City of Pensacola

City Council Workshop

Agenda

Wednesday, August 18, 2021, 5:30 PM **Hagler-Mason Conference Room, 2nd Floor**

Members of the public may attend the meeting in person. City Council encourages those not fully vaccinated to wear face coverings.

CALL TO ORDER

SELECTION OF CHAIR

PRESENTATION--CARSON-LOVELL

DISCUSSION OF...

1. 21-00688 COMMUNITY MARITIME PARK PARCELS 4 & 5 - CARSON-LOVELL PROPOSAL

Sponsors: Jared Moore

Attachments: *CMP Parcels Map*
Brantley Study
Weitzman Marketability Study
Submittal - Carson Lovell

PUBLIC COMMENT

ADJOURNMENT

If any person decides to appeal any decision made with respect to any matter considered at such meeting, he will need a record of the proceedings, and that for such purpose he may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.

The City of Pensacola adheres to the Americans with Disabilities Act and will make reasonable accommodations for access to City services, programs and activities. Please call 435-1606 (or TDD 435-1666) for further information. Request must be made at least 48 hours in advance of the event in order to allow the City time to provide the requested services.

City of Pensacola

222 West Main Street
Pensacola, FL 32502

Memorandum

File #: 21-00688 City Council Workshop 8/18/2021

DISCUSSION ITEM

SPONSOR: City Council President Jared Moore

SUBJECT:

COMMUNITY MARITIME PARK PARCELS 4 & 5 - CARSON-LOVELL PROPOSAL

SUMMARY:

At a special meeting on July 28, 2021, City Council selected Carson-Lovell as the developer they would like the Mayor to negotiate with regarding their proposal for parcels 4 & 5 at Community Maritime Park.

This discussion item allows the developer to give a more in-depth presentation, for Council to have questions and concerns addressed as well as an opportunity for Council
as a body to relay specifically what they would like to see and conversely, what they do not want to see as part of the development.

PRIOR ACTION:

April 22, 2021 - City Council approved the publication of the public notice for disposition of Lots 4 & 5 at the Community Maritime Park Redevelopment

July 12, 2021 - City Council approved the scheduling of a special meeting regarding the redevelopment submitting groups and ranking

July 28, 2021 - City Council held a special meeting where they chose Carson - Lovell as the developer to be negotiated with

STAFF CONTACT:

Don Kraher, Council Executive

ATTACHMENTS:

1) CMP Parcels Map
2) Brantley Study
3) Weitzman Marketability Study
4) Submittal - Carson Lovell

PRESENTATION: Yes



This map was prepared by the GIS section of the City of Pensacola and is provided for information purposes only and is not to be used for development of construction plans or any type of engineering services based on information depicted herein. It is maintained for the function of this office only. It is not intended for conveyance nor is it a survey. The data is not guaranteed accurate or suitable for any use other than that for which it was gathered.

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PENSACOLA

APPRAISAL REPORT

7 PLATTED LOTS TOTALING 9.48-ACRES (+/-) WITHIN THE VINCE WHIBBS SR. COMMUNITY MARITIME PARK

LOCATED AT THE 300 BLOCK OF WEST MAIN STREET IN PENSACOLA, FLORIDA 32502

AS OF MAY 8, 2015

VC15BB8266



PREPARED FOR
MR. JIM REEVES, CHAIRMAN
COMMUNITY MARITIME PARK ASSOCIATES
BOARD OF TRUSTEES
C/O ERIK L. WORTENDYKE
SPECIAL EVENTS COORDINATOR
COMMUNITY MARITIME PARK
CITY OF PENSACOLA
DEPARTMENT OF PARKS & RECREATION

BY

BRANTLEY & ASSOCIATES

REAL ESTATE APPRAISAL CORPORATION

100 NORTH SPRING STREET POST OFFICE 12505 PENSACOLA, FLORIDA 32591-2505
PHONE: (850) 433-5075 EMAIL: shawnbrantley@brantleyassociates.com

R. SHAWN BRANTLEY, MAI

Individual Member

Brantley & Associates Real Estate Appraisal Corp.

Mobile * Pensacola * Panama City

R. Shawn Brantley, MAI, CCIM
FL: Cert Gen RZ 289
AL: Certified General Real Property Appraiser G00419

Bruce A. Black
FL: Cert Gen RZ 2714

Barbara S. Brantley, CPA
Administration & Finance

David C. Singleton, MAI, MBA
FL: Cert Gen RZ 3501
AL: Certified General Real Property Appraiser G01003

May 19, 2015

Mr. Jim Reeves, Chairman
Community Maritime Park Associates
Board of Trustees
C/O Erik L. Wortendyke
Special Events Coordinator
Community Maritime Park
City of Pensacola
Department of Parks & Recreation

Re: Appraisal Report of 7 platted lots totaling 9.48-acres (+/-) all within the Vince Whibbs, Sr. Community Maritime Park, located at the 300 Block of West Main Street, in Pensacola, FL 32502.
B&A File# VC15BB8266

Dear Mr. Wortendyke:

As you have requested, we have inspected the above referenced property and have investigated the market for pertinent data for the purpose of obtaining an opinion of the fee simple market value of the subject property, as of a current date.

Our valuation of the subject property consists of 7 non-contiguous tracts of commercially zoned land totaling 9.48-acres (+/-) all within the Vince Whibbs, Sr. Community Maritime Park, located at the 300 Block of West Main Street in Pensacola, FL. The 7 lots comprising the subject are platted Lots 3-9, which range in size from 0.26-acres (+/-) to 3.02-acres (+/-). Based on our investigation and our analysis of the information gathered, we are of the opinion that the fee-simple market value of each of the subject's 7 lots, as of May 8, 2015, is as follows:

LOT 3	**$ 450,000**	**($40.00/SF)**
LOT 4	**$4,600,000**	**($35.00/SF)**
LOT 5	**$3,000,000**	**($40.00/SF)**
LOT 6	**$1,450,000**	**($40.00/SF)**
LOT 7	**$2,900,000**	**($45.00/SF)**
LOT 8	**$3,400,000**	**($45.00/SF)**
LOT 9	**$ 680,000**	**($40.00/SF)**

We have also developed opinions for fair market rent under 30, 60, and 90 year lease scenarios; and at three different risk levels. These conclusions are presented on the summary of salient facts & conclusions page that follows.

The above referenced value and rent opinions are subject to the limiting conditions and general assumptions contained in this appraisal plus the following extraordinary assumptions and/or hypothetical conditions. The reader is alerted that the deployment of extraordinary assumptions or hypothetical conditions can significantly affect the value opinion.

We have relied upon the plat map of the Vince Whibbs Sr. Community Maritime Park in order to determine the area of the subject lots. A copy of this plat is included in the exhibit section of this report. We assume this to be correct.

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 that would result in the approval of a loan.

This is Appraisal Report is intended to comply with the reporting requirements set forth under Standards Rule 2-2 of the Uniform Standards of Professional Appraisal Practice.

We appreciate the opportunity of doing this work for you, and if there should be any questions, please do not hesitate to call.

Sincerely,

R. Shawn Brantley, MAI

R. Shawn Brantley, MAI, CCIM
Cert Gen RZ 289
Florida

Bruce A. Black

Bruce A. Black, Associate
Cert Gen RZ2714
Florida

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SUMMARY OF SALIENT FACTS AND CONCLUSIONS

PROPERTY IDENTIFICATION:	The subject property is 7 lots within the Vince Whibbs Sr. Community Maritime Park, all totaling 9.48-acres (+/-). The subject property is situated in the core of the Central Business District in downtown Pensacola, FL.
OWNERSHIP (PER ASSESSMENT):	City of Pensacola 222 West Main Street Pensacola, Florida 32502
PROPERTY TYPE:	Vacant Commercial Land
PURPOSE OF APPRAISAL:	To obtain an opinion of the fee-simple market value of the subject property, as of a current date.
PROPERTY RIGHTS APPRAISED:	Fee Simple
CENSUS TRACT #:	1
DATE OF VALUATION:	May 8, 2015
DATE OF REPORT:	May 19, 2015
2014 ASSESSMENT:	$6,541,874
YEAR 2014 TAXES:	None
ZONING:	WRD, Waterfront Redevelopment District (City of Pensacola, FL)
LAND AREA:	Total of 9.48-acres (412,949 SF, +/-) within 7 non-contiguous platted lots (Plat Book 19, Page 23A), as follows: Lot 3 – 0.26-acres per plat map, or 11,326 SF (+/-) Lot 4 – 3.02-acres per plat map, or 131,551 SF (+/-) Lot 5 – 1.74-acres per plat map, or 75,794 SF (+/-) Lot 6 – 0.84-acres per plat map, or 36,590 SF (+/-) Lot 7 – 1.48-acres per plat map, or 64,469 SF (+/-) Lot 8 – 1.75-acres per plat map, or 76,230 SF (+/-) Lot 9 – 0.39-acres per plat map, or 16,988 SF (+/-)
IMPROVEMENTS:	None. At the specific request of the client, we are appraising the subject's land only. Site improvements seen upon the property are not appraised.
ESTIMATED EXPOSURE TIME:	6 to 12 Months
HIGHEST AND BEST USE:	Intense commercial development, or mix of intense uses similar to surrounding uses.

VALUATION:

FINAL VALUE OPINIONS:	**LOT 3 – $ 450,000**	**($40.00/SF)**
	LOT 4 – $4,600,000	**($35.00/SF)**
	LOT 5 - $3,000,000	**($40.00/SF)**
	LOT 6 - $1,450,000	**($40.00/SF)**
	LOT 7 - $2,900,000	**($45.00/SF)**
	LOT 8 - $3,400,000	**($45.00/SF)**
	LOT 9 - $ 680,000	**($40.00/SF)**

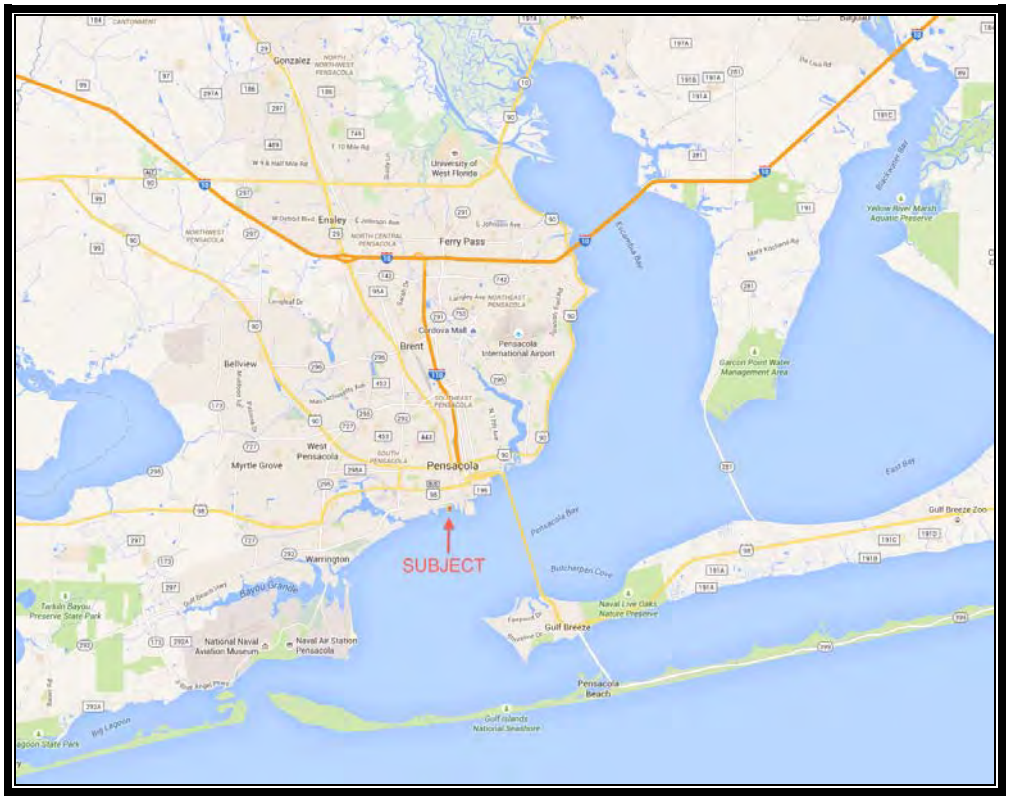
OPINIONS OF FAIR MARKET RENT FOR LONG TERM LEASES:

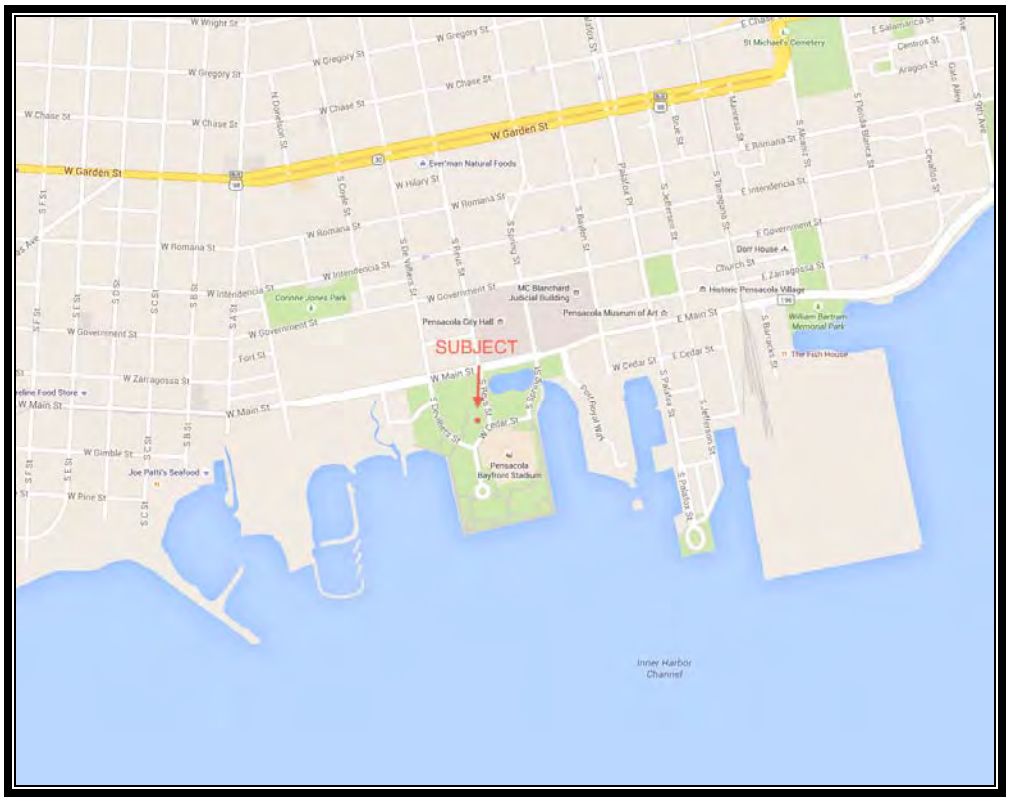
ANNUAL FAIR MARKET GROUND RENT FOR LOW RISK TENANT			
LOT#	30 years	60 years	90 years
	4.5%	5.0%	5.5%
3	$20,250	$22,500	$24,750
4	$207,000	$230,000	$253,000
5	$135,000	$150,000	$165,000
6	$65,250	$72,500	$79,750
7	$130,500	$145,000	$159,500
8	$153,000	$170,000	$187,000
9	$30,600	$34,000	$37,400

ANNUAL FAIR MARKET GROUND RENT MODERATE RISK TENANT			
LOT#	30 years	60 years	90 years
	5.5%	6.0%	6.5%
3	$24,750	$27,000	$29,250
4	$253,000	$276,000	$299,000
5	$165,000	$180,000	$195,000
6	$79,750	$87,000	$94,250
7	$159,500	$174,000	$188,500
8	$187,000	$204,000	$221,000
9	$37,400	$40,800	$44,200

FAIR MARKET GROUND RENT FOR MORE RISKY TENANT			
LOT#	30 years	60 years	90 years
	6.5%	7.0%	7.5%
3	$29,250	$31,500	$33,750
4	$299,000	$322,000	$345,000
5	$195,000	$210,000	$225,000
6	$94,250	$101,500	$108,750
7	$188,500	$203,000	$217,500
8	$221,000	$238,000	$255,000
9	$44,200	$47,600	$51,000

LOCATION MAPS INCLUDING THE SUBJECT





PENSACOLA, FL

AERIAL MAP INCLUDING THE SUBJECT SITE



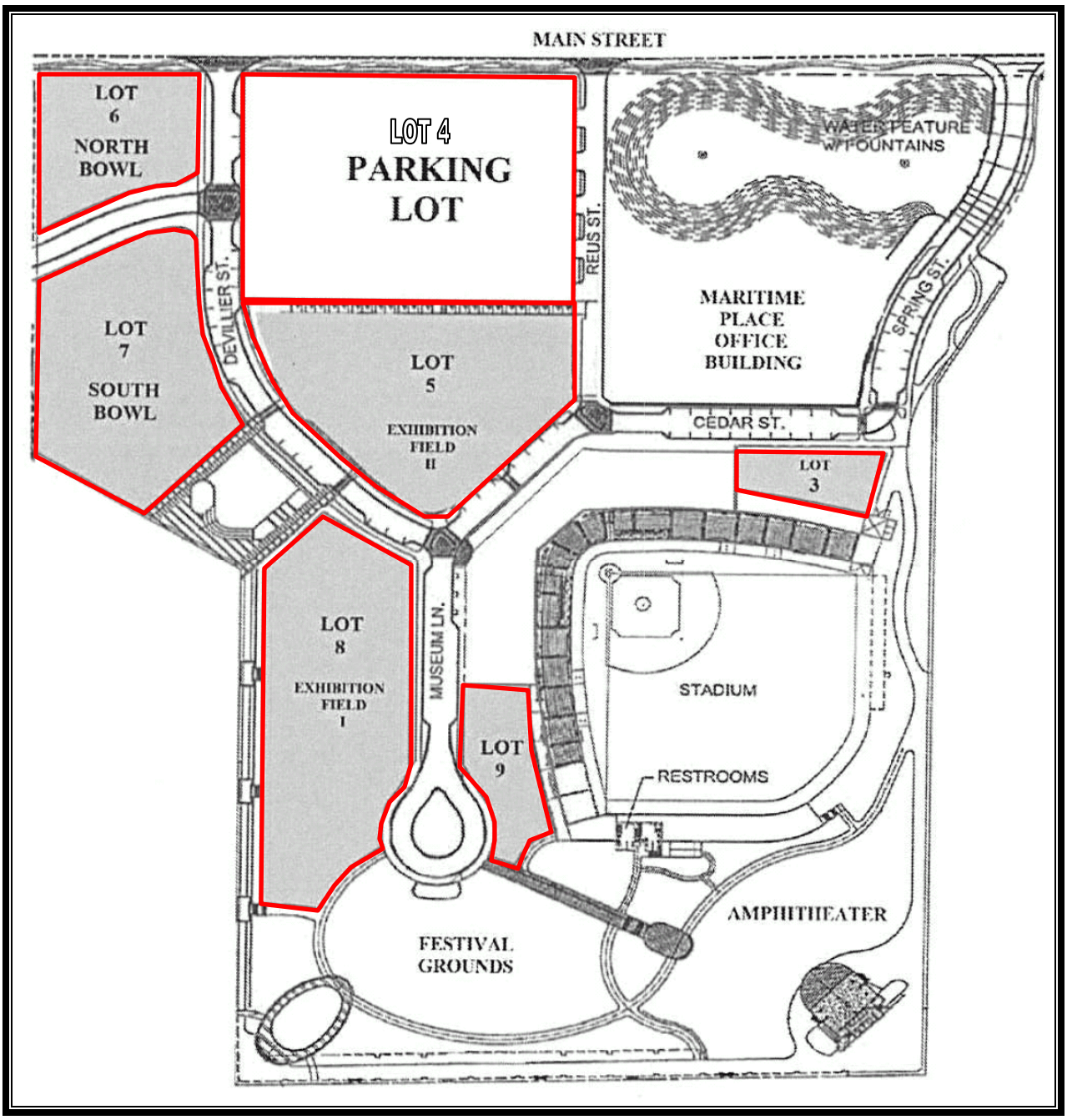
THE SUBJECT IS 7 PLATTED LOTS WITHIN
VINCE WHIBBS SR. COMMUNITY MARITIME PARK.

AERIAL MAP INCLUDING THE SUBJECT SITE

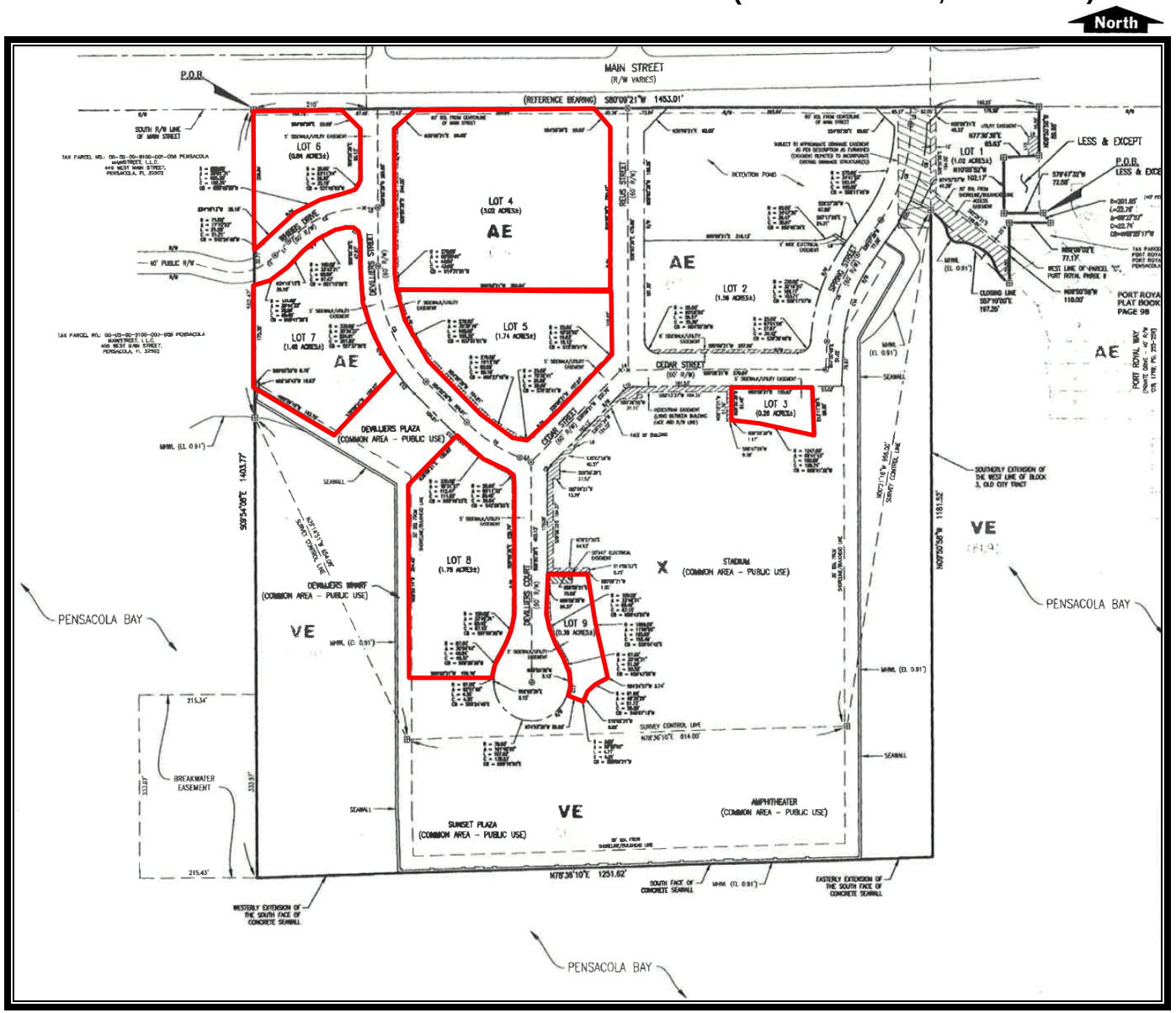


THE SUBJECT IS 7 PLATTED LOTS WITHIN THE VINCE WHIBBS SR. COMMUNITY MARITIME PARK (LOTS 3, 4, 5, 6, 7, 8 & 9, ACCORDING TO PLAT BOOK 19, PAGE 23A).

PROPERTY SKETCH PROVIDED BY CLIENT



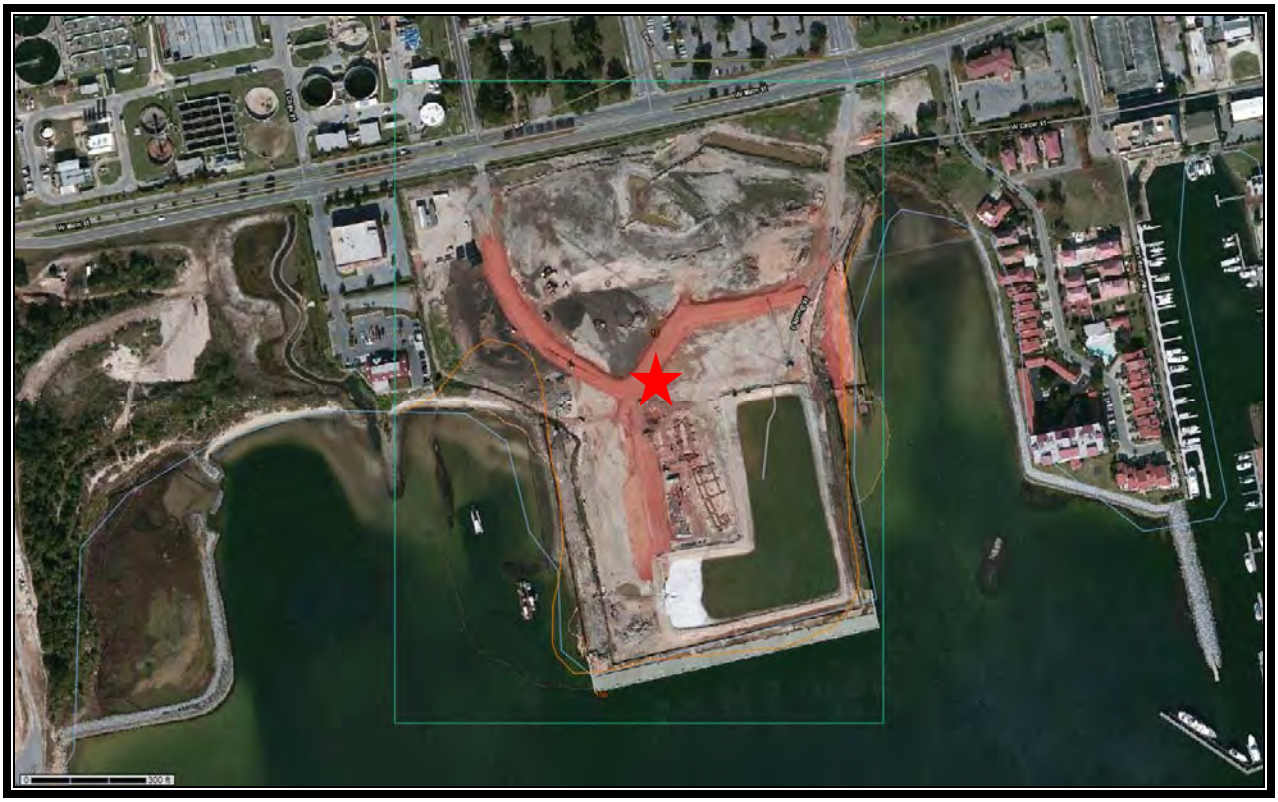
PLAT MAP INCLUDING THE SUBJECT PROPERTY (PLAT BOOK 19, PAGE 23A)



SUMMARY OF THE SUBJECT PROPERTY		
7 PLATTED LOTS WITHIN VINCE WHIBBS, SR. COMMUNITY MARITIME PARK		
LOT#	SIZE (AC) PER PLAT MAP	SIZE (SF, +/-)
3	0.26	11,326
4	3.02	131,551
5	1.74	75,794
6	0.84	36,590
7	1.48	64,469
8	1.75	76,230
9	0.39	16,988
TOTAL:	9.48	412,949

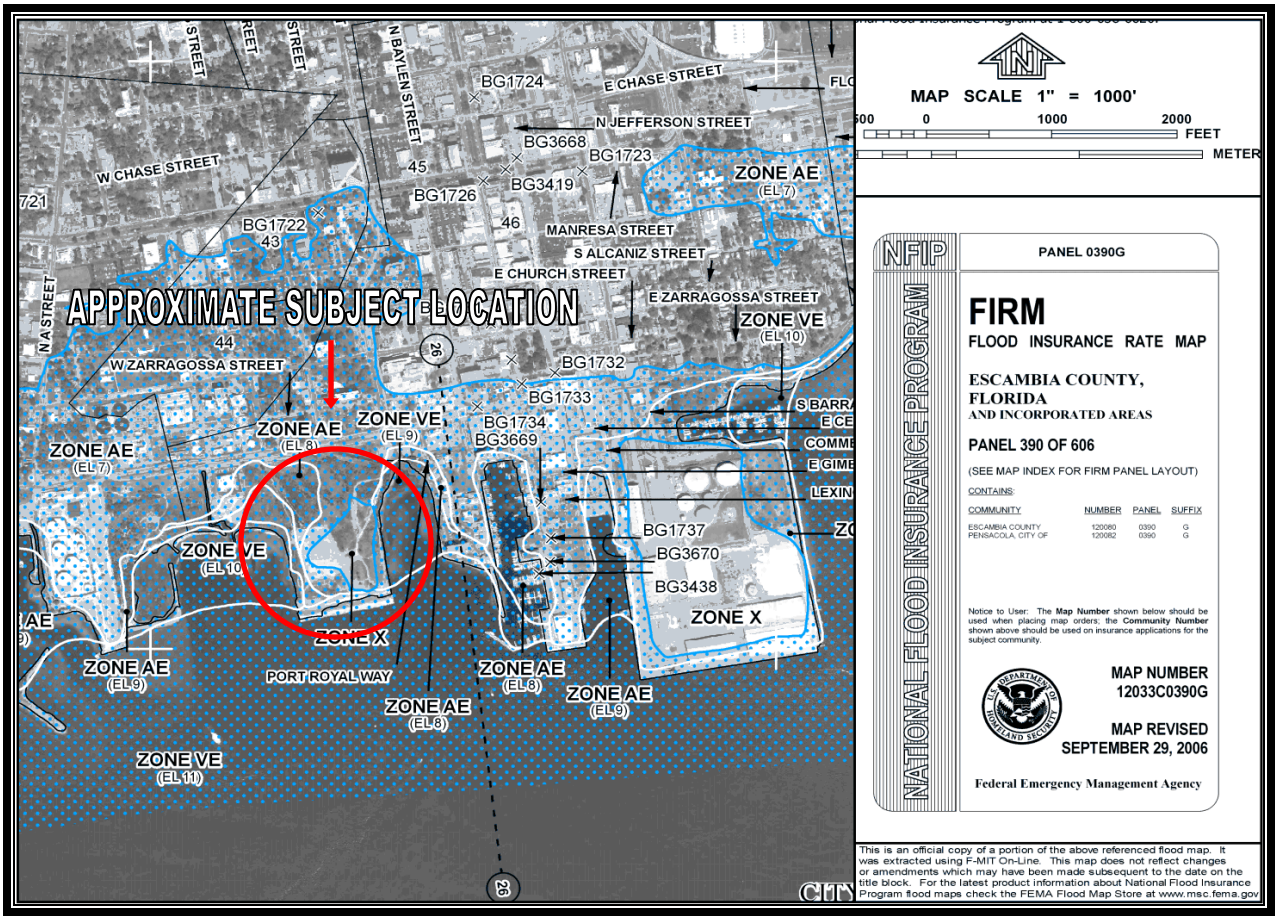
U.S.D.A SOIL MAP INCLUDING THE SUBJECT

North



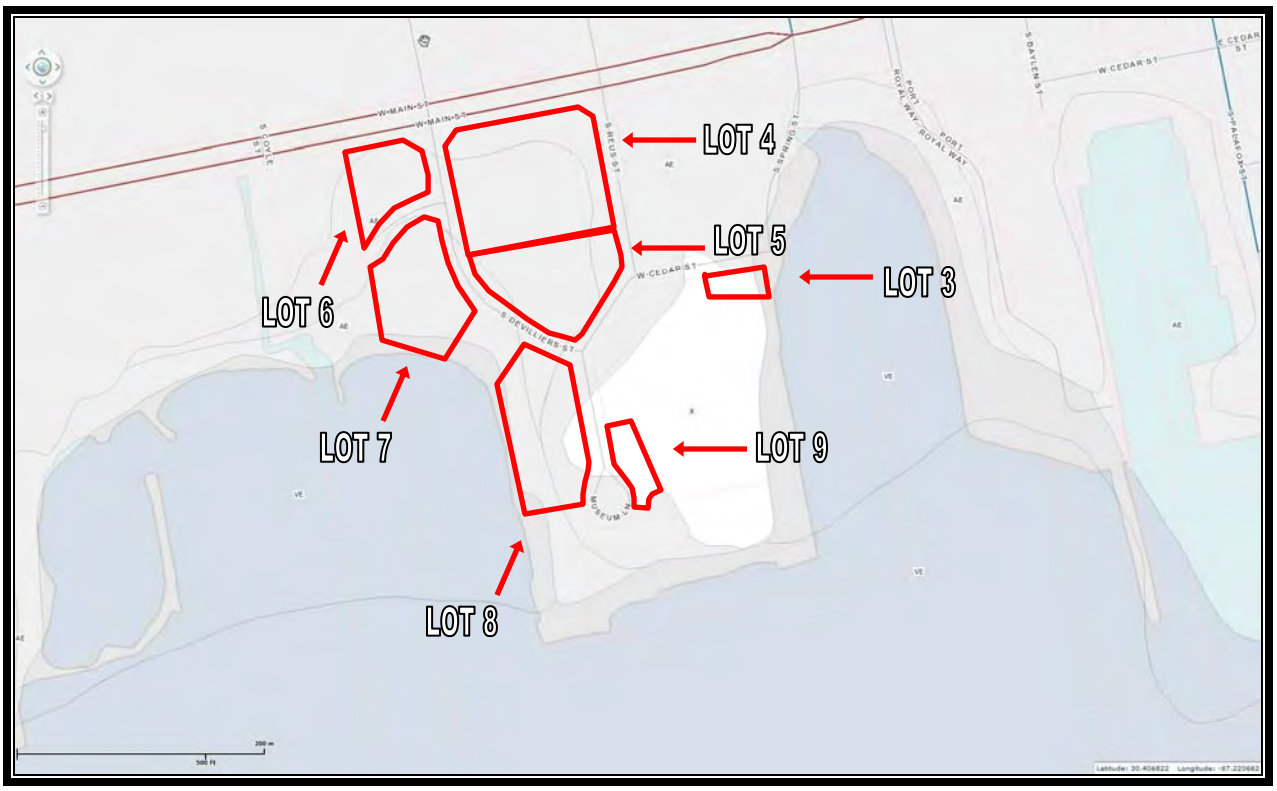
SUMMARY OF SOILS AT THE SUBJECT PROPERTY				
No.	**Soil**	**Slope %**	**Drainage**	**Soil Material & Characteristics**
16	Arents - Urban Land Complex	0-3	Variable	Very deep Arents and areas of Urban land on uplands. The areas of Arents and Urban land are so closely intermingled that they could not be mapped separately at the scale selected for mapping. Slopes generally are less than 3 percent. The Arents land consists of earthen materials that have been so modified by construction activities that original soil components are no longer recognizable. The Urban land consists of areas that are covered by sidewalks, patios, driveways, parking lots, streets, playgrounds, and buildings.

F.E.M.A. FLOOD MAP INCLUDING THE SUBJECT SITE



F.E.M.A. FLOOD MAP NUMBER 12033C0390 G, DATED SEPTEMBER 29, 2006.

COUNTY GIS FLOOD MAP INCLUDING THE SUBJECT SITE



BASED UPON THE ABOVE COUNTY GIS FLOOD MAPPING, WHICH APPEARS BASED UPON F.E.M.A. FLOOD MAPPING, THE SUBJECT'S LOTS ARE WITHIN THE FOLLOWING FLOOD ZONES:

LOT 3 – FLOOD ZONES X, AE, AND VE
LOT 4 – FLOOD ZONE AE
LOT 5 – FLOOD ZONE AE
LOT 6 – FLOOD ZONE AE
LOT 7 – FLOOD ZONE AE AND VE
LOT 8 – FLOOD ZONE X, AE, AND VE
LOT 9 – FLOOD ZONE X AND AE

NOTES:

FLOOD ZONE X IS AN AREA OF MINIMAL FLOOD PROBABILITY, DETERMINED TO BE OUTSIDE THE 0.2% ANNUAL CHANCE FLOODPLAIN.

FLOOD ZONE AE IS AN AREA OF SPECIAL FLOOD HAZARD SUBJECT TO INUNDATION BY THE 1% CHANCE (100-YEAR FLOOD) OF ANNUAL FLOOD.

FLOOD ZONE VE IS ALSO AN AREA OF SPECIAL FLOOD HAZARD. THIS AREA IS A COASTAL FLOOD ZONE WITH VELOCITY HAZARD (WAVE ACTION).

PHOTOGRAPHS OF THE SUBJECT PROPERTY



Front view of the main entry to the Vince Whibbs Sr. Community Maritime Park at Reus Street, facing south.



Street scene facing west along West Main Street at the Vince Whibbs Sr. Community Maritime Park (Left).

PHOTOGRAPHS OF THE SUBJECT PROPERTY



Front view of the main entry to the Vince Whibbs Sr. Community Maritime Park at Devilliers Street, facing south.



Street scene facing east along West Main Street at the Vince Whibbs Sr. Community Maritime Park (Right).

PHOTOGRAPHS OF THE SUBJECT PROPERTY



View of Lot 3 from the north facing south - Subject



View of Lot 3 from the east facing west - Subject

PHOTOGRAPHS OF THE SUBJECT PROPERTY



Water view facing southeast from Lot 3 – Subject



Street scene facing west along Cedar Street in front of Lot 3 (Left) - Subject

PHOTOGRAPHS OF THE SUBJECT PROPERTY



Street scene facing north along Spring Street facing away from Lot 3 - Subject



View of the new Maritime Place office building (not appraised) located south of the subject's Lot 3.

PHOTOGRAPHS OF THE SUBJECT PROPERTY



Street scene facing east along Cedar Street in front of Lot 3 (Right) - Subject



View of Lot 4 (Parking Lot) from Reus Street facing northwest – Subject
(Note: The parking lot improvements are not appraised)

PHOTOGRAPHS OF THE SUBJECT PROPERTY



Street scene facing north along Reus Street in front of Lot 4 (Left) - Subject



Street scene facing south along Reus Street in front of Lot 4 (Right) - Subject

PHOTOGRAPHS OF THE SUBJECT PROPERTY



View of Lot 4 from W. Main Street facing south – Subject



View of Lot 4 from W. Main Street facing south – Subject

PHOTOGRAPHS OF THE SUBJECT PROPERTY



Street scene facing south along Devilliers Street in front of Lot 4 (Left) - Subject



View of Lot 4 from Devilliers Street facing east - Subject

PHOTOGRAPHS OF THE SUBJECT PROPERTY



Street scene facing north along Devilliers Street in front of Lot 4 (Right) - Subject

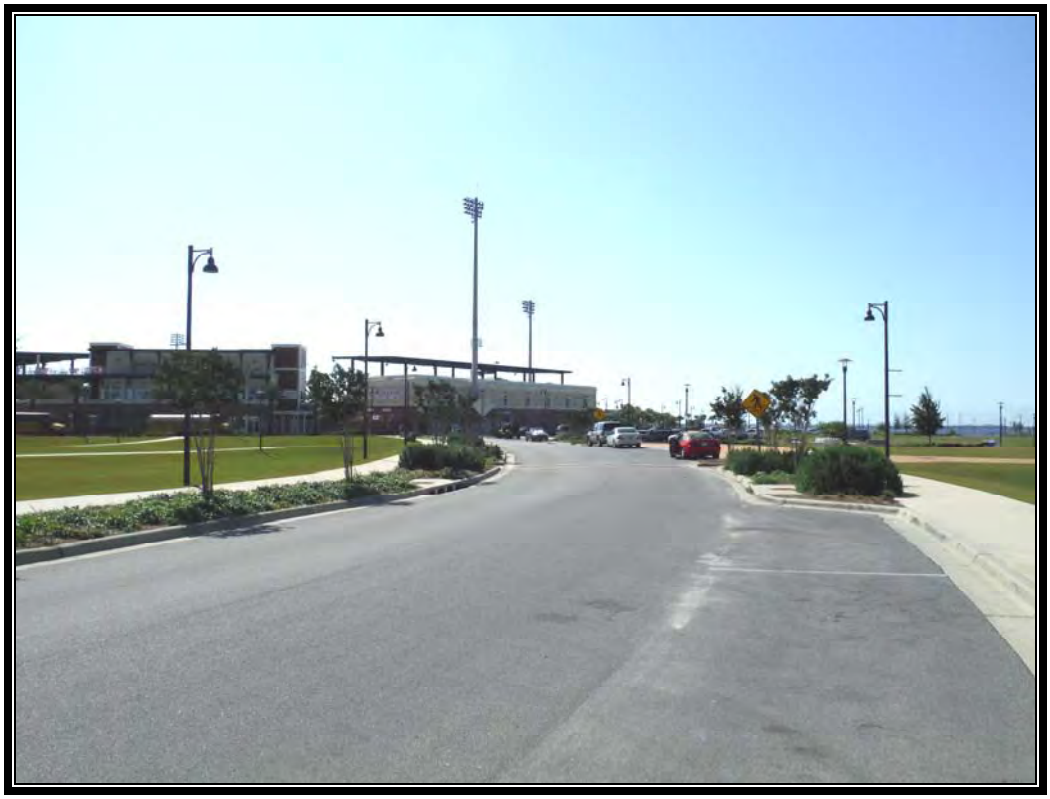


View of Lot 4 from the southwest facing northeast - Subject

PHOTOGRAPHS OF THE SUBJECT PROPERTY



View of Lot 5 from the northwest facing southeast – Subject



Street scene facing south along Devilliers Street in front of Lot 5 (Left) - Subject

PHOTOGRAPHS OF THE SUBJECT PROPERTY



Street scene facing south along Reus Street in front of Lot 5 (Right) - Subject



View of Lot 5 from the east facing west – Subject

PHOTOGRAPHS OF THE SUBJECT PROPERTY



View of Lot 5 from the northeast facing southwest – Subject



View of Lot 5 from the south facing north – Subject

PHOTOGRAPHS OF THE SUBJECT PROPERTY



Street scene facing northeast along Cedar Street in front of Lot 5 (Left) - Subject



Street scene facing northwest along Devilliers Street in front of Lot 5 (Right) - Subject

PHOTOGRAPHS OF THE SUBJECT PROPERTY



View of Lot 6 from the intersection of W. Main Street and Devilliers Street facing southwest – Subject



View of Lot 6 from the north facing south from W. Main Street – Subject

PHOTOGRAPHS OF THE SUBJECT PROPERTY



View of Lot 6 from the north facing south – Subject



View of Lot 6 from the east facing west – Subject

PHOTOGRAPHS OF THE SUBJECT PROPERTY



Street scene facing west along Whibbs Drive in front of Lot 6 (Right) – Subject



View of Lot 7 from the intersection of Whibbs Drive and Devilliers Street, facing southwest - Subject

PHOTOGRAPHS OF THE SUBJECT PROPERTY



View of Lot 7 from the northeast facing southwest – Subject



View of Lot 7 from the southeast facing northwest – Subject

PHOTOGRAPHS OF THE SUBJECT PROPERTY



View of a common (public) walkway (not appraised) along the waterfront in between Lot 7 (Right) and Pensacola Bay – Subject



Typical water view from Lot 7 of Pensacola Bay – Subject

PHOTOGRAPHS OF THE SUBJECT PROPERTY



View of a common area (public use) park (not appraised) in between Lots 7 and 8



View of Lot 8 from the northeast facing southwest – Subject

PHOTOGRAPHS OF THE SUBJECT PROPERTY



Street scene facing southeast along Devilliers Street in front of Lot 8 (Right) - Subject



View of Lot 8 from the north facing south - Subject

PHOTOGRAPHS OF THE SUBJECT PROPERTY



View of a common (public) walkway (not appraised) along the waterfront in between Lot 8 (Left) and Pensacola Bay – Subject



Street scene facing south along Devilliers Court (a/k/a, Museum Lane) in front of Lot 8 (Right) - Subject

PHOTOGRAPHS OF THE SUBJECT PROPERTY



View of Lot 8 from Devilliers Court, facing west – Subject



View of Lot 8 from the Devilliers Court cul-de-sac, facing northwest – Subject

PHOTOGRAPHS OF THE SUBJECT PROPERTY



View of Lot 8 from the southwest facing northeast – Subject



Typical water view from Lot 8 of Pensacola Bay – Subject

PHOTOGRAPHS OF THE SUBJECT PROPERTY



View of Lot 9 from Devilliers Court – Subject



View of Lot 9 from the south facing north – Subject

PHOTOGRAPHS OF THE SUBJECT PROPERTY



Street scene facing north along Devilliers Court in front of Lot 9 (Right) – Subject



View of Lot 9 from the south facing north – Subject

PHOTOGRAPHS OF THE SUBJECT PROPERTY



View of Lot 9 from the north facing south – Subject

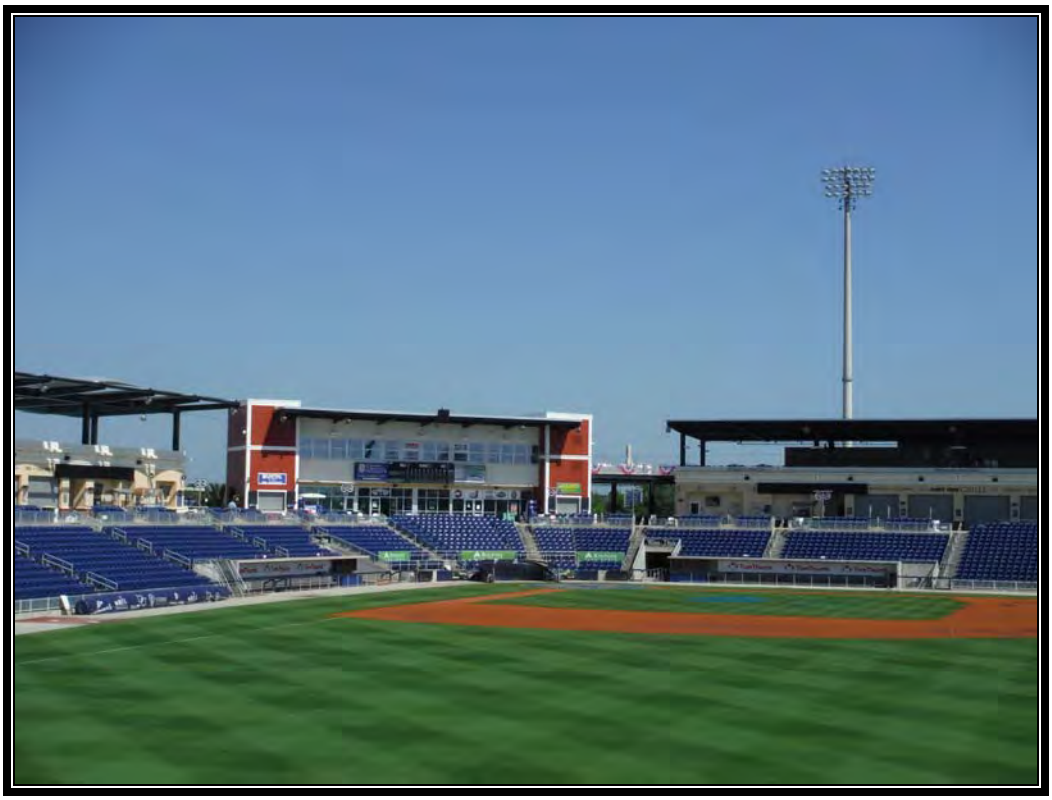


Distant water view from Lot 9 of Pensacola Bay – Subject

PHOTOGRAPHS OF THE SUBJECT PROPERTY



View of a common area amphitheater (public use) – not appraised, within the platted Vince Whibbs Sr. Community Maritime Park.



View of a common area stadium (public use) – not appraised, within the platted Vince Whibbs Sr. Community Maritime Park.

PHOTOGRAPHS OF THE SUBJECT PROPERTY



View of a common area Stadium (public use) – not appraised, within the platted Vince Whibbs Sr. Community Maritime Park.



View of the Maritime Place office building upon platted Lot 2 (not appraised).

PHOTOGRAPHS OF THE SUBJECT PROPERTY



View of a retention pond within the larger Vince Whibbs Sr. Community Maritime Park.



View of a breakwater under construction (not appraised) within Pensacola Bay, southwest of Lot 8.

PROPERTY IDENTIFICATION

The subject property consists of 7 non-contiguous platted lots, all within the Vice Whibbs, Sr. Community Maritime Park, in downtown Pensacola, FL. The 7 lots appraised are Lots 3-9, all totaling 9.48-acres (+/-), and ranging in size from 0.26-acre (+/-) to 3.02-acres (+/-).

LEGAL DESCRIPTION

We relied upon the plat map of the Vince Whibbs Sr. Community Maritime Park (Plat Book 19, Page 23A) in order to define the area's of the subject's 7 lots. A copy of the plat map was previously presented within the exhibits section of this report, and is recorded within the public records of Escambia County, at Pensacola, FL. The plat map specifically defines the sizes of each of the subject's 7 lots in acres. However, because much of this map is illegible, we utilized the Escambia County Property Appraiser's assessment records in order to aid us in determining the site boundaries (dimensions) of each lot. The property appraiser's assessment records depict lot sizes in acres for each of the subject's lots that are approximately the same as the sizes cited on the plat map, with two minor exceptions (Lot 3 – 0.2577-acre, and Lot 4, at 3.04-acres +/-); however we have relied upon the plat map cited above. These differences in area's are very minor. Legal descriptions for each of the subject's lots are found within the Escambia County Property Appraiser's assessment records, copies of which are presented within the addenda.

PURPOSE OF APPRAISAL

The purpose of this appraisal is to obtain an opinion of the fee simple market value of the subject property, as of a current date.

INTENDED USE AND INTENDED USER OF APPRAISAL

It is our understanding the intended use of this appraisal is by the client, the City of Pensacola, FL, with internal matters. The intended user of this report is the City of Pensacola, FL.

SCOPE AND EXTENT OF DATA COLLECTION AND ANALYSIS

The scope of the appraisal encompasses the necessary research and analysis to prepare a report in accordance with the intended use. Primary data concerning region, neighborhood and the property was obtained through discussions with city and county government officials, County Property Appraiser, City Planning and Zoning Department, County Public Records, County Tax Collector, GIS and aerial maps and local utility companies. Secondary data was obtained from the Chamber of Commerce, Realtor Publications and Metro Market Trends (a local data base company).

This firm has completed numerous appraisal assignments in the subject neighborhood and we have compiled considerable data for it. Much of the data incorporated in this appraisal analysis has come from our files and was updated/expanded as necessary in performing our appraisal analysis. 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 analysis.

For this appraisal report, the data collection process included inspection and observation of the physical characteristics of each of the subject's 7 lots, photographing each lot, and inspecting the surrounding neighborhood. Within the confines of this analysis, the appraiser has made an examination of all available and pertinent market data that could be located within the previous 2-year period before the effective date of the appraisal. The search for comparable sales data was limited to the SMSA of

Pensacola, Florida, with the most emphasis placed on the general neighborhood proximate to the subject. Also, the selection of the data reported is limited to that data which the appraiser considers relevant to the assignment and to the purpose of the appraisal, under the terms of the highest and best use conclusions rendered herein.

It is our opinion that the sales comparison approach is sufficient to produce a credible value opinion in light of the intended use of the appraisal. This appraisal report prepared in compliance with the Uniform Standards of Professional Appraisal Practice.

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:

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

EXPOSURE TIME

The above definition assumes a reasonable exposure time during which the subject 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. Based upon a retrospective estimate, the appraiser has concluded an exposure time of from six to twelve months.

[1] FIRREA legislation, Code of Federal Regulations 12 DFR-Part 34.42(g)" and *Uniform Standards of Professional Appraisal Practice* as promulgated by the Appraisal Standards Board of the Appraisal Foundation (1/1/08-12/31/09)

MARKETING PERIOD

The reasonable marketing time is an estimate of the length of time it might take to sell the subject property at the above estimated market value level during the period immediately after the effective date of the appraisal. This marketing time has been estimated at six to twelve months for the subject property, based upon presently available market information.

PROPERTY RIGHTS TO BE APPRAISED

We have appraised the fee simple estate in the subject property. Fee Simple is essentially the highest ownership interest possible that can be had in real property; however, it is limited by governmental powers of taxation, eminent domain, police power, and escheat; and it could also be limited further by certain encumbrances or conditions in the deed or other limitations of record.

Also, we are aware that there exists a master lease of the larger Vince Whibbs Sr. Community Maritime Park, which governs the subject's 7 lots and much additional land not appraised. The lessor is the City of Pensacola, and the Lessee is Community Maritime Park Associates, Inc. However, at the specific request of the client, we are appraising only the fee simple estate, and we have not evaluated the master lease within this analysis. We will, however, provide opinions of fair market rent for each of the subject lots near the end of our analyses.

ZONING, FUTURE LAND USE & CONCURRENCY

The property is within the jurisdiction of the City of Pensacola. According to the City of Pensacola Planning Services Division, the entire property is subject to the WRD, Waterfront Redevelopment District zoning classification. Below, we present a map depicting the zoning on site.

ZONING MAP INCLUDING THE SUBJECT



Purpose of district: The waterfront redevelopment district is established to promote redevelopment of the city's downtown waterfront with a compatible mixture of water-dependent and water-related uses which preserve the unique shoreline vista and scenic opportunities, promote public access, create a cultural meeting place for the public, preserve the working waterfront activities historically located in the waterfront area, and encourage a high quality of site planning and architectural design. Site specific analysis of each development proposal within the district is intended to ensure that the scenic vistas and marine-oriented image of the district are maintained, that the

development character of the waterfront is upgraded and that the boundaries of the adjacent special districts are positively reinforced.

Uses permitted:

a. Single-family residential (attached or detached) at a maximum density of 17.4 units per acre. Multi-family residential at a maximum density of 60 dwellings per acre.
b. Home occupations, subject to regulations in section 12-2-33.
c. Offices.
d. Libraries and community town centers opened to the public and buildings used exclusively by federal, state, county and city government for public purposes.
e. Hotels/motels.
f. Marinas.
g. Parking garages.
h. The following retail sales and services;
    1. Retail food and drug stores (including package liquor stores).
    2. Personal service shops.
    3. Clothing stores.
    4. Specialty shops.
    5. Banks.
    6. Bakeries whose products are sold at retail on the premises.
    7. Antique shops.
    8. Floral shops.
    9. Health clubs, spa and exercise centers.
    10. Laundromats.
    11. Laundry and dry cleaning pick up stations.
    12. Restaurants.
    13. Studios.
    14. Art galleries.
    15. Sale or rental of sporting goods or equipment, including instructions in skiing, sailing, or scuba diving.
    16. Boat rentals waterside only with limited upland storage.
    17. Bars.
    18. Commercial fishing.
    19. Ferry and passenger terminals.
    20. Cruise ship operations.
i. Family day care homes licensed by the Florida Department of Children and Family Services.

Additional requirements are applicable within this district for design guidelines, vehicular access, signage, and parking, etc. A complete copy of the WRD zoning code is presented within the addenda for the readers review.

Future Land Use - The entire property is within the Redevelopment Future Land Use District. This designation is consistent with the previously stated WRD zoning classification. Below, we present a map depicting the future land use at the subject property.

FUTURE LAND USE MAP INCLUDING THE SUBJECT



Concurrency - Development orders or permits require a Certificate of Concurrency with approval contingent upon a finding that adequate public facilities (e.g., roadways, water/sewer, parks, drainage, and waste) will be available concurrent with the impact of the proposed development. We are not aware of any concurrency issues associated with this location.

In summary, the subject appears to meet the zoning code, as it remains vacant land.

ASSESSMENT AND TAXES

The subject property is identified by the Escambia County Property Appraiser's Office by 7 property reference numbers. Each of these property references is assessed to City of Pensacola, whose address is 222 W. Main Street, Pensacola, FL 32502. Below, we present a table summarizing the most recent year 2014 assessment and taxes applicable to the subject property.

SUMMARY OF THE YEAR 2014 ASSESSMENTS AND TAXES FOR THE SUBJECT PROPERTY					
Lot #	Parcel ID	Land Size (Ac)	Land Assessment	Improvements Assessment	Total 2014 Assessment
3	00-0S-00-9400-000-030	0.2577	$ 190,859	$ -	$ 190,859
4	00-0S-00-9400-000-040	3.04	$ 1,721,486	$ 49,211	$ 1,770,697
5	00-0S-00-9400-000-050	1.74	$ 1,136,910	$ -	$ 1,136,910
6	00-0S-00-9400-000-060	0.84	$ 622,030	$ -	$ 622,030
7	00-0S-00-9400-000-070	1.48	$ 1,160,442	$ -	$ 1,160,442
8	00-0S-00-9400-000-080	1.75	$ 1,372,140	$ -	$ 1,372,140
9	00-0S-00-9400-000-090	0.39	$ 288,796	$ -	$ 288,796
	Totals	9.50	$ 6,492,663	$ 49,211	$ 6,541,874

According to assessment records, the total year 2014 assessment for the subject property was $6,541,874, allocated as follows: $6,492,663 to the land and $49,211 to the improvements. The Escambia County Tax Collectors office reports that there were no taxes applicable to the subject property for the most recent year 2014, as the subject is owned by the City of Pensacola (government owned). Copies of the assessment cards are presented within the addenda.

HISTORY OF PROPERTY

We are unaware of any transactions related to the subject property within the previous 3 years. Also, we are unaware of any current pending sales agreements related to the subject lots.

The most recent document related to the subject property referenced by the assessment records is a Master Lease for the larger Community Maritime Park (Ref: OR Book 5886, Page 1303), which is recorded in the public records of Escambia County at Pensacola, FL. The Master Lease is dated 3/27/2006. According to this document, the lessor is the City of Pensacola, and the lessee is Community Maritime Park Associates, Inc. The rental rate is negligible at $1.00/annum. The lease is for the larger Maritime Park project, for a term of 60 years, expiring on 5/28/2069. The lessee is stated to use the leased property to construct, develop, operate and maintain the public improvements and the private improvements on the leased property. The lease includes the subject's 7 lots and additional uplands and submerged land not appraised all totaling 41-acres (+/-). As mentioned, we have been specifically asked only to appraise the fee simple estate, and this lease is not considered in this analysis.

Also, we are aware that the subject's lots are currently available for lease. We asked the client to provide us with a marketing history of the subject lots since they were developed, including disclosure of asking rates for leasing the lots over this period, and details regarding any offers or contracts obtained during this period, including any that may have been rejected. However, were not provided with such data.

GENERAL AREA DATA

A detailed description and analysis of the broad market area is included in the addenda. Based on our analysis, we are of the opinion that the demand for real estate should remain generally consistent in the broad market area.

NEIGHBORHOOD DATA

The subject property is located within the Central Business District of Pensacola, Florida, which the City has deemed a “Community Redevelopment Area”. The city’s Community Redevelopment Agency (CRA) funds public infrastructure to foster private investment in new development and renovation within the designated area. This redevelopment area, as shown on the map below, encompasses the City’s downtown and urban core extending south from Cervantes Street to the waterfront, bounded by "A" Street on the west and 17th Avenue on the east.



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. Approximate figures for downtown uses include 37% office and services, 17% retail, 13% public/governmental, and 11% churches, lodges and clubs. The remaining 22% is comprised of entertainment, restaurant, hotel, transportation, communication, warehouse, and residential sectors.

Downtown Pensacola was typical to most urban areas across the country with it traditionally serving as the social and economic center of the community. The suburbanization of Pensacola during the period of from 1950 to 1970 led to a wide abandonment and gradual economic decay of the downtown area.

In response to the decline, the Downtown Improvement Board (DIB) was created to improve the area. Major changes did not occur in the area until the early 1980's when the renewed interest in historical structures, coupled with the rediscovery of the waterfront, caused many older buildings to be renovated for modern usage. During the 1985-1987 period, three office buildings were constructed, One Pensacola Plaza, 316 South Baylen Street and the Harbourview Building. These structures improved the "look" of the downtown area. Conversely, they negatively impacted the market for office space by creating somewhat of a "glut" of space. A slow absorption ensued and a more normal vacancy rate of 5% to 8% was not reached until the mid 1990's. There has been some new construction since that time, and considerable rehabilitation of older structures has taken place. At the present time, most multi-tenant office buildings in the downtown market exhibit occupancy between 80% and 100%. There is presently a slight oversupply of office space in the downtown market, and rental rates in general have declined over the last several years.

Recently, the Emerald Coast Utilities Authority (ECUA) has replaced its old Main Street Wastewater Treatment Plant with a new facility at a site 25 miles to the north in Cantonment. This relocation of the regional wastewater plant has benefitted the downtown community both economically and environmentally. Demolition of the old wastewater plant is complete, and an old eyesore has been removed. New development is anticipated near the waterfront areas in its general location, which is across the street north from the new Maritime Park/Blue Wahoo's stadium and the

subject's 7 lots. The former wastewater treatment site contains 18.54-acres of land and was recently purchased by "Old Stinky, LLC" from E.C.U.A. for a consideration of $5,200,000 ($280,477/acre). We are uncertain as to the intent of the purchase at this time. We presently see much fill activity on this site, and the owner is reportedly raising the level of the property due to flood concerns and in anticipation of eventual development which is not yet planned.

Recently developed across the street from the old wastewater plant site is the new Vince Whibbs Community Maritime Park, a multi-use development located on the waterfront, between Devilliers and Spring Streets. As mentioned, the subject is 7 platted/vacant lots within this development. Already completed in the park is a 5,000-seat baseball stadium, home to the Pensacola Blue Wahoos, a Double-A affiliate of the Cincinnati Reds Major League Baseball team, as well as a new multi-story office building, known as Maritime Place Office Building. A new breakwater is also presently under construction at the southwest corner of the development within Pensacola Bay. A new $600,000 playground is also under construction south of the stadium's right field, just south of the subject's Lot 9. The Maritime Park will ultimately include residential, additional office and retail space, and feature a full calendar of recreational and cultural offerings. Visual depictions of the Maritime Park project are shown below.


Waterscape Treatment Plant
Surface Parking
Multi-Cultural Museum
Direct Access from West Main Street to Structured Parking
West Main Street
City Hall
Water Garden
Water Garden
Structured Parking
Structured Parking
DeVilliers Street
Reus Street
Spring Street
Pocket Park
Spring Street Park
Cadiz Street
Mixed-Use Studio Building
DeVilliers Street
Reus Street
Stadium Main Entrance
UWF Maritime Museum Research Facility
DeVilliers Place
DeVilliers Wharf
Maritime Park Museum Plaza
60'
86'
Museum Drive
Multi-Purpose Stadium
Museum / South Park Parking
Maritime Park Museum (+/- 43,500sf in 3-story building)
Maritime Park Museum Expansion (+/-17,000sf in 3-story building)
Maritime Park Museum Additional Expansion (+/-30,000sf in 3-story building)
Total +/-90,500sf
South Park Parking & Dropoff
South Park
Amphitheater
PENSACOLA BAY
A Mixed-Use Development
NORTH
0 30' 60' 120'
Community Maritime Park
MUSEUM ADDITIONAL EXPANSION
November 17, 2009
EDSA



Also, renovations have taken place along South Palafox Street in the vicinity of the subject property to the northeast. Many new bars and restaurants have opened in this area in recent years, and there is a serious trend underway for revitalization of the downtown area. Recently the old Penko building at the northwest corner of South Palafox and Main Streets was renovated for three upscale retail shops, including the Bodacious Olive retail store and Carmen's restaurant, both which recently opened. These same owners more recently purchased the second, much larger Penko building at the northeast corner of Palafox and Main for similar renovations, with the project to be known as The Artisan. This project consists of retail on the ground level (completed recently) and residential above. A new landmark Bank of Pensacola building was also recently completed in late 2014 at this same intersection. We also see a new large 3-

story office building currently under construction just northwest of the subject property within the Maritime Park complex (Lot 1), which will be know as “One51 Main”. With the presence of the Blue Wahoo’s baseball team and extensive revitalized downtown commercial activity, we are seeing much new investment/construction and renovations to properties along core routes of Palafox Street and Main Street in the vicinity of the subject. Also, within the past 3-years the Pensacola Library, located 0.58 mile north at the corner of Spring Street and Gregory Street, underwent a major renovation and expansion. Additionally, we have recently been told by local realtors that a new hotel is planned for construction 1,190’ (+/-) east of the Maritime Park development along the south side of E. Main Street, and that a new Centennial Bank will be constructed at the north end of the Central Business District along E. Garden Street at Tarragona Street. Also, we have also read two recent news articles within Pensacola News Journal dated January 29, 2015 and April 8, 2015 reporting that a Miami developer hopes to bring a hotel complex to the Maritime Park. The proposed project would be a 65-million dollar development, including a 120 room hotel and a 200 room residential complex upon 3 lots within the Maritime Park project (subject Lots 4, 7 and 8). The developer has also expressed a desire for subject Lots 3 and 9, which adjoin the stadium. The proposal for Lot 4 will be a $20-million select service hotel, and “boutique residential” for Lots 7 and 8. It is our understanding that the City is still evaluating the proposals, and that there are not firm agreements to lease/develop the property as of yet.

As mentioned, the subject is 7 lots that are within the Maritime Park complex. The Maritime Park development is situated along the south side of West Main Street at its intersections with South Spring Street, South Reus Street, and South Devilliers Street. The Maritime Park development is about 835’ west of the signalized intersection of South Palafox Street and Main Street, and is in the core of downtown within the Central Business District. Several older office buildings and old warehouses in this area have also been renovated over the years to Class “A” type space. This location is one

of the most desirous in downtown Pensacola, as it is very close to governmental offices, as well as entertainment, restaurants, etc. Also, Main Street in this location is also known as Bayfront Parkway. This route connects the Pensacola Bay Bridge to the downtown area, and is well traveled.

Approximately 0.75-mile northeast of the subject along North Alcaniz Street is the Pensacola Civic Center, a 10,000 SF arena with over 20,000 SF of exhibition space and more than 13,000 SF of meeting space. A new technology park is proposed for development on a 9.2-acre tract of public land adjacent to the south of the Civic Center, and it is expected to host between 300,000 to 500,000 square feet of office space for technological type businesses. Adjacent to the south of the technology park is Aragon Court, a new 129-lot development of upscale single family homes and small commercial businesses that are of historical design and character.

In summary, with the ongoing gentrification and new development in the downtown area, the future outlook for the subject neighborhood appears good as the gentrification expands outward. The general market area is presently experiencing a revitalization period, and conditions at present are relatively positive and are expected to remain so over the near term. The presence of the new Maritime Park, stadium and the Pensacola Blue Wahoo's baseball franchise are certainly having a substantial positive impact in the immediate area, and the subjects' lots within the Maritime Park project are well positioned and should benefit greatly from their highly desirable location in a downtown market that is now primed for substantial change for the better.

SITE DATA

As mentioned, the subject consists of 7 platted lots within the Vince Whibbs Sr. Community Maritime Park, in downtown Pensacola. These are Lots 3-9, which total 9.48-acres (+/-) of site area per the plat map. Below, we will describe each lot for the readers review. For the reader's reference, we have been asked to appraise the subject's 7 lots "as-vacant". Although there exist extensive site improvements upon these lots, such as landscaping, one vary large parking lot, site lighting, sidewalks, and underground drainage systems, etc., these site improvements are not appraised.

Lot 3 (0.26-acres +/-) – This lot is located at the east end of the Maritime Park project along north wall of the stadium. According to the plat map, the lot contains 0.26-acres of site area, or 11,326 SF (+/-). Based upon assessment mapping, which appears to match the plat mapping, the site measures 150.87' along its north boundary and the south side of Cedar Street x 89.60' along its east boundary x 158.74' along its south boundary x 64.46' along its west boundary. The site appears level, has an irregular but generally rectangular shaped configuration, and is currently landscaped. A 5' wide sidewalk/utility easement exists along the entire north boundary of this lot. As mentioned, we are appraising this site "as vacant", and site improvements on this lot are not appraised. The south boundary of the site borders the stadium. Based upon our inspection, it would seem that the potential exists for an elevated view from this site into the stadium along the left field line. The potential might also exist to connect future development on this site to the stadium itself. We also see that this site has a distant water view toward the east and the harbor.

Lot 4 (3.02-acres +/-) – This lot is located at the north end of the Maritime Park project and the south side of West Main Street. According to the plat map, the lot contains 3.02-acres of site area, or about 131,551 SF (+/-). Based upon assessment

mapping, which appears to match the plat mapping, the site measures 324.84' along its north boundary and West Main Street x (50.00' x 295.47') along its east boundary and South Reus Street x 399.04' along its south boundary x (43.99' x 244.55' x 60.00') along its west boundary and South Devilliers Street. The site appears mostly level, and is slightly irregular in its shape. It is currently mostly covered with asphalt pavement for parking. We count 4 bus spaces, 22 handicapped spaces, and 311 auto spaces upon this lot (total of 337 spaces, +/-). Also seen on the lot are 14 parking lot lights atop metal poles, a storm sewer system, and 44 concrete stops. A 7' wide sidewalk/utility easement exists along most of the west boundary of this lot. This lot presently serves as the main parking lot for the larger Maritime Park and Stadium. As mentioned, we are appraising this site "as vacant", and the site improvements on this lot are not appraised.

