliminary plans to provide for common parking area within this development with the construction of a future parking garage and/or a pedestrian walkover to the Pensacola Bay Center for daytime use of the eastern large parking area. Parking garages are presently not listed as a permitted use per GRD regulations. A “temporary” parking area was constructed on Lots 13, 14 and 15 in Block “A” to encourage the first prospective occupant. However, the client indicated that the temporary parking area is constructed on marketable lots and that future parking accommodations remain undetermined. This appraisal is based on the general assumption that the majority of the parking requirement for future development will need to be accommodated within the saleable lot boundaries due to limited off-site parking resources being available.

The reduction in the front setback requirement does not provide any measurable benefit. The front setback reduction was amended more to facilitate the “urban street form” design intent which mimics the historical design predominant along S. Palafox Street.

The impervious area coverage was increased from 75% to 80% per the last amendment. This is a minor benefit that allows for a slight increase in the coverage area for the building, parking, sidewalk, etc.

Future Land Use: The State of Florida has mandated that each county and incorporated city, draft and implement a comprehensive plan of future land use. The Department of Community Affairs has accepted the future land use map devised by the City of Pensacola. The subject is located within the “R, Redevelopment” future land use classification. This classification is consistent with the previously specified zoning district.

Concurrency: Concurrency management system regulations went into effect on October 1, 1991. From that date forward, development orders or permits required a Certificate of Concurrency. Approval is contingent upon a finding that adequate public facilities (e.g., roadways, water/sewer, parks, drainage, waste, and mass transit) will be available concurrent with the impact of the proposed development. Under concurrency, certain projects may not be approved, and for those that are approved, the additional paperwork and many requirements may increase development costs. In some cases, a particular development project could be rendered economically infeasible because of such costs. The City of Pensacola Planning and

Neighborhood Development Office was consulted and indicated they were not aware of any concurrency issues at this particular location.

Summary of Zoning and Land Use Regulations: Permitted uses within the GRD district include a variety of commercial and residential uses. This district is consistent and permissive of many uses represented within the immediate area. However, there are additional covenants, restrictions and design standards imposed on this property as previously described within this report.

ASSESSMENT AND TAXES

The Escambia County Property Appraiser's Office has the subject lots assessed under individual parcel reference numbers at amounts ranging from \$95 to \$95,000. A summary of the 2012 assessment and gross taxes owed by lot (assuming private sector ownership) is included in the following table:

Lot/Block	Parcel Ref. Number	2012 Assessment	Gross Ad Valorem Taxes
1/A	00-0S-00-8013-010-001	\$92,150	\$1,756.66
2/A	00-0S-00-8013-020-001	\$95,000	\$1,810.99
3/A	00-0S-00-8013-030-001	\$95,000	\$1,810.99
4/A	00-0S-00-8013-040-001	\$95,000	\$1,810.99
5/A	00-0S-00-8013-050-001	\$95	\$1.81
6/A	00-0S-00-8013-060-001	\$95	\$1.81
7/A	00-0S-00-8013-070-001	\$95,000	\$1,810.99
8/A	00-0S-00-8013-080-001	\$95,000	\$1,810.99
9/A	00-0S-00-8013-090-001	\$95,000	\$1,810.99
10/A	00-0S-00-8013-100-001	\$95	\$1.81
11/A	00-0S-00-8013-110-001	\$95	\$1.81
12/A	00-0S-00-8013-120-001	\$95,000	\$1,810.99
13/A	00-0S-00-8013-130-001	\$95,000	\$1,810.99
14/A	00-0S-00-8013-140-001	\$95,000	\$1,810.99
15/A	00-0S-00-8013-150-001	\$95	\$1.81
16/A	00-0S-00-8013-160-001	\$95	\$1.81
17/A	00-0S-00-8013-170-001	\$95,000	\$1,810.99
18/A	00-0S-00-8013-180-001	\$95,000	\$1,810.99
19/A	00-0S-00-8013-190-001	\$95,000	\$1,810.99
20/A	00-0S-00-8013-200-001	\$92,150	\$1,756.66
1/B	00-0S-00-8013-010-002	\$65,550	\$1,249.58
2/B	00-0S-00-8013-020-002	\$65,550	\$1,249.58
3/B	00-0S-00-8013-030-002	\$65,550	\$1,249.58
4/B	00-0S-00-8013-040-002	\$65,550	\$1,249.58
5/B	00-0S-00-8013-050-002	\$95	\$1.81
6/B	00-0S-00-8013-060-002	\$65,550	\$1,249.58
7/B	00-0S-00-8013-070-002	\$65,550	\$1,249.58
8/B	00-0S-00-8013-080-002	\$65,550	\$1,249.58
9/B	00-0S-00-8013-090-002	\$95	\$1.81
10/B	00-0S-00-8013-100-002	\$95	\$1.81
11/B	00-0S-00-8013-110-002	\$95	\$1.81
12/B	00-0S-00-8013-120-002	\$95	\$1.81
13/B	00-0S-00-8013-130-002	\$65,550	\$1,249.58
14/B	00-0S-00-8013-140-002	\$65,550	\$1,249.58
15/B	00-0S-00-8013-150-002	\$65,550	\$1,249.58
16/B	00-0S-00-8013-160-002	\$95	\$1.81
17/B	00-0S-00-8013-170-002	\$65,550	\$1,249.58
18/B	00-0S-00-8013-180-002	\$65,550	\$1,249.58
19/B	00-0S-00-8013-190-002	\$65,550	\$1,249.58
20/B	00-0S-00-8013-200-002	\$95	\$1.81

The current assessed value for 2012 varies significantly. There are multiple lots that carry minimum assessments of \$95. The assessment for the buildable lots in Block “A” is uniform at \$95,000 for the interior lots and \$92,150 for the two corner lots. The assessment for the buildable lots in Block “B” is uniform at \$65,000. All of the lots have 100% tax exemptions in reflection of the current ownership by a government entity. Assuming ownership by a taxable party, the gross annual taxes for the buildable lots ranges from \$1,249.58 to \$1,810.99 based on the 2012 millage rate of 19.0630 mills.

HISTORY OF PROPERTY

The property comprising the PEDC Downtown Technology Center is presently under the ownership of the Pensacola-Escambia Promotion & Development Commission. The property previously comprised two separate parcels that were owned by Escambia County and the City of Pensacola. The larger tract of 7.45 acres was owned by Escambia County with the City of Pensacola contributing a 1.74 acre tract. These parcels were collectively conveyed to the current ownership as part of the Interlocal Agreement executed in February 2008. This five page document outlines the rights and responsibilities of multiple government agencies involved with the development of the PEDC Downtown Technology Center. A copy of this document is included within the addenda section of this report. I am unaware of any other pertinent historical transactions that have occurred in the past five years.

The subject property is presently being soft marketed by the PEDC and the Pensacola Chamber of Commerce in accordance with the terms of the Interlocal Agreement. Reportedly, a more aggressive marketing campaign has not been pursued due to the high book cost associated with the underlying land and the cost of the infrastructure improvements. The Chamber staff indicates that there is presently only one local business interested in relocating to the project.

The total book cost for the raw land was \$8.325 million (\$6.9 million for the county portion and \$1.425 million for the city portion). The total cost of the design and construction of the infrastructure was stated to be \$3,270,275. Thus, the total book cost for the project is approximately \$11.6 million.

The terms of the Interlocal Agreement specify a “re-entry” clause for both the City and County per Item 2. This clause has three criteria that provide specific timelines as to the construction completion, grant submittal, and lot sale deadlines. One of the criteria for invoking the reentry rights is the lack of one lot sale within 12 months from completion of the park. Although the precise date of completion was not specifically established, the 12 month anniversary is anticipated to be in the near future. Also, the City and County have rights to reentry on any portion of their respective properties not sold to an eligible buyer within 72 months of the effective date of the Interlocal Agreement which was executed in February 2008 with a February 2014 deadline indicated.

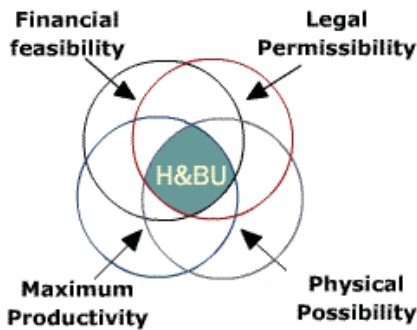
ANALYSIS OF DATA AND CONCLUSIONS – “AS RAW LAND”

HIGHEST & BEST USE “AS RAW LAND”

Highest and best use is defined in the third edition of The Dictionary of Real Estate Appraisal (Appraisal Institute, Chicago, 1993), as follows:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

As evident by its definition, highest and best use is a multiple step process that investigates the optimum use of a property by a variety of criteria. The premise of highest and best use is that the lone concluded use or uses must satisfy all of the applicable tests. The following graphic provides a visual depiction of the basic premise behind this analysis.



The highest and best use analysis commences with the “As Raw Land” analysis with consideration given to all four tests that determine highest and best use.

Physically Possible Uses

The subject property consists of a 9.19 acre tract that is located in the eastern section of the downtown area and near the western boundary of the Gateway district. The site has extensive road frontage on East Chase Street, S. Ninth Avenue, Florida Blanca Street and Centros Street with access characteristics rated as good. The site is also predominately cleared with requisite utility services being available.

The site has extensive frontage and a location within the largely built-up downtown area. It is located outside a designated flood hazard area and is assumed to have good subsoil features. From a physical standpoint, there are no known physical restrictions to development.

Legally Permissible Uses

The property is zoned GRD, Gateway Redevelopment District. This is a broad residential and commercial land use designation that is commonly applied to the eastern portion of the downtown area and gateway (Gregory – Chase Street - Bayfront) area. This land use district is permissive of a wide array of commercial uses including retail stores, professional offices, single and multiple family residential housing, motels/hotels, convenience stores, and restaurants, among other uses. The application of the legally permissible test does not result in any refinement to the highest and best use analysis. Please note that the valuation of the underlying raw land is performed under the hypothetical condition “any applicable covenants and restrictions have been removed”.

Financially Feasible/Maximally Productive Uses

The Pensacola Downtown CBD is host to a variety of uses. The business core is improved with historic and modern low and mid-rise buildings. These buildings host office, retail and service tenants with the upper floor levels dominated by office use. There is also a significant residential presence although this is primarily confined to loft and second floor units in the core area and attached and detached residential dwellings on the perimeter and within the secondary grid style road network. A number of residential condominium and PUD developments were planned for this area with these plans being abandoned following the recent downturn in the real estate market.

The Downtown CBD market has experienced a significant downturn in the residential and commercial real estate market since the market peak in 2005/2007, as previously stated. Values have declined for most all land uses with market demand and credit plummeting from the levels seen before and during the peak period of demand. Rents have trended downward in an effort to keep tenants and stave off increasing vacancies. New construction of office buildings is also largely non-existent. This suggests that market demand and rent levels are insufficient to warrant the construction of new multiple tenant structures.

The most notable planned construction project in the CBD is the proposed Studer Group building on one of the outparcel sites at the Maritime Park. Reportedly, this will be the largest building constructed in the

CBD in the past 25 years. The construction of this building is primarily the result of additional office space needed for the Studer Group rather than from an investor's prospective for future leasing purposes.

Specific examples of the amount of value decline evident were previously presented in the market analysis section of this report. The sale of the southeast corner of Main Street and Palafox Street indicated a 44% value decline with recent sales of the commercial lots fronting Ninth Avenue in the Aragon project suggesting a value decline of 66%. Another example is a 9.22 acre commercially zoned site on the north side of U.S. Highway 98 in Destin that is presently being marketed at \$2.7 million with it previously selling for \$16 million in September 2004. This represents a minimum decline of 83% based on its current list price.

Property values remain at a deflated level with several property managers indicating that rental rates are anticipated to remain flat or with only modest increases. This outlook is not conducive to entice developers to speculate on new construction. Credit for investors also remains tight which significantly impacts the prospect of new speculative construction.

At the present time, the demand for commercial/residential tracts remains fair with minimal new construction evident for a variety of land uses. A commercial subdivision comprising retail/service and/or offices uses, a hotel, a grocery store, or a large corporate office are all logical uses given the location proximate to the Downtown CBD, Interstate 110, the Pensacola Bay Center and recreational activities. However, the recent economic downturn has impacted the marketplace thereby discouraging new construction. Thus, it is my conclusion that the most productive use of the subject site "as vacant" would be a speculative hold for future commercial development consistent with the immediate CBD/Gateway district and applicable zoning regulations.

APPRAISAL VALUATION PROCESS “AS RAW LAND”

Three methods are widely recognized for estimating the value of real estate: the cost approach, the sales comparison approach, and the income approach. The ultimate purpose of this appraisal report is to derive a well-supported value conclusion that reflects all factors that influence the market value of the subject. Only the sales comparison approach has been utilized in this valuation analysis. This approach to value most closely reflects the tendencies of the marketplace with respect to undeveloped tracts. The income and cost approaches have minimal relevance to the valuation of this property and have been excluded from consideration.

SALES COMPARISON APPROACH “AS RAW LAND”

This is an appraisal technique in which the market value opinion is based upon prices paid in actual market transactions, or current listings. This approach is almost always applicable to the appraisal of real estate.

The process of the sales comparison approach is to first seek sales or listings of similar type properties that have sold recently. Secondly, the condition under which the property was sold, the property rights conveyed, and the potential for excess buyer expenditures must be considered prior to the application of an adjustment for changes in market conditions, if necessary. Direct physical comparison is the third step and includes an analysis of each comparable property and the corresponding physical and locational attributes. Dissimilarities noted within the previous two steps are then considered with respect to the effect on the sales price. Lastly, an opinion is drawn as to the value of the subject based on the market data extracted and the comparison drawn between the comparable sales selected.

Comparable Sales Data: The selection criteria of the comparable sales data included property rights conveyed, date of sale, financing, conditions of sale, and physical features such as location, exposure, size, shape, utilities, topography, and zoning.

LAND SALE NO. 1

Property Identification

Property Type

Location

Tax ID

Present Use

Improved Commercial Property

South side of E. Garden Street between S. Tarragona Street and S. Alcaniz Street. The primary property address is 223 E. Garden Street, Pensacola, Escambia County, Florida.

00-0S-00-9001-001-217, 00-0S-00-9001-001-319,
00-0S-00-9001-001-321, 00-0S-00-9001-002-213

The property has been predominately cleared with the exception of an 11,500 SF masonry building.

Sale Data

Grantor

Grantee

Sale Date

Deed Book/Page

Property Rights

Conditions of Sale

Financing

Sale History

Instrument

Verification

The Seville Downtown Inn, Inc.

Seville Centre, LLC

July 10, 2009

6488/1187

Fee simple

Arm's Length

Cash to seller

None in previous three year period

Warranty Deed

Tony Terhaar, Grantee (850) 433-7007; Public Records, Inspection, Property Appraiser's Records. Confirmed by Joel Asmar, MAI.

Sale Price

Adjustment

Adjusted Sale Price

\$3,150,000

+\$300,000 (See remarks – demolition and asbestos abatement)

\$3,450,000

Land Data

Zoning

Topography

Utilities

Dimensions

Shape

Flood Info

Future Land Use

Highest & Best Use

C-2A, Commercial and HC-1, Historical-Commercial

Level and predominately cleared site.

All available

Primary Parcel – 504.5' x 480' x 160' x 160' x 344.5' x 320'

Additional Parcel – 206.83' x 144.75'

Irregular – two non-contiguous parcels

Zone X

Commercial

Commercial development

Land Size Information

Gross Land Size

Front Footage

4.981 Acres (216,979 SF)

Total of 711.33' – E. Garden Street; additional frontage on S. Tarragona St, Manressa St, E. Romana St, & S. Alcaniz St

Indicators

Sale Price/Gross Acre

Sale Price/Gross SF

\$692,611

\$15.90

LAND SALE NO. 1 – CONTINUED

Remarks

This is the purchase of the former Old Seville Inn property and adjacent land holdings. The property consists of two non-contiguous properties located on the south side of E. Garden Street extending west from S. Alcaniz Street. The primary site comprises the bulk of a city block with frontage on four roads. The central and west portion of this site was improved with a dated motel that was subsequently demolished.

The eastern section is improved with a dated 11,500 SF building and a large asphalt paved parking lot. Mr. Terhaar indicated this structure has “good bones” but he expects it will be demolished in the future at an anticipated cost of \$15,000. He also stated that the combined cost of the past demolition and asbestos abatement, including the projected demolition cost of the remaining building, to be approximately \$300,000. Thus, the adjusted sale price is \$3,450,000 (\$3,150,000 + \$300,000).

The property was acquired for speculative purposes. The purchaser indicated there have been several banks interested in the site and that while it was bought “right”, the continued downturn in the real estate market following this acquisition may have resulted in a lower purchase price.

LAND SALE NO. 2

Property Identification

Property Type

Location

Undeveloped Commercial Tract

North side of Legendary Drive immediately east of Destin Commons and 600' north of Emerald Coast Parkway. The property address is 4404 Legendary Drive, Destin, Okaloosa County, Florida.

Tax ID

00-2S-22-0000-0001-A67A

Present Use

The property has been improved with an 110,000 SF Lowes hardware retail store.

Sale Data

Grantor

Commons Village East, LTD

Grantee

Lowe's Home Center, Inc.

Sale Date

June 24, 2010

Deed Book/Page

2942/4395

Property Rights

Fee simple

Conditions of Sale

Arm's Length

Financing

Cash to seller

Sale History

None in previous three year period

Instrument

Warranty Deed

Verification

Bryan Deane, Agent with Legendary Realty (850) 865-8888; Public Records, Inspection, Property Appraiser's Records. Confirmed by Joel Asmar, MAI.

Sale Price

\$8,000,000

Land Data

Zoning

C-3, Commercial

Topography

Level and cleared site.

Utilities

All available

Dimensions

777.85FF x 33.75' x 82.64' x 100.03' x 451.44' x 324.57' x 961.22' x 819.1' x 62.96'

Shape

Irregular

Flood Info

Zone X

Future Land Use

Commercial

Highest & Best Use

Commercial development

Land Size Information

Gross Land Size

15.7 Acres

Front Footage

777.85' – Legendary Drive

Indicators

Sale Price/Gross Acre

\$509,554

Sale Price/Gross SF

\$11.70

Sale Price/Front Foot

\$10,285

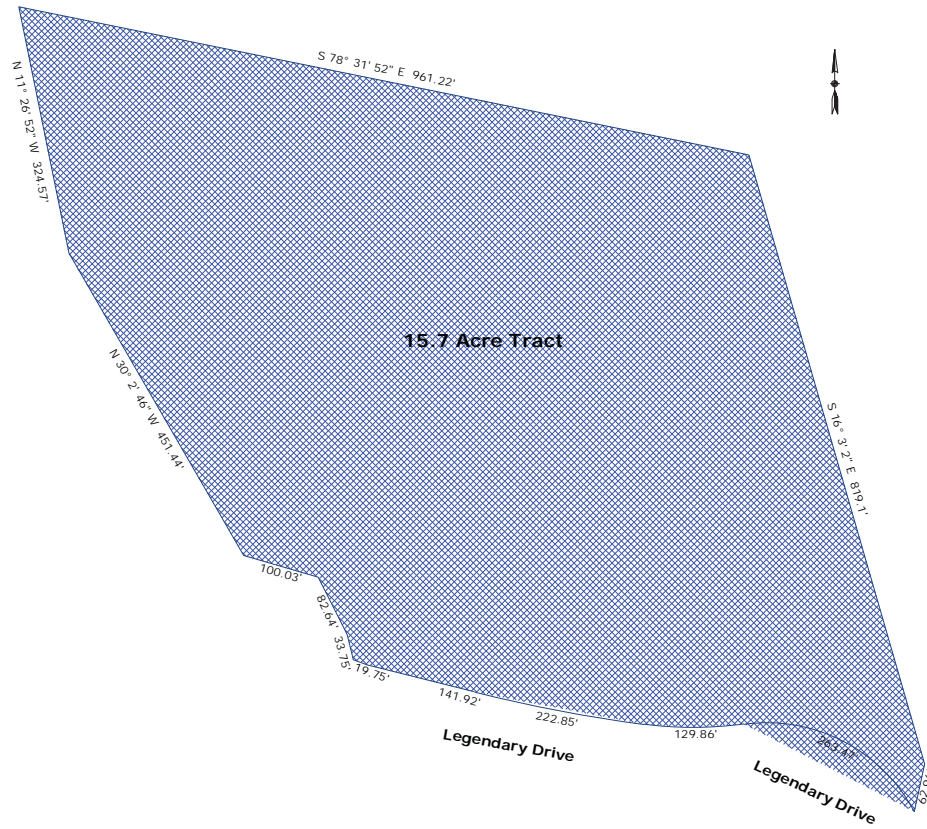
LAND SALE NO. 2 – CONTINUED

Remarks

This is the purchase of 15.7 tract located to the east of Destin Commons. This property has a secondary location 600' north of Emerald Coast Parkway. The property is one of several lots located in the Commons Village East project which is intended to accommodate big box retailers. The individual lots are partially entitled with all roads and utilities in place along with the availability of offsite stormwater retention. The sale price of this property excluded all engineering work performed for concurrency purposes.

This property has been developed with an 110,000 SF Lowe's Hardware store. The store opened in the spring of 2012.

COMPARABLE EXHIBIT – LAND SALE 2



LAND SALE NO. 3

Property Identification

Property Type	Undeveloped Land
Location	South side of Emerald Coast Parkway (U.S. Highway 98) between the intersection with Regatta Bay Boulevard South and Kel-Wen Circle Crystal Beach, Okaloosa County, Florida.
Tax ID	00-2S-22-0000-0001-0570
Present Use	Undeveloped land

Sale Data

Grantor	Hancock Bank
Grantee	Guidry Properties, LLC
Sale Date	July 25, 2012
Deed Book/Page	3048/1130
Property Rights	Fee simple
Conditions of Sale	Arm's length
Financing	Cash to seller
Sale History	None in previous three year period
Instrument	Warranty Deed
Verification	Royce Mitchell, Listing Agent (504) 577-8951. Other sources: MLS 574429, recent appraisal, inspection and public records. Confirmed by Joel Asmar, MAI.

Sale Price	\$4,730,000
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Land Data

Zoning	ROI-TD, Residential Office & Institutional – Tourist Development district
Topography	Level site with minimal slope; 0% wetland coverage
Utilities	All available inclusive of water and sewer service
Dimensions	301.02' x 1,030.6' x 516.32' x irregular
Shape	Irregular
Flood Info	Zone "X"
Highest & Best Use	Speculative hold for future commercial development
Easements/Encumbrances	Private covenants/restrictions – see remarks

Land Size Information

Gross Land Size	10.601 acres (461,780 SF) 1,030.6' – Emerald Coast Parkway; 301.02' – Kel-Wen Circle, 516.32' – Regatta Bay Blvd.
Road Frontage	

Indicators

Sale Price/Gross SF	\$10.24
Sale Price/Gross Acre	\$446,184

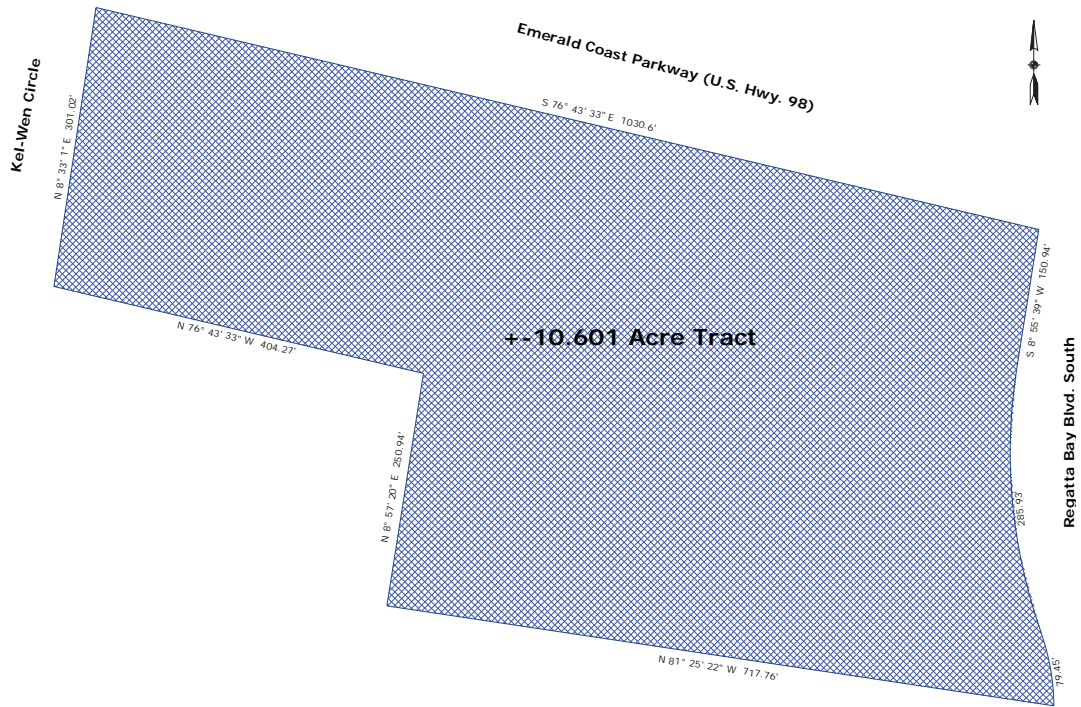
LAND SALE NO. 3 - CONTINUED

Remarks

This is the purchase of a highway frontage tract in the Crystal Beach area. The site was uncleared and consisted of 100% uplands. The property constitutes a commercial tract that had been under the ownership of the Kelly family for many years. Coleman and Mattie Kelly are one of Destin's founding families with their land ownership dating back to the 1930s and including the sprawling 790 acre Kelly Plantation development that was initially developed in the early 1990s.

The title policy cited a number of private conditions/restrictions and/or memorandum agreements. Private covenants/restrictions were imposed per the documents recorded in OR Book 1886 at pages 441 and 455. These restrictions apparently resulted from an agreement with the property owners in the adjacent subdivision (Emerald Breeze) in an effort to garner support for a rezoning action in 1994. The documents impose minor restrictions on the property including the prohibition of metal building construction unless brick/stucco/EIFS façade materials are used, limitation on parking lot lighting within 50' of the Emerald Breeze subdivision boundaries, and a height limit of three stories. The latter is confined to the west 2.79 acres of the property. These private restrictions have modest impacts as the façade and height requirements are also addressed in the City of Destin LDC. The height limitation is the most concerning, however, the confinement to the west 2.79 acres leaves ample land area (7.81 acres) for placement of a mid-rise building consistent with the Emerald Coast Parkway corridor. The maximum height for commercial structures fronting Emerald Coast Parkway is four stories per the City of Destin LDC.

COMPARABLE EXHIBIT – LAND SALE 3



LAND SALE NO. 4

Property Identification

Property Type

Location

Tax ID

Present Use

Two Undeveloped Tracts

North side of Emerald Coast Parkway (U.S. Highway 98) on east and west side of entrance road into the Legacy on the Bay apartments, Crystal Beach, Okaloosa County, Florida.

00-2S-22-0000-0001-A830

Undeveloped cleared land

Sale Data

Grantor

Grantee

Sale Date

Deed Book/Page

Property Rights

Conditions of Sale

Financing

Sale History

Instrument

Verification

Hancock Bank

Robert J. Guidry Financial Services, LLC

April 12, 2012

3031/425 & 3031/415

Fee simple

Arm's length

Cash to seller

None in previous three year period

Warranty Deed

John Paul Somers, Listing Agent (850) 259-9732. Other sources: MLS 574131, inspection and public records. Confirmed by Joel Asmar, MAI.

Sale Price

\$1,556,450 (\$541,450 + \$1,015,000)

Land Data

Zoning

Topography

Utilities

Dimensions

Shape

Flood Info

Highest & Best Use

Easements/Encumbrances

MU-2, Mixed Use 2

Level site with minimal slope; potential wetland coverage per confirmation source

All available inclusive of water and sewer service

284' x 250' + 664' x 250' x 517' x 192' x 117' x 60'

Rectangular (west tract) and irregular (east tract)

Zone "X"

Speculative hold for future residential and/or commercial development

Legendary Drive R/W over west tract; minor covenants and restrictions

Land Size Information

Gross Land Size

Road Frontage

4.864 acres total (3.234 Acres + 1.63 acres)

947.91' Total – Emerald Coast Parkway; 500' total – Entrance Road

Indicators

Sale Price/Gross SF

Sale Price/Gross Acre

Sale Price/Front Foot

\$7.35

\$320,000

\$1,642

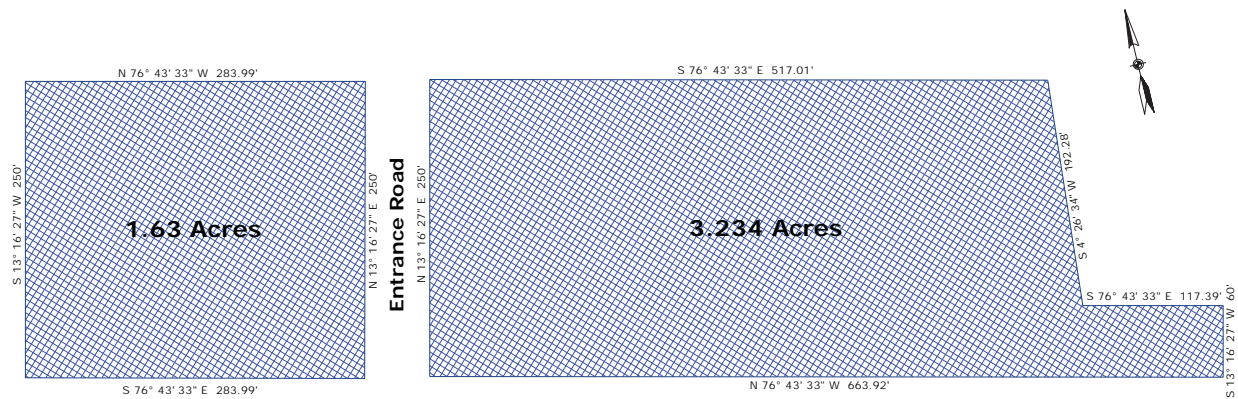
LAND SALE NO. 4 - CONTINUED

Remarks

This is the purchase of two highway frontage parcels that are outparcels to the Legacy on the Bay apartment complex. The tracts are located east and west of the 60' wide entrance road with the west tract containing 1.63 acres and the east tract containing 3.234 acres.

The listing agent stated that there was the potential for wetlands and that he was not aware of any due diligence performed by the buyer on this issue. The property is encumbered by minor private covenants and restrictions.

COMPARABLE EXHIBIT – LAND SALE 4



Emerald Coast Parkway (US Hwy. 98)



LAND SALE NO. 5

Property Identification

Property Type Undeveloped Commercial Acreage
Location West side of Davis Highway just south of the Airport Boulevard intersection in Pensacola, Florida
Tax ID 35-1S-30-1206-000-000
Present Use Improved with a dated office building (former residence)

Sale Data

Grantor Virgilio C. Barangan
Grantee Mo' Airport, LLC (Moulton Properties)
Sale Date April 24, 2012
Deed Book/Page ORB 6849/299
Property Rights Fee simple
Conditions of Sale Arm's length
Financing Cash to seller
Sale History None in previous three year period
Instrument Warranty Deed
Verification Mary Moulton, Grantee (850) 438-5655; Other sources: aerial maps, inspection; Confirmed by Joel Asmar, MAI

Sale Price \$1,000,000

Land Data

Zoning C-1, Commercial District
Topography Level to gently sloping topography
Utilities All available
Dimensions 200' x 289'
Shape Rectangular
Flood Info Zone X
Highest & Best Use Commercial development
Encumbrances None known
Access N. Davis Highway and Eyemouth Lane

Land Size Information

Gross Land Size 1.33 Acres (57,800 SF)

Indicators

Sale Price/Gross Acre \$753,633
Sale Price/SF \$17.30

Remarks

This is the recent purchase of a small acreage tract that was one of the remaining outparcels to a large acreage tract assembled by the Moulton Family located at the southeast corner of Davis Highway and Airport Boulevard.

COMPARABLE EXHIBIT – LAND SALE NO.5



LAND LISTING NO. 6

Property Identification

Property Type Undeveloped Land
Location Southeast corner of N. Ninth Avenue and E. Salamanca Street in Pensacola, Escambia County, Florida.
Tax ID 00-0S-00-9025-010-014 & 00-0S-00-9025-001-008
Present Use Cleared undeveloped land

Sale Data

Property Owner Moulton Properties, Inc.
Listing Agency Cantrell & Morgan, Inc.
Survey Date January 29, 2013
Reference Cantrell & Morgan website: <http://www.cantrellmorgan.com/>
Property Rights Fee simple
Conditions of Sale Arm's length
Financing Cash to seller
Sale History No arm's length sales in previous three year period
Instrument Special Warranty Deed
Verification Mary Moulton, Property Owner (850) 438-5655. Other sources: Inspection and public records. Confirmed by Joel Asmar, MAI.

List Price \$3,600,000 (\$3,000,000 acceptable per seller - see remarks)

Land Data

Zoning GRD, Gateway Redevelopment District
Topography Level to gently sloping site
Utilities All available inclusive of water and sewer service
Dimensions Irregular
Shape Irregular
Flood Info Zone "X"
Highest & Best Use Speculative hold for future commercial development
Easements/Encumbrances None known

Land Size Information

Gross Land Size 4.42 acres (192,560 SF)
Road Frontage 480' – N. 9th Avenue; 350' – E. Salamanca Street; 480' – N. 10th Avenue; 429' E. Colfax Street.

Indicators

List Price/Gross SF \$18.70
List Price/Gross Acre \$814,375

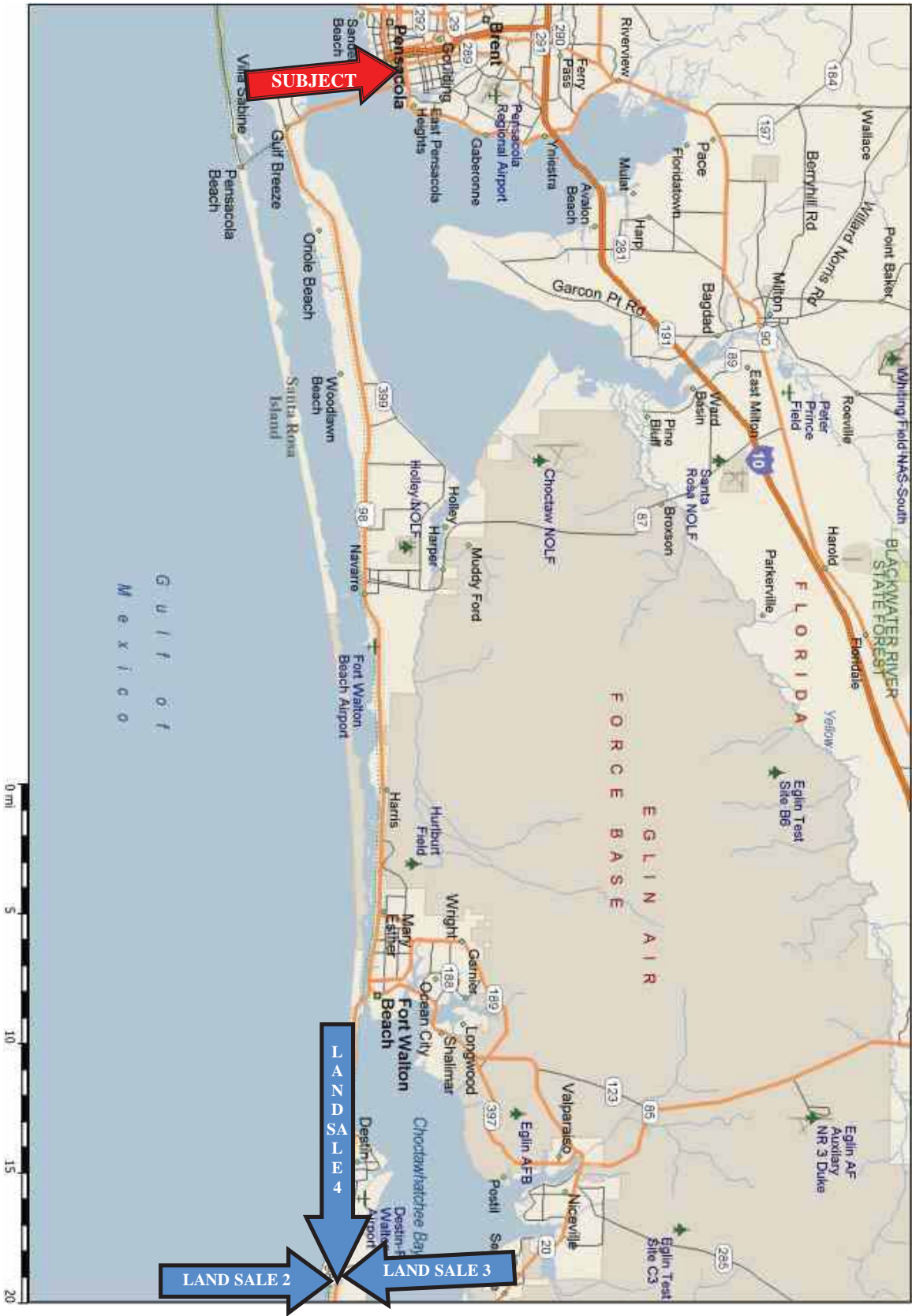
Remarks

This is the current offering of a vacant acreage tract to the southeast of the subject. The property is listed for sale at \$3.6 million with an acceptable price being \$3 million (\$15.58 per SF). The property also has the right to utilize the stormwater pond in Admiral Park with the reimbursement to the City for a portion of the construction cost (estimated at \$300,000 to \$500,000). This site was slated for development with a mixed use project to be called Hawkshaw Village. It was to include 110,000 SF of commercial space and 30 residential units. The project was cancelled in late 2008 due to the recessionary economy.