Lot 5 (1.74-acres +/-) – This lot is located at the center of the larger Maritime Park project adjoining south of the previously described Lot 4. According to the plat map, the lot contains 1.74-acres of site area, or about 75,794 SF (+/-). Based upon assessment mapping, which appears to match the plat mapping, the site measures (110.97' x 19.13') along its east boundary and South Reus Street x (197.97' x 14.48' +/-) along the southeast boundary and W. Cedar Street x (about 14.48' +/- x 90.16' x 165.32') along the southwest boundary and South Devilliers Street x 399.04' along the north boundary (bordering Lot 4). The site appears mostly level at its center, but slopes down from its southeast and southwest sides toward the interior of the lot. It is mostly covered with grass, and we also see two winding sidewalks on site. A 7' wide sidewalk/utility easement exists along the entire southwest boundary of this lot, and a similar 5' wide easement exists along the entire southeast boundary. As mentioned, we are appraising this site "as vacant", and site improvements on this lot are not appraised. This lot presently serves as an exhibition field for the larger Maritime Park and Stadium.

Lot 6 (0.84-acres +/-) – This lot is located at the northwest corner of the Maritime Park project and borders the south side of West Main Street. According to the plat map, the lot contains 0.84-acres of site area, or about 36,590 SF (+/-). Based upon assessment mapping, which appears to match the plat mapping, the site measures 162.72' along its north boundary and West Main Street x (53.00' x 90.13' x about 16.595' +/-) along its east boundary and South Devilliers Street x (16.595' +/- x 152.31' x 21.21' along its south boundary and Whibbs Drive x 258.04' along its west boundary. The site appears mostly level at its center, but slopes down from its south and west boundaries inward. It is also has an irregular shape. It is currently grassed over, with the exception of a small area of landscaping seen within the northeast boundary. A 5' wide sidewalk and utility easement also exists along the east boundary of this site. As mentioned, this lot is appraised "as vacant", and we do not value any site improvements.

Lot 7 (1.48-acres +/-) – This lot is located along the west border of the Maritime Park project across the street south of the previously described Lot 6. According to the plat map, the lot contains 1.48-acres of site area, or about 64,469 SF (+/-). Based upon assessment mapping, which appears to match the plat mapping, the site measures (69.45' x 35.16' x 97.47' x about 19.445' +/-) along its north boundary and Whibbs Drive x (19.445' +/- x 47.97' x 201.63' along its east boundary and South Devilliers Street x 160.27' along its southeast boundary x 163.79' along its south boundary x 175.35' along its west boundary. The site appears mostly level at its center, but slopes down from its north, east and south boundaries inward. It is also has an irregular shape, and is mostly grassed over. A 5' wide sidewalk and utility easement exists along the east boundary of this site. A common area public park known as Devilliers Plaza, borders outside the southeast boundary of this lot. Finally, a brick paver sidewalk, metal railing, and seawall

(Devilliers Wharf) is seen bordering outside along the south boundary of this lot at the waterfront. Although this site has no direct water frontage, it has basically an unobstructed water view of Pensacola Bay along the south boundary (163.79'). As mentioned, this lot is appraised "as vacant", and we do not value any site improvements.

Lot 8 (1.75-acres +/-) – This lot is located along the west border of the Maritime Park project across the street west from the stadium. According to the plat map, the lot contains 1.75-acres of site area, or about 76,230 SF (+/-). Based upon assessment mapping, which appears to match the plat mapping, the site measures (111.92' x 13.47' +/-) along the northeast boundary and South Devilliers Street x (13.47' +/- x 229.79' x 87.15' x 46.37') along the east boundary and Devilliers Court (a/k/a, Museum Lane) x 155.78' along the south boundary x 354.45' along the west boundary x 125.80' along the northwest boundary. The site appears mostly level at its center, but slopes down from its east boundary inward, and then down along its west side toward the waterfront. It is also has an irregular shape, and is mostly grassed over. A 5' wide sidewalk and utility easement exists along the northeast, and east boundary of this site. A common area public park, previously described as Devilliers Plaza, borders outside the northwest boundary of this lot. Finally, a brick paver sidewalk, metal railing and seawall (Devilliers Wharf) is seen bordering outside along the west boundary of this lot at the waterfront. Although this site has no direct water frontage, it has basically an unobstructed water view of Pensacola Bay along the west boundary (354.45'). At present, the site is used for overflow parking, apparently during construction of a breakwater and playground to the south, and also as an exhibition field. As mentioned, this lot is appraised "as vacant", and we do not value any site improvements.

Lot 9 (0.39-acres +/-) – This lot is located at the west end of the Maritime Park project along west wall of the stadium. According to the plat map, the lot contains 0.39-acres of site area, or about 16,988 SF (+/-). Based upon assessment mapping, which appears to approximately match the plat mapping, the site measures (64.37' x 87.15' x 50.55' x 5.15' x 22.20') along its west boundary and Devilliers Court (a/k/a Museum Lane) x (29.50'x 4.24') along the south boundary x (9.96' x 50.22' x 3.74') along the southeast boundary x 195.40' along the east boundary x 75.92' along the north boundary. The site appears level, and has an irregular shaped configuration. We see much landscaping on this lot. A 5' wide sidewalk/utility easement exists along the entire west boundary of this lot. Also, we see a 20' x 47' electrical easement along much of the north boundary at the northwest corner of the lot. There exists electrical equipment in this area. As mentioned, this lot is appraised "as vacant", and we do not value any site improvements. The east boundary of the site borders the stadium. Based upon our inspection, it would seem that the potential exists for an elevated view from this site into the stadium along the right field line. The potential might also exist to connect future development on this site to the stadium itself. We also see that this site has a distant water view toward the west and the harbor.

As mentioned, there are several roads that serve the larger Maritime Park. Each of those mentioned above that border the subject's lots, including Cedar Street, Reus Street, Devilliers Street, Whibbs Drive, and Devilliers Court (a/k/a Museum Lane) are two lane, 60' wide, asphalt-paved roads with concrete curbing, concrete sidewalks, and street lights. Also, along the north border of the Maritime Park is West Main Street, which is a two lane, asphalt-paved road having concrete/brick sidewalks, overhead utilities, and a storm sewer system. There exists a heavily landscaped center median within W. Main Street at this location.

All necessary utilities are available nearby, which include public water and sanitary sewer service.

F.E.M.A. Flood Map #12033C0390G, dated 9/29/2006, indicates that the subject's 7 lots are each within areas of flood hazard. We refer to pages 13 and 14 for a depiction of the subject's lots and their flood zone characteristics per F.E.M.A. and also County GIS flood mapping.

Drainage at the subject lots appears adequate, and we see a storm water drainage system with retention within the Maritime Park complex that aids in drainage of the property. According to the U.S.D.A. Soil Survey the entire upland portion of the Maritime Park complex, where the subject's 7 lots are situated, is within areas of Arents – Urban Land Complex (0-3% slopes) consisting of Arents and Urban soils that have been closely intermingled so that they could not be mapped separately. Based upon existing and surrounding construction, we believe that the subject's 7 lots are suitable for development.

We are not aware of any easements, encroachments or restrictions that adversely impact the subject's lots.

HIGHEST AND BEST USE

Highest and Best Use is defined 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."[2] In estimating the highest and best use of the subject property, the following were taken into consideration:

1) The uses physically possible on the site
2) The uses legally permissible at that site
3) Financially feasible uses of the site
4) The maximally productive use of the property

"AS VACANT":

Legally Possible Uses: The subject's 7 lots are all within the WRD, Waterfront Redevelopment District zoning classification, and a future land use plan that is consistent with zoning. The WRD zoning allows for a wide variety of residential and commercial uses as described in the zoning section, single-family (up to 17.4 dwellings per acre), multi-family (up to 60 dwellings per acre), offices, hotels/motels, and retail sales and services (banks, retail food and drug stores, specialty shops, restaurants, and health clubs, among others). Plans for development are subject to architectural review.

Physically Possible Uses: As mentioned, the subject property is 7 platted lots within the Vince Whibbs Sr. Community Maritime Park project. This development is a multi-use project located on the waterfront. Existing uses within this development

[2] *The Dictionary of Real Estate Appraisal,* 4th edition (Chicago, IL: Appraisal Institute, 2002)

include a baseball stadium, two multi-story office buildings (one of these is still under construction), and an amphitheater. Also under construction within this project are a large playground and a breakwater for eventual marina construction. The subject's 7 lots range in size from 0.26-acre up to 3.02-acres (about 11,326 SF to 131,551 SF +/-). They are each well positioned within the larger platted development. Each lot has good access and exposure, and several have water views of Pensacola Bay. Based upon soil mapping, and also surrounding construction within the Maritime Park project, each lot is comprised of soils that are suitable for development. However, they are also within areas of potential flood activity. They each have irregular shaped site configurations, but are mostly level and are physically well suited for commercial or even multi-family development.

Financially Feasible Uses: Financially feasible uses are best exhibited by reviewing surrounding properties within the nearby community, and also within the same Maritime Park project. The subject's 7 lots are situated in a platted multi-use development that is a centerpiece/landmark of the downtown community. Within the larger Maritime Park project is a 5,000 seat multi-use stadium that is the home to the Pensacola Blue Wahoo's baseball franchise, a double-A Major League team affiliated with the Cincinnati Reds. During baseball season, which is presently ongoing, it is common for the stadium to be sold out. The greater Pensacola and Northwest Florida population has warmly welcomed the Blue Wahoos team, and fan support and loyalty is well established. Thus, large crowds flock to the downtown area and the Maritime Park area during each home game, with the current season playing from April 9, 2015 to September 7, 2015. Additionally, University of West Florida Football is slated to play at this same stadium as their home at least temporarily when the team starts its inaugural season in the fall of 2016. Also, significant investment has been made in the core of

downtown in recent years since the arrival of the Blue Wahoos and Maritime Park/stadium. This new development is beginning to spur a renaissance in downtown. We see several older buildings that have been completely remodeled for mixed commercial and/or residential use at the intersection of Main Street and South Palafox Street just east of the Maritime Park. Additionally, recent construction nearby includes a new Bank of Pensacola/AMFI building and also an open air food court at the same intersection. A large office building known as One51 Main is also under construction upon Lot 1 within Maritime Park , and recently completed is the multi-story Maritime Place office building upon Lot 2. We are also aware that a new 5-story 100-room hotel is planned just east of the Maritime Park at the intersection of East Main Street and South Jefferson Street.

We are also seeing continued revitalization of the South Palafox Street corridor, and crowds of patrons are seen frequently in this area, which is seen not only as a center for government, offices and banking, but also as a thriving entertainment district. In this core section of downtown surrounding the Maritime Park, we see many banks, mid-rise and high-rise buildings, attorney offices, real estate offices, construction offices, restaurants, and many other uses. It is plainly obvious that the subject's 7 lots are centrally located in the core of downtown, and that their location within the Maritime Park development lends them extensive exposure. With several of the subject's lots having water views, considering the presence of the stadium, and intense mixed new commercial development surrounding, a wide variety of uses are feasible at this location upon each lot. Feasible uses upon the subject's lots would include hotels, offices, multi-family to the maximum allowable density per lot (60 DU/Acre), or other intense uses or a mix of uses. These lots are definitely some of the most desirable vacant tracts in all of Northwest Florida.

Maximally Productive Use: Based on the previous analyses, we conclude that the highest and best use, "as-vacant" for each of the subject's 7 lots is for intense commercial development, or mix of intense uses similar to surrounding uses, such as restaurant, office, retail, hotel, multi-family (to the maximum allowable density), combination of same, or alternative commercial use, in support of the surrounding neighborhood. This is the highest and best use of the subject property, "as-vacant".

APPROACHES TO VALUE

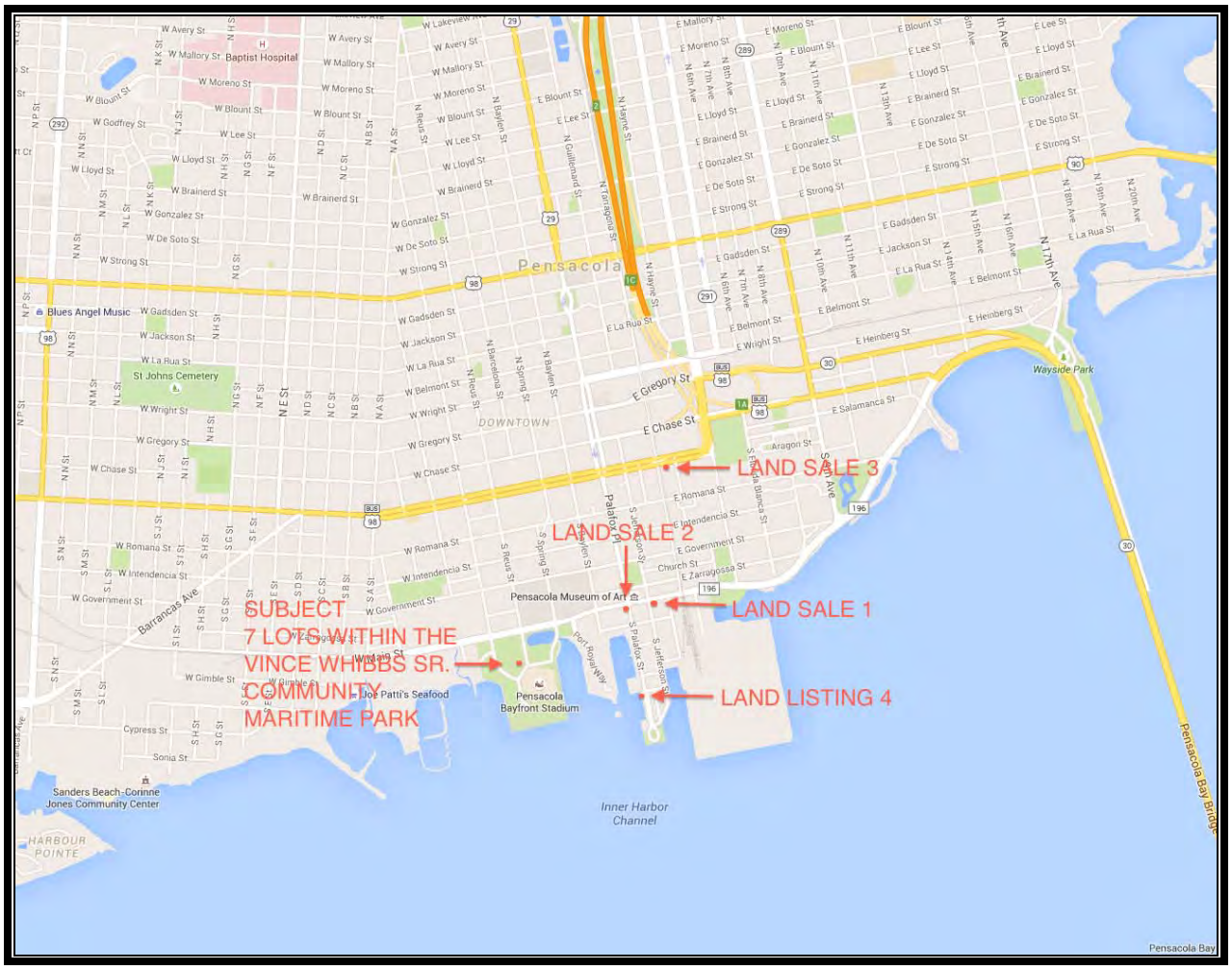
There are three approaches to value or techniques that are utilized in the appraisal of real property. The sales comparison approach to value is the most valid indicator of value. The appraiser has determined the Cost and Income Approaches are inappropriate to the valuation of the subject property, as this is an appraisal analysis of land only. These approaches to value lack relevance to the valuation of "land only," they have minimal market support as valid indicators, and said approaches are therefore excluded from our analysis.

LAND VALUATION

The sales comparison approach is employed for valuation of the subject land. The sales comparison approach relies upon the principle of substitution, which asserts that no person is justified in paying more for a property then the price of purchasing a similar property of equal utility on the open market. The sales comparison approach is much like the approach taken by buyers who consider several offerings of properties before deciding to purchase a particular property.

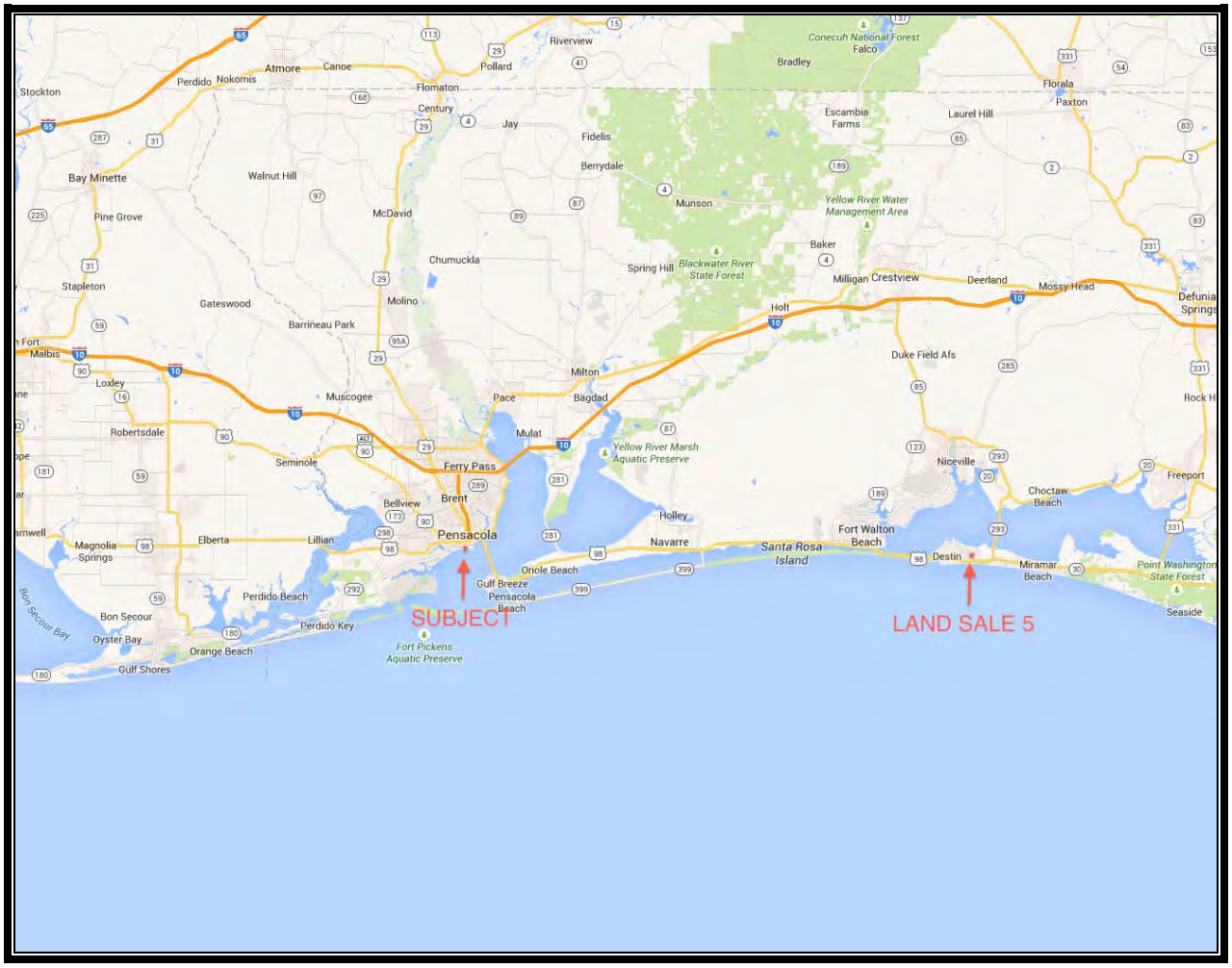
The land sales deemed the most comparable are described on the respective sale data sheets on the following pages. We will commence with the sales comparison approach with an analysis of the subject's Lot 3, by presenting a land grid and also commentary regarding adjustments of the comparable sales, in order to obtain a value opinion for this portion of the property. Following this analysis, we well again present separate land grids and analyses of each of the other 6 lots, in order to obtain a final value opinion of each lot.

LOCATION MAP OF SUBJECT PROPERTY AND COMPARABLE LAND SALES 1-3 AND LISTING 4



PENSACOLA, FL

LOCATION MAP OF SUBJECT PROPERTY AND COMPARABLE LAND SALE 5



DESTIN, FL

Land Sale No. 1



Property Identification

Record ID	6480
Property Type	Vacant Commercial Land
Property Name	Vacant Commercial Land
Address	101 East Main Street, Pensacola, Escambia County, Florida 32502
Location	SE Corner E. Main St. and S. Jefferson St.
Tax ID	00-0S-00-9100-010-002
Inspect Date	March 24, 2015
Existing Use	Vacant Commercial Land
MSA	Pensacola

Sale Data

Grantor	Strategic Crossing Phase III, LLC
Grantee	Siddiqi Exchange, LLC
Sale Date	December 18, 2014
Deed Book/Page	7279 104
Property Rights	Fee Simple
Marketing Time	Unknown
Conditions of Sale	Arm's Length per Title and Listing Agents
Financing	Cash to Seller
Sale History	None other within the previous three years
Instrument	Warranty Deed (Corporate)
Verification	Ashley Lentini, Title Agent; 850-202-8518, March 24, 2015; Chris Green, Listing Agent, 850-316-7160, March 24, 2015; Other sources: Public Records, Confirmed by Bruce A. Black
Sale Price	$1,500,000

Land Data

Zoning	C-2A, Downtown Commercial
Topography	Mostly Level
Utilities	All Necessary Available
Dimensions	121.42' x 250' x 121.42' x 250'

Land Sale No. 1 (Cont.)

Shape	Rectangular
Flood Info	Zone AE
Future Land Use	HP, Historic and Preservation
Highest and Best Use	Commercial Development
Encumbrances	None Noted

Land Size Information

Gross Land Size	0.697 Acres or 30,357 SF
Allowable Units	94
Front Footage	121 ft. Primary Frontage: 121 ft. SS of E. Main Street;250 ft. ES of S. Jefferson Street;121 ft. NS of E. Cedar Street

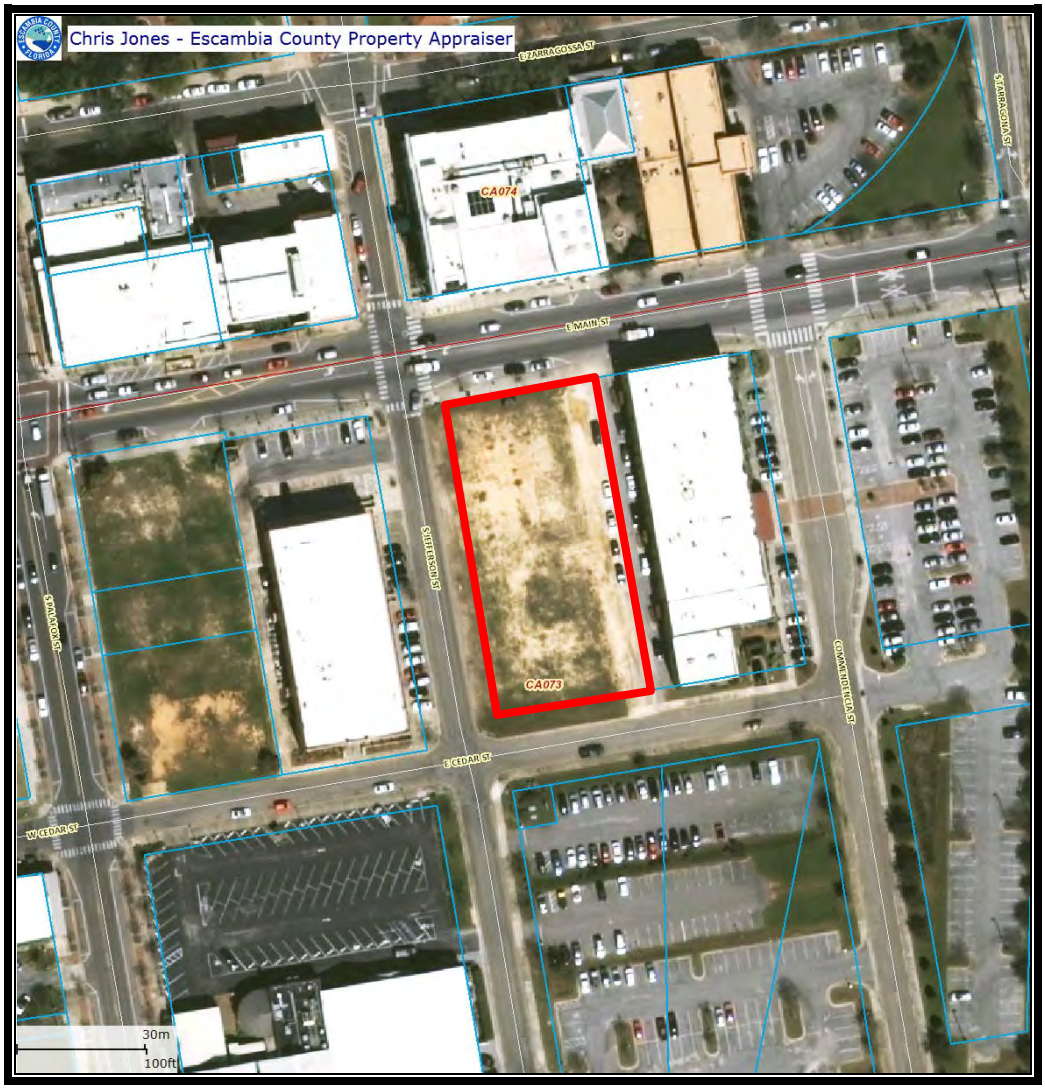
Indicators

Sale Price/Gross Acre	$2,152,389
Sale Price/Gross SF	$49.41
Sale Price/Allowable Unit	$15,957
Sale Price/Front Foot	$12,397

Remarks

This is the sale of vacant commercial land located at the southeast corner of the intersection of East Main Street and South Jefferson Street, in Pensacola, FL. This site also is situated at the northeast corner of the intersection of South Jefferson Street and East Cedar Street. Thus, it has frontage on 3 sides. The property borders west of the Beggs & Lane law firm. It is within the core of the Central Business District, and is also very near the South Palafox corridor, many restaurants and governmental offices, and the Maritime Park. The title agent who prepared the deed verified the sale price and the fact that the transaction was "arm's length". However, she did not know why the buyer purchased the site. The listing agent also verified the sale and reports to us that the buyer intends to construct a hotel on site. We have seen several PNJ news articles describing that a 100 room, 5-story hotel is planned for this property, subject to City approval.

AERIAL MAP INCLUDING LAND SALE 1



Land Sale No. 2



Property Identification

Record ID	5126
Property Type	Vacant Commercial Land
Property Name	Vacant Commercial Land
Address	Pensacola, Escambia County, Florida
Location	SW Corner W. Main St. and S. Palafox St.
Tax ID	00-0S-00-9100-110-025/120-025
Inspect Date	January 24, 2012
Existing Use	Vacant Land

Sale Data

Grantor	George F. Overby
Grantee	Sogo Spa, LLC
Sale Date	November 21, 2011
Deed Book/Page	6790 702
Property Rights	Fee Simple
Marketing Time	Unknown
Conditions of Sale	Arm's Length
Financing	Cash to Seller
Sale History	None other within the previous three years
Instrument	Warranty Deed
Verification	Other sources: Public Records, Confirmed by Bruce A. Black

Sale Price	$340,000

Land Data

Zoning	SPBD, South Palafox Business District
Topography	Mostly Level
Utilities	All Necessary Available
Dimensions	125' x 50' x 125' x 50'
Shape	Rectangular
Flood Info	Zone AE
Future Land Use	B, Business
Highest and Best Use	Commercial Development

Land Sale No. 2 (Cont.)

Encumbrances	None Noted

Land Size Information

Gross Land Size	0.143 Acres or 6,250 SF
Allowable Units	15
Front Footage	125 ft. Primary Frontage: 125 ft. SS West Main Street;50 ft. WS South Palafox Street

Indicators

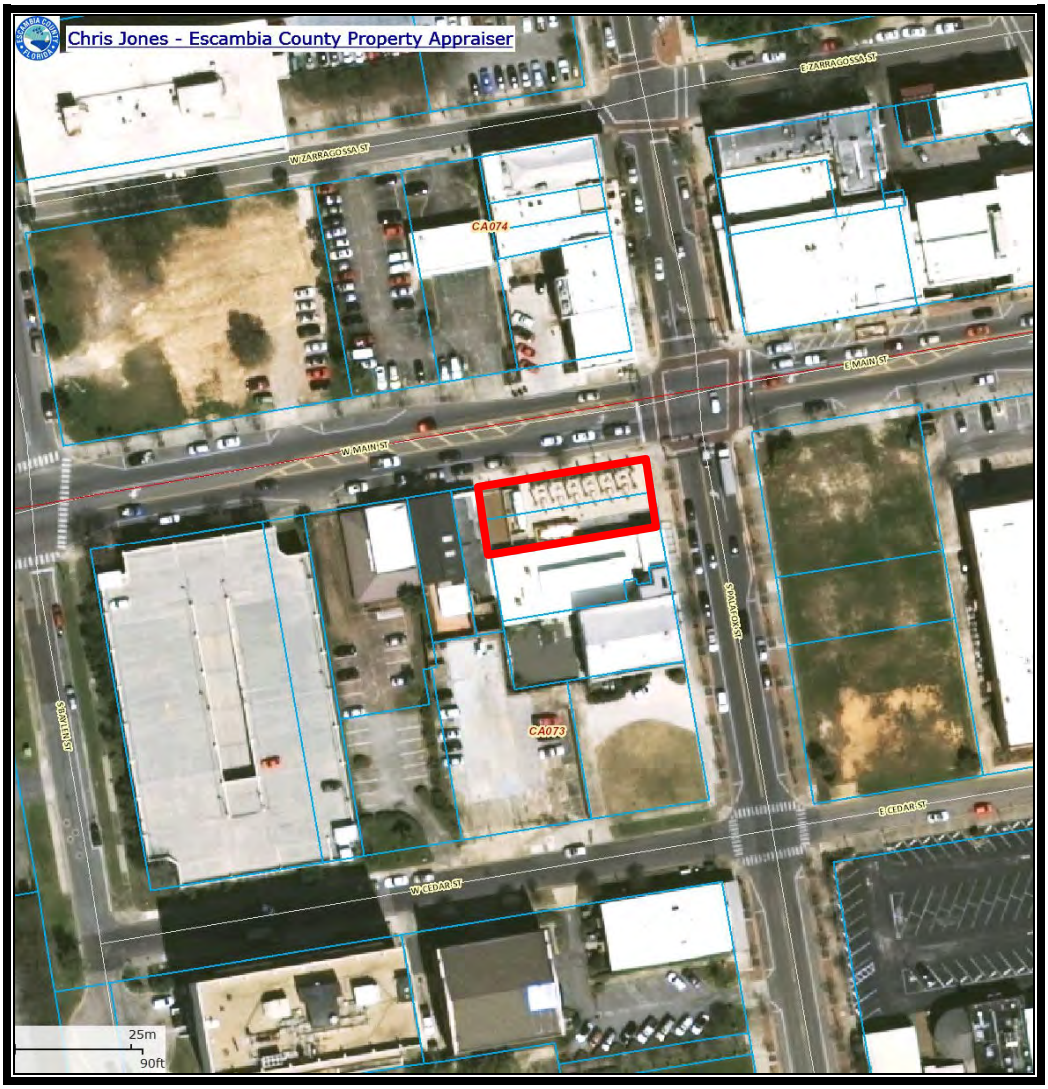
Sale Price/Gross Acre	$2,369,664
Sale Price/Gross SF	$54.40
Sale Price/Allowable Unit	$22,667
Sale Price/Front Foot	$2,720

Remarks

This is a sale of a vacant commercial site located at the southwest signalized corner of the intersection of West Main Street and South Palafox Street in downtown Pensacola, FL. The sale was arm's length per the closing attorney. The South Palafox Business District zoning (City) allows for 17.4 single-family dwelling units per acre, and 108 multi-family dwelling units per acre. Applied to the 6,250 SF site (0.14-acre) renders 2 single-family residential dwellings, and 15 multi-family dwellings allowed upon this site. However, due to its small size, it is doubtful that this many multi-family dwellings could be constructed. The location is at a busy intersection, and due to the lack of current demand for multi-family uses in the current market (2011), the highest and best use of this site is for commercial development, such as an office, restaurant, or other similar use such as those seen in the surrounding area.

Since the date of sale, this property has been developed with a pedestrian oriented restaurant trailer facility known as Al Fresco.

AERIAL MAP INCLUDING LAND SALE 2



Land Sale No. 3



Property Identification

Record ID	6481
Property Type	Vacant Commercial Land
Property Name	Vacant Commercial Land
Address	Pensacola, Escambia County, Florida 32502
Location	SE Corner E. Garden Street and Tarragona St.
Tax ID	00-0S-00-9001-001-217
Inspect Date	June 18, 2014, and March 24, 2015
Existing Use	Vacant Commercial Land
MSA	Pensacola

Sale Data

Grantor	Seville Centre, LLC
Grantee	Centennial Bank
Sale Date	March 06, 2015
Deed Book/Page	7310 1074
Property Rights	Fee Simple
Marketing Time	Unknown
Conditions of Sale	Arm's Length
Financing	Cash to Seller
Sale History	None within the previous three years
Instrument	Special Warranty Deed
Verification	Don Neal, Broker; 850-444-9994, March 24, 2015; Other sources: Public Records, Confirmed by Bruce A. Black
Sale Price	$800,000

Land Data

Zoning	C-2A, Downtown Commercial
Topography	Mostly Level
Utilities	All Necessary Available
Dimensions	207.19' x 144.91' x 207.19' x 144.70'
Shape	Rectangular
Flood Info	Zone X, Minimal Flood Probability

Land Sale No. 3 (Cont.)

Future Land Use	H.P., Historic and Preservation District
Highest and Best Use	Commercial Development
Encumbrances	None Noted

Land Size Information

Gross Land Size	0.689 Acres or 30,002 SF – Per Survey
Allowable Units	92
Front Footage	207 ft. Primary Frontage: 207 ft. SS East Garden Street;145 ft. ES Tarragona Street;145 ft. WS Manressa Street – Per Survey

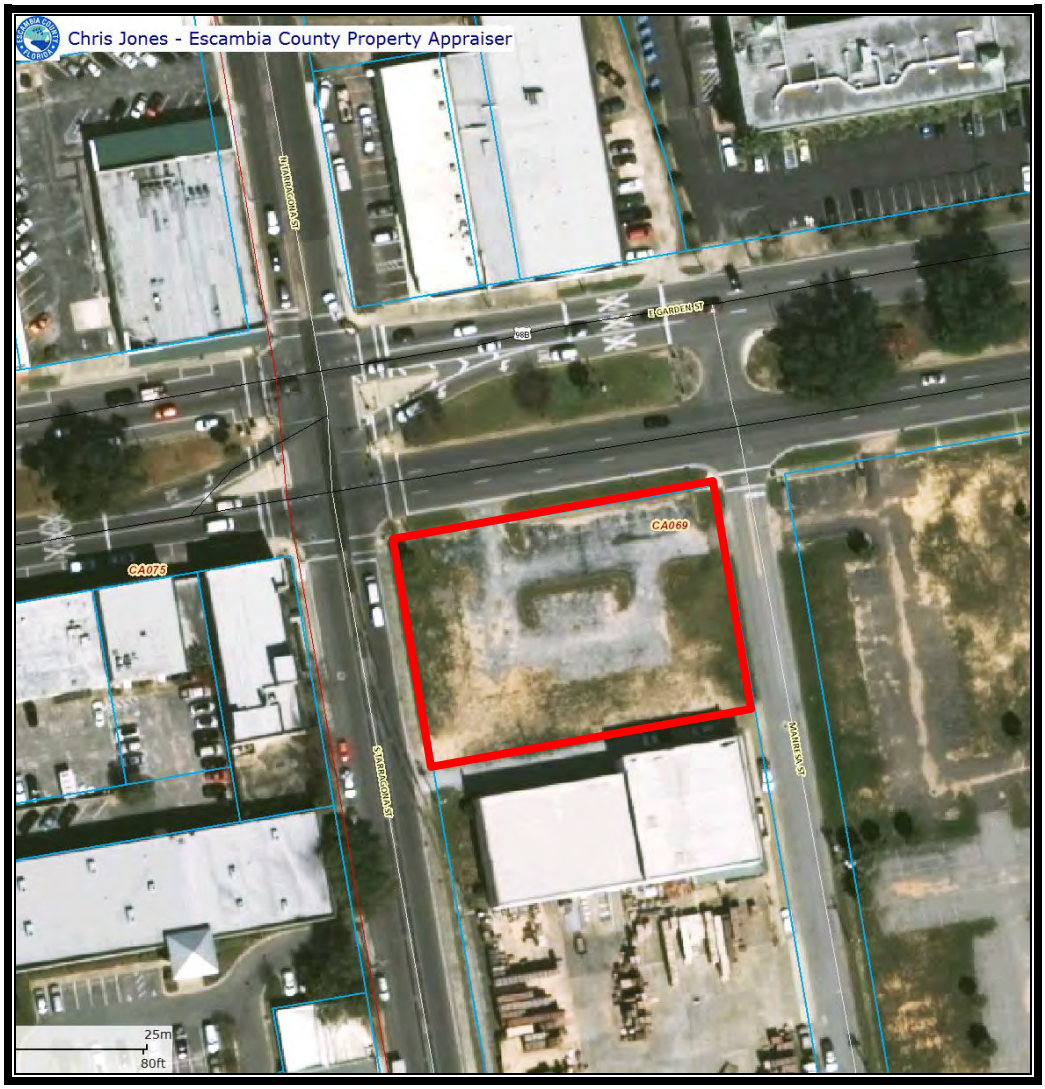
Indicators

Sale Price/Gross Acre	$1,161,523
Sale Price/Gross SF	$26.66
Sale Price/Allowable Unit	$8,696
Sale Price/Front Foot	$3,865

Remarks

This is a sale of vacant commercial land located at the southeast corner of the intersection of East Garden Street and Tarragona Street, in downtown Pensacola, FL. The site also is situated at the southwest corner of East Garden Street and Manressa Street. The property is mostly level, and benefits from signalized corner exposure at the intersection of Garden and Tarragona Streets. This location is at the north end of the Central Business District and is within a core location in downtown Pensacola. It is our understanding that the buyer intends to construct a bank branch on the property in the future.

AERIAL MAP INCLUDING LAND SALE 3



Land Listing No. 4



Property Identification

Record ID	6484
Property Type	Vacant Waterfront Land
Property Name	Vacant Waterfront Land
Address	800 Block of South Palafox Street, Pensacola, Escambia County, Florida 32502
Location	WS of S. Palafox Street at Pine Street
Tax ID	00-0S-00-9100-011-044
Inspect Date	March 25, 2015
Existing Use	Vacant, Former Restaurant Site

Sale Data

Grantor	Palafox Pier II, LLC
Survey Date	March 25, 2015
Property Rights	Fee Simple
Marketing Time	Unknown
Sale History	None within the previous 3 years
Verification	Peter McDavid, Owner; 850-748-5100, March 25, 2015; Other sources: Inspection, Confirmed by Bruce A. Black
Listing Price	$2,750,000

Land Data

Zoning	SPBD, South Palafox Business District
Topography	0.74-Ac Uplands, Rest Submerged
Utilities	All Necessary Available
Dimensions	Metes and Bounds
Shape	Irregular
Flood Info	Zone AE
Future Land Use	Commercial
Highest and Best Use	Commercial Development
Encumbrances	None Noted

Land Listing No. 4 (Cont.)

Land Size Information

Gross Land Size	1.473 Acres or 64,184 SF
Front Footage	310 ft. Total Frontage: 310 ft. WS of S. Palafox Street;310 ft. Effective Harbor front

Indicators

Sale Price/Gross Acre	$1,866,353
Sale Price/Gross SF	$42.85
Sale Price/Front Foot	$8,871

Remarks

This is the current listing of vacant waterfront land located along the west side of South Palafox Street at its intersection with Pine Street, in downtown Pensacola. The site is currently listed for $2,750,000 per the owner. He offered no other information. The site is located within the South Palafox Business District, which allows for a wide variety of commercial uses, as well as 17.4 single-family dwelling units per acre, and 108 multi-family dwellings per acre. Applied to the 64,184 SF of site area renders 25 single family dwellings and 159 multi-family dwellings allowed on this site. However, due to its small size, it is doubtful that this many multi family dwellings could be constructed. The site fronts protected harbor front, and is highly desirable. The potential exists to construct wet boat slips at this location as well. The site is the former location of Mr. Manatee's restaurant and other improvements, which have been demolished.

AERIAL MAP INCLUDING LAND LISTING 4



Land Sale No. 5

Property Identification

Record ID	5419
Property Type	Vacant Waterfront
Property Name	Vacant Waterfront Land
Address	316 Harbor Blvd., Destin, Okaloosa County, Florida
Location	SS Harbor Blvd., 550' E of Marler St.
Tax ID	00-2S-22-0630-0000-0630
Inspect Date	Inspected September 10, 2012 by Bruce Black
Existing Use	Discount Watersports

Sale Data

Grantor	Seaview of Destin, Inc.
Grantee	Harborview Properties, LLC
Sale Date	January 27, 2012
Deed Book/Page	3019 3131
Property Rights	Fee Simple
Marketing Time	Unknown
Conditions of Sale	Arm's Length
Financing	Cash to Seller
Sale History	None other within 3 years
Instrument	Special Warranty Deed
Verification	Bryan Deane, Buyer Agent; 850-865-8888, September 07, 2012; Other sources: Costar, Public Records, Confirmed by Bruce A. Black
Sale Price	$1,672,500
Upward Adjustment	$10,000 Est. Buyer Demo Cost
Adjusted Price	$1,682,500 Adjusted Sale Price

Land Data

Zoning	SHMU, South Harbor Mixed Use
Topography	Mostly Level, Slopes Down to Waterfront
Utilities	All Necessary Available
Dimensions	115' x 365.48' x 124' (S) x 430' (S)
Shape	Mostly Rectangular
Flood Info	Zone X, Some VE at Waterfront
Future Land Use	SHMU
Highest and Best Use	Hold for Condo Development
Encumbrances	None Noted

Land Size Information

Gross Land Size	1.070 Acres or 46,609 SF
Allowable Units	38
Front Footage	115 ft. Total Frontage: 115 ft. Effective FF on NS of Destin Harbor;115 ft. SS of Harbor Blvd.

Land Sale No. 5 (Cont.)

Indicators

Sale Price/Gross Acre	$1,563,084 Actual or $1,572,430 Adjusted
Sale Price/Gross SF	$35.88 Actual or $36.10 Adjusted
Sale Price/Front Foot	$14,543 Actual or $14,630 Adjusted

Remarks

This is a sale of vacant waterfront land located along the north shore of Destin Harbor, in Destin, FL. The site was improved at the time of the sale with an old 2,856 SF dilapidated building. The buyer's agent reports that they were demolished by the buyer after the sale. We estimate a demolition cost of $10,000, and adjusted the sale price upward for this reason. The property is mostly level, but slopes down to the waterfront, and a small marina that contains approximately 4 or 5 wet boat slips per the buyers agent. Aerial mapping and our visual inspection from an adjoining site appear to confirm approximately 5 dock able slips. Mr. Deane confirmed that a submerged land lease exists for the marina within the Harbor. He also stated that a boardwalk and seawall were also recently constructed by the City of Destin, in exchange for an easement allowing pedestrian access along the boardwalk area. Per Mr. Deane, the buyer intends to use the land for water sports. However, he has mentioned to a CoStar representative that the buyer may be considering constructing a restaurant. Based upon the zoning code, for the SHMU district, a maximum of 36 short term dwelling units per acre are allowed, or 38 allowable units at this site. Also, we scaled approximately 126 feet of water frontage. However, some of this water frontage juts outward along a very narrow site extension at the southwest corner of the site, and we estimate 115 feet of effective water frontage.

AERIAL MAP INCLUDING LAND SALE 5



VALUATION OF LOT 3

0.26-ACRES OR 11,326 SF (+/-) OF VACANT COMMERCIAL LAND

The above sales are organized on the following spreadsheet to facilitate a comparison with the subject's Lot 3 and our adjustment process.

LAND SALES COMPARISON GRID FOR LOT 3											
ITEM	SUBJECT (LOT 3)	LAND SALE 1		LAND SALE 2		LAND SALE 3		LAND LISTING 4		LAND SALE 5	
Location	Maritime Park	E. Main St.		S.Palafox/E. Main Sts.		E. Garden/Tarragona Sts.		S. Palafox St.		Harbor Blvd.	
Proximity to Subject	N/A	1,665' E (+/-)		1,285' E (+/-)		0.6-Mile NE (+/-)		1,050' E (+/-)		44-Miles E (+/-)	
Sale Price	N/A	$1,500,000		$340,000		$800,000		$2,750,000		$1,672,500	
Site Area (SF)	11,326	30,357		6,250		30,002		64,184		46,609	
Price/SF	N/A	$49.41		$54.40		$26.66		$42.85		$35.88	
Property Rights	Fee Simple	Similar		Similar		Similar		Similar		Similar	
Adjusted Price/SF	N/A	$49.41		$54.40		$26.66		$42.85		$35.88	
Financing	Cash or Equiv	Similar		Similar		Similar		Similar		Similar	
Adjusted Price/SF	N/A	$49.41		$54.40		$26.66		$42.85		$35.88	
Conditions of Sale	Arm's Length	Similar		Similar		Similar		Neg. Allow.	-10%	Similar	
Adjusted Price/Sf	N/A	$49.41		$54.40		$26.66		$38.56		$35.88	
Buyer Expenditures	None	Similar		Similar		Similar		Similar		Demo.	0.60%
Adjusted Price/SF	N/A	$49.41		$54.40		$26.66		$38.56		$36.10	
Time/Mkt Conditions	May-15	Dec-14		Nov-11		Mar-15		Current		Jan-12	
Adjusted Price/SF	N/A	$49.41		$54.40		$26.66		$38.56		$36.10	
Location	Maritime Park	Similar		Similar		Inferior	25%	Offsets		Equal	
Site Area (SF)	11,326	30,357		6,250		30,002		64,184		46,609	
Total Frontage	151	492		175		497		310		115	
SF/FF	75	62		36		60		207	5%	405	5%
View	Stadium / Dist. Harbor	Commercial	2%	Commercial	2%	Commercial	2%	Harbor		Harbor	
Utilities	All Available	Similar		Similar		Similar		Similar		Similar	
Shape/Utility	M.Rect./Avg.	Rect./Avg.		Rect./Avg.		Rect./Avg.		Irreg./Avg.		M.Rect./Avg.	
Topography	M. Level/Average	Similar		Similar		Similar		50.2% Submerg.	-10%	Similar	
Corner/Interior	Interior/Maritime Park	D. Corner		Sig. Corner		Dual Cor/1 Signal		Interior	5%	Interior	5%
Zoning	WRD (60 DU/Ac)	C-2A (135 DU/Ac)	-5%	C-2A (135 DU/Ac)	-5%	C-2A (135 DU/Ac)	-5%	SPBD (108DU/Ac)	-5%	SHMU (36DU/Ac)	5%
Easements/Other	None Adverse Noted	None		None		None		None		Marina / SLL	-5%
Net Phys Adj %	N/A		-3%		-3%		22%		-5%		10%
Adjusted Value/SF	$41.91	$47.93		$52.77		$32.53		$36.63		$39.71	

Unit of Comparison: A unit of comparison is a component into which price is divided to facilitate comparison. Typical units of comparison employed by appraisers are price per SF, price per acre, price per useable acre, price per front foot, price per SF of building area, price per room, etc. The function of the selected unit of comparison is to automatically adjust comparables for size.

In the preceding grid, we utilized the unit of comparison of "price per SF" of site area. We have chosen this unit of comparison because we believe this is the manner in which a typical buyer or seller would most likely frame an acquisition or disposition decision.

Adjustments: Adjustments are then applied to the calculated unit of comparison to account for observed differences between the subject property and the comparables. In making adjustments, the appraiser has assumed the subject property to be the market standard. When the amenities of a particular comparable sale exceed those of the subject, the sale price of the comparable sale has been reduced or adjusted downward. When the reverse is true and the comparable sale is inferior to the subject, the sale price of the comparable sale is increased. The reader should note that the magnitudes of the adjustments deployed are supported by hundreds of similar grids that the appraiser has prepared over the course of the last 30 years as a full time appraiser. The grids from the last thirteen of these years are preserved in the Appraisers files and serve to repetitively isolate the same or similar elements of comparison within the same or similar submarkets. Thus, hundreds of comparison grids exist in the appraiser's files that effectively contain hundreds of paired sales which support a relatively tight range for the percentage impacts upon price caused by the dissimilarities dealt with in our analysis of the subject property. Following is a brief explanation of adjustments applied in the comparison grid.

Property Rights - To the best of the appraiser's knowledge, all of the comparable sales were of fee simple interest. Because the appraiser is estimating the value of the fee-simple interest in the subject property, 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 comps represent either a "cash to seller" arrangement or financing at market terms. For this reason, no adjustment is necessary in this category of comparison.

Conditions of Sale - To the best of the appraiser's knowledge, all of the comparable sales were found to be "arms length" transactions without evidence of any undue influence or duress. For this reason, these comps were sold under conditions of sale that are compatible with the market value definition and no adjustment is required, except to Listing 4. A negative adjustment was applied to this listing in order to account for a negotiation allowance.

Buyer Expenditures – None of the comparable sales involve any extraordinary buyer expenditures for demolition, rezoning and/or environmental considerations, thus, no adjustments were necessary for these comps, except to Sale 5. This sale was adjusted negatively in order to account for demolition of improvements on site at the time of sale.

Time/Market Conditions – Each of the sales occurred in 2011, 2012, 2014, or 2015, and the market has remained relatively flat since. Thus, no time/market adjustment was necessary to the comparable land sales. Also, no adjustment was necessary to Listing 4, which is current.

Location – Location is an important component of a property’s value. This is especially true for commercial land as traffic flow and exposure plays a major role in land values. The subject’s Lot 3 is located within the Vince Whibbs Sr. Community

Maritime Park, and adjoins the multi-use stadium. The subject is within an extremely desirable location in the core of downtown Pensacola, surrounded by much intense commercial development, and at a landmark setting with excellent exposure. Land Sales 1 and 2 are similarly located nearby east of the larger Maritime Park development along an intensely developed commercial stretch of downtown Pensacola. Thus, no adjustments were necessary to these two sales. Sale 3 is also in the Central Business District but is at the north end of the core of downtown along East Garden Street. This location is good but is inferior to the subject's excellent core location within the Maritime Park surrounded by much intense new downtown development. Thus, we applied a positive adjustment to this sale for location differences. Listing 4 is located nearby east of the subject's Lot 3 site along South Palafox Street at its intersection with Pine Street. This site is located along the harbor front, which is offsetting to Lot 3's high profile core location within the Maritime Park and no adjustment was necessary. Sale 5 is located in the heart of Destin, a resort location. This location is equal or offsetting to the subject's Maritime Park location in downtown Pensacola. No other adjustments were necessary for location differences.

Site Area: The subject's Lot 3 contains approximately 0.26-acres per the plat map, or about 11,326 SF (+/-) of site area, and is being compared to properties varying in size from 6,250 SF to 64,184 SF. The selected unit of comparison is adequate in accounting for size variation in this data set.

Frontage to Size/Exposure –The subject's Lot 3 and each of the sales exhibit frontage ratios within an acceptable range for commercial locations. No adjustments were necessary for frontage differences to three of the sales. Listing 4 and Sale 5 have inferior frontage ratios for which positive adjustments were applied.

View – The subject's Lot 3 has a distant water view of the harbor, and at elevation, would have a view of the stadium. Sales 1-3 have commercial views for

which positive adjustments were applied. Comps 4 and 5 have harbor views, generally similar to the subject's Lot 3, for which no adjustments were necessary.

Utilities – The comps are similar to the subject's Lot 3 for utilities, thus no adjustments are applied.

Shape/Utility – Each of the comps is similar to the subject's Lot 3 in this regard and no adjustments are warranted.

Topography – The subject's Lot 3 appears mostly level, and has typical topography characteristics. Each of the sales is similar with regard to their topography in comparison to the subject lot, with no adjustments necessary. Listing 4 has 50.2% of its site area comprised of submerged land within the harbor. We see this fact as a positive attribute, as the submerged land allows for the potential for development of boat slips. Thus, we have applied a negative adjustment to this listing for this reason.

Corner/Interior - The subject's Lot 3 has interior lot characteristics, but is within the Maritime Park adjoining the stadium, and effectively benefits from outparcel type characteristics. Sale 1 has a dual corner configuration with frontage/access from three sides. This characteristic is offsetting in comparison to the subject's Lot 3, and no adjustment was necessary. Sale 2 is situated east of the subject's Lot 3 at the signalized intersection of South Palafox Street and Main Street, with no adjustment necessary. Sale 3 has a dual corner configuration, one of which is signalized. However, we made no negative adjustment to this sale, as these characteristics are approximately offsetting to the subject's Maritime Park setting. Listing 4 and Sale 5 both have interior site configurations for which a positive adjustments were applied. No other adjustments were necessary for corner/interior influences.

Zoning – Each of the land sales has similar commercial zoning designations in comparison to the subject's Lot 3. However, four comps were adjusted negatively for their better C-2A or SPBD zoning, which allow for more dense development than Lot 3's

WRD zoning. Also, Sale 5 was adjusted positively for its inferior SHMU zoning, which allows for a lesser density of development than the subject's zoning.

Easements/Other - The subject's Lot 3 has no adverse easements that we are aware of. Its 5' sidewalk and utility easement is within areas of typical setback, and is not adverse. None of the comps has any adverse easement either, and no adjustments were necessary, except to Sale 5. This comp has a small marina within an area of submerged land in Destin Harbor, and we applied a modest negative adjustment to this sale for this reason.

Summary and Land Value Opinion: The above land comps represent four purchases and one current listing of similar sites within reasonable proximity to the subject's Lot 3 within the Maritime Park. The comparables indicate a range of value from $32.53/SF to $52.77/SF, and average $41.91/SF. Keeping in mind the current market conditions, which are obviously showing strong signs of improvement, and considering the subject's high profile location within the Maritime Park in the core of downtown, and the presence of intense surrounding new development, we reconcile toward the middle of the range at a $40.00/SF. Applied to the 11,326 SF (+/-) of site area within Lot 3 renders an indication of value for this portion of the subject's land of $453,040, which we round to $450,000 "R".

LOT 3 - LAND VALUE OPINION - $450,000

VALUATION OF LOT 4

3.02-ACRES OR 131,551 SF (+/-) OF VACANT COMMERCIAL LAND

The above sales are again organized on the following spreadsheet to facilitate a comparison with the subject's Lot 4 and our adjustment process.

LAND SALES COMPARISON GRID - LOT 4											
ITEM	SUBJECT (LOT 4)	LAND SALE 1		LAND SALE 2		LAND SALE 3		LAND LISTING 4		LAND SALE 5	
Location	Maritime Park	E. Main St.		S.Palafox/E. Main Sts.		E. Garden/Tarragona Sts.		S. Palafox St.		Harbor Blvd.	
Proximity to Subject	N/A	1,990' E (+/-)		1,510' E (+/-)		0.6-Mile NE (+/-)		1,475' E (+/-)		44-Miles E (+/-)	
Sale Price	N/A	$1,500,000		$340,000		$800,000		$2,750,000		$1,672,500	
Site Area (SF)	131,551	30,357		6,250		30,002		64,184		46,609	
Price/SF	N/A	$49.41		$54.40		$26.66		$42.85		$35.88	
Property Rights	Fee Simple	Similar		Similar		Similar		Similar		Similar	
Adjusted Price/SF	N/A	$49.41		$54.40		$26.66		$42.85		$35.88	
Financing	Cash or Equiv	Similar		Similar		Similar		Similar		Similar	
Adjusted Price/SF	N/A	$49.41		$54.40		$26.66		$42.85		$35.88	
Conditions of Sale	Arm's Length	Similar		Similar		Similar		Neg. Allow.	-10%	Similar	
Adjusted Price/Sf	N/A	$49.41		$54.40		$26.66		$38.56		$35.88	
Buyer Expenditures	None	Similar		Similar		Similar		Similar		Demo.	0.60%
Adjusted Price/SF	N/A	$49.41		$54.40		$26.66		$38.56		$36.10	
Time/Mkt Conditions	May-15	Dec-14		Nov-11		Mar-15		Current		Jan-12	
Adjusted Price/SF	N/A	$49.41		$54.40		$26.66		$38.56		$36.10	
Location	Maritime Park	Similar		Similar		Inferior	25%	Offsets		Equal	
Site Area (SF)	131,551	30,357		6,250	-15%	30,002		64,184		46,609	
Total Frontage	1,016	492		175		497		310		115	
SF/FF	129	62		36		60		207	5%	405	5%
View	Commercial	Commercial		Commercial		Commercial		Harbor	-2%	Harbor	-2%
Utilities	All Available	Similar		Similar		Similar		Similar		Similar	
Shape/Utility	M.Rect./Avg.	Rect./Avg.		Rect./Avg.		Rect./Avg.		Irreg./Avg.		M.Rect./Avg.	
Topography	M. Level/Average	Similar		Similar		Similar		50.2% Submerg.	-10%	Similar	
Corner/Interior	D.Corner/Maritime Park	D. Corner		Sig. Corner		Dual Cor/1 Signal		Interior	5%	Interior	5%
Zoning	WRD (60 DU/Ac)	C-2A (135 DU/Ac)	-5%	C-2A (135 DU/Ac)	-5%	C-2A (135 DU/Ac)	-5%	SPBD (108DU/Ac)	-5%	SHMU (36DU/Ac)	5%
Easements/Other	None Adverse Noted	None		None		None		None		Marina / SLL	-5%
Net Phys Adj %	N/A		-5%		-20%		20%		-7%		8%
Adjusted Value/SF	$39.46	$46.94		$43.52		$32.00		$35.86		$38.99	

Unit of Comparison: We refer the reader to the previously presented explanation of a unit of comparison and adjustments within our analysis of subject Lot 3.

Following is a brief explanation of adjustments applied in the comparison grid.

Site Area: The subject's Lot 4 contains approximately 3.02-acres per the plat map, or about 131,551 SF (+/-) of site area, and is being compared to properties varying in size from 6,250 SF to 64,184 SF. Sale 2 was adjusted negatively for its much smaller size in comparison to the subject's Lot 4. This adjustment accounts for the inverse relationship between the unit of comparison (Price/SF) and parcel size. No other adjustments were necessary.

View – The subject's Lot 4 has a commercial view of downtown and surrounding roads. Sales 1-3 have similar views and no adjustments were necessary for this reason. Comps 4 and 5 have harbor views, which are more desirable, and both were adjusted negatively for this amenity.

Corner/Interior - The subject's Lot 4 has effectively a dual corner configuration, and is within the Maritime Park, effectively benefitting from outparcel type characteristics. Sale 1 has a dual corner configuration with frontage/access from three sides. This characteristic is offsetting in comparison to the subject's Lot 4, and no adjustment was necessary. Sale 2 is situated east of the subject's Lot 4 at the signalized intersection of South Palafox Street and Main Street, with no adjustment necessary. Sale 3 has a dual corner configuration, one of which is signalized. However, we made no negative adjustment to this sale, as these characteristics are approximately offsetting to the subject's Maritime Park setting. Listing 4 and Sale 5 both have interior site configurations for which a positive adjustments were applied. No other adjustments were necessary for corner/interior influences.

Summary and Land Value Opinion: The above land comps represent four purchases and one current listing of similar sites within reasonable proximity to the

subject's Lot 4 within the Maritime Park. The comparables indicate a range of value from $32.00/SF to $46.94/SF, and average $39.46/SF. Keeping in mind the current market conditions, which are obviously showing strong signs of improvement, and considering the subject's high profile location within the Maritime Park in the core of downtown, the presence of intense surrounding new development, and the large size of this lot, we reconcile toward the lower end of the range at a $35.00/SF. Applied to the 131,551 SF (+/-) of site area within Lot 4 renders an indication of value for this portion of the subject's land of $4,604,285, which we round to $4,600,000 "R".

LOT 4 - LAND VALUE OPINION - $4,600,000

VALUATION OF LOT 5

1.74-ACRES OR 75,794 SF (+/-) OF VACANT COMMERCIAL LAND

The above sales are again organized on the following spreadsheet to facilitate a comparison with the subject's Lot 5 and our adjustment process.

LAND SALES COMPARISON GRID - LOT 5											
ITEM	SUBJECT (LOT 5)	LAND SALE 1		LAND SALE 2		LAND SALE 3		LAND LISTING 4		LAND SALE 5	
Location	Maritime Park	E. Main St.		S.Palafox/E. Main Sts.		E. Garden/Tarragona Sts.		S. Palafox St.		Harbor Blvd.	
Proximity to Subject	N/A	2,000' E (+/-)		1,554' E (+/-)		0.6-Mile NE (+/-)		1,450' E (+/-)		44-Miles E (+/-)	
Sale Price	N/A	$1,500,000		$340,000		$800,000		$2,750,000		$1,672,500	
Site Area (SF)	75,794	30,357		6,250		30,002		64,184		46,609	
Price/SF	N/A	$49.41		$54.40		$26.66		$42.85		$35.88	
Property Rights	Fee Simple	Similar		Similar		Similar		Similar		Similar	
Adjusted Price/SF	N/A	$49.41		$54.40		$26.66		$42.85		$35.88	
Financing	Cash or Equiv	Similar		Similar		Similar		Similar		Similar	
Adjusted Price/SF	N/A	$49.41		$54.40		$26.66		$42.85		$35.88	
Conditions of Sale	Arm's Length	Similar		Similar		Similar		Neg. Allow.	-10%	Similar	
Adjusted Price/Sf	N/A	$49.41		$54.40		$26.66		$38.56		$35.88	
Buyer Expenditures	None	Similar		Similar		Similar		Similar		Demo.	0.60%
Adjusted Price/SF	N/A	$49.41		$54.40		$26.66		$38.56		$36.10	
Time/Mkt Conditions	May-15	Dec-14		Nov-11		Mar-15		Current		Jan-12	
Adjusted Price/SF	N/A	$49.41		$54.40		$26.66		$38.56		$36.10	
Location	Maritime Park	Similar		Similar		Inferior	25%	Offsets		Equal	
Site Area (SF)	75,794	30,357		6,250	-10%	30,002		64,184		46,609	
Total Frontage	613	492		175		497		310		115	
SF/FF	124	62		36		60		207	5%	405	5%
View	Commercial	Commercial		Commercial		Commercial		Harbor	-2%	Harbor	-2%
Utilities	All Available	Similar		Similar		Similar		Similar		Similar	
Shape/Utility	Irreg./Avg.	Rect./Avg.		Rect./Avg.		Rect./Avg.		Irreg./Avg.		M.Rect./Avg.	
Topography	M. Level/Avg.	Similar		Similar		Similar		50.2% Submerg.	-10%	Similar	
Corner/Interior	D.Corner/Maritime Park	D. Corner		Sig. Corner		Dual Cor/1 Signal		Interior	5%	Interior	5%
Zoning	WRD (60 DU/Ac)	C-2A (135 DU/Ac)	-5%	C-2A (135 DU/Ac)	-5%	C-2A (135 DU/Ac)	-5%	SPBD (108DU/Ac)	-5%	SHMU (36DU/Ac)	5%
Easements/Other	None Adverse Noted	None		None		None		None		Marina / SLL	-5%
Net Phys Adj %	N/A		-5%		-15%		20%		-7%		8%
Adjusted Value/SF	$40.01	$46.94		$46.24		$32.00		$35.86		$38.99	

Unit of Comparison: We refer the reader to the previously presented explanation of a unit of comparison and adjustments within our analysis of subject Lot 3.

Following is a brief explanation of adjustments applied in the comparison grid.

Site Area: The subject's Lot 5 contains approximately 1.74-acres per the plat map, or about 75,794 SF (+/-) of site area, and is being compared to properties varying in size from 6,250 SF to 64,184 SF. Sale 2 was adjusted negatively for its much smaller size in comparison to the subject's Lot 5. This adjustment accounts for the inverse relationship between the unit of comparison (Price/SF) and parcel size. No other adjustments were necessary.

View – The subject's Lot 5 has a commercial view of downtown and surrounding roads. Sales 1-3 have similar views and no adjustments were necessary for this reason. Comps 4 and 5 have harbor views, which are more desirable, and both were adjusted negatively for this amenity.

Corner/Interior - The subject's Lot 5 has effectively a dual corner configuration, and is within the Maritime Park, effectively benefitting from outparcel type characteristics. Sale 1 has a dual corner configuration with frontage/access from three sides. This characteristic is offsetting in comparison to the subject's Lot 5, and no adjustment was necessary. Sale 2 is situated east of the subject's Lot 5 at the signalized intersection of South Palafox Street and Main Street, with no adjustment necessary. Sale 3 has a dual corner configuration, one of which is signalized. However, we made no negative adjustment to this sale, as these characteristics are approximately offsetting to the subject's Maritime Park setting. Listing 4 and Sale 5 both have interior site configurations for which a positive adjustments were applied. No other adjustments were necessary for corner/interior influences.

Summary and Land Value Opinion: The above land comps represent four purchases and one current listing of similar sites within reasonable proximity to the

subject's Lot 5 within the Maritime Park. The comparables indicate a range of value from $32.00/SF to $46.24/SF, and average $40.01/SF. Keeping in mind the current market conditions, which are obviously showing strong signs of improvement, and considering the subject's high profile location within the Maritime Park in the core of downtown, and the presence of intense surrounding new development, we reconcile toward the middle of the range at a $40.00/SF. Applied to the 75,794 SF (+/-) of site area within Lot 5 renders an indication of value for this portion of the subject's land of $3,031,760, which we round to $3,000,000 "R".

LOT 5 - LAND VALUE OPINION - $3,000,000

VALUATION OF LOT 6

0.84-ACRES OR 36,590 SF (+/-) OF VACANT COMMERCIAL LAND

The above sales are again organized on the following spreadsheet to facilitate a comparison with the subject's Lot 6 and our adjustment process.

LAND SALES COMPARISON GRID - LOT 6											
ITEM	SUBJECT (LOT 6)	LAND SALE 1		LAND SALE 2		LAND SALE 3		LAND LISTING 4		LAND SALE 5	
Location	Maritime Park	E. Main St.		S.Palafox/E. Main Sts.		E. Garden/Tarragona Sts.		S. Palafox St.		Harbor Blvd.	
Proximity to Subject	N/A	2,455' E (+/-)		1,960' E (+/-)		0.67-Mile NE (+/-)		1,985' E (+/-)		44-Miles E (+/-)	
Sale Price	N/A	$1,500,000		$340,000		$800,000		$2,750,000		$1,672,500	
Site Area (SF)	36,590	30,357		6,250		30,002		64,184		46,609	
Price/SF	N/A	$49.41		$54.40		$26.66		$42.85		$35.88	
Property Rights	Fee Simple	Similar		Similar		Similar		Similar		Similar	
Adjusted Price/SF	N/A	$49.41		$54.40		$26.66		$42.85		$35.88	
Financing	Cash or Equiv	Similar		Similar		Similar		Similar		Similar	
Adjusted Price/SF	N/A	$49.41		$54.40		$26.66		$42.85		$35.88	
Conditions of Sale	Arm's Length	Similar		Similar		Similar		Neg. Allow.	-10%	Similar	
Adjusted Price/Sf	N/A	$49.41		$54.40		$26.66		$38.56		$35.88	
Buyer Expenditures	None	Similar		Similar		Similar		Similar		Demo.	0.60%
Adjusted Price/SF	N/A	$49.41		$54.40		$26.66		$38.56		$36.10	
Time/Mkt Conditions	May-15	Dec-14		Nov-11		Mar-15		Current		Jan-12	
Adjusted Price/SF	N/A	$49.41		$54.40		$26.66		$38.56		$36.10	
Location	Maritime Park	Similar		Similar		Inferior	25%	Offsets		Equal	
Site Area (SF)	36,590	30,357		6,250		30,002		64,184		46,609	
Total Frontage	513	492		175		497		310		115	
SF/FF	71	62		36		60		207	5%	405	5%
View	Commercial	Commercial		Commercial		Commercial		Harbor	-2%	Harbor	-2%
Utilities	All Available	Similar		Similar		Similar		Similar		Similar	
Shape/Utility	Irreg./Avg.	Rect./Avg.		Rect./Avg.		Rect./Avg.		Irreg./Avg.		M.Rect./Avg.	
Topography	M. Level/Avg.	Similar		Similar		Similar		50.2% Submerg.	-10%	Similar	
Corner/Interior	D.Corner/Maritime Park	D. Corner		Sig. Corner		Dual Cor/1 Signal		Interior	5%	Interior	5%
Zoning	WRD (60 DU/Ac)	C-2A (135 DU/Ac)	-5%	C-2A (135 DU/Ac)	-5%	C-2A (135 DU/Ac)	-5%	SPBD (108DU/Ac)	-5%	SHMU (36DU/Ac)	5%
Easements/Other	None Adverse Noted	None		None		None		None		Marina / SLL	-5%
Net Phys Adj %	N/A		-5%		-5%		20%		-7%		8%
Adjusted Value/SF	$41.09	$46.94		$51.68		$32.00		$35.86		$38.99	

Unit of Comparison: We refer the reader to the previously presented explanation of a unit of comparison and adjustments within our analysis of subject Lot 3.

Following is a brief explanation of adjustments applied in the comparison grid.