COMPARABLE EXHIBIT – LAND LISTING 6



COMPARABLE LOCATION MAP



Comparison Analysis: All of the sales are recent acquisitions of undeveloped commercial tracts in the Florida Panhandle. Due to the lack of sale transactions, it was necessary to expand the search area. On the following page, I have presented an adjustment grid that includes a synopsis of economic indicators and the physical features of the comparable sales and the subject. For my analysis, the price per acre is the basis of comparison. By concentrating my comparison analysis on the price per acre basis, a direct valuation analysis is more accurately reflected via the available sales data within the marketplace. A brief comparison is made to the subject tract on the following grid:

QUANTITATIVE COMPARISON ANALYSIS - GROSS ACRE BASIS

Item	SUBJECT	LAND SALE 1	LAND SALE 2	LAND SALE 3	LAND SALE 4	LAND SALE 5	LAND LISTING 6
Description	SW Corner of E Chase St. & N. 9th Ave	South side of E Garden Street	North side of Emerald Coast Pkwy.	South side of Emerald Coast Pkwy.	North side of Emerald Coast Pkwy.	West side of Davis Highway	East side of N. Ninth Avenue
Adj. Sale Price	N/A	\$3,450,000	\$8,000,000	\$4,730,000	\$1,556,450	\$1,000,000	\$3,600,000
Price per Acre	N/A	\$692,611	\$509,554	\$446,184	\$320,000	\$753,633	\$814,375
Economic Adjustments							
Property Rights	Fee Simple	Sim.	0.00% Sim.	0.00% Sim.	0.00% Sim.	0.00% Sim.	0.00% Sim.
Adj. Price/AC		\$692,611	\$509,554	\$446,184	\$320,000	\$753,633	\$814,375
Financing Terms	Cash or Equiv.	Sim.	0.00% Sim.	0.00% Sim.	0.00% Sim.	0.00% Sim.	0.00% Sim.
Adj. Price/AC		\$692,611	\$509,554	\$446,184	\$320,000	\$753,633	\$814,375
Conditions of Sale	Arm's Length	Sim.	0.00% Sim.	5.00% Bank Sale	5.00% Bank Sale	0.00% Sim.	Negot. Allow 4
Adj. Price/AC		\$692,611	\$509,554	\$468,494	\$336,000	\$753,633	\$651,500
Buyer Expenditures	N/A	Sim.	0.00% Sim.	0.00% Sim.	0.00% Sim.	0.00% Sim.	0.00% Sim.
Adj. Price/AC		\$692,611	\$509,554	\$468,494	\$336,000	\$753,633	\$651,500
Date of Sale	Current	Jul-09	-8.00% Jun-10	0.00% Jul-12	0.00% Apr-12	0.00% Apr-12	Current
Economic Adj Price/AC		\$540,237	\$468,790	\$468,494	\$336,000	\$753,633	\$651,500

Physical Adjustments

Location	Pensacola Downtown CBD	Pensacola Downtown CBD	Secondary-Crystal Bch	ECP-Crystal Bch	ECP-Crystal Bch	Davis Hwy.	Pensacola Downtown CBD	Sim.
Gross Area (AC)	9.19 Acres	4.98	15.70	10.60	4.86	1.33	4.42	-20.00%
Road Frontage	Extensive - Multiple Roads	Extensive - Multiple Rds	Extensive	Extensive - Multiple Rds	Extensive - Multiple Rds	Extensive - Multiple Rds	Extensive - Multiple Rds	Sim.
Ingress/Egress & Exposure	Good	Good	Good	Good	Good	Good	Good	Sim.
Topography	Level	Level	Level	Level	Level/Low	Level	Level	Sim.
Utilities	All available	All available	All available	All available	All available	All available	All available	Sim.
Zoning	GRD	C-2A/HC-1	C-3	ROI-TD	MU-2	C-1	GRD	Sim.
Wetland Coverage	None	None	None	None	Potential	None	None	Sim.
Entitlements	None	None	Partial Entitlement	None	None	None	None	Sim.
Overall Rating to Subject								-20.00%
Value Indication for Subject per AC		\$432,189		\$468,790	\$468,494	\$352,800		\$521,200

Following is a brief explanation of the differences noted within the previous comparison grid:

Property Rights: To the best of my knowledge, all of the comparable sales were of fee simple interest and no adjustment is required for this element of comparison.

Financing: The appraisal is made in terms of cash or terms generally equivalent thereto. All of the comparable sales represent either a "cash to seller" arrangement or financing at market terms. For this reason, no adjustment is necessary to these sales.

Conditions of Sale: To the best of my knowledge, all of the cited comparable sales were found to be "arm's length" transactions, without evidence of any undue influence or duress. However, Land Sales 3 and 4 were the disposition of REO properties by financial institutions. REO properties are often sold at a discount and sometimes without adequate marketing time. For these reasons, +5% adjustments are applied to these transactions. Land Listing 6 is the current offering of a 4.42 acre site known as the Hawkshaw Village tract. This property is listed for \$3.6 million with the confirmation source indicating an offer at \$3 million would be accepted (-16.67% reduction). A -20% adjustment is applied for a typical negotiation allowance.

Buyer Expenditures: None of the sales were deemed to have extraordinary buyer expenses that warranted consideration. Thus, no adjustment is necessary for this factor.

Time/Market: The local real estate market has experienced a significant decline in demand for commercial and residential properties due to the recessionary trends evident. Recent changes to the credit markets in the past four years have also impacted the market. Financing for new commercial projects remains difficult and local bankers and market participants have confirmed that credit standards have been tightened.

The extent of the slow market conditions prevalent is best exhibited by reviewing the number of local commercial sale transactions. The following table provides a summary of the total number of commercial sales per each 12-month period for the combined Pensacola Multiple Listing Service area.

ANNUAL SALE TOTALS – COMMERCIAL PROPERTIES							
Annual Period	2006	2007	2008	2009	2010	2011	2012
Number of Sales	215	179	118	82	100	110	142
Average Days on Market	167	200	201	244	251	360	367

The previous tables indicate that there has been a significant decline in annual sale totals for commercial property from 2006 through 2009. In 2006, there were 215 reported commercial sales recorded on the Pensacola MLS. In 2009, the indicated low point, there were only 82 sales indicating a total decline of 61.9% as compared to the 2006 base year. The 2010 and 2011 data shows modest improvement although the marketing time continues to increase. The year 2012 shows significant improvement with a 29% increase in sales over the previous period.

The previous market analysis section of this appraisal provides a detailed view of the most recent market trends evident in the Pensacola area. There are specific examples cited in this section of the report that show the amount of devaluation evident based on sales and resales of the same or similar properties.

Due to the changes in market conditions, only the most recent sales were considered in this valuation analysis. However, the slow market conditions required an extension of the time period searched with two sales (Land Sales 1 and 2) transpiring in 2009 and 2010. The commercial real estate market continued its decline through 2010. From 2011 through the present, stabilizing price trends have been more prevalent. Based on these trends, an annual time/market adjustment of -15% is applied to Land Sales 1 and 2. This adjustment is applied only to the elapsed period between the transaction date and the commencement of 2011 when market conditions started stabilizing.

Location: The subject is located on E. Chase Street and N. Ninth Avenue on the eastern periphery of the Downtown CBD. This location is adjacent to Interstate 110, the Pensacola Bay Center, restaurant row and the Downtown CBD. Although traffic counts in the immediate area are moderate, the location is desirable for numerous commercial activities.

Land Sale 1 is located on E. Garden Street with it being the purchase of the former Seville Inn property. This property was acquired for speculative purposes and was envisioned to be a potential bank site. This property is rated as similar for locational features.

Land Sales 2, 3 and 4 are located in the Crystal Beach area. These are general purpose commercial sites with retail and office use being the primary motivators for purchase. Land Sales 3 and 4 have direct frontage on Emerald Coast Parkway and are rated as similar. Land Sale 2 is positioned to the north of

Emerald Coast Parkway with access being via a service road for the Destin Commons development. A +5% adjustment is applied for the slight reduction in exposure.

Land Sale 5 is located on N Davis Hwy immediately south of Airport Boulevard. This is a desirable retail and medical office corridor location with a -15% adjustment applied. Lastly, Land Listing 6 has a similar location immediately to the southeast of the subject property.

Gross Area: The subject property has an estimated area of 9.19 acres. The comparables vary from 1.33 acres to 15.7 acres in size. The market commonly demonstrates that there is an inverse relationship between the selected unit of comparison (price/acre) and total parcel size. Land Sale 2 is significantly larger in size with it appealing to a smaller segment of the marketplace. This transaction is adjusted by +10%. Conversely, Land Sales 1, 4, 5 and Land Listing 6 are smaller sites with -20% to -30% adjustments applied.

Road Frontage: The subject essentially comprises the majority of a city block with exposure and/or access from at least three public right-of-ways. All of the comparables are rated reasonably similar for this factor with no adjustment applied.

Ingress/Egress/Exposure: The subject has good exposure and ingress/egress with two corner locations with one being controlled by a traffic light. All of the comparables are rated reasonably similar for this factor with no adjustment applied.

Topography: The subject has level topography that is common for the immediate area. Land Sale 4 is low with fill dirt likely required for a significant portion of the site; +10% adjustment applied. No adjustment is necessary for this factor to the remaining comparables.

Utilities: The subject and comparables have direct access to requisite utility services, including water and sanitary sewer service. No adjustment is necessary for this comparison factor.

Zoning: The subject is zoned GRD, Gateway Redevelopment District. This is a mixed use zoning designation that allows numerous commercial and residential land uses. All of the comparables have similar commercial or mixed land use designation with no significant differences evident.

Wetland Coverage: The subject does not have any known wetlands. Wetlands are a physical and legal deterrent to development. The listing agent for Land Sale 4 indicated there was a potential for wetlands on the

tract and a +10% adjustment is applied to this transaction. The remaining comparables are rated as similar to the subject for wetland coverage.

Entitlements: The valuation of the subject property is directed at the raw land and there is assumed to be no development orders, concurrency studies or other items that would be considered entitlements to the subject property. Land Sale 2 has partial entitlements and/or vested rights with a -15% adjustment applied. The remaining comparables are rated as similar.

SUMMARY AND FINAL VALUE RECONCILIATION “AS RAW LAND”

The sales represent recent purchases of undeveloped commercial or mixed use tracts in the general area. The comparable sales and active listing indicate an adjusted unit value range of \$352,800 to \$521,200 per acre. The high range is supported by Land Listing 6 which is the current offering of the Hawkshaw Village tract located immediately southeast of the subject. If this indicator is discarded, the range adjusts to \$352,800 to \$468,790 per acre with a mean indication of \$427,354 per acre.

After considering the factors that impact value and the market demand evident, it is my opinion that the property compares best to the middle portion of the value range. The rounded range of \$420,000 to \$430,000 per acre is considered to be most reflective of the subject’s value. Applying this unit value range to the subject’s site area of 9.19 acres, a rounded land valuation range of \$3,860,000 to \$3,952,000 is indicated. After considering pertinent factors, I have reconciled to a final value opinion of \$3,900,000 as of the recent date of December 27, 2012.

FINAL VALUE OPINION – “AS RAW LAND”

THREE MILLION NINE HUNDRED DOLLARS (\$3,900,000)

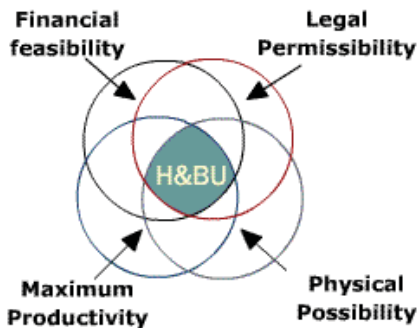
ANALYSIS OF DATA AND CONCLUSIONS – “AS DEVELOPED”

HIGHEST & BEST USE “AS DEVELOPED”

Highest and best use is defined in the third edition of The Dictionary of Real Estate Appraisal (Appraisal Institute, Chicago, 1993), as follows:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

As evident by its definition, highest and best use is a multiple step process that investigates the optimum use of a property by a variety of criteria. The premise of highest and best use is that the lone concluded use or uses must satisfy all of the applicable tests. The following graphic provides a visual depiction of the basic premise behind this analysis.



The highest and best use analysis “As Developed” follows with consideration given to all four tests that determine highest and best use.

Physically Possible Uses

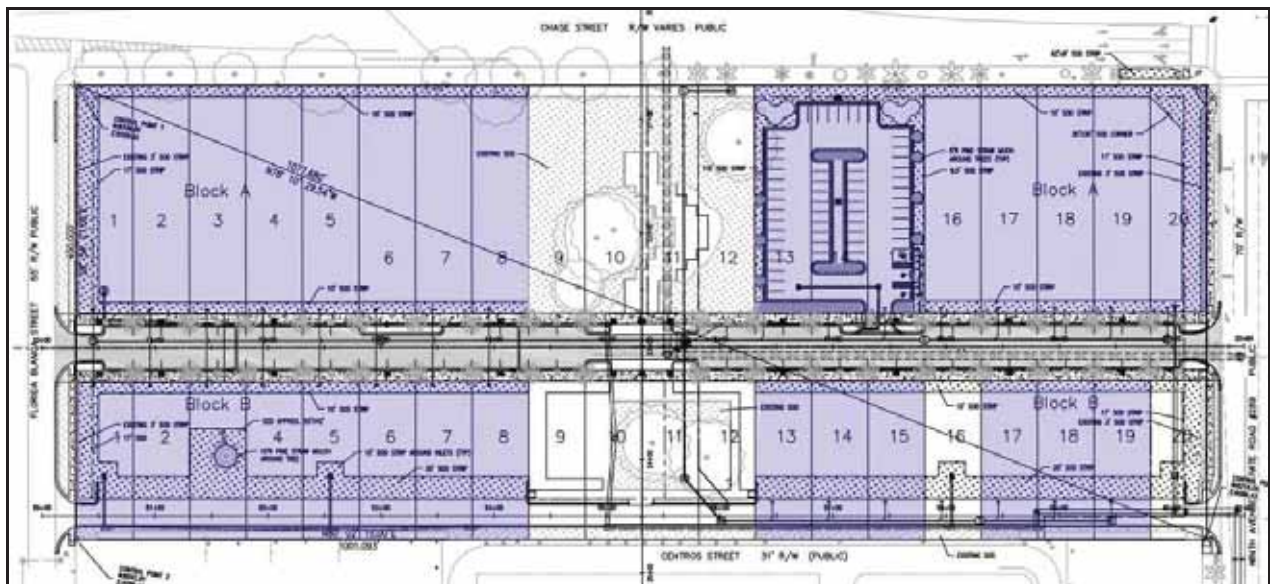
The appraised property consists of 40 commercial lots that comprise PEDC Downtown Technology Center. Eight lots (Lots 9, 10, 11 and 12 of Blocks “A” and “B”) are dedicated as open/green space and are presently improved with the two central parks. In addition, Lots 16 and 20 in Block “B” are not marketable. Thus, the total number of saleable lots within this campus is 30 with the remaining 10 lots assumed to be dedicated in the future as common area for the use and benefit of the saleable lots.

The 30 saleable lots are fully engineered with all requisite infrastructure in place and are best termed as “shovel ready”. The lots benefit from offsite stormwater retention and a limited number of public parking

spaces along Salamanca Street and the assumed use of the surface parking area within the adjacent Pensacola Bay Center parking lots.

The lots are subject to various setbacks and easements of record and do not qualify as fully developable pad sites. Rather, these lots share many similarities of most commercial sites in the Downtown CBD with the exception of the availability of offsite stormwater retention, utility stub-outs in place and access to limited parking resources.

The future sale of the lots will likely be in groupings rather than on an individual basis. The reason for this is the limitation associated with 50' wide lots in accommodating necessary surface parking. After reviewing market tendencies, it is anticipated that the lots will be most marketable in grouping of three to eight lots. The saleable lots are depicted on the following site plan exhibit as reflected by the blue shaded area:



The most attractive grouping from a physical perspective is Lots 13 through 20 in Block “A”. This grouping has the most exposure to the E. Chase Street and N. Ninth Avenue intersection. It also likely will benefit from the existing 60 space surface parking lot located on Lots 13 through 15. The latter cost approximately \$280,000 and would be an enhancement to the future sale of this grouping. These lots are also most proximate to the Pensacola Bay Center parking spaces.

The remainder of the park is projected to be sold in various size groupings. Lots 1 through 8 in Block “A” is projected to be the next most desirable grouping due largely to its higher ratio of building footprint compared to size, the exposure to E. Chase Street and the proximity to the Pensacola Bay Center parking spaces.

The grouping comprising Lots 1 through 8 in Block “B” has the least exposure and is impacted by the 35’ access and utility easement along the south section. These lots are anticipated to be sold as a group because of the limited useable depth (94’). Lots 13 through 15 and Lots 17 through 19 in Block “B” are anticipated to comprise the last two groupings. Lots 17 through 19 would be the more desirable of the two due to the exposure to N. Ninth Avenue. A summary of the anticipated lot groupings and respective gross saleable lot area is presented in the following table:

Lots/Block	Gross Lot (Saleable) Dimensions	Gross (Lot) Saleable Area
1-8, Block “A”	200’ x 400’	80,000 SF
13-20, Block “A”	200’ x 400’	80,000 SF
1-8, Block “B”	139’ x 400’	55,600 SF
13-15, Block “B”	139’ x 150’	20,850 SF
17-19, Block “B”	139’ x 150’	20,850 SF
Total Gross Saleable Area		257,300 SF

Future construction within the project is anticipated to consist of one and two story buildings constructed on-grade with surface level parking. Multiple story construction in excess of three or more stories will likely require the construction of a parking garage and is contrary to typical market activity.

The physical “technology” aspect of the project is largely confined to the access to the LambdaRail Network. This is a national high-speed, fiber-optic network that allows connectivity to the Florida LambdaRail Network. Local commercial brokers and developers indicated that the market appeal of this level of service would be confined to a very small number of potential users. Fiber optic connections are prevalent throughout the Downtown CBD with this level of service suitable for most all businesses and including high tech users.

Legally Permissible Uses

The individual lots are located within the GRD, Gateway Redevelopment District. This is a broad residential and commercial land use designation that is commonly applied to the eastern portion of the downtown and gateway area. This land use district is permissive of a wide array of commercial uses including retail stores, professional offices, single and multiple family residential housing, motels/hotels, convenience stores, and restaurants, among other uses. These land use regulations are consistent with the development trends in this area and do alter the prospects of the highest and best use of the individual lot groupings.

The individual lots are also subject to the PEDC Downtown Technology Campus Design Guidelines. This is a 13-page document that provides general and specific design criteria for future office building construction. The general design is intended to follow an “urban street form” with minimal front setback from Salamanca Street. This design mimics the urban storefront features for much of the historic S. Palafox Street corridor. The design criteria also allows for individual buildout on the individual lots or a grouping of lots to accommodate a single structure.

The PEDC has also established the criteria for eligible buyers of the lots within the technology park. The specified target industries are information technology, information assurance/security, web applications, software development, bioinformatics, avionics, engineering, human performance technologies and life sciences. The target industries listed are quite narrow in scope with additional requirements imposed for employment and building development. The minimum base employment figure for the park was stated to be 670 persons but the Chamber staff confirmed that only 300 employees are needed to avoid financial penalties associated with an infrastructure construction grant from the EDA. There is also flexibility in the type of jobs generated. The Chamber staff stated that these are essentially self-imposed criteria that are “not binding” and this appraisal is performed subject to this interpretation.

The PEDC design guidelines and eligible buyer criteria create an additional level of public scrutiny over prospective occupants. Buyers are often resistant to additional restrictions with the slow market conditions typically enabling buyers to pick from an assortment of developable sites. These specified design guidelines can also increase development costs.

Financially Feasible/Maximally Productive Uses

The PEDC Downtown Technology Center is designed to facilitate office use for specific industries with this consistent with its existing design and applicable public land use regulations. The target industry criteria are extremely restrictive and the placement of additional restrictions is not conducive to the sale of property in a depressed market. The use and development current criteria are expected to be relaxed in an effort to entice the purchase of the saleable lots.

There are numerous current offerings of commercial sites in the Downtown CBD that are viewed as competitive to the saleable lots in the technology park. This includes the remaining uncommitted eight outparcel sites in the Maritime Park as well as the commercial and mixed use sites in the Aragon project that face Ninth Avenue. These competing lots also benefit from the use of off-site stormwater retention and overflow parking potential. Fiber optic networks and mid-rise construction is also available for much of the downtown area.

As previously stated, the Downtown CBD market has experienced a significant downturn in the residential and commercial real estate market since the market peak in 2005/2007. Values have declined for most all land uses with market demand and credit plummeting from the levels seen before and during the peak period of demand. Rents have trended downward in an effort to keep tenants and stave off increasing vacancies. New construction of office buildings is also largely non-existent except for various owner users. This suggests that market demand and rent levels are insufficient to warrant the construction of new multiple tenant structures. The owner user market is the most viable although market activity remains at a very low level.

The most notable planned construction project in the CBD is the proposed Studer Group building on one of the outparcel sites at the Maritime Park. This is to be the largest building constructed in the CBD in the past 25 years. The construction of this building is primarily the result of additional office space needed for the Studer Group rather than from an investor's perspective for future leasing purposes.

At the present time, the demand for commercial lots remains fair with minimal new construction evident for a variety of land uses. The prospect for near term construction of the subject lots is moderate

because of these factors. After considering all factors, it is my conclusion that the highest and best use of the subject lots is for a speculative hold for future commercial development of the identified lot groupings in accordance with the applicable land use regulations and private covenants/restrictions of record.

APPRAISAL VALUATION PROCESS “AS DEVELOPED”

The ultimate purpose of this appraisal report is to derive a well-supported value conclusion that reflects all factors, which influence the market value of the subject lots. This is achieved by applying one of the three traditional methods of estimating market value: the sales comparison approach. Commercial land sales will be analyzed for the purpose of estimating the gross retail sellout value of the subject lot groupings. A discussion of bulk purchases will follow in evaluating an appropriate discount for a sale to a single purchaser. I have also attempted to find large secondary tracts comprising multiple individual subparcels for a direct comparison analysis. However, my research revealed insufficient market data from which a reliable comparison could be performed. The income and cost approaches have minimal relevance to the valuation of this property and have been excluded from consideration.

SALES COMPARISON APPROACH “AS DEVELOPED”

This is an appraisal technique in which the market value opinion is based upon prices paid in actual market transactions, or current listings. This approach is almost always applicable to the appraisal of real estate.

The process of the sales comparison approach is to first seek sales or listings of similar type properties that have sold recently. Secondly, the condition under which the property was sold, the property rights conveyed, and the potential for excess buyer expenditures must be considered prior to the application of an adjustment for changes in market conditions, if necessary. Direct physical comparison is the third step and includes an analysis of each comparable and the corresponding physical and locational attributes. Dissimilarities noted within the previous two steps are then considered with respect to the effect on the sales price. Lastly, an opinion is drawn as to the value of the subject based on the market data extracted and the comparison drawn between the comparable sales selected.

Projected Gross Retail Sellout

The first step in the sales comparison approach is to estimate individual lot pricing for the subject lot groupings. The recent downturn in the commercial real estate market has resulted in reduced sales activity. However, my research reveals that there is an adequate amount of sales from which a direct comparison analysis could be employed. On the following pages, details as to various “retail” site sales are given for use in the estimation of the subject’s projected lot grouping values.

LAND SALE NO. 7

Property Identification

Property Type

Location

Tax ID

Present Use

Vacant Commercial Property

Northeast corner of W. Main Street and S. Baylen Street. The property address is 16 W. Main Street, Pensacola, Escambia County, Florida.

00-0S-00-9001-002-003

The property was until recently improved with a masonry building that was demolished prior to closing.

Sale Data

Grantor

Grantee

Sale Date

Deed Book/Page

Property Rights

Conditions of Sale

Financing

Sale History

Instrument

Verification

The Waterfront Rescue Mission, Inc.

Studer Properties, LLP

December 28, 2012

6955/702

Fee simple

Arm's Length

Cash to seller

None in previous three year period

Warranty Deed

Andrew Rothfedder, Representative of Grantee (850) 232-3003; Public Records, Inspection, Property Appraiser's Records. Confirmed by Joel Asmar, MAI.

Sale Price

\$650,000

Land Data

Zoning

Topography

Utilities

Dimensions

Shape

Flood Info

Future Land Use

Highest & Best Use

C-2A, Commercial

Level and predominately cleared site.

All available

156' x 200.5'

Rectangular

Zone AE (EL 7')

Commercial

Commercial development

Land Size Information

Gross Land Size

Front Footage

0.718 Acres (31,278 SF)

200.5' – W. Main Street; 156' - S. Baylen Street; 200.5' – W. Zarragossa Street

Indicators

Sale Price/Gross Acre

Sale Price/Gross SF

\$905,237

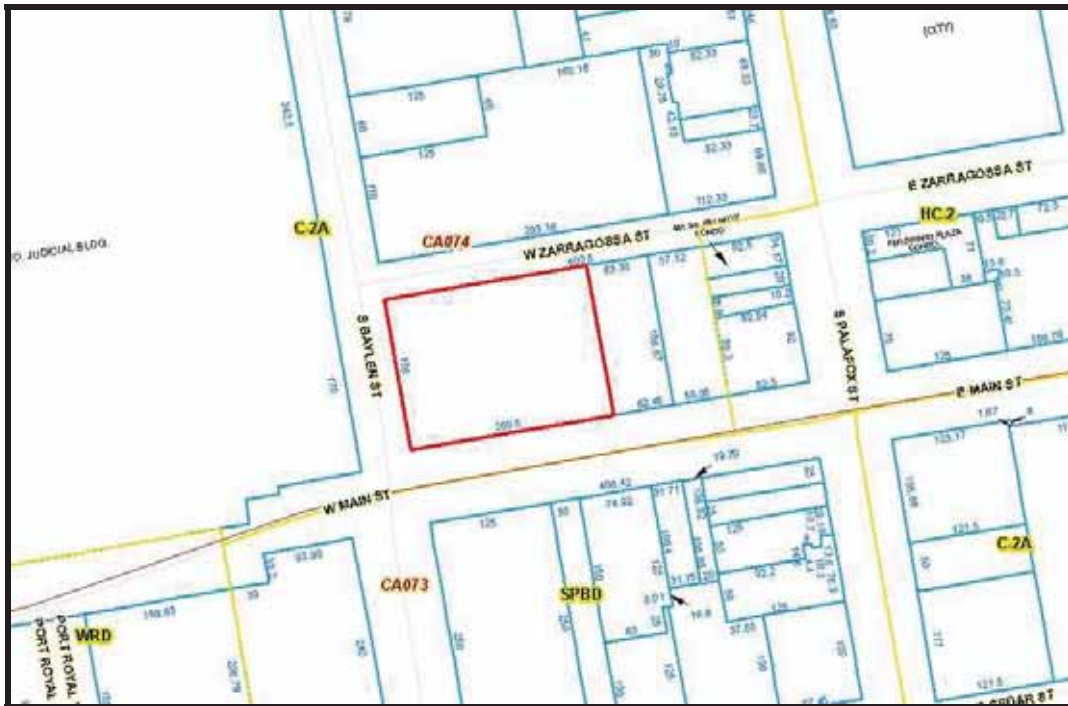
\$20.78

LAND SALE NO. 7 – CONTINUED

Remarks

This is the purchase of the former Waterfront Rescue Mission property on W. Main Street. The mission was recently relocated with the property listed for sale by the owner at \$1.2 million. The purchaser (Quint Studer) was desirous of additional surface parking area for his recent acquisitions on S. Palafox Street. The seller was responsible for the demolition of the dated improvements prior to closing.

COMPARABLE EXHIBIT – LAND SALE 7



LAND SALE NO. 8

Property Identification

Property Type Vacant Commercial Site
Address 500 S. Palafox Street, Pensacola, Escambia County, Florida
Location Southeast corner of S. Palafox Street and Main Street in Pensacola, Florida
Tax ID 00-0S-00-9100-010-001, 00-0S-00-9100-050-001 & 00-0S-00-9100-070-001
Brief Legal Present Use Lots 1 through 10, Block 1, Waterfront Tract
Vacant land

Sale Data

Grantor Palafox Quarter, LLC
Grantee American Fidelity Life Insurance Company
Sale Date August 15, 2011
Deed Book/Page 6754/7
Property Rights Fee simple
Conditions of Sale Arm's length
Financing Cash to seller
Sale History \$1.5 million in May 2005 (ORB 5635/1727)
Instrument Warranty Deed
Verification Matt Spotswood, Grantor (in person interview), public records; Confirmed by Joel Asmar.

Sale Price \$840,000

Land Data

Zoning C-2A, Downtown Commercial
Topography Level to gentle slope
Utilities All available
Dimensions 121.15' x 272.66' + 1.67' x 6'
Shape Rectangular
Encumbrances None noted
Flood Zone Zone "AE"

Land Size Information

Gross Land Size 0.761 Acres or 33,138 SF
Front Footage 123.17' on Main Street, 272.66' on S. Palafox Street and 121.5' on Cedar Street

Indicators

Sale Price/SF \$25.35

Remarks

This is the recent acquisition of a prominent commercial site at the intersection of Main Street and S. Palafox Street. The property was acquired in 2005 and was slated for development with a mid-story mixed use condominium building to be called The Floridian. Development plans subsequently stalled. The purchaser intends to develop a portion of the site with a financial institution with the remainder to be held for future office/retail use.

COMPARABLE EXHIBIT - LAND SALE 8



LAND SALE NO. 9

Property Identification

Property Type	Vacant Commercial Site
Address	401 W. Garden Street, Pensacola, Escambia County, Florida
Location	Southwest corner of W. Garden Street and S. Devilliers Street in Pensacola, Florida
Tax ID	00-0S-00-9070-030-056
Brief Legal	Portion of Block 56, Donelson Tract
Present Use	Vacant land

Sale Data

Grantor	L. Alan Bunt and Gilda M. Bunt
Grantee	Florida State Employees Federal Credit Union
Sale Date	November 15, 2010
Deed Book/Page	6658/1649
Property Rights	Fee simple
Conditions of Sale	Arm's length
Financing	Cash to seller
Sale History	None in previous three year period
Instrument	Warranty Deed
Verification	Public records.

Sale Price	\$650,000
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Land Data

Zoning	C-2A, Downtown Commercial
Topography	Level to gentle slope
Utilities	All available
Dimensions	143.61' x 181.93' x 143.72' x 182.67'
Shape	Rectangular
Encumbrances	None noted
Flood Zone	Zone "X"

Land Size Information

Gross Land Size	0.598 Acres or 26,050 SF
Front Footage	143.61' on W. Garden Street and 181.93' on Devilliers Street

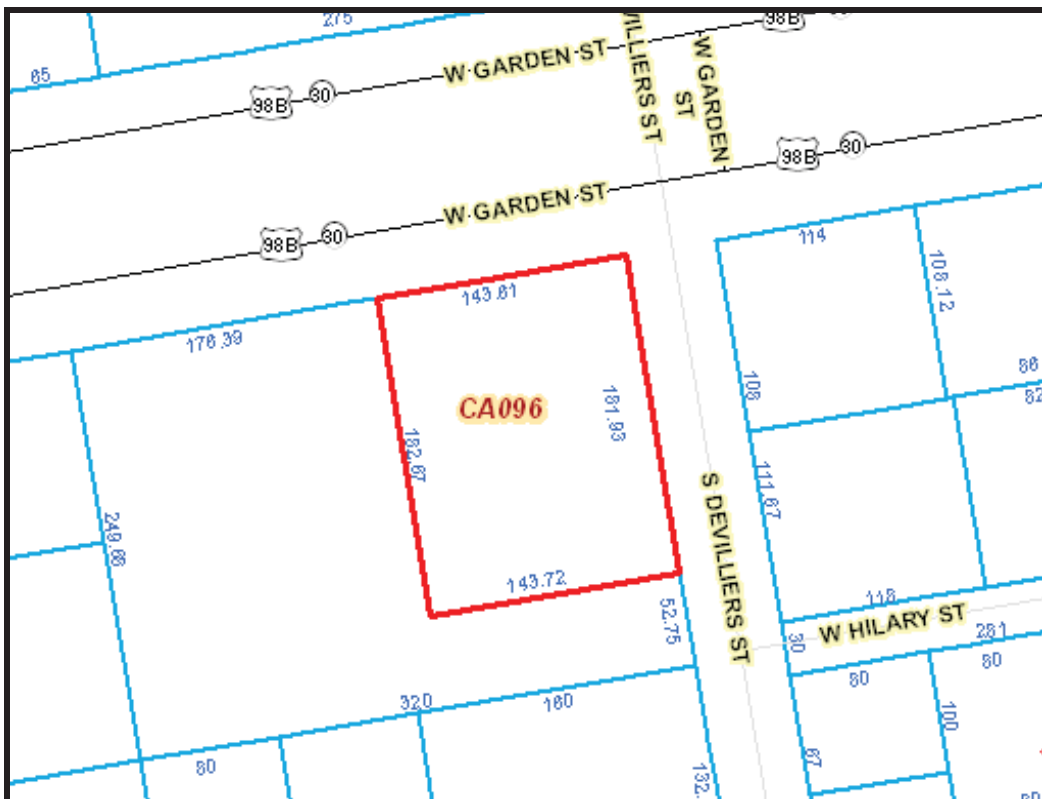
Indicators

Sale Price/SF	\$24.95
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Remarks

This is the acquisition of a commercial site on W. Garden Street immediately east of the Social Security Administration building. The property was cleared, level and fully developable. The purchaser intends to construct a credit union office on the site.

COMPARABLE EXHIBIT - LAND SALE 9



LAND SALE (LEASE) NO. 10

Property Identification

Property Type

Location

Vacant Commercial Property

Outparcel No. 2 to the Pensacola Maritime Park. North side of Cedar Street between S. Spring Street and S. Reus Street which reflect the interior road network for the park in Pensacola, Florida.

Tax ID

00-0S-00-9100-002-028 (portion of)

Present Use

Undeveloped and cleared outparcel site.

Sale Data

Lessor

Community Maritime Park Associates & City of Pensacola

Leasee

Studer Properties, LLP

Lease Date

October 2012

Reference

Ground Lease

Property Rights

Leasehold

Conditions of Sale

Arm's Length

Financing

Cash to seller

Sale History

None in previous three year period

Instrument

Lease

Verification

Andrew Rothfedder, Representative of Grantee (850) 232-3003; Ed Spears (850) 436-5651, director OF CMPA; Public Records, Inspection, Property Appraiser's Records. Confirmed by Joel Asmar, MAI.

Sale Price

\$1,293,320 (Basis of ground lease payment - see remarks)

Land Data

Zoning

WRD, Waterfront Redevelopment District

Topography

Gently sloping and cleared site.

Utilities

All available

Dimensions

See attached sketch

Shape

Irregular

Flood Info

Zone X

Future Land Use

Commercial

Highest & Best Use

Commercial development

Land Size Information

Gross Land Size

1.423 Acres (62,000 SF)

Front Footage

Cedar Street, S. Spring Street and S. Reus Street

Indicators

Sale Price/Gross Acre

\$908,662

Sale Price/Gross SF

\$20.86

LAND SALE NO. 10 – CONTINUED

Remarks

This is the recently executed ground lease of Outparcel 2 at the Community Maritime Park. The ground lease is for a 55-year term. The ground lease payment was based on a ground lease capitalization rate of 7.25% applied to the appraised value of \$1,293,320. The leaseholder is also charged a 0.75% for CAM charges with the total ground lease rate being \$103,465.60 per year. The rental rate is also scheduled to increase 7% at every five year anniversary. The ground lease will commence upon completion of the office building in the spring of 2014.

The outparcel sites at the Maritime Park are only available for long-term ground lease per Mr. Spears. There were no development incentives or tax abatements associated with this ground lease. Although this is a developed and shovel-ready outparcel site, the tenant is responsible for the construction of some parking area. The ground lease also specifies the tenant to have the rights to 200 additional surface parking spaces within the existing parking area for the Maritime Park. All utility services are available and stubbed out with stormwater retention handled off-site.

The property was purchased by Quint Studer for the construction of a 60,000 SF office building to house the Studer Group. The office building is to be called Maritime Place with it to be located directly north of the baseball stadium. The preliminary renderings call for a three story building with an 82 surface parking lot positioned directly to the west on site.