Site Area: The subject's Lot 6 contains approximately 0.84-acres per the plat map, or about 36,590 SF (+/-) of site area, and is being compared to properties varying in size from 6,250 SF to 64,184 SF. The selected unit of comparison is adequate in accounting for size variation in this data set.

View – The subject's Lot 6 has a commercial view of downtown and surrounding roads. Sales 1-3 have similar views and no adjustments were necessary for this reason. Comps 4 and 5 have harbor views, which are more desirable, and both were adjusted negatively for this amenity.

Corner/Interior - The subject's Lot 6 has effectively a dual corner configuration, and is within the Maritime Park, effectively benefitting from outparcel type characteristics. Sale 1 has a dual corner configuration with frontage/access from three sides. This characteristic is offsetting in comparison to the subject's Lot 6, and no adjustment was necessary. Sale 2 is situated east of the subject's Lot 6 at the signalized intersection of South Palafox Street and Main Street, with no adjustment necessary. Sale 3 has a dual corner configuration, one of which is signalized. However, we made no negative adjustment to this sale, as these characteristics are approximately offsetting to the subject's Maritime Park setting. Listing 4 and Sale 5 both have interior site configurations for which a positive adjustments were applied. No other adjustments were necessary for corner/interior influences.

Summary and Land Value Opinion: The above land comps represent four purchases and one current listing of similar sites within reasonable proximity to the subject's Lot 6 within the Maritime Park. The comparables indicate a range of value from $32.00/SF to $46.94/SF, and average $41.09/SF. Keeping in mind the current

market conditions, which are obviously showing strong signs of improvement, and considering the subject's high profile location within the Maritime Park in the core of downtown, and the presence of intense surrounding new development, we reconcile toward the middle of the range at a $40.00/SF. Applied to the 36,590 SF (+/-) of site area within Lot 6 renders an indication of value for this portion of the subject's land of $1,463,600, which we round to $1,450,000 "R".

LOT 6 - LAND VALUE OPINION - $1,450,000

VALUATION OF LOT 7

1.48-ACRES OR 64,469 SF (+/-) OF VACANT COMMERCIAL LAND

The above sales are again organized on the following spreadsheet to facilitate a comparison with the subject's Lot 7 and our adjustment process.

LAND SALES COMPARISON GRID - LOT 7											
ITEM	SUBJECT (LOT 7)	LAND SALE 1		LAND SALE 2		LAND SALE 3		LAND LISTING 4		LAND SALE 5	
Location	Maritime Park	E. Main St.		S.Palafox/E. Main Sts.		E. Garden/Tarragona Sts.		S. Palafox St.		Harbor Blvd.	
Proximity to Subject	N/A	2,475' E (+/-)		1,990' E (+/-)		0.69-Mile NE (+/-)		1,830' E (+/-)		44-Miles E (+/-)	
Sale Price	N/A	$1,500,000		$340,000		$800,000		$2,750,000		$1,672,500	
Site Area (SF)	64,469	30,357		6,250		30,002		64,184		46,609	
Price/SF	N/A	$49.41		$54.40		$26.66		$42.85		$35.88	
Property Rights	Fee Simple	Similar		Similar		Similar		Similar		Similar	
Adjusted Price/SF	N/A	$49.41		$54.40		$26.66		$42.85		$35.88	
Financing	Cash or Equiv	Similar		Similar		Similar		Similar		Similar	
Adjusted Price/SF	N/A	$49.41		$54.40		$26.66		$42.85		$35.88	
Conditions of Sale	Arm's Length	Similar		Similar		Similar		Neg. Allow.	-10%	Similar	
Adjusted Price/Sf	N/A	$49.41		$54.40		$26.66		$38.56		$35.88	
Buyer Expenditures	None	Similar		Similar		Similar		Similar		Demo.	0.60%
Adjusted Price/SF	N/A	$49.41		$54.40		$26.66		$38.56		$36.10	
Time/Mkt Conditions	May-15	Dec-14		Nov-11		Mar-15		Current		Jan-12	
Adjusted Price/SF	N/A	$49.41		$54.40		$26.66		$38.56		$36.10	
Location	Maritime Park	Similar		Similar		Inferior	25%	Offsets		Equal	
Site Area (SF)	64,469	30,357		6,250	-10%	30,002		64,184		46,609	
Total Frontage	491	492		175		497		310		115	
SF/FF	131	62		36		60		207	5%	405	5%
View	Bay View	Commercial	2%	Commercial	2%	Commercial	2%	Harbor		Harbor	
Utilities	All Available	Similar		Similar		Similar		Similar		Similar	
Shape/Utility	Irreg./Avg.	Rect./Avg.		Rect./Avg.		Rect./Avg.		Irreg./Avg.		M.Rect./Avg.	
Topography	M. Level/Avg.	Similar		Similar		Similar		50.2% Submerg.	-10%	Similar	
Corner/Interior	Corner/Maritime Park	D. Corner		Sig. Corner		Dual Cor/1 Signal		Interior	5%	Interior	5%
Zoning	WRD (60 DU/Ac)	C-2A (135 DU/Ac)	-5%	C-2A (135 DU/Ac)	-5%	C-2A (135 DU/Ac)	-5%	SPBD (108DU/Ac)	-5%	SHMU (36DU/Ac)	5%
Easements/Other	None Adverse Noted	None		None		None		None		Marina / SLL	-5%
Net Phys Adj %	N/A		-3%		-13%		22%		-5%		10%
Adjusted Value/SF	$40.83	$47.93		$47.33		$32.53		$36.63		$39.71	

Unit of Comparison: We refer the reader to the previously presented explanation of a unit of comparison and adjustments within our analysis of subject Lot 3.

Following is a brief explanation of adjustments applied in the comparison grid.

Site Area: The subject's Lot 7 contains approximately 1.48-acres per the plat map, or about 64,469 SF (+/-) of site area, and is being compared to properties varying in size from 6,250 SF to 64,184 SF. Sale 2 was adjusted negatively for its much smaller size in comparison to the subject's Lot 7. This adjustment accounts for the inverse relationship between the unit of comparison (Price/SF) and parcel size. No other adjustments were necessary.

View – The subject's Lot 7 has a water view of the bay. Sales 1-3 have commercial views for which positive adjustments were applied. Comps 4 and 5 have harbor views, generally similar to the subject's Lot 7, for which no adjustments were necessary.

Corner/Interior - The subject's Lot 7 has effectively a corner configuration, and is within the Maritime Park, effectively benefitting from outparcel type characteristics. Sale 1 has a dual corner configuration with frontage/access from three sides. This characteristic is offsetting in comparison to the subject's Lot 7, and no adjustment was necessary. Sale 2 is situated east of the subject's Lot 7 at the signalized intersection of South Palafox Street and Main Street, with no adjustment necessary. Sale 3 has a dual corner configuration, one of which is signalized. However, we made no negative adjustment to this sale, as these characteristics are approximately offsetting to the subject's Maritime Park setting. Listing 4 and Sale 5 both have interior site configurations for which a positive adjustments were applied. No other adjustments were necessary for corner/interior influences.

Summary and Land Value Opinion: The above land comps represent four purchases and one current listing of similar sites within reasonable proximity to the

subject's Lot 7 within the Maritime Park. The comparables indicate a range of value from $32.53/SF to $47.93/SF, and average $40.83/SF. Keeping in mind the current market conditions, which are obviously showing strong signs of improvement, and considering the subject's high profile location within the Maritime Park in the core of downtown, the presence of intense surrounding new development, and its water view, we reconcile toward the upper end of the range at a $45.00/SF. Applied to the 64,469 SF (+/-) of site area within Lot 7 renders an indication of value for this portion of the subject's land of $2,901,105, which we round to $2,900,000 "R".

LOT 7 - LAND VALUE OPINION - $2,900,000

VALUATION OF LOT 8

1.75-ACRES OR 76,230 SF (+/-) OF VACANT COMMERCIAL LAND

The above sales are again organized on the following spreadsheet to facilitate a comparison with the subject's Lot 8 and our adjustment process.

LAND SALES COMPARISON GRID - LOT 8											
ITEM	SUBJECT (LOT 8)	LAND SALE 1		LAND SALE 2		LAND SALE 3		LAND LISTING 4		LAND SALE 5	
Location	Maritime Park	E. Main St.		S.Palafox/E. Main Sts.		E. Garden/Tarragona Sts.		S. Palafox St.		Harbor Blvd.	
Proximity to Subject	N/A	2,233' E (+/-)		1,840' E (+/-)		0.7-Mile NE (+/-)		1,590' E (+/-)		44-Miles E (+/-)	
Sale Price	N/A	$1,500,000		$340,000		$800,000		$2,750,000		$1,672,500	
Site Area (SF)	76,230	30,357		6,250		30,002		64,184		46,609	
Price/SF	N/A	$49.41		$54.40		$26.66		$42.85		$35.88	
Property Rights	Fee Simple	Similar		Similar		Similar		Similar		Similar	
Adjusted Price/SF	N/A	$49.41		$54.40		$26.66		$42.85		$35.88	
Financing	Cash or Equiv	Similar		Similar		Similar		Similar		Similar	
Adjusted Price/SF	N/A	$49.41		$54.40		$26.66		$42.85		$35.88	
Conditions of Sale	Arm's Length	Similar		Similar		Similar		Neg. Allow.	-10%	Similar	
Adjusted Price/Sf	N/A	$49.41		$54.40		$26.66		$38.56		$35.88	
Buyer Expenditures	None	Similar		Similar		Similar		Similar		Demo.	0.60%
Adjusted Price/SF	N/A	$49.41		$54.40		$26.66		$38.56		$36.10	
Time/Mkt Conditions	May-15	Dec-14		Nov-11		Mar-15		Current		Jan-12	
Adjusted Price/SF	N/A	$49.41		$54.40		$26.66		$38.56		$36.10	
Location	Maritime Park	Similar		Similar		Inferior	25%	Offsets		Equal	
Site Area (SF)	76,230	30,357		6,250	-10%	30,002		64,184		46,609	
Total Frontage	502	492		175		497		310		115	
SF/FF	152	62		36		60		207		405	5%
View	Bay View	Commercial	2%	Commercial	2%	Commercial	2%	Harbor		Harbor	
Utilities	All Available	Similar		Similar		Similar		Similar		Similar	
Shape/Utility	Irreg./Avg.	Rect./Avg.		Rect./Avg.		Rect./Avg.		Irreg./Avg.		M.Rect./Avg.	
Topography	M. Level/Avg.	Similar		Similar		Similar		50.2% Submerg.	-10%	Similar	
Corner/Interior	Corner/CDS/Maritime Park	D. Corner		Sig. Corner		Dual Cor/1 Signal		Interior	5%	Interior	5%
Zoning	WRD (60 DU/Ac)	C-2A (135 DU/Ac)	-5%	C-2A (135 DU/Ac)	-5%	C-2A (135 DU/Ac)	-5%	SPBD (108DU/Ac)	-5%	SHMU (36DU/Ac)	5%
Easements/Other	None Adverse Noted	None		None		None		None		Marina / SLL	-5%
Net Phys Adj %	N/A		-3%		-13%		22%		-10%		10%
Adjusted Value/SF	$40.44	$47.93		$47.33		$32.53		$34.70		$39.71	

Unit of Comparison: We refer the reader to the previously presented explanation of a unit of comparison and adjustments within our analysis of subject Lot 3.

Following is a brief explanation of adjustments applied in the comparison grid.

Site Area: The subject's Lot 8 contains approximately 1.75-acres per the plat map, or about 76,230 SF (+/-) of site area, and is being compared to properties varying in size from 6,250 SF to 64,184 SF. Sale 2 was adjusted negatively for its much smaller size in comparison to the subject's Lot 8. This adjustment accounts for the inverse relationship between the unit of comparison (Price/SF) and parcel size. No other adjustments were necessary.

Frontage to Size/Exposure –The subject's Lot 8 and each of the sales exhibit frontage ratios within an acceptable range for commercial locations. No adjustments were necessary for frontage differences to four of the sales. Sale 5 has an inferior frontage ratio for which a positive adjustment was applied.

View – The subject's Lot 8 has a water view of the bay. Sales 1-3 have commercial views for which positive adjustments were applied. Comps 4 and 5 have harbor views, generally similar to the subject's Lot 8, for which no adjustments were necessary.

Corner/Interior - The subject's Lot 8 has effectively a corner configuration and is situated at a cul-de-sac within the Maritime Park, and effectively benefits from outparcel type characteristics. Sale 1 has a dual corner configuration with frontage/access from three sides. This characteristic is offsetting in comparison to the subject's Lot 8, and no adjustment was necessary. Sale 2 is situated east of the subject's Lot 8 at the signalized intersection of South Palafox Street and Main Street, with no adjustment necessary. Sale 3 has a dual corner configuration, one of which is signalized. However, we made no negative adjustment to this sale, as these characteristics are approximately offsetting to the subject's Maritime Park setting. Listing 4 and Sale 5

both have interior site configurations for which a positive adjustments were applied. No other adjustments were necessary for corner/interior influences.

Summary and Land Value Opinion: The above land comps represent four purchases and one current listing of similar sites within reasonable proximity to the subject's Lot 8 within the Maritime Park. The comparables indicate a range of value from $32.53/SF to $47.93/SF, and average $40.44/SF. Keeping in mind the current market conditions, which are obviously showing strong signs of improvement, and considering the subject's high profile location within the Maritime Park in the core of downtown, the presence of intense surrounding new development, and its water view, we reconcile toward the upper end of the range at a $45.00/SF. Applied to the 76,230 SF (+/-) of site area within Lot 8 renders an indication of value for this portion of the subject's land of $3,430,350, which we round to $3,400,000 "R".

LOT 8 - LAND VALUE OPINION - $3,400,000

VALUATION OF LOT 9

0.39-ACRES OR 16,998 SF (+/-) OF VACANT COMMERCIAL LAND

The above sales are organized on the following spreadsheet to facilitate a comparison with the subject's Lot 9 and our adjustment process.

LAND SALES COMPARISON GRID LOT 9											
ITEM	SUBJECT (LOT 9)	LAND SALE 1		LAND SALE 2		LAND SALE 3		LAND LISTING 4		LAND SALE 5	
Location	Maritime Park	E. Main St.		S.Palafox/E. Main Sts.		E. Garden/Tarragona Sts.		S. Palafox St.		Harbor Blvd.	
Proximity to Subject	N/A	2,165' E (+/-)		1,800' E (+/-)		07-Mile NE (+/-)		1,425' E (+/-)		44-Miles E (+/-)	
Sale Price	N/A	$1,500,000		$340,000		$800,000		$2,750,000		$1,672,500	
Site Area (SF)	16,988	30,357		6,250		30,002		64,184		46,609	
Price/SF	N/A	$49.41		$54.40		$26.66		$42.85		$35.88	
Property Rights	Fee Simple	Similar				Similar		Similar		Similar	
Adjusted Price/SF	N/A	$49.41		$54.40		$26.66		$42.85		$35.88	
Financing	Cash or Equiv	Similar		Similar		Similar		Similar		Similar	
Adjusted Price/SF	N/A	$49.41		$54.40		$26.66		$42.85		$35.88	
Conditions of Sale	Arm's Length	Similar		Similar		Similar		Neg. Allow.	-10%	Similar	
Adjusted Price/Sf	N/A	$49.41		$54.40		$26.66		$38.56		$35.88	
Buyer Expenditures	None	Similar		Similar		Similar		Similar		Demo.	0.60%
Adjusted Price/SF	N/A	$49.41		$54.40		$26.66		$38.56		$36.10	
Time/Mkt Conditions	May-15	Dec-14		Nov-11		Mar-15		Current		Jan-12	
Adjusted Price/SF	N/A	$49.41		$54.40		$26.66		$38.56		$36.10	
Location	Maritime Park	Similar		Similar		Inferior	25%	Offsets		Equal	
Site Area (SF)	16,988	30,357		6,250		30,002		64,184		46,609	
Total Frontage	229	492		175		497		310		115	
SF/FF	74	62		36		60		207	5%	405	5%
View	Stadium / Dist. Harbor	Commercial	2%	Commercial	2%	Commercial	2%	Harbor		Harbor	
Utilities	All Available	Similar		Similar		Similar		Similar		Similar	
Shape/Utility	Irreg./Avg.	Rect./Avg.		Rect./Avg.		Rect./Avg.		Irreg./Avg.		M.Rect./Avg.	
Topography	M. Level/Average	Similar		Similar		Similar		50.2% Submerg.	-10%	Similar	
Corner/Interior	Interior/Maritime Park	D. Corner		Sig. Corner		Dual Cor/1 Signal		Interior	5%	Interior	5%
Zoning	WRD (60 DU/Ac)	C-2A (135 DU/Ac)	-5%	C-2A (135 DU/Ac)	-5%	C-2A (135 DU/Ac)	-5%	SPBD (108DU/Ac)	-5%	SHMU (36DU/Ac)	5%
Easements/Other	None Adverse Noted	None		None		None		None		Marina / SLL	-5%
Net Phys Adj %	N/A		-3%		-3%		22%		-5%		10%
Adjusted Value/SF	$41.91	$47.93		$52.77		$32.53		$36.63		$39.71	

Unit of Comparison: We refer the reader to the previously presented explanation of a unit of comparison and adjustments within our analysis of subject Lot 3.

Following is a brief explanation of adjustments applied in the comparison grid.

Site Area: The subject's Lot 9 contains approximately 0.39-acres per the plat map, or about 16,988 SF (+/-) of site area, and is being compared to properties varying in size from 6,250 SF to 64,184 SF. The selected unit of comparison is adequate in accounting for size variation in this data set.

View – The subject's Lot 9 has a distant water view of the harbor, and at elevation, would have a view of the stadium. Sales 1-3 have commercial views for which positive adjustments were applied. Comps 4 and 5 have harbor views, generally similar to the subject's Lot 9, for which no adjustments were necessary.

Corner/Interior - The subject's Lot 9 has interior lot characteristics, but is within the Maritime Park adjoining the stadium, and effectively benefits from outparcel type characteristics. Sale 1 has a dual corner configuration with frontage/access from three sides. This characteristic is offsetting in comparison to the subject's Lot 9, and no adjustment was necessary. Sale 2 is situated east of the subject's Lot 9 at the signalized intersection of South Palafox Street and Main Street, with no adjustment necessary. Sale 3 has a dual corner configuration, one of which is signalized. However, we made no negative adjustment to this sale, as these characteristics are approximately offsetting to the subject's Maritime Park setting. Listing 4 and Sale 5 both have interior site configurations for which a positive adjustments were applied. No other adjustments were necessary for corner/interior influences.

Easements/Other - The subject's Lot 9 has no adverse easements that we are aware of. Its 5' sidewalk and utility easement and a 20' x 47' electrical easement are within areas of typical setback, and are not adverse. None of the comps has any adverse easement either, and no adjustments were necessary, except to Sale 5. This

comp has a small marina within an area of submerged land in Destin Harbor, and we applied a modest negative adjustment to this sale for this reason.

Summary and Land Value Opinion: The above land comps represent four purchases and one current listing of similar sites within reasonable proximity to the subject's Lot 9 within the Maritime Park. The comparables indicate a range of value from $32.53/SF to $52.77/SF, and average $41.91/SF. Keeping in mind the current market conditions, which are obviously showing strong signs of improvement, and considering the subject's high profile location within the Maritime Park in the core of downtown, and the presence of intense surrounding new development, we reconcile toward the middle of the range at a $40.00/SF. Applied to the 16,988 SF (+/-) of site area within Lot 9 renders an indication of value for this portion of the subject's land of $679,520, which we round to $680,000 "R".

LOT 9 - LAND VALUE OPINION - $680,000

Below, we present a summary table of our value findings for each of the subject's 7 lots.

VALUATION SUMMARY FOR THE SUBJECT PROPERTY 7 PLATTED LOTS WITHIN VINCE WHIBBS, SR. COMMUNITY MARITIME PARK			
LOT#	SIZE (AC) PER PLAT MAP	SIZE (SF, +/-)	LAND VALUE OPINION
3	0.26	11,326	$450,000
4	3.02	131,551	$4,600,000
5	1.74	75,794	$3,000,000
6	0.84	36,590	$1,450,000
7	1.48	64,469	$2,900,000
8	1.75	76,230	$3,400,000
9	0.39	16,988	$680,000
TOTAL:	9.48	412,949	

OPINION OF FAIR MARKET RENT

The table below illustrates prevailing capital market returns. Our process for developing an opinion of fair market rent is to apply a fair market rate of return to the value of the real estate. The components for consideration of a fair market return are threefold: (1) the risk of default or creditworthiness of the tenant (2) the risk that interest rates will rise over the term of the lease such that the length of the lease is an integral factor and (3) the rates prevailing on competitive investments in the market place.

The rates on prevailing investments in the marketplace are routinely publicized in the capital markets. From this information, we glean a perception of the current risk-free rate, which would be the interest rate applicable to near fault-free lending and investment endeavors. Once we discern the risk-free rate, we can compare it to other investment vehicles to extrapolate opinions for the rate premiums pertinent to the risk of default and to rate fluctuation. We have used this information to assemble the matrix below.

MATRIX FOR FAIR MARKET RENT RATES OF RETURN				
Riskfree Rate	2.00%			
	Term	30 years	60 years	90 years
	Risk Premium	1.50%	2.0%	2.50%
Less Risky Tenant	1.0%	4.5%	5.0%	5.5%
Moderate Risk Tenant	2.0%	5.5%	6.0%	6.5%
More Risky Tenant	3.0%	6.5%	7.0%	7.5%

In the table above we consider three tenant credit ratings and investment terms of 30, 60, and 90 years. By adding the necessary premiums, we discern a range of necessary return of from 4.5% to 7.5%.

For a low risk tenant with a very high credit rating and low risk of default, we are of the opinion the following rent rates are applicable for the stated durations:

OPINION OF ANNUAL FAIR MARKET GROUND RENT FOR LOW RISK TENANT				
LOT#	LAND VALUE OPINION	30 years	60 years	90 years
		4.5%	5.0%	5.5%
3	$450,000	$20,250	$22,500	$24,750
4	$4,600,000	$207,000	$230,000	$253,000
5	$3,000,000	$135,000	$150,000	$165,000
6	$1,450,000	$65,250	$72,500	$79,750
7	$2,900,000	$130,500	$145,000	$159,500
8	$3,400,000	$153,000	$170,000	$187,000
9	$680,000	$30,600	$34,000	$37,400

For a more moderate risk tenant with a good credit rating but perhaps a bit less financial strength, the following rent rates are applicable for the stated durations:

OPINION OF ANNUAL FAIR MARKET GROUND RENT FOR MODERATE RISK TENANT				
LOT#	LAND VALUE OPINION	30 years	60 years	90 years
		5.5%	6.0%	6.5%
3	$450,000	$24,750	$27,000	$29,250
4	$4,600,000	$253,000	$276,000	$299,000
5	$3,000,000	$165,000	$180,000	$195,000
6	$1,450,000	$79,750	$87,000	$94,250
7	$2,900,000	$159,500	$174,000	$188,500
8	$3,400,000	$187,000	$204,000	$221,000
9	$680,000	$37,400	$40,800	$44,200

For a more risky tenant, with perhaps only an average credit unit and less history of performance, the following rents rates are applicable for the stated durations:

OPINION OF ANNUAL FAIR MARKET GROUND RENT FOR MORE RISKY TENANT				
LOT#	LAND VALUE OPINION	30 years	60 years	90 years
		6.5%	7.0%	7.5%
3	$450,000	$29,250	$31,500	$33,750
4	$4,600,000	$299,000	$322,000	$345,000
5	$3,000,000	$195,000	$210,000	$225,000
6	$1,450,000	$94,250	$101,500	$108,750
7	$2,900,000	$188,500	$203,000	$217,500
8	$3,400,000	$221,000	$238,000	$255,000
9	$680,000	$44,200	$47,600	$51,000

ASSUMPTIONS AND LIMITING CONDITIONS

1. This is an Appraisal Report, which is intended to comply with the reporting requirements set forth under Standard Rule 2 of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. The appraiser is not responsible for unauthorized use of this report.

2. No responsibility is to be assumed for legal or title considerations. Title to the property is assumed to be good and marketable 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 a 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.

12. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property descried and that there is no encroachment or trespass unless otherwise stated in this report.

ASSUMPTIONS AND LIMITING CONDITIONS – CONT'D.

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. 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.

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. It may not be used for any purpose by 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.

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.

CERTIFICATION

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

1. The statements of fact contained in this appraisal report are true and correct.

2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.

3. We have no present or prospective interest in the property that is the subject of this report and we have no personal interest with respect to the parties involved.

4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

5. Our engagement in this assignment is not contingent upon developing or reporting predetermined results.

6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

7. Our analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.

8. We have made a personal inspection for the property that is the subject of this report.

9. No one provided significant professional assistance to the persons signing this certification.

10. This appraisal was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

11. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Appraisal Institute's Code of Professional Ethics and Standards of Professional Appraisal Practice, which include the Uniform Standards of Professional Appraisal Practice.

12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

13. As of the date of this report, R. Shawn Brantley, MAI, has completed the continuing education program of the Appraisal Institute.

14. We have not performed services, as an appraiser regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

15. I certify, as the Appraiser(s), that I have completed all aspects of this valuation, including reconciling my opinion of value, free of influence from the client, client's representatives, borrower, any other party to the transaction, or anybody else on this planet.

16. We are competent to perform this assignment.

R. Shawn Brantley, MAI

R. Shawn Brantley, MAI, CCIM
Cert Gen #RZ289
Florida

Bruce A. Black

Bruce A. Black, Associate
Cert Gen #RZ2714
Florida

CURRICULUM VITAE
R. SHAWN BRANTLEY, MAI, CCIM, SRA

BRANTLEY & ASSOCIATES REAL ESTATE APPRAISAL CORP.
850-433-5075 shawnbrantley@brantleyassociates.com

AFFILIATIONS/DESIGNATIONS:

MAI Designation: Commercial appraisal designation awarded in 1994, Member #10514

CCIM Designation: Commercial investment designation awarded in 1999, Member #8500

SRA Designation: Residential appraisal designation awarded in 1990, Member #42488

AI – GRS Designation: Review appraisal designation awarded in 2015

State Certified in Florida (Cert Gen RZ289) and Alabama (State Certified General Real Property Appraiser, #G00419) to appraise all types of real property.

FHA Appraiser: Member of Federal Housing Administration's Fee Appraisal Panel, 1986-1994.

VA Appraiser: Member of Veteran's Administration's Fee Appraisal Panel, 1993-2004.

Realtor: Member of Local Association, Florida Association, and National Association of Realtors.

Professional Service: Past President of NWF Chapter of Appraisal Institute for 1997, Admissions Chair for Appraisal Institute in 1996, Have served extensively on Appraisal Institute's Regional Ethics & Counseling Panel, Have served extensively on commercial (MAI) & residential (SRA) candidate experience review committees & professional standards committees for the Appraisal Institute. Past President of Santa Rosa Co. Board of Realtors in 1991, Have served on Realtor's board of directors for many years, Past chairman of Realtors grievance, professional standards, long-range planning & awards committees.

EXPERIENCE:

Over 30 Years of Experience: Owner/President of Brantley and Associates Real Estate Appraisal Corp. from 2004 to present. Owner of Martin, Brantley & Associates, Inc. from 1997-2004. Owner/President of Brantley Real Estate, Inc. from 1990-1996. Employed as Staff Appraiser with Presley Real Estate, Inc. from 1984-1989.

Court Experience: Have testified in proceedings pertaining to values and damages on more than 100 occasions, including order of takings for eminent domain, jury trials, divorce cases, partition suits, bankruptcy matters, etc. Have qualified in County and Federal Courts.

Varied Experience: Experience includes appraisals in the following property types: Agricultural, Apartments, Automotive dealerships, Banks, Borrow Pits, Cemeteries, Churches, Condemnation matters, Condominiums, Convenience stores, Cropland, Dental facilities, Easements, Eminent domain matters, Extended stay motels, Farms, Fast food facilities, Golf courses, Grain bins, Greenhouses, Hair salons, High-rise condominiums, Homes up to over 9,000SF, Hotels, Industrial properties, Land tracts up to 422,000 acres, Leasehold interests, Liquor stores, Manufacturing plants, Medical facilities, Mobile home parks, Motels, Night Clubs, Offices, Oceanfront properties, Partial Interests, Restaurants, Retail, Right-of-way corridors, RV Parks, Self-storage facilities, Service stations, Shopping centers, Subdivisions, Supermarkets, Timberland, Warehouses, Waterfront property, Wetlands, etc.

Geography of Experience: Most extensive experience is within the Florida counties of Escambia, Santa Rosa, Okaloosa, Walton, & Bay, and the Alabama counties of Baldwin, Mobile, and Escambia.

Other Experience: Employed by ETS (Educational Testing Service) as a test question writer & reviewer for Florida's examination for the state certification of real estate appraisers. Selected by the Florida Dept. of Revenue as participant in its bi-annual Florida Real Estate Value Survey. Selected by University of Florida, Institute of Food & Agricultural Sciences, as participant in its bi-annual survey of North Florida Land Values. Have published magazine articles relevant to real estate appraisal issues.

Partial List of Prior Clients:

Law Firms: Balch & Bingham, LLP; Borowski & Duncan; Chase, Quinnell & Jackson; Clark, Partington, Hart, Larry, Bond & Stackhouse; Greenburg, Traurig; Johnson, Green & Miller; Lindsay, Andrews & Leonard; Litvak, Beasley, Wilson; Locklin, Jones & Saba; Lyons, Pipes & Cook; Moore, Hill & Westmoreland; Shell, Fleming, Davis & Menge; Thompson, Garrett & Hines; Werre & Fitzgerald

Banks: Bank of America, BB&T, Hancock Bank, Centennial Bank, Coastal Bank & Trust, Compass Bank, First American Bank, Regions Bank, SunTrust, Synovus, Wells Fargo.

Governmental Agencies & Political Subdivisions: City of Destin, City of Gulf Breeze, City of Milton, City of Pensacola, Escambia County, Florida Dept. of Environmental Protection, Florida Dept. of Transportation, Okaloosa County, Mobile County, Santa Rosa Bay Bridge Authority, Santa Rosa County, Santa Rosa County School Board, U.S. Army Corps of Engineers, U.S. Department of Housing & Urban Development, U.S. Department of Veterans Affairs.

Corporate Clients: Associates Relocation, American Cyanamid, Baptist Hospital, Baskerville-Donovan, Inc., Blue Sky Timber, LLC, Chicago Title Insurance Co., CBRE, Coldwell Banker Relocation, Cushman Wakefield, Education Credit Union, Elliot-Cooke & Co. CPA's, Equitable Relocation, Farm Credit, Figg Engineers, Inc., General Electric Corp., Gulf Power Co, International Paper Corporation, Medical Center Clinic, P.A., Monsanto Employees Credit Union, Moreland-Altobelli Assoc., Inc., Old Republic Title Insurance Co., Pace Water System, Inc., Sacred Heart Hospital, Saltmarsh, Cleveland & Gund, CPA's, Southern Farm Bureau Casualty Insurance Co, Teachers Federal Credit Union.

EDUCATION:

M.S. Real Estate Appraisal, University of St. Thomas, St. Paul, Minnesota, 2007.

B.S., Finance & Investment Management, University of Alabama, Tuscaloosa, Alabama, 1984.

Over 1,000 classroom hours of specialized appraisal education specific to real estate appraisal:

COURSE DESCRIPTION	DATE	HOURS	SPONSOR
Dimunition of Value and Severance Damages	05/15	02	American Society of Appraisers
USPAP Update and Core Law	10/14	7/3	Bert Rodgers
Review Theory - General	08/14	20	Appraisal Institute
USPAP Update	10/12	07	Bert Rodgers
Challenging Assignments for Residential Appraisers	10/12	07	Bert Rodgers
Appraisal of 2-4 Family & Multi-Family Properties	10/12	07	Bert Rodgers
Foreclosure Basics for Appraisals	09/12	07	Bert Rodgers
Florida Laws & Regulations	08/12	03	Bert Rodgers
Business Practices & Ethics	12/10	07	Appraisal Institute
Advanced Appraisal Review	06/10	17	Florida Department of Transportation
Supervisor and Trainee Appraiser	06/10	03	Florida Department of Transportation
USPAP Update and Core Law	06/10	7/3	Florida Department of Transportation
Aviation Valuation	01/09	02	Pensacola Regional Airport
USPAP Update and Core Law	04/08	7/3	Florida Department of Transportation
Supervisor & Trainee Rules & Roles	04/08	03	Florida Department of Transportation
Advanced Appraisal Review	04/08	17	Florida Department of Transportation
Appraisal of Sovereign Submerged Lands	03/08	06	Dept. of Environmental Protection
Valuation of Conservation Easements	01/08	31	Appraisal Institute
Using the HP12C Calculator	11/06	07	Appraisal Institute
Appraisal of Nursing Facilities	11/06	07	Appraisal Institute
Analyzing Operating Expenses	11/06	07	Appraisal Institute
Market & Feasibility Analysis	08/06	40	University of St. Thomas
National USPAP	04/06	07	McKissock
Florida Laws & Regulations	04/06	03	McKissock
Advanced Appraisal Topics	01/06	40	University of St. Thomas
Business Practices & Ethics	12/05	08	Appraisal Institute
Statistical Analysis for Appraisal	08/05	40	University of St. Thomas
USPAP	10/04	07	McKissock
Legal Issues in Valuation	08/04	40	University of St. Thomas
Effective Communication	08/04	40	University of St. Thomas
Uniform Standards for Federal Land Acq.	03/04	16	Appraisal Institute
Timberland Appraisal Methods	02/04	12	Appraisal Institute
Florida State Law for Real Estate Appraisers	11/03	03	Appraisal Institute

EDUCATION (CONT'D)

COURSE DESCRIPTION	DATE	HOURS	SPONSOR
Effective Appraisal Writing	08/03	07	Appraisal Institute
USPAP	11/02	04	Bert Rodgers
Communicating the Appraisal	11/02	04	Bert Rodgers
Neighborhood Analysis	11/02	04	Bert Rodgers
Residential Subdivision Analysis	11/02	05	Bert Rodgers
Sales Comparison Approach	11/02	06	Bert Rodgers
Appraisal Research and Analysis	11/02	04	Bert Rodgers
Urban Land Economics	08/01	26	Univ. of St. Thomas
USPAP Update	06/01	07	S. Vehmeier
Uniform Standards & Prof. App. Practices	11/00	10	McKissock
Factory-Built Housing	11/00	10	McKissock
Automated Valuation Models	11/00	10	McKissock
USPAP "Core" Law	08/99	07	NWF Ch. Appraisal Inst.
Comp. Commercial Review	06/99	20	CCIM
Real Estate Decision Analysis	01/99	30	CCIM
Real Estate Market Analysis	09/98	30	CCIM
Real Estate Financial Analysis	03/98	30	CCIM
Standard of Professional. Practice "C"	04/98	15	Appraisal Institute
USPAP "Core" Law for Appraisers	10/97	07	Appraisal Institute
Condemnation Valuation	05/97	04	EC Ch. Appraisal Inst.
Tomorrows Appraiser	10/96	04	Appraisal Institute
Standards of Prof. App. Prac. A	1996	16	Appraisal Institute
Tools for Better Appraising	1996	01	NWF Ch. Appraisal Inst.
Complex Residential Properties	1995	07	Mid-S Al C
Appraising FHA Insured Prop.	1995	07	Appraisal Institute
Exp. Review Training Program	1995	04	NWF Ch. Appraisal Inst.
Understanding Limited Appraisals	1994	07	Appraisal Institute
Standards of Prof App Pract. B	1994	11	Appraisal Institute
Standards of Prof App Pract. A	1994	15	Appraisal Institute
USPAP Core Law Seminar	1994	07	NWF Ch. Appraisal Inst.
Comp. Appraisal Workshop	1994	23	T. Whitmer Co
USPAP/Environ. Hazards	1992	10	Real Estate Ed. Spec
Litigation Valuation	1991	15	Appraisal Institute
Adv. Income Capitalization	1989	15	Appraisal Institute
State Cert. Real Est Appr Cs-II	1989	60	Bert Rodgers
State Cert. Real Est Appr Cs-I	1989	60	Bert Rodgers
Valuation & Report Writing	1988	48	AIREA/Univ. Florida
Case Studies in RE Valuation	1987	48	AIREA/Univ. North Carolina
Standards of Professional Prac	1987	28	AIREA/Texas Christian University
Appl Residential Prop Valuation	1987	challenged	SREA
Capitalization Theory & Tech B	1987	challenged	AIREA
Capitalization Theory & Tech A	1986	challenged	AIREA
Basic Valuation Proc. (Exam 1A2)	1986	challenged	AIREA
Real Estate Appr Prin. (Exam1A-1)	1985	challenged	AIREA
Real Estate Brokers Course	1984	48	Bert Rodgers
Principals of Real Estate (Fl431)	1984	60	University of Alabama
Real Estate Finance (Fl 436)	1983	60	University of Alabama
Real Estate Salesman's Course	1979	51	Bert Rodgers

QUALIFICATIONS AS AN APPRAISER
BRUCE A. BLACK

EDUCATION:

Bachelor of Science Degree, University of South Florida, Tampa, Florida, 1991, Major: Biology.
Master of Science Degree, University of North Florida, Jacksonville, Florida, 1996, Major: Health Science, Graduate Certificate in Public Health.

Successful completion of the following courses and/or exams, which are specific to real estate appraisal:

COURSE DESCRIPTION	DATE	HOURS	SPONSOR
Appraisal Course (AB-1)	1999	75	Florida RE Institute
RE Salesmen's Pre Licensing Course	1999	60	Florida RE Institute
RE Salesmen's Post Licensing Course	1999	60	Florida RE Institute
Appraising the Appraisal	2000	23	RE Ed. Specialists
USPAP/Florida Law Update	2000	07	RE Ed. Specialists
USPAP/Florida Law Update	2002	10	McKissock
Appraisal Courses (AB 2 and AB 2b)	2002	45	Florida RE Institute
Effective Appraisal Writing	2003	07	Appraisal Institute
Appraisal Course (AB-3)	2003	60	RE Ed. Specialists
USPAP/Florida Law Update	2004	10	McKissock
Using HP12C Financial Calculator	2006	07	Appraisal Institute
I310 – Basic Income Capitalization	2006	39	Appraisal Institute
USPAP/Florida Law Update	2006	10	McKissock
II510 – Advanced Income Capitalization	2007	40	Appraisal Institute
400G – General Market Analysis and Highest & Best Use	2007	30	Appraisal Institute
FL Sup/Trainee Roles & Relationships	2008	03	McKissock
USPAP/Florida Law Update	2008	10	McKissock
420 – Business Practices and Ethics	2008	08	Appraisal Institute
15 Hr. National USPAP	2008	15	Appraisal Institute
II530 – Advanced Sales Comparison and Cost Approaches	2008	40	Appraisal Institute
II540 – Report Writing and Valuation Analysis	2009	40	Appraisal Institute
II550 – Advanced Applications	2009	40	Appraisal Institute
Business Practices and Ethics (New)	2010	08	Appraisal Institute
FL Sup/Trainee Roles & Relationships	2010	03	McKissock
USPAP/Florida Law Update	2010	10	McKissock
USPAP Update	2012	7	RE Ed. Specialists
Florida Law Update	2012	8	RE Ed. Specialists
Foreclosures and Short Sales	2012	7	RE Ed. Specialists
2-4 Family and Multifamily	2012	8	RE Ed. Specialists
USPAP Update	2014	7	RE Ed. Specialists
Florida Law Update	2014	8	RE Ed. Specialists
Unique and Complex Properties	2014	15	RE Ed. Specialists

EXPERIENCE:

Employed by Brantley & Associates Real Estate Appraisal Corp. (formerly Martin, Brantley & Associates, Inc.) as an Appraiser from 1999 to present.

Employed as a Scientist II with Columbia Analytical Services, Inc. of Jacksonville, Florida from May 1998 to August 1999.

Employed as a Laboratory Technician with St. Johns County Utility Department of St. Augustine, Florida from March 1995 to May 1998.

AFFILIATIONS:

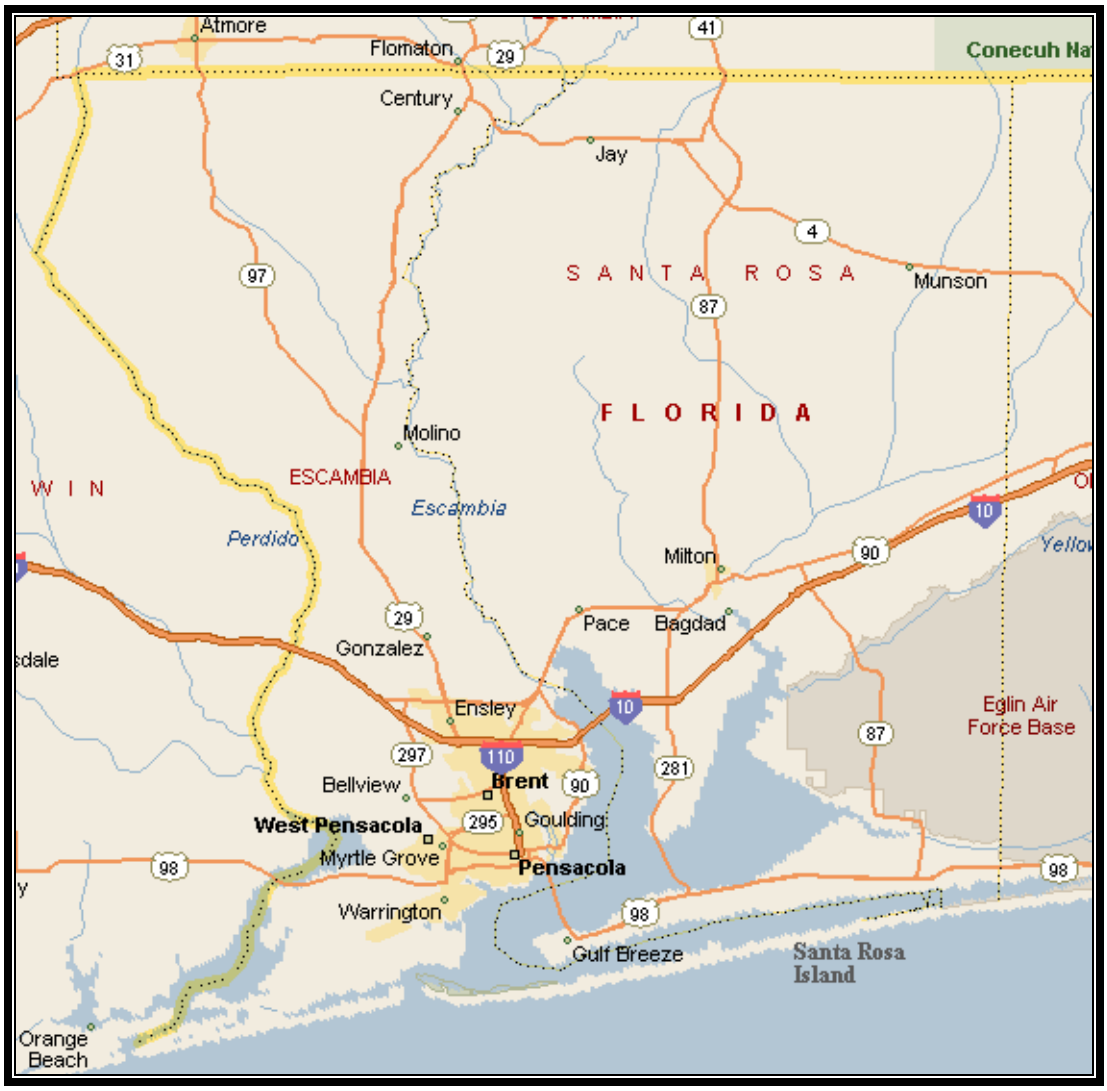
State-Certified General Real Estate Appraiser
State of Florida, #RZ2714

SCOPE OF CLIENTS (Brantley & Associates): Bank of America, Coastal Bank & Trust, BBVA/Compass Bank, Charter Bank, Wachovia/Wells Fargo Bank, Regions Bank, SunTrust Bank, Whitney/Hancock Bank, Florida Department of Transportation, area attorneys, individuals, accountants and estates.

ADDENDA

GENERAL AREA ANALYSIS

The Pensacola Metropolitan Statistical Area (MSA) consists of the two westernmost counties in Northwest Florida, Escambia and Santa Rosa. The MSA contains the cities of Pensacola, Milton and Gulf Breeze, and the towns of Century and Jay. The counties are situated along the Gulf of Mexico and the Intracoastal Waterway in the area dubbed as “The Western Gate to the Sunshine State”. Pensacola itself is known as the City of Five Flags. The area 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 325 miles from Atlanta, Georgia. Escambia County has approximately 661 square miles with Santa Rosa County encompassing 1,024 square miles. There is an additional 100 square miles of water area within the county boundaries. A delineation of the boundaries is shown on the map below:



There are four forces that have significant influence on property values in the region. They are listed 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 regional analysis is presented with these factors in mind.

ECONOMIC FORCES: The analysis of economic trends will be confined to the local economy as most applicable to the subject of the appraisal. This category will evaluate trends in employment and housing trends within the MSA.

Employment: Pensacola's regional economy continues to rely heavily upon governmental expenditures, which are primarily military. However, tourism, industry, health care and education make up the majority of its workforce and economy. At the present time, 32 percent of the workforce in the area work in business, science, and the arts, 22 percent work in the service industry, 27 percent work in sales, 9 percent work in construction and maintenance, and 10 percent work in production and transportation of goods. In an effort to diversify the past/existing labor trend, local government has intensified their efforts in securing new industry to the area. This effort commenced in the late 1980s and continues through the present time.

Military personnel have had a profound effect upon the area's economy. Escambia and Santa Rosa Counties are host to numerous military installations including Naval Air Station Pensacola, Saufley Field, Corry Stations and NAS Whiting Field. Known as the "Cradle of Naval Aviation", Naval Air Station Pensacola serves as the launching point for the flight training of every Naval Aviator, Naval Flight Officer (NFO), and enlisted air crewman. In addition, approximately 32,000 aviation personnel in aeronautical technical phases of naval operations are trained here. The Pensacola Naval Complex in Escambia and Santa Rosa counties employs more than 16,000 military and 7,400 civilian support personnel.

The majority of naval activities in the area are concentrated on the west side of the metropolitan area. The largest base is NAS Pensacola, which is located southwest of Pensacola's central business district at the entrance to Pensacola Bay. Additional military facilities include Eglin Air Force Base and Hurlburt Field. These facilities are located mostly in Okaloosa County but do provide economic impact to Santa Rosa County, and to a lesser extent, Escambia County.

Thirty-five percent of Northwest Florida's economy is related to the military. This military-oriented community provides an economic impact of more than $7.8 billion a year. The financial impact of the military is approximately 20% of the total economic base, which is why it is often referred to as the 'cradle of naval aviation' and is forever recognized as a military-friendly community. Recently completed in 2010 was a $46 million construction project for training facilities for the Air Force at NAS Pensacola. Another project recently completed involved renovating a historical building on base and converting it to base headquarters.

Whiting Field near Milton provides primary and intermediate flight training for the U.S. Navy. One in every six hours of flying time for the Navy across the globe is flown from there. Santa Rosa County, in partnership with the Navy, The Nature Conservancy, the Florida Division of Forestry and others, has acquired or otherwise protected more than 20,000 acres from encroachment around Whiting Field and its six nearby landing fields. This partnership is known throughout the Navy as the 'Santa Rosa Model'.

Other major employers in the region include:

Company Name	No. Emp.	Principal Business
Local Government	15,790	Government Services
Federal Government	7,403	Government Services
State Government	5,970	Government Services
Sacred Heart Health System	5,000	Health Care Service
Baptist Health Care	3,163	Health Care Service
Lakeview	2,000	Health Care Service
Gulf Power Company	1,400	Electric Utility
Ascend Performance Materials	1,400	Nylon Fiber/Industrial Organic Chemicals
West Florida Hospital	1,300	Health Care Service
University of West Florida	1,231	Education
Navy Federal Credit Union	1,200	Financial Institution
Pensacola Christian College	1,000	School and Publishing
West Corporation	800	Broadband wireless support
Pensacola Junior College	709	Education
Cox Communications Gulf Coast	645	Communication Services
Medical Center Clinic	627	Health Care Service
Santa Rosa Medical Center, Inc.	530	Health Care Service
ECUA	518	Public Utilities
Wayne Dalton Corporation	500	Garage Door Manufacturer
International Paper	500	Paper Products
CHCS Services, Inc.	450	Insurance Claims
Pensacola News Journal	450	Newspaper
SMG Food Services	387	Entertainment & Food Services
Armstrong World Industries	300	Acoustical Ceiling Products
DANA Coupled Products	250	Automobile Brake Systems
General Electric	250	Wind Energy Systems

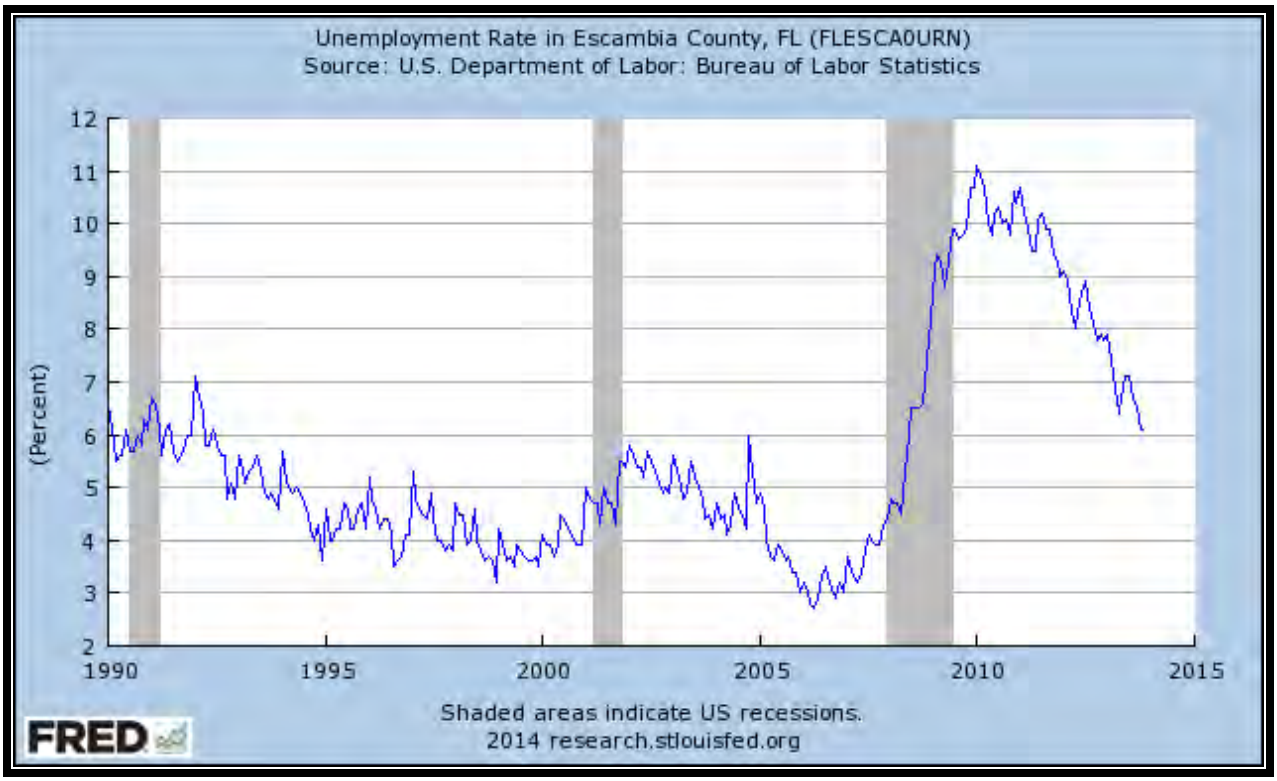
These employers represent a broad base of industries.

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 three regional hospitals include Baptist Hospital, Sacred Heart Hospital, and West Florida Hospital. The three centers have a total of 1,489 beds and feature a variety of medical specialties for the Southeast region.

The following table provides a summary of job sources in the Standard Metro area:

Description	2013 Jobs	2014 Jobs	Growth	% Growth	2012 EPW
Agriculture, natural resources, and mining	6,083	6,441	358	6%	$29,363
Construction	12,428	12,442	14	0%	$40,361
Education and health services	33,396	34,089	693	2%	$48,197
Financial activities	20,016	20,511	495	2%	$38,158
Government	40,660	40,762	102	0%	$60,516
Information	3,309	3,278	31	1%	$53,022
Leisure and hospitality	22,805	23,081	276	1%	$17,810
Manufacturing	6,018	5,970	48	1%	$65,889
Other services	14,215	14,398	183	1%	$19,320
Professional and business services	27,613	27,837	224	1%	$38,840
Trade, transportation, and utilities	34,154	34,370	216	1%	$35,587
Total	220,697	223,179	2,482	1%	$41,097

Unemployment: The unemployment rate for Escambia County was reported as being 5.9 percent in December of 2013. The unemployment rate for Santa Rosa County was reported as being 5.1 percent in the same time period. This unemployment is comparable to the national unemployment rate of 6.7 percent. As you can see on the graph below these rates have been steadily decreasing since the peak of unemployment in 2010.



Housing: Both counties offer a wide variety of housing options ranging from affordable to luxury, waterfront, secluded, or suburban residence. Growth within the housing market had been rapid in the past, and from 2004 to late 2005 it accelerated considerably due to housing shortages created by recent hurricanes. There was a great demand for residential property in the general market, and from 2004 through the third quarter of 2005, real estate values were rapidly increasing, and most land deals went down with multiple developers in the hunt.

Conversely, in late 2005, the demand for residential homes (single-family homes, townhomes, condominiums, etc.) began to take a downward turn. This has been attributed to several factors. Initially, recent hurricanes, and the extensive damage they produced, caused construction costs and insurance premiums to rise exponentially. This also created in the general public an awareness of the vulnerability of this hurricane prone area. Local Realtors subsequently began reporting a downward trend in residential sales.

The following chart summarizes the housing market in Escambia and Santa Rosa Counties since January 2010:

Month	Year	Monthly Sales	Monthly Volume	Avg List $	Avg Sale $	Median Sold $	Avg DOM	Avg CDOM	% Sold/List	Current Inventory	Months Inventory
January	2010	230	$36,885,723	$169,007	$160,372	$132,750	118	116	94.89%	5176	22.50
February	2010	325	$52,396,007	$170,539	$161,218	$144,500	121	123	94.53%	5347	16.45
March	2010	422	$62,930,531	$157,433	$149,124	$129,935	127	131	94.72%	5460	12.93
April	2010	460	$80,173,096	$184,602	$174,289	$137,350	135	135	94.41%	5557	12.08
May	2010	466	$69,000,071	$156,210	$148,068	$127,125	122	124	94.78%	5727	12.28
June	2010	516	$86,468,349	$176,756	$167,574	$149,950	107	110	94.80%	5740	11.12
July	2010	358	$55,284,081	$162,906	$154,424	$139,385	111	117	94.79%	5707	15.94
August	2010	332	$49,597,883	$157,676	$149,391	$130,000	123	134	94.74%	5839	17.58
September	2010	359	$58,167,816	$172,274	$162,027	$140,000	131	140	94.05%	5790	16.12
October	2010	312	$52,351,245	$176,673	$167,792	$143,587	136	150	94.97%	5722	18.33
November	2010	304	$48,095,534	$169,447	$158,208	$138,250	142	156	93.36%	5595	18.40
December	2010	397	$63,695,061	$169,653	$160,440	$141,850	154	162	94.56%	5439	13.70
Annual:		**4481**	**$715,045,397**	**$168,746**	**$159,572**	**$138,290**	**127**	**133**	**94.56%**	**5592**	**14.97**

Month	Year	Monthly Sales	Monthly Volume	Avg List $	Avg Sale $	Median Sold $	Avg DOM	Avg CDOM	% Sold/List	Current Inventory	Months Inventory
January	2011	280	$46,627,494	$177,542	$166,526	$137,200	128	143	93.79%	5194	18.55
February	2011	278	$43,522,685	$168,364	$156,556	$127,800	142	149	92.98%	5147	18.51
March	2011	444	$71,429,173	$171,334	$160,876	$129,900	158	164	93.89%	5136	11.56
April	2011	426	$67,039,946	$167,305	$157,370	$130,000	156	168	94.06%	5080	11.92
May	2011	421	$72,404,176	$182,032	$171,981	$137,000	133	137	94.47%	5049	11.99
June	2011	456	$77,862,964	$181,112	$170,752	$132,250	139	149	94.27%	4997	10.95
July	2011	404	$67,575,664	$177,572	$167,266	$143,500	164	166	94.19%	4933	12.21
August	2011	461	$88,715,214	$204,788	$192,440	$145,900	156	162	93.97%	4850	10.52
September	2011	384	$63,158,419	$174,450	$164,475	$138,450	165	170	94.28%	4785	12.46
October	2011	348	$55,806,471	$169,396	$160,363	$140,000	132	141	94.66%	4711	13.53
November	2011	336	$51,191,347	$160,970	$152,355	$129,950	153	170	94.64%	4593	13.66
December	2011	383	$61,809,497	$171,977	$161,382	$130,000	142	151	93.83%	4507	11.76
Annual:		**4621**	**$767,143,050**	**$176,395**	**$166,012**	**$135,000**	**148**	**156**	**94.11%**	**4915**	**12.76**

Month	Year	Monthly Sales	Monthly Volume	Avg List $	Avg Sale $	Median Sold $	Avg DOM	Avg CDOM	% Sold/List	Current Inventory	Months Inventory
January	2012	282	$37,626,544	$140,980	$133,427	$115,450	157	170	94.64%	4290	15.21
February	2012	322	$49,268,461	$161,861	$153,007	$134,025	137	143	94.52%	4228	13.13
March	2012	460	$72,365,619	$165,808	$157,316	$135,000	156	160	94.87%	4219	9.17
April	2012	415	$70,112,835	$179,231	$168,946	$137,000	144	156	94.26%	4251	10.24
May	2012	454	$77,540,606	$179,113	$170,794	$144,312	155	158	95.35%	4276	9.41
June	2012	508	$90,073,813	$185,083	$177,310	$150,700	136	135	95.80%	4243	8.35
July	2012	482	$88,290,469	$191,321	$183,175	$150,000	128	134	95.74%	4188	8.68
August	2012	449	$72,201,492	$167,657	$160,805	$140,000	120	123	95.91%	4170	9.28
September	2012	413	$66,520,438	$168,302	$161,066	$131,387	118	121	95.70%	4192	10.15
October	2012	479	$84,910,765	$188,948	$177,266	$139,000	123	126	93.81%	4099	8.55
November	2012	427	$73,892,678	$184,277	$173,050	$136,452	126	132	93.90%	4014	9.40
December	2012	471	$76,511,619	$171,162	$162,445	$130,000	124	126	94.90%	3935	8.35
Annual:		**5162**	**$859,315,339**	**$175,258**	**$166,469**	**$137,742**	**135**	**139**	**94.98%**	**4175**	**9.70**

Month	Year	Monthly Sales	Monthly Volume	Avg List $	Avg Sale $	Median Sold $	Avg DOM	Avg CDOM	% Sold/List	Current Inventory	Months Inventory
January	2013	331	$53,290,531	$170,146	$160,998	$139,500	134	135	94.62%	3660	11.05
February	2013	387	$62,091,540	$169,045	$160,443	$137,000	113	117	94.91%	3694	9.54
March	2013	508	$89,711,385	$185,709	$176,597	$141,250	118	117	95.09%	3778	7.43
April	2013	438	$79,005,430	$188,805	$180,377	$140,933	125	133	95.53%	3795	8.66
May	2013	8	$1,875,400	$241,275	$234,425	$209,450	124	176	97.16%	3868	483.50
June	2013	0	0	0	0	0	0	0	0.00%	3901	N/A
July	2013	0	0	0	0	0	0	0	0.00%	3901	N/A
August	2013	0	0	0	0	0	0	0	0.00%	3901	N/A
September	2013	0	0	0	0	0	0	0	0.00%	3901	N/A
October	2013	0	0	0	0	0	0	0	0.00%	3901	N/A
November	2013	0	0	0	0	0	0	0	0.00%	3901	N/A
December	2013	0	0	0	0	0	0	0	0.00%	3901	N/A
Annual:		**1672**	**$285,974,286**	**$179,848**	**$171,037**	**$140,000**	**122**	**125**	**95.10%**	**3842**	**27.57**

From the presented information, we see that the average sale price has slowly ticked upward since January 2010 and the average DOM has declined slightly.

SOCIAL FORCES: This category is primarily concerned with population characteristics and demographics. A study of an area's population characteristics produces much information about the basic demand for real estate in that market. Following is regional data pertinent to that topic.

Population:



Age	2013 Population	2014 Population	Change	% Change
under 15	84,743	85,743	1,000	1%
15 - 24	67,250	66,474	776	1%
25 - 44	113,254	113,861	607	1%
45 - 64	126,171	126,624	453	0%
65+	67,459	68,922	1,463	2%
Total	458,877	461,624	2,747	1%

Source: EMSI Complete Employment - 2012.4

Basic demographic estimates for Santa Rosa and Escambia Counties for the year 2013:

	Demographic Estimates	Santa Rosa	Escambia	US
Income	Per Capita Income	$27,282	23,396	$26,451
	Median Family Income	$57,491	$43,806	$47,309
	Unemployed (2013-12)	5.1%	5.9%	6.7%
Education	High school graduate or higher	89.3%	87.1%	85.8%
	Bachelor's degree or higher	25.8%	23.2%	26.2%
Occupied housing Units	Owner-occupied housing units	75.2%	65.4%	68.1%
	Renter-occupied housing units	23.70%	32.7%	33.90%
	Vacant housing units	12.70%	18%	12.4%
	Median value of owner occupied housing units	$166,300	$137,300	$170,800
Age	Median Age (in years)	39	37.5	37

GOVERNMENTAL FORCES: This category addresses state and local government forces within the regional area.

Type of Government: Santa Rosa and Escambia Counties are governed by, a board of commissioners. Specified districts with some "at large" seats elect the commissioners. The board in turn appoints a county manager who oversees the day-to-day operations of the respective governments.

Building Codes/Zoning: The various cities of Pensacola, Gulf Breeze and Milton and the Santa Rosa and Escambia County governments all operate separate planning and zoning departments. The various departments are responsible for establishing and enforcing land use regulations. These departments are extremely helpful in deciphering land use regulations.

The City of Pensacola, Escambia County, the City of Milton, and Santa Rosa County also operate separate building inspection departments. This office is responsible for enforcing codes for building, electrical, mechanical, plumbing, and gas installations.

The state of Florida has certain requirements before new development can take place. Under Florida's concurrency laws, an area must have adequate public facilities before new development may occur. All comprehensive plans across the state must include concurrency for roads, sanitary sewer, solid waste, drainage, potable water, parks and recreation, and mass transit, where applicable.

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 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. The Bell South Telephone Company provides telephone service throughout the MSA. The Emerald Coast Utilities Authority supplies water and sanitary sewage disposal service to Escambia County. It also disposes of trash within the unincorporated area of the County with Sanitation Services of Pensacola having jurisdiction within the city limits. Natural gas is available for most areas by Energy Services of Pensacola. South Santa Rosa Utility supplies the city of Gulf Breeze with water and sewer service. Natural gas is also available in Gulf Breeze through the Gulf Breeze Natural Gas Department. The Public Works Department of Milton provides natural gas, sanitation, and water for the areas of Milton, East Milton, and Pace.

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 an ample variety of State, County and local roads, providing access throughout the area. The Pensacola Regional Airport is a commercial airport served by American Eagle, Continental Airlines, Delta Airlines, Northwest Airlink, and US Airways with an average total of 90 flights per day. The City of Pensacola operates the Port of Pensacola, which can accommodate ocean-going vessels with drafts up to 33 feet.

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. Escambia County sales tax is at $0.075 on the dollar and Santa Rosa County is subject to $0.065 on the dollar.

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

Climate: The MSA is located in a generally warm climate, typical of the region along the upper Gulf Coast. The average temperature in January is 52 degrees and in July is 83 degrees. High winds, tropical storms or hurricanes have occurred in late summer and in early fall.

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 area. Canoeing, boating, hunting, fishing and other outdoor sporting activities are popular throughout the MSA. Several popular state and national parks

are located in the MSA: Blackwater River State Park, Big Lagoon State Park, and the Gulf Islands National Seashore Park, which contains Fort Pickens. It is home to the Pensacola Ice Flyers, who began playing in the 2009-2010 season as a member of the Southern Professional Hockey League. The team plays their home games in the Pensacola Civic Center. The MSA is also home to the Pensacola Blue Wahoos, who began their 1st season in 2012 as an AA minor league baseball team affiliated with the Cincinnati Reds. The Blue Wahoos currently play their games at the Pensacola Blue Wahoos Stadium at the Community Maritime Park.

Transportation: Escambia and Santa Rosa Counties are located along a sheltered 12-foot draft barge route, which runs from Brownsville, Texas to Apalachicola, Florida. Amtrak and CSX Transportation provide rail service to and from Pensacola. Greyhound Lines, Inc. provides bus service to and from the Pensacola MSA.

Regional Resources: Agriculture has continued to be a major contribution 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 one of the most recognized resources of the Pensacola MSA are the sparkling white sandy beaches, which extend from Mobile Bay to peninsular Florida. The beaches in the Pensacola area are a major tourist attraction.

The skepticism of state officials on the issue of offshore drilling was justified by BP's oil spill in the Gulf of Mexico. The crisis started when an offshore oilrig exploded and sank in the gulf on April 20, 2010. The incident ruptured the oil well and caused a blowout, or an uncontrollable spill. The well spewed millions of gallons of crude oil into the Gulf of Mexico. The environmental and economical repercussions of this spill were immense and continue to be seen to a lesser degree. The oil spill caused the federal government to declare a fisheries disaster for neighboring states, but Northwest Florida escape the worst of the effects. However, the area did see dead dolphins, fish, birds, and turtles wash up on the beaches. The realization that the oil slick could have made landfall in Pensacola reminded residents how important the beaches and waterways of the Pensacola MSA are to the economy.

Hurricanes: As Florida endures the majority of Atlantic hurricane landfalls, with statistics identifying Pensacola as having a 1 in 8 chance of being the target, hurricane damage and their repercussions are major concerns for the Pensacola MSA. As described earlier in the Housing section, Hurricane Ivan was the initial onset of the current market decline for the Pensacola MSA.

The Atlantic hurricane season extends from June to November. Within the past twelve years the Pensacola MSA has encountered six damaging and even deadly hurricanes, among multiple tropical depressions, tropical storms, and minor hurricanes. Following is a table briefly describing each:

MAJOR HURRICANES IN PENSACOLA MSA						
Name	ERIN	OPAL	GEORGES	IVAN	DENNIS	KATRINA
Date	August-95	October-95	September-98	September-04	July-05	August-05
Landfall	Pensacola, FL	Gulf Breeze, FL	Biloxi, MS	Gulf Shores, AL	Pensacola, FL	New Orleans, LA
Category	1	3	2	3	3	3
Winds	99 mph	116 mph	104 mph	120 mph	120 mph	175 mph
Area Storm-Related Deaths	None	None	None	18	5	1,836
Total U.S. Loss	$700 Million	$5.2 Million	$2.96 Billion	$12 - $14 Billion	$1.8 Billion	$84 Billion

These storms, along with several other 2004-2005 Florida hurricanes, created in the general public an awareness of the vulnerability of this hurricane prone area. Due to these natural disasters frequently targeting the Escambia and Santa Rosa County areas, multiple hurricane shelters, evacuation planning guides and assistance programs, have been formed to support local residents in preparing for and dealing the outcomes of these storms. There has been no detrimental hurricanes impact the area since Hurricane Katrina in August 2005.

SUMMARY: The Pensacola MSA remains an evolving metropolitan area, traditionally dependent on tourism and 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, affordable housing, and a growing, young workforce, all of which provide a good foundation for future growth. We conclude that the MSA is an economically viable environment with demand levels for affordable housing within this general area sufficient for an operative market, but clearly slower than we have historically seen.