COMPARABLE EXHIBIT – LAND SALE 10



LAND SALE NO. 11

Property Identification

Property Type Vacant Commercial Property
Location Northwest corner of N. Ninth Avenue and E. Romana Street. The property address is 3 N. Ninth Avenue, Pensacola, Escambia County, Florida.
Tax ID 00-0S-00-9017-070-005
Present Use The property remains undeveloped

Sale Data

Grantor Robert B. Montgomery
Grantee Samer Al-Shurieki
Sale Date February 2, 2011
Deed Book/Page 6686/1065 & 1068
Property Rights Fee simple
Conditions of Sale Arm's Length
Financing Cash to seller
Sale History None in previous three year period
Instrument Warranty Deed
Verification Public Records, Inspection, Property Appraiser's Records.

Sale Price \$170,000

Land Data

Zoning GRD-1, Gateway Redevelopment District
Topography Level and predominately cleared site.
Utilities All available
Dimensions 59.38' x 120.0'
Shape Rectangular
Flood Info Zone X
Future Land Use Redevelopment
Highest & Best Use Commercial or mixed use development

Land Size Information

Gross Land Size 0.164 Acres (7,126 SF)
Front Footage 59.38' – N. Ninth Avenue; 120' - E. Romana Street

Indicators

Sale Price/Gross Acre \$1,039,180
Sale Price/Gross SF \$23.86

Remarks

This is the purchase of two adjoining commercial lots in the Aragon Development. These are readily developable lots that face Ninth Avenue. The total purchase price was \$170,000 which is allocated as \$85,000 per lot. The lots were initially listed at \$160,000 each in October 2009. There are four other commercial lots fronting Ninth Avenue that are listed in the \$89,500 to \$105,000 price range. The association dues are modest at \$525/year/lot.

COMPARABLE EXHIBIT – LAND SALE 11



LAND SALE NO. 12

Property Identification

Property Type	Vacant Commercial Property
Location	North side of E. Zarragossa Street approximately 80' west of Florida Blanca Street. The property address is 428 E. Zarragossa Street, Pensacola, Escambia County, Florida.
Tax ID	00-0S-00-9001-001-046
Present Use	The property presently serves as a parking area

Sale Data

Grantor	George Estess
Grantee	Teresa S. Levin
Sale Date	March 20, 2012
Deed Book/Page	6835/767
Property Rights	Fee simple
Conditions of Sale	Arm's Length
Financing	Cash to seller
Sale History	None in previous three year period
Instrument	Warranty Deed
Verification	Nan Harper, Listing Broker (850) 293-9321; Public Records, Inspection, Property Appraiser's Records. Confirmed by Joel Asmar, MAI

Sale Price	\$129,000
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Land Data

Zoning	HC-1, Historic Commercial District
Topography	Level and predominately cleared site.
Utilities	All available
Dimensions	40.75' x 173.74'
Shape	Rectangular
Flood Info	Zone X
Future Land Use	Historic
Highest & Best Use	Commercial or mixed use development

Land Size Information

Gross Land Size	0.163 Acres (7,080 SF)
Front Footage	40.75' – E. Zarragossa Street

Indicators

Sale Price/Gross Acre	\$793,678
Sale Price/Gross SF	\$18.22

Remarks

This is the purchase of a cleared and gravel paved lot on E. Zarragossa Street in the Seville district. The property was purchased by the adjoining property owner to the west for future expansion or as an additional building site.

LAND SALE NO. 13

Property Identification

Property Type

Location

Tax ID

Present Use

Improved Commercial Property

North side of E. Gregory Street approximately 540' west of 14th Avenue. The property address is 712 E. Gregory Street, Pensacola, Escambia County, Florida.

00-0S-00-9025-006-038

The property is improved with a small parking area and masonry storage building.

Sale Data

Grantor

Grantee

Sale Date

Deed Book/Page

Property Rights

Conditions of Sale

Financing

Sale History

Instrument

Verification

Roy W. and Patricia G. Miller

Terhaar & Cronley Investment Partnership, LLC

December 28, 2012

Not recorded yet

Fee simple

Arm's Length

Cash to seller

None in previous three year period

Warranty Deed

Michael Mangrum, Listing Agent (850) 748-2264; Public Records, Inspection, Property Appraiser's Records.

Sale Price

\$325,000

Land Data

Zoning

Topography

Utilities

Dimensions

Shape

Flood Info

Future Land Use

Highest & Best Use

GRD, Gateway Redevelopment District

Level and predominately cleared site.

All available

120' x 156'

Rectangular

Zone X

Redevelopment

Commercial development

Land Size Information

Gross Land Size

Front Footage

0.43 Acres (18,720 SF)

120' – E. Gregory Street; 120' – E. Heinberg Street

Indicators

Sale Price/Gross Acre

Sale Price/Gross SF

\$756,250

\$17.36

Remarks

This is the purchase of a commercial lot on E. Gregory Street that was improved with a dated storage building and a remnant parking lot. The property was acquired by the adjacent property to the west to serve as additional parking area for a call center operation.

LAND LISTING NO. 14

Property Identification

Property Type	Vacant Commercial Property
Location	Northwest corner of S. Spring Street and W. Intendencia Street. The property address is 111 S. Spring Street, Pensacola, Escambia County, Florida.
Tax ID	00-0S-00-9001-002-352, 00-0S-00-9001-001-352 & 00-0S-00-9070-120-001
Present Use	The property remains undeveloped

Sale Data

Listing Broker/Agency	Fred Gunther, Gunther Properties
Property Owner	Gulf Coast Community Bank
Survey Date	January 9, 2013
Reference	MLS 378642
Property Rights	Fee simple
Conditions of Sale	Arm's Length
Financing	Cash to seller
Sale History	None in previous three year period
Instrument	Warranty Deed
Verification	Fred Gunther, Listing Broker (850) 433-0666; Public Records, Inspection, Property Appraiser's Records. Confirmed by Joel Asmar, MAI

List Price	\$550,000
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Land Data

Zoning	C-2A, Downtown Commercial
Topography	Level and predominately cleared site.
Utilities	All available
Dimensions	142.38' x 54.17' x 113.59' x 80.55' x 22.76' x 84.44' x 188.48'
Shape	Irregular
Flood Info	Zone AE
Future Land Use	Commercial
Highest & Best Use	Commercial development

Land Size Information

Gross Land Size	0.60 Acres (26,136 SF)
Front Footage	142.38' – W. Intendencia Street; 167.76' – S. Spring Street

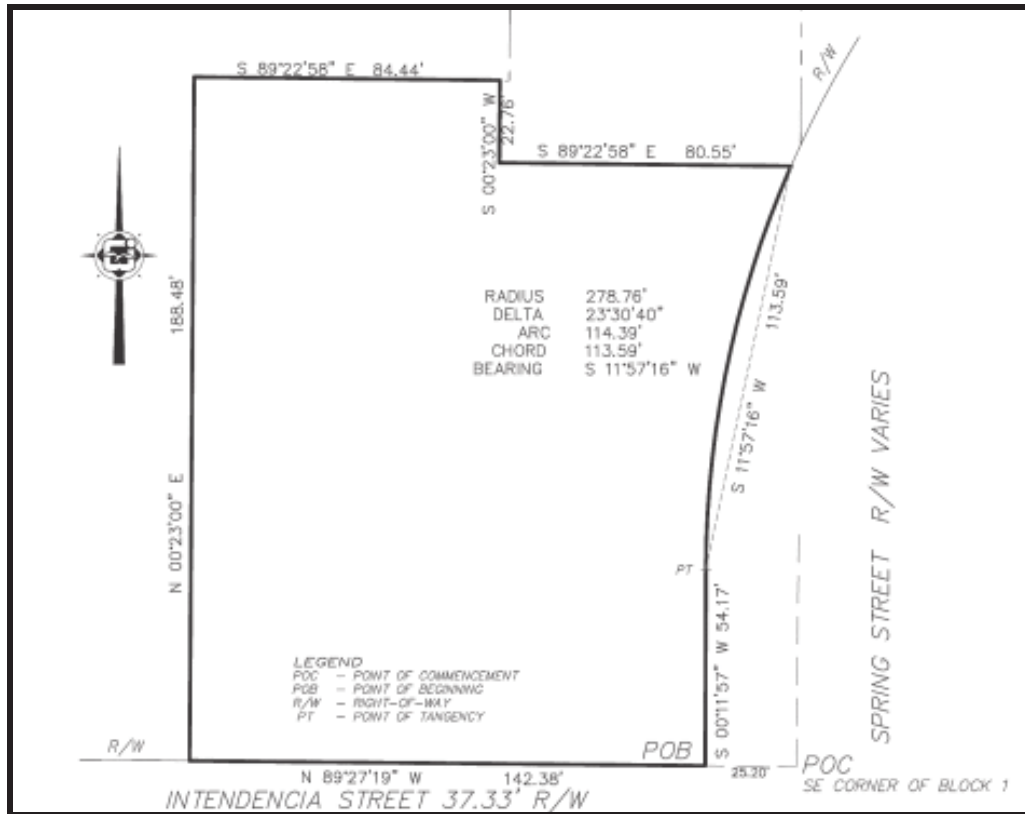
Indicators

List Price/Gross Acre	\$916,667
List Price/Gross SF	\$21.04

Remarks

This is the current offering of a vacant commercial site on S. Spring Street just north of the Maritime Park. The property was to be developed with a residential condominium development which was derailed by the collapse of the real estate market. The property was recently foreclosed on by Gulf Coast Community Bank. The listing broker indicates the property is approved for 12 story construction.

COMPARABLE EXHIBIT – LAND LISTING 14



LAND LISTING (LEASE) NO. 15

Property Identification

Property Type

Location

Vacant Commercial Property

Outparcels No. 1, 6 and 7 to the Pensacola Maritime Park. South side of W. Main Street between S. Spring Street and S. Reus Street, Pensacola, Florida.

Tax ID

00-0S-00-9100-002-028 (portion of)

Present Use

Undeveloped and cleared outparcel sites.

Sale Data

Lessor (Offeror)

Community Maritime Park Associates & City of Pensacola

Leasee

None

Lease Date

Current offerings

Reference

Not recorded yet - current offering

Property Rights

Leasehold

Conditions of Sale

Arm's Length

Financing

Cash to seller

Sale History

None in previous three year period

Instrument

Lease

Verification

Ed Spears (850) 436-5651, director OF CMPA; Public Records, Inspection, Property Appraiser's Records. Confirmed by Joel Asmar, MAI.

List Price

Ground leases based on appraised fee simple values of \$21.00 to \$27.00 per SF

Land Data

Zoning

WRD, Waterfront Redevelopment District

Topography

Gently sloping and cleared site.

Utilities

All available

Dimensions

See attached sketch

Shape

Irregular

Flood Info

Zone X

Future Land Use

Commercial

Highest & Best Use

Commercial development

Land Size Information

Gross Land Size

37,450 SF to 41,873 SF

Front Footage

Main Street, Cedar Street, S. Spring Street and S. Reus Street

Indicators

List Price/Gross Acre

\$914,760 to \$1,176,120

List Price/Gross SF

\$21.00 to \$27.00

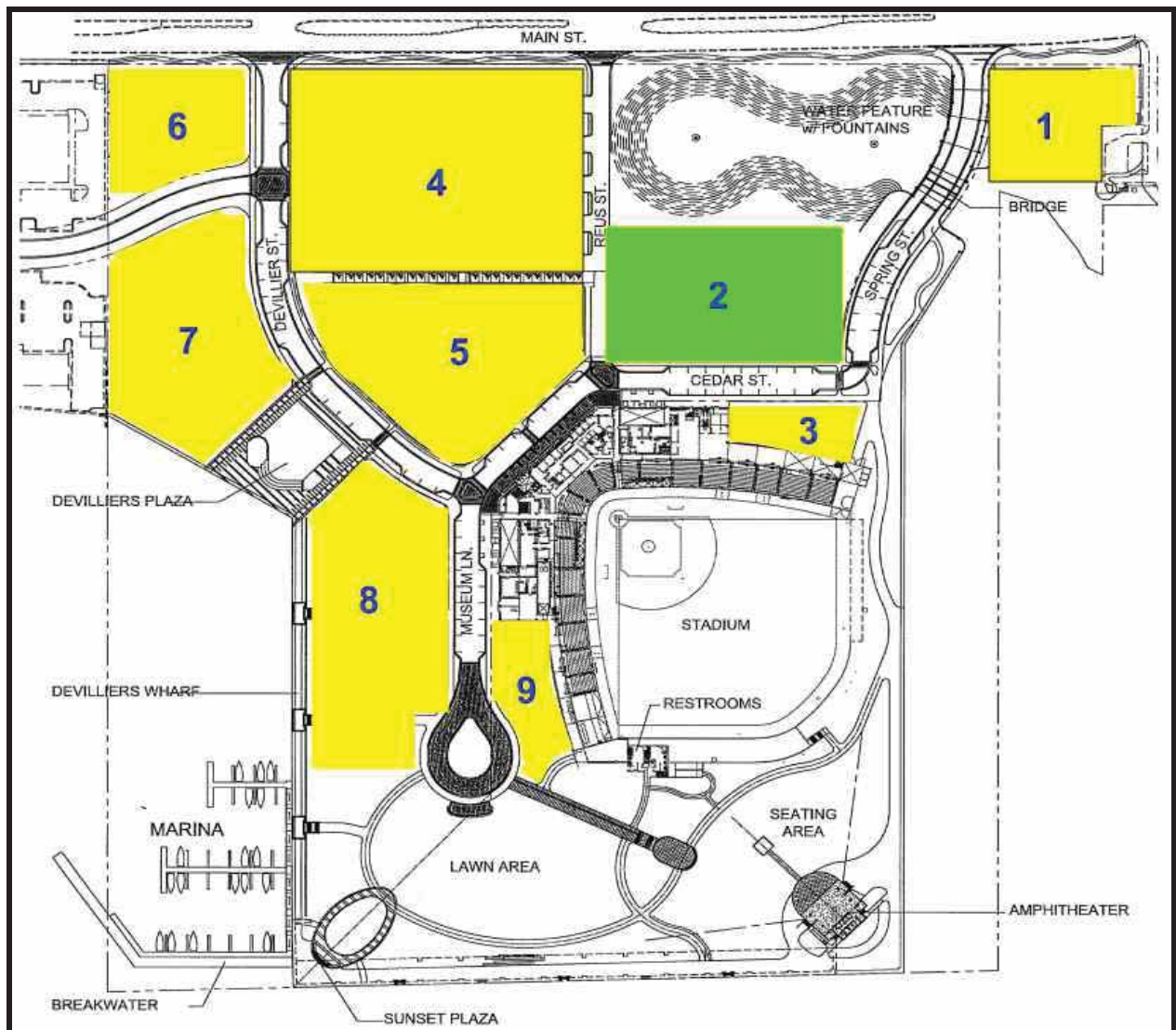
LAND LISTING (LEASE) NO. 15 – CONTINUED

Remarks

This is the current offering of Outparcel 1, 6 and 7 at the Community Maritime Park. Lots 1 and 7 are waterfront sites with these having the higher appraised value. The ground lease terms are to be negotiated. However, the recent lease of Outparcel 2 was for a 55-year term and a ground lease capitalization rate of 7.25% applied to the appraised value. The leaseholder will also be charged an additional 0.75% ground rate for CAM charges.

The outparcel sites at the Maritime Park are only available for long-term ground lease per Mr. Spears. There were no development incentives or tax abatements associated with the ground leases. Although these are developed and shovel-ready outparcel site, the tenant is responsible for the construction of parking area. All utility services are available and stubbed out with stormwater retention handled off-site.

COMPARABLE EXHIBIT – LAND LISTING (LEASE) 15



COMPARABLE LOCATION MAP



COMPARABLE LAND SALES SUMMARY TABLE					
Sale No.	Location	Sale Price	Date	Size/SF	Price/SF
7	NE Corner of W. Main St. & S. Baylen St.	\$650,000	Dec. 2012	31,278 SF	\$20.78
8	SE Corner of E. Main St. & S. Palafox St.	\$840,000	Aug. 2011	33,138 SF	\$25.35
9	SW Corner of W. Garden St. & S. Devilliers St.	\$650,000	Nov. 2010	26,050 SF	\$24.95
10 (Lease)	Outparcel 2, Community Maritime Park	\$1,293,320	Oct. 2012	62,000 SF	\$20.86
11	NW Corner of N. 9 th Avenue & E. Romana St.	\$170,000	Feb. 2011	7,126 SF	\$23.86
12	North side of E. Zarragossa Street	\$129,000	Mar. 2012	7,080 SF	\$18.22
13	North side of E. Gregory Street	\$325,000	Dec. 2012	18,720 SF	\$17.36
L-14	NW Corner of S. Spring St. & W. Intendencia St.	\$550,000 (List Price)	Current	26,136 SF	\$21.04
L-15	Outparcel 1, 6 & 7, Community Maritime Park	List Price Varies	Current	37,450 SF to 41,873 SF	\$21.00 & \$27.00

Comparison Analysis: All of the sales are recent acquisitions of small to moderate commercial sites in the Downtown area. The various sales and listings are deemed to be competitive to the identified logical lot groupings in the PEDC Downtown Tech Center campus.

The comparables sales and listings indicate a unit value range of \$17.36 to \$27.00 per SF with a mean indication of \$21.82 per SF. Land Sales 12 and 13 are the low indicators with these consisting of smaller tracts with limited standalone development potential. Both were acquired by adjoining property owners. Excluding these indicators, the range adjusts upwards to \$20.86 to \$27.00 per SF. The high indicator at \$27.00 per SF is the fee simple value for two waterfront outparcel sites in the Community Maritime Park offered under an extended ground lease arrangement. The subject lot groupings are rated inferior to these high indicators.

The subject lot groupings have both desirable and detracting features. The desirable features include the shovel ready sites with utility stub-outs, common park features, off-site stormwater retention, offsite parking resources and potential access to the LambdaRail Network. The PEDC design guidelines and eligible buyer criteria are a detracting feature as well as the 35' access/utility easement located on the rear portion of the south tier lots. The future competition with Community Maritime park lots is also projected to cause a

significant headwind for the near term due to the aesthetic enhancement associated with this attractive project.

The subject lot groupings are estimated to compare best in the lower portion to midpoint of the \$20.00 to \$25.00 per SF range. The lots 13 through 20 in Block “A” grouping will also likely benefit from the existing surface parking area which had an estimated cost of \$280,000 which equates to a \$3.50/SF of the 80,000 SF of saleable land area with a premium price anticipated for this grouping for this and other stated reasons. Based on this analysis, the reconciled retail value of the various lot groupings is summarized in the following table:

Lots/Block	Gross Lot (Saleable) Dimensions	Gross (Lot) Saleable Area	Reconciled Unit Value per SF	Estimated Retail Value
1-8, Block “A”	200’ x 400’	80,000 SF	\$26.00	\$2,080,000
13-20, Block “A”	200’ x 400’	80,000 SF	\$22.00	\$1,760,000
1-8, Block “B”	139’ x 400’	55,600 SF	\$20.00	\$1,112,000
13-15, Block “B”	139’ x 150’	20,850 SF	\$21.00	\$437,850
17-19, Block “B”	139’ x 150’	20,850 SF	\$22.00	\$458,700
Estimated Total Gross Retail Sellout Value				\$5,850,000 “R”

The total estimated gross “retail” sellout value for the identified five lot groupings equates to the rounded sum of \$5.85 million. This is an average of \$22.74 per SF.

Estimated Total Gross Retail Sellout Value: \$5,850,000

Valuation Analysis to a Single Purchaser

Bulk Sale Analysis: The purpose of this appraisal is to render an opinion of the value of the combined five lot groupings to a single purchaser. At this point in the sales comparison analysis, the retail value of the five lot groupings has been estimated based on prevailing market conditions. As with any commodity purchased in bulk, the retail price is discounted (i.e., the buyer receives a quantity discount). The bulk value is essentially a wholesale value.

In appraising other commercial and residential lots and developments in the panhandle of Florida, I note a variety of developer discounts ranging from 10% to over 50% depending upon the product sold and financial situation of the developer. On the following pages are five bulk sales of various type lots.

BULK SALE 1

GRANTOR: CharterBank

GRANTEE: Larry Cannon

LOCATION: Airport Road Commercial Park located on the north side of Airport Road in Destin, Florida

LEGAL: Lots 1 through 5 of the Airport Road Commercial Park S/D in Okaloosa County, Fl.

SALE PRICE: \$550,000

TERMS: Cash to seller

DATE & REF.: August 10, 2012; OR Bk. 3051, Pg. 2901. Confirmed with Dave Lovell, Listing Agent, Andrews & Arnsdorff Realty, Recent Appraisal.

DESCRIPTION: Sale of five commercial lots

PRICE PER LOT: \$110,000

DISCOUNT: This is the bulk sale of all five commercial lots located within the Airport Road Commercial Park in Destin. The appraised retail value prior to sale was \$819,000 indicating a bulk discount of 32.8%.

BULK SALE 2

GRANTOR: Synovus Bank, et al

GRANTEE: Barry Daniel

LOCATION: Cordova Square subdivision, north side of Bayou Boulevard to the west of 12th Avenue in Pensacola, Escambia County, Florida

LEGAL: Lots 27 & 28 Cordova Square subdivision, Escambia County, Florida

SALE PRICE: \$45,760

TERMS: Cash to seller

DATE & REF.: 6/24/2010; OR Bk. 6609, Pg. 1579

DESCRIPTION: Sale of two cleared commercial lots in Cordova Square

PRICE PER LOT: \$22,880

DISCOUNT: The retail value of the lots was estimated at \$30,000 each as of the date of sale. The indicated bulk discount is 23.7%.

BULK SALE 3

GRANTOR: Lagniappe Development, LLC

GRANTEE: Ark Real Estate and Opportunity Fund I, LLC

LOCATION: Villages at Crystal Beach Subdivision, south of U.S. Hwy 98 in the Crystal Beach.

LEGAL: Various lots in Villages at Crystal Beach Subdivision, Okaloosa Co., Fl.

SALE PRICE: \$1,825,000

TERMS: Cash to seller

DATE & REF.: August 31, 2009; OR Bk. 2903, Pg. 2694

DESCRIPTION: Sale of 30 residential lots

PRICE PER LOT: \$60,833

DISCOUNT: The seller also acted as the builder within this subdivision. Based on an analysis of recent improved sales and a review of several prior appraisals performed, the retail value of the individual lots is estimated at \$100,000. Based on this value, the indicated bulk discount is 39.2%.

BULK SALE 4

GRANTOR: Yvonne Earl Cope

GRANTEE: Pensacola Habitat for Humanity, Inc.

LOCATION: West side of Huckleberry Finn Road to the south of Tom Sawyer in Milton, Santa Rosa County, Florida

LEGAL: Four metes and bounds lots in Section 19, Township 1 North, Range 28 West, Santa Rosa County, Florida

SALE PRICE: \$36,000 (\$9,000 per lot)

TERMS: Cash to seller

DATE & REF.: 5/4/2012; OR Bk. 3135, Pg. 1925, 1928, 1931 & 1934

DESCRIPTION: Sale of four metes and bounds residential lots

PRICE PER LOT: \$9,000

DISCOUNT: The retail value of the lots was estimated at \$10,500 as of the date of sale. The indicated bulk discount was 14.3%.

BULK SALE 5

GRANTOR: Beaver Damn, LLC

GRANTEE: Lewis & Tiffiney Cooper

LOCATION: North and south side of San Ramon Drive in Milton, Santa Rosa County, Florida

LEGAL: Four metes and bounds lots in Section 13, Township 1 North, Range 28 West, Santa Rosa County, Florida

SALE PRICE: \$42,500

TERMS: Cash to seller

DATE & REF.: 11/18/2011; OR Bk. 3095, Pgs. 1965, 1968, 1971 & 1974

DESCRIPTION: Sale of four metes and bounds residential lots

AVG. PRICE PER LOT: \$10,625

DISCOUNT: The broker's allocation of the sale price was \$25,000 for the three interior lots and \$17,500 for the lakefront lots. The total retail value of the lots was estimated at \$50,000 as of the date of sale. The indicated bulk discount was 15.0%.

BULK SALES SUMMARY TABLE			
Bulk Sale No., Subdivision	No. Lots	\$/Lot	Discount
1, Airport Road Commercial Park	5	\$110,000	32.8%
2, Cordova Square	2	\$22,880	23.7%
3, Crystal Beach	30	\$60,833	39.2%
4, Metes & Bounds	4	\$9,000	14.3%
5, Metes & Bounds	4	\$10,625	15.0%

Discussion of Discount: The bulk sales suggest a commodity discount to the single purchaser from 14.3% to 39.2%. Bulk Sales 1 and 2 reflect recent acquisitions of readily developed commercial lots with these most comparable to the subject's lot groupings. These sales are supportive of a bulk discount range of 23.7% to 32.8%. Bulk Sales 4 and 5 also reflect a low number of lots with these supportive of the low range. I have reconciled to a discount rate range of 25% to 30% of the combined gross retail sellout figure of \$5,850,000. Applying these discounts to the gross retail sellout figure, the following value range is indicated:

Total Gross Retail Sellout	x	Discount Reciprocal	=	Indicated Value to Single Purchaser
\$5,850,000	x	70%	=	\$4,095,000
\$5,850,000	x	75%	=	\$4,390,000

Reconciliation and Final Value Opinion to Single Purchaser: The value range of \$4,095,000 to \$4,390,000 is indicated by the previous analysis with a 25% and 30% bulk sale discount. A \$4.3 million valuation equates to a 26.5% discount off the gross retail value. It is my opinion the value of this property to a single purchaser as of the recent date of December 27, 2012 is \$4,300,000.

FINAL VALUE OPINION "AS DEVELOPED" TO A SINGLE PURCHASER

FOUR MILLION THREE HUNDRED THOUSAND DOLLARS

\$4,300,000

ADDENDA

INTERLOCAL AGREEMENT

PEDC DESIGN CRITERIA & GUIDELINES

LETTER DISCUSSING PENSACOLA BAY CENTER PARKING LOT USE

QUALIFICATIONS AS AN APPRAISER

Escambia County
Clerk's Original

2/21/2008 PAR T-1

INTERLOCAL AGREEMENT
(Downtown Technology Park)

THIS INTERLOCAL AGREEMENT ("Agreement") is made by and between Escambia County, a political subdivision of the State of Florida ("County"), the City of Pensacola, a municipal corporation created and existing under the laws of the State of Florida ("City"), the Community Redevelopment Agency of the City of Pensacola ("CRA"), and the Pensacola-Escambia Promotion and Development Commission ("PEDC").

WITNESSETH:

WHEREAS, the County is the owner of certain real property in downtown Pensacola more particularly described in the attached Exhibit A ("County Property"); and

WHEREAS, the City is the owner of certain real property in downtown Pensacola more particularly described in the attached Exhibit B ("City Property"); and

WHEREAS, the PEDC is a public body created pursuant to Chapter 67-1365, Laws of Florida, as amended by Chapter 89-481, Laws of Florida, to promote and develop industrial, recreational, business attributes and facilities within Escambia County; and

WHEREAS, the CRA is a public agency created pursuant to The Community Redevelopment Act of 1969, Part III, Chapter 163, Florida Statutes; and

WHEREAS, the parties wish to combine their efforts and cooperate in the development of a technology park ("Technology Park") in downtown Pensacola that will foster their mutual economic goals and objectives.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the parties agree to cooperate in the development of a Technology Park on the County Property and City Property in accordance with the framework set forth in this Agreement.

1. Authority and Effective Date.

This Agreement is entered pursuant to the provisions of Section 163.01, Florida Statutes, and other applicable provisions of law, as may be amended or supplemented from time to time. The Effective Date of this Agreement shall be the date that it is filed in the office of the Clerk of the Court of Escambia County, Florida, and the County shall be responsible for such filing.

2. County and City Responsibilities.

On or before thirty days from the Effective Date of this Agreement, the County shall convey to the PEDC the County Property described in the attached Exhibit A. The parties to this

Date: 2/22/2008
Verified By: D. H. Davis

Agreement acknowledge that the value of the County Property is \$6,900,000 as set forth in the appraisal of Asmar Appraisal Company, Inc. dated June 23, 2007.

On or before thirty days from the Effective Date of this Agreement, the City shall convey to the PEDC the City Property described in the attached Exhibit B. The parties to this Agreement acknowledge that the value of the City Property is \$1,425,000 as set forth in the appraisal of Charles C. Sherrill, Jr., MAI dated March 23, 2007.

The City Property and County Property shall be conveyed to the PEDC subject to a right of re-entry if: (1) construction of the Technology Park infrastructure is not commenced within 12 months or completed within thirty months of the Effective Date of this Agreement, or (2) the PEDC has not filed an application for a Public Works and Facilities Development Grant from the United States Department of Commerce, Economic Development Administration within six months or received approval of its grant application within twelve months of the Effective Date of this Agreement, or (3) the PEDC does not sell at least one lot within twelve months from the date that the Technology Park infrastructure is completed. The County and City shall also retain a right of re-entry on any portion of their respective properties that PEDC does not sell to an Eligible Buyer within 72 months of the Effective Date of this Agreement. The County and the City shall not exercise their rights of re-entry without first obtaining approval from the governing body of the other.

The County shall provide a line of credit to fund development of the Technology Park infrastructure. Until the award of the grant described in Section 3, the line of credit shall be limited to not more than \$500,000; after the award of the grant the line of credit shall be increased to not more than \$2,500,000. Interest will be due at the current monthly yield rate required by the State Board of Administration for inter-fund loans and the County Investment Policy. The County shall be reimbursed for any such funding from any grant obtained by PEDC, the proceeds from the sale of Technology Park lots, and, if necessary, from any revenues in the Urban Core Community Redevelopment Trust Fund directly accruing to and received by the CRA from the Technology Park.

3. PEDC Responsibilities.

The PEDC shall be responsible for the design, development, marketing, and sale of the County Property and City Property as a Technology Park (collectively, the "Technology Park Property") in accordance with the provisions of this Agreement.

The PEDC shall retain an engineering firm to provide technical services associated with the design, platting, construction, and development of the Technology Park Property and its infrastructure.

The PEDC shall retain the services of an attorney to develop restrictive covenants for the Technology Park Property and such other measures that it determines to be necessary to ensure that the Technology Park Property will be developed, sold, and used in a manner that is consistent with goals and objectives underlying this Agreement. PEDC's attorney shall also act

as the closing agent for any sale of the Technology Park Property by the PEDC to an Eligible Buyer.

The PEDC shall develop the criteria for Eligible Buyers of Technology Park lots. Such criteria shall include, at a minimum, consideration of the number of jobs to be created and the associated salary/wage and benefits, the Eligible Buyer's proposed capital investment for the development of a lot, the Eligible Buyer's business or industry, which shall be consistent with those shown in the attached Exhibit C, and the financial resources available to the Eligible Buyer to complete the development of the lot.

The PEDC shall apply for a Public Works and Facilities Development Grant from the United States Department of Commerce, Economic Development Administration that is sufficient to fund the development and construction of all Technology Park infrastructure.

The PEDC shall make its finance and accounting records available for inspection and auditing upon request by any of the parties to this Agreement and the Clerk of the Circuit Court.

4. Procedures for Sale of Technology Park Lots.

Following approval and recording of the plat of the Technology Park in the public records, the PEDC shall advertise lots for sale via competitive public bid. All lots shall be sold to the Eligible Buyer that offers the highest bid. The successful Eligible Buyer shall pay all closing costs.

Until the County is reimbursed for all funding paid to develop the Technology Park infrastructure pursuant to Section 2, the proceeds from the sale of each Technology Park lot shall be paid by the PEDC to the County, and the CRA shall pay to the County revenues in its Urban Core Community Redevelopment Trust Fund directly accruing to and received by the CRA from the Technology Park. Thereafter, upon closing on the sale of each Technology Park lot, the PEDC shall distribute to the County 83% of the sales proceeds and distribute to the City 17% of the proceeds. After the expiration of 24 months from the Effective Date of this Agreement, any difference between the appraised value of the County Property and City Property set forth in Section 2 of this Agreement and the total of all sales proceeds paid to the County and City, respectively, shall be paid by the CRA to the County or City from any revenues in its Urban Core Community Redevelopment Trust Fund directly accruing to and received by the CRA from the Technology Park, in the percentages listed in this paragraph, until the difference between the appraised values and the total of all sales proceeds, respectively, is satisfied. The obligation to make such payments shall be subordinate to the prior contractual obligations of the CRA listed in the attached Exhibit D.

The PEDC may donate or lease at a reduced rate to the Pensacola Downtown Improvement Board up to 3 acres in the Technology Park for construction of a public parking facility.

No portion of the Technology Park Property shall be sold by the PEDC until the final plat has been recorded in the public records.

5. Miscellaneous

Economic development ad valorem tax exemptions shall not be available to Eligible Buyers of Technology Park lots.

Each party agrees to execute such additional documents as may be reasonably required to effect the terms of this Agreement.

This document contains the entire understanding and agreement of the parties. All prior negotiations, discussions, understandings, and agreements inconsistent with the provisions of this document are of no force and effect. This Agreement may be amended only by written agreement of the parties. This Agreement shall be governed by the laws of the State of Florida and the parties stipulate that venue for any matter that is subject to this Agreement shall be in Escambia County, Florida.

ATTEST: Ernie Lee Magaha
Clerk of the Circuit Court



Ernie Lee Magaha
Deputy Clerk

Date BCC Approved
2-21-2008

Date Executed
2-21-2008

ESCAMBIA COUNTY, FLORIDA by and
through its duly authorized BOARD OF
COUNTY COMMISSIONERS

[Signature]
D. M. "Mike" Whitehead, Chairman

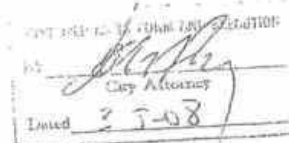
This document approved as to form
and legal sufficiency.

By [Signature]
Title Asst. County Attorney
Date Feb. 21, 2008

CITY OF PENSACOLA

[Signature]
Thomas J. Bonfield, City Manager

ATTEST:
[Signature]
Ericka L. Burnett
City Clerk

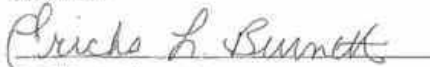


COMMUNITY REDEVELOPMENT
AGENCY OF THE CITY OF
PENSACOLA



Thomas J. Bonfield, City Manager

ATTEST:



Ericka L. Burnett
City Clerk

PENSACOLA-ESCAMBIA PROMOTION
AND DEVELOPMENT COMMISSION

ATTEST:



Exhibit "A"

Legal Description
Parcel 1

Commence at the Northeast corner of Block 16, Old City Tract, Map of Pensacola as copyrighted in 1906 by Thomas C. Watson, thence go Westerly along the South right-of-way line of Chase Street (58' R/W) for a distance of 1000.00 feet to the East right-of-way line Florida Blanco Street (56' R/W) for the Point of Beginning; thence go Southerly along said East right-of-way line for a distance of 400.00 feet; thence go Easterly and parallel to the South right-of-way line of Chase Street for a distance of 500.00 feet; thence go Northerly and parallel to the East right-of-way line of Florida Blanco Street (56' R/W) for a distance of 400.00 feet to the aforementioned South right-of-way line of Chase Street (58' R/W); thence go Westerly along the South right-of-way line of Chase Street (58' R/W) for a distance of 500.00 feet to the Point of Beginning, containing 4.59 acres, more or less. All lying and being in Section 46, Township 2 South, Range 30 West, Escambia County, Florida.

Exhibit "B"

Legal Description
Parcel 2

Commence at the Northeast corner of Block 16, Old City Tract, Map of Pensacola as copyrighted in 1906 by Thomas C. Watson; thence westerly along the south right-of-way line of Chase Street (58' R/W) for a distance of 500.00 feet to the Point of Beginning; thence southerly parallel to the east right-of-way line of Florida Blanco Street (56' R/W), for a distance of 400.00 feet; thence easterly and parallel to said south right-of-way line of Chase Street, for a distance of 230.00 feet; thence northerly and parallel to the west right-of-way line of 9th Avenue (70' R/W) for a distance of 280.00 feet; thence easterly and parallel to the south right-of-way line of Chase Street, for a distance of 270.00 feet to said west right-of-way line of 9th Avenue (70' R/W); thence northerly along said west right-of-way line of 9th Avenue for a distance of 120.00 feet to the south right-of-way line of Chase Street; thence westerly along said south right-of-way line of Chase Street for a distance of 500.00 feet to the Point of Beginning, containing 2.56 acres, more or less.

All lying and being in Sections 22 and 46, Township 2 South, Range 30 West, Escambia County, Florida.

EXHIBIT "C" - Page 1

Downtown Technology Campus Development Criteria

1) Target Industries. PEDC shall market and sell land in the Tech Campus to companies engaged in the following industry sectors*:

- Information Technology
- Information Assurance and Security
- Web applications
- Software Development
- Bioinformatics
- Avionics
- Engineering
- Human Performance Technologies
- Life Sciences

2) Employment Requirements. Companies purchasing land in the Tech Campus shall commit to the following employment and payroll requirements:

- Average Salaries of not less than 125% of the average county wage as determined by the Agency for Workforce Innovation and published by Enterprise Florida
- Minimum of 50 employees employed in one of the technology sectors listed above

3) Development Requirements. Companies purchasing land in the Tech Campus shall commit to the following development requirements:

- Minimum building size of 14,000 square feet on property south of Salamanca Street
- Minimum building size of 60,000 square feet on property north of Salamanca Street
- Land shall revert back to PEDC if permits are not received within 12 months of the real estate closing and/or construction does not begin within 18 months of closing.