SUBJECT PROPERTY DATA

ECPA Home

Chris Jones
Escambia County Property Appraiser

Real Estate Search | Tangible Property Search | Sale List | Amendment 1/Portability Calculations

Back

Navigate Mode ◉ Account ○ Reference

Printer Friendly Version

General Information

Reference:	000S009400000030
Account:	154800030
Owners:	PENSACOLA CITY OF
Mail:	222 W MAIN ST PENSACOLA, FL 32502
Situs:	
Use Code:	LEASEHOLD INTEREST
Taxing Authority:	PENSACOLA CITY LIMITS
Tax Inquiry:	Open Tax Inquiry Window

Tax Inquiry link courtesy of Janet Holley
Escambia County Tax Collector

2014 Certified Roll Assessment

Improvements:	$0
Land:	$190,859
Total:	$190,859
Non-Homestead Cap:	$190,859

Disclaimer

Amendment 1/Portability Calculations

Sales Data

Sale Date	Book	Page	Value	Type	Official Records (New Window)

None

Official Records Inquiry courtesy of Pam Childers
Escambia County Clerk of the Circuit Court and Comptroller

2014 Certified Roll Exemptions

FRATERNAL AND OTHER

Legal Description

LT 3 VINCE WHIBBS SR COMMUNITY MARITIME PARK
PB 19 P 23/23A OR 5886 P 1303 OR 6902 P 96

Extra Features

None

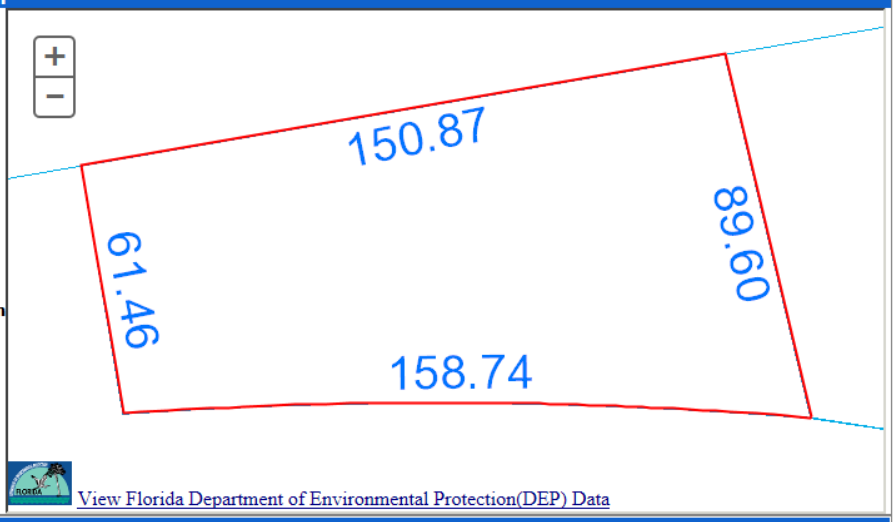
Parcel Information — Launch Interactive Map

Section Map Id: CA098

Approx. Acreage: 0.2577

Zoned: WRD

Evacuation & Flood Information Open Report



View Florida Department of Environmental Protection(DEP) Data

Buildings

Images

None

The primary use of the assessment data is for the preparation of the current year tax roll. No responsibility or liability is assumed for inaccuracies or errors.

Last Updated:05/07/2015 (tc.2691)

ECPA Home

Chris Jones
Escambia County Property Appraiser

Real Estate Search | Tangible Property Search | Sale List | Amendment 1/Portability Calculations

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Navigate Mode ◉ Account ○ Reference

Printer Friendly Version

General Information

Reference:	000S009400000040
Account:	154800040
Owners:	PENSACOLA CITY OF
Mail:	222 W MAIN ST PENSACOLA, FL 32502
Situs:	300 BLK W MAIN ST 32502
Use Code:	LEASEHOLD INTEREST
Taxing Authority:	PENSACOLA CITY LIMITS
Tax Inquiry:	Open Tax Inquiry Window

Tax Inquiry link courtesy of Janet Holley
Escambia County Tax Collector

2014 Certified Roll Assessment

Improvements:	$49,211
Land:	$1,721,486
Total:	$1,770,697
Non-Homestead Cap:	$1,770,697

Disclaimer

Amendment 1/Portability Calculations

Sales Data

Sale Date	Book	Page	Value	Type	Official Records (New Window)

None

Official Records Inquiry courtesy of Pam Childers
Escambia County Clerk of the Circuit Court and Comptroller

2014 Certified Roll Exemptions

FRATERNAL AND OTHER

Legal Description

LT 4 VINCE WHIBBS SR COMMUNITY MARITIME PARK
PB 19 P 23/23A OR 5886 P 1303 OR 6902 P 96 CA 98

Extra Features

ASPHALT PAVEMENT
CONCRETE WALKS
LIGHTS

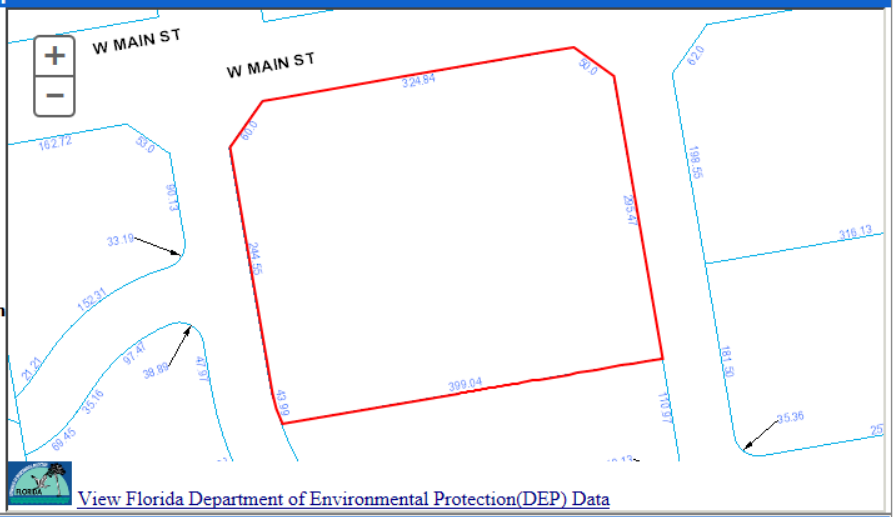
Parcel Information — Launch Interactive Map

Section Map Id:
CA098

Approx. Acreage:
3.0400

Zoned:
WRD

Evacuation & Flood Information
Open Report



View Florida Department of Environmental Protection(DEP) Data

Buildings

Images

None

The primary use of the assessment data is for the preparation of the current year tax roll. No responsibility or liability is assumed for inaccuracies or errors.

ECPA Home

Chris Jones
Escambia County Property Appraiser

Real Estate Search | Tangible Property Search | Sale List | Amendment 1/Portability Calculations

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Navigate Mode ◉ Account ○ Reference

Printer Friendly Version

General Information

Reference:	000S009400000050
Account:	154800050
Owners:	PENSACOLA CITY OF
Mail:	222 W MAIN ST PENSACOLA, FL 32502
Situs:	
Use Code:	LEASEHOLD INTEREST
Taxing Authority:	PENSACOLA CITY LIMITS
Tax Inquiry:	Open Tax Inquiry Window

Tax Inquiry link courtesy of Janet Holley
Escambia County Tax Collector

2014 Certified Roll Assessment

Improvements:	$0
Land:	$1,136,910
Total:	$1,136,910
Non-Homestead Cap:	$1,136,910

Disclaimer

Amendment 1/Portability Calculations

Sales Data

Sale Date	Book	Page	Value	Type	Official Records (New Window)

None

Official Records Inquiry courtesy of Pam Childers
Escambia County Clerk of the Circuit Court and Comptroller

2014 Certified Roll Exemptions

FRATERNAL AND OTHER

Legal Description

LT 5 VINCE WHIBBS SR COMMUNITY MARITIME PARK
PB 19 P 23/23A OR 5886 P 1303 OR 6902 P 96 CA 98

Extra Features

None

Parcel Information

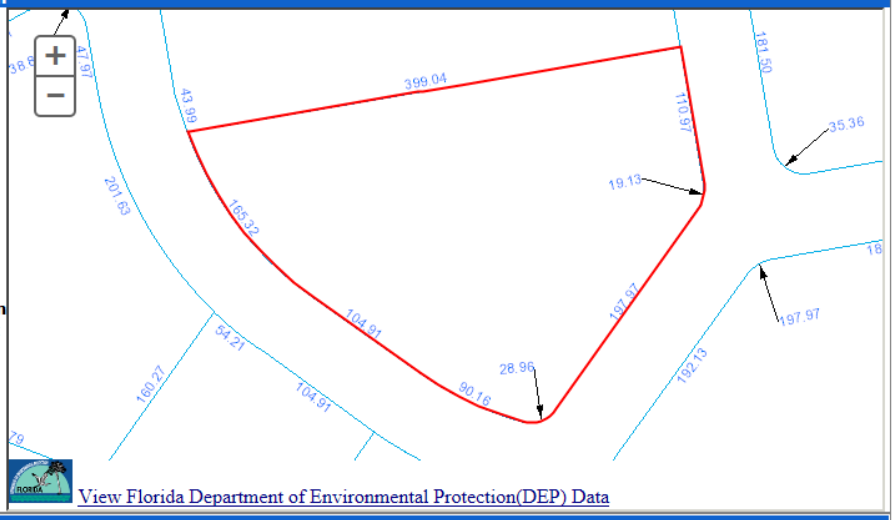
Launch Interactive Map

Section Map Id:
CA098

Approx. Acreage:
1.7400

Zoned:
WRD

Evacuation & Flood Information
Open Report



Buildings

Images

None

The primary use of the assessment data is for the preparation of the current year tax roll. No responsibility or liability is assumed for inaccuracies or errors.

Last Updated:05/07/2015 (tc.3710)

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Chris Jones
Escambia County Property Appraiser

Real Estate Search | Tangible Property Search | Sale List | Amendment 1/Portability Calculations

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Navigate Mode ◉ Account ○ Reference

Printer Friendly Version

General Information

Reference:	000S009400000060
Account:	154800060
Owners:	PENSACOLA CITY OF
Mail:	222 W MAIN ST PENSACOLA, FL 32502
Situs:	
Use Code:	LEASEHOLD INTEREST
Taxing Authority:	PENSACOLA CITY LIMITS
Tax Inquiry:	Open Tax Inquiry Window

Tax Inquiry link courtesy of Janet Holley
Escambia County Tax Collector

2014 Certified Roll Assessment

Improvements:	$0
Land:	$622,030
Total:	$622,030
Non-Homestead Cap:	$622,030

Disclaimer

Amendment 1/Portability Calculations

Sales Data

Sale Date	Book	Page	Value	Type	Official Records (New Window)
None					

Official Records Inquiry courtesy of Pam Childers
Escambia County Clerk of the Circuit Court and Comptroller

2014 Certified Roll Exemptions

FRATERNAL AND OTHER

Legal Description

LT 6 VINCE WHIBBS SR COMMUNITY MARITIME PARK
PB 19 P 23/23A OR 5886 P 1303 OR 6902 P 96 CA 98

Extra Features

None

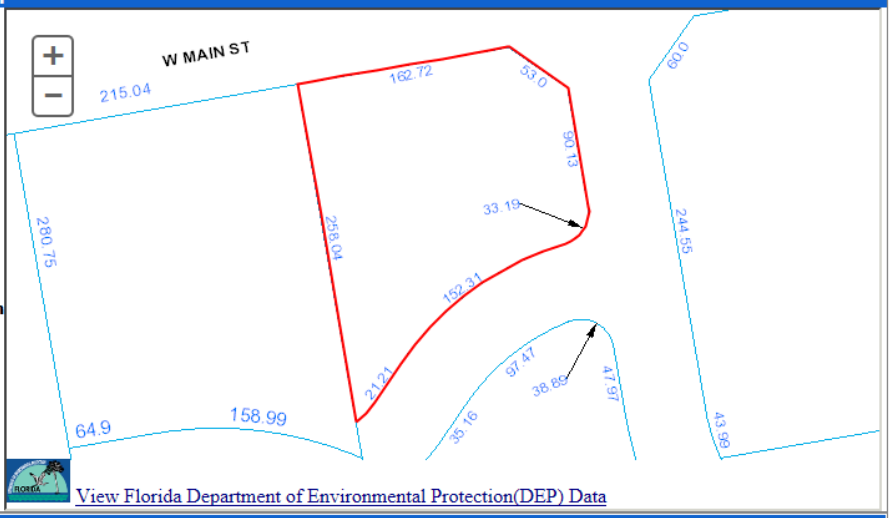
Parcel Information — Launch Interactive Map

Section Map Id: CA098

Approx. Acreage: 0.8400

Zoned: WRD

Evacuation & Flood Information Open Report



View Florida Department of Environmental Protection(DEP) Data

Buildings

Images

None

The primary use of the assessment data is for the preparation of the current year tax roll. No responsibility or liability is assumed for inaccuracies or errors.

Last Updated: 05/07/2015 (tc.3756)

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Chris Jones
Escambia County Property Appraiser

Real Estate Search | Tangible Property Search | Sale List | Amendment 1/Portability Calculations

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Navigate Mode ◉ Account ○ Reference

Printer Friendly Version

General Information

Reference:	000S009400000070
Account:	154800070
Owners:	PENSACOLA CITY OF
Mail:	222 W MAIN ST PENSACOLA, FL 32502
Situs:	
Use Code:	LEASEHOLD INTEREST
Taxing Authority:	PENSACOLA CITY LIMITS
Tax Inquiry:	Open Tax Inquiry Window

Tax Inquiry link courtesy of Janet Holley
Escambia County Tax Collector

2014 Certified Roll Assessment

Improvements:	$0
Land:	$1,160,442
Total:	$1,160,442
Non-Homestead Cap:	$1,160,442

Disclaimer

Amendment 1/Portability Calculations

Sales Data

Sale Date	Book	Page	Value	Type	Official Records (New Window)

None

Official Records Inquiry courtesy of Pam Childers
Escambia County Clerk of the Circuit Court and Comptroller

2014 Certified Roll Exemptions

FRATERNAL AND OTHER

Legal Description

LT 7 VINCE WHIBBS SR COMMUNITY MARITIME PARK
PB 19 P 23/23A OR 5886 P 1303 OR 6902 P 96 CA 98

Extra Features

None

Parcel Information

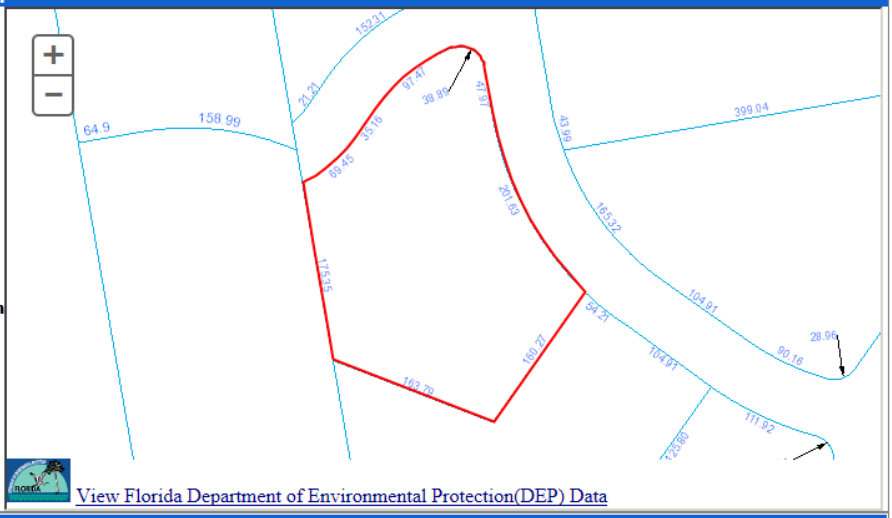
Launch Interactive Map

Section Map Id:
CA098

Approx. Acreage:
1.4800

Zoned:
WRD

Evacuation & Flood Information
Open Report



Buildings

Images

None

The primary use of the assessment data is for the preparation of the current year tax roll. No responsibility or liability is assumed for inaccuracies or errors.

Last Updated:05/07/2015 (tc.3739)

ECPA Home

Chris Jones
Escambia County Property Appraiser

Real Estate Search | Tangible Property Search | Sale List | Amendment 1/Portability Calculations

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Navigate Mode ◉ Account ○ Reference

Printer Friendly Version

General Information

Reference:	000S009400000080
Account:	154800080
Owners:	PENSACOLA CITY OF
Mail:	222 W MAIN ST PENSACOLA, FL 32502
Situs:	
Use Code:	LEASEHOLD INTEREST
Taxing Authority:	PENSACOLA CITY LIMITS
Tax Inquiry:	Open Tax Inquiry Window

Tax Inquiry link courtesy of Janet Holley
Escambia County Tax Collector

2014 Certified Roll Assessment

Improvements:	$0
Land:	$1,372,140
Total:	$1,372,140
Non-Homestead Cap:	$1,372,140

Disclaimer

Amendment 1/Portability Calculations

Sales Data

Sale Date	Book	Page	Value	Type	Official Records (New Window)
None					

Official Records Inquiry courtesy of Pam Childers
Escambia County Clerk of the Circuit Court and Comptroller

2014 Certified Roll Exemptions

FRATERNAL AND OTHER

Legal Description

LT 8 VINCE WHIBBS SR COMMUNITY MARITIME PARK
PB 19 P 23/23A OR 5886 P 1303 OR 6902 P 96 CA 98

Extra Features

None

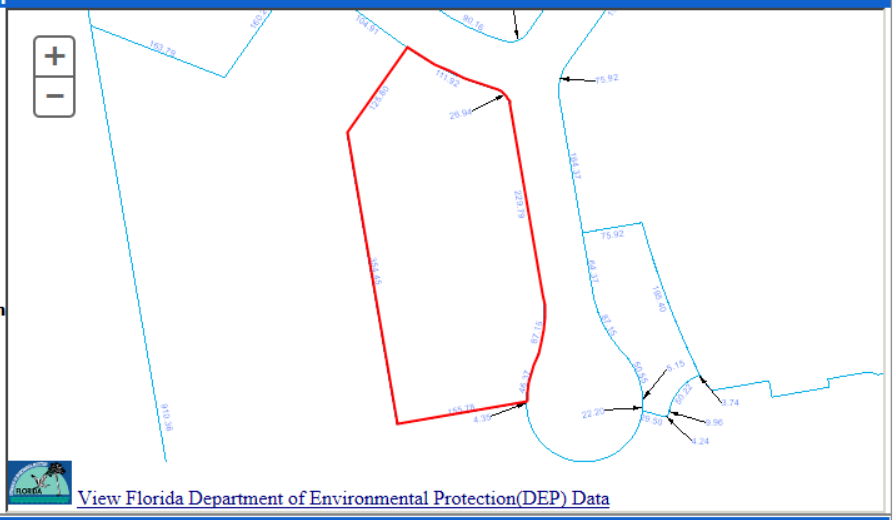
Parcel Information — Launch Interactive Map

Section Map Id:
CA098

Approx. Acreage:
1.7500

Zoned:
WRD

Evacuation & Flood Information
Open Report



Buildings

Images

None

The primary use of the assessment data is for the preparation of the current year tax roll. No responsibility or liability is assumed for inaccuracies or errors.

Last Updated:05/07/2015 (tc.3766)

ECPA Home

Chris Jones
Escambia County Property Appraiser

Real Estate Search | Tangible Property Search | Sale List | Amendment 1/Portability Calculations

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Navigate Mode ◉ Account ○ Reference

Printer Friendly Version

General Information

Reference:	000S009400000090
Account:	154800090
Owners:	PENSACOLA CITY OF
Mail:	222 W MAIN ST PENSACOLA, FL 32502
Situs:	
Use Code:	LEASEHOLD INTEREST
Taxing Authority:	PENSACOLA CITY LIMITS
Tax Inquiry:	Open Tax Inquiry Window

Tax Inquiry link courtesy of Janet Holley
Escambia County Tax Collector

2014 Certified Roll Assessment

Improvements:	$0
Land:	$288,796
Total:	$288,796
Non-Homestead Cap:	$288,796

Disclaimer

Amendment 1/Portability Calculations

Sales Data

Sale Date	Book	Page	Value	Type	Official Records (New Window)

None

Official Records Inquiry courtesy of Pam Childers
Escambia County Clerk of the Circuit Court and Comptroller

2014 Certified Roll Exemptions

FRATERNAL AND OTHER

Legal Description

LT 9 VINCE WHIBBS SR COMMUNITY MARITIME PARK
PB 19 P 23/23A OR 5886 P 1303 OR 6902 P 96 CA 98

Extra Features

None

Parcel Information

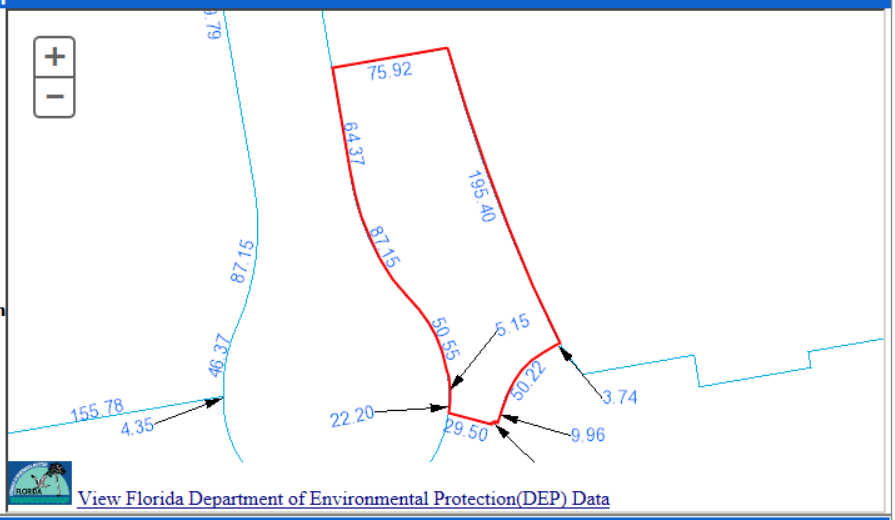
Launch Interactive Map

Section Map Id:
CA098

Approx. Acreage:
0.3900

Zoned:
WRD

Evacuation & Flood Information
Open Report



View Florida Department of Environmental Protection(DEP) Data

Buildings

Images

None

The primary use of the assessment data is for the preparation of the current year tax roll. No responsibility or liability is assumed for inaccuracies or errors.

Last Updated:05/07/2015 (tc 3776)

Janet Holley

Escambia County Tax Collector

Ad Valorem Taxes and Non-Ad Valorem Assessments

REAL ESTATE 2014 12822

Account Number	Payor	Exemptions	Taxable Value	Millage Code
15-4800-030		See Below	See Below	16

PENSACOLA CITY OF
C/O COMMUNITY MARITIME PARK
ASSOCIATES INC
222 W MAIN ST
PENSACOLA FL 32502

000S00-9400-000-030 0 LT 3 VINCE
WHIBBS SR COMMUNITY MARITIME PARK
PB 19 P 23/23A OR 5886 P 1303 OR
6902 P 96

Ad Valorem Taxes

Taxing Authority	Rate	Assessed Value	Exemption Amount	Taxable Value	Taxes Levied
COUNTY	6.6165	190,859	190,859		$0.00
PUBLIC SCHOOLS					
By Local Board	2.0850	190,859	190,859		$0.00
By State Law	5.2370	190,859	190,859		$0.00
PENSACOLA	4.2895	190,859	190,859		$0.00
WATER MANAGEMENT	0.0390	190,859	190,859		$0.00
M.S.T.U. LIBRARY	0.3590	190,859	190,859		$0.00
Total Millage	18.6260	Total Taxes			$0.00

Non-Ad Valorem Assessments

Code	Levying Authority	Amount
	Total Assessments	$0.00
	Taxes & Assessments	$0.00

Unpaid amounts due increase immediately if county-held certificate is purchased

Janet Holley

Escambia County Tax Collector

Ad Valorem Taxes and Non-Ad Valorem Assessments

REAL ESTATE 2014 12823

Account Number	Payor	Exemptions	Taxable Value	Millage Code
15-4800-040		See Below	See Below	16

PENSACOLA CITY OF
C/O COMMUNITY MARITIME PARK
ASSOCIATES INC
222 W MAIN ST
PENSACOLA FL 32502

000S00-9400-000-040 300 W MAIN ST
BLK LT 4 VINCE WHIBBS SR COMMUNITY
MARITIME PARK PB 19 P 23/23A OR
5886 P 1303 OR 6902 P 96 CA 98

Ad Valorem Taxes

Taxing Authority	Rate	Assessed Value	Exemption Amount	Taxable Value	Taxes Levied
COUNTY	6.6165	1,770,697	1,770,697		$0.00
PUBLIC SCHOOLS					
By Local Board	2.0850	1,770,697	1,770,697		$0.00
By State Law	5.2370	1,770,697	1,770,697		$0.00
PENSACOLA	4.2895	1,770,697	1,770,697		$0.00
WATER MANAGEMENT	0.0390	1,770,697	1,770,697		$0.00
M.S.T.U. LIBRARY	0.3590	1,770,697	1,770,697		$0.00

Total Millage	18.6260	Total Taxes	$0.00

Non-Ad Valorem Assessments

Code	Levying Authority	Amount
	Total Assessments	$0.00
	Taxes & Assessments	$0.00

Unpaid amounts due increase immediately if county-held certificate is purchased

Janet Holley

Escambia County Tax Collector

Ad Valorem Taxes and Non-Ad Valorem Assessments

REAL ESTATE 2014 12824

Account Number	Payor	Exemptions	Taxable Value	Millage Code
15-4800-050		See Below	See Below	16

PENSACOLA CITY OF
C/O COMMUNITY MARITIME PARK
ASSOCIATES INC
222 W MAIN ST
PENSACOLA FL 32502

000S00-9400-000-050 0 LT 5 VINCE WHIBBS SR COMMUNITY MARITIME PARK PB 19 P 23/23A OR 5886 P 1303 OR 6902 P 96 CA 98

Ad Valorem Taxes

Taxing Authority	Rate	Assessed Value	Exemption Amount	Taxable Value	Taxes Levied
COUNTY	6.6165	1,136,910	1,136,910		$0.00
PUBLIC SCHOOLS					
By Local Board	2.0850	1,136,910	1,136,910		$0.00
By State Law	5.2370	1,136,910	1,136,910		$0.00
PENSACOLA	4.2895	1,136,910	1,136,910		$0.00
WATER MANAGEMENT	0.0390	1,136,910	1,136,910		$0.00
M.S.T.U. LIBRARY	0.3590	1,136,910	1,136,910		$0.00
Total Millage	18.6260		Total Taxes		$0.00

Non-Ad Valorem Assessments

Code	Levying Authority	Amount
	Total Assessments	$0.00
	Taxes & Assessments	$0.00

Unpaid amounts due increase immediately if county-held certificate is purchased

Janet Holley

Escambia County Tax Collector

Ad Valorem Taxes and Non-Ad Valorem Assessments

REAL ESTATE 2014 12825

Account Number	Payor	Exemptions	Taxable Value	Millage Code
15-4800-060		See Below	See Below	16

PENSACOLA CITY OF
C/O COMMUNITY MARITIME PARK
ASSOCIATES INC
222 W MAIN ST
PENSACOLA FL 32502

000S00-9400-000-060 0 LT 6 VINCE
WHIBBS SR COMMUNITY MARITIME PARK
PB 19 P 23/23A OR 5886 P 1303 OR
6902 P 96 CA 98

Ad Valorem Taxes

Taxing Authority	Rate	Assessed Value	Exemption Amount	Taxable Value	Taxes Levied
COUNTY	6.6165	622,030	622,030		$0.00
PUBLIC SCHOOLS					
By Local Board	2.0850	622,030	622,030		$0.00
By State Law	5.2370	622,030	622,030		$0.00
PENSACOLA	4.2895	622,030	622,030		$0.00
WATER MANAGEMENT	0.0390	622,030	622,030		$0.00
M.S.T.U. LIBRARY	0.3590	622,030	622,030		$0.00
Total Millage	18.6260		Total Taxes		$0.00

Non-Ad Valorem Assessments

Code	Levying Authority	Amount
	Total Assessments	$0.00
	Taxes & Assessments	$0.00

Unpaid amounts due increase immediately if county-held certificate is purchased

Janet Holley

Escambia County Tax Collector

Ad Valorem Taxes and Non-Ad Valorem Assessments

REAL ESTATE 2014 12826

Account Number	Payor	Exemptions	Taxable Value	Millage Code
15-4800-070		See Below	See Below	16

PENSACOLA CITY OF
C/O COMMUNITY MARITIME PARK
ASSOCIATES INC
222 W MAIN ST
PENSACOLA FL 32502

000S00-9400-000-070 0 LT 7 VINCE
WHIBBS SR COMMUNITY MARITIME PARK
PB 19 P 23/23A OR 5886 P 1303 OR
6902 P 96 CA 98

Ad Valorem Taxes

Taxing Authority	Rate	Assessed Value	Exemption Amount	Taxable Value	Taxes Levied
COUNTY	6.6165	1,160,442	1,160,442		$0.00
PUBLIC SCHOOLS					
By Local Board	2.0850	1,160,442	1,160,442		$0.00
By State Law	5.2370	1,160,442	1,160,442		$0.00
PENSACOLA	4.2895	1,160,442	1,160,442		$0.00
WATER MANAGEMENT	0.0390	1,160,442	1,160,442		$0.00
M.S.T.U. LIBRARY	0.3590	1,160,442	1,160,442		$0.00
Total Millage	18.6260		Total Taxes		$0.00

Non-Ad Valorem Assessments

Code	Levying Authority	Amount
	Total Assessments	$0.00
	Taxes & Assessments	$0.00

Unpaid amounts due increase immediately if county-held certificate is purchased

Janet Holley

Escambia County Tax Collector

Ad Valorem Taxes and Non-Ad Valorem Assessments

REAL ESTATE 2014 12827

Account Number	Payor	Exemptions	Taxable Value	Millage Code
15-4800-080		See Below	See Below	16

PENSACOLA CITY OF
C/O COMMUNITY MARITIME PARK
ASSOCIATES INC
222 W MAIN ST
PENSACOLA FL 32502

000S00-9400-000-080 0 LT 8 VINCE
WHIBBS SR COMMUNITY MARITIME PARK
PB 19 P 23/23A OR 5886 P 1303 OR
6902 P 96 CA 98

Ad Valorem Taxes

Taxing Authority	Rate	Assessed Value	Exemption Amount	Taxable Value	Taxes Levied
COUNTY	6.6165	1,372,140	1,372,140		$0.00
PUBLIC SCHOOLS					
By Local Board	2.0850	1,372,140	1,372,140		$0.00
By State Law	5.2370	1,372,140	1,372,140		$0.00
PENSACOLA	4.2895	1,372,140	1,372,140		$0.00
WATER MANAGEMENT	0.0390	1,372,140	1,372,140		$0.00
M.S.T.U. LIBRARY	0.3590	1,372,140	1,372,140		$0.00
Total Millage	18.6260		Total Taxes		$0.00

Non-Ad Valorem Assessments

Code	Levying Authority	Amount
	Total Assessments	$0.00
	Taxes & Assessments	$0.00

Unpaid amounts due increase immediately if county-held certificate is purchased

Janet Holley

Escambia County Tax Collector

Ad Valorem Taxes and Non-Ad Valorem Assessments

REAL ESTATE 2014 12828

Account Number	Payor	Exemptions	Taxable Value	Millage Code
15-4800-090		See Below	See Below	16

PENSACOLA CITY OF
C/O COMMUNITY MARITIME PARK
ASSOCIATES INC
222 W MAIN ST
PENSACOLA FL 32502

000S00-9400-000-090 0 LT 9 VINCE
WHIBBS SR COMMUNITY MARITIME PARK
PB 19 P 23/23A OR 5886 P 1303 OR
6902 P 96 CA 98

Ad Valorem Taxes

Taxing Authority	Rate	Assessed Value	Exemption Amount	Taxable Value	Taxes Levied
COUNTY	6.6165	288,796	288,796		$0.00
PUBLIC SCHOOLS					
By Local Board	2.0850	288,796	288,796		$0.00
By State Law	5.2370	288,796	288,796		$0.00
PENSACOLA	4.2895	288,796	288,796		$0.00
WATER MANAGEMENT	0.0390	288,796	288,796		$0.00
M.S.T.U. LIBRARY	0.3590	288,796	288,796		$0.00
Total Millage	18.6260	Total Taxes			$0.00

Non-Ad Valorem Assessments

Code	Levying Authority	Amount
	Total Assessments	$0.00
	Taxes & Assessments	$0.00

Unpaid amounts due increase immediately if county-held certificate is purchased

(C) *WRD, waterfront redevelopment district.*

(1) *Purpose of district.* The waterfront redevelopment district is established to promote redevelopment of the city's downtown waterfront with a compatible mixture of water-dependent and water-related uses which preserve the unique shoreline vista and scenic opportunities, provide public access, create a cultural meeting place for the public, preserve the working waterfront activities historically located in the waterfront area, and encourage a high quality of site planning and architectural design. Site specific analysis of each development proposal within the district is intended to ensure that the scenic vistas and marine-oriented image of the district are maintained, that the development character of the waterfront is upgraded and that the boundaries of the adjacent special districts are positively reinforced.

(2) *Uses permitted.*

(a) Single-family residential (attached or detached) at a maximum density of seventeen and four-tenths (17.4) units per acre. Multi-family residential at a maximum density of sixty (60) dwelling units per acre.

(b) Home occupations, subject to regulations in section 12-2-33

(c) Offices.

(d) Libraries and community centers opened to the public and buildings used exclusively by the federal, state, county and city government for public purposes.

(e) Hotels/motels.

(f) Marinas.

(g) Parking garages.

(h) The following retail sales and services:

1. Retail food and drug stores (including package liquor store).
2. Personal service shops.
3. Clothing stores.
4. Specialty shops.
5. Banks.
6. Bakeries whose products are sold at retail on the premises.
7. Antique shops.
8. Floral shops.
9. Health clubs, spa and exercise centers.
10. Laundromats.
11. Laundry and dry cleaning pick-up stations.
12. Restaurants.
13. Studios.
14. Art galleries.
15. Sale or rental of sporting goods or equipment including instructions in skiing, sailing, or scuba diving.
16. Boat rentals waterside only with limited upland storage.
17. Bars.
18. Commercial fishing.
19. Ferry and passenger terminals.
20. Cruise ship operations.

(i) Family day care homes licensed by the Florida Department of Children and Family Services as defined in the Florida Statutes.

(3) *Procedure for review of plans.*

(a) Plan submission. Every application to construct a new structure in the waterfront redevelopment district shall be subject to the development plan review and approval procedure established in section 12-2-81. Every application for a new certificate of occupancy or a building permit to erect, construct, demolish, renovate or alter a building or sign, or exterior site work (i.e., paving and landscaping of off-street parking areas), located or to be located in the waterfront redevelopment district shall be accompanied with drawings or sketches with sufficient detail to show, as far as they relate to exterior appearances, the architectural design of the building, sign, or exterior work (both before and after the proposed work is done in cases of altering, renovating, demolishing or razing a building or structure) including proposed materials, textures and colors, and the plot plan or site layout including all site improvements or features such as walls, fences, walks, terraces, plantings, accessory buildings, paved areas, signs, lights, awnings, canopies and other appurtenances. All developments within the waterfront redevelopment district must comply with design standards as established in section 12-2-82

(b) Review and approval. All plans shall be subject to the review and approval of the planning board established in Chapter 12-13. At the time of review the board may require that any aspect of the overall site plan which does not meet the standards established in this section be incorporated and brought into compliance within a time limit approved by the board.

(c) Abbreviated review. Sign requests, paint colors, fencing, and emergency repairs which are consistent with the regulations and guidelines set forth in this section, may be approved by letter to the building official from the planning board secretary and the chairman of the board. This provision is made in an effort to save the applicant and the board time for routine approval matters. If agreement cannot be reached as it pertains to such requests by the board secretary and chairman, then the matter will be referred to the board for a decision.

(4) *Regulations.*

(a) Signs. The following provisions shall be applicable to signs in the district.

1. Number of signs. Each parcel shall be limited to one sign per street frontage; provided, however, if there exists more than one establishment on the parcel, there may be one attached sign per establishment.
2. Signs extending over public property. Signs extending over public property shall maintain a clear height of nine (9) feet above the sidewalk and no part of such signs shall be closer than eighteen (18) inches to the vertical plane of the curb line or edge of the pavement.
3. Sign size and height limitations.

a. Attached signs:

Size: Ten (10) percent of the building elevation square footage (wall area) which fronts on a public street, not to exceed fifty (50) square feet. Buildings exceeding five (5) stories in height; one attached wall sign or combination of wall signs not to exceed two hundred (200) square feet and mounted on the fifth floor or above.

Height: No sign may extend above the roof line of the building to which it is attached. For the purposes of this section roof surfaces constructed at an angle of sixty-five (65) degrees or more from horizontal shall be regarded as walls.

b. Freestanding signs.

Size: Fifty (50) square feet.

Height: Ten (10) feet (top of sign).

4. Other permitted signs.
   a. Signs directing and guiding traffic and parking on private property, bearing no advertising matter. Such signs shall not exceed two (2) square feet in size.
   b. Signs advertising the acceptance of credit cards not exceeding two (2) square feet in size and which are attached to buildings or permitted freestanding signs.
   c. Official traffic signs or signals, informational signs erected by a government agency and temporary signs indicating danger.
5. Prohibited signs. Refer to section 12-4-7 for a description of prohibited signs. In addition the following signs are prohibited within the district:
   a. Portable signs.
   b. Signs which are abandoned or create a safety hazard. Abandoned signs are those advertising a business which becomes vacant and is unoccupied for a period of ninety (90) days or more.
   c. Signs which are not securely fixed on a permanent foundation.
   d. Strings of light bulbs, other than holiday decorations, streamers and pennants.
   e. Signs that present an optical illusion, incorporated projected images, or emit sound.
   f. Secondary advertising signs (i.e., signs which advertise a brand name product in addition to the name of the business).

6. Temporary signs. The following temporary signs shall be permitted in the district:
    a. Temporary banners indicating that a noncommercial special event such as a fair, carnival, festival or similar happening is to take place, are permitted with the following conditions: Such banners may be erected no sooner than two (2) weeks before the event and banners extending over street rights-of-way require approval from the mayor.
    b. One non-illuminated sign per street frontage advertising the sale, lease or rental of the lot or building upon which the sign is located. Such sign shall not exceed twelve (12) square feet in size, and shall be removed immediately after occupancy.
    c. One non-illuminated sign not more than fifty (50) square feet in area in connection with new construction work and displayed only during such time as the actual construction work is in progress.

(b) Off-street parking. The following off-street parking requirement shall apply to all lots, parcels, or tracts in the district: Off-street parking requirements in the waterfront redevelopment district shall be based on the requirements set forth in Chapter 12-3. The required parking may be provided off-site by the owner/developer as specified in subection 12-3-1(D). Screening shall be provided along the edges of all parking areas visible from the street rights-of-way. This screening may take the form of:

- A solid wall or fence (chain-link fences are prohibited) with a minimum height of four (4) feet which is compatible in design and materials with on-site architecture and nearby development; or
- An earth berm approximately three (3) feet in height which is landscaped to provide positive screening effective within three (3) years; or
- A combination of walls or fences and landscape screening, or landscape screening designed to provide positive screening within three (3) years.

(c) Vehicular access. For each lot, tract or parcel under single ownership, the maximum number of access points shall not exceed two (2) per street frontage.

(d) Landscaping. Landscaping requirements in the district shall conform to the requirements of Chapter 12-6. All service areas (i.e., trash collection containers, compactors, loading docks) shall be screened with at least seventy-five (75) percent opacity from the street and adjacent buildings by one of the following techniques:

- Fence or wall and gate, six (6) feet high;
- Vegetation, six (6) feet high (within three (3) years); or
- A combination of the above.

(e) Underground utility services. All new building construction or additions of floor area to existing structures shall be required to install underground utilities on the site.

(f) Lot coverage. The total coverage of the site including all structures, parking areas, driveways and all other impervious surfaces shall not exceed seventy-five (75) percent.

(g) Setback/height requirements. No building shall exceed a maximum height of sixty (60) feet in the waterfront redevelopment district.

1. *Shoreline setback/height requirements.* All buildings shall be set back a minimum of thirty (30) feet from the shoreline or the bulkhead line. At this minimum setback line, the building height may not exceed thirty-five (35) feet. Above thirty-five (35) feet in height, an additional one foot in building height may be permitted for each additional one (1) foot in setback with a maximum building height of sixty (60) feet. The minimum setback from the shoreline may be decreased by the planning board and the council during the review process to permit reuse of existing buildings, structures or foundations with a lesser setback.
2. *Main Street setback/height requirements.* All buildings shall be setback a minimum of sixty (60) feet from the centerline of Main Street. At this minimum setback line, the building height may not exceed sixty (60) feet.

(h) Additional regulations. In addition to the regulations established above in subsections 12-2-12(C)(4)(a) through (g), any permitted use within the WRD zoning district where alcoholic beverages are ordinarily sold is subject to the requirements of Chapter 7-4 of this Code.

(5) *Regulations.* All developments within the waterfront redevelopment district are encouraged to follow the design guidelines established in subsection 12-2-82(D). In addition, the following site planning guidelines should be taken into consideration in the required development plans.

(a) Site planning. The integration of site features such as building arrangement, landscaping, parking lot layout, public access points, building orientation, and scenic vantage points is critical in producing a pleasant and functional living or working environment. In reviewing development proposals, the following guidelines shall be taken into consideration:

1. *Maximum preservation of waterfront views.* Considering the waterfront location of the district, the placement of buildings, signs, service areas, parking and landscaping shall be planned to maximize the preservation of views of the bay and to protect the waterfront scenic open space character. To prevent the effect of a "wall" of development along the edge of the waterfront and adjacent streets, open space should be encouraged between buildings and under elevated buildings. Pedestrian circulation systems should be designed to form a convenient, interconnected network through buildings, landscaped open spaces and public walkways. The longer side of each building should be sited perpendicular to the water's edge in order to preserve water views from the street.
2. *Building orientation.* Buildings should be oriented to maximize the waterfront view potential within the district while maintaining quality facade treatment and design on the streetside. Structures should be positioned to provide viewing opportunities of the water and the shoreline edge between buildings. The location of solid waste receptacles, service entrances, loading docks, storage buildings and mechanical and air conditioning equipment and other items typically situated at the backside of buildings should be discouraged within the area between the building and the water's edge.
3. *Off-street parking and service.* Off-street parking shall be discourage within the shoreline setback area. Where possible, service areas (i.e., trash collection, loading docks) shall be located to be screened by the building itself; otherwise, walls, fences, landscaping and earth berms shall be used to achieve effective screening.

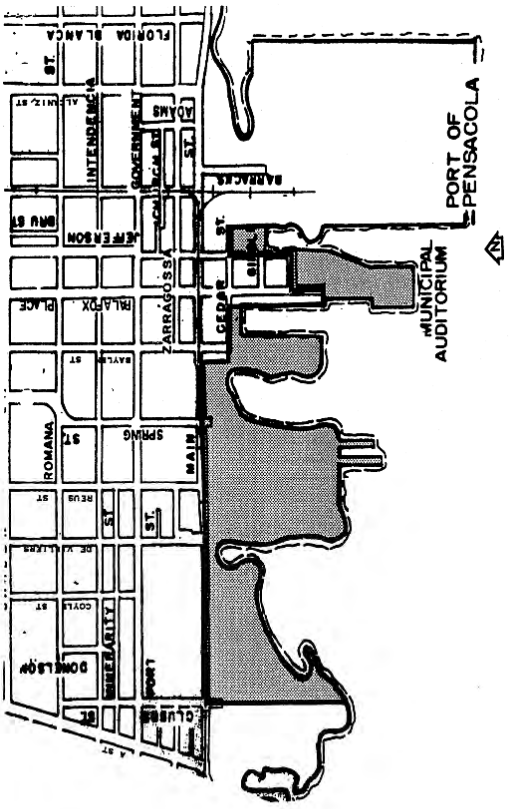
(b) Aesthetic considerations. Development projects within the district are not subject to special architectural review and approval. In lieu of a special separate review procedure, the following general architectural and aesthetic design criteria will be considered to enhance the character of the district:

1. Buildings or structures which are part of a present or future group or complex shall have a unity of character and design. The relationship of forms and the use, texture, and color of materials shall be such as to create a harmonious whole.
2. Natural materials such as brick, wood and stucco should be encouraged. Materials such as metal and plastic shall be discouraged on exterior surfaces of buildings.
3. All mechanical equipment, satellite dishes and other similar equipment should be completely screened by the architecture of the structure, or fences, walls or vegetation.
4. Proposed developments within the Waterfront Redevelopment District which are located adjacent to a historic district should give special consideration to visual compatibility in scale and architectural design in order to positively reinforce the character of the historic area and provide a buffer and transition.
5. Projects should be encouraged which enhance the setting or provide for adaptive reuse of historic buildings and sites.

(c) Landscaping guidelines. Landscaping should be used to enhance waterfront views and vistas and to screen undesirable features. Low lying plant material should be used in open areas to retain views of the water. Trees should be selectively utilized and carefully located along the waterfront in both public and private developments in order to maintain existing views as much as possible. Plantings should be coordinated near buildings to provide view corridors.

(d) Sign guidelines.

1. Design/materials. The architectural character of the building to which the sign relates should be reflected in the lettering of the sign, and the materials used for the supporting structure and the sign face.
2. Lighting. Indirect and internal lighting is encouraged. Neon and exposed fluorescent lighting is not encouraged.
3. Copy. The sign copy should be limited to the name, address, and logo of the building complex, the major tenant or the business. The sign should be primarily used for communicating, identifying, and locating the business, not for advertising.
4. Landscaping. The landscaping and positioning of the sign should complement the overall site plan and landscaping of the development.



Waterfront Development District

(Ord. No. 25-92, § 2, 7-23-92; Ord. No. 6-93, § 9, 3-25-93; Ord. No. 21-93, § 1, 8-16-93; Ord. No. 29-93, §§ 13, 14, 11-18-93; Ord. No. 33-95, §§ 4, 5, 8-10-95; Ord. No. 9-96, § 9, 1-25-96; Ord. No. 45-96, § 3, 9-12-96; Ord. No. 33-98, § 2, 9-10-98; Ord. No. 40-99, §§ 10—13, 10-14-99; Ord. No. 43-99, § 1, 11-18-99; Ord. No. 12-00, § 1, 3-9-00; Ord. No. 50-00, § 3, 10-26-00; Ord. No. 3-01, § 2, 1-11-01; Ord. No. 6-01, §§ 1—3, 1-25-01; Ord. No. 6-02, § 2, 1-24-02; Ord. No. 13-06, § 10, 4-27-06; Ord. No. 17-06, §§ 2, 3, 7-27-06; Ord. No. 16-10, §§ 200—202, 9-9-10)

Brantley & Associates Real Estate Appraisal Corp.

Mobile * Pensacola * Panama City

R. Shawn Brantley, MAI, CCIM
FL: Cert Gen RZ 289
AL: Certified General Real Property Appraiser G00419

Bruce A. Black
FL: Cert Gen RZ 2714

Barbara S. Brantley, CPA
Administration & Finance

David C. Singleton, MAI, MBA
FL: Cert Gen RZ 3501
AL: Certified General Real Property Appraiser G01003

April 23, 2015

Mr. Jim Reeves, Chairman
Community Maritime Park Associates Board of Trustees
c/o Erik L. Wortendyke
Special Events Coordinator
Community Maritime Park
City of Pensacola
Department of Parks and Recreation
(850) 436-5676 office
ELWortendyke@cityofpensacola.com

RE: Appraisal of Lots 3, 5, 6, 7, 8, & 9, & Parking Lot (Parcel 4) Maritime Park, Pensacola, Florida

Dear Mr. Wortendyke:

Thank you for contacting us for real estate services. The purpose of this correspondence is to provide you with a written proposal that can also serve as an engagement letter for us to proceed with the work.

We agree to provide market value opinions for the above referenced parcels, which are referenced by lot number on attached exhibit "A". The values will be communicated within one appraisal document, but will entail a separate analysis for each lot. An opinion of fair market ground rent will also be provided.

The appraisals will be provided to you in one detailed narrative format, utilize all relevant value approaches, be in full compliance with the Uniform Standards of Professional Appraisal Practice, be in compliance with the requirements of the State of Florida for issuance of a 'certified' appraisal, comply with the supplemental standards of the Appraisal Institute, and be MAI certified. The appraisal will include a fee simple value opinion for each parcel and an opinion of market rent for each parcel as associated with 30, 60, and 90 year lease terms.

R. SHAWN BRANTLEY, MAI

POST OFFICE BOX 12505 · PENSACOLA, FLORIDA 32591
shawnbrantley@brantleyassociates.com · www.brantleyassociates.com · (850) 433-5075

Erik Wortendyke April 23, 2015

We agree to prepare the appraisals for a fee of $7,500 and deliver within approximately 30 days. We are happy to invoice you upon completion and submission of the work to you in satisfactory order. You agree to remit payment within 30 days after receipt of the appraisals in satisfactory order.

Please note that additional compensation would be due to us if we are required to testify in court or any other venue as a result of having made the appraisals. Our fee for expert testimony is $250 per hour and applies to all time spent delivering testimony, preparing to deliver testimony, or travel to/from the site of any such testimony. No fees for such expert witness services will be charged to you unless you specifically request them or unless we receive a subpoena or are otherwise commanded to testify.

If you wish to engage us to proceed, please provide the following, along with a signed and dated copy of this letter:

(1) A brief summary of the marketing history for the lots since they were developed, including disclosure of the asking rates for leasing the lots over this period and details regarding any offers or contracts obtained during this period, including any that may have been rejected.
(2) Please provide a more detailed schematic that illustrates the dimensions and area of each lot.

Please return a signed and dated copy of this letter if you wish to authorize us to proceed. Please let me know if you should have any questions. We appreciate this opportunity to work with you.

Kind regards.

Sincerely,

BRANTLEY & ASSOCIATES REAL ESTATE APPRAISAL CORP.

R. Shawn Brantley, MAI

R. Shawn Brantley, MAI, CCIM, President
Cert. Gen. RZ289
President

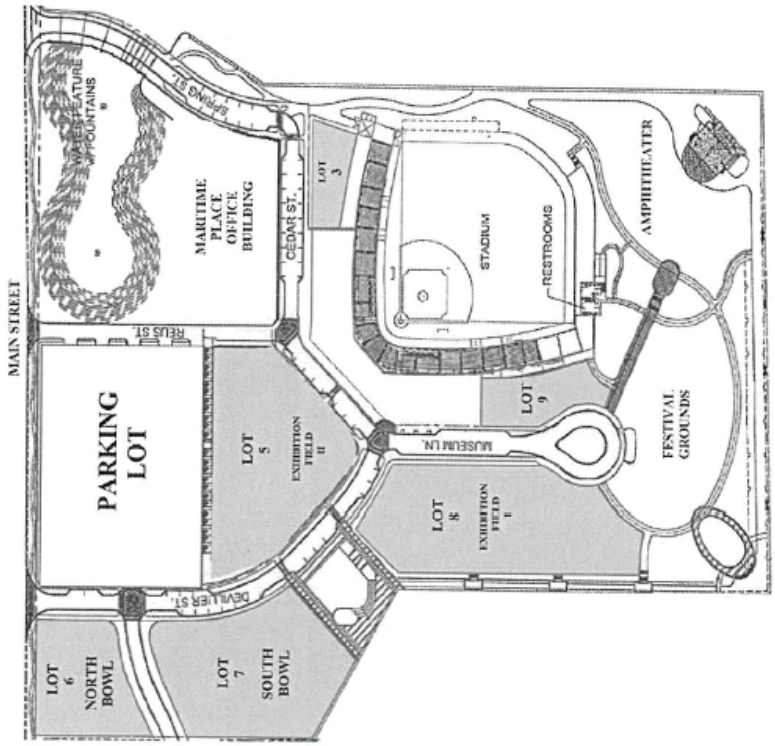
ACCEPTANCE BY CLIENT:

COMMUNITY MARITIME PARK ASSOCIATES BOARD OF TRUSTEES

Jim Reeves, Chairman

Date Signed: 4 / 28 / 2015

EXHIBIT "A"


MAIN STREET
PARKING LOT
LOT 6 NORTH BOWL
LOT 7 SOUTH BOWL
LOT 5 EXHIBITION FIELD II
LOT 8 EXHIBITION FIELD I
LOT 9
LOT 3
MARITIME PLACE OFFICE BUILDING
WATER FEATURE & FOUNTAINS
SPRING ST.
CEDAR ST.
REUS ST.
DEVILLER ST.
MUSEUM LN.
STADIUM
RESTROOMS
AMPHITHEATER
FESTIVAL GROUNDS

3

RESIDENTIAL AND RETAIL
MARKETABILITY STUDY
OF THE PROPOSED DEVELOPMENT
OF THE

WEST MAIN STREET SITES

PENSACOLA, FLORIDA

FOR

STUDER PROPERTIES

AS OF

March 24, 2019

THIS STUDY HAS BEEN PREPARED FOR THE SOLE USE BY STUDER PROPERTIES, AND NO OTHER PARTY MAY USE OR RELY UPON THIS STUDY FOR ANY PURPOSE. THIS STUDY IS COPYRIGHTED, AND NO REPRESENTATION OTHER THAN THIS COMPLETE VERSION OF THIS STUDY CAN BE PRESENTED, DISTRIBUTED, OR REFERENCED FOR ANY PURPOSE. THIS STUDY CANNOT BE MODIFIED, REFORMATTED, EXCERPTED OR OTHERWISE CHANGED OR PRESENTED DIFFERENTLY WITHOUT THE EXPRESS WRITTEN PERMISSION OF WEITZMAN ASSOCIATES, LLC.

Weitzman Associates, LLC
355 Lexington Avenue New York, NY
737 N. Michigan Avenue, Suite 2060 Chicago, IL

File No. 035-19

WEITZMAN
Real Estate Consultants

March 24, 2019

Mr. Andrew Rothfeder
Studer Properties
321 North De Villiers Street
Suite 103
Pensacola, Florida 32501

Re: Residential and Retail Marketability Study of the West Main Street Sites
Pensacola, Florida

Dear Mr. Rothfeder:

At your request, Weitzman Associates, LLC is pleased to submit the attached marketability study presenting the findings of our research into the prospective residential and retail development to be spread across an 18.54-acre rectangular plat along the north side of West Main Street, between South De Villiers and South Clubbs Streets, and seven smaller parcels to the south of West Main Street within Vince J. Whibbs Sr. Community Maritime Park, in downtown Pensacola, Florida (the "Project"). The total combined land area of the parcels is approximately 28.02 acres.

The purpose of our study is to provide you with an understanding of the market fundamentals that directly affect the likely demand for housing and retail space that may be developed on the site. This study will assist you in making decisions as to how to proceed with the property's development and will provide the necessary research and documentation for use as you continue to plan the project and capitalize its development. The study can be relied upon you for the purpose of planning the development and can be distributed for reference purposes to the community and other members of your project team. Our research in completing this study was conducted in February and March 2019. Our analysis is subject to the Basic Assumptions and Limiting Conditions contained in the Addenda.

We have enjoyed working with you on this assignment, and more broadly, we have been privileged to continue our engagement with your beautiful city. We trust that this study will provide a helpful basis for constructive community dialogue, consensus building, and good decision making as you proceed with this development opportunity.

Very truly yours,

WEITZMAN ASSOCIATES, LLC

Peter T. Bazeli, MRICS
Principal and Managing Director

Catherine Tam
Vice President

Joshua Levitt
Assistant Vice President

Peter Carle
Associate

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WEITZMAN
Real Estate Consultants

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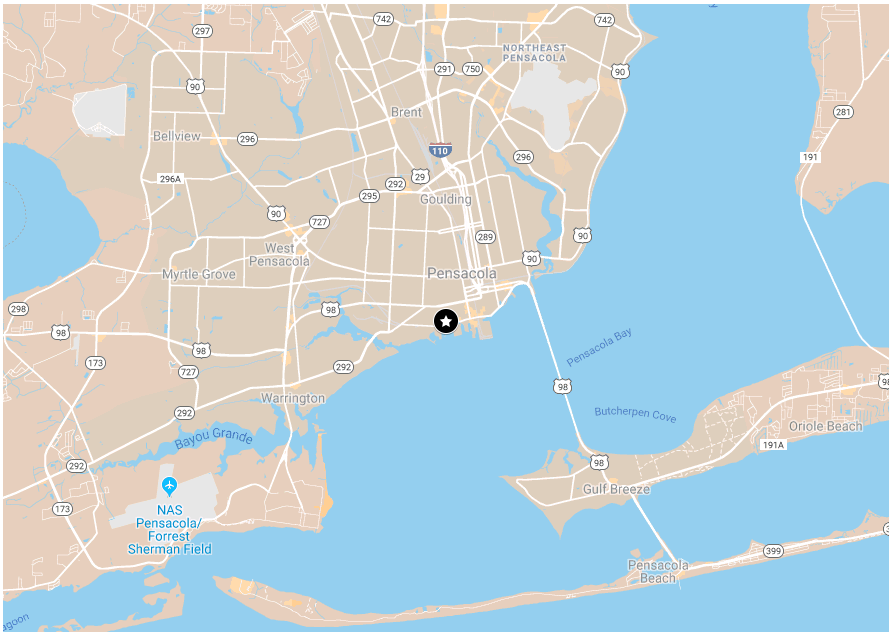
Addenda

Exhibit A – Basic Assumptions and Limiting Conditions
Exhibit B – Certification of the Consultants
Exhibit C – Qualifications of the Consultants

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WEITZMAN
Real Estate Consultants

REGIONAL MAP



NEIGHBORHOOD MAP



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INTRODUCTION

Weitzman Associates, LLC has been engaged to independently evaluate the market potential of the prospective residential and retail development of the property known as the West Main Street initiative in downtown Pensacola, Florida (the "Project"). This study reflects in summary our research, findings, and recommendations for this development. Our work in analyzing the market potential of the site's development during our research has included the following tasks:

- Toured the site, and the project's immediate neighborhood;
- Evaluated rental housing, for-sale housing, and retail market trends;
- Visited and analyzed comparable properties in Pensacola;
- Interviewed numerous local stakeholders, including the owners or managers of local businesses, developers and retail brokers, and planning department officials;
- Analyzed the local economic and demographic trends;
- Performed rental housing, for-sale housing, and retail demand analyses of the market areas;
- Produced our recommendations for the Project's achievable rents, sale prices, absorption, and physical characteristics necessary to successfully market and lease the Project;
- Provided guidance on the amenity program that will be necessary to attract households to the property; and
- Conducted an analysis to project potential visitation to an aquarium that could be developed on the site or elsewhere along the waterfront.

While we have not been engaged to review the marketability of a potential hotel to be developed as part of this initiative, we have considered the marketability of the residential and retail uses in the context of a new hospitality use being incorporated into the master plan. Similarly, while we are aware that an indoor sports and recreation facility has been proposed for the site, we have not analyzed the marketability of this use, and believe it would be better located further west on Main Street in order to create a western anchor and to be located within the context of larger scale commercial uses that have historically existed there.

The following report sets forth the findings of our research, our conclusions, and recommendations for the Project.

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PROJECT OVERVIEW

LOCATION AND NEIGHBORHOOD AMENITIES

The development site is comprised of eight parcels located along West Main Street in Downtown Pensacola. The largest parcel, the former site of the Main Street Wastewater Treatment Plant, is an 18.54-acre rectangular plat on the north side of West Main Street, immediately west of South De Villiers Street, east of South Clubbs Street and south of West Government Street. The seven smaller parcels are irregularly shaped and surround Vince J. Whibbs Sr. Community Maritime Park, south of West Main Street. The total combined land size of the parcels is approximately 28.02 acres.

	Size (Ac)	Parcel Reference Number	Approximate Location
North of Main Street			
	18.54	00-0S-00-9070-010-033	NW Corner of W. Main St & S. De Villiers St
Subtotal	18.54		
South of Main Street			
Lot 3	0.26	00-0S-00-9400-000-030	SW of W. Cedar St & S. Spring St (Stadium Adjacent)
Lot 4	3.02	00-0S-00-9400-000-040	SE Corner of W. Main St & S. De Villiers St
Lot 5	1.74	00-0S-00-9400-000-050	NW Corner of W. Cedar St & S. Reus St
Lot 6	0.84	00-0S-00-9400-000-060	SW Corner of W. Main St & S. De Villiers St
Lot 7	1.48	00-0S-00-9400-000-070	SW Corner of Whibbs Dr & S. De Villiers St
Lot 8	1.75	00-0S-00-9400-000-080	SW Corner of S. De Villiers St & Museum Ln
Lot 9	0.39	00-0S-00-9400-000-090	SE of W. Cedar St & Museum Ln (Stadium Adjacent)
Subtotal	9.48		
Grand Total	28.02		

Source: Escambia County Property Appraiser; Compiled by Weitzman Associates, LLC

The 18.54-acre parcel has roughly 1,300 feet of frontage on both West Main Street and West Government Street, and 622 feet of frontage on both South De Villiers Street and South Clubbs Street. The seven smaller parcels add, in total, an estimated 520 feet of frontage on West Main Street, 1,175 feet on South De Villiers Street, 360 feet on Whibbs Drive, 400 feet on South Reus Street, 315 feet on West Cedar Street and 520 feet on Museum Lane. We emphasize that these estimates are approximate in nature.

The property is located surrounding Vince J. Whibbs Sr. Community Maritime Park, a multi-use, public-private park development on Pensacola's waterfront. The Community Maritime Park features over 38,000 square feet of space that is comprised of an amphitheater, festival grounds, exhibition grounds, and a playground. Furthermore, Maritime Park is home to the Blue Wahoos Stadium, which opened in 2012, and was another major waterfront improvement project. Also known as the Admiral Fetterman Field, this stadium accommodates over 5,000 people and is home to the Pensacola Blue Wahoos, a Double-A minor league baseball affiliate of the Minnesota Twins.

Approximately four blocks to the west is Palafox Street – the main retail corridor in Downtown Pensacola. This area lies at the southwest corner of the 44-block "core" of downtown, which includes the Business District, the Government Center, and the Historic District of Pensacola. This core has been the focus of several revitalization projects and development projects managed by the Downtown Improvement Board (DIB).

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Palafox Street is a major north-south artery in the city and a median dividing all the city's east-west streets. Known as the gateway to Pensacola, Palafox Street was named as one of the "10 Greatest Streets in America" in 2013 by the American Planning Association (APA). Additionally, the Crepe Myrtle trees along Palafox Street helped Pensacola gain recognition as Tree City, USA in 1990. The beautiful scenery juxtaposed with the year-round outdoor farmer's market, Palafox Market (which convenes each Saturday), fosters the neighborhood feel.

The DIB's efforts to encourage economic development and attract commercial and residential development has particularly focused on revitalizing the part of this corridor south of Garden Street, known as Palafox Street. Palafox Street serves as a vibrant retail and cultural district and is characterized by an attractive streetscape featuring Spanish Baroque-style architecture. The corridor offers a large concentration of shopping and eateries such as Jackson's Steakhouse, Global Grill and World of Beer. Palafox Street is also home to cultural venues such as the historic Saenger Theatre and Vinyl Music Hall, and continues to grow as a cultural hub of the Historic District, attracting many residents and tourists to the area.

To the south, Palafox Street terminates at Palafox Pier, a public park on Pensacola Bay, which features the Plaza de Luna and Yacht Harbor Marina. The construction of this park was one of several initiatives by the Community Redevelopment Agency (CRA), which manages redevelopment efforts within the Downtown Pensacola area, to improve access to the waterfront and transform the pedestrian experience along the Pensacola Baywalk.

Adding to the initiatives to improve access to the waterfront, SCAPE, a landscape architecture firm based on New York City, began a $250,000 study in January 2019 that crafts a framework for the Pensacola waterfront, funded by local philanthropist Quint Studer. Over the course of five months, SCAPE will execute the study with the goal of strategically heightening connectivity along the waterfront and developing placemaking initiatives that will spur additional development and new activities. SCAPE has already held several workshops with Pensacola residents to ensure that the framework is participatory and has stakeholder buy-in. The study area currently spans from Three Mile Bridge to Joe Pattie's Seafood, but may extend further west to Bayou Chico and the area around the Pensacola Yacht Club.

The subject property is located in close proximity to several of Pensacola's other cultural and recreational destinations. The Seville Historic District, which is six blocks to the east of the proposed development, comprises a 37-block area featuring museums, galleries and several historic buildings. The Pensacola Museum of Art, located five blocks east of the subject property at the corner of Jefferson Street and East Main Street, is the city's main art destination. The T. T. Wentworth Jr. Florida State Museum, located at 330 Jefferson Street, was originally built in 1907 as the Pensacola City Hall and was converted into a museum of history in the 1980s. The historic district is characterized by Victorian-style residential structures from the 19th Century and several plazas that date back to Spanish settlements of the 17th and 18th Centuries. Plaza Ferdinand VII is an outdoor garden and park, located four blocks east of the subject property along East Zarragossa Street adjacent with the Pensacola Museum of Art and the T.T. Wentworth Jr. Florida State Museum. The New Year's Eve Pelican Drop occurs in Plaza Ferdinand and draws crowds of more than 50,000 people. Another well-known historic plaza, Seville Square, is located further east at the corner of Alcaniz Street and Zarragossa Street, which hosts several concerts and other activities throughout the year. The recently-opened Corinne Jones Park is located just north of the subject property across West Government Street, while Bruce Beach (recently opened to the public) is located just south of the subject property across West Main Street. Both parks will provide an immediate natural amenity to residents of and visitors to the property.

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Located near to the ocean, the development site offers convenient access to several popular beaches in the Pensacola Metro Area. The three main beaches, including Pensacola Beach on Santa Rosa Island, Navarre Beach, and Perdido Key, are major tourist destinations. The beaches are a significant reason why a second home market in Pensacola has flourished, and the proximity of the project to the beaches (without being in the midst of the tourism infrastructure) is a major positive to the marketability of residential housing at the project, and in the downtown area in general.

While Palafox Street serves as a major retail corridor in the city, West Garden Street, located a few blocks north of the subject site, offers residents access to neighborhood level retail at stores such as Artesana and Ever'Man Cooperative Grocery Store & Café, and Education Center, a Whole Foods-style grocery store and gathering spot in the community; this food destination is the only grocery store in the core of downtown Pensacola, and is open late into every evening and has both indoor and outdoor seating. The educational center is located in a separate building, and has daily-programmed classes that are free to the community, such as various forms of yoga, pilates, reflexology and meditation, as well as nutrition and gardening lectures, and many programs for kids including story time and arts and crafts. Ever'Man is located approximately four blocks to the northeast of the subject development site, being an approximate six-minute walk from the corner of Government and De Villiers Streets.

A large percentage of people living in downtown Pensacola works at the many employment centers located in the area. The development site is near the government district, and is part of the downtown business district, which features a large concentration of professional firms, and a number of financial institutions. Pensacola's City Hall is located one block east of the subject site, and the Florida Department of Law Enforcement is currently building a new regional operations center in downtown Pensacola at a cost of over $20 million. Employment in the city's Health Services sector is significant and has been growing. Many of these are health practitioners and technicians who live in downtown and are affiliated with the two main medical complexes in the city; Baptist Hospital, which is located at 1000 West Moreno Street, approximately 2 miles away from the subject property, and Sacred Heart Hospital, located west of the Pensacola International Airport at 5151 North 9th Avenue.

The site offers convenient access to several gateways that are key transportation corridors in the city. The most significant of these is the Interstate-110, the major highway connecting downtown Pensacola. The Interstate-110 provides relatively quick access to the Pensacola International Airport. Local bus services are managed by the Escambia County Area Transit.

While there have been a few new residential developments in downtown over the past decade, including the Palafox Pier Condominium, Court of North Hill and the Lofts at Alcaniz Center, and of course, Southtowne, there is a lack of diverse housing options, particularly rental apartments, that cater to the needs of younger households and professionals living in the area. Further, the retail corridor along Palafox Street has an opportunity to expand along side streets and diversify away from the restaurants and bars that have made the area a destination. The subject property's proximity to Community Maritime Park and Palafox Pier further bolsters its potential to expand Pensacola's retail and entertainment offerings.

Given its desirable location within downtown Pensacola, the proposed development features an opportunity to cater to the population of this growing city and add to the diversity of the housing stock within the downtown area. The size of the project will be significant enough to command the market's attention, and we are

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optimistic about the residential and retail marketability of the Project. We expect that the broader initiatives to develop a more accessible waterfront, and to continue to build the vibrancy and walkable nature of the downtown atmosphere will help to both enhance and accelerate new development opportunities on the subject parcels.

POSITIVE AND CHALLENGING FEATURES OF THE PROSPECTIVE DEVELOPMENT OPPORTUNITY

In an effort to rationalize the market positioning of the prospective rental apartments, for-sale condominiums, and retail/entertainment space at the West Main Street sites, we have explored the types of "pros and cons" that the market will likely perceive when considering the project. The following discussion of positive and challenging attributes of the development provide perspective on the significant selling points of the opportunity that ought to be capitalized upon in designing, and leasing or selling, the property's residential units and retail space, as well as those less favorable factors that ought to be mitigated during your planning process.

Positive Features of the Development

- **Southtowne Performance Established the Rental Market:** The Southtowne apartment development, which is fully leased, has been a runaway success. All 258 units have been leased in just eight months of leasing, equating to an absorption pace of over 32 units per month at record setting rents. Despite its pioneering nature in downtown Pensacola, it established a paid waiting list prior to initial construction completion. The rents are higher than any other apartment property in the broader Pensacola area. Because Southtowne is the only existing rental apartment community with scale in the downtown area, and has only partially satisfied demand, there is clearly both depth of demand and interest for another rental apartment project in the downtown market. We believe that the obvious success of Southtowne, both from an occupancy and rent standpoint, has established a very solid benchmark for the strong desirability of high-density amenitized housing within walking distance of downtown Pensacola's restaurants and attractions. It is likely that several hundred more apartments could be developed and occupied simply based upon the overflow of demand from Southtowne.

- **Positive Demographic Trends and Employment Diversification:** As discussed in this report, the positive population and household growth is occurring at a rate that exceeds what we typically find in stable and established markets. This is an assuring dynamic, which is enhanced further by the dramatic projected income growth during the next five years. All of the lower income cohorts are projected to decline, while all of the higher income cohorts are projected to grow; average household income is projected to grow by 3.5% compounded annually for the next five years. Employment in the MSA has historically been dominated by Government, but that has been changing for a number of years now, with the reliance on Government employment declining modestly during the last five years. Instead, there has been rather dramatic growth in Construction, FIRE (Finance, Insurance and Real Estate), and Leisure and Tourism. Education and Healthcare has been growing at a more modest, but still robust, rate. The fact that these sectors are growing so rapidly is indicative of the ongoing investment in the Pensacola area, and the market's ability to attract both households and employers. The unemployment rate in the City of Pensacola is 2.9%, materially below the County, State, and United States as a whole.