*Land may be sold to companies outside of these industry sectors if the buyer has a fully executed lease with a company in one of these industry sectors meeting the above Employment Requirements and those requirements are agreed to in writing by the tenant. The buyer shall deposit double the amount of the sales price in escrow. Such funds shall be released to the buyer from the escrow account upon occupancy of the technology sector tenant. However, if the property is developed and the tenant company that has executed the lease does not take occupancy of the building within six months of a Certificate of Occupancy the funds placed in escrow shall be released to PEDC.

EXHIBIT "C" - Page 2

<p>MANUFACTURING FACILITIES</p> <p>Chemical Manufacturing Pharmaceutical Manufacturing Plastics & Rubber Products Manufacturing Computer & Electronic Product Mfg Computer & Electronic Component Mfg <i>Electromedical Apparatus Mfg</i> <i>Irradiation Apparatus Mfg</i> <i>Laser Manufacturing</i> <i>Optoelectronics Manufacturing</i> <i>Reproducing Magnetic & Optical Media Mfg</i> <i>Semiconductor Manufacturing</i> <i>Software Reproducing</i> Transportation Equipment Manufacturing <i>Aviation & Aerospace Manufacturing</i> Machinery Manufacturing <i>Electronic Flight Simulator Manufacturing</i> <i>Instruments for Measuring & Testing Electricity</i> <i>Lens Manufacturing</i> <i>Optical Instruments Manufacturing</i> <i>Power Distribution, Generation & Technology</i> Electrical Equipment Manufacturing <i>Appliance Component Manufacturing</i> <i>Fiber Optic Cable Manufacturing</i> Miscellaneous Manufacturing <i>Surgical & Medical Instrument Manufacturing</i> Food & Beverage Products Manufacturing Textile Mills & Apparel Manufacturing Wood & Paper Product Manufacturing Printing & Related Support Activities Metal Manufacturing Furniture & Related Products Manufacturing</p> <p>FINANCE & INSURANCE SERVICES</p> <p>Nondepository Credit Institutions <i>Credit Intermediation & Related Activities</i> Securities, Commodity Contracts Insurance Carriers Funds, Trusts & Other Financial Vehicles</p> <p>WHOLESALE TRADE</p> <p><i>Business-to-Business Electronic Marketing</i></p>	<p>INFORMATION INDUSTRIES</p> <p>Sound Recording Industries <i>Integrated Record Production/Distribution</i> Film, Video & Electronic Media <i>Production (Excluding temporary "on location" filming)</i> <i>Postproduction Services</i> Information Services & Data Processing <i>Internet Service Providers, Web Search Portals</i> <i>Data Processing Services</i> <i>On-line Information Services</i> Publishing Industries <i>Software Publishing</i> <i>Music Publishing</i> Telecommunications <i>Satellite Communications</i></p> <p>PROFESSIONAL, SCIENTIFIC & TECHNICAL SERVICES</p> <p>Professional, Scientific & Technical <i>Computer Programming / Software Development</i> <i>Computer System Design</i> <i>Management, Scientific & Tech Services</i> <i>Research and Development</i> <i>Scientific and Technical Consulting Services</i> <i>Simulation Training</i> <i>Testing Laboratories</i></p> <p>MANAGEMENT SERVICES</p> <p>Management Services <i>National, International & Regional Headquarters</i> <i>Offices of Bank Holding Companies</i></p> <p>ADMINISTRATIVE & SUPPORT SERVICES</p> <p>Customer Care Centers <i>Telephonic & On-line Business Services</i> <i>Customer Support</i> <i>Transaction Processing</i> <i>Technical Support</i> Credit Bureaus</p>
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Development within the Pensacola Downtown Technology Campus

All development within the Pensacola Downtown Technology Campus is regulated by the Pensacola Downtown Technology Campus Design Guidelines summarized below. A full digital copy of the documents is available through the Pensacola-Escambia Promotion and Development Commission.

Uses and development standards within the Downtown Technology Campus are further regulated by specific requirements contained in the Downtown Technology Campus Development Criteria, Exhibit C of the Interlocal Agreement (Downtown Technology Park) between Escambia County, the City of Pensacola, the Community Redevelopment Agency of the City of Pensacola, and the Pensacola-Escambia Promotion and Development Commission.

The policies and procedures outlined in the **City of Pensacola Title XII. Land Development Code, Article 1. In General, Section 12-2-12. Redevelopment land use district** regulations apply within the Downtown Technology Campus. Amendments to these regulations specific to uses within the Downtown Technology Campus are noted in the table below.

Reference Materials, Codes, Variances, and Exceptions

Nothing in this Design Guideline manual is intended to substitute for state or Federal statutes, regulations, standards, or procedures. The user is advised to coordinate all design issues during the pre-purchase due diligence process and/or during preliminary and conceptual design stages after purchase. All development proposed within the campus will require review by the Gateway Redevelopment District Board, city review, and review by the property owners representatives prior to commencing construction. Except for the following specific amendments to the Gateway Redevelopment District (GRD) standards, all development standards of the GRD shall apply to development within the Downtown Technology Campus, except in rare cases when the proposed design is of a quality, type, form, or unique character that would mitigate against following precisely the standards of the GRD.

Gateway Redevelopment District Standards Requested to be Modified by the Design Guidelines		
Standard	GRD Standard	Revised Standard
Required Parking Ratio Section 12-2-12 (4)b.1	1 parking space per 300 square feet of floor space	1 parking space per 500 feet of floor space
Required Front Setback Section 12-2-12 (4)c.3	Five (5) feet from the right-of-way line	Zero (0) feet from the front property line (the right-of-way line of Salamanca Street). The right-of-way line is a mandatory build-to line, without explicit approval. <u>OR</u> A maximum setback of ten (10) feet when an arcade, balcony, awnings, porches, stairwell, entry garden or courtyard are a desired and approved element of the proposed design of a building.
Lot Coverage Section 12-2-12 (4)j.	The total coverage of all development sites within the Gateway Redevelopment District, including all structures, parking areas, driveways and all other impervious surfaces, shall not exceed seventy-five (75) percent.	The total parcel lot coverage within the Pensacola Downtown Technology Campus shall, in the aggregate of all impervious surfaces within the entire 9.12 acre parent parcel of the site, not exceed eighty (80) percent of the entire parent parcel.

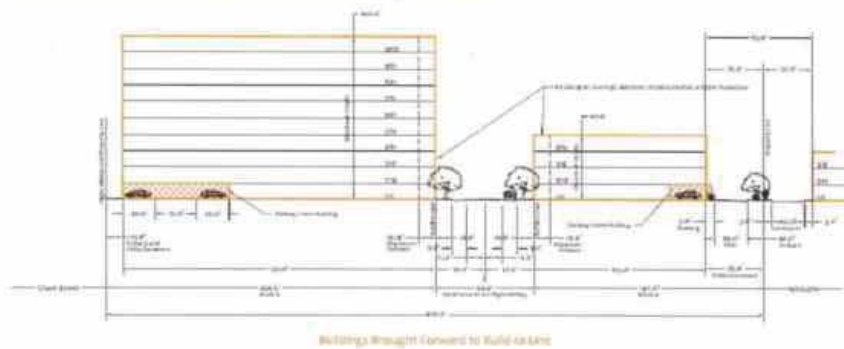
Development Guidance
Pensacola Downtown Technology Campus

Building Massing Diagrams
South Block—Lots 1 through 8 and 13 through 20

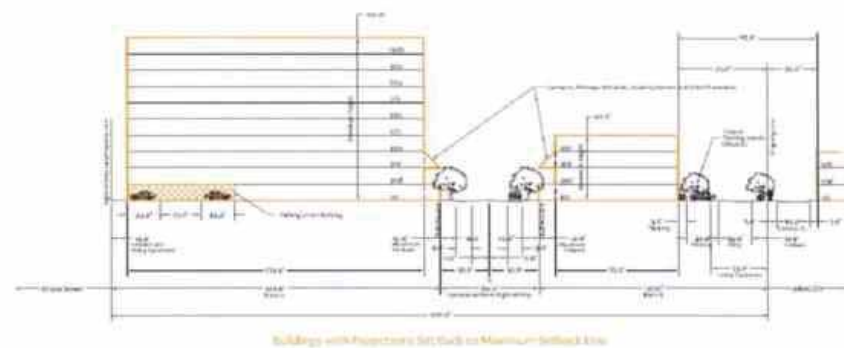
Office Structures

The office structures located on the south block or tier of lots are anticipated to be two, three, or four-story structures. A 35-foot alley easement is indicated in the design to accommodate service and parking access at the rear of these structures. With the 35-foot easement (10 feet of landscaped buffer, 20 feet of pavement, and 5 foot landscape strip between parking and paving) or with an additional 20 foot parking space perpendicular to the rear of the buildings (or within the buildings themselves), the total building setback from the south property line would be 35 feet with parking in the building, or 55 feet with parking outside the building.

Front Build-to Line and Rear Setbacks and Utility Easements



Front Maximum Building Setback and Rear Setbacks and Utility Easements

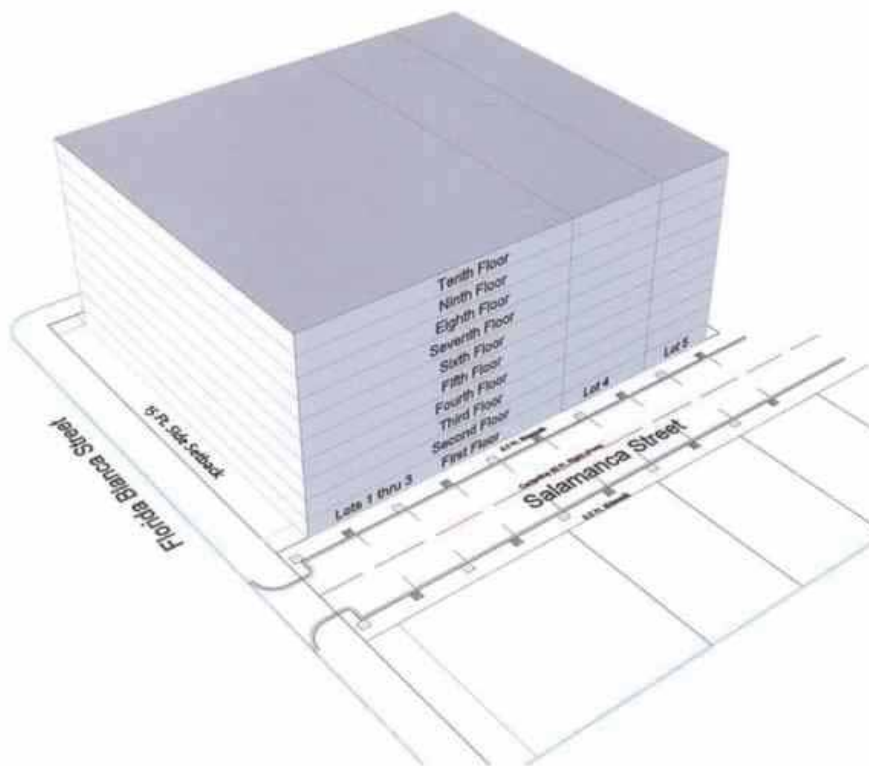


Development Guidance
Pensacola Downtown Technology Campus

Building Massing Diagrams
North Block A West, Lots 1 through 5
North Block A East, Lots 16 through 20 (similar, mirror image)

The building massing diagram illustrated here is the maximum building envelope envisioned for each of the sites in Block A, the north tier of lots.

A 10 foot access and service easement is indicated in the design on the north side of the parcels. If parking is not constructed on the north 30 feet of the parcels, the buildings can extend to within 10 feet of the right-of-way of Chase Street (the minimum building setback along Chase Street).

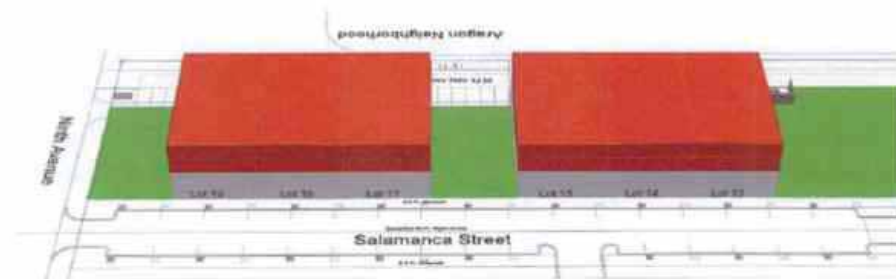


Development Guidance
Pensacola Downtown Technology Campus

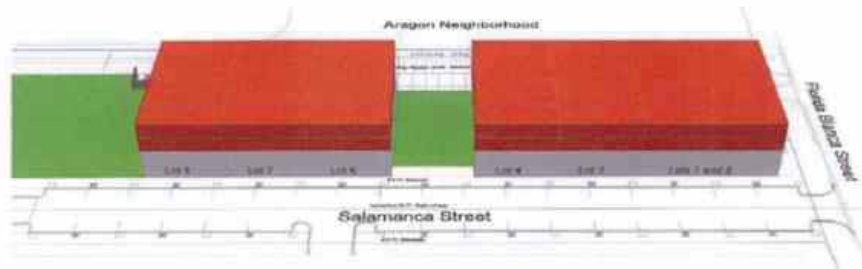
Building Massing Diagrams
South Block—Lots 1 through 8 and 13 through 20

Office Structures

The office structures located on the south block or tier of lots are anticipated to be two, three, or four-story structures. The red floors illustrated indicate the optional third and fourth floor space. A 35-foot alley easement is indicated in the design to accommodate service and parking access at the rear of these structures. With the 35-foot easement (10 feet of landscaped buffer, 20 feet of pavement, and 5 foot landscape strip between parking and paving) or with an additional 20 foot parking space perpendicular to the rear of the buildings (or within the buildings themselves), the total building setback from the south property line would be 35 feet with parking in the building, or 55 feet with parking outside the building.



South Block; Southwest Corner Parcels 13 through 20 (View toward South)



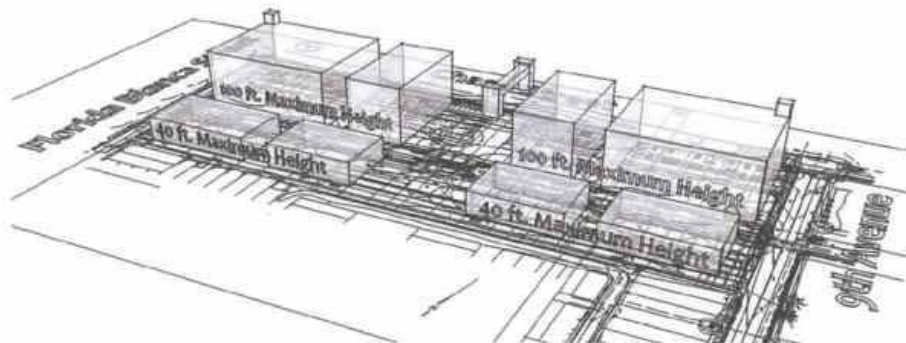
South Block; Southeast Corner Parcels 1 through 8 (View toward South)

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Building Envelopes

Maximum building bulk must fit within the building envelopes indicated.

Maximum Building Height			
Block A			
Lots	Height	Stories	Roof Treatment
Lots 1-20	100 ft.	10 stories	Roof slopes and parapets may exceed 100 foot height limit.
Block B			
Lots	Height	Stories	Roof Treatment
Lots 1-20	50 ft.	4 stories	Roof slopes and parapets may exceed 100 foot height limit.
Notes:			
1. The maximums shown are allowed maximums but are not anticipated due to limitations imposed by parking ratio requirements.			
2. If parking is constructed at the rear of lots in Block A (along Chase Street) the buildings in Block A would be adjusted in size to allow the parking lots.			



Building Arcades and Balconies

Consistency of Streetfront Design with Historic Downtown Pensacola Examples

The downtown central business district and historic district core of old Pensacola include many examples of street façades which include arcades and balconies which help to enliven, shade, and protect the sidewalks along the street and these architectural features are encouraged here also.

Buildings Brought Forward to the Right-of-Way (Build-to Line)

Within both Block A and Block B of the campus, buildings are required to bring the front façade of the building to the front property line (right-of-way line). The right-of-way line thus becomes the required build-to line. However, to create a lively street frontage along Salamanca Street, and in order to provide building amenities and accessory elements of the structures, they will be allowed to be within the maximum 10 foot setback zone. Structures including arcades and balconies, plazas, gardens and garden walls and fences, stairs, porches, and other private outdoor space may also project into the street right-of-way when granted a variance by the City, and when not interfering with safe and convenient pedestrian access on the sidewalks.

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Public and Private Streetfront Spaces

The image shown below is a typical example in downtown Pensacola that indicates the approximate dimensions of the public space (the green tinted portion of the image) of the sidewalk to be located within the right-of-way of Salamanca Street in the campus, and the private outdoor spaces (the yellow tinted portion) on the individually owned lots.

In each local case studied the dimensions varied but the model remained the same. Although in some cases buildings are brought forward to the right-of-way line in the downtown district, in most cases private open space in front of each building is located within the front 10 feet of each lot or parcel. Although within the campus similar open space may be allowed to be fully “paved”, it is intended that for each 50 foot lot, some of the front setback will be dedicated to landscape features.



An Example of a Two-story Arcade and Balcony along South Palafox Street

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Architectural Design Principles and Guidelines

General Statement of Design Principles

The Pensacola Downtown Technology Campus design is based on a coherent urban street form dedicated to the development of a campus that will allow for flexibility of sales and buildout of parcels and lots that will allow for a wide variety of types and sizes of tenant spaces and space needs. Because buildings will be brought forward to the street build-to line and in some cases adjacent lots will be developed with zero side setbacks, it is imperative to provide fundamental guidance as to architectural form, and design and construction materials criteria. At the outset of campus development, the owner (the PEDC), or its authorized delegates, will assume the role of plans review agents. As the campus is developed further it is intended that a property owner's association in some form will be created and will assume that role. At the outset these design guidelines will assist buyers and tenants with developing designs for the initial buildings that are compatible with the original intent of the campus, and with each other. Architectural massing, bulk, and envelopes are well detailed elsewhere in these guidelines; however, since the goal within the campus is to create *general uniformity and consistent relationships* between buildings, and between buildings and the street, architectural style and aesthetic guidelines included here are for guidance purposes and will be generally, not strictly, applied.