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- **Employment Growth:** While not located near downtown Pensacola, the explosive growth occurring at Navy Federal Credit Union's campus on Nine Mile Road in northwest Pensacola (Beulah) is a major positive influence on the local economy. In 2017 alone the company added 750 jobs, with the expectation that the Credit Union will create over 2,000 additional jobs by 2022. In fact, Navy Federal reports that its employment turnover is approximately 10% annually, meaning that upon completion of its expansion, there are likely to be large numbers of new households moving into the broader market to establish a career or a home here. This turnover creates constantly fresh opportunities for ongoing development activities downtown to appeal to those employed at Navy Federal. Furthermore, the cybersecurity and information technology sectors are projected to grow significantly over the next few years. The Department of Homeland Security alone will create 200-250 cybersecurity jobs this year, and institutions such as the University of West Florida has an expanding cybersecurity program. These new households will all consider downtown Pensacola as "their downtown area," and as the singular destination for entertainment, dining out, and as the core of the local civic scene, bolstering the marketability of the West Main Street sites.

- **General Market Strength:** As discussed later in this report, the overall Pensacola rental housing market has been strengthening and is on an upward trend. Rents are increasing and vacancy is decreasing. New condominium development with any scale has also been generally absent. There has been very little new construction permitted during the last decade, restricting new inventory coming online, for both rental apartments and condominiums. Therefore, there is strong potential to deliver new product to the market that meets the expectations of renters and purchasers who would consider living downtown. The retail market is experiencing extremely low vacancy downtown, while maintaining relatively strong rents. The retail space at Southtowne, representing the largest new construction retail component to downtown, has leased well at strong rents.

- **Upside Residential Rent Potential:** As discussed later in this report, our analysis of Southtowne's existing tenancy has revealed that its tenants' incomes far exceed the minimum thresholds necessary to comfortably afford the rents there. In fact, while the in-place rents are approximately $1.79 per square foot, the tenant profiles we analyzed should be able to readily afford to pay materially higher rents. Further, the fact that the property leased up at a pace of more than 32 units per month, with all 258 homes leasing in just eight months and with a perpetual waiting list, indicates strongly that the rents achievable downtown could easily exceed $2.00 per square foot with a similar average unit size. This is a significant positive for rental housing on the West Main Street site.

- **Dated and Obsolete Existing Rental Inventory Creates Pent-Up Demand:** Over 50% of the multifamily inventory in the Pensacola area was built before 1990, while only an approximate 20% of the inventory comprises properties built since 2000. Given that most of these units, especially within newer developments, have been built close to medical and educational institutions within more suburban areas or near the Airport, there remains a lack of high quality, new construction rental units throughout the entire market, and particularly within a close drive of the downtown area in Pensacola. In fact, much of the recent new development in Pensacola and Escambia County has been in traditionally-styled garden apartment complexes, which have neither climate-controlled corridors nor elevators. Thus, these may replace much older and more obsolete garden-style product, but there remains no other rental apartment community in the entire Pensacola area that has similar features to Southtowne, or the rental apartments we are proposing at the West Main Street initiative. We

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therefore believe that the project's rental components will be capable of capturing more than its fair share of demand from throughout the Pensacola area, likely drawing residents out of even the newest garden-style properties on the periphery of town.

- **Evidence of Demand for a Range of Residential Condominiums:** In addition to residential rental units, it is our opinion that the site also presents a strong opportunity to include residential condominiums in the residential product mix. There have been some small condominium developments downtown in recent years, which have sold well at relatively high prices, despite none of these projects having access to significant amenities or on-site services. While there is ongoing new development of for-sale product downtown, it is generally townhome-style, larger in size, and more expensive, while offering limited or no amenities. There are many infill developments occurring, offering individual homes. An exception is the Hallmark development, which offers relatively affordable townhomes, and features a swimming pool, yet is located in a more distant area and without compelling design; all of the homes have the same floorplan. The only amentiized condominium property downtown is Port Royal, which was built in 1984, and offers dated product with limited facilities. We therefore believe that the for-sale component to the West Main Street Sites can meet pent-up and ongoing demand for new, modern condominium flats in a range of floorplan types and prices, featuring market-leading amenities.

- **Recent Tax Legislation Supports Rentals and Relocation:** While the tax legislation passed in December 2017 has already begun to cause negative effects on the for-sale housing markets in high tax and income areas of the United States, it is likely to have positive effects on the rental apartment markets nationally, and even moreso in states without state income taxation. Due to the new limits placed on the deductibility of real estate taxes and state income taxes, home ownership and residency in high-income and tax areas has become far more expensive than it has been historically. Further, the reduction in the amount of mortgage principal for which interest is deductible has made financing a home purchase more expensive in many areas where home prices above $1 million are commonplace. Thus, the tax legislation serves to drive many higher-income households toward rental housing, where there is no real estate tax expense to the resident, and to migrate to states where there is no state income tax, such as Florida, Tennessee, and Arizona, for example. Ultimately, the legislation is likely to drive households to relocate to, or retire in, cities like Pensacola, and to choose rental housing for not only its flexibility, but also because of the avoidance of real estate taxes. This also benefits the marketability of for-sale housing. This effect is likely to accelerate during the next several years, as households file their first income tax returns in 2019 under the new tax legislation, and as the IRS offers much-needed clarifications and determinations related to the interpretation of the law.

- **Views:** There are opportunities for water views from the upper floors of mid-rise and high-rise components to the development, beyond the very nice and open treetop and birds-eye views of downtown Pensacola and the surrounding lower-density areas. Furthermore, to the north, the project will have views overlooking Corinne Jones Park and the surrounding historic neighborhoods of Pensacola. Because the project can take on a high-density scale, yet in a setting that offers far greater view potential than other sites downtown, this presents an interesting differentiation opportunity that can be manifested not only in the actual views, but in the building design as well.

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- **Visibility from Blocks Away:** The visibility of the project from throughout the downtown area will be exceptional. In fact, the project has the potential to define a "skyline" for Pensacola beyond the existing office towers. There will be unobstructed view corridors to and from the property over long distances. Main Street is a wider thoroughfare with fairly heavy traffic, in contrast to the smaller two-lane streets that make up much of the downtown environment. Further, the development on the larger parcel along Main Street will be elevated by approximately nine feet from street level, providing an opportunity to create a visual focal point in this location that can be seen by all the vehicles leaving Community Maritime Park. This overall visibility and prominence will allow for strong top-of-mind awareness, and a visual connection to the property that can create enhanced overall marketability.

- **Scale Allows for Amenities and Service:** The scale of the project will allow for market-leading amenities and services not typically found at residential communities in the downtown area of Pensacola. Due to the larger number of residential units possible at the site, the cost to build and maintain these facilities and pay for services on-site becomes much less expensive on a per unit basis than in a smaller project. We have recommended a compelling amenity and service program in the Recommendations section of this report.

- **Proximity to Natural Recreational Amenities:** The project includes sites within Maritime Park, which includes the Blue Wahoos Stadium, as well as an amphitheater and a playground. The project is also directly east and north of Bruce Beach, which was recently reclaimed for public use. The connectivity between Bruch Beach and Maritime Park, along with the rest of the downtown waterfront, will improve as part of the waterfront masterplan being spearheaded by SCAPE. Additionally, directly north of the project is Corinne Jones Park, which was recently upgraded in 2017 to include new playground equipment, swings, a basketball court, a lighted walking path, bicycle racks, and benches. The park also includes the 2.75-acre Government Street Regional Stormwater Pond, which was completed in late-2017 and designed to capture and treat runoff from approximately 40 acres in downtown Pensacola.

- **Waterfront Sites**: The project includes two prime waterfront sites within Maritime Park, providing the opportunity to potentially develop luxury condominium properties and retail featuring maximum prices and rents. We have recommended that these parcels be developed last, so that the successes of initial phases of development can establish the maximum potential for final phases on the most valuable parcels. The entire waterfront district can also be complimented with lifestyle and experiential retail with residential units above, which take advantage of water views to maximize revenue.

- **Retail / Entertainment Uses Will Contribute to Positive Positioning:** The recommended project includes retail and entertainment space, which will be an important part of enhancing Maritime Park as a recreational and entertainment waterfront destination, as well as creating a marketable "front door" to the proposed residential buildings and enhancing the project's overall scale and visibility. Ultimately, households choosing to live in downtown Pensacola will be drawn to the project because of its proximity to the waterfront and Palafox Street, although the right mix of on-site retail tenants can strongly increase the marketability of the project's residential units. It is important to ensure that the retail spaces are occupied with diverse tenants that are visually attractive and well-merchandised.

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- **Residential Uses Will Support Retail / Entertainment**: In turn, the relatively large number of residential units we have recommended will provide substantial support for the retail businesses located on the site. These businesses should largely cater to both the local residential population as well as visitors to the downtown area, who may be either tourists or residents of outlying areas coming downtown for entertainment purposes. Nevertheless, for daily conveniences, the retail space has an opportunity to fill a gap in services downtown that would be necessary to attract residents. These types of services will be required by a larger downtown residential population, and the development initiative has an opportunity to fill that niche.

- **Hotel Potential Further Enhances Retail Demand and the Energy of Downtown:** While not part of our scope of analysis in this engagement, we understand that multiple hotel developers and operators have expressed strong interest in building a hotel on the project site. We concur that there appears to be anecdotal evidence to support at least one additional hotel downtown. Such a development at the site would contribute significant additional demand for the retail venues we are recommending, due to the specific proximity of a hotel to these tenants and the general necessity of hotel guests to spend money on food and conveniences while traveling, which remain more discretionary for local area residents. Further, the transient occupancy of a larger hotel would contribute to a more urban feeling energy around the site, with new people exploring the city routinely, seeking interesting experiences and places to walk and visit. This means more people walking on the sidewalks, enjoying the park spaces and the waterfront. We therefore view a hotel on the site as a major positive influence on the creation of a compelling sense of place and potential for retail demand in the area.

- **Marketing Impact:** No other development in Pensacola, and few within the region, will be able to similarly leverage the public relations and press opportunities that are possible with the West Main Street Sites into positive leasing and sales performance. The high-profile nature of this initiative creates broad market awareness throughout the region, curiosity, public interest, and can create a strong sense of civic pride and support for the development. A small townhome development downtown could never enjoy the impact on sales that these factors will add to the marketability of the West Main Street Sites. Further, the sheer impact of the size of the marketing budget available to this comprehensive waterfront district will mean that the most sophisticated creative advertising, digital marketing, and leasing and sales facilities can be deployed to market the project and its components over time. The opportunities to dominate top-of-mind awareness in the region are significant with a project of this scale, and will aid in the project being able to capture more than its fair share of demand if orchestrated strategically.

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Challenging Aspects of the Development

There are also several challenging factors that must be noted, and taken into consideration as you undertake the development:

- **Still Emerging Residential Market:** New housing development in downtown Pensacola is still an emerging market, although it is no longer pioneering. It will be critical to sufficiently differentiate the rental product from Southtowne, drawing upon its unique site planning characteristics, so as to not cannibalize Southtowne's tenancy. We believe the risk is clearly mitigated by the tremendous depth of demand that was exhibited for Southtowne, which went unmet. In fact, it is possible that, because of Southtowne's notoriety and the general knowledge that it has been successful, the West Main Street Sites will enjoy a "halo effect" in the way that people perceive the opportunity to live in a modern residential complex downtown. Further, the relatively sporadic development of new for-sale housing downtown has meant that there is relatively little basis to determine the achievable prices or absorption pace for new amenitized condominiums. Similarly to establishing the market for Southtowne before it was built, we must consider the depth of demand, the nature and success of existing new for-sale development (as dissimilar as it may be to what we envision as being possible), the potential to offer something new and exciting to the market, and the affordability of the offering. There is certainly market risk and development risk. However, we believe this is mitigated by the clear potential to present condominium offerings within a comprehensive, master-planned district featuring a variety of uses and with the marketing impact that other small developments cannot leverage.

- **Product Differentiation is Necessary:** Penascola, despite its growth, is still not a big city. Smaller markets require more active product differentiation because the comparisons are too easy to make, and the market dynamics are more intimate than in larger urban centers. Therefore, it will be a challenge to create the residential product in a way that capitalizes on existing successes and benchmarks, and addresses the needs of unmet market demand, while also building something that feels different, even if only in architectural aesthetics. A focus on design and the unique site planning opportunities should mitigate the risk of falling short in the eyes of the market.

- **Lack of Immediate Walkable Retail:** The West Main Street Site is four blocks from Palafox Street, which creates a disconnect from the core retail atmosphere. In the heat and humidity of Pensacola, these four blocks can present a challenge for pedestrians, particularly along the busy Main Street thoroughfare lined with parking facilities that do not engage the passersby. Most residents will not mind this disconnect from Palafox, although it is a weakness overall. The recommended retail and entertainment component of the project, however, will mitigate this disconnect. Furthermore, the urban design framework currently underway by SCAPE intends, among other goals, to improve the physical and visual links along Main Street's east-to-west axis. Also, we believe an initiative to develop the municipal and county parking facilities along Main Street would contribute materially to the connection between the core of historic downtown Pensacola, and the West Main Street district.

- **Required Site Remediation and Elevation:** It is our understanding that the parcel on the north side of Main Street will require significant environmental remediation. Additionally, the site is in a flood zone and will need to be raised by nine feet above the elevation of Main Street, further increasing site preparation costs and the challenging the potential to create pedestrian-scale, occupied space along

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the roadway. This also creates critical site planning challenges, the results of which will significantly shape the marketability of all uses on the north site.

In summary, it is our opinion that the project site is well-suited for mixed-use development with rental apartments, residential condominiums, and retail / entertainment space. However, given the pioneering scale of the large-scale development, we recommend taking a cautious approach to defining the development program. There are numerous positive aspects of the development opportunity, but because of the scope and competitive nature of the development, one must proceed with a great focus on design quality and site planning in order to maximize achievable rents and prices. Nevertheless, the prospective positive attributes of the development far outweigh the challenges.

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ECONOMIC AND DEMOGRAPHIC OVERVIEW

The subject property is located in downtown Pensacola along the Gulf of Mexico, in northwestern Florida. Pensacola is a part of Escambia County, which is located within the Pensacola-Ferry Pass-Brent Metropolitan Statistical Area. Over the next five years, the city of Pensacola and Escambia County are both projected to experience modest population and household growth. The recent recession adversely impacted employment in the Pensacola-Ferry Pass-Brent MSA. In the years since 2009, employment has grown steadily.

DEMOGRAPHIC OVERVIEW

The population of the City of Pensacola is projected to increase modestly over the next five years, growing to 58,432, or by a compounded annual rate of 1.0%. The number of households is projected to grow at a similar pace over the next five years, at 1.0% compounded annually, increasing from 24,943 to 26,214 in 2023. Average household income and median household income are expected to increase significantly over the next five years, with compounded annual increases of 3.5% and 2.7% respectively. The average household income is expected to grow from $69,179 in 2018 to $81,338 in 2023. The median household income is projected to increase by nearly $6,500, growing from $46,483 in 2018 to $52,839 in 2023. The following table summarizes the basic demographic trends forecast by ESRI, a leading demography firm operating the website STDB.com.

TABLE 1
POPULATION AND HOUSEHOLD TRENDS
Pensacola City

	2018	2023 Proj.	Compounded Annual Change 2018-2023
Population	55,611	58,432	1.0%
Households	24,943	26,214	1.0%
Avg. Household Size	2.20	2.20	0.0%
Avg. Household Income	$69,179	$81,338	3.5%
Median Household Income	$46,483	$52,839	2.7%

Source: STDB.com; compiled by Weitzman Associates, LLC

Income is highest among householders between the ages of 45 and 54, while those over the age of 75 or under the age of 25 have the lowest incomes. The 2018 median income in Pensacola for householders between ages 45 and 54 is $59,322 compared to $32,747 for those under 25 and $31,083 for those over 75. The average income for those between 45 and 54 is $86,716 compared to $44,107 for those under 25 and $47,177 for those over 75. Householders in the 45 to 54 age group are also projected to grow their incomes at a faster rate than other groups, increasing median income at a projected 3.5% annually compared to 2.7% overall and increasing average income at a projected 3.6% compared to 3.5% overall. The slowest projected income growth is in the under 25 age group, increasing median income at a projected 2.4% annually. Average income growth is more balanced across age groups – those under 25 are projected to increase average income at a rate of 3.0% annually.

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TABLE 2
HOUSEHOLD INCOME BY AGE
Pensacola City

	2018	2023 Proj.	Compounded Annual Change 2018-2023
	Median HH Income		% Growth
<25	$32,747	$36,928	2.4%
25-34	$45,139	$51,186	2.5%
35-44	$53,027	$60,783	2.8%
45-54	$59,322	$70,342	3.5%
55-64	$53,826	$61,778	2.8%
65-74	$45,535	$51,937	2.7%
75+	$31,083	$35,754	2.8%
Total	$46,483	$52,839	2.7%
	Average HH Income		% Growth
<25	$44,107	$51,155	3.0%
25-34	$62,886	$73,821	3.3%
35-44	$76,296	$90,800	3.5%
45-54	$86,716	$103,574	3.6%
55-64	$79,171	$93,484	3.4%
65-74	$67,552	$80,157	3.5%
75+	$47,177	$56,366	3.6%
Total	$69,179	$81,338	3.5%

Source: STDB.com; compiled by Weitzman Associates, LLC

All cohorts of households earning less than $50,000 annually are projected to decrease by 2023. Households with incomes ranging from $15,000 to $24,999, and from $25,000 to $34,999 annually are projected to decline by compounded rates of 3.1% and 1.5% through 2023. In 2018, 52.7% of all the households in Pensacola were earning less than $50,000 annually. This ratio is expected to decrease to 47.2% by 2023. The income groups projected to have the highest compounded annual increase over the next five years are households with incomes ranging between $150,000 and $199,999, and $200,000+ annually. In 2018, households with an annual income between $100,000 and $149,999 accounted for 11.1% of all households, and are expected to increase to 12.8% in 2023. Households earning between $150,000 and $199,999 are projected to increase from 3.6% of the total households in 2018 to 4.2% of the estimated households in 2023. The following table summarizes household income by cohort, as of 2018 and as projected for 2023.

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TABLE 3
HOUSEHOLD INCOME DISTRIBUTION
Pensacola City

Household Income	2018	2023	Compounded Annual Change 2018-2023
$0 - $14,999	16.2%	13.4%	-3.5%
$15,000 - $24,999	11.8%	10.0%	-3.1%
$25,000 - $34,999	10.6%	9.8%	-1.5%
$35,000 - $49,999	14.1%	14.0%	-0.1%
$50,000 - $74,999	17.5%	18.2%	0.8%
$75,000 - $99,999	10.2%	11.3%	2.2%
$100,000 - $149,999	11.1%	12.8%	3.1%
$150,000 - $199,999	3.6%	4.2%	3.3%
$200,000+	5.0%	6.5%	6.0%

Source: STDB.com; compiled by Weitzman Associates, LLC

HOUSING PERMITS

Housing throughout Pensacola consists predominantly of owner-occupied detached single-family structures. As shown in the following charts and tables, the construction of new housing units, as indicated by the number of housing unit permits granted annually, has fluctuated in Escambia County since 2000, showing a significant slowdown during the Great Recession. After reaching a peak in total units (of all types) of 2,943 in 2003, the number of housing unit permits issued in Escambia County since then has dropped significantly. The number of units for which permits were issued fell to a low of 594 in 2009 in the wake of the Great Recession, but saw an uptick the following year to a total of 973 units. After a drop to 637 units in 2011, the number of issued building permits in Escambia County has gradually increased. In 2018, 1,033 building permits were issued, the vast majority of which were for single-family homes.

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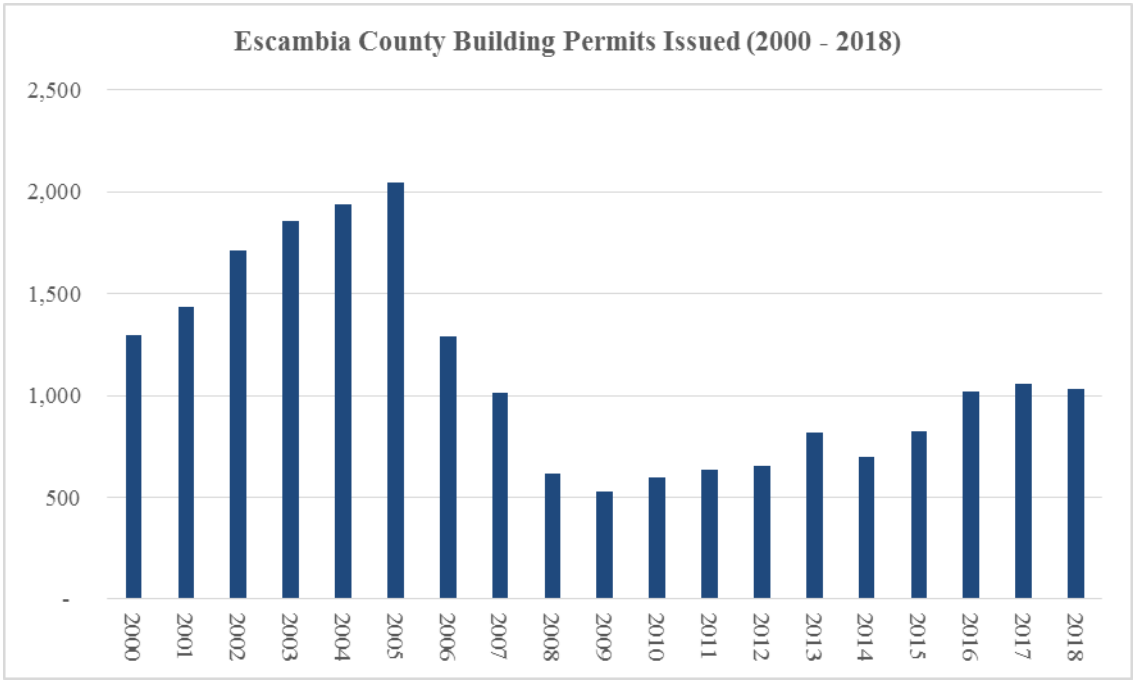
TABLE 4

ESCAMBIA COUNTY BUILDING PERMITS - NEW RESIDENTIAL CONSTRUCTION

2000 - 2018

	1 Family			2 Family			3-4 Family			5 Family+			Total		
	Bldgs	Units	Cost	Bldgs	Units	Cost	Bldgs	Units	Cost	Bldgs	Units	Cost	Bldgs	Units	Cost
2000	1,267	1,267	$ 149,238,700	21	42	$ 2,196,761	3	11	$ 585,365	3	24	$ 840,000	1,294	1,344	$ 152,860,826
2001	1,426	1,426	$ 174,926,847	12	24	$ 1,517,061	-	-	$ -	-	-	$ -	1,438	1,450	$ 176,443,908
2002	1,687	1,687	$ 216,178,764	6	12	$ 807,453	3	9	$ 506,549	15	344	$ 20,522,462	1,711	2,052	$ 238,015,228
2003	1,753	1,753	$ 230,867,797	23	46	$ 2,493,802	1	3	$ 98,000	77	1,141	$ 69,486,433	1,854	2,943	$ 302,946,032
2004	1,863	1,863	$ 245,793,773	19	38	$ 2,445,763	2	6	$ 44,884	55	985	$ 67,687,036	1,939	2,892	$ 315,971,456
2005	1,969	1,969	$ 29,154,596	30	60	$ 5,292,693	12	36	$ 2,823,748	33	388	$ 29,800,379	2,044	2,453	$ 67,071,416
2006	1,215	1,215	$ 191,399,143	32	64	$ 5,298,140	2	6	$ 545,524	41	497	$ 48,368,239	1,290	1,782	$ 245,611,046
2007	927	927	$ 150,855,528	20	40	$ 3,669,642	14	55	$ 5,450,820	55	735	$ 74,327,659	1,016	1,757	$ 234,303,649
2008	602	602	$ 103,826,369	13	26	$ 2,336,832	-	-	$ -	3	154	$ 16,285,819	618	782	$ 122,449,020
2009	514	514	$ 93,242,046	3	6	$ 550,823	-	-	$ -	12	74	$ 6,765,134	529	594	$ 100,558,003
2010	555	555	$ 98,682,535	4	8	$ 703,240	-	-	$ -	36	410	$ 33,452,641	595	973	$ 132,838,416
2011	635	635	$ 118,545,749	1	2	$ 166,300	-	-	$ -	-	-	$ -	636	637	$ 118,712,049
2012	655	655	$ 126,701,019	-	-	$ -	-	-	$ -	-	-	$ -	655	655	$ 126,701,019
2013	815	815	$ 166,902,592	3	6	$ 340,000	-	-	$ -	-	-	$ -	818	821	$ 167,242,592
2014	688	688	$ 142,270,318	-	-	$ -	1	3	$ 157,500	8	313	$ 25,448,152	697	1,004	$ 167,875,970
2015	813	813	$ 182,595,652	-	-	$ -	-	-	$ -	13	304	$ 24,716,416	826	1,117	$ 207,312,068
2016	985	985	$ 227,537,384	-	-	$ -	-	-	$ -	32	505	$ 37,040,846	1,017	1,490	$ 264,578,230
2017	1,048	1,048	$ 240,481,067	10	20	$ 832,000	-	-	$ -	1	5	$ 910,000	1,059	1,073	$ 242,223,067
2018	1,025	1,025	$ 239,564,637	2	4	$ 1,000,000	-	-	$ -	6	36	$ 3,600,000	1,033	1,065	$ 244,164,637

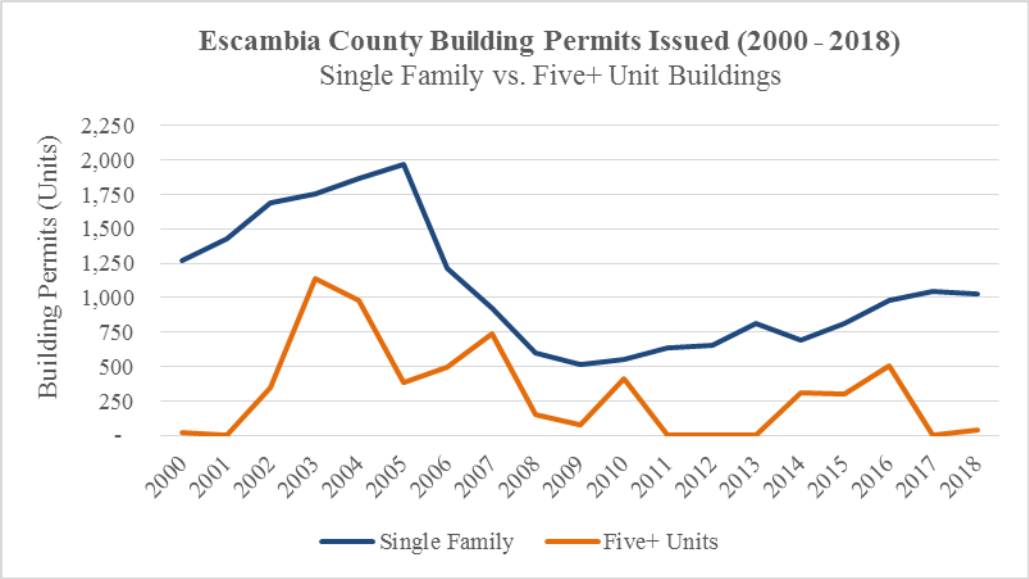
Source: U.S. Bureau of the Census; compiled by Weitzman Associates, LLC.



Source: U.S. Bureau of the Census; compiled by Weitzman Associates, LLC

Only about 18% of the permits granted on a per-unit basis over the five years from 2013 to 2018 have been for structures containing five or more units, which indicates the lack of new apartment and condominium complexes that have been built in the area.

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Source: U.S. Bureau of the Census; compiled by Weitzman Associates, LLC

The building permit data indicates the dominance of development activity among single-family houses throughout Escambia County. From 2011 to 2013, there were no building permits issued for five of more family dwellings. From 2014 to 2018, 4,559 single-family buildings permits were issued, while 60 building permits for 1,163 units for five or more family dwellings were issued.

ECONOMIC OVERVIEW

Like elsewhere across the nation, the MSA saw a drop in employment during the Great Recession. In 2008 and 2009, the MSA reported year-over-year declines in employment. Employment has been growing relatively steadily since 2010 (with a slight dip again in 2012). The largest growth in jobs occurred from 2015 to 2016 – an annual growth of 3.4%. From 2010 to January 2019, the MSA reported a net increase of 26,020 jobs.

Over the period of 2009 to January 2019, the Information sector experienced the greatest decrease in employment of 5.1%, followed by Transportation & Utilities with a 0.6% decline then Other Services with a 0.5% decline. From 2017 to January 2019, the greatest gains in employment were within the Finance, Insurance and Real Estate sector (a 5.1% annualized increase) and the Manufacturing sector (4.4%).

The Educational & Health Services sector employs the most people in the MSA (16.7% of non-farm jobs). Other sectors that supply over 10.0% of the MSA's jobs include: Trade (wholesale and retail) at 16.4%; Government at 16.3%; Leisure & Hospitality Services at 13.3%; and Professional & Health Services at 12.7%.

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TABLE 5

EMPLOYMENT TRENDS
PENSACOLA-FERRY PASS-BRENT, FL MSA

Total Employment in Thousands

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 (3)
Construction & Mining	10.6	10.6	9.8	9.4	9.2	9.5	10.0	10.8	11.5	11.7	11.7
Manufacturing	5.4	5.4	5.5	5.6	5.9	6.0	6.1	6.3	6.1	6.4	6.7
Trade	25.5	25.3	25.7	26.0	26.3	26.9	27.7	28.4	29.1	29.7	29.9
Transportation + Utilities (1)	4.6	4.1	4.1	4.0	4.1	4.1	4.0	4.1	4.1	4.1	4.3
Information	3.0	3.1	2.7	2.4	2.3	2.3	2.2	2.1	1.9	1.8	1.8
F.I.R.E. (2)	8.8	8.7	8.7	9.0	9.9	10.7	11.7	12.3	13.0	14.0	14.3
Professional + Business Service	18.4	19.7	21.1	21.3	21.5	21.7	22.4	22.5	22.7	24.2	23.2
Educational + Health Services	25.8	26.7	27.4	27.0	26.6	26.8	27.7	29.3	29.9	30.1	30.5
Leisure + Hospitality Services	17.6	17.9	19.0	19.3	20.3	21.0	21.6	22.9	24.1	24.6	24.2
Other Services	6.6	6.2	5.8	5.7	5.7	6.0	5.8	6.0	6.2	6.4	6.3
Government	28.4	29.0	28.5	28.4	28.0	27.9	28.1	28.3	28.4	28.6	29.7
Total Non-Farm Employment	154.7	156.6	158.2	158.1	159.9	163.0	167.2	172.8	177.0	181.7	182.6
Annual Change		*1.2%*	*1.0%*	*0.0%*	*1.1%*	*1.9%*	*2.6%*	*3.4%*	*2.4%*	*2.7%*	*0.5%*

Compounded Annual Change

	2009-2019	2010-2019	2011-2019	2012-2019	2013-2019	2014-2019	2015-2019	2016-2019	2017-2019	2018-2019
Construction & Mining	1.0%	1.1%	2.2%	3.1%	4.1%	4.2%	4.1%	2.6%	0.9%	0.1%
Manufacturing	2.2%	2.5%	2.5%	2.7%	2.2%	2.2%	2.4%	2.3%	4.4%	4.0%
Trade	1.6%	1.9%	1.9%	2.0%	2.1%	2.1%	2.0%	1.7%	1.5%	0.8%
Transportation + Utilities (1)	-0.6%	0.5%	0.6%	1.1%	1.0%	0.8%	1.6%	2.0%	2.1%	4.9%
Information	-5.1%	-5.8%	-4.9%	-3.8%	-4.3%	-4.6%	-5.0%	-4.2%	-3.5%	-0.5%
F.I.R.E. (2)	5.0%	5.7%	6.4%	6.9%	6.4%	5.9%	5.2%	5.1%	5.1%	2.0%
Professional + Business Service	2.3%	1.9%	1.2%	1.2%	1.3%	1.4%	0.9%	1.0%	1.0%	-4.3%
Educational + Health Services	1.7%	1.5%	1.4%	1.8%	2.3%	2.6%	2.5%	1.4%	1.0%	1.2%
Leisure + Hospitality Services	3.3%	3.4%	3.1%	3.3%	3.0%	2.9%	2.9%	1.9%	0.2%	-1.8%
Other Services	-0.5%	0.3%	1.0%	1.4%	1.7%	1.0%	2.2%	1.8%	0.9%	-1.2%
Government	0.4%	0.3%	0.5%	0.7%	1.0%	1.3%	1.4%	1.7%	2.3%	3.8%
Total Non-Farm Employment	1.7%	1.7%	1.8%	2.1%	2.2%	2.3%	2.2%	1.8%	1.6%	0.5%

Employment Distribution

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 (3)
Construction & Mining	6.9%	6.7%	6.2%	6.0%	5.8%	5.9%	6.0%	6.3%	6.5%	6.4%	6.4%
Manufacturing	3.5%	3.4%	3.5%	3.5%	3.7%	3.7%	3.6%	3.6%	3.5%	3.5%	3.7%
Trade	16.5%	16.1%	16.2%	16.5%	16.5%	16.5%	16.5%	16.4%	16.4%	16.3%	16.4%
Transportation + Utilities (1)	3.0%	2.6%	2.6%	2.5%	2.5%	2.5%	2.4%	2.3%	2.3%	2.3%	2.4%
Information	2.0%	2.0%	1.7%	1.5%	1.5%	1.4%	1.3%	1.2%	1.1%	1.0%	1.0%
F.I.R.E. (2)	5.7%	5.6%	5.5%	5.7%	6.2%	6.6%	7.0%	7.1%	7.3%	7.7%	7.8%
Professional + Business Service	11.9%	12.6%	13.3%	13.5%	13.5%	13.3%	13.4%	13.0%	12.8%	13.3%	12.7%
Educational + Health Services	16.6%	17.1%	17.3%	17.1%	16.6%	16.4%	16.5%	16.9%	16.9%	16.6%	16.7%
Leisure + Hospitality Services	11.3%	11.5%	12.0%	12.2%	12.7%	12.9%	12.9%	13.2%	13.6%	13.6%	13.3%
Other Services	4.3%	3.9%	3.7%	3.6%	3.6%	3.7%	3.5%	3.5%	3.5%	3.5%	3.5%
Government	18.4%	18.5%	18.0%	17.9%	17.5%	17.1%	16.8%	16.3%	16.0%	15.8%	16.3%
Total Non-Farm Employment	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

(1) Transportation, Communications and Public Utilities
(2) Finance, Insurance, and Real Estate
(3) 2019 data is as of January (P)

Source: The Bureau of Labor Statistics; compiled by Weitzman Associates, LLC

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As shown in the previous table, government jobs comprise one of the largest employment sectors in the Pensacola MSA, with the local government employing approximately 29,700 people as of January 2019.

According to the Greater Pensacola Chamber of Commerce Florida West Economic Development Alliance, the five largest private employers in the Greater Pensacola region, in addition to government services, are: the Navy Federal Credit Union, Baptist Health Care, Sacred Heart Health Systems, Gulf Power Company and West Florida Healthcare. The Navy Federal Credit Union currently employs about 8,000 individuals (per conversations with local officials), which is projected to grow to 10,000 by 2021. As of October 2018, Baptist Health Care, Sacred Heart Health Systems and West Florida Healthcare employed an estimated 12,653 people. The five top healthcare and medical centers in the Greater Pensacola region employ over 13,600 people, demonstrating that the healthcare sector is an important part of the Pensacola economy.

One additional employer of note in Pensacola is ST Engineering. The firm recently opened a new aircraft MRO (manufacturing, repair, and overhaul) facility with approximately 150 employees (some of which are temporary construction jobs). Construction on a second hangar should begin by the end of 2019, and is expected to create an additional 400 jobs with an average salary is $45,000. The City of Pensacola has funded construction of the facilities with assistance from state and federal funds, and owns them. An administrative office houses an additional 200-250 employees.

The Pensacola economy also remains highly dependent upon the defense industry spending, which had over $7.6 billion in economic impact on Escambia County in 2017 (according to the Florida Defense Factbook of 2017). During that year, the military accounted for over approximately 60,589 jobs in Escambia County. Known as the “Cradle of Naval Aviation”, the region is home to the Pensacola Naval Air Station, National Flight Academy, Saufley Field, the National Aviation Museum, Corry Station, Whiting Field, and the Naval Hospital Pensacola.

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TABLE 6
LEADING PRIVATE EMPLOYERS IN PENSACOLA, FLORIDA
AS OF OCTOBER 2018

	Employer	# Employees	Industry	Description
1	Navy Federal Credit Union	7,101	Financial Service Center	Credit Union, Financial Service Center
2	Baptist Health Care	6,633	Healthcare	Hospitals,general medical and surgical
3	Sacred Heart Health Systems	4,820	Healthcare	Hospitals, general medical and surgical
4	Gulf Power Company	1,774	Electric Provider	Electric Power Generation, Transmission & Distribution
5	West Florida Healthcare	1,200	Healthcare	Hospitals, general medical and surgical
6	Ascend Performance Materials	888	Manufacturing	Plastics Material and Resin Manufacturing
7	West Corporation	800	Business, Processing, Outsourcing	CRM Solution Provider, Customer Care Center
8	Innisfree Hotels	750	Hospitality	Hotels and Hospitality
9	Santa Rosa Medical Center	521	Healthcare	Medical Centers and Clinic
10	GE Wind Energy	510	Manufacturing	Motor & Generator Manufacturing
11	Medical Center Clinic	500	Healthcare	Medical Centers and Clinic
12	International Paper	453	Manufacturing	Paper (except Newsprint) Mills
13	CHCS Services/iGate	409	Customer Service Center	Third Party Administration, Insurance
14	Hitachi Cable Florida, Inc	360	Manufacturing	Rubber & Plastics Hoses & Belting Mfg.
15	Armstrong World Industries	300	Manufacturing	Drywall and Insulation Contractors
16	MediaCom	300	Communications	Cable Television Distribution Services
17	American Water	298	Customer Service Center	Water Control and Quality Program Administration
18	GE Wind Energy	257	Manufacturing	Motor & Generator Manufacturing
19	L-3 Communications	240	Aerospace & Defense	Maintenance Rework Operations
20	Pall Corporation	235	Manufacturing	Biotechnology, R & D, Manufacturing
21	Cox Communications	233	Communications	Cable and other subscription programming
22	The Mundy Companies	225	Operations Support	Production Handling , Packaging/Loading, Warehousing
23	Jupiter Composites	217	Manufacturing	Advanced Materials Manufacturing
24	Overhead Door	186	Manufacturing	Garage Door Manufacturing
25	Synergy Solutions	185	Customer Relationship Manageme	Telemarketing Bureaus and Other Contact Centers
26	Buffalo Rock	185	Warehouse/Distribution	Soft Drink Merchant Wholesale distribution
27	AppRiver	180	Information Technology	Custom Computer Programming Services
28	Mansfield Industrial	175	Manufacturing	Other Services to Buildings and Dwellings
29	Landrum Human Resource Companie	142	Human Resources	Temporary Help Services
30	HT Hackney	140	Warehouse/Distribution	Grocery and Related Products Merchant Wholesaler
31	Lifeguard Ambulance Service	130	Business Services	Medical Transport
32	Exxon Mobil	105	Fiberglass products	Fiberglass Products
33	Saltmarsh, Cleaveland, & Gund CPA	104	Certified Public Accountants	Offices of Certified Public Accountants
34	The Studer Group	100	Private Healthcare Consulting	Administrative and General Management Consulting Services
35	Loomis Armored	100	Transportation	Transportation
36	Pegasus Laboratories	100	Manufacturing	Pharmaceutical Preparation Manufacturing
37	Lewis Bear Company	100	Warehouse/Distribution	Beverage Distribution
38	V.T. Milcom	90	Warehouse / Distribution	Electrical Contractor
39	Taminco	89	Chemical Manufacturing	Chemical Manufacturing
40	Cerex	85	Manufacturing	Non-Woven Fabrics
41	Bell Steel Company	81	Manufacturing	Fabricated Structural Metal Manufacturing
42	U.S. Block Windows	76	Block Window Mfg.	Window Mfg.
43	Global Business Solutions, Inc.	68	Information Technology	Data processing, hosting, and related services
44	Power Secure	62	Business Services	Electrical generating and transmission equipment and services
45	Avalex	60	Aviation Related Manufacturing	Aeronautical System & Instrument
46	IMS Expert Services	60	Business Services	Expert Witness and Litigation Consultant
47	DAWS Manufacturing	60	Manufacturing	Metal Fabrication and stamping
		31,687		

Source: Florida West Economic Development Alliance at www.floridawesteda.com; compiled by Weitzman Associates, LLC

According to the Bureau of Labor Statistics, Escambia County's unemployment rate peaked in 2010 at 10.1%, while Pensacola City was at an 8.0% unemployment rate, the MSA was at 9.8%, the state of Florida was at 11.0%, and the U.S. was at 9.6% during the same year. From 2011 onwards, all areas saw steadily decreasing unemployment rates. As of December 2018, all areas reported an unemployment rate less than 4.0%, with

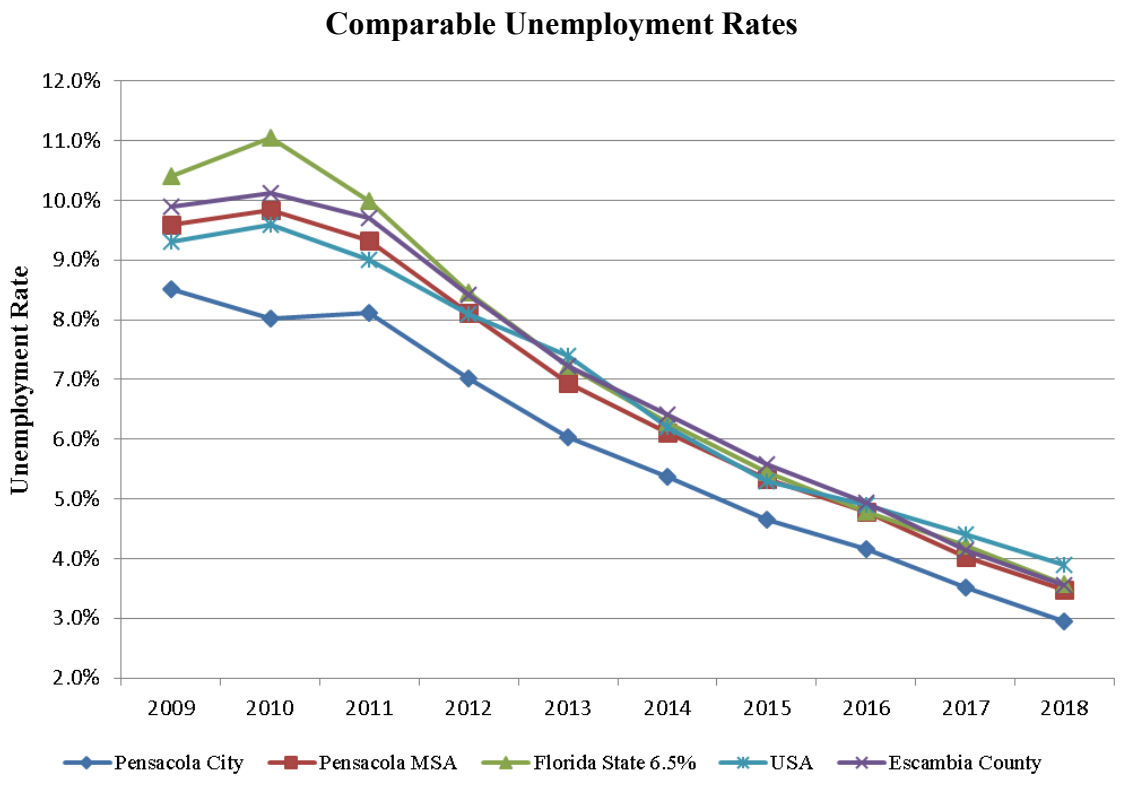
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Pensacola City having the lowest unemployment rate at 2.9%. The following table and graph summarize unemployment rates for Pensacola City, Escambia County, the MSA, Florida State, and the U.S. for 2009 to December 2018.

TABLE 7
UNEMPLOYMENT TRENDS
2008-2018

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Pensacola City	8.5%	8.0%	8.1%	7.0%	6.0%	5.4%	4.7%	4.2%	3.5%	2.9%
Escambia County	9.9%	10.1%	9.7%	8.4%	7.2%	6.4%	5.6%	4.9%	4.1%	3.6%
Pensacola MSA	9.6%	9.8%	9.3%	8.1%	6.9%	6.1%	5.3%	4.8%	4.0%	3.5%
Florida State	10.4%	11.0%	10.0%	8.5%	7.2%	6.3%	5.5%	4.8%	4.2%	3.6%
USA	9.3%	9.6%	9.0%	8.1%	7.4%	6.2%	5.3%	4.9%	4.4%	3.9%

Data as of December 2018
Source: The Bureau of Labor Statistics; compiled by Weitzman Associates, LLC



Source: U.S. Bureau of the Census; compiled by Weitzman Associates, LLC

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ECONOMIC OUTLOOK

National Economy

According to the Kiplinger, the United States' GDP grew by 2.5% in 2017, and 2.9% in 2018. Projections indicate that GDP growth is expected to drop to 2.5% in 2019. Consumer and business spending were positive in 2018, pushing consumer and business spending growth over 3% year-over-year. Consumer and business spending are both projected to continue to grow, in part due to the tax cuts, which have bolstered consumer and business spending.

The Federal Reserve raised the federal funds rate slightly in December 2016 for the first time in 10 years, followed by three raises in March, June, and December 2017, as well as in March, June, September, and December 2018. Two additional increases are anticipated in 2019, as the Fed is looking to achieve a "policy-neutral" federal funds rate close to 3%. This is due to strong economic fundamentals, such as the low unemployment rate and slowly rising inflation driving the United States economy.

Unemployment rose to 3.9% by year-end 2018, but is expected to drop to 3.4% by the end of 2019. The short-term unemployment rate is at a 65 year low. Most employment opportunities are in construction, food services, health care, retail, and durable goods manufacturing. Uncertainty at the highest levels of government, coupled the recently volatile stock market and the government shutdown are cause for concern in 2019.

Pensacola Economy

The Pensacola economy has been relatively steady, in large part due to the influence of health, tourism, and military industries in the area. An economic development initiative by the Chamber of Commerce in 2009 resulted in a plan that focused on creating jobs, opportunity and investments in the region. Known as Vision 2015, the plan was aimed at recruiting new business, helping existing businesses to expand, and leveraging partnerships with the military to stimulate economic growth, thereby creating 3,000 new high-wage jobs by 2015 in Escambia and Santa Rosa Counties. By July 2013, however, it was announced that the Chamber had already surpassed this goal – two years earlier than anticipated. As of 2017, it was reported by the Pensacola Chamber of Commerce that the Vision 2015 initiative had created 8,900 new jobs, totaling $1.8 billion in economic impact. In 2017, total direct visitor spending was estimated to amount to approximately $800 million dollars.

Military activity in the Pensacola area continues to be an important source of employment. With the presence of Pensacola Naval Air Station, Eglin Air Force Base, Naval Technical Center (NTTC), Corry Station Naval, and Air Station Whiting Field, the military employs over 60,000 persons in Escambia County. The sizable military economic impact in the Pensacola region includes not only those employed directly with the military, but also the civilian and defense industry workforce. The counties in Northwest Florida, together, have the most number of military-related jobs (approximately 182,449 jobs) compared to all other regions in Florida.

Several improvement projects were completed in the past couple of years, such as the $35 million National Flight Academy providing aviation-oriented science, technology, engineering and mathematics (STEM) classes, the downtown Community Maritime Park and baseball venue, and the $7.7 million reconstruction of the downtown library. Listed below are some of the economic development initiatives throughout the

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Pensacola region contributing jobs and potential market demand for new residential developments in the market area.

- **Port of Pensacola:** In April 2012, the State of Florida passed a $3.6 million economic development initiative to fund improvements to the Port's Warehouse 1 and fund Phase II of the Port's shore side utility improvements project. The initiative helped expand infrastructure of the Port to serve more ships, as well as be cleaner and quieter, and generate approximately 100 jobs. Additional projects continue to-date, with the aim of creating and operating cost-effective facilities for marine commerce in order to foster trade and promote economic development and employment. Warehouse 1 is currently occupied by Offshore Inland Marine Services after funding was used to add cranes and expand ceiling heights.

- **FDOT Grant for Pensacola International Airport:** The Pensacola International Airport is the largest airport between New Orleans and Jacksonville, and offers direct and low-cost flights to major cities like Washington D.C., New York City and Chicago. Having completed a five-year, $82 million terminal expansion project in 2014, the airport accommodates over 1.5 million passengers per year (business, leisure and military) and generates an annual economic impact of over $565 million. In May 2013, the Florida Department of Transportation (FDOT) offered the airport an $11,090,000 matching grant for the development of future facilities and airport infrastructure. Along with providing 50% funding for capital improvements achieved prior to 2016, the grant supports infrastructure for cargo operations and funds support buildings, roads, and vehicles parking at the Airport Commerce Park, creating hundreds of jobs. In addition, ground broke in late 2016 on VT Mobile Aerospace Engineering's new hangar at the Pensacola International Airport. The 173,000 square foot facility, which will sit on approximately 19 acres of property at the airport, opened in June 2018 and is expected to add 400 new jobs to the area. Furthermore, in or around April 2018, the Governor announced funding of $4 million from" the Florida Job Growth Grant Fund for the city to develop additional taxiways and infrastructure at the airport, as well as facilities for education and workforce training to support the aviation workforce."

- **PALL Life Sciences:** PALL Life Sciences (PALL), a research, development and manufacturing facility for filter devices for intravenous (IV) units, blood filtration systems, pharmaceuticals and transfusion medicine, completed a major expansion to its Greater Pensacola facility in 2010. The 150,000 square foot facility employs more than 200 highly skilled scientists and technicians. The Greater Pensacola Chamber of Commerce assisted PALL in obtaining a Qualified Target Industry (QTI) tax refund from the State of Florida and property tax exemption (EDATE) from Escambia County for the investment in their facility, employees and continued growth the region.

- **Navy Federal Credit Union:** In 2002, driven by new incentive programs and workforce training assistance, the nation's largest credit union, Navy Federal, chose the Greater Pensacola Area as the site of its first remote customer contact center. The success of this development led to an expansion in services of the contact center to include lending, collections, mortgage loan processing, human resources and information technology. In 2014, the Navy Federal Credit Union announced a large expansion of its current facility and invested an additional $1 billion in the development of an additional one million square feet of office space to its campus in order to accommodate 5,000 new employees over the next five years. The company added 750 new jobs in 2017, with plans to hire

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even more as it continues to expand its campus. With current employment at approximately 8,000 people, there are an additional 2,000 new employees that will be hired through 2022.

- **Growth of Information Technology Industry:** With the growth of diverse information technology sectors, such as digital media, modeling, simulation and training, photonics/optics and mobile technologies (which comprise over 290 technology companies), the IT industry employs over 3,200 people in Greater Pensacola. AppRiver, LLC, a leading provider of cloud-based cybersecurity solutions based in Gulf Breeze, has grown significantly since its start in 2002, with nearly 200 employees and serving more than 35,000 clients worldwide.

- **Growth of the Cybersecurity Industry:** Owing in large part to its strong military presence and academic initiatives, the Pensacola region has emerged as one of the top locations in the nation for cybersecurity employment. Both the Department of Homeland Security and the Defense Information Systems Agency, a combat support agency of the Department of Defense, have a presence in Pensacola. Housed within Pensacola's military installations are Department of Defense cybersecurity commands such as the Center for Information Dominance and the Navy Information Operations Center. The Department of Homeland Security is expected to create 200-250 additional cybersecurity jobs this year.

  The University of West Florida (UWF) Center for Cybersecurity, launched in 2014, offers multidisciplinary programs and certificates, research opportunities, outreach activities, and industry partnerships. Since 2016, UWF has been designated by the National Security Agency (NSA) and Homeland Security Department (DHS) as a National Center of Academic Excellence in Cyber Defense Education. In 2017, UWF received designation as a Center of Academic Excellence Regional Resource Center for the Southeast Region, serving as one of nine such regional resource centers across the nation. In the spring 2018, the UWF and the NSA announced a partnership allowing students who complete the Joint Cyber Analysis Course (JCAC), overseen by the NSA National Cryptologic School, to earn undergraduate credit hours at UWF. The six-month JCAC course is open to active military housed at the Center for Information Warfare Training at Corry Station in Pensacola.

  According to data from Cyberseek, which provides data about supply and demand in the cybersecurity job market based on job posting analysis, the Pensacola-Ferry Pass-Brent, FL MSA had a total employed cybersecurity workforce[1] of 1,316 in 2017, and 323 online job listings for cybersecurity-related positions from September 2017 through August 2018. The location quotient, measuring the concentration of cybersecurity job demand in a specific location relative to the national average, was slightly below average at 0.9. With the goal to better capitalize on the region's cybersecurity resources and advance this industry segment, in 2017, Innovation Strategies prepared *A Cybersecurity Strategic Plan Report*, commissioned by FloridaWest Economic Development Alliance, for the Pensacola region. The plan serves as a guide to (1) build the region's cybersecurity workforce, (2) strengthen partnership to enhance cybersecurity innovation and economic development, (3) enhance technology infrastructure and optimize cybersecurity business climate, and (4) market the Pensacola region's "Live Coastal, Work Cyber," brand.

[1] Comprised of "workers in primary cybersecurity jobs – such as cybersecurity analysts – as well as workers in roles requiring cybersecurity-related skills and certifications to capture the full potential cybersecurity workforce."

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In addition to the ongoing initiatives, the region's cyber industry may be further advanced through projects potentially funded through Triumph Gulf Coast, an organization tasked with awarding funds from the $1.5 billion BP 2010 oil settlement for economic development projects across the Florida Panhandle. In November 2017, during a round of pre-applications to Triumph Gulf Coast, UWF applied for $27.5 million to pay for various components of its UWF Innovation Network, which seeks to bolster workforce training and development in the region, partly by expanding the university's downtown Pensacola locations. At this time, the status of Triumph Gulf Coast funding is uncertain.

According to Cybersecurity Ventures, a leading researcher for the global cyber economy, the cyber security market is anticipated to grow by 12 to 15 percent annually through the year 2021. With its proactive initiatives with regards to the cybersecurity industry, the Pensacola region is well poised to capitalize on the industry's anticipated strong growth over the near term.

- **The Bluffs:** In March 2016, FloridaWest, the administrative arm of the Pensacola-Escambia Promotion and Development Commission, announced they secured $2 million in funding for The Bluffs, an advanced manufacturing project. The Bluffs include four separate sites, each having a different owner, stretching nearly 6,500 acres along a proposed five-mile corridor just north of Nine Mile Road. The site aims to take advantage of its ideal access to rail, barge, electrical, natural gas and roadways. Minimally, the project expects to recruit 10 companies to occupy 3.9 million square feet of building space. The Bluffs potential job creation is expected to result in more than 15,000 jobs over 20 years with total wages of nearly $3.9 billion.

- **ST Engineering:** Recently completed at the Pensacola International Airport is a new $46 million, 174,000 square foot aircraft maintenance, repair and overhaul (MRO) hangar. ST Engineering will be servicing aircraft from around the world in this facility, with UPS as its first customer. The facility will employ several hundred people.

Overall, this level of economic development activity for a market the size of Pensacola is encouraging. Particularly given that many of these jobs are anticipated to be created in the greater Pensacola area, this presents opportunity to provide new, more urbanized housing choices for these employees, as well as further retail infrastructure.

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TOURISM MARKET OVERVIEW

Visitation to Pensacola has increased over the past several years, despite a drop in 2015. Data from the local tourism bureau, *Visit Pensacola*, demonstrate an uptick in tourist visitation of 49 percent from 2014 to 2017, growing from 1.80 million to 2.68 million people. This correlates to a compounded annual growth rate of 14%.

TABLE 8: Pensacola Visitors

	2014	2015	2016	2017	CAGR
Visitation Counts					
Total Unique Visitors	1,803,561	1,590,000	2,073,381	2,683,221	14%
Stayed in Paid Lodging	1,168,332	1,155,097	1,343,895	1,703,274	13%
Non-Lodging Visitors	635,229	434,903	729,486	979,947	16%
Year-over-Year Growth					
Total Unique Visitors	--	-12%	30%	29%	N/A
Stayed in Paid Lodging	--	-1%	16%	27%	N/A
Non-Lodging Visitors	--	-32%	68%	34%	N/A

Source: Visit Pensacola; compiled by Weitzman Associates, LLC.

The visitor pool that travels to Pensacola but does not stay in paid lodging ("non-lodging visitors") has grown more quickly on an annual basis (16 percent vs. 13 percent) than those who stayed in paid lodging. This suggests that Pensacola has become a more popular destination for day trips. In 2017, approximately 63 percent of visitors to Pensacola stayed in paid lodging, whereas 37 percent did not.

According to a survey conducted by Majority Opinion Research (hired by *Visit Pensacola*):

- Those who flew to Pensacola in 2018 most often visited from Dallas, Chicago, Washington DC, Denver, New York, Seattle, Los Angeles, Atlanta, Houston, and Boston.
- The average visitor age was 47 years old, and 43 percent were first-time visitors.
- Most people (80+ percent) traveled to Pensacola for leisure or to visit family, resulting in a longer average length of stay (6.7 days).
- Families with children represented 20 percent of the parties who visited Pensacola, such that the average party size was 3.2.
- The average party spent $1,631 per trip, or $510 per person.
- The top four activities that surveyed visitors engaged in were trips to the beach (79 percent), shopping (36 percent), museums (27 percent), and fine dining (25 percent).

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TABLE 9: *Majority Opinion Research* Survey Results

Reason for Visit	
Leisure	48%
Business	14%
Visiting Family	39%

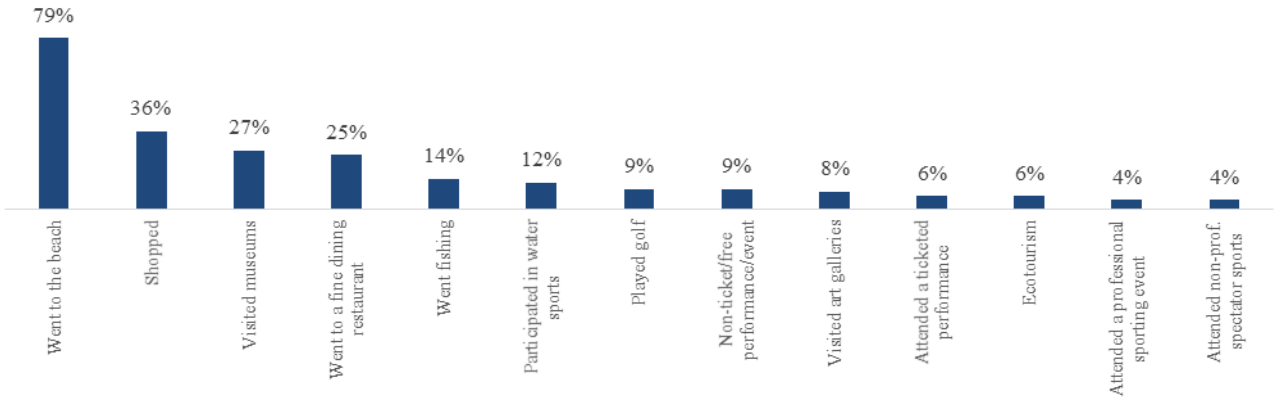
Party Composition	
Families with Children	20%
Couple / Adults Only	80%
Average Party Size	3.2

Age	
Under 25	8%
25 - 34	18%
35 - 44	17%
45 - 54	20%
55 - 64	26%
65+	12%
Average Age	47

Household Income	
Under $50,000	9%
$50,000 - $74,999	16%
$75,000 - $99,999	26%
$100,000 - $149,000	22%
$150,000+	27%
Average Household Income	$116,616

Average Household Income	
Average Party Spend	$1,631
Average Party Spend / Day	$245

Source: Visit Pensacola; compiled by Weitzman Associates, LLC.



Source: Visit Pensacola; compiled by Weitzman Associates, LLC

Visitors to Pensacola are a substantial source of local spending. As of 2017, visitors contributed over $800 million in direct spending, and generated over $22 million in tourism and sales taxes (about $10 million of which stems from hotel bed taxes). Tourism taxes account for over 3 percent of Escambia County fiscal revenues.

TABLE 10: Visitor Spending

	2014	2015	2016	2017	CAGR
Direct Spending by Visitors	$599,573,718	$677,075,663	$787,186,547	$802,582,211	10%
Overnight Visitors	$477,268,807	$588,695,835	$659,523,794	$672,445,710	12%
Day Visitors	$122,304,911	$88,379,828	$127,662,753	$130,136,501	2%
	2014	**2015**	**2016**	**2017**	**CAGR**
Taxes Paid by Visitors	$17,208,103	$19,857,456	$21,857,908	$22,361,153	9%

Source: Visit Pensacola; compiled by Weitzman Associates, LLC.

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While a breakdown of this spending in Pensacola is not publicly available, according to *Tourism Economics*, spending by out-of-state visitors to Florida is broken down as follows:

Spending Category	Percent
Transportation	22%
Recreation	14%
Retail	14%
Food + Beverage	21%
Lodging	29%
TOTAL	100%

Applied to overnight visitors to Pensacola, there is a pool of approximately $235 million dedicated to retail and F&B, and approximately $94 million dedicated to recreation.

According to the Bureau of Labor Statistics, as of 2018 there are approximately 19,000 leisure and hospitality jobs in Escambia County that support the overall tourism market. This represents about 10.9 percent of overall employment in the county. This lags behind the Pensacola MSA and the State of Florida in terms of leisure and hospitality employment representation, 11.9 percent and 12.6 percent, respectively (see Table 11).

TABLE 11: TOURISM EMPLOYMENT AS PERCENT OF TOTAL EMPLOYMENT

	Escambia County	Pensacola MSA	Florida State
Leisure + Hospitality Services	19,000	24,500	1,240,100
Total Employment	175,000	205,900	9,818,900
Leisure + Hospitality as % of Total Employment	10.9%	11.9%	12.6%

It should be noted that though Escambia lags behind larger geographies in terms of leisure employment, tourism to Pensacola has grown at a far higher rate than visitation to Florida overall. Florida welcomed 97 million visitors in 2014 and 116.5 million visitors in 2017, which represents 6.3 percent compounded annual growth. Given that Pensacola's visitor market has grown at 14 percent annually during the same period, Pensacola is experiencing disproportionally greater growth than the rest of Florida in terms of tourism.

The tourism industry in Pensacola has the potential to grow even larger and can likely support additional employment. Thoughtful place-making initiatives and collaboration between the public and private sectors can help capitalize on the visitor momentum Pensacola is experiencing. This could be a boon to retailers and hotel owners alike, and there is likely room for at least one more well-capitalized attraction in the market.

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Hotel & Leisure Market

The critical hotel market metric, RevPAR, has steadily increased in Pensacola over the past few years. The beach commands higher ADR and occupancy than inland hotels and the rest of Escambia County. Hotel market metrics for the past few years are summarized in Table 12.

TABLE 12: Hotel Metrics

Escambia County	**2015**	**2016**	**2017**	**2018**	**CAGR**
ADR	$105.44	$109.03	$111.97	$116.82	3%
Occ.	64.00%	66.30%	66.70%	66.70%	1%
RevPAR	$67.48	$72.29	$74.68	$77.92	5%
RevPAR YoY Growth	--	7%	3%	4%	N/A
Inland	**2015**	**2016**	**2017**	**2018**	
ADR	$85.34	$87.92	$91.17	$94.16	3%
Occ.	62.60%	64.40%	65.20%	65.00%	1%
RevPAR	$53.42	$56.62	$59.44	$61.20	5%
RevPAR YoY Growth	--	6%	5%	3%	N/A
Beach	**2015**	**2016**	**2017**	**2018**	
ADR	$175.45	$181.11	$186.81	$194.76	4%
Occ.	68.9%	73.30%	71.60%	70.00%	1%
RevPAR	$120.89	$132.75	$133.76	$136.33	4%
RevPAR YoY Growth	--	10%	1%	2%	N/A

Source: STR; compiled by Weitzman Associates, LLC.

From 2015 to 2018, RevPAR in Escambia County increased by 15 percent, from $67.48 to $77.92, equating to annual growth rate of 5 percent. Escambia County was home to 81 hotel properties comprising 7,664 rooms as of the end of 2018, according to Smith Travel Research. The beach has 9 properties with 1,539 rooms, and inland Pensacola has 68 properties with 5,743 rooms.

There is one additional hotel property, a 107-key Hilton Garden Inn, coming to Downtown Pensacola on North 9th Avenue near the Convention Center.

Downtown Pensacola also has a convention center, the *Pensacola Bay Center*. Opened in 1985, it is an indoor arena that contains 23,000 square feet of arena/amenity space plus 10,000 square feet of flexible space. It is owned by Escambia County and operated by SMG Management. The Center is home to the Pensacola Ice Pilots, a minor league ice hockey team. The arena has capacity for over 8,000 people at its hockey games, though it also hosts other sporting events, concerts, and political rallies.

Pensacola International Airport (PNS)

Pensacola International Airport (PNS) is a critical gateway for visitors. Owned by the City of Pensacola, PNS currently offers direct flights to 18 domestic locations across the United States, including Atlanta, Denver, Chicago, Austin, and Washington, D.C. Notably, a few flight routes that were seasonal in the past have

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recently become permanent, including routes to Chicago and Kansas City. Six airlines operate out of PNS: American, Delta, Frontier, Silver, Southwest, and United. Despite its name, PNS does not offer direct international flights. Since a $35 million expansion in 2011, the airport houses 12 gates.

In 2018, nearly 2 million passengers passed through Pensacola International Airport. Though over the past decade the airport's passenger traffic has grown at an annual growth rate of 2.4 percent, from 2013 to 2018 passenger growth has accelerated to 5.4 percent per year. This acceleration in growth indicates growth that Pensacola is increasingly becoming a destination for visitors.

TABLE 13: Airport Traffic

Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total Passengers	1,552,457	1,389,410	1,486,587	1,544,542	1,520,140	1,514,856	1,550,996	1,594,058	1,609,063	1,704,132	1,974,338
Enplanements	776,440	695,412	742,301	772,997	759,215	756,553	778,233	797,854	805,045	851,486	986,766
Deplanements	776,017	693,998	744,286	771,545	760,925	758,303	772,763	796,204	804,018	852,646	987,572
Year-over-Year Growth	--	-11%	7%	4%	-2%	0%	2%	3%	1%	6%	16%

Source: Pensacola International Airport; compiled by Weitzman Associates, LLC.

Based on data from 2018, Pensacola's peak season is the summer months of May, June, July, and August. July is the busiest month of the year, constituting about 10.3 percent of overall passenger traffic.

TABLE 14: Airport Seasonality (2018)

2018 Passenger Traffic	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Enplanements	57,692	60,694	76,913	80,924	91,156	96,100	101,973	92,016	78,627	84,886	82,386	83,399	986,766
Deplanements	60,074	62,245	79,818	77,867	89,961	97,968	101,010	91,602	78,279	86,583	82,794	79,371	987,572
Total	117,766	122,939	156,731	158,791	181,117	194,068	202,983	183,618	156,906	171,469	165,180	162,770	1,974,338
2018 Passenger Traffic	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Total**
Seasonality	6.0%	6.2%	7.9%	8.0%	9.2%	9.8%	10.3%	9.3%	7.9%	8.7%	8.4%	8.2%	100.0%

Source: Pensacola International Airport; compiled by Weitzman Associates, LLC.

Local Attractions

Pensacola is home to a number of attractions – most are museums. While the beach is undoubtedly the biggest draw of Pensacola, this tourism overview focuses on cultural assets in Downtown Pensacola and those near Naval Air Station Pensacola. The most prominent attractions include:

- The Pensacola Museum of Art;
- The T. T. Wentworth Jr. Florida State Museum, an eclectic collection of artifacts;
- Voices of Pensacola, a multicultural center that opened in 2014;
- The Pensacola Children's Museum;
- MESS Hall (MESS standing for Math, Engineering, Science and Stuff), a hands-on children's science museum opened in 2012; and
- The National Naval Aviation Museum and the Pensacola Lighthouse, located at Naval Air Station Pensacola, approximately eight miles to the southwest of Downtown Pensacola.

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Attractions in Pensacola are open throughout the week, though most are closed on Monday and cease operations no later than 5 PM. Ticket prices are moderate (no higher than $10), and some offer free admission. Hours of operation and ticket pricing for Pensacola's attractions are broken out in Tables 15 and 16, followed by brief profiles of each.

TABLE 15: Attraction Hours of Operation

Attraction	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Pensacola Museum of Art	12 PM - 4 PM	Closed	10 AM - 5 PM	10 AM - 5 PM	10 AM - 5 PM	10 AM - 5 PM	10 AM - 4 PM
T.T. Wentworth Jr. Florida State Museum	12 PM - 4 PM	Closed	10 AM - 4 PM	10 AM - 4 PM	10 AM - 4 PM	10 AM - 4 PM	10 AM - 4 PM
Voices of Pensacola	Closed	Closed	10 AM - 4 PM	10 AM - 4 PM	10 AM - 4 PM	10 AM - 4 PM	Closed
Pensacola Children's Museum	12 PM - 4 PM	Closed	10 AM - 4 PM	10 AM - 4 PM	10 AM - 4 PM	10 AM - 4 PM	10 AM - 4 PM
MESS Hall (1)	Closed	Closed	1 PM - 5 PM	1 PM - 5 PM	1 PM - 5 PM	1 PM - 5 PM	10 AM - 5 PM
National Naval Aviation Museum	9 AM - 5 PM	9 AM - 5 PM	9 AM - 5 PM	9 AM - 5 PM	9 AM - 5 PM	9 AM - 5 PM	9 AM - 5 PM
Pensacola Lighthouse	9 AM - 5 PM	9 AM - 5 PM	9 AM - 5 PM	9 AM - 5 PM	9 AM - 5 PM	9 AM - 5 PM	9 AM - 5 PM

Notes
(1) Hours extended during spring and summer breaks.

TABLE 16: Attraction Pricing

Attraction/Venue	Adults	Military	Seniors	Children (3-14)	Children (Under 3)
Pensacola Museum of Art	$7	$6	$6	$4	Free
T.T. Wentworth Jr. Florida State Museum	$8	$7	$7	$4	Free
Voices of Pensacola	Free	Free	Free	Free	Free
Pensacola Children's Museum	$8	$7	$7	$4	Free
MESS Hall	$10	$10	$10	$10	Free
National Naval Aviation Museum	Free	Free	Free	Free	Free
Pensacola Lighthouse (1)	$7	$4	$4	$4	$4

Notes
(1) Adult ticket pricing begins at age 12.

Pensacola Museum of Art



The Pensacola Museum of Art, located at the corner of Jefferson Street and Main Street, is the city's sole art museum. A former city jail, it was founded in 1954 via a collaboration between members of the American Association of University Women and the local community. The collaboration formed the Pensacola Art Association, which leased the building from the city for $1 per year. The museum's collection primarily features 20th and 21st century artwork, including pieces from notable artists such as Salvador Dali, Pablo Picasso, Alexander Calder, and Andy Warhol.

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T.T. Wentworth Jr. Florida State Museum



The T.T. Wentworth Jr. Florida State Museum, located at 330 Jefferson Street, opened in 1988. It is the flagship museum of the University of West Florida Historic Trust, which manages several history museums located in Downtown Pensacola that focus on the area's history and culture. Prior to opening as a museum, the building was Pensacola's City Hall. It houses an eclectic collection of curiosities curated by Wentworth himself, artifacts related to life in the Florida Panhandle, and traveling exhibits.

Voices of Pensacola Multicultural Center



Voices of Pensacola opened in 2014 at 117 East Government Street. It is a multicultural center dedicated to showcasing the contributions of the various peoples and affinity groups that have shaped Pensacola. The Center includes panel exhibits, oral history repositories, and a collection of maps, photographs, and other documents. It serves as the epicenter of Pensacola's triennial "Haunted House and Trolley Tour," and can be rented out for events.

Pensacola Children's Museum



Housed in a two-story building characteristic of Pensacola's distinctive architecture, the Children's Museum presents the area's 450-year history in an accessible fashion. Designed to be imaginative and educational, the Pensacola Children's Museum features interactive exhibits on the first floor targeted towards children 9 and up. Exhibits on the second floor focus on Pensacola's maritime, military, and economic histories, in addition to showcasing Native American traditions.

MESS Hall



MESS Hall (which stands for Math, Engineering, Science, and Stuff) offers a highly interactive experience for children in Pensacola. Rather than discrete exhibits that visitors cannot touch, MESS Hall features hands-on experiences where children act as scientists to learn by doing. The most expensive of Pensacola's attractions, admission costs $10. It is open throughout the year, but hours are extended during the summer months and spring break to cater to students during their time off from school.

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National Naval Aviation Museum



Founded in 1962, the National Naval and Aviation Museum is located southwest of Downtown Pensacola, adjacent to Forrest Sherman Field. Its collection includes over 150 restored aircrafts in addition to vintage military uniforms and historic documents that tell the rich tale of naval airpower in the United States. It also features a movie theater that displays short films on aviation history, as well as flight simulators. The museum is an excellent place to witness the Blue Angels, the US Navy Flight Demonstration Team.

National Lighthouse and Museum



The Pensacola Lighthouse is 150 feet tall, situated atop a bluff elevated 40 feet above sea level. The tower that exists today is the third iteration of the lighthouse – the first two were demolished. To this day the lighthouse provides navigational support to ships off the Florida coast. Visitors climb 177 steps to the top of the lighthouse to enjoy scenic views and Blue Angels demonstrations. A museum at the base of the lighthouse offers exhibits on the Civil War, the US Coast Guard, local archaeology, and maritime culture. It also features children's programs and a museum store, and may be rented out for events.

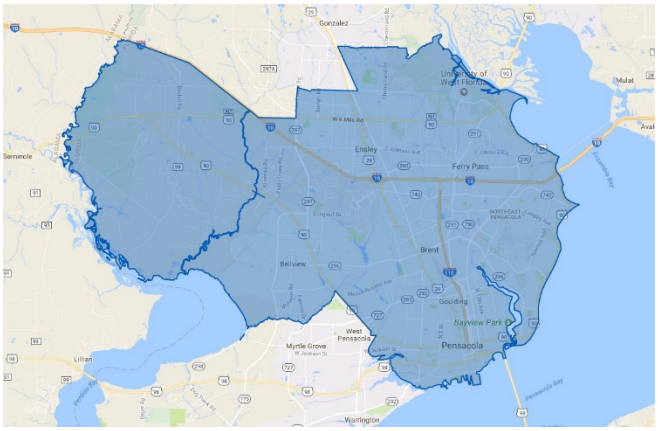
The existing attractions of Pensacola, while certainly draws for tourists, are generally geared toward families with children. While there is room in the market for a larger attraction, such as an aquarium, it should be noted that Pensacola has a unique network of family-oriented venues that collectively add to the area's cultural richness and residential appeal. This is a strong foundation upon which to build additional experiential entertainment targeting families.

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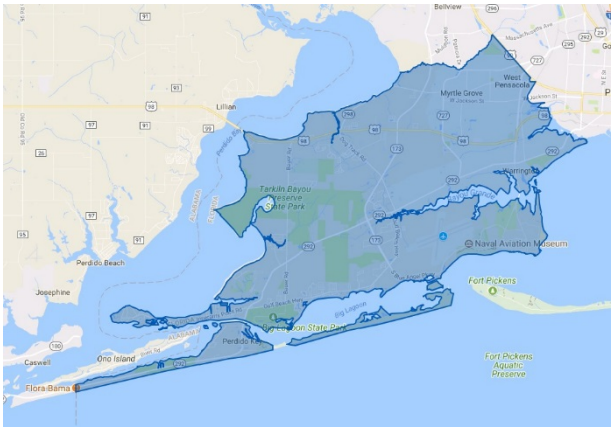
RENTAL APARTMENT MARKET ANALYSIS

As part of our market analysis of the site as developed with rental apartments, we have analyzed data compiled by CoStar, which tracks trends in the multi-family rental market. CoStar divides the market into "Pensacola" and "Southwest Pensacola." We have combined the two market areas as they comprise our defined Primary Market Area of 14 zip codes. Characterized by decreasing vacancy in recent years, and consistent rent growth, the Pensacola market appears healthy and supportive of sustained market stability. The following data summarizes the historical and present rental apartment market trends in the Pensacola area as of the fourth quarter of 2018.

COSTAR – PENSACOLA



COSTAR – SOUTHWEST PENSACOLA



Overall inventory in the multifamily market in the defined areas has grown relatively modestly since 2007, growing at a compounded annual rate of 1.4% from 2007 to 2018, or from an estimated 10,794 units in 2007 to 12,534 units by the end of 2018. Inventory growth has accelerated in the last two years, with 464 units added to the market in 2017, or 4.0% growth year-over-year, and 570 units added to the market in 2018, or 4.8% growth year-over-year.

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TABLE 17

PENSACOLA & SW PENSACOLA
ALL INVENTORY
SUPPLY AND DEMAND

Year	Inventory			Absorption	Under Construction
	No. of Units	Additions	Percent Growth		
2007	10,794	--	--	-179	500
2008	11,294	500	4.6%	282	0
2009	11,294	0	0.0%	315	240
2010	11,534	240	2.1%	341	0
2011	11,534	0	0.0%	-129	0
2012	11,526	-8	-0.1%	263	0
2013	11,526	0	0.0%	164	0
2014	11,500	-26	-0.2%	77	0
2015	11,500	0	0.0%	85	498
2016	11,500	0	0.0%	-180	806
2017	11,964	464	4.0%	544	570
2018	12,534	570	4.8%	570	0
2019	12,530	-4	0.0%	123	-
2020	12,602	72	0.6%	60	-
2021	12,812	210	1.7%	87	-
2022	13,058	246	1.9%	199	-
2023	13,302	244	1.9%	223	-

Shaded values are projected

Source: CoStar; compiled by Weitzman Associates, LLC

The market has seen healthy asking rent growth over the last few years with average annual growth of 3.9% between 2013 and 2018. The average asking rent for all product types has risen from approximately $801 per unit per month in 2013 to $970 by the end of 2018. CoStar forecasts that the average asking rent will increase to $1,015 per unit per month by the end of 2019. In 2017, average asking rents per square foot exceeded $11.00 per square foot per year for the first time in the last 12 years. Vacancy rates rose to 7.2% in 2016 (which corresponded with slower asking rent growth during the same period) but dropped to an estimated 6.2% in 2017. Vacancy rates decreased further in 2018 to 5.9% and are expected to contract to less than 5% over the next two years.

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TABLE 18

PENSACOLA & SW PENSACOLA
ALL INVENTORY
VACANCY AND RENT

Year	Vacancy Rate	Asking Rent			Effective Rent		
		Per Unit	Percent Growth	Per Square Foot	Per Unit	Percent Growth	Per Square Foot
2007	12.3%	$779	--	$9.49	$0.79	--	$9.46
2008	13.7%	$768	-1.4%	$9.41	$0.77	-1.8%	$9.29
2009	10.9%	$737	-4.0%	$9.00	$0.75	-3.5%	$8.97
2010	9.8%	$748	1.4%	$9.18	$0.75	1.0%	$9.06
2011	11.0%	$760	1.6%	$9.30	$0.76	1.3%	$9.18
2012	8.6%	$776	2.2%	$9.54	$0.78	2.6%	$9.42
2013	7.2%	$801	3.2%	$9.78	$0.80	2.5%	$9.66
2014	6.3%	$816	1.8%	$9.96	$0.83	3.1%	$9.96
2015	5.6%	$855	4.8%	$10.47	$0.86	4.2%	$10.38
2016	7.2%	$872	2.0%	$10.68	$0.88	1.4%	$10.53
2017	6.2%	$904	3.7%	$11.08	$0.91	3.3%	$10.87
2018	5.9%	$970	7.3%	$11.88	$0.98	8.4%	$11.79
2019	4.4%	$1,015	4.6%	$12.42	$1.03	4.4%	$12.30
2020	4.5%	$1,040	2.5%	$12.67	$1.05	2.7%	$12.64
2021	5.3%	$1,052	1.1%	$12.88	$1.06	1.0%	$12.76
2022	5.6%	$1,065	1.2%	$13.01	$1.07	1.0%	$12.89
2023	5.7%	$1,073	0.8%	$13.14	$1.09	1.0%	$13.02

Shaded values are projected

Source: CoStar; compiled by Weitzman Associates, LLC

Breaking the inventory down by type, 4 & 5 star product comprised only 16.0% of the market in 2018. At the end of 2018, there were 2,018 units of 4 & 5 star product. According to CoStar, 464 new units were delivered to the market in 2017, increasing 4 & 5 star product inventory by 38.3%. In 2018, 342 new units were added to the inventory, a 20.4% increase.

We note that 4 & 5 star product is a categorization made by CoStar, and equates roughly to Class A apartments. Nevertheless, only Southtowne is consistent with what would be considered Class A in the rest of the region, and therefore the 4 & 5 star classifications are relative to the market. New construction garden style properties are considered 5-star, although this is only because they represent what is typical at the highest levels of the Pensacola market. Therefore, it is important to consider the trends in this context.

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TABLE 19

PENSACOLA & SW PENSACOLA
4 & 5 STAR INVENTORY
SUPPLY AND DEMAND

Year	Inventory			Absorption
	No. of Units	Additions	Percent Growth	
2007	788	--	--	-18
2008	972	184	23.4%	74
2009	972	0	0.0%	86
2010	1,212	240	24.7%	242
2011	1,212	0	0.0%	-3
2012	1,212	0	0.0%	11
2013	1,212	0	0.0%	15
2014	1,212	0	0.0%	-17
2015	1,212	0	0.0%	10
2016	1,212	0	0.0%	-1
2017	1,676	464	38.3%	401
2018	2,018	342	20.4%	394
2019	2,018	0	0.0%	3
2020	2,096	78	3.9%	36
2021	2,312	216	10.3%	132
2022	2,564	252	10.9%	199
2023	2,814	250	9.8%	231

Shaded values are projected

Source: CoStar; compiled by Weitzman Associates, LLC

Average asking rent growth was strong in 2018 for 4 & 5 star products, growing an estimated 7.4% from an average of $1,167 per unit per month in the prior year to $1,253 per unit per month at year end. The average asking rent is projected to continue growing at a strong rate in 2019 and finish the year with 5.5% growth over 2018. The rent growth achieved in 2018 was stronger than in any year since 2007; the previous high was in 2012, when the average asking rent grew 4.0% year-over-year. The last time that asking rent decreased on average was in 2009, when per unit monthly asking rent was $950 on average compared to $985 in the prior year. CoStar projects average asking rents for 4 & 5 star products will continue to increase over the next five years and are expected to reach $1,387 per unit per month by the end of 2023.

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TABLE 20

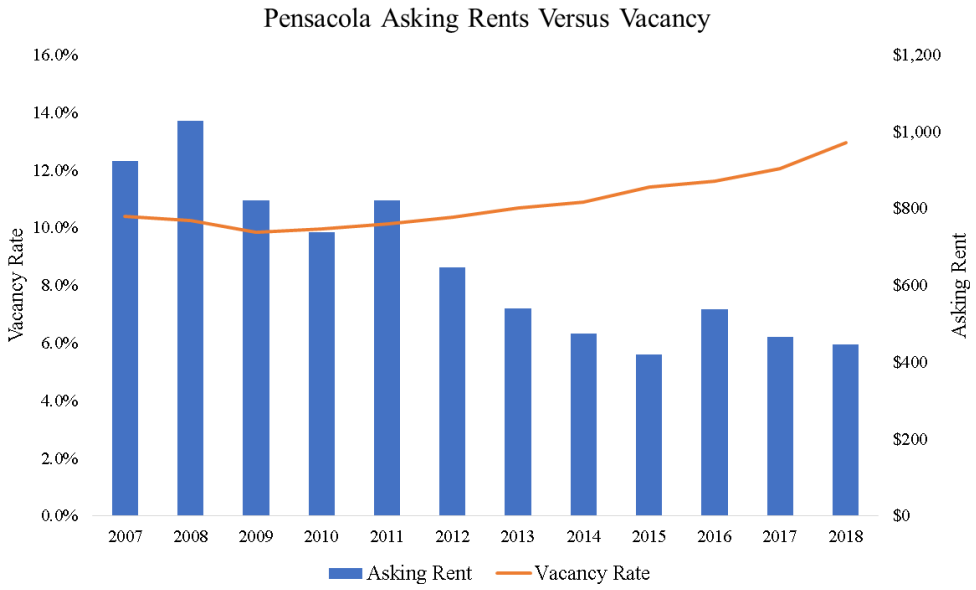
PENSACOLA & SW PENSACOLA
4 & 5 STAR INVENTORY
VACANCY AND RENT

Year	Vacancy Rate	Asking Rent			Effective Rent		
		Per Unit	Percent Growth	Per Square Foot	Per Unit	Percent Growth	Per Square Foot
2007	6.8%	$1,006	--	$10.86	$999	--	$10.74
2008	16.9%	$985	-2.1%	$10.60	$967	-3.2%	$10.37
2009	8.1%	$950	-3.5%	$10.23	$941	-2.7%	$10.11
2010	6.2%	$955	0.5%	$10.32	$947	0.6%	$10.20
2011	6.6%	$974	2.0%	$10.55	$966	2.0%	$10.43
2012	5.5%	$1,013	4.0%	$10.89	$1,010	4.6%	$10.89
2013	4.3%	$1,044	3.1%	$11.22	$1,012	0.2%	$10.95
2014	5.8%	$1,068	2.3%	$11.56	$1,067	5.5%	$11.45
2015	5.0%	$1,097	2.7%	$11.82	$1,093	2.4%	$11.82
2016	5.0%	$1,127	2.8%	$12.16	$1,122	2.7%	$12.05
2017	7.5%	$1,167	3.5%	$12.53	$1,151	2.6%	$12.42
2018	3.5%	$1,253	7.4%	$13.57	$1,250	8.6%	$13.45
2019	3.5%	$1,322	5.5%	$14.28	$1,312	5.0%	$14.17
2020	5.5%	$1,355	2.5%	$14.63	$1,345	2.5%	$14.51
2021	8.6%	$1,367	0.9%	$14.75	$1,358	0.9%	$14.63
2022	9.8%	$1,380	0.9%	$14.87	$1,371	0.9%	$14.75
2023	9.5%	$1,387	0.5%	$14.99	$1,376	0.4%	$14.87

Shaded values are projected

Source: CoStar; compiled by Weitzman Associates, LLC

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Source: CoStar; compiled by Weitzman Associates, LLC

As of March 2019, there are approximately 12,534 units between the two submarkets with a weighted average vacancy rate of 5.7%. The average asking rent in the Pensacola submarket (as defined by CoStar) is $995 per unit per month and $923 per unit per month in the Southwest Pensacola submarket. According to CoStar, there are currently no multifamily units under construction in either submarket.

TABLE 21

PENSACOLA KEY INDICATORS - As of March 2019

Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Absorption Units	Delivered Units	Under Constr. Units
4 & 5 Star	1,910	3.8%	$1,268	$1,259	-6	--	0
3 Star	5,212	6.4%	$987	$981	67	--	0
1 & 2 Star	2,508	4.6%	$755	$751	-1	--	0
Submarket	9,630	5.4%	$995	$989	60	0	0

Source: CoStar; compiled by Weitzman Associates, LLC

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TABLE 22
SOUTHWEST PENSACOLA KEY INDICATORS - As of March 2019

Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Absorption Units	Delivered Units	Under Constr. Units
4 & 5 Star	108	5.6%	$1,339	$1,339	-2	--	0
3 Star	1,768	6.2%	$982	$974	-24	--	0
1 & 2 Star	1,028	7.2%	$757	$751	-1	--	0
Submarket	2,904	6.6%	$923	$916	-27	0	0

Source: CoStar; compiled by Weitzman Associates, LLC

COMPARABLE RENTAL PROPERTIES

In order to frame the market for the proposed development's rental apartments, we have profiled several properties that represent the mix of available rental options within the vicinity of the Project. Three of the eight properties profiled were built before 2016, one was delivered in 2016, three were completed in 2017, and one was completed in February of 2018. All of the properties, it should be noted, are east of I-10, with the exception of Southtowne. It is important to note that we envision a well-designed project in downtown Pensacola as being capable of achieving materially higher rents than the existing comparable properties located at the periphery of town. In fact, we expect that the subject development site can achieve higher rents than Southtowne with the appropriate design and product mix.

Case Study: Southtowne



Southtowne is located at 101 E Romana Street in downtown Pensacola. Replacing the old Pensacola News Journal building, Southtowne is a new apartment complex and retail center in downtown Pensacola. It is an upscale development that is also affordable and attractive to millennials, young professionals, and older adults that want to live and enjoy downtown Pensacola. Southtowne is the only true comparable property to the Main Street Site.

The units have nine-foot ceilings and are finished with vinyl plank flooring in common areas, plush carpet in bedrooms, and tiled bathroom floors. Kitchens have granite countertops, complemented by wood cabinets and stainless refrigerator, electric ranges, microwave hood and dishwasher. Southtowne offers its residents great amenities such as a multi-level parking garage, courtyard with fire pit and outdoor kitchens, poolside terrace and outdoor swimming pool, rooftop lounge with terrace, yoga studio, fitness center, easy access to the local YMCA, game room, coffee bar, and business center. The property is now stabilized, achieving an absorption pace of approximately 32 units per month over eight months of leasing.

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TABLE 23

Property	Year Built	Stories	Est. Occupancy	Unit Types		Avg. Sq. Ft.	Avg. Asking Rent	Avg. Rent per Sq. Ft. Per Month
Southtowne	2018	6	92.2%	Studio	28	585	$1,000	$1.71
101 E Romana St.	(Feb.)			One Bed	109	681	$1,316	$1.93
				Two Bed	109	1,020	$1,676	$1.64
				Three Bed	12	1,395	$2,602	$1.87
					258	847	$1,494	$1.79

Additionally, we were provided with resident demographics and a rent roll for Southtowne. In analyzing this data, we found several important indicators of potential features to build upon in designing the Main Street property. The following discussion is based upon tenant records where information was reported, and does not include our analysis of all units. For household type, there were 217 complete records, while for income and occupation there were 177 complete records. Therefore, while the data is not complete for all 258 apartments, our analysis is based on a large portion of them.

The vast majority of tenants at Southtowne are single people, with 77.9% of households being a single person. Among these, as would be expected, the highest single-person occupancy ratio is in Studios, declining slightly to one-bedroom apartments, although two-bedroom apartments are also occupied by single people 67.0% of the time. Even three-bedroom units are occupied 50% by single people and 50% by married couples. Only 26.0% of two-bedroom apartments are occupied by married couples, while an additional 7.0% are occupied by roommates. Roommates, overall, only make up 4.1% of the tenancy. Therefore, the existing household types at Southtowne indicate the dominance of the single-person market downtown, which is logical given the predominant tendency for married couples and families to own a home in this relatively low-cost housing market. Roommate situations are of limited consequence in considering the right product type for the Main Street Sites. Married couples, however, are likely underserved and represent an emerging target population for rental apartments downtown. While only 18.0% of households at Southtowne are married couples, this may be due to the fact that Southtowne was a pioneering development and married couples are less likely to "take a chance" on a downtown lifestyle than single people. Now that Southtowne has proved up the market, and established the appeal of living downtown in a dense and walkable environment, it is likely that the Main Street Sites could achieve occupancy with moderately higher numbers of married couples. Nevertheless, the core market appears to be single people. Even among the largest homes, more affluent single people comprised 50% of the tenancy. The following table summarizes the household types by unit.

TABLE 24

	Single	**Married**	**Roommates**
Studio	95.5%	4.5%	0.0%
1 BR	89.4%	8.2%	2.4%
2 BR	67.0%	26.0%	7.0%
3 BR	50.0%	50.0%	0.0%
TOTAL	77.9%	18.0%	4.1%

Source: Southtowne, compiled by Weitzman Associates, LLC

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We also evaluated the professions of the in-place tenants at Southtowne. Among the 177 units for which a profession category was available, the largest category was a generalized "professional" category, which is not specific and, based on the information available, may or may not include accountants, attorneys, etc. The second and third most prominent profession categories are "military" and "retired," comprising 21.5% and 14.7% of the tenancy, respectively. Tenants employed in medical care comprise 13.6% of the tenancy, and the remaining categories represent a diverse range of employment, from sales to construction. A small handful of residents are employed in restaurants or retail stores. The following table summarizes this information.

TABLE 25

Professional	40	22.6%
Military	38	21.5%
Retired	26	14.7%
Medical	24	13.6%
Sales	10	5.6%
Self Employed	9	5.1%
Administrative	6	3.4%
Unemployed	6	3.4%
Teacher	5	2.8%
Finance	4	2.3%
Attorney/Legal	3	1.7%
Construction	3	1.7%
Retail	2	1.1%
Restaurant	1	0.6%
Total Reporting	177	

Source: Southtowne, compiled by Weitzman Associates, LLC

This information combined with the household types residing at Southtowne indicates that, beyond the dominant military employment in the area, households who are retired or who work in healthcare are core markets for a downtown project, and many of these tenants are single-person households. Thus, it is likely to be beneficial to design a project that appeals to older households, as well as those households working long hours and sometimes overnight shifts. Interestingly, while the average reported age among the existing tenants at Southtowne is 45.5 years, there is a wide age range within the project. The oldest tenant is 98 years old, while there are several tenants younger than 25 years. However, the largest contingent of tenants includes those aged between 25 and 34 years, comprising 33.7% of the households. Adding in those who are younger than 25, the "young" household population makes up 40.7% of the tenancy. Those aged over 55 years comprise another 35.5%. Thus, the market for Southtowne's apartments is bifurcated between those starting their careers and who have not yet purchased a home, and those who are empty-nesters and who likely no longer wish to own a home. Most of these households are single, which leads us to believe that many divorced or widowed people over the age of 55 years have chosen Southtowne. It is logical that households aged between 35 and 54 years comprise a comparatively small ratio of tenants. This is the age group that is more likely to be purchasing a home and raising a family than renting an efficiently-sized apartment downtown. The following table summarizes the age distribution at Southtowne.

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TABLE 26

75 and Older	5.81%
65-74	11.05%
55-64	18.60%
45-54	12.79%
35-44	11.05%
25-34	33.72%
Under 25	6.98%

Source: Southtowne; compiled by Weitzman Associates, LLC

With regard to rent and income, we also analyzed the household income of tenants in place versus their actual rent to determine whether the existing tenancy is spending more or less on rent than a typical rent to gross income ratio of 30%. Income for tenants was reported in cohorts, and thus, we have a low and a high end to each cohort range of household income per apartment. Among all reported households, the average low end to the cohort range was approximately $75,000, while the average high end to the cohort range was approximately $117,000. Among only those units for which income was reported, the average rent is $1,478 per month, or $1.76 per square foot. This is nearly identical to the average in-place rents for the entire Southtowne community, and thus, the apartments for which income is reported represents a reasonable representation of the entire property.

The incomes reported per apartment are materially higher than the income that would be required in order to comfortably afford to rent the apartment, pursuant to a standard rent-to-income ratio of 30%. These ratios range from 20.7% to 27.6% for the average apartment, based upon the range in income reported per apartment. Thus, there is significant upside rent potential at Southtowne. Based on income alone, the existing households at Southtowne could afford to pay between 27.9% and 97.8% more in rent than what they are currently paying. For these households, Southtowne is a relatively low-cost housing option. Put differently, the existing households could afford to pay between $1,890 and $2,924 per month for the average apartment, compared to the average contract rent of $1,478 per month. Expressed on a square foot basis, the existing households could afford to pay between $2.25 and $3.47 per square foot per month, compared to the average contract rent of $1.76 per month. The following table details these findings.

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TABLE 27

SOUTHTOWNE AFFORDABILITY METRICS

Avg. Income Range:	$75,613	to	$116,967
Avg. Rent:	$1,478		
Avg. Unit Size:	842		
Avg. Rent Per Square Foot:	$1.76		
Existing Rent to Gross Income Ratio:	20.7%	to	27.6%
TARGET AFFORDABILITY RATIO:		**30.00%**	
Avg. Rent Range			
Supported by Existing Income Range:	$1,890	to	$2,924
PSF:	**$2.25**		**$3.47**
Potential Rent Premium Supported by Income	**27.9%**	to	**97.8%**

Source: Southtowne, compiled by Weitzman Associates, LLC

We then analyzed these affordability ratios by unit type, based only on the incomes reported for each unit type. Further, we calculated the potential rent and premium that could be theoretically achieved at Southtowne, by unit type, based strictly on those specific tenants' capability to pay more for rent out of their gross monthly income. The following table summarizes these calculations utilizing the in-place rents by type, the average income cohort lows and highs in tenancy among each respective unit type, and the potential rent that is affordable for those households already in place. We utilized the mid-point of the income cohort low and high averages to determine a single "average" affordable rent to compare with the in-place rent.

As shown, studio tenants actually have higher income than one-bedroom tenants, and can afford to pay dramatically more for their studio apartments. In fact, they could afford to pay more than 130% more in rent. Thus, the typical studio tenant appears to be using the apartment as either one of multiple homes or as a purposeful money-saving housing choice. While the existing studio tenants could afford to pay nearly $2,300 per month in rent, they are choosing to pay less than $1,000 on average, which tells us that this housing choice is not based on affordability, but is more typically based on lifestyle.

The incomes among one to three bedroom units are far more in line with the typical incomes necessary to support the housing choice these tenants have made. However, for both one and two-bedroom homes, the in-place rents are still far below what their occupants can afford to pay. One-bedroom occupants could theoretically pay nearly 55% more in rent, while two-bedroom occupants could theoretically pay 64.5% more in rent each month. Three-bedroom occupants are paying rent that is much closer to what they can afford to pay, yet these occupants could still afford to pay 21.3% more in rent, assuming the midpoint in the average income cohort lows and highs reported among these tenants. As previously discussed, half of the three-bedroom tenants are single people, further punctuating the affluence of the tenants in place, whereby a number of the most expensive apartments are already being rented by single people who can afford to pay significantly more in rent.

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Some tenants are likely stretching their income to live at Southtowne, but the vast majority of tenants likely find the rents to be extremely affordable, and thus, there is dramatic upside rent potential at not only Southtowne, but also at the Main Street Site.

TABLE 28

	Studio	1 BR	2 BR	3 BR	AVG
Average Rent	$995	$1,286	$1,680	$2,597	$1,478
PSF	$1.70	$1.94	$1.65	$1.86	$1.76
Avg. Income - Low End of Range	$74,667	$65,692	$83,714	$94,000	$75,613
Avg. Income - High End of Range	$108,666	$93,691	$137,428	$157,999	$116,967
Rent to Income Ratio - Low	11.0%	16.5%	14.7%	19.7%	20.7%
Rent to income Ratio - High	16.0%	23.5%	24.1%	33.2%	27.6%
TARGET RENT TO INCOME RATIO	30.0%	30.0%	30.0%	30.0%	30.0%
Potential Rent Premium (Based on Midpoint Inco	$1,297	$706	$1,084	$553	$929
PSF	$2.21	$1.06	$1.06	$0.40	$1.10
%	130.3%	54.9%	64.5%	21.3%	62.8%
Indicated Affordable Potential Rent	$2,292	$1,992	$2,764	$3,150	$2,407
PSF	$3.91	$3.00	$2.71	$2.26	$2.86

Source: Southtowne, compiled by Weitzman Associates, LLC

Profiles of Comparable Properties

Southtowne is the only competitive property to the West Main Street Site. However, there are a number of other garden-style properties located near Nine Mile Road and the Navy Federal campus that help us to frame the broader rental market. Nevertheless, none of these properties are directly competitive with the project, and therefore, represent a low book-end to the rental market in the Pensacola area.



Source: Apartments.com

The Crossings at Milestone apartments were completed in 2017 and have an estimated occupancy around 95.0%. The 240-unit property is located at 1431 W. Nine Mile Road, approximately 9.8 miles northwest of the subject site. The property offers one- to three-bedroom apartments ranging in average size from 720 to 1,384 square feet for three-bedroom units. The monthly rents range from an average of $1,028 for a one-bedroom unit to upwards of $1,437 for a three-bedroom unit. There is an additional charge of $25 per month for units with better views.

Unit features include stainless steel appliances, patios or balconies, washers/dryers available for rent ($45 per month), laminate countertops, and carpet and laminate wood-look flooring. Property amenities include a salt

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water pool, a fitness center, a playground, a business center, a clubhouse, a barbeque and picnic area, and private garage parking for rent ($115 per month).

The following table is a summary of The Crossings at Milestone unit types and estimated rental rates:

TABLE 29

Property	Year Built	Stories	Est. Occupancy	Unit Types		Avg. Sq. Ft.	Avg. Asking Rent	Avg. Rent per Sq. Ft. Per Month
The Crossings at Milestone	2017	3	95.0%	One Bed	96	720	$1,028	$1.43
1431 W. Nine Mile Rd.	(Apr.)			Two Bed	96	1,157	$1,255	$1.08
				Three Bed	48	1,384	$1,437	$1.04
					240	1,028	$1,201	$1.17



Source: Apartments.com

The Crossings at Nine Mile Road is a 240-unit apartment community (with approximately twenty units within each three-story building) built in 2010, located at 9100 Baldridge Drive, approximately 8.2 miles directly north of the subject site. The property offers one- to three-bedroom apartments ranging in average size from 730 to 1,384 square feet for three-bedroom units. The average asking rents range from $993 to $1,450 per month.

Units feature nine-foot high ceilings, stainless steel appliances, patios or balconies, available washer/dryers, laminate countertops, and carpet and wood-look laminate flooring. Community amenities include a clubhouse (which features a kitchen), a dog park, a fitness center, a business center, a courtyard with barbeque grills and picnic areas. The following table is a summary of The Crossings at Nine Mile Road's unit types and estimated rental rates:

TABLE 30

Property	Year Built	Stories	Est. Occupancy	Unit Types		Avg. Sq. Ft.	Avg. Asking Rent	Avg. Rent per Sq. Ft. Per Month
The Crossings at Nine Mile	2010	3	95.8%	One Bed	84	730	$993	$1.36
9100 Baldridge Dr.				Two Bed	120	1,157	$1,262	$1.09
				Three Bed	36	1,384	$1,450	$1.05
					240	1,042	$1,196	$1.15

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Source: Apartments.com

Governors Gate is a two-phase development that was completed in 2003. Altogether, there are 444 units. Current occupancy is estimated at around 98.0%. Located at 1600 Governor's Drive, the rental comparable is approximately 7.9 miles due north of the subject site. The unit mix includes one- to three-bedroom units ranging in average size from 783 to 1,258 square feet for a three-bedroom unit. The monthly rents range from an average of $1,018 to $1,285 for a three-bedroom unit.

Due to the large number of units, the community amenities are extensive. The two pools feature waterscapes and arbors, plus there is also a wading pool and lap pool. Residents also enjoy access to a tennis court, two car care centers, two clothes care centers, two fitness centers, a dog park, guest suites, and terraced, landscaped grounds with barbeque and picnic areas. The units offer living rooms with large picture windows, kitchens with white appliances and laminate countertops, and spacious walk-in closets. In addition, select units feature wood burning fireplaces, French doors opening onto private patios or balconies, garden tubs with separate walk-in showers, and attached or detached private garages. Washer/dryers are not included with the units, but can be rented for a monthly fee of $40. The following table is a summary of the Governor's Gate unit types and estimated rental rates:

TABLE 31

Property	Year Built	Stories	Est. Occupancy	Unit Types		Avg. Sq. Ft.	Avg. Asking Rent	Avg. Rent per Sq. Ft. Per Month
Governors Gate	2003	3	98.0%	One Bed	128	783	$1,018	$1.30
1600 Governors Dr.				Two Bed	248	1,109	$1,218	$1.10
				Three Bed	68	1,258	$1,285	$1.02
					444	1,038	$1,171	$1.13



Source: Apartments.com

The ***West Woods Apartments*** are located at 3202 W. Nine Mile Road, approximately 11.0 miles northwest of the subject site. The development has two phases. The first is a three-story, 136-unit complex that was delivered in 2016 and has an estimated occupancy of around 97.8%. The second phase has 132 units. The second phase completed in October 2017 and has an estimated occupancy of 77.3%, indicating an absorption pace of approximately 12 to 13 units per month thus far. The property offers one- to three-bedroom apartments

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ranging in average size from 851 to 1,446 square feet. The monthly rents range from an average of $1,040 for a one-bedroom unit to $1,453 for a three-bedroom unit. Garages are available to rent for $115 per month.

Unit features include ¾" granite countertops, patios, laminate wood-look flooring, stainless steel appliances, in-suite washer/dryers and dark wood cabinetry. Community amenities include an outdoor pool, a clubroom with billiards table, a fitness center, a children's playroom, a small business center, a dog park, a car wash center, and a fire pit.

The following table is a summary of the West Woods Apartments unit types and estimated rental rates:

TABLE 32

Property	Year Built	Stories	Est. Occupancy	Unit Types		Avg. Sq. Ft.	Avg. Asking Rent	Avg. Rent per Sq. Ft. Per Month
West Woods Apartments (Ph II)	2017	3	77.3%	One Bed	60	860	$1,055	$1.23
3202 W. Nine Mile Rd.	(Oct.)			Two Bed	72	1,176	$1,276	$1.09
					132	1,033	$1,175	$1.14
West Woods Apartments (Ph I)	2016	3	97.8%	One Bed	36	851	$1,040	$1.22
3202 W. Nine Mile Rd.	(Jan.)			Two Bed	80	1,172	$1,236	$1.05
				Three Bed	20	1,446	$1,453	$1.00
					136	1,127	$1,215	$1.08



Source: Apartments.com

The ***Avalon Apartments***, built in 2008, contain 276 units. Located at 8800 Pine Forest Road, the property is approximately 9.8 miles slightly northwest of the subject site. The property has an estimated occupancy of around 90.9%. The property offers one- to three-bedroom apartments ranging in average size from 827 to 1,386 square feet for three-bedroom units. The monthly rents range from an average of $942 for a one-bedroom unit to $1,245 for a three-bedroom unit.

Unit features include black appliances, laminate wood-look flooring plus carpet and tile flooring, patios and balconies, storage units, and laminate countertops. Community amenities include a basketball court, a clubroom with a billiards table, a business center, a dog park, a fitness center, laundry facilities, a playground, an outdoor pool, a putting green, and a tanning salon.

The following table is a summary of the Avalon Apartments' unit types and estimated rental rates:

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TABLE 33

Property	Year Built	Stories	Est. Occupancy	Unit Types		Avg. Sq. Ft.	Avg. Asking Rent	Avg. Rent per Sq. Ft. Per Month
Avalon Apartments	2008	3	90.9%	One Bed	114	827	$942	$1.14
8800 Pine Forest Rd.				Two Bed	108	1,158	$1,125	$0.97
				Three Bed	54	1,386	$1,245	$0.90
					276	1,066	$1,073	$1.01



Source: Apartments.com

The Pensacola Grand has the largest units out of all the properties. The Pensacola Grand completed in August 2017 and is located at 9091 Airway Drive approximately 8.5 miles slightly northwest of the subject site. The property has 224 units. The property offers one- to three-bedroom apartments ranging in average size from 1,253 square feet for one-bedroom units to 1,536 for a three-bedroom unit. The average monthly rents range from $1,091 for a one-bedroom unit to $1,427 for a three-bedroom unit. There is a $95 in addition to rent for 200 channels of AT&T U-Verse TV, AT&T internet and pest control. Corporate apartments are available with a minimum six-month lease. There are no discounts available for employees of "preferred employers."

Unit features include carpet and tile flooring, black appliances, walk-in closets, garbage disposal, washer/dryer hookups/rentals, patio storage, granite countertops and dark wood cabinetry. Community amenities include an outdoor saltwater pool and kiddie pool, a business center, a dog park, a sauna, a recreation room and clubhouse, a playground, a fitness center, a media room, tanning beds, barbeque grills, and a car wash station.

The following table is a summary of The Pensacola Grand's unit types and starting asking rental rates:

TABLE 34

Property	Year Built	Stories	Est. Occupancy	Unit Types		Avg. Sq. Ft.	Avg. Asking Rent	Avg. Rent per Sq. Ft. Per Month
The Pensacola Grand	2017	2	98.7%	One Bed	32	1,253	$1,091	$0.87
9091 Airway Dr.	(Aug.)			Two Bed	128	1,525	$1,296	$0.85
				Three Bed	64	1,536	$1,427	$0.93
					224	1,489	$1,304	$0.88

Rental Comparables Conclusion

The majority of existing rental product in the area was built over 25 years ago. Only a small handful of properties have been delivered in the last five years or so, and of those newer buildings, their features and amenities are mostly inferior to those expected at the Project, with the exception of Southtowne. Moreover, none of the comparables outside of Downtown Pensacola are mixed-use developments similar to the proposed

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Project. All of the rental comparables besides the Project and Southtowne are located next to or near Nine Mile Road, which is quite far from downtown. West Woods Apartments and Avalon Apartments are also near I-10, making those properties more attractive to residents that commute for work. All comparables are garden-style apartments with similar resort-style amenities, including outdoor pools, playgrounds, dog parks and car care centers.

Only Southtowne is competitive with the West Main Street Site. Southtowne has performed exceptionally well as the pioneer for Downtown Pensacola mixed-use rental apartment developments. The newly built apartment complex is proving that living downtown is attractive to many and that there is most likely more outstanding demand for this type of housing.

The Project ought to be able to achieve moderately higher rents than Southtowne, due to the fact that demand for Southtowne has outpaced supply, and materially higher rents than the other comparables reviewed in our analysis, due to their garden-style nature and less convenient location.

The following tables present a summary of the rental comparables profiled, their unit types, estimated monthly rents, unit features and community amenities, followed by tables summarizing the comparables by unit type.

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TABLE 35

RENTAL MARKET SURVEY
PENSACOLA, FL

	Property	Year Built	Stories	Est. Occupancy	Unit Types		Avg. Sq. Ft.	Avg. Asking Rent	Avg. Rent per Sq. Ft. Per Month	Unit Features	Amenities
1	Southtowne	2018	6	92.2%	Studio	28	585	$1,000	$1.71	Granite countertops with undermount kitchen sinks, wood cabinets, wood-inspired plank flooring, carpeted bedrooms, tiled bathroom floors, 9' ceilings, walk-in closets, stainless steel refrigerator with ice maker, ceramic cooktops, stainless steel microwave hood & dishwasher, washer/dryer	Multi-level parking garage, courtyard patio with fire pit & outdoor kitchen, out door pool with poolside terrace, covered café patio, electic car charging stations, fitness room, yoga studio, game room, rooftop lounge, WiFi in all common areas, rooftop terrace with view of the Bay
	101 E Romana St.	(Feb.)			One Bed	109	681	$1,316	$1.93		
					Two Bed	109	1,020	$1,676	$1.64		
					Three Bed	12	1,395	$2,602	$1.87		
						258	847	$1,494	$1.79		
2	The Crossings at Milestone	2017	3	95.0%	One Bed	96	720	$1,028	$1.43	Stainless steel appliances, patios/balconies, washer/dryers (available), laminate countertops, carpet and wood-look laminate flooring	Salt water pool, fitness center, playground, business center, clubhouse, bbq and picnic area, private garage parking available
	1431 W. Nine Mile Rd.	(Apr.)			Two Bed	96	1,157	$1,255	$1.08		
					Three Bed	48	1,384	$1,437	$1.04		
						240	1,028	$1,201	$1.17		
3	The Crossings at Nine Mile	2010	3	95.8%	One Bed	84	730	$993	$1.36	Stainless steel appliances, patios/balconies, washer/dryers (available), laminate countertops, carpet and wood-look laminate flooring	Outdoor pool, dog park, fitness center, clubhouse, business center, bbq grills and picnic area
	9100 Baldridge Dr.				Two Bed	120	1,157	$1,262	$1.09		
					Three Bed	36	1,384	$1,450	$1.05		
						240	1,042	$1,196	$1.15		
4	Governors Gate	2003	3	98.0%	One Bed	128	783	$1,018	$1.30	Wifi and cable included, choice of balcony/patio/great room, granite countertops in select units, washer/dryer hook ups, storage space, fireplaces in select units, carpet and tile flooring, vaulted ceilings and crown moulding in select units, white	Two pools plus a lap pool, two dry cleaners, two fitness centers, tennis court, two business centers, dog park, bbq and picnic area, two car wash centers, guest suites
	1600 Governors Dr.				Two Bed	248	1,109	$1,218	$1.10		
					Three Bed	68	1,258	$1,285	$1.02		
						444	1,038	$1,171	$1.13		
5	West Woods Apartments (Ph II)	2017	3	77.3%	One Bed	60	860	$1,055	$1.23		
	3202 W. Nine Mile Rd.	(Oct.)			Two Bed	72	1,176	$1,276	$1.09		
						132	1,033	$1,175	$1.14	Granite countertops, patios, wood-like plank flooring,, stainless steel appliances, dark wood cabinetry, walk-in closets, garbage disposal, washer/dryer, storage rooms	Outdoor pool, clubroom with billiards table, fitness center, children's playroom, small business center, dog park, car wash center, ping pong table, fire pit
	West Woods Apartments (Ph I)	2016	3	97.8%	One Bed	36	851	$1,040	$1.22		
	3202 W. Nine Mile Rd.	(Jan.)			Two Bed	80	1,172	$1,236	$1.05		
					Three Bed	20	1,446	$1,453	$1.00		
						136	1,127	$1,215	$1.08		
6	Avalon Apartments	2008	3	90.9%	One Bed	114	827	$942	$1.14	Black appliances, a/c, laminate wood-look flooring, carpet and tile flooring, patios/balconies, storage rooms, microwaves, laminate countertops	Basketball court, clubroom with billiards table, business center, dog park, fitness center, laundry facilities, playground, outdoor pool, putting green and tanning salon
	8800 Pine Forest Rd.				Two Bed	108	1,158	$1,125	$0.97		
					Three Bed	54	1,386	$1,245	$0.90		
						276	1,066	$1,073	$1.01		
7	The Pensacola Grand	2017	2	98.7%	One Bed	32	1,253	$1,091	$0.87	Carpet and tile flooring, black appliances, walk-in closets, granite countertops, dark wood cabinetry	Outdoor pool, business center, dog park, sauna, recreation room, clubhouse, resident lounge, playground, fitness center, media room, tanning salon, bbq grills, car wash center
	9091 Airway Dr.	(Aug.)			Two Bed	128	1,525	$1,296	$0.85		
					Three Bed	64	1,536	$1,427	$0.93		
						224	1,489	$1,304	$0.88		

Source: CoStar; compiled by Weitzman Associates, LLC
Note: Data for Southtowne was provided by the Southtowne Manager; compiled by Weitzman Associates, LLC

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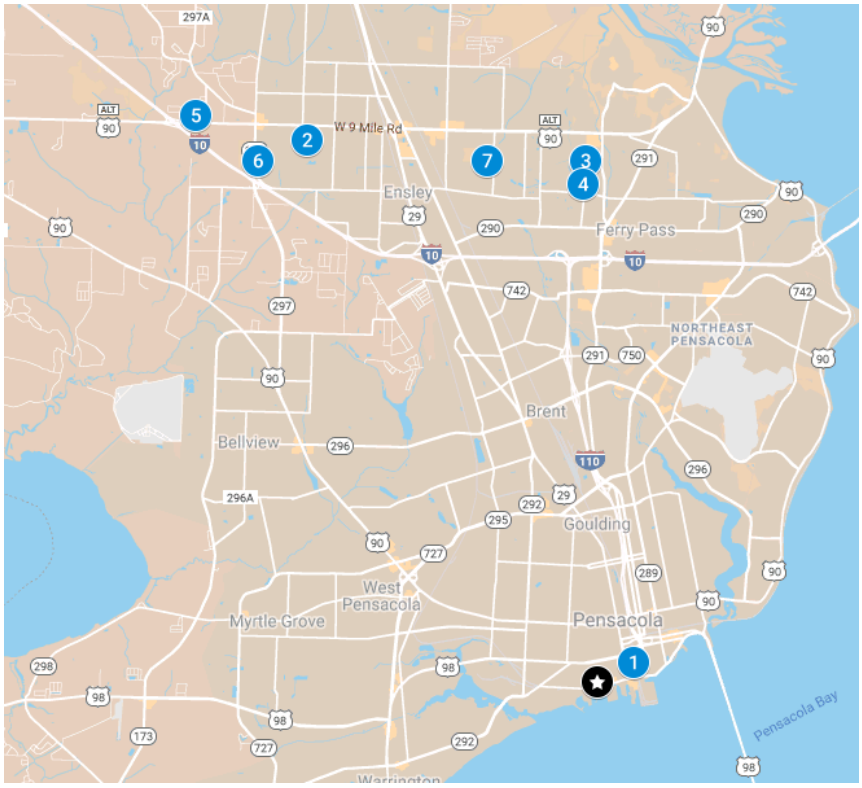
MAP OF COMPARABLE PROPERTIES

Main Street Site

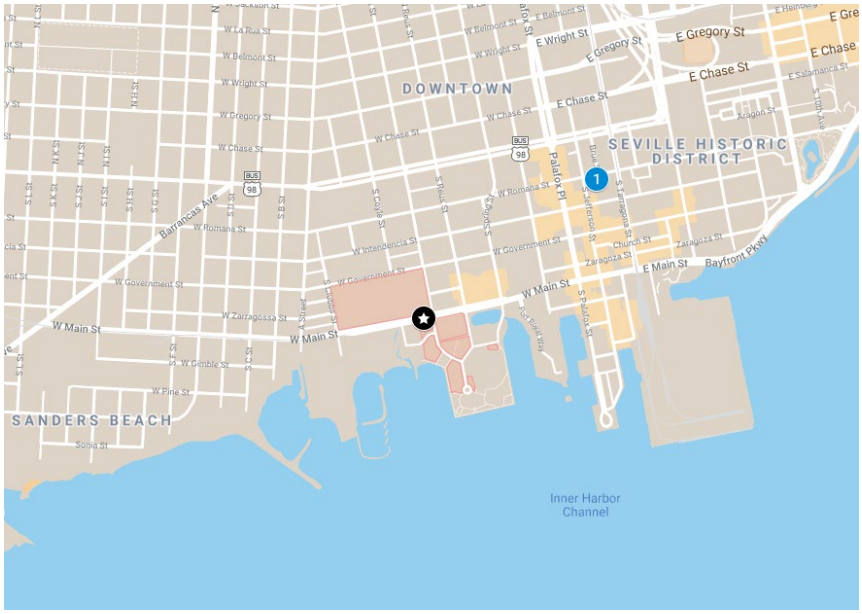
- Main Street Site
- Subject Parcel

Rental Comparables

1. Southtowne
2. The Crossings at Milestone
3. The Crossings at Nine Mile
4. Governors Gate
5. West Woods Apartments
6. Avalon Apartments
7. The Pensacola Grand



MAP OF MAIN STREET SITE AND SOUTHTOWNE



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FOR-SALE HOUSING MARKET ANALYSIS

Weitzman Associates has researched the for-sale housing market in Pensacola in support of its determination of the appropriate product recommendations, pricing, and absorption assumptions that should be utilized in underwriting a potential for-sale development at the subject site. While the project is most likely to be a higher density development, we have analyzed residential sale data derived from the Pensacola Association of Realtors MLS for various type of for-sale housing, including detached single-family homes, attached townhomes and condominium properties, for all of Escambia County and Santa Rosa County.[2] It is important to understand the overall for-sale housing trends that provide the context into which for-sale housing at the site might be developed.

In the years leading up to the housing boom in the mid-2000s, the annual average sales price of homes sold in Escambia and Santa Rosa Counties increased from $150,040 in 2003 to between $206,330 and $208,370 in 2005 to 2007. The annual median sales price during this period also increased, consistently increasing from $117,900 in 2003 to $164,000 in 2007, indicating an increasing number of transactions among higher priced homes. The number of annual sales grew from 7,473 sales in 2003 to 8,083 sales in 2005.

While the average sales price continued to increase to a peak in 2007, at $208,761, transaction volume declined by over 31% from 2004 to 2007, with a total of 5,540 sales occurring during the year. The number of listings, however, remained elevated at 20,150, resulting in a greater difference between the listing inventory and sales activity.

With the recession setting in, the number of annual transactions declined further to a low of 4,335 sales in 2008, and remained depressed within the 4,380 to 4,606 range over the following three years through 2011. Meanwhile, the annual average sales price decreased consistently from $208,761 in 2007 to $162,351 in 2010, before slightly rebounding to $168,328 in 2011. The decline in construction activity helped stabilize the market, and the number of active listings fell to 12,528 listings during the course of 2011. The median sales price during the period also declined from $164,000 in 2007 to $135,000 in 2011.

The Pensacola area housing market, which had not experienced the high level of construction and transaction activity that occurred in other Florida markets, was able to rebound from the recession more quickly. After stabilizing in 2011, the for-sale market has significantly improved over the past seven years, with the average sales price continually increasing to reach highs of $234,971 in 2018 and $242,129 in year-to-date through March 11, 2019. Similarly, the median sales price has increased to highs of $195,000 in 2018 and $199,000 in year-to-date through March 11, 2019. The number of annual sales also reached a high of 9,004 sales in 2018. Over the 16-year study period, with the number of active listings remaining relatively low at 13,265, the difference between the listing inventory and sales activity reached a low in 2018.

The following table and charts illustrate the residential for-sale housing trends in Escambia and Santa Rosa Counties since 2003.

[2] However, it is noted that in our residential market analysis, we excluded from consideration modular, manufactured and mobile homes, as well as boat slips.

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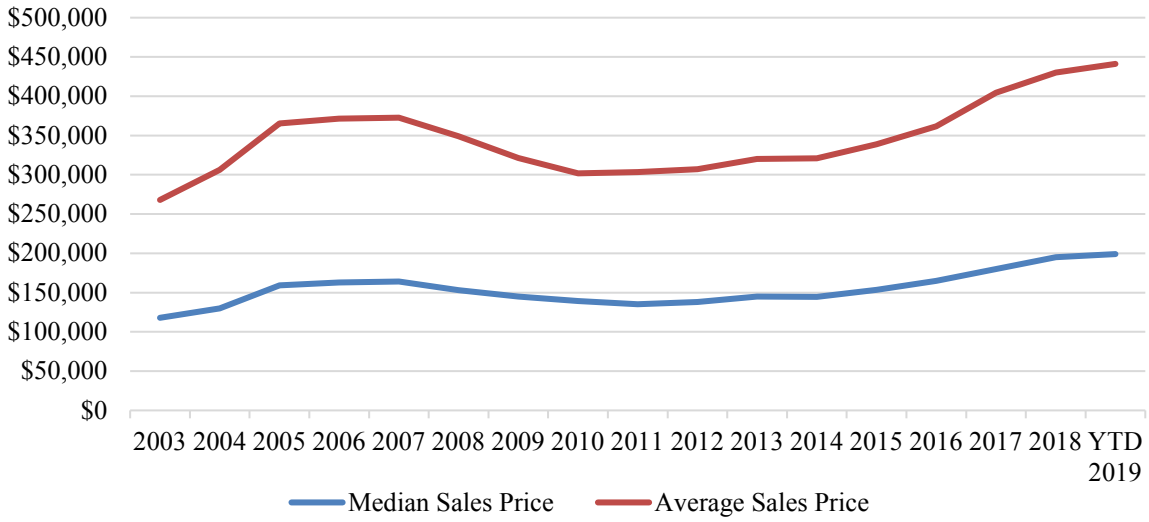
TABLE 36
RESIDENTIAL SALE TRENDS
ESCAMBIA & SANTA ROSA COUNTIES

Year	Sales	% Chg	Total Sales Volume	Average Sales Price	% Chg	Median Sales Price	% Chg	Qty. Active	% Chg
2003	7,473	---	$1,121,245,583	$150,040	---	$117,900	---	13,320	---
2004	8,083	8.2%	$1,424,257,469	$176,204	17.4%	$130,000	10.3%	12,560	-5.7%
2005	8,037	-0.6%	$1,658,276,210	$206,330	17.1%	$159,000	22.3%	15,707	25.1%
2006	6,891	-14.3%	$1,435,878,024	$208,370	1.0%	$163,000	2.5%	20,247	28.9%
2007	5,540	-19.6%	$1,156,538,348	$208,761	0.2%	$164,000	0.6%	20,150	-0.5%
2008	4,335	-21.8%	$849,519,639	$195,968	-6.1%	$153,000	-6.7%	17,377	-13.8%
2009	4,606	6.3%	$812,176,732	$176,330	-10.0%	$145,000	-5.2%	14,919	-14.1%
2010	4,380	-4.9%	$711,096,845	$162,351	-7.9%	$139,385	-3.9%	14,077	-5.6%
2011	4,538	3.6%	$763,871,699	$168,328	3.7%	$135,000	-3.1%	12,528	-11.0%
2012	5,057	11.4%	$855,328,533	$169,138	0.5%	$138,000	2.2%	11,731	-6.4%
2013	6,071	20.1%	$1,062,896,356	$175,078	3.5%	$145,000	5.1%	12,862	9.6%
2014	6,709	10.5%	$1,184,430,363	$176,544	0.8%	$144,391	-0.4%	13,505	5.0%
2015	7,627	13.7%	$1,413,985,250	$185,392	5.0%	$153,450	6.3%	13,933	3.2%
2016	8,373	9.8%	$1,647,301,713	$196,740	6.1%	$164,900	7.5%	13,487	-3.2%
2017	8,784	4.9%	$1,970,282,942	$224,304	14.0%	$180,000	9.2%	13,289	-1.5%
2018	9,004	2.5%	$2,115,682,010	$234,971	4.8%	$195,000	8.3%	13,265	-0.2%
YTD 3/11/2019	1,253		$303,387,873	$242,129		$199,000		4,503	

Source: Pensacola Association of Realtors MLS; compiled by Weitzman Associates, LLC

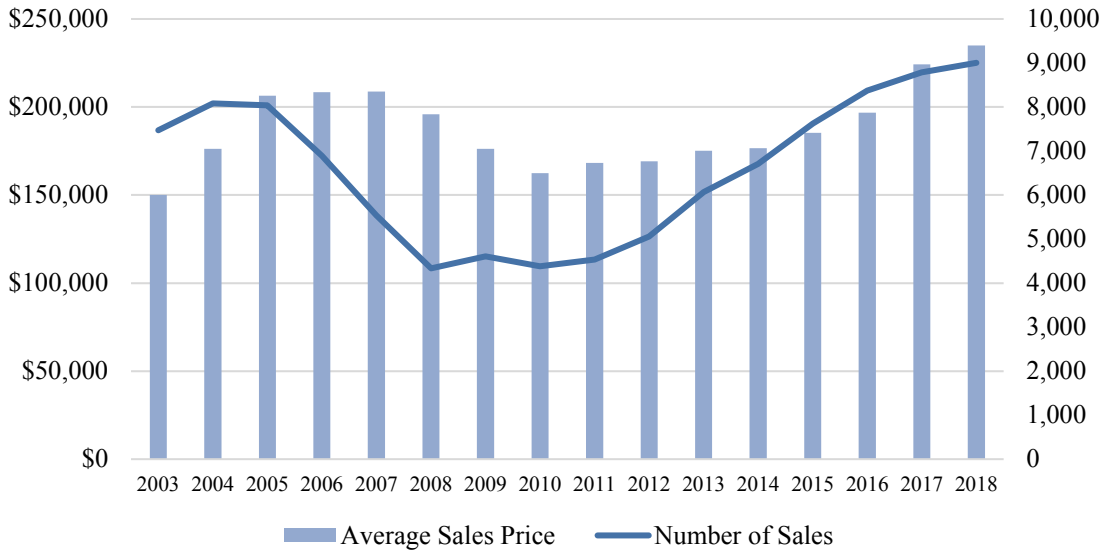
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Residential Median Sales Price Vs. Average Sales Price - Escambia & Santa Rosa Counties



Source: Pensacola Association of Realtors MLS; compiled by Weitzman Associates, LLC

Residential Average Sales Price vs. Number of Sales - Escambia & Santa Rosa Counties



Source: Pensacola Association of Realtors MLS; compiled by Weitzman Associates, LLC

Overall, we have a positive outlook for the for-sale housing market in Pensacola. All of the key factors are trending positive in the housing market, with sales prices and transactions increasing, and a relatively low

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level of inventory available in the market. Nevertheless, the median and average pricing being achieved by predominately single-family homes is comfortably below $200,000 and $250,000, respectively. We must keep this pricing level in mind when considering the marketability of residential condominium units in the downtown area. However, condominium units at the subject development ought to be capable of achieving prices above the average single-family home due to their proximity to the attractions that make downtown Pensacola a destination, and due to the amenities and shared services that can be accommodated among larger-scale condominium developments versus private single-family homes.

COMPARABLE FOR-SALE HOUSING PROPERTIES

In reviewing the current market for for-sale housing options at the project site, we have focused our analysis on the few comparable for-sale housing properties in and around downtown Pensacola. Because there has been very little new construction downtown, there are few comparable properties against which to gauge the market positioning and potential of for-sale housing at the project site. The following discussion presents an overview of the comparable communities. We first considered recently developed or currently under construction for-sale housing projects in and around the downtown area that have recently completed or are presently engaged in a developer sellout process; however, it is noted that most of these developments are relatively small scale. Specifically, we identified two relatively recent small-scale condominium development – one with just three units and the other with just nine units; three townhome developments ranging in size from 25 to 76 units; and a development of 26 detached single-family homes. To provide broader context to the market, we also considered resales in older developments in and around the downtown area. We note that the unit interiors reflected in the resale market vary widely depending upon what improvements have been made by the individual owners.

It is also important to note that this comparables analysis does not include condominium communities located on Pensacola Beach, as this market has completely different drivers of demand for housing. The beach is a second home and tourism market, detached from the downtown environment by a fifteen to twenty-minute drive. During the summer months, local area residents state that the traffic and congestion in the beach area can be so challenging that they avoid it during that time. While there may be some second home market potential in downtown Pensacola, the definition of pricing for this market will be largely dictated by other downtown housing options, and not generally by pricing being achieved on Pensacola Beach or surrounding beach communities. We have therefore focused our analysis on the downtown Pensacola submarket.

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NEW DEVELOPMENT FOR-SALE COMPARABLES

Condominiums



One51 Main is a three-story, mixed-use residential and commercial development located at 151 W. Main Street, along the south side of Main Street and directly east of the Community Maritime Park. The building, which was completed in 2015, includes retail on the street level, the offices of Beck Partners on the second floor, and three residential condominium on the third floor. Based upon records from the Escambia County Property Appraiser, the three residential units, ranging from 1,480 to 2,643 square feet, initially sold between August and December 2015 for $325,000 to $702,300, or from $220 to $266 per square foot. It is noted that the initial listing description for Unit 302, which was listed on the MLS, noted that the unit was being sold in dark shell condition. Since 2015, each of the units, in finished condition and noted as having two bedrooms and two full bathrooms, have resold between April 2016 and September 2018 for $655,000 to $1,275,000, or from $426 to $482 per square foot. The units each include a private garage and have balconies ranging from 228 to 326 square feet, and offer views of Pensacola Bay, Maritime Park and the downtown area. Residents also have access to a rooftop deck located on the second floor.

TABLE 37
ONE51 MAIN

Unit #	Sale Price	SF	BR	Full BA	Half BA	Price PSF	Sale Date
Initial Sales:							
151 W Main St. #301	$478,100	1,808	2	2	0	$264	08/09/15
151 W Main St. #302	$325,000	1,480	2	2	0	$220	12/28/15
151 W Main St. #303	$702,300	2,643	2	2	0	$266	08/09/15
Sub-Total / Avg	$501,800	1,977	3 Units			$254	
Resales:							
151 W Main St. #301	$770,000	1,808	2	2	0	$426	04/26/16
151 W Main St. #302	$655,000	1,480	2	2	0	$443	02/15/17
151 W Main St. #303	$1,275,000	2,643	2	2	0	$482	09/26/18
Sub-Total / Avg	$900,000	1,977	3 Units			$455	

Source: Escambia County Property Appraiser Records; Pensacola Assoc. of Realtors MLS; compiled by Weitzman Associates, LLC

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701 S. Palafox is a recently developed five-story, nine-unit residential condominium development located on the waterfront. The units' front balconies overlooking South Palafox Street have views north toward the Palafox Street retail district and south toward the Palafox Pier and Port of Pensacola. The rear, west side of the building features covered terraces overlooking the Baylen Slips Marina. Buyers were reportedly between 55 and 85 years old, with most purchasing as their primary residence, although some purchased as a second home. Based upon assessment records, excluding the penthouse unit (which was purchased by the developer), the remaining eight units sold between December 2016 and March 2017 for $715,000 to $2,148,200 (for a combined unit), or from $443 to $586 per square foot. It is noted that Unit 2C, which initially sold in February 2017 for $1,059,000, or $456 per square foot, recently resold in January 2019 for $1,299,000, or $560 per square foot, reflecting a 22.7% increase over the sale price less than two years earlier; the price appreciation is indicative of the downtown market's growing desirability as a place to reside.

TABLE 38
701 S. PALAFOX

Unit #	Sale / List Price	SF	BR	Full BA	Half BA	Price PSF	Sale Date
Sales:							
2C - Resale	$1,299,000	2,321	2	2	1	$560	01/04/19
Initial Sales:							
2A	$1,149,000	2,455				$468	01/01/17
2B	$715,000	1,574				$454	12/01/16
2C	$1,059,000	2,321				$456	02/03/17
3A	$1,087,600	2,455				$443	01/01/17
3B	$729,100	1,574				$463	12/01/16
3C	$1,068,900	2,321				$461	12/01/16
4A	$1,110,300	2,455				$452	03/01/17
4BC	$2,148,200	3,664				$586	03/01/17

Source: Escambia County Property Appraiser Records; compiled by Weitzman Associates, LLC

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Townhomes



The Junction at West Hill is a gated, mixed-use development of residential townhomes and commercial space located at 218 N. DeVilliers in the Belmont-DeVilliers neighborhood. The project by A Door Properties includes 31 two- and three-bedroom townhomes. Unit features include 9' ceilings on first floor and 8' ceilings on second floor; vinyl plank wood flooring throughout living areas and master bedroom; carpet in guest bedrooms; single or double vanity with granite countertop and walk-in tile shower with floor-to-ceiling tile walls in master bathroom, kitchens with stainless steel appliances, granite countertops, tile backsplash and undermount stainless steel sink; and single car garage (front facing or rear entry).

Based upon data from the MLS, 20 of the 31 units have closed, comprised of four (4) two-bedroom / 2.5 bath units which sold at an average price of $230,308, or $183 per square foot based upon an average size of 1,258 square feet; and 16 three-bedroom / 2.5 bath units which sold at an average price of $280,181, or $186 per square foot based upon an average size of 1,506 square feet. Overall, the 20 sales, which recently closed between November 2018 and early-March 2019, reflect an average price of $270,206, or $186 per square foot. The remaining 11 units include nine (9) two-bedroom / 2.5 bath units listed at an average price of $237,622, or $181 per square foot based upon an average size of 1,315 square feet; and two (2) three-bedroom / 2.5 bath units listed at an average price of $266,493, or $185 per square foot based upon an average size of 1,441 square feet. Of these 11 listings, one is marked as pending and nine are marked as contingent.

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TABLE 39

THE JUNCTION AT WEST HILL

Unit #	Sale / List Price	SF	BR	Full BA	Half BA	Price PSF	Sale Date
Sales:							
283 JUNCTION AVE	$221,220	1,229	2	2	1	$180	12/17/18
259 JUNCTION AVE	$222,720	1,229	2	2	1	$181	12/21/18
267 JUNCTION AVE	$238,095	1,287	2	2	1	$185	02/19/19
275 JUNCTION AVE	$239,195	1,287	2	2	1	$186	03/08/19
Sub-Total / Avg	$230,308	1,258	4 Units			$183	
251 JUNCTION AVE	$244,940	1,324	3	2	1	$185	12/17/18
291 JUNCTION AVE	$246,040	1,324	3	2	1	$186	12/19/18
218 N DEVILLIERS ST	$278,240	1,504	3	2	1	$185	12/17/18
230 N DEVILLIERS ST	$279,340	1,504	3	2	1	$186	01/25/19
242 N DEVILLIERS ST	$279,340	1,504	3	2	1	$186	12/27/18
254 N DEVILLIERS ST	$280,275	1,504	3	2	1	$186	01/14/19
200 N DEVILLIERS ST	$280,275	1,515	3	2	1	$185	12/17/18
224 N DEVILLIERS ST	$280,275	1,515	3	2	1	$185	01/18/19
236 N DEVILLIERS ST	$280,275	1,515	3	2	1	$185	12/20/18
248 N DEVILLIERS ST	$280,275	1,515	3	2	1	$185	12/27/18
212 N DEVILLIERS ST	$280,825	1,515	3	2	1	$185	02/27/19
266 N DEVILLIERS ST	$289,525	1,565	3	2	1	$185	12/04/18
278 N DEVILLIERS ST	$290,625	1,565	3	2	1	$186	11/16/18
272 N DEVILLIERS ST	$291,560	1,576	3	2	1	$185	11/15/18
284 N DEVILLIERS ST	$300,540	1,576	3	2	1	$191	12/11/18
260 N DEVILLIERS ST	$300,540	1,576	3	2	1	$191	11/30/18
Sub-Total / Avg	$280,181	1,506	16 Units			$186	
Total / Avg	$270,206	1,456	20 Units			$186	
Listings:							
266 JUNCTION AVE	$234,200	1,295	2	2	1	$181	
282 JUNCTION AVE	$233,100	1,295	2	2	1	$180	
250 JUNCTION AVE	$233,100	1,295	2	2	1	$180	
234 JUNCTION AVE	$233,100	1,295	2	2	1	$180	
218 JUNCTION AVE	$239,575	1,295	2	2	1	$185	
226 JUNCTION AVE	$241,380	1,341	2	2	1	$180	
242 JUNCTION AVE	$241,380	1,341	2	2	1	$180	
274 JUNCTION AVE	$241,380	1,341	2	2	1	$180	
258 JUNCTION AVE	$241,380	1,341	2	2	1	$180	
Sub-Total / Avg	$237,622	1,315	9 Units			$181	
290 JUNCTION AVE	$254,745	1,377	3	2	1	$185	
206 N DEVILLIERS ST	$278,240	1,504	3	2	1	$185	
Sub-Total / Avg	$266,493	1,441	2 Units			$185	
Total / Avg	$242,871	1,338	11 Units			$181	

Source: Pensacola Assoc. of Realtors MLS; compiled by Weitzman Associates, LLC

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Covington Place is a new 25-unit gated townhome community located at 15 W. Strong Street in Downtown Pensacola's historic district of North Hill. Each townhome features ten-foot ceilings, floor-to- ceiling windows, chef's kitchen with stainless appliances and granite or quartz countertops, and an option for one- or two-car attached rear-entry garage. There are currently nine (9) three-bedroom / 2.5 bath units listed at an average price of $489,233, or $243 per square foot based upon an average size of 2,017 square feet; and four (4) four-bedroom / 3.5 bath units listed at an average price of $571,825, or $256 per square foot based upon an average size of 2,237 square feet.