The general principles guiding architecture and construction within the campus include:

- Creating building facades on free standing buildings (those not having adjacent zero setback neighboring buildings) that treat all four elevations of the building with as much detail and design treatment as would be applied to a building with simply a "front" façade.
- Providing sloped roofs providing interest to the building elevations, or on flat roofs, parapets with aesthetic details to hide or minimize or improve the flat roof appearance.
- Emphasize architectural details that give an attractive and interesting front street appearance.
- Create and maintain architectural design character that is consistent throughout the campus, and importantly, compatible designs for adjacent buildings.
- Maintain the integrity of building massing, floor heights, fenestration, roof types, treatments, construction materials, and paint and materials colors of adjacent buildings and entire blocks faces.
- Develop architectural designs that are consistent with the general types, styles, forms, colors, structural components, and construction materials, that are found in the nearby context neighborhoods and the central business district of Pensacola.

Recommended Exterior Building Materials

Exterior construction materials and treatments shall conform to and be in harmony with the overall design principles, guidelines, and standards of these Design Guidelines, the intent and standards of the Gateway Redevelopment District (GRD), and with generally accepted criteria for compatibility between adjacent structures further described here. Except for specific aesthetic purposes, and in specified locations and limited amounts, the following exterior construction materials are the recommended materials allowed:

- Brick
- Stone
- Pre-cast Concrete Masonry Unit

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- Cast-in-Place Concrete
- Direct-applied Stucco over Concrete Block or Cast-in-Place Concrete
- Split-faced Concrete Block
- EIFS
- EIFS Moldings
- Glass
- Ceramic or Glazed Finished Tile

Because of their fragile nature when used at street level in areas subject to accidental or intentional abrasion or rough contact, Dryvit, EIFS, and similar materials, and lath-applied stucco are not permitted below eight (8) feet above grade in areas readily accessible to the public or in service areas, and below four (4) feet above grade elsewhere.

Prohibited Exterior Building Materials

Except for very specific approved aesthetic purposes, and in specified locations and limited amounts, the following exterior construction materials are NOT allowed:

- Wood or Imitation Wood
- Imitation Rock or Stone
- Exposed Aggregate
- Vinyl or Plastic
- Corrugated Metal
- Glass Block or Glass with reflectivity greater than 25%
- Tent-type Tension Structures
- Concrete Masonry Units (CMU) without Direct-applied Stucco, or Lath-applied Stucco above elevations noted above

Recommended Exterior Colors

Except for approved aesthetic purposes, locations, and amounts, the following exterior color guidelines are allowed:

- Natural earth tones
- Colors naturally occurring in native rock or stone
- Standard brick tones of types consistent with neighboring districts, neighborhoods, the Historic District, and the central business district of Pensacola
- Colors commonly used in the Pensacola Historic District

Application of Exterior Colors

All exterior colors and textures applied to buildings and accessory structures shall be harmonious and compatible with colors of adjacent buildings, and generally compatible with other buildings on the campus. The following guidance is given:

- Accent colors may be approved when used with discretion and in appropriate locations and amounts, but may not be used as the primary building color.
- A single color shall comprise over 50% of each building façade not composed of window glass openings and door openings.
- This dominant color shall not be a primary color.
- Two complimentary accent colors will be permitted on wall surfaces.
- Accent colors shall not compose more than ten (10) percent of the color of any building elevation.
- The use of metallic, black, or florescent colors is prohibited.

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- Colors applied to adjacent building facades, AND roofing, shall be compatible and similar in tone, intensity, hue, and saturation.
- Roof colors shall be chosen from colors used for traditional roofing materials; no primary colors, unless of very low intensity.

Façade Articulation

Facades, especially the front, street-facing façade, play the most important role in providing a sense of design and consistency throughout a district or along an urban street. Additional guidance is provided below.

Horizontal Façade Articulation

Although not entirely necessary to a consistent street front, buildings often are brought forward to a right-of-way line or build-to line to maximize the building footprint and interior space of each floor above. The horizontal articulation of the building façades within the campus will be allowed to be flexible, however, the majority (largest plane) of the building façade shall be brought forward to either the right-of-way of the street (build-to line) or, alternately, the maximum ten (10) foot setback line along Salamanca Street. Entrances may be recessed back from the front façade however, the building entrance should be located and designed to clearly identify it as the entrance to the building interior. Outdoor accessory spaces such as balconies and arcades, porches, plazas, entry gardens, walkways, sidewalks, and outdoor walled and fences spaces are anticipated and encouraged within the front maximum ten (10) foot setback area.

Vertical Façade Articulation

In all cases, vertical façade articulation should clearly represent the various stories of the building in some fashion, whether by aligned balcony levels, floor level cornices, soldier courses in brick, definitive decorative banding, or window and door sill and header alignment. Floors of adjacent buildings should align when grade allows, except for buildings with floor and one-half or two floor ground floor design. The first, or ground, floor should be articulated to present a human scale to the street front sidewalk. In multi-story buildings some design articulation should be applied to differentiate between the ground, or street, level and floors above.

Windows

Storefront windows are permissible, and windows at the street level should extend down to the floor elevation, or should be at least a minimum of 75% of the height of the ground floor façade. Windows on floors above the ground floor should be at least 50% of the height of each story measure from normal header heights. The following window designs are not recommended:

- Irregular spacing of same sized windows
- Odd shaped or out-sized windows
- Glass block windows, unless with prior approval for specific purposes
- Stained glass or glass used as art or accent, unless with prior approval
- Mirror-finished glass

Architectural Features

The following exterior architectural features and details are allowed:

- Entrance canopies and recessed or projected entrances
- Arcades and Balconies
- Porches

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- Raised cornices parapets
- Peaked roof forms
- Columns and Arches
- Exterior stairs
- Tower elements
- Outdoor plazas, seating spaces, and gardens
- Water features and fountains
- Public art
- Plaques or appliques applied to facades

Roof Designs

Roofs normally visible to the general public shall be treated with an architectural material that is compatible with the primary building material. Examples of compatible combinations are: masonry and stucco combined with standing seam metal or clay tile; masonry and stucco combined with asphalt shingles. Roofing materials and combinations shall be pre-approved by the owner or authorized representatives prior to the completion of design.

Roof Forms

Roof forms contribute to the massing, scale, and proportions of the exterior of all buildings. The articulation of the various roof types and forms of a building give clues to the use and interior spaces of the building. Building roofs can be broken into multiple planes to give character and aesthetic quality to a building. The following design principles should be applied to the design of roofs for buildings within the campus:

- Flat roofs shall require parapets to hide the roof plane from the ground and from view from similar height adjacent buildings.
- Parapet walls shall not exceed 15% of the height of supporting building structure walls unless used to hide mechanical equipment or stacks.
- Overhanging eaves shall extend no less than three (3) feet beyond the supporting walls.
- Pitched roofs shall have a minimum pitch of 4/12, excluding roofs for dormers and entries, or eyebrow forms.
- Roof gables shall be in the same plane as the building façade.
- Since it is expected that higher floors in buildings in Block A will have full view of roof tops of buildings within Block B, building roofs in Block B should be constructed to obscure roof-mounted mechanical equipment and stacks.

The maximum height of all buildings within the campus is 100 feet. Roof maximum height shall not exceed 100 feet from average ground elevation around each building footprint.

Architectural Treatment of Specific Facades

Chase Street

All façades facing Chase Street are expected to be the “back or rear” façade of buildings within Block A. In each case, these building façades shall be finished to the same finish, material, and detail level as the Salamanca Street façades.

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Lots 1 and 20, Block A, and Lots 1 and 19-20, Block B

On these corner lots, the building façades facing Florida Blanca Street (Lot 1 in both blocks) and 9th Avenue (Lot 20 in Block A and 19-20 in Block B) shall be finished to the same finish, material, and detail level as the Salamanca Street façades.

Lots within Block B

Specific attention to design, materials, color, detail, and finish shall be applied to the south façades of all buildings within Block B to assure compatibility between these buildings and neighboring buildings within the Aragon neighborhood.

Landscape Setbacks

Landscaped setbacks are intended to provide a natural or planted landscape separation between parcels and adjacent to the public right-of way. These areas are required to be landscaped to soften the transition between parcels and to enhance the appearance of both adjoining parcels. These guidelines are intended to ensure that suitable transitions occur between the neighboring parcels, especially in terms of grading and landscaping. A minimum 10 foot landscape setback is required on the campus perimeter property lines.

The 10 foot landscape setback shall be planted in accordance with the perimeter parking lot landscape standards. The landscape planting character is to be more naturalistic in arrangement, plant species and character.

Landscape Screening

Screening, where required around service areas, dumpster, trash containers, mechanical, or electrical equipment, shall be provided in accordance with one of the following methods.

- A screening wall or fence of a material similar to and compatible with that of the building. Screening between loading, storage, and/or dumpsters and parking areas and public streets or neighboring properties, shall be required or, in lieu of this, one of the following two methods shall be used.
- A planting screen consisting of a minimum of two staggered rows of approved evergreen shrubs with a minimum height of eight feet, installed, and a maximum spacing suitable to the particular plant used while forming an effective visual screen.
- An earth bank or berm minimum 3-feet high with a maximum side slope of 1 to 3 and covered with acceptable shrubs and trees suitable to the slope used.

Parking Landscape Requirement

Vehicular parking areas are required to provide landscaping to minimize their visual and physical impacts upon the surrounding environment. The following are guidelines for off-street parking perimeter screening, off-street parking internal planting and on-street parking planting. Irrigation and appropriate under-drainage are recommended for all landscaped areas.

Perimeter Parking Screening

A perimeter landscape area should be provided along all off-street parking areas on sides adjacent to public street/pedestrian zones and to adjacent land use. The goal of the perimeter screening is to lessen the visual impact of parked cars and parking areas on the area streetscape and surrounding uses. The minimum width of this landscape area should be 10 feet with an additional 2 feet where vehicular overhangs occur.

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Perimeter parking lot planting includes the following planting requirements:

- Shade Tree – One 3" inch caliper tree, spaced at 50' feet on center for the perimeter of the parking area, minimum installed height shall be 10 feet.
- Shrubs/Hedges – Plant a continuous double row of shrubs the entire perimeter of the parking facility. At maturity the shrubs are required to be a minimum height of 30" inches and a maximum of 42" inches.
- Shrubs shall be planted on center to create a continuous hedge after a minimum of 3 years of growing period.
- Ornamental Trees – Ornamental trees if planted in lieu of large shade trees around perimeter parking facilities, shall be planted single or multi-stemmed at approximately 10 feet in height or 1 1/2" inch caliper minimum. They shall be spaced on average of a maximum of 25' feet on center.
- Perennials/Ornamental Grasses/Groundcovers--Perennial, ornamental grasses and groundcovers are required to be planted in front of shrubs and trees along the public street frontage or in the overhang area. Perennials/grasses and ground covers should be installed to provide immediate impact.

All landscape perimeter landscape areas should be fully irrigated until establishment, and appropriately graded to drain.

Internal Parking Landscape Standards

Employing plant materials within the parking lots can reduce the visual impact of the expanse paving materials and enhance the surroundings by:

- Increasing the ratio of green open space to the impervious areas
- Minimizing stormwater runoff
- Reducing the urban heat factor
- Providing shade and enhancing the site appearance

Parking facilities are required to provide the following amount of internal landscape area:

- Total number of parking space x 18 sf equals the minimum square footage of interior landscape area.
- One planted island shall be required for every 15 parking spaces, preferably grouped together to maximize the planting areas and survivability. Landscaped islands should have raised curb with a minimum of 250 square feet of planting soil per tree.
- All landscape areas in the parking lot such as planting islands, excluding perimeter screening, are included in the parking lot internal planting guidelines.
- One shade canopy tree for every 250 square feet of the internal landscaped area
- The minimum of caliper size of internal tree planting in parking lots is 3" inch caliper shade trees.
- Landscaped islands should be a minimum 8 feet wide back of curb to back of curb.
- Low shrub massing, lawn, ornamental grasses and groundcover plantings are encouraged under tree plantings in islands.
- Irrigation and appropriate drainage are recommended for all large planting islands. Other equipment such as electrical outlet could be installed for maintenance needs or for seasonal lighting displays.

On-Street Parking Landscape

On-street parking will be softened by landscape bump-out islands at intersections and mid block points. The islands are to be protected by a raised curb. The landscaped island should include low

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shrubs or groundcovers. Site distance and visibility should be verified to in order to maintain safe sight triangles and site distances.

Service and Drive-Up Areas

- Service areas shall be screened from view of passing traffic and typically located in the rear of the site.
- Screening shall include a landscape hedge to up a height of 3 feet.
- Waste containers shall be enclosed by a solid screen wall and landscape on all sides.
- Employee parking areas, service, and loading/unloading areas shall be screened as required under the parking and landscape sections with hedge and plant material.



Robert R. McLaughlin
County Administrator

BOARD OF COUNTY COMMISSIONERS
ESCAMBIA COUNTY, FLORIDA

221 Palafox Place, Suite 420
P.O. Box 1591
Pensacola, Florida 32501-1591

Telephone (850) 595-4900
Toll Free (866) 730-8152
Teletax (850) 595-4908
(Sunroom) 695-4900

November 12, 2009

Sherry Morris, AICP
Planning Services Administrator
City of Pensacola
PO Box 12910
Pensacola, FL 32521

Dear Ms. Morris:

Escambia County is currently working with the PEDC to provide shared parking as it relates to the downtown technology campus development. Both the County and PEDC are working toward an agreement that would allow companies that locate in the technology campus to utilize the more than 500 existing spaces on the Civic Center property and would allow the Civic Center to utilize parking on the Technology Campus site for event parking, as well. The County and PEDC agree that the future development of a parking garage(s) would also serve both companies that locate in the technology campus and the Civic Center.

Sincerely,

A handwritten signature in blue ink, appearing to read "Robert R. McLaughlin", is written over a horizontal line.

Robert R. McLaughlin
County Administrator

RRM:sh



QUALIFICATIONS AS AN APPRAISER

JOEL J. ASMAR, MAI

PRIMARY EDUCATION:

Bachelor of Science in Business Administration, Florida State University, December, 1989, Real Estate major.

EMPLOYMENT HISTORY:

President/Owner of Asmar Appraisal Company; March 2000 to present.

Associate Appraiser with Martin, Brantley & Associates (formerly G. Pratt Martin, Jr. and Associates); January 1989 to March 2000.

PROFESSIONAL DESIGNATIONS/CERTIFICATIONS:

Awarded the MAI designation by the Appraisal Institute in February, 2000; member number 11571.

Florida State Certified General Real Estate Appraiser RZ1565

Licensed Florida Real Estate Broker #BK545024

Member, Pensacola Association of Realtors

Candidate Admissions Chair, Northwest Florida Chapter of the Appraisal Institute, 2002 to Present

EXPERIENCE:

My experience includes extensive commercial appraisal valuations in the Florida Panhandle, South Alabama and South Georgia region. I have performed appraisals for various purposes including mortgage loan purposes, foreclosure proceedings, estate valuations, and eminent domain. The latter includes work performed with the recent road widenings for Burgess Road, Airport Boulevard, Bayou Chico Bridge, Boggy Bayou Bridge, State Roads 87 & 89 (Dogwood Drive), Beal Parkway, U.S. Highway 98 (Mack Bayou – Santa Rosa Beach), Interstate 10 (Weigh Station) and Navy Boulevard.

PAST/CURRENT CLIENTS:

I have signed appraisals for various financial institutions including Bank of America (formerly Nations Bank and Barnett Bank), Whitney Bank, SunTrust Bank, Compass Bank, AmSouth Bank, Bank of Pensacola, Bank of the South, First American Bank, First Union Bank, Peoples First Community Bank, Vanguard Bank, among others. Governmental clients include Escambia County, City of Pensacola, Florida Department of Transportation, Florida Department of Environmental Protection, and the Escambia County School Board. I have also performed appraisal work for Baptist Health Care, Sacred Heart Hospital, Gulf Power Company, numerous attorneys, estates, accountants, as well as various individuals and businesses.

ADDITIONAL PROFESSIONAL EDUCATION:

I have attended numerous courses, seminars and related educational achievements, which are outlined as follows:

Description	Date	Sponsor
Real Estate Appraisal Principles	01/89	Appraisal Institute
Capitalization Theory and Techniques Part A	09/89	Appraisal Institute
Capitalization Theory and Techniques Part B	10/90	Appraisal Institute
Basic Valuation Procedures	03/91	Appraisal Institute
Standards of Professional Practice (Parts A, B)	04/91	Appraisal Institute
Accrued Depreciation Seminar	03/93	Appraisal Institute
Advanced Applications	08/94	Appraisal Institute
Standards of Professional Practice (Parts A, B)	12/95	Appraisal Institute
USPAP Law Update	02/96	Real Estate Educ.
Tomorrow's Appraiser	10/96	Appraisal Institute
First and Second Level - Experience Review	08/97	Appraisal Institute
Report Writing and Valuation Analysis	10/97	Appraisal Institute
USPAP – Core Law for Appraisers	11/98	Appraisal Institute
Commercial Demonstration Report	02/99	Appraisal Institute
The Comprehensive Appraisal Workshop	08/99	Appraisal Institute
Comprehensive Exam	08/99	Appraisal Institute
Third Level Experience Review	01/00	Appraisal Institute
USPAP – Core Law for Appraisers	09/00	Appraisal Institute
Standards of Professional Practice (Part C)	01/02	Appraisal Institute
Real Estate Fraud	11/02	Appraisal Institute
USPAP – Core Law for Appraisers	11/02	Appraisal Institute
Effective Appraisal Writing	08/03	Appraisal Institute
Timberland Appraisal Seminar	02/04	Appraisal Institute
Florida Core Law for Appraisers	11/04	Appraisal Institute
USPAP Update	11/04	Appraisal Institute
Feasibility, Market Value, Investment Timing: Option Value	11/04	Appraisal Institute
Analyzing Operating Expenses	10/05	Appraisal Institute
Cool Tools: New Technology For Real Estate Appraisers	10/05	Appraisal Institute
Appraising Convenience Stores	10/05	Appraisal Institute
Analyzing Distressed Real Estate	10/05	Appraisal Institute
Florida Core Law for Appraisers	04/06	Appraisal Institute
USPAP Update	04/06	Appraisal Institute
Using Your HP12C Financial Calculator	11/06	Appraisal Institute
Appraising from Blueprints and Specifications	11/06	Appraisal Institute
Florida Appraiser's State Law Update	05/08	Pensacola Bd. Of Realtors
Roles and Rules of the Supervisor and Trainee	05/08	Pensacola Bd. Of Realtors
USPAP Update	07/08	Appraisal Institute
Analyzing Distressed Real Estate	09/08	Appraisal Institute
Introduction to GIS Applications for Real Estate Appraisal	09/08	Appraisal Institute
Condominiums, Co-Ops and PUDs	09/08	Appraisal Institute
Business Practices and Ethics	02/10	Appraisal Institute
Oil Spills and Property Values	08/10	Appraisal Institute
Small Hotel/Motel Valuation	12/10	Appraisal Institute
Understanding and Using Investor Surveys Effectively	01/11	Appraisal Institute