TABLE 40
COVINGTON PLACE

Unit #	List Price	SF	BR	Full BA	Half BA	Price PSF
Listings:						
2-F	$399,900	1,592	3	2	1	$251
3-D	$469,900	1,948	3	2	1	$241
4-E	$483,900	2,013	3	2	1	$240
2-D	$469,900	2,048	3	2	1	$229
3-A	$491,900	2,048	3	2	1	$240
2-A	$491,900	2,048	3	2	1	$240
2-E	$519,900	2,115	3	2	1	$246
3-E	$519,900	2,115	3	2	1	$246
1-E	$555,900	2,229	3	2	1	$249
Sub-Total / Avg	$489,233	2,017	9 Units			$243
1-D	$509,900	2,029	4	3	1	$251
4-D	$539,900	2,157	4	3	1	$250
1-A	$586,900	2,308	4	3	1	$254
5-A	$650,600	2,454	4	3	1	$265
Sub-Total / Avg	$571,825	2,237	4 Units			$256
Total / Avg	$514,646	2,085	13 Units			$247

Source: Pensacola Assoc. of Realtors MLS; compiled by Weitzman Associates, LLC

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Hallmark Townhomes is a 76-unit townhome development by DR Horton, located on E. Street between Government and Romana Street. The development is located on a 5.1-acre site, which previously included Hallmark Elementary School, which has since been demolished. The townhomes are all three-bedroom / 2.5 bath units with a one-car garage. Interior units (Palm B plan) reportedly measure 1,551 square feet and exterior units (Palm A Plan) measure 1,567 square feet, although it is noted on the MLS all units are listed at 1,542 square feet. The development includes a community pool. To date, four units have closed, which sold at an average price of $273,200, or $177 per square foot based upon an average size of 1,542 square feet; these units closed between July 2018 and February 2019. There are 17 units currently listed at an average price of $262,606, or $170 per square foot. Of these 17 listings, four are marked as pending. This comports with our recent visits to the property, which indicated that seven homes had been sold. We also note that because the developer is a publicly-traded homebuilder, the pricing offered has fluctuated to promotional levels as the close of the first quarter has approached, in and effort to spur improved sales activity.

TABLE 41
HALLMARK TOWNHOMES

Unit #	Sale / List Price	SF	BR	Full BA	Half BA	Price PSF	Sale Date
Sales:							
363 S E ST	$259,900	1,542	3	2	1	$169	02/15/19
353 S E ST	$274,000	1,542	3	2	1	$178	01/07/19
355 S E ST	$274,900	1,542	3	2	1	$178	07/31/18
1200 W GOV. ST	$284,000	1,542	3	2	1	$184	01/11/19
Total / Avg	$273,200	1,542	4 Units			$177	
Listings:							
1208 W GOV. ST	$249,900	1,542	3	2	1	$162	
1206 W GOV. ST	$249,900	1,542	3	2	1	$162	
1204 W GOV. ST	$249,900	1,542	3	2	1	$162	
1202 W GOV. ST	$249,900	1,542	3	2	1	$162	
357 S E ST	$249,900	1,542	3	2	1	$162	
361 S E ST	$254,900	1,542	3	2	1	$165	
311 S E ST	$269,900	1,542	3	2	1	$175	
309 S E ST	$269,900	1,542	3	2	1	$175	
307 S E ST	$269,900	1,542	3	2	1	$175	
305 S E ST	$269,900	1,542	3	2	1	$175	
303 S E ST	$269,900	1,542	3	2	1	$175	
315 S E ST	$274,900	1,542	3	2	1	$178	
313 S E ST	$275,900	1,542	3	2	1	$179	
359 S E ST	$249,900	1,542	3	2	1	$162	
351 S E ST	$259,900	1,542	3	2	1	$169	
301 S E ST	$274,900	1,542	3	2	1	$178	
1210 W GOV. ST	$274,900	1,542	3	2	1	$178	
Total / Avg	$262,606	1,542	17 Units			$170	

Source: Pensacola Assoc. of Realtors MLS; compiled by Weitzman Associates, LLC

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Detached Single Family



We also note the **Garden District Cottages**, a development of 26 single family homes being built on the site of the former W.A. Blount Junior High School, on the full city block bounded by D, C, Gregory and Chase Street, in the Westside Garden District. The project, which began construction in November 2018, is being developed by ParsCo. The first phase of homes will reportedly cost between $190,000 and $400,000. A 1,478 square foot, three-bedroom / 2.5 bath home at 919 W. Gregory Street, scheduled to be completed in March 2019, is currently listed with an asking price of $284,999, or $193 per square foot; this unit is the last remaining unit available from the first phase of eight homes. The MLS also includes the contingent listing for the 1,665 square foot, three-bedroom / 2.5 bath home at 939 W. Gregory Street, with a list price of $279,999, or $168 per square foot. Weitzman recently walked through two of the homes nearing completion. While living areas are small, the quality of construction is very good. High ceilings of approximately ten feet, good quality kitchen cabinetry and appliances, quartz countertops, and Kohler plumbing fixtures were noted.

TABLE 42
GARDEN DISTRICT COTTAGES

Unit #	List Price	SF	BR	Full BA	Half BA	Price PSF
Listings:						
939 W GREGORY ST	$279,999	1,665	3	2	1	$168
919 W GREGORY ST	$284,999	1,478	3	2	1	$193
Total / Avg	$282,499	1,572		2 Units		$180

Source: Pensacola Assoc. of Realtors MLS; compiled by Weitzman Associates, LLC

OLDER DEVELOPMENT FOR-SALE COMPARABLES



Port Royal was developed in 1984 just south of Main Street on its own peninsula, directly east of the Community Maritime Park. The property includes a mix of 39 condominium flats within a seven-story tower at the end of the peninsula, and 21 two-story townhomes. The property is a gated community also featuring several single-family homes on parcels closest to Main Street. The entire Port Royal association enjoys the use of a small swimming pool, outdoor covered patio with grilling facilities, and a small gym and community room within the clubhouse. The tower itself features its own social room. The key driver of value at Port Royal is the fact that all of the townhomes, and half of the tower units, include a water view, with those located at the southern end of the peninsula featuring full Pensacola Bay views, and the other homes

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featuring either a view of the marina or a canal with the new Maritime Park and stadium in the background. We understand that these homes are quite desirable due to the active view during sporting events; we observed exceptional views of the ballpark from the tower on a previous property tour. Overall, the development does appear dated, clearly constructed in the 1980s. However, the tower and the townhomes are quite well-maintained. The residents range from professionals working downtown to retired households enjoying maintenance-free condominium living.

Since January 2017, there have been 17 resales recorded through the MLS: nine (9) two-bedroom / 2.0 bath units which sold at an average price of $430,639, or $277 per square foot based upon an average size of 1,552 square feet; and eight (8) three-bedroom units which sold at an average price of $570,375, or $270 per square foot based upon an average size of 2,110 square feet. The sale prices ranged from $280,000 to $775,000, or from $221 to $350 per square foot. The highest sale was of 5 Port Royal Way, a direct bayfront townhome that sold in August 2017 for $775,000, or $350 per square foot. There are currently two units listed at $270 and $315 per square foot.

TABLE 43
PORT ROYAL

Unit #	Sale / List Price	SF	BR	Full BA	Half BA	Price PSF	Sale Date
Sales:							
501 PORT ROYAL WAY	$316,852	1,235	2	2	0	$257	03/28/17
605 PORT ROYAL WAY	$580,000	2,096	2	2	0	$277	03/29/17
402 PORT ROYAL WAY	$299,900	1,268	2	2	0	$237	04/07/17
202 PORT ROYAL WAY	$345,000	1,235	2	2	0	$279	06/15/17
202 PORT ROYAL WAY	$299,000	1,235	2	2	0	$242	08/31/17
701 PORT ROYAL WAY	$350,000	1,268	2	2	0	$276	02/23/18
401 PORT ROYAL WAY	$280,000	1,268	2	2	0	$221	05/04/18
305 PORT ROYAL WAY	$665,000	2,112	2	2	0	$315	10/12/18
603 PORT ROYAL WAY	$740,000	2,251	2	2	0	$329	10/26/18
Sub-Total / Avg	$430,639	1,552	9 Units			$277	
4 PORT ROYAL WAY	$510,000	2,200	3	2	1	$232	02/28/17
19 PORT ROYAL WAY	$585,000	2,160	3	2	1	$271	07/28/17
5 PORT ROYAL WAY	$775,000	2,215	3	2	1	$350	08/14/17
506 PORT ROYAL WAY	$578,000	2,112	3	2	0	$274	10/17/17
16 PORT ROYAL WAY	$550,000	2,215	3	2	1	$248	07/02/18
13 PORT ROYAL WAY	$440,000	1,654	3	2	0	$266	12/07/18
306 PORT ROYAL WAY	$550,000	2,112	3	2	0	$260	03/07/19
10 PORT ROYAL WAY	$575,000	2,215	3	2	1	$260	03/08/19
Sub-Total / Avg	$570,375	2,110	8 Units			$270	
Total / Avg	$496,397	1,815	17 Units			$274	
Listings:							
702 PORT ROYAL WAY	$399,500	1,268	2	2	0	$315	
206 PORT ROYAL WAY	$570,000	2,112	3	2	0	$270	
Total / Avg	$484,750	1,690	2 Units			$287	

Source: Pensacola Assoc. of Realtors MLS; compiled by Weitzman Associates, LLC

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The Lofts at Alcaniz Center was developed in 2006 with 27 condominium flats in two buildings forming the corner of Alcaniz Street and Romana Street in the Seville Square area of the historic district. The project is located within walking distance of Palafox Street, and features several restaurants in its immediate vicinity. There are no amenities, and parking is in an unsecured surface lot behind the buildings. Originally constructed with a "soft loft" feel, featuring nine-foot ceilings, granite counters, hardwood flooring, and outdoor space, the property's sellout was initially successful. However, the recession halted further sales and contract purchasers reportedly walked away from deposits worth tens of thousands of dollars rather than closing on their purchasers. Since January 2017, there have been six resales recorded through the MLS: five (5) one-bedroom / one-bath units which sold at an average price of $233,900, or $277 per square foot based upon an average size of 843 square feet; and a 1,700 square foot two-bedroom / two-bath unit which sold for $380,000, or $224 per square foot. There are currently two (2) one-bedroom / one-bath units listed at an average price of $237,500, or $282 per square foot based upon an average size of 843 square feet; and two (2) two-bedroom / two-bath units listed at an average price of $404,950, or $244 per square foot based upon an average size of 1,660 square feet.

TABLE 44
THE LOFTS AT ALCANIZ CENTER

Unit #	Sale / List Price	SF	BR	Full BA	Half BA	Price PSF	Sale Date
Sales:							
415 E ROMANA 304	$224,000	843	1	1	0	$266	02/24/17
108 ALCANIZ 307	$235,000	843	1	1	0	$279	09/21/17
108 S ALCANIZ 108	$233,000	843	1	1	0	$276	04/26/18
415 E ROMANA 101	$237,500	843	1	1	0	$282	05/01/18
108 ALCANIZ 207	$240,000	843	1	1	0	$285	09/28/18
Sub-Total / Avg	$233,900	843	5 Units			$277	
108 S ALCANIZ 106	$380,000	1,700	2	2	0	$224	02/02/18
Sub-Total / Avg	$380,000	1,700	1 Unit			$224	
Total / Avg	$258,250	986	6 Units			$262	
Listings:							
415 E ROMANA 102	$235,000	843	1	1	0	$279	
108 S ALCANIZ 208	$240,000	843	1	1	0	$285	
Sub-Total / Avg	$237,500	843	2 Units			$282	
415 E ROMANA 203	$399,999	1,660	2	2	0	$241	
108 S ALCANIZ 309	$409,900	1,660	2	2	0	$247	
Sub-Total / Avg	$404,950	1,660	2 Units			$244	
Total / Avg	$321,225	1,252	4 Units			$257	

Source: Pensacola Assoc. of Realtors MLS; compiled by Weitzman Associates, LLC

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Palafox Pier was developed in 2003 as part of a larger mixed-use commercial condominium development comprising two buildings located at 850 and 890 S. Palafox Street, south of Main Street. Only five condominiums were sold for residential use, located on the third floor of 850 S. Palafox, and featuring exceptional views of the water and marina. Four of the five units are over 4,000 square feet in size, and feature expansive outdoor space. The fifth unit is a small 1,242 square foot home. There are no amenities servicing these homes, and the elevator is shared with the commercial tenants. Our visit to the property on a previous occasion found the entry vestibule from the street to be commercial feeling, with an office directory located at the entry to the building. The elevator is controlled with electronic key fob, which restricts access to the third floor residential units. In our view, the entry sequence to the building was not residential in nature, and felt downscale, despite the prestige of the units themselves. We did not uncover any current listings or recent sales through the MLS. However, based upon property records, the 1,242 square foot Unit C sold in August 2016 for $400,000, or $322 per square foot, and Unit E sold in January 2016 for $1,500,000, or $375 per square feet (based upon 4,003 square feet which excludes the garage), and 36% higher than the indicated previous sale of Unit E in June 2014 for $1,100,000, or $275 per square foot.

TABLE 45
PALAFOX PIER

	Unit #	Sale Price	SF	BR	Full BA	Half BA	Price PSF	Sale Date
Sales:								
	C	$400,000	1,242				$322	08/26/16
	E	$1,500,000	4,003	3	4	1	$375	01/08/16

Source: Escambia County Property Appraiser Records; compiled by Weitzman Associates, LLC
(Unit E's BR/BA count from Pensacola Assoc. of Realtors MLS)



Baylen Lofts consist of a series of five townhomes developed in 2004 as an adaptive re-use of an older warehouse building, located at 101 to 109 S. Baylen Street in downtown. The units all feature a garage at grade, as well as a separate residential entry, and the sizes range from approximately 1,900 square feet to approximately 2,800 square feet. The main living environment is on the second floor, with lofted space and a two-story living room being a typical configuration. High-end finishes attracted professional households, who generally did not finance their purchases, according to the developer and architect. Over

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the past two years, two of the five units have resold, ranging in price between $675,000 and $860,000, or from $260 to $307 per square foot based upon an average size of 2,698 square feet. A 2,596 square foot unit is currently listed for $750,000, or $289 per square foot.

TABLE 46
BAYLEN LOFTS

Unit #	Sale / List Price	SF	BR	Full BA	Half BA	Price PSF	Sale Date
Sales:							
101 S BAYLEN	$860,000	2,800	3	3	1	$307	06/16/17
109 S BAYLEN ST	$675,000	2,596	4	3	1	$260	10/25/18
Total / Avg	$767,500	2,698	2 Units			$284	
Listings:							
105 S BAYLEN ST	$750,000	2,596	2	2	1	$289	
Total / Avg	$750,000	2,596	1 Unit			$289	

Source: Pensacola Assoc. of Realtors MLS; compiled by Weitzman Associates, LLC



1700 Scenic Highway is not located downtown, but is instead located northeast of downtown on Scenic Highway, overlooking the bay. We have included it in our analysis because it is the only other high-rise condominium tower located away from the beach except for Port Royal. The condominium tower is ten stories tall and was developed in 1999, containing 44 condominium flats. Positioned backing up to railroad tracks, which are known to be noisy at all hours of the day, the tower's upper floors nevertheless offer excellent sweeping views of the bay and surrounding neighborhoods. Ten-foot ceilings, spacious entertaining spaces, large kitchens, and expansive outdoor balconies and terraces are impressive differentiating features of 1700 Scenic Highway. The property includes a structured parking garage with assigned parking, formal lobby area, resident storage cages, a community room, and a swimming pool with gazebo. Since January 2017, there have been seven resales recorded through the MLS: six (6) two-bedroom / 2.0 bath units which sold at an average price of $357,250, or $222 per square foot based upon an average size of 1,611 square feet; and a 2,352 square foot three-bedroom / 2.5 bath unit which sold for $556,000, or $236 per square foot. There are currently two (2) two-bedroom / 2.0 bath units listed at an average price of $383,500, or $235 per square foot based upon an average size of 1,630 square feet; and a 2,303 square foot three-bedroom / 3.0 bath unit listed at $619,000, or $269 per square foot.

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TABLE 47
1700 SCENIC HIGHWAY

Unit #	Sale / List Price	SF	BR	Full BA	Half BA	Price PSF	Sale Date
Sales:							
803	$429,000	1,763	2	2	0	$243	04/07/17
1003	$407,000	1,734	2	2	0	$235	01/31/18
603	$305,000	1,630	2	2	0	$187	04/30/18
503	$362,000	1,630	2	2	0	$222	07/13/18
403	$362,000	1,630	2	2	0	$222	07/16/18
602	$278,500	1,279	2	2	0	$218	08/17/18
Sub-Total / Avg	$357,250	1,611	6 Units			$222	
600	$556,000	2,352	3	2	1	$236	03/16/18
Sub-Total / Avg	$556,000	2,352	1 Unit			$236	
Total / Avg	$385,643	1,717	7 Units			$225	
Listings:							
303	$379,000	1,630	2	2	0	$233	
	$388,000	1,630	2	2	0	$238	
Sub-Total / Avg	$383,500	1,630	2 Units			$235	
404	$619,000	2,303	3	3	0	$269	
Sub-Total / Avg	$619,000	2,303	1 Unit			$269	
Total / Avg	$462,000	1,854	3 Units			$249	

Source: Pensacola Assoc. of Realtors MLS; compiled by Weitzman Associates, LLC



The Court of North Hill is not located in the core downtown market, but is located within the North Hill historic district. The project was completed in 2007 and offers 22 townhome-style condominiums in a gated community. There is a common swimming pool and hot tub, with furnished pool deck, but no other amenities. Garages are located at the rear of the homes, which have front doors facing the street. The homes are all two stories, and were developed with hardwood floors, stainless steel appliances, granite kitchen counters, balconies and front porches, and gas fireplaces. Since January 2017, there have been four resales recorded through the MLS: three (3) two-bedroom / 2.5 bath units which sold at an average price of $339,800, or $213 per square foot based upon an average size of 1,592 square feet; and a 1,955 square foot three-bedroom / 2.5 bath unit which sold for $390,000, or $199 per square foot. There is currently a 2,720 square foot three-bedroom / 3.5 bath unit listed at $450,000, or $165 per square foot.

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TABLE 48
THE COURT OF NORTH HILL

Unit #	Sale / List Price	SF	BR	Full BA	Half BA	Price PSF	Sale Date
Sales:							
207 W JACKSON ST	$349,900	1,600	2	2	1	$219	06/30/17
525 N SPRING ST	$339,500	1,590	2	2	1	$214	12/20/18
204 W LA RUA ST	$330,000	1,585	2	2	1	$208	02/22/19
Sub-Total / Avg	$339,800	1,592	3 Units			$213	
203 W JACKSON ST	$390,000	1,955	3	2	1	$199	10/16/18
Sub-Total / Avg	$390,000	1,955	1 Unit			$199	
Total / Avg	$352,350	1,683	4 Units			$209	
Listings:							
529 N SPRING ST	$450,000	2,720	3	3	1	$165	
Total / Avg	$450,000	2,720	1 Unit			$165	

Source: Pensacola Assoc. of Realtors MLS; compiled by Weitzman Associates, LLC



Aragon is a 20- acre, 129-lot New Urbanist urban infill development occupying a former public housing site. Located within the Seville Historic District, Aragon's homes must comply with historic design and construction standards, and while all new construction since 2000, the homes all feature historic details and exterior finishes. The homes generally range from narrow rowhouses and cottages to large single-family houses totaling more than 5,000 square feet. The homes typically do not have driveways, and garages are accessed from alleys at the rear of the homes, where there is also additional parking in pocket surface lots. Aragon Park is a public park and playground situated at the center of the development, but the development is also located a short walk from Seville Square and neighborhood restaurants, as well as being a short walk to the core of downtown Pensacola at Palafox Street. Since January 2017, there have been 11 resales recorded through the MLS: two (2) two-bedroom / 2.5-bath units which sold at an average price of $383,750, or $281 per square foot based upon an average size of 1,368 square feet; eight (8) three-bedroom units which sold at an average price of $526,313, or $252 per square foot based upon an average size of 2,089 square feet; and a 2,397 square foot four-bedroom / four-bath unit which sold for $849,000, or $354 per square foot. There is currently a relatively large, 3,174 square foot, two-bedroom unit listed at $1,150,000, or $362 per square foot; two (2) three-bedroom units listed at an

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average price of $822,495 or $293 per square foot based upon an average size of 2,804 square feet; and three (3) four-bedroom units listed at an average price of $855,000 or $336 per square foot based upon an average size of 2,545 square feet.

TABLE 49
ARAGON

Unit #	Sale / List Price	SF	BR	Full BA	Half BA	Price PSF	Sale Date
Sales:							
501 SANTOS ST	$420,000	1,436	2	2	1	$292	03/20/17
508 SANTOS ST	$347,500	1,300	2	2	1	$267	09/30/17
Sub-Total / Avg	$383,750	1,368	2 Units			$281	
656 ARAGON ST	$517,500	2,000	3	2	1	$259	02/14/17
10 S FLORIDA BLANCA	$430,000	2,052	3	2	1	$210	04/28/17
500 E ROMANA ST	$629,000	2,533	3	2	1	$248	09/29/17
20 W GATHERING GREEN	$500,000	2,200	3	3	1	$227	10/04/17
14 S FLORIDA BLANCA	$595,000	2,270	3	3	0	$262	11/03/17
21 GATHERING GREEN	$464,000	1,972	3	3	1	$235	11/30/17
20 W GATHERING GREEN	$575,000	1,700	3	3	1	$338	01/31/19
542 SANTOS ST	$500,000	1,986	3	2	1	$252	02/25/19
Sub-Total / Avg	$526,313	2,089	8 Units			$252	
577 ARAGON ST	$849,000	2,397	4	4	0	$354	06/19/18
Sub-Total / Avg	$849,000	2,397	1 Unit			$354	
Total / Avg	$529,727	1,986	11 Units			$267	
Listings:							
513 E ROMANA ST	$1,150,000	3,174	2	2	1	$362	
Sub-Total / Avg	$1,150,000	3,174	1 Unit			$362	
636 E ROMANA ST	$999,990	2,628	3	2	1	$381	
591 ARAGON ST	$645,000	2,980	3	3	1	$216	
Sub-Total / Avg	$822,495	2,804	2 Units			$293	
536 E ROMANA ST	$810,000	2,261	4	3	1	$358	
142 CEVALLOS ST	$1,195,000	3,363	4	3	1	$355	
537 E ROMANA ST	$560,000	2,010	4	2	1	$279	
Sub-Total / Avg	$855,000	2,545	3 Units			$336	
Total / Avg	$893,332	2,736	6 Units			$327	

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PROPOSED FOR-SALE DEVELOPMENTS



Brothers Paul and Steve Grimes are building a three-story, mixed-use development known as **The Imperium** at 120 W. Government Street, between S. Baylen and S. Spring Streets. The planned development includes three commercial office units on the ground floor with a two-story townhome loft residence above each space. The Grimes brothers had purchased the 0.7-acre site from the City of Pensacola, which had used it as a parking lot through the Downtown Improvement Board. The ground floor office units are planned to measure 685 square feet, providing a single open work area with 12' ceilings, built-in kitchenette, and a glass storefront. Each of the two- or three-bedroom/3.5-bath residential units are planned to measure 2,677 square feet, and feature a two-car garage, a private elevator to all three levels, 10-22' ceiling heights, a private balcony overlooking Government Street, and high-end features such as Wolf and Sub-Zero appliances. The commercial and residential units can be purchased together or separately. We did not find any listings on the MLS, but note that a residential unit is listed on Trulia with an asking price of $1,150,000, or $430 per square foot. Construction is currently in the framing stage.



The Warfield is a mixed-use condominium development proposed for development at the northwest corner of South Alcaniz and East Intendencia Streets in the Seville Historical District. The proposed development by THG Investments would encompass a new three-story, 16,800-square-foot building combined with an existing 3,552-square-foot structure at 127 S. Alcaniz Street (that in the early 1900s served as the Warfield Grocery Company). The existing building as well as the ground floor of the new building is planned as commercial space, while the upper floors would be comprised of eight residential condominium units. The proposed development would include a community pool, storage units, outdoor kitchen, and dedicated parking spaces. In late-2017 to mid-2018, eight units were listed on the MLS, but those listings have since expired; the listings were for 1,349 to 1,395 square foot two-bedroom units priced from $472,150 to $544,050, or from $338 to $390 per square foot. We have been informed that a permit application was submitted in June 2018, but a new construction permit was never issued. There are no current listings, and the status of the proposed development is uncertain.



A $35 million, mixed-use residential and retail development has been proposed for a vacant, 2.2-acre site, known as the **Hawkshaw Property**, at South Ninth Avenue and East Romana Street, directly north of Admiral Mason Park. The planned development calls for a combination of retail, restaurants, and condominiums in two phases. The first phase of development along South Ninth Avenue is planned as a three-story building with 12 residential condominium units and retail space, including a restaurant. The second phase will consist of an elevated three-story residential building along East Romana Street with 27 condominium units. Parking spaces will be located underneath the East Romana Street building, as well as on the site's northeast quadrant. No permits for the project are on record, and the status of the proposed development remains uncertain.

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Girard Place is a new 23-unit townhome development planned for a 1.5-acre site at 302 W. Romana Street, at the northwest corner of Romana and Rues Streets, in the historic district. The project's unit mix includes two-bedroom plans with a one-car garage and three-bedroom plans with a two-car garage. The two-bedroom / two-bath plan measures 2,119 square feet, the non-corner three-bedroom / three-bath plan measures 2,952 square feet, and the corner three-bedroom / three-bath plan measures 2,972 square feet. All units are designed as three stories. Planned unit features include 8-foot solid doors on the first and second floors; hardwood floors throughout the stairs, first and second floors; large windows; stainless steel appliances; granite countertops; and washer-dryer hookup. Additionally, the property will feature automated design elements, allowing owners to control their homes' features and appliances from their smart phone. Planned community amenities include a fitness center, an outdoor swimming pool, and an outdoor fire pit and entertainment area. It is noted that six units were listed on the MLS in June 2018, but those listings expired at the end of January 2019; the listings were for three (3) two-bedroom units priced at $559,000, or $264 per square foot, a non-corner three-bedroom unit priced at $719,000, or $244 per square foot, and two (2) corner three-bedroom units priced at $739,000, or $249 per square foot. We have been informed that building permits are currently under review.



Ron Ladner and Rimmer Covington, owners of the Shaggy's restaurants along the Gulf Coast, have proposed a 14-unit townhome development for a 0.71-acre site located at **111 S. Spring Street**, at the northwest corner of South Spring Street and West Intendencia Street. The proposed development, known as Aguada Creek, would comprise of three buildings. The three-story, two and three-bedroom townhome units would range from 1,500 to 2,025 square feet, and each would include a garage accessed from the interior, as well as a rooftop terrace. We have been informed that the proposed development is currently under review.

FOR-SALE HOUSING COMPARABLES CONCLUSION

Despite the general lack of condominium sale transactions in downtown Pensacola, there are several examples of condominiums, townhomes, and single-family for-sale product that has experienced regular turnover, largely exhibiting the marketplace for such housing in the city. We have profiled all of the comparable communities that serve to frame the market for the subject site, although in our view, the best comparables are Port Royal, Alcaniz Center, and 1700 Scenic Highway. Nevertheless, none of these are direct comparables for differing reasons.

Port Royal is the only amenitized condominium property downtown, but is quite dated in its appearance, having been built in 1984. Further, Port Royal's homes generally all feature direct unobstructed water views, while only higher floor, south facing units at the subject development will have water views. Therefore, while Port Royal is older, it is more comparable in amenities, but superior in terms of the potential views available from the average unit. We believe the subject development ought to be positioned materially higher than Port Royal on a per square foot basis, taking into account the fact that Port Royal's

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homes are relatively large, which depresses the pricing per square foot, and because Port Royal lacks the ceiling heights, quality and overall modern amenities that the subject property will include.

Alcaniz Center is lower quality product, and is only two stories without structured or secured parking, but it features a strong neighborhood location. There are no amenities, nor are there views. We believe the subject development should be positioned materially above Alcaniz Center due to quality, location, and view potential.

1700 Scenic Highway is the only modern high-rise comparable in the submarket, having been built in 1999, but its prices are impacted by the relatively large unit sizes, location distance from downtown, and noise infiltration from the road and train. The views from the upper floors, however, are excellent, and the amenities and interior finishes and floorplans are very good. Nevertheless, on a per square foot basis, we believe for-sale housing at the subject development should be positioned well above 1700 Scenic Highway.

We have also considered Artisan Lofts, two large residential condominium units (5,200 square feet and 2,500 square feet) part of The Artisan mixed-use, adaptive re-use located at Palafox and Main Streets. The two residential condominium units sold to a single buyer in July 2014 for $2,070,700, or $269 per square foot. Nevertheless, these units feature a private street entrance, private parking garage entered from Main Street, and access to a private elevator.

While there is certainly precedent for condominium sales downtown, they do not occur in enough frequency for a trend to be observed, or for a critical mass of sales to clearly support the pricing for a larger condominium development. Thus, we recommend taking a cautious approach to projecting condominium residences at the subject site.

The following table summarizes the recent sales activity and current availability at the comparable properties identified herein. A map of the new development for-sale comparables, older development for-sale comparables, and proposed for-sale developments follows.

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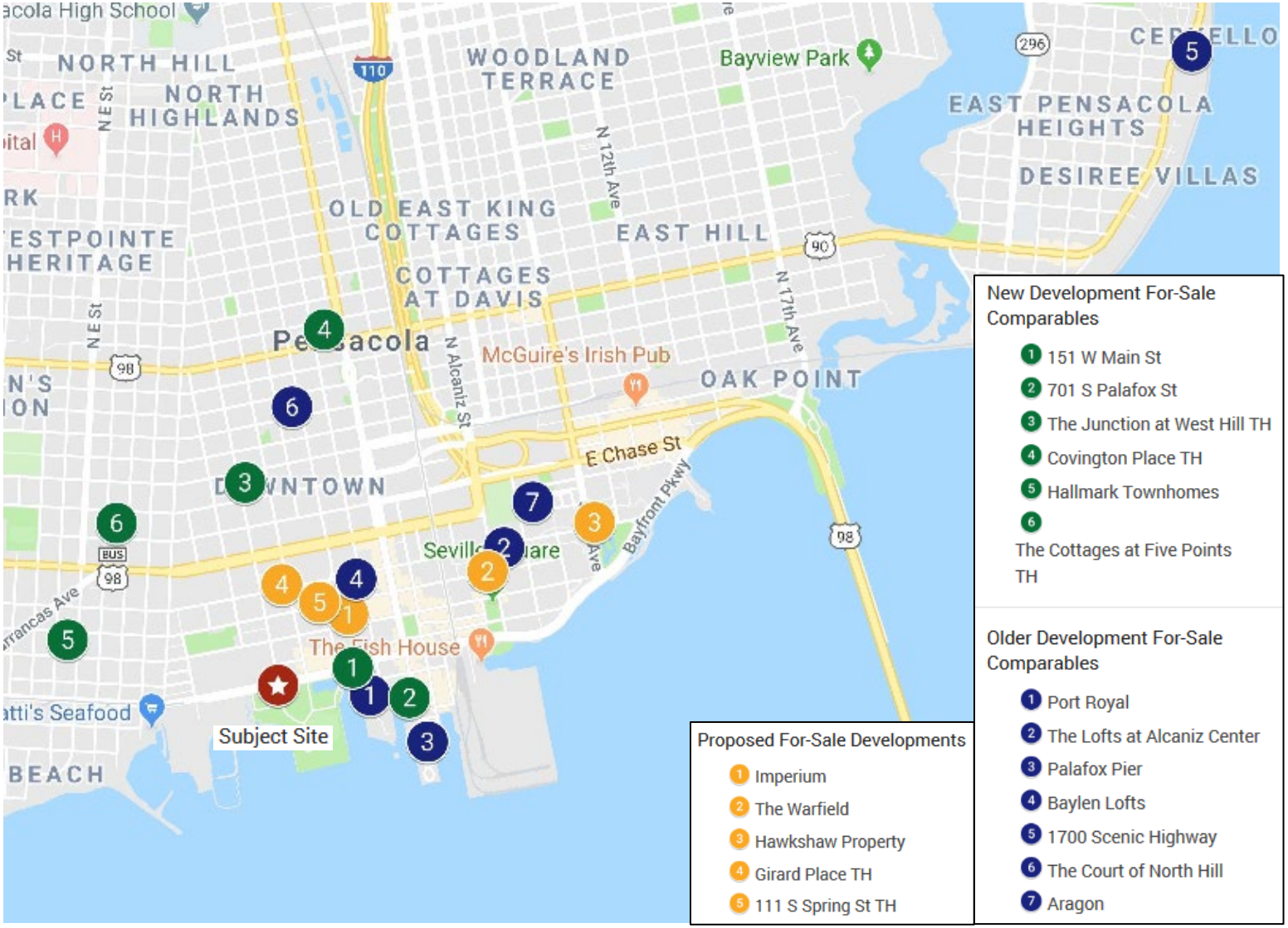
TABLE 50

SUMMARY OF COMPARABLE RESIDENTIAL SALES AND LISTINGS

	One-Bedroom Units				Two-Bedroom Units				Three-Bedroom Units				Four-Bedroom Units			
Property	Units	Avg SF	Avg Price	Avg Price PSF	Units	Avg SF	Avg Price	Avg Price PSF	Units	Avg SF	Avg Price	Avg Price PSF	Units	Avg SF	Avg Price	Avg Price PSF
Sales (Since Jan 2017):																
One51 Main (Resales)	-	-	-	-	2	2,062	$965,000	$468	-	-	-	-	-	-	-	-
701 S. Palafox (Resale)	-	-	-	-	1	2,321	$1,299,000	$560	-	-	-	-	-	-	-	-
The Junction at West Hill	-	-	-	-	4	1,258	$230,308	$183	16	1,506	$280,181	$186	-	-	-	-
Hallmark Townhomes	-	-	-	-	-	-	-	-	4	1,542	$273,200	$177	-	-	-	-
Port Royal	-	-	-	-	9	1,552	$430,639	$277	8	2,110	$570,375	$270	-	-	-	-
The Lofts at Alcaniz Center	5	843	$233,900	$277	1	1,700	$380,000	$224	-	-	-	-	-	-	-	-
Palafox Pier	-	-	-	-	-	-	-	-	1	4,003	$1,500,000	$375	-	-	-	-
Baylen Lofts	-	-	-	-	-	-	-	-	1	2,800	$860,000	$307	1	2,596	$675,000	$260
1700 Scenic Highway	-	-	-	-	6	1,611	$357,250	$222	1	2,352	$556,000	$236	-	-	-	-
The Court of North Hill	-	-	-	-	3	1,592	$339,800	$213	1	1,955	$390,000	$199	-	-	-	-
Aragon	-	-	-	-	2	1,368	$383,750	$281	8	2,089	$526,313	$252	1	2,397	$849,000	$354
Listings:																
The Junction at West Hill	-	-	-	-	9	1,315	$237,622	$181	2	1,441	$266,493	$185	-	-	-	-
Covington Place	-	-	-	-	-	-	-	-	9	2,017	$489,233	$243	4	2,237	$571,825	$256
Hallmark Townhomes	-	-	-	-	-	-	-	-	17	1,542	$262,606	$170	-	-	-	-
Garden District Cottages	-	-	-	-	-	-	-	-	2	1,572	$282,499	$180	-	-	-	-
Port Royal	-	-	-	-	1	1,268	$399,500	$315	1	2,112	$570,000	$270	-	-	-	-
The Lofts at Alcaniz Center	2	843	$237,500	$282	2	1,660	$404,950	$244	-	-	-	-	-	-	-	-
Baylen Lofts	-	-	-	-	1	2,596	$750,000	$289	-	-	-	-	-	-	-	-
1700 Scenic Highway	-	-	-	-	2	1,630	$383,500	$235	1	2,303	$619,000	$269	-	-	-	-
The Court of North Hill	-	-	-	-	-	-	-	-	1	2,720	$450,000	$165	-	-	-	-
Aragon	-	-	-	-	1	3,174	$1,150,000	$362	2	2,804	$822,495	$293	3	2,545	$855,000	$336

Source: Pensacola Assoc. of Realtors MLS; compiled by Weitzman Associates, LLC

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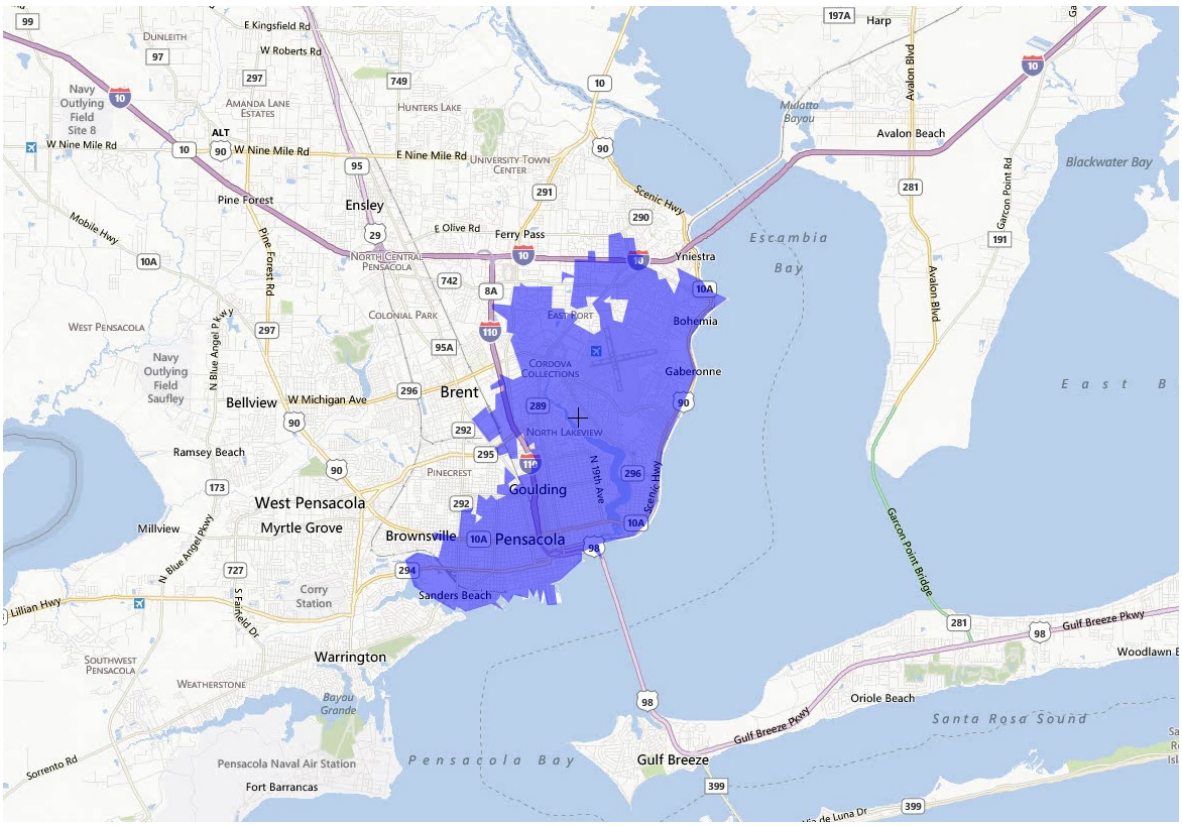
HOUSING DEMAND ANALYSIS

RENTAL HOUSING DEMAND

We have attempted to quantify the depth of demand for a potential rental development at the subject property in Downtown Pensacola. This task is accomplished by: (1) estimating the underlying demand for rental housing in the market area; (2) projecting the annual absorption of the housing units at the development; and (3) estimating the percent of total demand that the project must capture in order to achieve the projected level of absorption. Not only does this analysis provide a significant test of overall project marketability and ease of market entry for the homes, but it is an additional quantifying factor in determining the development and investment risk associated with absorption.

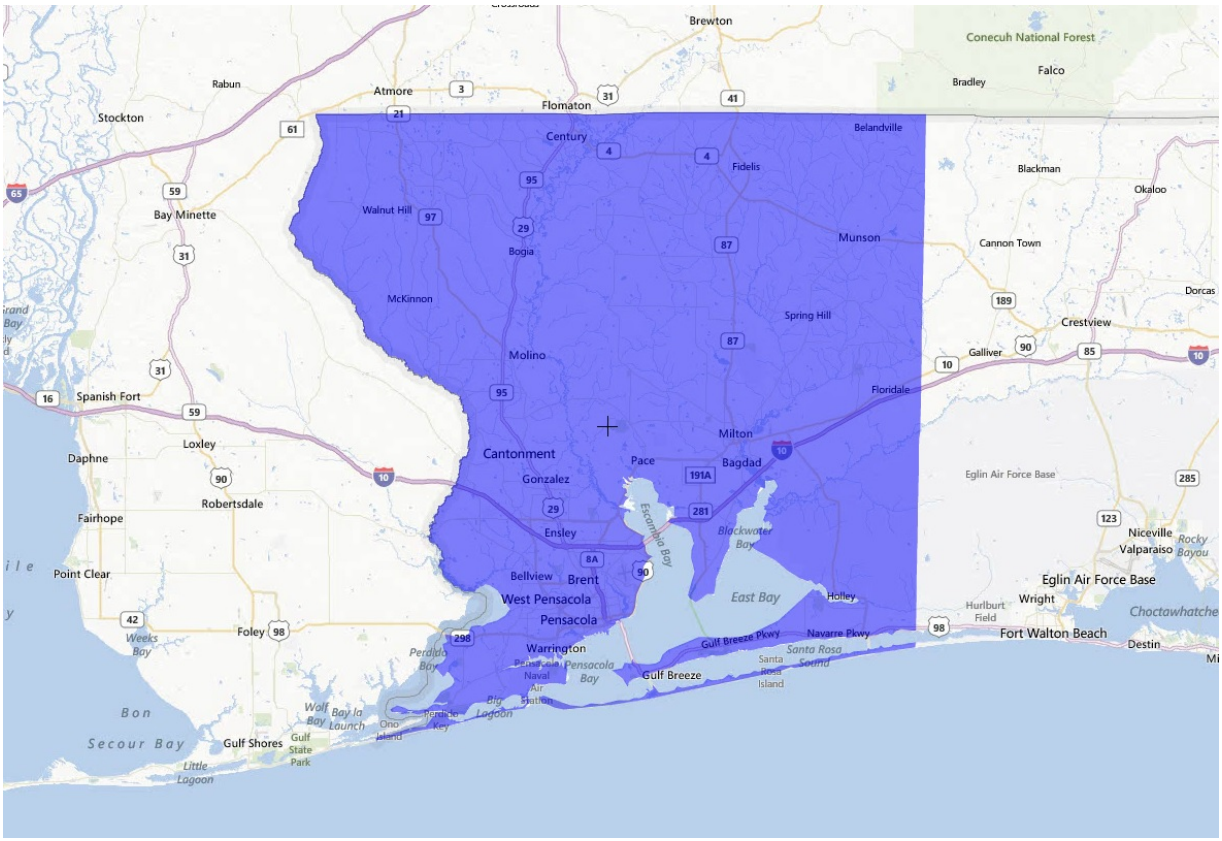
We have defined the Primary Market Area from which we believe most of the demand for housing in downtown Pensacola will come. The Primary Market Area comprises all of the city of Pensacola, and the Secondary Market Area comprises all of the Pensacola Metropolitan Statistical Area. We believe that the vast majority of demand for the proposed development will come from households presently living in the Primary Market Area, as those renters who are most likely to choose a downtown housing location are those who already live nearby, and where downtown Pensacola is already a regular destination for entertainment or work. The following maps show each defined market area.

PRIMARY MARKET AREA



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SECONDARY MARKET AREA



Based upon demographic statistics published by ESRI, a leading GIS and demographics firm, and the U.S. Census Bureau, we have examined the number of households estimated to be seeking housing within the market areas who meet the target market criteria for rental housing at the subject property. We believe the project will attract households earning $35,000 or more annually. This is based in part on the income distribution at Southtowne. We have used these income criteria to quantify the number of qualified renter households in the market areas as of 2018. According to ESRI's analysis, there are a total of 15,344 income-qualified households presently living in the Primary Market Area. In the Secondary Market Area, there are 126,759 households earning over $35,000 annually.

Similar to Southtowne, some of the residents of the proposed development will be renting by choice, having perhaps sold a larger single-family home and not being interested in the costs of ownership at their stage in life. Nevertheless, to be conservative, our analysis considers only those households presently renting. This is particularly conservative because we believe that there is an ongoing structural shift taking place in the United States toward rental housing, whereby otherwise financially qualified households are choosing to rent instead of to buy. This has been accelerated somewhat by the recently passed tax legislation, which disincentivizes home ownership in many states with higher real estate and state and local income taxes.

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ESRI forecasts that the ratio of rental households will fall by 1.2% in Pensacola City and by 1.6% in the Pensacola MSA between 2018 and 2023, although this may be due to the overall increase in households at higher income levels choosing to purchase a home. However, an overall increase in the number of households means that the number of renter households is also increasing. Our analysis calculates the number of income qualified renter households by applying the renter household ratio in the market area to the total number of qualified households.

ESRI also regularly publishes data related to housing tenure. The most recent data indicates that 39.9% of all households in the Primary Market Area rent their homes. This ratio is 29.8% in the Secondary Market Area. Applying these ratios to their respective number income qualified homes for both market areas allows us to estimate the total number homes that are both renter and income-qualified. Thus, we have estimated that there are totals of 6,122 households in Pensacola City, and 37,774 in the Pensacola MSA, that are renter and income-qualified households.

The calculation for determining household demand is based upon several components: internal mobility within a market area (a household changing their housing situation within the market), the anticipated household growth constituting new households coming from outside the market area, and new households being created within the market area. A conservative estimated internal mobility rate of 25.0% was applied to determine annual internal demand, effectively quantifying the number of renter households annually that are likely to change their housing situation. This is based loosely on the fact that the turnover rate at typical apartment communities throughout the United States is 35% to 50% depending on the market circumstances. Therefore, we have estimated a turnover rate of 25%. We acknowledge that this is quite conservative due to the typical turnover at apartment communities in the periphery of Pensacola, where turnover is often above 70%. It is therefore conservative to forecast that at least one in four tenants will consider changing housing in any given year. Overall, the total internal mobility indicated that 1,531 existing income-qualified households in Primary Market Area would seek new housing in any given year, while this number grows to 9,444 in the Secondary Market (which includes the Primary Market Area).

We then quantified the number of new income-qualified households projected to be created within each Market Area, which is based upon the projected annual household growth rates among our target households. In the Primary Market Area, the household growth rate is projected to be 2.7% annually. The rate is 2.9% in the Secondary Market Area as a whole. These rates are reflective of a growing community. These growth rates present an estimated 166 and 1,083 new renter households annually in each market area, respectively.

Based upon household growth and internal mobility within each market area, among households meeting our target criteria, we are able to measure the potential number of qualified households seeking rental housing in any given year. This is then compared with several scenarios of total annual absorption at the development in order to gauge the portion of the potential demand that the project must capture in order to be absorbed by the market readily. Based upon our experience, resulting capture rates should be approximately 7.0% or less in order for the development to be readily absorbed in the market. Those developments requiring a capture rate of approximately 10.0% or more tend to have a more difficult time entering the market.

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As shown in the following table, there are estimated to be 1,697 income-qualified households seeking new rental housing in the Primary Market Area during any given year. In the Secondary Market Area, there are projected to be 10,526 qualified households seeking new rental housing in any given year.

Projecting absorption scenarios at the rates of five, 10, and 20 units leased per month, the resulting capture rates, given the estimated annual qualified housing demand, indicate demographic support for the project's absorption at a pace of up to 10 units per month if relying solely on demand from the Primary Market Area. The capture rate in the Primary Market Area is 7.1% at an absorption pace of 10 units per month. We know that Southtowne was fully leased in just eight months, equating to an absorption pace of approximately 32 units per month, and therefore the demand for apartments downtown has been demonstrated to far exceed what may be reflected in the demand analysis. If relying also on demand from the Secondary Market Area, the demographics support absorption at a pace exceeding 20 units per month, with the capture rate at this level being only 2.3%.

There is significant demographic depth of demand among renter households earning incomes above $35,000, and assuming that the subject property can capture market awareness and gain the interest of the majority of renter households that may be seeking housing in any given year, it is likely that the project will be able to capture 10% or more of market demand in the Primary Market Area due to the prominence of its location, the precedent of Southtowne, and the lack of similar housing in the downtown area. The project should be able to capture more than its fair share of market demand, as Southtowne itself has done.

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TABLE 51

RENTAL HOUSING DEMAND ANALYSIS

All Households Earning above $35,000 Annually

by Household Income, 2018 Estimate

	PRIMARY MARKET AREA Pensacola City	**SECONDARY MARKET AREA** Pensacola MSA
Total Households		
$35,000 - $49,999	3,519	28,131
$50,000 - $74,999	4,375	36,760
$75,000 - $99,999	2,532	25,261
$100,000 - $149,999	2,781	22,209
$150,000 - $199,999	893	7,629
$200,000 +	1,244	6,769
Total Income Qualified Households	15,344	126,759
Ratio of Rental Households	39.9%	29.8%
Total Renter Households	6,122	37,774
Household Mobility Rate	25%	25%
Total Estimated Internal Mobility	1,531	9,444
Annual Household Growth Rate (2018-2023)	2.7%	2.9%
Annual Household Growth	166	1,083
Total Housing Demand	**1,697**	**10,526**
Projected Annual Capture Rate @ 240 Units per Year (20 Units per Month)	14.1%	2.3%
Projected Annual Capture Rate @ 120 Units per Year (10 Units per Month)	7.1%	1.1%
Projected Annual Capture Rate @ 60 Units per Year (5 Units per Month)	3.5%	0.6%

Source: ESRI; American Community Survey projections by Weitzman Associates, LLC

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Rental Housing Demand from Middle- and Lower-Income Households

We have conducted a second demand analysis using further restricted income qualifications as a test of the sensitivity of the capture rates for the proposed rental housing component of the West Main Street Site. We have attempted to quantify the demand for rental housing among middle- and lower-income households in the Primary and Secondary market areas by including households earning between $25,000 and $74,999 that are presently renting. What we concluded is that middle- and lower-income households make up a significant portion of the demand for rental housing. However, it is worth noting that the projected household growth rate for this group is much lower compared to higher-income groups; 0.9% annually in the Primary Market Area and 0.4% in the Secondary Market Area compared to 2.7% and 2.9%, respectively, when including higher-income households.

We estimate around 1,087 renter-households earning between $25,000 and $74,999 annually within the Primary Market Area will seek new rental housing in any given year and 6,418 renter-households within the Secondary Market Area (which includes the Primary). This indicates support for the project's absorption of relatively affordable rental units at a pace of between six and eight units per month if relying solely on demand from middle- and lower-income households in the Primary Market Area. The capture rate in the Primary Market Area is 6.6% at an absorption pace of six units per month and 8.8% at a pace of eight units per month.

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TABLE 52

LOWER- AND MIDDLE-INCOME RENTAL HOUSING DEMAND ANALYSIS

All Households Earning between $25,000 and $74,999 Annually

by Household Income, 2018 Estimate

	PRIMARY MARKET AREA Pensacola City	**SECONDARY MARKET AREA** Pensacola MSA
Total Households		
$25,000 - $34,999	2,633	19,942
$35,000 - $49,999	3,519	28,131
$50,000 - $74,999	4,375	36,760
Total Income Qualified Households	10,527	84,833
Ratio of Rental Households	39.9%	29.8%
Total Renter Households	4,200	25,280
Household Mobility Rate	25%	25%
Total Estimated Internal Mobility	1,050	6,320
Annual Household Growth Rate (2018-2023)	0.9%	0.4%
Annual Household Growth	36	98
Total Housing Demand	**1,087**	**6,418**
Projected Annual Capture Rate @ 180 Units per Year (15 Units per Month)	16.6%	2.8%
Projected Annual Capture Rate @ 96 Units per Year (8 Units per Month)	8.8%	1.5%
Projected Annual Capture Rate @ 72 Units per Year (6 Units per Month)	6.6%	1.1%
Projected Annual Capture Rate @ 60 Units per Year (5 Units per Month)	5.5%	0.9%

Source: ESRI; American Community Survey projections by Weitzman Associates, LLC

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Rental Housing Demand from Military Personnel

As mentioned earlier, the Escambia County economy is largely dependent on the presence of military personnel, as it is home to several military installations and facilities such as the Naval Air Station (NAS) Pensacola, Corry's Station, and Saufley Field. There are numerous tenants at Southtowne who are employed by the military. According to Enterprise Florida's December 2017 issue of its *Florida Defense Book*, Escambia County is home to 60,589 direct and indirect military employees. The NAS Pensacola itself has 14,544 military personnel per year (not including family members). Excluding those that may be served by government quarters, this transient population (and their dependents) is expected to contribute to the rental housing demand of the region.

The Basic Allowance for Housing (BAH), which provides uniformed service members housing compensation based on costs in local housing markets, gives an indication of the depth of the rental housing market that could exist in this population. These rates are based on the combination of costs for rent, utilities and renter's insurance, which are location-based. As of 2018, the BAH rates in Pensacola for service members without dependents ranged between $1,041 and $1,395, which was decrease over the 2017 BAH rates that range between $1,053 and $1,410. The range in BAH rates in Pensacola for service members with dependents has decreased as well from a range of $1,296 to $1,863 in 2017 to a range of $1,233 to $1,860 in 2018. The following table shows the range in BAH rates in Pensacola for service members, with and without dependents, according to pay grades by rank.

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TABLE 53

BASIC ALLOWANCE FOR HOUSING
PENSACOLA, FLORIDA

Rank	E-1	E-2	E-3	E-4	E-5	E-6	E-7	E-8	E-9	W-1	W-2	W-3
BAH Rates												
2018	$1,041	$1,041	$1,041	$1,041	$1,101	$1,149	$1,236	$1,332	$1,338	$1,206	$1,329	$1,341
2017	$1,053	$1,053	$1,053	$1,053	$1,167	$1,233	$1,302	$1,377	$1,383	$1,269	$1,374	$1,386
2017 - 2018 Change	*-1.1%*	*-1.1%*	*-1.1%*	*-1.1%*	*-5.7%*	*-6.8%*	*-5.1%*	*-3.3%*	*-3.3%*	*-5.0%*	*-3.3%*	*-3.2%*
BAH Rates W/ Dependents												
2018	$1,233	$1,233	$1,233	$1,233	$1,323	$1,353	$1,365	$1,374	$1,443	$1,362	$1,371	$1,383
2017	$1,296	$1,296	$1,296	$1,296	$1,371	$1,395	$1,401	$1,410	$1,476	$1,398	$1,407	$1,419
2017 - 2018 Change	*-4.9%*	*-4.9%*	*-4.9%*	*-4.9%*	*-3.5%*	*-3.0%*	*-2.6%*	*-2.6%*	*-2.2%*	*-2.6%*	*-2.6%*	*-2.5%*

Rank	W-4	W-5	O1E	O2E	O3E	O-1	O-2	O-3	O-4	O-5	O-6	O-7
BAH Rates												
2018	$1,350	$1,356	$1,323	$1,335	$1,347	$1,137	$1,293	$1,344	$1,353	$1,374	$1,386	$1,395
2017	$1,395	$1,401	$1,371	$1,380	$1,392	$1,224	$1,347	$1,389	$1,398	$1,404	$1,410	$1,440
2017 - 2018 Change	*-3.2%*	*-3.2%*	*-3.5%*	*-3.3%*	*-3.2%*	*-7.1%*	*-4.0%*	*-3.2%*	*-3.2%*	*-2.1%*	*-1.7%*	*-3.1%*
BAH Rates W/ Dependents												
2018	$1,473	$1,593	$1,368	$1,377	$1,488	$1,329	$1,350	$1,380	$1,635	$1,830	$1,848	$1,860
2017	$1,503	$1,611	$1,404	$1,413	$1,518	$1,374	$1,392	$1,416	$1,653	$1,827	$1,845	$1,863
2017 - 2018 Change	*-2.0%*	*-1.1%*	*-2.6%*	*-2.5%*	*-2.0%*	*-3.3%*	*-3.0%*	*-2.5%*	*-1.1%*	*0.2%*	*0.2%*	*-0.2%*

Source: defensetravel.dod.mil; compiled by Weitzman Associates, LLC

In conclusion, we recognize the importance of military employment in the Pensacola area, but believe that the types of short-term renters passing through Pensacola for a few months at a time will not present viable demand for the project. Most of these tenants will be seeking an economical "deal" whereby they are spending as little on rents as possible. The permanent military and military-dependent tenancy will be a viable target market for the project, as has been the case at Southtowne, and we believe that the project is well-situated to attract users seeking 12-month leases. We do not believe that it will be important to offer shorter-term leases in order to attract military-dependent households to the project.

FOR-SALE HOUSING DEMAND

We have also attempted to quantify the depth of demand for a potential for-sale housing development at the subject property in Downtown Pensacola. This utilizes the same methodology as the rental housing demand analysis, although a few assumptions regarding the target demographic are different.

We believe households from a higher income demographic (i.e. those earning $75,000 or more annually) will be attracted to a for-sale housing component of the project assuming unit pricing is appropriate and mortgage financing is readily obtainable.

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In the same way that we only considered current renters in the rental housing demand analysis, this for-sale housing demand analysis includes only those households who presently own a home in each of the previously defined market areas. Of the 7,450 income-qualified households presently living in the Primary Market Area, ESRI estimates that 48.0% are current homeowners. Of the 61,868 income-qualified households presently living in the Secondary Market Area, ESRI estimates that 56.4% are current homeowners. This translates to an estimated 3,576 income-qualified owner households in the Primary Market Area and 34,894 income-qualified owner households in the Secondary Market Area.

Internal mobility is markedly different for homeowners than for renters. According to the 2018 Annual Social and Economic Supplement to the Current Population Survey, provided by the Census, approximately 5.0% of homeowners in the US moved between 2017 and 2018, about one-fourth the number of renters that moved during the same period. Using this logic, we have applied an estimated internal mobility rate of 7.0% to determine annual internal demand within the defined local market areas, effectively quantifying the number of owner households annually that are likely to change their housing situation. Overall, the total internal mobility indicated that 250 existing income-qualified households in Primary Market Area would seek new housing in any given year, while this number grows to 2,443 in the Secondary Market (which includes the Primary Market Area).

We then quantified the number of new income-qualified households projected to be created within each Market Area using the same projected annual household growth rate as used in the rental housing demand analysis. The number of owner households earning incomes within our targeted range is projected to increase by an estimated 147 households in the Primary Market Area and 1,651 in the Secondary Market Area.

Based upon household growth and internal mobility within each market area, among households meeting our target criteria, we are able to measure the total potential number of qualified households seeking housing in any given year. As in the rental housing demand analysis, this is then compared with several scenarios of total annual absorption at the development in order to gauge the portion of the potential demand that the project must capture in order to be absorbed by the market readily. Resulting capture rates of approximately 7.0% or less indicate the potential for relatively easy absorption by the market.

As shown in the following table, there are estimated to be 397 income-qualified owner households seeking new housing in Primary Market Area during any given year. In the Secondary Market Area, there are projected to be 4,094 qualified households seeking new housing in any given year.

Applying lower absorption scenarios than in the rental housing demand analysis, at the rates of 48, 36, 30 and 24 units sold per year, the resulting capture rates given the estimated annual qualified housing demand are moderately low and support absorption at these levels. The capture rates are 12.1%, 9.1%, 7.6%, and 6.0% at absorption rates of 48, 36, 30 and 24 units per year, respectively, in the Primary Market Area. These capture rates are acceptable and suggest that an absorption rate between two and three units per month (24 to 36 per year) could be supported by the Primary Market Area alone. The capture rates in the Secondary Market Area are much more favorable at no more than 1.2%, which indicates that the success of an absorption pace greater than three units per month depends upon the project's ability to draw from the wider Metropolitan area.

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The following table summarizes our demand analysis calculations in the for-sale housing scenario.

TABLE 54
FOR-SALE HOUSING DEMAND ANALYSIS
All Households Earning above $75,000 Annually
by Household Income, 2018 Estimate

	PRIMARY MARKET AREA Pensacola City	**SECONDARY MARKET AREA** Pensacola MSA
Total Households		
$75,000 - $99,999	2,532	25,261
$100,000 - $149,999	2,781	22,209
$150,000 - $199,999	893	7,629
$200,000 +	1,244	6,769
Total Income Qualified Households	7,450	61,868
Ratio of Owner Households	48.0%	56.4%
Total Owner Households	3,576	34,894
Household Mobility Rate	7%	7%
Total Estimated Internal Mobility	250	2,443
Annual Household Growth Rate (2018-2023)	4.1%	4.7%
Annual Household Growth	147	1,651
Total Housing Demand	**397**	**4,094**
Projected Annual Capture Rate @ 48 Units per Year (4 Units per Month)	12.1%	1.2%
Projected Annual Capture Rate @ 36 Units per Year (3 Units per Month)	9.1%	0.9%
Projected Annual Capture Rate @ 30 Units per Year (2.5 Units per Month)	7.6%	0.7%
Projected Annual Capture Rate @ 24 Units per Year (2 Units per Month)	6.0%	0.6%

Source: ESRI; American Community Survey projections by Weitzman Associates, LLC

For-Sale Housing Demand from Higher-Income Households

As in the rental housing demand analysis, we have conducted a second demand analysis using further restricted income qualifications as a test of the sensitivity of the capture rates for the considered for-sale housing component of the Main Street Site. Contrary to the rental housing analysis (in which we focused on middle- and lower-income households), we have attempted to quantify the demand for for-sale housing

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among higher-income households in the Primary and Secondary market areas by including households earning over $200,000 that are presently homeowners. What we concluded is that higher-income households make up a relatively small but very rapidly growing portion of the demand for for-sale housing. The projected household growth rate for this group is 6.4% annually in the Primary Market Area and 7.2% in the Secondary Market Area compared to 2.7% and 2.9%, respectively, when including lower-income households.

We estimate around 80 owner-households earning over $200,000 annually within the Primary Market Area will seek new for-sale housing in any given year and 544 owner-households within the Secondary Market Area (which includes the Primary). This indicates support for the project's absorption of luxury for-sale units at a pace of between five and six units per year (one sale every two months) if relying solely on demand from higher-income households in the Primary Market Area. The capture rate in the Primary Market Area is 6.3% at an absorption pace of five units per year and 7.5% at a pace of six units per year.

TABLE 55

HIGH-INCOME FOR-SALE HOUSING DEMAND ANALYSIS

All Households Earning above $200,000 Annually

by Household Income, 2018 Estimate

	PRIMARY MARKET AREA Pensacola City	**SECONDARY MARKET AREA** Pensacola MSA
Total Households $200,000 +	1,244	6,769
Total Income Qualified Households	1,244	6,769
Ratio of Owner Households	48.0%	56.4%
Total Owner Households	597	3,818
Household Mobility Rate	7%	7%
Total Estimated Internal Mobility	42	267
Annual Household Growth Rate (2018-2023)	6.4%	7.2%
Annual Household Growth	38	277
Total Housing Demand	**80**	**544**
Projected Annual Capture Rate @ 8 Units per Year	10.0%	1.5%
Projected Annual Capture Rate @ 7 Units per Year	8.8%	1.3%
Projected Annual Capture Rate @ 6 Units per Year	7.5%	1.1%
Projected Annual Capture Rate @ 5 Units per Year	6.3%	0.9%
Projected Annual Capture Rate @ 4 Units per Year	5.0%	0.7%

Source: ESRI; American Community Survey projections by Weitzman Associates, LLC

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HOUSING DEMAND FROM RETIREMENT-AGED ADULTS

We have also considered the potential demand using further restricted age qualifications in our consideration of target markets for the residential component of the subject site. We believe households with net worth greater than $250,000 in which the householder is over the age of 65, regardless of housing tenure, is a viable target market for the proposed development.

Older households (65+) represent approximately 31.9% of all households in the Primary Market Area while older households with net worth greater than $250,000 represent 15.0% of all households. In the Secondary Market Area, these proportions decrease slightly to 28.2% and 14.7%, respectively. The projected household growth rate for this age group is high, at 3.3% annually in the Primary Market Area and 3.7% in the Secondary Market Area.

As shown in the following table, there are an estimated 3,730 households in the Primary Market Area and 27,621 households in the Secondary Market Area with a net worth greater than $250,000 in which the householder is over the age of 65. A portion of these households will seek new housing each year for a variety of reasons – some of which will seek to buy while others will seek to rent. Some may have to move because of an increasing need for medical care while others will choose to move. Those that choose to move may do so to be closer to downtown, to downsize from a single-family residence, and/or to shed the responsibility of homeownership in exchange for the simplicity of renting.

Due to the mix of homeowners and renters in our sample, as well as the age group considered, we have applied a conservatively estimated internal mobility rate of 7.0% in this analysis to determine annual internal demand within the defined local market areas. Overall, the total internal mobility indicated that 384 existing qualified households in Primary Market Area would seek new housing in any given year. This number grows to 2,953 in the Secondary Market (which includes the Primary Market Area).

We then quantified the number of new qualified households projected to be created within each Market Area using the projected household growth rates previously mentioned. The number of age-qualified households with net worth within our targeted range is projected to increase by an estimated 123 households in the Primary Market Area and 1,020 in the Secondary Market Area.

As shown in the following table, there are estimated to be 384 qualified households seeking new housing in the Primary Market Area during any given year. In the Secondary Market Area, there are projected to be 2,953 qualified households seeking new housing in any given year.

Applying absorption scenarios at the rates of 30, 20 and 10 units sold or rented per year, the resulting capture rates given the estimated annual qualified housing demand are low and support absorption at these levels. The capture rates are 7.8%, 5.2% and 2.6% at absorption rates of 30, 20 and 10 units per year, respectively, in the Primary Market Area. These capture rates are acceptable and suggest that an absorption rate up to 30 units per year could be supported by the Primary Market Area alone. The capture rates in the Secondary Market Area are much more favorable at no more than 1.0%. We also note that, within this demographic group, we believe a larger geographic draw is possible, if second-home buyers are attracted to the project.

The following table summarizes our demand analysis calculations for retirement-aged adults.

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TABLE 56

RETIREMENT-AGE NET WORTH-BASED HOUSING DEMAND ANALYSIS

Households Aged 65+ With Net Worth of $250,000+
by Household Net Worth 2018 Estimate

	PRIMARY MARKET AREA Pensacola City	SECONDARY MARKET AREA Pensacola MSA
Total Households, $250,000 +	3,730	27,621
Total Net Worth Qualified Households	3,730	27,621
Senior Household Mobility Rate	7.0%	7.0%
Total Estimated Internal Mobility	261	1,933
Annual Household Growth Rate (2018-2023)	3.3%	3.7%
Annual Household Growth	123	1,020
Total Housing Demand	**384**	**2,953**
Projected Annual Capture Rate @ 30 Units per Year	7.8%	1.0%
Projected Annual Capture Rate @ 20 Units per Year	5.2%	0.7%
Projected Annual Capture Rate @ 10 Units per Year	2.6%	0.3%

Source: ESRI; American Community Survey projections by Weitzman Associates, LLC

We note that we have not been engaged to analyze the potential to develop specific types of senior housing, such as skilled nursing facilities, assisted living or independent living facilities. These property types require specialized analysis. Nevertheless, there appears to be sufficient depth of demand among the types of households that would comprise the target market for these uses, and it may be appropriate to consider layering in specialty senior housing and care communities in future phases of development. However, we also note that these types of housing options also often require higher up-front development costs, and are sometimes not sufficiently supported by entirely private-pay populations. Thus, we believe the best approach to the project's early phases will be to develop a range of housing types, both for-sale and for-rent, that allow for the deepest possible pool of demand to find a housing solution at the development. Building specific property types, which appeal to a limited demographic, is not advisable in the early stages of development.

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RETAIL MARKET OVERVIEW

PENSACOLA METRO AREA RETAIL TRENDS

Supported by strong population and income growth, combined with limited new construction, the overall Pensacola retail market is healthy as vacancy rates remain near record lows. According to CoStar, real disposable income in the metro area is almost 15% higher than the national average, and population growth, specifically among retirees and empty nesters with more disposable income, has helped fuel retail demand.

Consistent with national trends, new retail construction in the Pensacola Metro Area has been limited. CoStar notes that while e-commerce continues to put pressure on brick-and-mortar retail, retailers not as adversely impacted by e-commerce such as fast-casual restaurants and grocery chains, continue to thrive in the market. Over the past three years, national grocers Publix and Walmart Neighborhood Market have opened stores across the metro. This includes a new Publix supermarket, which opened in East Hill, just northeast of downtown Pensacola, in 2017. Other new construction has predominantly been build-to-suit projects of less than 10,000 square feet, including several Family Dollars and Dollar Generals, as well as fast-food chains.

The General Retail category accounts for the majority of retail space in the Pensacola Metro Area at nearly 63% of overall retail inventory, while Neighborhood Centers, representing the second largest category, accounts for 26% of overall retail inventory. Excluding the very small "other" category, vacancy rates as of early-March 2019 across all categories range from a low of 0.4% at Malls to a high of 6.0% at Neighborhood Centers. The General Retail category has a vacancy rate of 2.7%, and the overall vacancy rate for all retail categories is 3.6%. Year-to-date through early-March 2019, the total retail market has had positive net absorption of 44,202 square feet, with positive net absorption within the Neighborhood Center and Strip Center categories partially offset by negative net absorption within the General Retail category. The total market had inventory growth of 18,647 square feet in year-to-date through early-March 2019, and 77,539 square feet currently under construction, with all of the recent and current construction being within the General Retail category. Asking rents in the market range from an average of $12.85 per square foot for General Retail to $24.47 per square foot for Malls, for an overall average of $13.85 per square foot. The key indicators of the retail type categories comprising the Pensacola Metro retail market are summarized in the following table.

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TABLE 57
PENSACOLA MARKET RETAIL KEY INDICATORS - 1Q2019

Current Quarter	RBA (SF)	% of Total	Vacancy Rate	Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Constr. SF
Malls	1,536,435	5.0%	0.4%	$24.47	4.8%	0	0	0
Power Center	0	0.0%	---	---	---	0	0	0
Neighborhood Center	8,075,322	26.2%	6.0%	$14.15	7.1%	62,255	0	0
Strip Center	1,857,510	6.0%	4.2%	$14.09	5.1%	5,767	0	0
General Retail	19,267,398	62.6%	2.7%	$12.85	4.3%	(23,820)	18,647	77,539
Other	50,000	0.2%	0.0%	$17.09	0.0%	0	0	0
Market	30,786,665	100%	3.6%	$13.85	5.1%	44,202	18,647	77,539

Source: CoStar (as of March 5, 2019); compiled by Weitzman Associates, LLC

The Pensacola Metro Area has had, overall, limited retail inventory growth over the past decade. In 2008, the market saw inventory growth of approximately 610,600 square feet, or 2.1%, followed by growth of approximately 245,300 square feet, or 0.8%, in 2009. However, from 2010 to 2013, following the Great Recession, annual inventory growth for the whole of the Pensacola Metro Area ranged from just 0.1% to 0.3%. Most recently over the past five years from 2014 to 2018, the retail inventory growth has increased to a range of 0.4% (in 2016) to 1.0% (in 2018). Overall, the retail inventory of the Pensacola Metro Area has increased at an average annual compounded rate of 0.7% from 2007 to 2018, and a comparable rate of growth is forecast by CoStar for over the next five years through the year 2023.

Retail key indicators in the Pensacola Metro Area are generally positive. The overall retail vacancy in the Pensacola Metro Area is 3.6%, which is up slightly from the low of 3.1% reached in 2016, but is well below the 6.0% to 6.6% range reached during 2009 to 2011. In 2010 there were a total of over 1.9 million square feet of vacant retail space in the Pensacola Metro; since then, the level of vacant space has declined by -43.6% to less than 1.1 million square feet. There has been positive net absorption in each year since 2010, and the trend of positive net absorption is projected to continue in each of the next five years.

The average asking rental rate in the Pensacola Metro Area decreased from 2007 to 2011, by -10.5% from $13.92 per square foot in 2007 to $12.46 per square foot in 2011. The average asking rent has just recently recovered to near pre-recession levels. Following modest growth in 2012 and 2013, the average asking rent has increased by between 1.5% and 2.7% annually over the past five years since 2014. Overall from 2007 to 2018, the average asking rent has essentially not changed, with growth over the past seven years offsetting the decline from 2007 to 2011. Over the next five years through 2023, CoStar is projecting modest asking rent growth of 0.5% on an average annual compounded basis.

The following table presents historical and forecasted retail inventory, absorption, vacancy rate, and asking rent trends from 2007 to 2023 for the Pensacola Metro Market, as provided by CoStar.

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TABLE 58

PENSACOLA METRO
ALL INVENTORY
RETAIL TRENDS

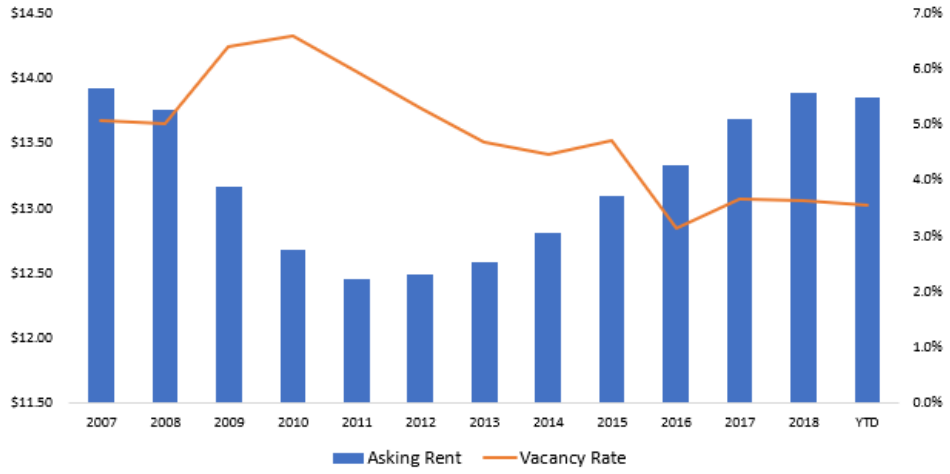
Year	Inventory			Absorption	Vacancy Rate	Market Rent	
	Sq. Ft.	SF Growth	Percent Growth			Per SF	Percent Growth
2007	28,590,457	--	--	58,286	5.1%	$13.92	--
2008	29,201,055	610,598	2.1%	597,700	5.0%	$13.76	-1.2%
2009	29,446,353	245,298	0.8%	(178,981)	6.4%	$13.16	-4.3%
2010	29,520,197	73,844	0.3%	16,595	6.6%	$12.68	-3.7%
2011	29,555,065	34,868	0.1%	218,940	6.0%	$12.46	-1.7%
2012	29,642,327	87,262	0.3%	278,979	5.3%	$12.49	0.3%
2013	29,732,520	90,193	0.3%	262,796	4.7%	$12.59	0.7%
2014	29,959,374	226,854	0.8%	282,766	4.5%	$12.81	1.8%
2015	30,105,186	145,812	0.5%	67,094	4.7%	$13.10	2.3%
2016	30,219,148	113,962	0.4%	585,394	3.1%	$13.33	1.7%
2017	30,472,118	252,970	0.8%	87,575	3.7%	$13.69	2.7%
2018	30,768,018	295,900	1.0%	287,691	3.6%	$13.89	1.5%
YTD	30,786,665	18,647	0.1%	44,202	3.6%	$13.85	-0.3%
2019	30,895,861	127,843	0.4%	240,247	3.3%	$14.04	1.1%
2020	31,120,901	225,040	0.7%	195,373	3.3%	$14.12	0.6%
2021	31,369,756	248,855	0.8%	89,667	3.8%	$14.12	0.0%
2022	31,612,408	242,652	0.8%	161,989	4.0%	$14.18	0.5%
2023	31,864,429	252,021	0.8%	180,902	4.1%	$14.21	0.2%
Avg. Annual Comp. Chg.:							
2007 - 2018:			0.7%				0.0%
2018 - 2023 Forecast:			0.7%				0.5%

Shaded values are projected

Source: CoStar; compiled by Weitzman Associates, LLC

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PENSACOLA METRO MARKET:
ASKING RENT VS VACANCY



Source: CoStar; compiled by Weitzman Associates, LLC

Among the Pensacola Metro Area retail submarkets, the largest is the Ferry Pass / N Pensacola submarket, which has over 6.9 million square feet of retail space, or 22.4% of retail space in the overall Pensacola Metro Area; this submarket, which includes the Cordova Mall, is among the area's most affluent. The Central Pensacola / S Brent submarket, located between the Ferry Pass / N Pensacola submarket to the north and the Downtown Pensacola submarket to the south, also has a significant retail inventory of nearly 4.0 million square feet, or 12.9% of the metro total. In comparison, the geographically much smaller Downtown Pensacola submarket has just under 1.16 million square feet of retail space, or 3.8% of the metro total.

According to CoStar, Downtown Pensacola saw a total of 23,000 square feet of retail inventory additions over the past 12 months. There are no identified retail projects currently under construction in Downtown Pensacola. Inventory trends for Downtown Pensacola will be discussed in more detail in the following section.

Despite negative net absorption over the past 12 months, of the submarkets with available data, the Downtown Pensacola submarket has the lowest vacancy rate at 1.4%. The Downtown Pensacola submarket also has among the highest average asking rents, at $17.81 per square foot.

A breakdown of inventory, 12-month deliveries, under construction pipeline, average asking rents, vacancy and 12-month net absorption, by submarket, is presented in the following table.

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TABLE 59

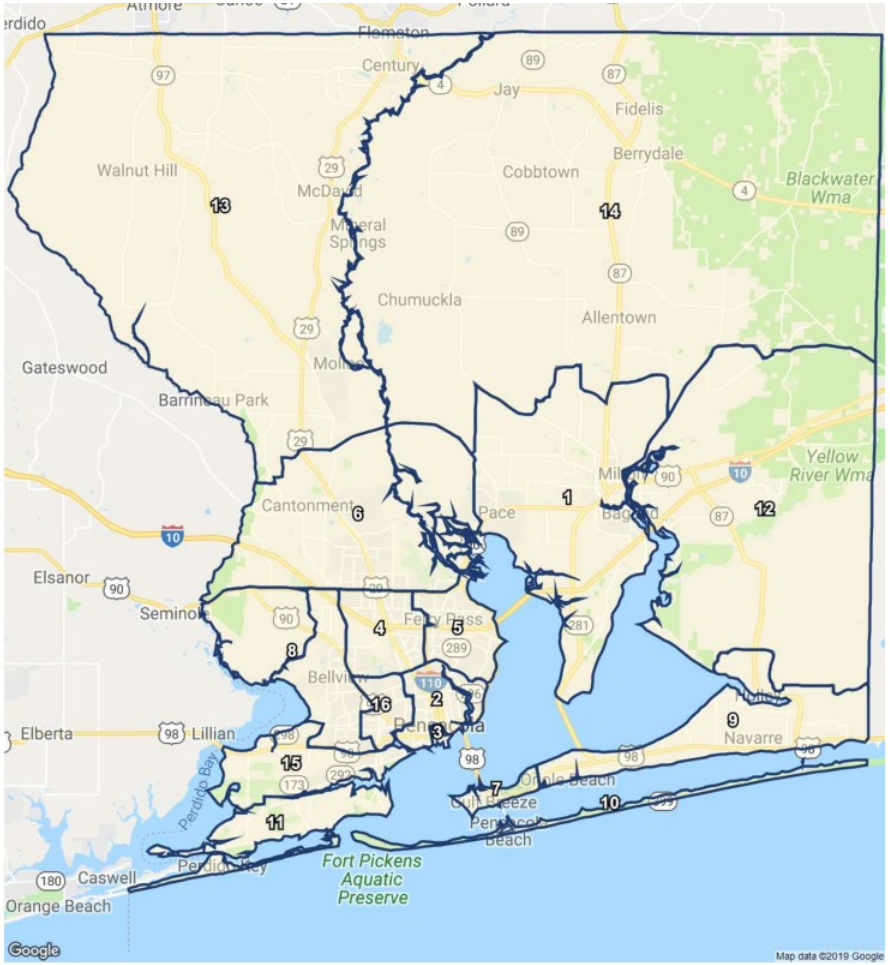
PENSACOLA METRO
BY SUBMARKET

	Submarket	Inventory No. of Buildings	Inventory Sq. Ft. (000)	Inventory % Market	12 Month Deliveries No. of Buildings	12 Month Deliveries Sq. Ft. (000)	12 Month Deliveries % Market	Under Construction No. of Buildings	Under Construction Sq. Ft. (000)	Under Construction % Market
1	Avalon Beach/Milton	452	4,090	13.3%	2	51	1.2%	0	-	-
2	Central Pensacola/S Brent	623	3,957	12.9%	1	2	0.1%	0	-	-
3	**Downtown Pensacola**	**154**	**1,156**	**3.8%**	**3**	**23**	**2.0%**	**0**	**-**	**-**
4	Ensley/N Brent	425	3,263	10.6%	2	11	0.3%	1	78	2.4%
5	Ferry Pass/N Pensacola	453	6,902	22.4%	3	27	0.4%	0	-	-
6	Gonzalez/SW Santa Rosa	245	1,630	5.3%	3	19	1.2%	0	-	-
7	Gulf Breeze	52	565	1.8%	0	0	0.0%	0	-	-
8	Myrtle Grove/Bellview	184	1,313	4.3%	3	14	1.1%	0	-	-
9	Navarre	278	2,557	8.3%	2	24	1.0%	0	-	-
10	Pensacola Beach	29	256	0.8%	0	0	0.0%	0	-	-
11	Perdido	42	458	1.5%	0	0	0.0%	0	-	-
12	SE Santa Rosa County	19	91	0.3%	0	0	0.0%	0	-	-
13	Upper Escambia County	43	270	0.9%	0	0	0.0%	0	-	-
14	Upper Santa Rosa County	21	131	0.4%	1	7	5.7%	0	-	-
15	Warrington	122	1,231	4.0%	0	0	0.0%	0	-	-
16	West Pensacola	429	2,893	9.4%	0	0	0.0%	0	-	-

	Submarket	Asking Rent Per Sq. Ft	Asking Rent 12 Mo Growth	Vacancy / Absorption Vacant Sq. Ft.	Vacancy %	12 Mo Net Aborption SF
1	Avalon Beach/Milton	$12.17	0.4%	278,576	6.8%	(2,959)
2	Central Pensacola/S Brent	$11.11	-0.2%	228,771	5.8%	(10,541)
3	**Downtown Pensacola**	**$17.81**	**0.6%**	**15,719**	**1.4%**	**(19,457)**
4	Ensley/N Brent	$10.96	0.3%	114,753	3.5%	(47,479)
5	Ferry Pass/N Pensacola	$18.11	1.0%	192,160	2.8%	116,380
6	Gonzalez/SW Santa Rosa	$13.30	-0.2%	44,043	2.7%	22,233
7	Gulf Breeze	$18.57	2.2%	25,605	4.5%	(7,755)
8	Myrtle Grove/Bellview	$11.13	0.5%	19,572	1.5%	5,923
9	Navarre	$17.53	1.4%	49,762	1.9%	(1,224)
10	Pensacola Beach	$15.21	2.2%	-	-	0
11	Perdido	$17.21	0.7%	12,368	2.7%	(3,301)
12	SE Santa Rosa County	$12.74	-1.2%	-	-	344
13	Upper Escambia County	$11.59	0.2%	-	-	12,447
14	Upper Santa Rosa County	$13.39	-0.2%	6,900	5.3%	1,949
15	Warrington	$11.01	0.4%	43,478	3.5%	(156)
16	West Pensacola	$9.74	-2.0%	64,536	2.2%	1,848

Source: CoStar; compiled by Weitzman Associates, LLC

MAP OF RETAIL SUBMARKETS



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DOWNTOWN PENSACOLA RETAIL SUBMARKET TRENDS

As discussed previously, the Downtown Pensacola submarket has just under 1.16 million square feet of retail space, or 3.8% of the metro total. Nearly all of the retail inventory in the Downtown Pensacola submarket is classified as General Retail. As shown in the following map, the Downtown Pensacola submarket as defined by CoStar generally stretches to E. Cervantes Street to the north, the waterfront to the south, Coyle Street to the west, Bayfront Parkway to the southeast and I-110 to the northeast.

MAP OF DOWNTOWN PENSACOLA SUBMARKET



Downtown Pensacola has experienced little new retail construction since 2007, with just a modest level of supply growth in 2014 to 2016, which was partially offset by an overall supply decrease more recently in 2018. It is noted that the inventory growth in 2014 to 2016 included 24,000 square feet of new street level retail space at One51 Main, which was completed in 2015. It is also noted that the overall retail inventory decreased in 2018 despite the addition of 13,950 square feet of new retail space at Southtowne. Overall, the submarket's retail inventory has grown at an average annual compounded growth rate of 0.2% from 2007 to 2018. The minor increase in newly built space, however, does not reflect the successful leasing of existing retail spaces.

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Over the four years from 2014 to 2017, net absorption was positive. Over this period, there was positive net absorption of 78,605 square feet, exceeding corresponding inventory growth of 32,544 square feet. As a result, the retail vacancy rate in Downtown Pensacola declined from 4.5% in 2013 to a mere 0.4% in 2017. As a result of some negative net absorption since 2017, the vacancy rate has since increased slightly, but remains relatively low at 1.4%. This comports with our recent walking survey of vacant retail space downtown, where we discovered that there were only a handful of vacant storefronts as compared with our work in Pensacola starting in 2012, when retail vacancy was visibly more prominent.

The average retail asking rent in Downtown Pensacola decreased from $18.18 per square foot in 2007 to $16.32 per square foot in 2011. After remaining relatively stable in 2012, the average asking rent started to slowly recover thereafter, with annual growth of between 0.9% and 2.2% over the past six years from 2013 to 2018. The average asking rent reached $17.83 per square foot in 2018, just -1.9% shy from the average of $18.18 per square foot in 2007.

Historical and forecasted retail trends for the Downtown Pensacola submarket are presented in the following table.

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TABLE 60

DOWNTOWN PENSACOLA SUBMARKET
ALL INVENTORY
RETAIL TRENDS

Year	Inventory			Absorption	Vacancy Rate	Market Rent	
	Sq. Ft.	SF Growth	Percent Growth			Per SF	Percent Growth
2007	1,135,756	--	--	20,067	2.7%	$18.18	--
2008	1,135,756	0	0.0%	(2,163)	2.9%	$17.93	-1.4%
2009	1,135,756	0	0.0%	(1,575)	3.1%	$17.16	-4.3%
2010	1,136,160	404	0.0%	8,722	2.3%	$16.55	-3.5%
2011	1,136,160	0	0.0%	(14,325)	3.6%	$16.32	-1.4%
2012	1,136,160	0	0.0%	11,899	2.5%	$16.33	0.1%
2013	1,136,160	0	0.0%	(22,073)	4.5%	$16.48	0.9%
2014	1,141,160	5,000	0.4%	30,039	2.3%	$16.76	1.7%
2015	1,165,160	24,000	2.1%	29,692	1.7%	$16.98	1.3%
2016	1,168,704	3,544	0.3%	11,639	1.0%	$17.23	1.5%
2017	1,168,704	0	0.0%	7,235	0.4%	$17.62	2.2%
2018	1,155,734	(12,970)	-1.1%	(22,284)	1.2%	$17.83	1.2%
YTD	1,155,734	0	0.0%	(1,627)	1.4%	$17.81	-0.1%
2019	1,157,137	1,403	0.1%	9,633	0.5%	$18.04	1.2%
2020	1,167,094	9,957	0.9%	6,045	0.8%	$18.14	0.6%
2021	1,178,113	11,019	0.9%	1,281	1.6%	$18.15	0.0%
2022	1,188,855	10,742	0.9%	4,429	2.1%	$18.24	0.5%
2023	1,200,014	11,159	0.9%	5,445	2.5%	$18.28	0.2%
Avg. Annual Comp. Chg.:							
2007 - 2018:			0.2%				-0.2%
2018 - 2023 Forecast:			0.8%				0.5%

Shaded values are projected

Source: CoStar; compiled by Weitzman Associates, LLC

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DOWNTOWN PENSACOLA:
RETAIL ASKING RENTS VS VACANCY



Source: CoStar; Compiled by Weitzman Associates, LLC

We also conducted our own primary market research in order to gauge the health of the overall retail market, and the opportunities for the Main Street site to introduce new space into the downtown market as a supplement and enhancement, rather than a cannibalizing force, to the existing retail establishments there. The main retail and entertainment destination in Pensacola is along North Palafox Street south to Palafox Street where residents and visitors will find retail boutiques, casual and fine dining establishments, as well as entertainment venues for art, culture, music and theater. The retailers on Palafox Street between Garden Street and Main Street have really driven the change in perception of downtown Pensacola toward being a desirable place to shop and entertain. The opening of The Artisan at Palafox and Main Streets in 2014 added significantly to the atmosphere on lower Palafox; the mixed-use building includes six restaurants and shops including NOM Sushi Izakaya, Bubba's Sweet Spot, The South Outfitters, Susan Campbell Jewelry, Between Boutique and Pure Pilates. This has set the tone for a prospectively successful residential development, which would further support the retail environment with hundreds of built-in customers that do not presently exist. While there are many types of businesses already located in the downtown market, however, there is a clear default to restaurant and bar uses, and there are some key services that are missing from the district that would be important to residents moving downtown.

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MAJOR SHOPPING CENTERS IN PENSACOLA

Weitzman Associates has identified all of the major shopping centers and districts outside of downtown Pensacola. These destinations are presently where the market has the greatest variety of shops and services available to them. Throughout Pensacola, these shopping centers define the market for modern multi-tenant retail.

- **Cordova Mall** is an indoor shopping mall built in 1971, and is located at the intersection of Bayou Boulevard and Ninth Avenue, near the Pensacola Airport. The mall was renovated in 2009, and comprises over 860,000 square feet of retail space. It features 21 F&B options and 100 dry retail stores, which include six anchor tenants. Three of these- Dillard's, Belk and Ross Dress for Less – are located within the mall, while Best Buy and Bed, Bath & Beyond are separate and accessed from the outside. Other major tenants include Loft, Chico's, and Old Navy.



- **University Town Plaza** is a new mall, which opened in October 2014 on the site of the former University Mall, located at 7171 North Davis Highway in Pensacola. Featuring 700,000 square feet of retail space, the first phase of the mall includes in-line stores such as Motherhood Maternity, Techshell, and Jimmy John's Gourmet Sandwiches. The mall has retained two of the original tenants – J.C. Penny and Sears. Additional anchor tenants that operate at University Town Plaza include Academy Sports + Outdoors, and Burlington Coat Factory.



- **Tradewinds Shopping Center**, built in 1985, is located at 6601 North Davis Highway, in close proximity to University Town Center and the Marriott TownePlace Suites. Featuring nearly 178,550 square feet of space, the center is anchored by TJ Maxx, Jo-Ann Fabrics, Dollar General, and Shoe Station. In late-2018, Hackney Real Estate Partners purchased Tradewinds for $18 million. It was reportedly 92 percent occupied at the time.



- Located at 1690 Airport Boulevard, Pensacola**, Cordova Commons** is a relatively new shopping mall, located across from the prominent Cordova Mall. Completed in October 2012, the mall features 164,343 square feet of retail space, and is anchored by Marshalls, The Fresh Market, DSW, and ULTA Beauty. The mall also includes other national retailers such as Stein Mart and Kirkland's Home Furnishings, as well as other tenants, including LifeWay Christian Store, Merle Norman Cosmetics, Jersey Mike's Subs, Smoothie King and Blue Cross/Blue Shield's Florida Blue Retail Center.



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- **Forest Oaks Shopping Center** is a 113,517 square foot strip shopping center, featuring tenants such as Dollar General, Sky Zone Trampoline Park, and Subway. It is located at 5007 North Davis Highway, Pensacola.



- Located at 6870 North 9th Avenue, **Belvedere Park Plaza** features 125,690 square feet of gross leasable space and is anchored by tenants such as, Dollar Tree, Pet Supermarket, Wells Fargo, UPS, and Four Winds Int'l Food Market.



- Located just south of the intersection of North Palafox Street and East Nine Mile Road, **Palafox Square** is a 300,000 square foot shopping complex, which features 12 stores, and is anchored by Office Depot and Walmart Supercenter.

- **Ensley Square** is a 62,361 square foot strip center located at the intersection of North Palafox Street and East Nine Mile Road, east of US Highway 29. While the retail tenants at the center include Harbor Freight Tools, Goodwill, and Ritchey's Liquor, it is within close proximity of a prominent retail corridor, which features a Walmart Super Center, Home Depot Lower, and other major big box retailers.

- **Plaza North Shopping Center**, located at 3 West 9 Mile Road, next to Ensley Square, is an 83,907 square foot strip shopping center, and houses retail tenants such as Hibbett Sports, Dollar General, Citi Trends, and Tractor Supply Company.

- **Town & Country Plaza** is one of the city's oldest major shopping centers, located at 3300 North Pace Boulevard. It features over 45 stores, comprising 238,939 square feet of retail spaces, and includes tenants such as Save A Lot Grocery Store, Citi Trends, Martys Cloting, Piccadily Cafeteria, City Gear, New & Used Video Games, Town & Country Bingo Hall, and the Escambia County Children's Services office.

- **Ferry Pass Plaza** is an 115,198 square foot strip mall, located at 8102 North Davis Highway, and is anchored by Ross Dress for Less, CVS, Dollar Tree, and Dirt Cheap Building Supplies.

- **Fairfield Village** is a neighborhood center, located at 8187 West Fairfield, and features 72,000 square feet of retail space, including tenants such as Subway, Pensacola Paint Store, ACME Brick, Tile, & Stone, and Graybar Electric Supply.

- **Eastgate Plaza** features over 184,428 square feet of the retail space and nearly 35 tenants, and is located at 6901 North 9th Avenue. The Tampa based Validus Group recently bought the property, which

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includes tenants such as Winn-Dixie, Cici's Pizza, Guitar Center, and Powerhouse Gym. The group, which paid $8.95 million for the building, and spent over $3 million on renovations.

In total, these shopping centers constitute over 3.5 million net rentable square feet of existing major retail shopping center space in the market.

DOWNTOWN PENSACOLA RETAIL SURVEY

We reviewed the list of retail properties within the Downtown Pensacola submarket as compiled by CoStar. The list reveals 156 properties with a total of almost 1.2 million square feet, with just 20,193 square feet of direct vacant space, for a direct vacancy rate of 1.7%, and 26,309 square feet of available space, for an availability rate of 2.2%.

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TABLE 61

LIST OF RETAIL PROPERTIES
DOWNTOWN PENSACOLA

Building Address	Year Built	Stories	RBA (SF)	Total Available Space (SF)	Direct Vacant SF	Percent Leased	Owner Name
151 W Main St (One51 Main)	2015	3	24,000	8,161	2,045	91.48	City of Pensacola
410 N Palafox St	2018	1	7,000	7,000	7,000	0	AT&T, Inc.
501 S Palafox St		1	272	272	272	0	SVN Southland Commercial Real Estate
101 E Romana St (Southtowne)	2018	1	13,950	5,602	5,602	59.84	Mary P Studer
503-507 S Adams St	1978	1	1,470	0	0	100	Department of State
200 Alcaniz St	1975	1	2,097	0	0	100	Kerrigan Family Limited Partnership
206 Alcaniz St	1810	1	1,214	0	0	100	Webb Linda Carol
304 Alcaniz St	1908	2	2,832	0	0	100	
99 S Alcaniz St	1952	1	4,505	0	0	100	Carson Construction, Inc.
600 S Barracks St	1987	2	30,019	0	0	100	City of Pensacola
92 Baylen St	1951	1	6,893	0	0	100	Durnford Ents Ltd
120 Baylen St	1955	1	1,977	0	0	100	Hayward James D
205 Baylen St		1	2,662	0	0	100	Head Hunter Hair Styling
127-131 Belmont St	1910	1	3,091	0	0	100	Mohammed Abdel Q
415 Belmont St	1938	1	912	0	0	100	Alfred Manuel
500 W Belmont St			5,550	0	0	100	Michael Allen
506-512 W Belmont St	1975	1	3,370	0	0	100	Michael Allen
512 W Belmont St	1975	1	1,050	0	0	100	Michael D Allen
521 Cervantes St	1956	1	1,321	0	0	100	Morris Gladys
1 W Cervantes St	1994	1	1,542	0	0	100	Diamond Gasoline Stations Inc
23 W Cervantes St	1972	1	1,238	0	0	100	Tiga Investments Llc
615-617 Commendencia St	2018		1,760	0	0	100	City of Pensacola
314 De Villiers St	2001	1	953	0	0	100	Reed Donald E
429-431 De Villiers St	1911	2	4,154	0	0	100	Merrill Land Company
706 De Villiers St	1973	1	1,390	0	0	100	Persepolis Ventures Llc
124 N De Villiers St	1938	1	4,404	0	0	100	Liggett Henry B
407-409 N De Villiers St	1951	1	1,443	0	0	100	Michael Allen
485 N De Villiers St	1943	1	788	0	0	100	Chedric R Catchings
701 N De Villiers St	1938	2	10,519	0	0	100	Joe Morris & Son Funeral Hm In
18 Garden St	1928	1	1,939	0	0	100	Catalyst HRE
33 Garden St		1	5,626	0	0	100	One Palafox Place Llc
36 Garden St	1940	1	4,116	0	0	100	Catalyst Healthcare Real Estate
42 Garden St	1940	1	6,276	0	0	100	Catalyst Healthcare Real Estate
102 Garden St	1950	1	5,682	0	0	100	
110-118 Garden St		1	10,527	0	0	100	
232 Garden St	1904	1	2,830	0	0	100	West Garden Street Llc
242 Garden St	1904	1	1,158	0	0	100	West Garden Street Llc
315 Garden St		1	10,407	0	0	100	
528 Garden St	1960	1	5,526	0	0	100	Cpg Of Nw Florida Inc
50 E Garden St	1958	1	5,328	0	0	100	R & R Of Pensacola Llc
94-100 E Garden St	1950	1	7,870	0	0	100	Catalyst HRE
101-105 E Garden St	1985	2	7,300	0	0	100	Menke Investment Properties Llc
200 E Garden St	1965	1	6,000	0	0	100	200 East Garden St Llc
201 E Garden St	2016	2	3,544	0	0	100	Centennial Bank
210 E Garden St	1938	1	3,924	0	0	100	Cassida Construction Co Llc
214 E Garden St	1938	1	12,610	0	0	100	Jessica Barshov

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TABLE 61 (Continued)
LIST OF RETAIL PROPERTIES
DOWNTOWN PENSACOLA

Building Address	Year Built	Stories	RBA (SF)	Total Available Space (SF)	Direct Vacant SF	Percent Leased	Owner Name
223 E Garden St	1969	1	11,500	0	0	100	E C Florida Inst Of Human & Machin
100 W Garden St	1972	1	980	0	0	100	Carson Construction, Inc.
101 W Garden St	1935	2	16,514	0	0	100	American Bank & Trust Company, Inc. N.A
248 W Garden St	1904	1	2,446	0	0	100	West Garden Street Llc
400 W Garden St		1	16,266	0	0	100	Navy Federal Credit Union Headquarters
116 Government St	1965	1	1,920	0	0	100	Abbie R. Salt
130 Government St	1900	1	20,259	0	0	100	Rosie O'Grady's Inc
301 Government St		1	5,258	0	0	0	
312 Government St	1901	1	1,972	0	0	100	Hub Staceys Inc
503 Government St	1946	1	1,341	0	0	100	Gunther Properties
7-9 Gregory St	1944	1	2,485	0	0	100	
20 Gregory St		1	20,239	0	0	100	Pensacola Hardware Co
104 Gregory St	1988	1	893	0	0	100	Greenblatt William H
508 Gregory St	1900	2	2,332	0	0	100	Cicale Desiree J
59 E Gregory St	1946	1	3,000	0	0	100	Brown Thornton Pacenta & Company Pa
10 W Gregory St	1976	1	4,357	0	0	100	Hinote Mark W & Deborah
124 W Gregory St	1925	1	7,905	0	0	100	Waters & Hibbert Funeral Home
305 W Gregory St	1978	1	3,316	3,298	3,298	0.54	Pen Air Federal Credit Union
400 W Gregory St	1900	1	1,636	0	0	100	Sam J Pearson
15 Intendencia St	1930	2	6,592	0	0	100	
103 Intendencia St	1900	1	1,958	0	0	100	Head Hunter Hair Styling
500 Jackson St	1923	1	1,911	0	0	100	Ikner Wilfred
101 Jefferson St	1946	1	7,210	0	0	100	Liggett Bryant
201 Jefferson St	1957	1	1,456	0	0	100	Mccormick E C Jr
407 S Jefferson St	1901	2	12,285	0	0	100	Pensacola Museum Of Art Inc
5 W Main St	1958	1	2,000	0	0	100	Sogo Main Llc
455 W Main St		1	4,466	0	0	100	University Parkway Developers
17 Manressa St	1912	2	23,048	0	0	100	South Alabama Brick Co Inc
8 Palafox Pl	1900	2	8,000	0	0	100	Flournoy James E
12 Palafox Pl	1900	2	8,067	0	0	100	Flournoy James E
3-27 Palafox St (Blount Bldg)	1906	7	225,715	0	0	100	One Palafox Place Llc
16 Palafox St		2	5,460	0	0	100	
28 1/2-36 Palafox St		2	13,368	0	0	100	
41 Palafox St	1900	1	11,968	0	0	100	One Palafox Place Llc
106 Palafox St	1900	2	3,480	0	0	100	Benton Allan
116 Palafox St		2	4,042	0	0	100	
118 Palafox St	1900	3	45,759	0	0	100	Port Of Pensacola - Permit Dept
210-212 Palafox St	1900	1	3,900	0	0	100	World Of Beer Franchising, Inc.
214 Palafox St		1	3,849	0	0	100	
313-315 Palafox St	1900	2	5,832	0	0	100	315 S Palafox Llc
400 Palafox St		2	12,960	0	0	100	
402 Palafox St	1900	1	1,340	0	0	100	Willko Investment Co
403 Palafox St	1935	2	1,687	0	0	100	Studer Properties
617 Palafox St		1	3,188	0	0	100	
711 Palafox St		1	1,076	0	0	100	
920 Palafox St	2010	1	404	0	0	100	Port Of Pensacola - Permit Dept
424 N Palafox Hwy	1956	1	2,254	0	0	100	Bethea Wess
14 N Palafox St	1930	2	7,580	0	0	100	Wade, Palmer & Shoemaker, P.A.
16 N Palafox St	1930	2	10,842	0	0	100	Brown Karen L Family Trust
18 N Palafox St	1930	3	7,920	0	0	100	Random Acquisitions, LLC
22 N Palafox St	1930	1	1,527	0	0	100	University Parkway Developers
24 N Palafox St	1930	1	4,296	0	0	100	Lindemann Daniel D & Diane E
28 N Palafox St	1940	3	3,116	0	0	100	Shadowridge Properties Llc
30-34 N Palafox St	1940	1	1,694	0	0	100	Henry
105 N Palafox St	1940	1	2,387	0	0	100	Schmidt David H
111 N Palafox St	1940	1	1,512	0	0	100	Warren Warren W
115 N Palafox St	1940	1	1,179	0	0	100	Russo Patricia J
192-196 N Palafox St	1900	2	13,165	0	0	100	Merrill Land Company

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TABLE 61 (Continued)
LIST OF RETAIL PROPERTIES
DOWNTOWN PENSACOLA

Building Address	Year Built	Stories	RBA (SF)	Total Available Space (SF)	Direct Vacant SF	Percent Leased	Owner Name
201 N Palafox St	1982	2	9,800	0	0	100	Smartbank
270 N Palafox St	1955	1	8,700	0	0	100	Cat-Den LLC
280-286 N Palafox St	1948	1	9,800	0	0	100	Sugarland Inc
410 N Palafox St	1936	3	35,680	0	0	0	William F & Rita N Mackie
422 N Palafox St		1	1,025	0	0	100	
8 S Palafox Pl	1900	2	4,629	0	0	100	Cat-Den LLC
100-102 S Palafox Pl		2	12,424	0	0	100	Klein Properties LLC
10 S Palafox St	1980	2	11,105	0	0	100	
14 S Palafox St	1900	2	5,030	0	0	100	Sharruf LLC
22 S Palafox St	1900	2	14,712	0	0	100	Goodson Consulting & Inv Llc
26 S Palafox St	1900	2	7,036	0	0	100	Jts Property Llc
29 S Palafox St	1925	2	23,958	0	0	100	One Palafox Place Llc
108 S Palafox St	1900	1	4,700	0	0	100	Deborah Dunlap Properties
108 S Palafox St	1900	1	4,600	0	0	100	Deborah Dunlap Properties
112-114 S Palafox St	1885	2	4,600	0	0	100	Deborah Dunlap Properties
113 S Palafox St	1940	1	1,580	0	0	100	Donna J Morain
124-130 S Palafox St	1932	2	13,166	0	0	100	Deborah Dunlap Properties
200 S Palafox St	1938	1	5,104	0	0	100	World Of Beer Franchising, Inc.
313 S Palafox St		1	1,284	0	0	100	
321 S Palafox St	1900	1	8,050	0	0	100	Sonnen Derek J & Elizabeth P
401 S Palafox St	1901	2	4,157	0	0	100	Don Alans Inc
404 S Palafox St	1900	2	17,388	0	0	100	Studer Properties
415 S Palafox St	1900	2	11,100	0	0	100	Studer Mary P
420 S Palafox St	1900	2	5,410	0	0	100	Studer Properties Llp
500 S Palafox St	2014	2	5,000	0	0	100	American Fidelity
509 S Palafox St	1956	1	7,200	0	0	100	Sogo Main Llc
511 S Palafox St	1911	2	7,400	0	0	100	Studer Properties
64 Reus St		1	12,826	0	0	100	
309 S Reus St	1970	1	3,240	0	0	100	Aoxomoxoa Llc
433 Romana St	1952	1	2,352	0	0	100	Richcor Inc
21 W Romana St	1900	2	8,591	0	0	100	Liberis & Associates
308 N Spring St	1969	2	6,934	0	0	100	Pensacola Telco Federal
710 N Spring St	1928	1	4,110	0	0	100	Brendan A Johnston
319 Tarragona St	1930	1	2,475	1,976	1,976	20.16	Lamar James W Iii
415 N Tarragona St	1986	1	3,750	0	0	100	Benjamin Galecki
118 Wright St	1940	2	1,450	0	0	100	Robin Sherman
401 Wright St	1972	1	1,000	0	0	100	Pensacola Property Group Llc
110-114 E Wright St		1	6,922	0	0	100	
416 W Wright St	1951	1	7,964	0	0	100	Benboe Daniel L
214 Zarragossa St		2	5,687	0	0	100	
215 Zarragossa St		1	1,336	0	0	100	
412 Zarragossa St		2	3,345	0	0	100	Marsha Cameron-kugelman
424 Zarragossa St		1	1,779	0	0	100	Campbell Nina H
425 Zarragossa St	1916	2	3,292	0	0	100	Veazie William H Jr
17 E Zarragossa St		2	4,977	0	0	100	Barry W Beroset
200 E Zarragossa St		1	7,077	0	0	100	Tiitl & Cultural Affairs
201 E Zarragossa St	1900	1	13,965	0	0	100	Tiitf & State Of Florida
207 E Zarragossa St	1900	1	512	0	0	100	Tiitf & State Of Florida
213 E Zarragossa St	1900	1	575	0	0	100	Tiitf & State Of Florida
215 E Zarragossa St		1	980	0	0	100	
217 E Zarragossa St	1900	1	499	0	0	100	Tiitf & State Of Florida
221 E Zarragossa St	1900	1	744	0	0	100	Trustees of the Internal Improv. Trust Fund
Total			1,197,171	26,309	20,193		
				2.2%	*1.7%*		

Source: CoStar; compiled by Weitzman Associates, LLC

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The vacant retail inventory includes 2,045 square feet at One51 Main; 5,602 square feet at Southtowne; 7,000 square feet at 410 N. Palafox Street (a recently developed commercial space located approximately four blocks north of Garden Street), 3,298 square feet at 305 W Gregory Street (a former bank branch located two blocks north of Garden Street), 1,976 square feet at 319 Tarragona Street (a former nightclub located four blocks north of Garden Street), and a small, 272 square foot airstream restaurant at 501 S Palafox Street, at the corner with Main Street.

Additionally, during the course of our fieldwork, we observed the following commercial properties along Palafox Street, which appeared to be vacant:

- 804 S. Palafox Street – a building with 3,373 square feet (1,654 square feet on the main level and 1,719 square feet on the finished basement level) currently being marketed as available office space.

- 713 S. Palafox Street – appeared to be vacant, with no signs. This space may be connected to 711 S Palafox and used as an extension of that property.

- 121 Palafox Street (across from the Saenger Theater) – signs for 2,850 to 5,950 square feet of available space. Listing data on Loopnet indicates 5,948 square feet of office space available, including a front office space of 3,100 square feet and a back office of 2,848 square feet. This space is advertised at $19.75 per square foot per year plus CAM charges of $1.25 per square foot.

- 43 Palafox Street (at corner with Romana Street) - Former Dollarhide's Music Store that is in the process of being converted into six 900 square foot boutique shops (four on Palafox and two on Romana). The space is on the 4.5-acre city block known as One Palafox Street, on the southwest corner of Palafox and Garden Streets, which was purchased by the Switzer family in 2015 and since redeveloped into a vibrant block with restaurants, retail shops, and offices. The anticipated asking rent for these boutique retail spaces is $25 per square foot per year with a tenant improvement allowance of $15 per square foot.

It is our observation that over the past few years, new restaurants and shops have opened in previously vacant retail space, which is a positive contribution to the atmosphere downtown and its desirability for residential uses. Our observations, however, remain that there is a lack of basic services available downtown that would be helpful in attracting residents to the area. These include a modern pharmacy, convenience store, book store, dry cleaner, conventional grocery store, child care center or nursery school and other similar services. The Ever'Man Natural Foods store on Garden Street is a desirable retailer, but is not really situated within the existing fabric of the downtown shopping area; it is located in a drive-to location on West Garden Street.

There are numerous restaurants and bars located downtown, and a common complaint from other shopkeepers is the fact that having just one type of business dominating the streetscape prevents pedestrian traffic from thinking of the corridor as a destination for other things. However, most shopkeepers seem to acknowledge the fact that the restaurants and bars support stronger foot traffic. Nevertheless, there is a perception that public parking becomes overwhelmed due to the demand during meal times and popular bar

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hours, limiting available parking for other types of retail. Over time, the diversity of retail tenancy to include services important to a residential population will need to be pursued.

RECENT RETAIL LEASES

We reviewed recent retail leases in downtown Pensacola, including retail leasing activity at the recently developed Southtowne apartments and the Urban Core Office Building that is located next to Southtowne. The tenants include a convenient care medical center, a market, a fitness studio, a boutique, restaurants and a bar. At the Urban Core Office Building, the tenants are a fine dining restaurant and a spa.

We reviewed other retail leases over the past three years in downtown Pensacola as derived from CoStar. The indicated rents (reflecting either the asking rent or actual effective lease rent) range from $11.39 to $25.00 per square foot. Excluding the high (reflecting an asking rent for a 705 square foot space at One51 Main), the rents range from $11.39 to $17.68 per square foot per year. Reflecting the retail environment in downtown Pensacola, the retail leases are relatively small ranging from 705 to 2,350 square feet.

Due to the public nature of this study, we have not identified the individual tenants or uses for each lease comparable in order to preserve a degree of confidentiality. Nevertheless, in forming our conclusions related to the retail potential at the West Main Street Sites, we have considered the specific location and business type leasing space pursuant to various lease terms.

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TABLE 62
COMPARABLE RETAIL LEASES
DOWNTOWN PENSACOLA

Date Start or Signed	Address	Square Feet	Rent / SF / Yr	Rent Type	Lease Type	Term (Yrs)
Mar-19	South Jefferson	1,564	$24.00	Starting	NNN	5
Mar-19	South Jefferson	1,001	$22.00	Starting	NNN	5
Feb-19	South Jefferson	1,319	$20.00	Starting	NNN	5
Feb-19	South Jefferson	1,142	$22.00	Starting	NNN	5
Feb-19	South Jefferson	823	$23.00	Starting	NNN	5
Jan-19	East Intendencia St	2,476	$20.00	Starting	NNN	5
Jan-19	Gregory St	1,425	$17.68	Effective	NNN	5
Nov-18	South Jefferson	3,807	$20.04	Starting	NNN	10
Aug-18	Gregory St	2,350	$16.00	Asking	NNN	
Jul-18	East Intendencia St	5,977	$20.00	Starting	NNN	10.2
Jul-18	Intendencia St	1,583	$20.00	Starting	NNN	5
Jul-18	Alcaniz St	2,097	$16.76	Effective	NNN	10
Apr-18	South DeVilliers St	1,113	$13.00	Asking	MG	
Nov-17	North Palafox St	1,000	$16.80	Asking	MG	
Jun-17	East Zarragossa St	912	$14.00	Asking	NNN	3
Jun-17	Gregory St	1,660	$11.39	Asking	NNN	
May-17	West Main St	705	$25.00	Asking	MG	
Dec-16	West Belmont St	2,320	$12.00	Asking	NNN	3
Aug-16	Government St	1,920	$14.00	Asking	FS	3

Source: Beck Partners, CoStar; compiled by Weitzman Associates, LLC

FOOD HALLS

As part of our consideration of the potential retail tenant mix at the project, we have provided some high level insights regarding the nature of food halls being developed throughout the United States.

The food retail industry is experiencing a period of innovation and reinvention. According to the National Restaurant Association, December 2014 marked the first time on record that Americans' spending at restaurants exceeded their spending at grocery stores. Thus, food halls have emerged as a growing and popular trend in the U.S. They provide a variety of great food all conveniently bundled in one location. By combining a unique collection of local restaurant concepts and food purveyors with a more experimental dining experience, food halls have become a social scene where customers can explore a variety of culinary options. Startup costs are radically lower, lease terms are a lot more flexible, and there is less risk for emerging local chefs in comparison with traditional retail barriers of entry. Food halls also allow established chefs to experiment with culinary concepts. Essentially upgraded food courts, food halls offer products

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made by local artisans, food-oriented boutiques, butcher shops and interactive elements such as entertainment and classes.

There are three main factors that appear to be crucial to opening a successful food hall:

Location is a vastly important element for food halls. The food hall business model relies on volume to be successful. All of the renowned food halls in the U.S. have prime locations that are housed near tourist destinations or transit hubs that experience heavy foot traffic. When vendors are experimenting with new foods or unique recipes, it is important to have a large audience not only for feedback, but to drive a higher level of sales. Additionally, it is critical that a food hall establishes a connection with the community it is in to help support the current and future demographic needs.

Diversity of Vendor Mix is another commonality among successful food halls. The food offerings generally range from street food to celebrity-chef or branded concepts. As a unique food destination, food halls cater to the growing desire of consumers for food-related experiences. The lease default rate is relatively low as well, because it allows for a greater variety of foods and a constantly changing menu to not only attract new consumers, but to increase retention rate of old ones. However, there can be substantial turnover in vendors within a single food hall – operators must be poised to cycle in new vendors when old ones leave.

Quality, both in building design and the food itself, is the final commonality among food halls. The design of the building and food hall are a part of the overall experience that is catered towards giving a modern vibe to the traditional European market ambience that envisions food hawkers and pushcarts alike clogging city streets and essentially turning them into food bazaars. This creates an authentic experience that engenders repeat customers.

Quality of food is the underlying driver for success in the food retail industry. "Foodie Culture" and millennial adoption of this type of dining (with the help of Instagram) has factored into the resurgence of food halls. Food halls cater to various food trends such as "sustainable", "farm-to-table", and "slow food" that add to the variety of dining experiences available in one condensed location. Food halls differ from food courts due to the absence of fast food chains, and therefore food quality is an obvious intangible for food halls everywhere.

Food halls are considered the next step in the restaurant evolution. Therefore, it is our opinion that in order to implement a successful food hall, one would need a "buzzing" location that will have heavy foot traffic, a diversity of foods offered, a high-quality building design, and quality food at a value-oriented price point. Furthermore, food halls are now viewed as an amenity to have at mixed-use developments because it attracts consumers and helps lure other tenants.

With respect to the West Main Street site, a food hall could be an excellent addition to the overall retail mix. Future and existing residents, downtown workers, and visitors are all groups to whom a food hall would have appeal. In the context of turning the area around Marine Park into a small entertainment district, a food hall is an excellent F&B concept that speaks to a wide audience. Further study (specifically, a deeper investigation into the economics of food halls) is required to understand the financial underwriting implications of building a food hall at the West Main Street site. Additionally, the landlord will have to identify quality operators in the region, as there are few national operators who qualify as "credit tenants." Nevertheless, a uniquely-designed multi-level food hall with large outdoor seating areas, and perhaps

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featuring a live music venue, could be a striking visual focal point and activity center on Main Street to draw more pedestrians and tourists to the project overall.

TARGET MARKETS

HOUSING TARGET MARKET

Weitzman Associates, LLC believes that the most significant component of housing demand for the Project will come from professional singles and couples interested in living downtown to be close to work, but more importantly to be close to the amenities and services located there. This is true in both the for-sale and rental markets, where the project should primarily target the employees of professional services firms and government workers who would find it convenient to live near work. We expect that there will be a wide range in age among the residents of any housing development in this location, with younger singles and couples viewing the project as an affordable quality housing option available in the middle of restaurants and conveniences, while empty nesters, divorcees and widows/widowers are likely to be drawn to these elements as well, yet are likely to be better financially qualified. We believe that there will be very few children living at the project, but expect that some of the younger residents will have infant children or toddlers.

Housing in downtown Pensacola is also likely to be marketable to professionals moving to Pensacola from another urbanized area. The job creation taking place in Pensacola is likely to result in the recruitment of employees who are new to the area, and who may consider favorably the option to live in an urban environment rather than in a single-family home outside of downtown. We view these professional households as being key targets for marketing, and every effort should be made to promote the development to local employers who may choose to mention the project to new hires. For both for-sale and rental housing at the site, new households moving in from other cities present a strong potential source of demand. We have noted elsewhere in the report that Navy Federal Credit Union's annual employment turnover is approximately 10%, which upon full stabilization of its campus will result in approximately 1,000 to 1,100 employees joining Navy Federal each year. Some of these employees will already live in the area, and others will move to the area from elsewhere. Nevertheless, this single example illustrates the potential for downtown housing developments to capture an increasing ratio of households throughout the market area who seek new housing options.

Because we view the project as being able to attract residents of all ages, we believe the main difference between the target markets for rental apartments versus for-sale product will be the ability to make a downpayment and the ability to obtain mortgage financing. In the rental scenario, we anticipate that renter households earning $35,000 to $200,000 annually should be targeted as viable prospects for the development, although we believe that households earning higher incomes will also choose to rent at the property due to the fact that the downtown area is so devoid of for-sale housing, and rental housing provides a low-commitment residential experience for households who believe this lifestyle may be attractive to them. In the for-sale scenario, we believe that targeted household incomes generally will be above $75,000.

Also, as previously noted, we have measured the depth of demand among households aged over 65 years with a net worth of at least $250,000 as a metric to determine whether specialized senior housing uses could

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be viable at the project. While we have concluded that there is sufficient depth of demand to consider these types of uses in future phases, the early development scope at the site should aim to be as broadly marketable and inclusive as possible, rather than targeted toward narrow segments of demand. Later phases of development may warrant consideration of assisted living and independent living facilities, serving older and care-dependent populations, although you will need to consider the financial feasibility of these uses given typically higher up-front development costs.

RETAIL TARGET MARKET

The most likely retailers that would be interested in opening a business at the project include those servicing the residential component, those that are destinations in and of themselves, and those that are seeking new construction, expansive space that cannot generally be found on Palafox due to the historic nature of the buildings there. It is our view that retailers servicing the residential units represent strong in-line tenants, comprising businesses such as a dry cleaner, professional services, and convenience store, for example. Sit down restaurants, fast casual restaurants and upscale take-out food establishments are also key target users. There are also logical users that are absent from the downtown market, such as a large pharmacy. A conventional small regional grocery store should be pursued aggressively for the site, as this would attract residents to the project's residential units, as well as serve as a key anchor position.

We have also observed that there appear to be no high-quality child care centers or nursery schools in the immediate downtown environment. We visited several facilities within the periphery of downtown, which were listed in directories of child care centers and nursery schools, but one was closed and the others we visited did not appear to be operated at a high level of professionalism with modern facilities. We also visited the East Hill Christian School to inquire about Pre-K programs, and were told that they only accept four-year-old children and older, and that they only had a couple of openings available. This scarcity of child care centers and nursery schools comports with our findings in our prior work in Pensacola, whereby the child care facilities on the north side of Pensacola seem to be oversubscribed with waiting lists. We believe a modern, high-quality child care center downtown could be an excellent target tenant.

In addition to the traditional retail noted above, we believe that it is important that the Project incorporate destination retail, particularly on the sites on the south side of Main Street, which will draw visitors to the Project. We recommend targeting a food hall and a larger-scale retailer focused on outdoor and recreational and fitness activities, akin to an REI store, to serve as a gateway into Maritime Park. These types of businesses, in particular, allow for demonstration areas, including kayak displays, fishing demonstrations, rock climbing walls and other merchandising elements that can create drama and an indoor/outdoor environment to a single retail venue.

During the course of our work, we have toured and met with the owners and managers of both the Pensacola Children's Museum as well as the MESS Hall. We believe that a children's educational and exploration center could be an ideal activating use to be targeted for the Maritime Park parcels. We note that MESS Hall is situated in a challenging location, with poor visibility, and yet its engagement with both local families and school groups, as well as tourists, is impressive. MESS Hall currently occupies approximately 3,500 square feet, and has aspirations to expand in a new location to 8,000 to 10,000 square feet, perhaps in partnership with a local cultural organization. We believe it would be an ideal opportunity

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to relocate MESS Hall to a component of one of the Maritime Park parcels, or to a potential community or nature center located at Bruce Beach, in the timeframe of the first or second phase of development.

We have considered whether a conventional movie theater could be developed at the site, and have concluded that this use is not advantageous. Movie theaters are special purpose properties, which are difficult to retrofit into other uses. Further, they require large volumes of space, without glass or depth of view into the venue, and could serve to make the feel of the retail atmosphere less inviting and inclusive. Developers and investors tend to avoid theaters due to the risk associated with this use. There are, alternatively, tremendous opportunities for outdoor movie nights to be held at Community Maritime Park, which would support the other food and beverage retailers there without building a facility for the sole purpose.

As further detailed later in the report, we strongly recommend further analysis and pursuit of a major regional attraction, such as an aquarium, for development somewhere along the waterfront. Whether or not a regional entertainment attraction is developed on the subject parcels, or elsewhere with public financing, this type of use is missing from the downtown environment, in our opinion. The waterfront can be further energized with complimentary retail uses such as a beer hall, and a live-music restaurant located directly on the water. We believe that a destination food hall, serving as a visual focal point to the Maritime Park parcels, could serve to brand and activate the south side of Main Street, and the continuing entertainment district development we are recommending on the Maritime Park parcels, above which there are tremendous opportunities to develop residential units that capitalize on not only the water views, but also the immediate access to these food and beverage, and entertainment, venues.

Finally, we also believe that a co-working space could serve as a both public and private amenity for the residential units, inviting interesting people in from outside the development to mix with the residents while working and collaborating. This co-working atmosphere could be entered at grade, but occupy a larger footprint above grade that overlooks Maritime Park or open areas of the property. This would create a compelling destination locally, also serving as a place that residents could rely upon as a desirable and valuable built-in conference center and workspace. We expect that this will resonate with residents, and that it would be well-received by the community. Ideally, the space would be leased to a known operator, but it could also be operated and managed independently by the developer as a revenue center. There is precedent for this use. Pensacola currently has a several co-working venues. The Cowork @nnex occupies the entire second floor of the Brent Building at One Palafox Street, and Pensacola State College sponsors CO:LAB located at 418 West Garden Street. Other examples include Socialdesk located at 3695 North L Street and LongHollow located at 700 Guillemard Street. Thus, we believe this use could be successful, and could serve to support the types of start-ups and entrepreneurs that we believe to be contributing substantially to the creative economic growth of the area.

RETAIL TRADE AREA ANALYSIS

The objective of this section is to evaluate the strength and depth of the retail market for the Project. The methodology involves: (1) defining the appropriate trade areas for the site; (2) analyzing existing and proposed competition; (3) quantifying the retail sales potential in the trade areas; and, (4) estimating the site's share of total retail sales potential. The results of this analysis provide a barometer to measure the market share of a given retail use in a trade area.

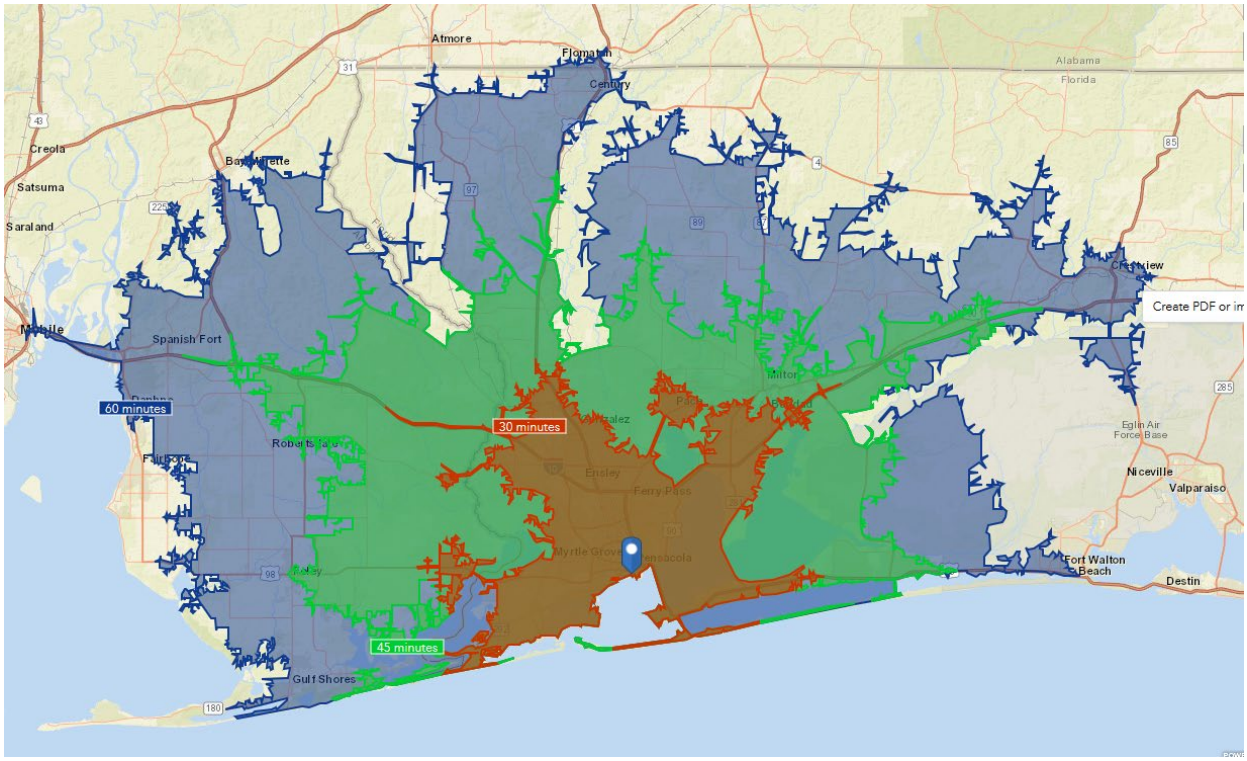
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Delineation of the Trade Areas

A trade area is defined as the principal geographic source of demand for a retail center. The delineation of the trade area is subjective; it takes into account driving distances from the site, the location of existing and proposed competition, and the site's proximity to natural barriers such as mountains, rivers or bridges, among other important considerations.

We have determined that the trade areas for the subject site include consumers who reside within the greater Pensacola area and the Pensacola–Ferry Pass–Brent MSA. It is our opinion that households residing within a 60-minute drive-time radius will potentially consider the subject site for retail shopping, dining and entertainment, but that demand will primarily derive from households residing within a 30-minute drive-time radius. In our retail demand analysis, we considered households within drive radii of 10 minutes (Primary A Market), 30 minutes (Primary A and B Markets), 45 minutes (Secondary Market) and 60 minutes (Tertiary Market). It is noted that the Secondary Market is inclusive of the Primary Markets and that the Tertiary Market is inclusive of the Primary and Secondary Markets.

MAP: POTENTIAL RETAIL DEMAND AREAS



In 2018, households within the Primary A Retail Market had average household expenditures of $46,326, or approximately 87.3% of their average household income. Households within Primary A & B Retail Market had average household expenditures of $58,162, or approximately 86.1% of their average household

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income. Households within the Secondary Retail Market had average household expenditures of $60,386 (approximately 86.0% of their average household income) and households within the Tertiary Retail Market had average household expenditures of $61,761 (approximately 86.0% of their average household income). Presumably, a significant portion of these expenditures were made with the use of consumer credit or other debt resources. It is estimated that in 2018 nearly $7.72 billion in total expenditures were spent by households living within a 30-minute radius of the subject site. These expenditures included healthcare and other non-traditional retail sales.

Traditional retail expenditures (primarily clothing, food, home and personal care items) make up approximately 26.7% of all consumer expenditures in the subject site's trade areas, according to 2018 estimates. These specific expenditures were estimated to total approximately $12,475, $15,526, $16,128 and $16,507 per household on average within the Primary A, Primary A & B, Secondary and Tertiary Retail Markets, respectively, in 2018. We believe that the ideal tenant mix at the subject property will include retail stores selling products that primarily fit into these traditional retail categories.

In an effort to examine those retail categories that dominate traditional retail expenditures within each trade area, we categorized (designated by color) those specific types of expenditures that fall within five main categories: a) Food, Beverage and Entertainment; b) Apparel and Accessories; c) Personal Care and Services; d) Electronics and Home Furnishings; and, e) General Merchandise. In our opinion, retailers within these categories of store groups should be incorporated into the retail space at the subject site.

Of the total approximately $15,526 spent on average per household on traditional retail products and services in the Primary A & B Retail Market, approximately 57.2% was spent on Food, Beverage and Entertainment, 11.3% on Apparel & Accessories, 5.8% on Personal Care & Services, 19.0% on Electronics & Home Furnishings, and 6.6% on General Merchandise. The following table summarizes these expenditures by trade area, as estimated for 2018.

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TABLE 63
CONSUMER EXPENDITURES - 2018

	Primary A 10 Min. Radius		Primary A & B 30 Min. Radius		Secondary 45 Min. Radius		Tertiary 60 Min. Radius	
Population	43,683		340,943		486,382		701,529	
Households	19,060		132,714		186,852		269,118	
Avg. HH Income	$53,053		$67,538		$70,206		$71,842	
Median HH Income	$32,810		$49,252		$51,783		$52,981	
Total Avg. HH Budget Expenditures	$46,326		$58,162		$60,386		$61,761	
Total HH Budget Expenditures in Area	$882,971,029		$7,718,974,828		$11,283,220,197		$16,621,060,752	
Traditional Retail Expenditure Category	Avg. $ Exp.	% Tot.	Avg. $ Exp.	% Tot.	Avg. $ Exp.	% Tot.	Avg. $ Exp.	% Tot.
Food at Home	$3,395	7.33%	$4,159	7.15%	$4,315	6.99%	$4,414	7.15%
Food Away from Home	$2,278	4.92%	$2,858	4.91%	$2,968	4.81%	$3,042	4.93%
Alcoholic Beverages	$356	0.77%	$451	0.77%	$463	0.75%	$471	0.76%
Entertainment & Recreation	$756	1.63%	$1,004	1.73%	$1,045	1.73%	$1,069	1.73%
Food & Drink on Trips	$308	0.67%	$409	0.70%	$426	0.71%	$436	0.71%
Men's Apparel	$272	0.59%	$335	0.58%	$345	0.56%	$353	0.57%
Women's Apparel	$477	1.03%	$598	1.03%	$619	1.00%	$632	1.02%
Children's Apparel	$212	0.46%	$262	0.45%	$273	0.44%	$282	0.46%
Footwear	$307	0.66%	$378	0.65%	$392	0.63%	$402	0.65%
Watches & Jewelry	$89	0.19%	$114	0.20%	$119	0.19%	$122	0.20%
Other Apparel Products & Services	$50	0.11%	$65	0.11%	$68	0.11%	$71	0.11%
Nonprescription Drugs	$92	0.20%	$114	0.20%	$120	0.19%	$122	0.20%
Prescription Drugs	$256	0.55%	$317	0.54%	$333	0.54%	$340	0.55%
Eyeglasses & Contact Lenses	$60	0.13%	$77	0.13%	$81	0.13%	$82	0.13%
Personal Care Products	$318	0.69%	$398	0.68%	$412	0.68%	$422	0.68%
Computers and Hardware for Home Use	$111	0.24%	$138	0.24%	$141	0.23%	$143	0.23%
Other Computer Software & Accessories	$23	0.05%	$28	0.05%	$29	0.05%	$30	0.05%
TV/Video/Audio Equipment & Services	$921	1.99%	$1,105	1.90%	$1,146	1.86%	$1,170	1.89%
Household Furnishings & Equipment	$862	1.86%	$1,085	1.87%	$1,131	1.83%	$1,158	1.87%
Housekeeping Supplies	$481	1.04%	$600	1.03%	$628	1.04%	$644	1.04%
Pets	$413	0.89%	$534	0.92%	$564	0.91%	$581	0.94%
School Books & Supplies	$96	0.21%	$120	0.21%	$124	0.20%	$127	0.21%
Smoking Products	$341	0.74%	$377	0.65%	$388	0.64%	$395	0.64%
TOTAL TRADITIONAL RETAIL EXPENDITURES	$12,475	26.9%	$15,526	26.7%	$16,128	26.7%	$16,507	26.7%
Food, Beverage & Entertainment	$7,095	56.9%	$8,881	57.2%	$9,217	57.1%	$9,433	57.1%
Apparel & Accessories	$1,407	11.3%	$1,752	11.3%	$1,817	11.3%	$1,861	11.3%
Personal Care & Services	$726	5.8%	$906	5.8%	$945	5.9%	$967	5.9%
Electronics & Home Furnishings	$2,398	19.2%	$2,957	19.0%	$3,074	19.1%	$3,144	19.0%
General Merchandise	$851	6.8%	$1,030	6.6%	$1,076	6.7%	$1,102	6.7%

Source: ESRI; compiled by Weitzman Associates, LLC

Retail Market Potential

In analyzing the current retail market within the trade areas, we reviewed retail potential by analyzing current demand and supply of various goods and services. Retail Potential represents potential demand for the good or service in the market area, while Retail Sales represent how much of the demand is being satisfied in the market area. Over- or under-supply of the good or service is reflected in the Retail Gap –

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a negative Retail Gap signifies oversupply, whereas a positive Retail Gap signifies undersupply. If a good or service is undersupplied, an opportunity exists to capture the unmet demand.

As can be seen in the following chart, within a ten-minute drive of the site, there is an indicated oversupply of almost all traditional retail categories, with the exception of health and personal care stores for which there is an indicated undersupply. However, it is noted that as downtown Pensacola continues to be revitalized with new development, particularly large-scale development such as that proposed for the subject site, retail demand will increase from an increasing residential base, as well as increased visitation from the surrounding trade area as downtown Pensacola continues to evolve as a compelling retail destination. Further, the increasing levels of tourism to the market area not considered in this analysis. We also note that the existence of businesses within the trade area does not necessarily mean that they offer what their customers are seeking. To some degree, the atmosphere and nature of the project itself will attract demand away from less compelling retail options in the market.

Within a 30-minute drive of the site, there is no longer an indicated undersupply of health and personal care stores, but rather an undersupply of specialty food stores and clothing and accessories stores.

While there is an indicated undersupply of grocery stores within both 45-minute and 60-minute drives of the subject site, there is indicated oversupply within both 10-minute and 30-minute drives of the site. Nonetheless, given the scale and scope of the overall project, we note that there is likely room to create a grocery destination at the project.

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TABLE 64

SUMMARY OF RETAIL GROUP SUPPLY & DEMAND - 2018

Store Group	Demand	Supply	Demand / Supply Spread	Leakage / Surplus Factor
PRIMARY A RETAIL MARKET AREA - 10 MINUTE RADIUS				
Total Retail Trade and Food & Drink	$476,359,688	$1,140,185,392	($663,825,704)	(41.1)
Total Retail Trade	$431,779,175	$968,735,410	($536,956,235)	(38.3)
Total Food & Drink	$44,580,513	$171,449,982	($126,869,469)	(58.7)
Building Material, Garden Equip & Supply Stores	$27,936,144	$57,982,075	($30,045,931)	(35.0)
Furniture & Home Furnishings Stores	$15,194,031	$98,918,730	($83,724,699)	(73.4)
Food & Beverage Stores	$77,277,680	$258,056,351	($180,778,671)	(53.9)
Grocery Stores	$70,430,877	$230,319,734	($159,888,857)	(53.2)
Specialty Food Stores	$3,244,351	$17,697,554	($14,453,203)	(69.0)
Beer, Wine & Liquor Stores	$3,602,452	$10,039,064	($6,436,612)	(47.2)
Health & Personal Care Stores	$29,394,981	$28,401,226	$993,755	1.7
Clothing & Clothing Accessories Stores	$20,680,624	$28,083,582	($7,402,958)	(15.2)
Sporting Goods, Hobby, Book & Music Stores	$10,188,397	$18,675,292	($8,486,895)	(29.4)
Food Services & Drinking Places	$44,580,513	$171,449,982	($126,869,469)	(58.7)
Special Food Services	$746,947	$1,580,327	($833,380)	(35.8)
Drinking Places - Alcoholic Beverages	$3,397,319	$39,272,801	($35,875,482)	(84.1)
Restaurants/Other Eating Places	$40,436,247	$130,596,854	($90,160,607)	(52.7)
PRIMARY A & B RETAIL MARKET AREA - 30 MINUTE RADIUS				
Total Retail Trade and Food & Drink	$4,122,339,776	$5,435,854,133	($1,313,514,357)	(13.7)
Total Retail Trade	$3,732,486,411	$4,809,352,773	($1,076,866,362)	(12.6)
Total Food & Drink	$389,853,365	$626,501,360	($236,647,995)	(23.3)
Building Material, Garden Equip & Supply Stores	$258,737,836	$417,243,595	($158,505,759)	(23.4)
Furniture & Home Furnishings Stores	$133,659,988	$203,259,453	($69,599,465)	(20.7)
Food & Beverage Stores	$654,993,938	$740,744,774	($85,750,836)	(6.1)
Grocery Stores	$596,054,139	$679,294,826	($83,240,687)	(6.5)
Specialty Food Stores	$27,358,796	$26,902,944	$455,852	0.8
Beer, Wine & Liquor Stores	$31,581,003	$34,547,004	($2,966,001)	(4.5)
Health & Personal Care Stores	$251,652,228	$257,173,047	($5,520,819)	(1.1)
Clothing & Clothing Accessories Stores	$181,020,352	$165,647,588	$15,372,764	4.4
Sporting Goods, Hobby, Book & Music Stores	$89,904,476	$112,765,093	($22,860,617)	(11.3)
Food Services & Drinking Places	$389,853,365	$626,501,360	($236,647,995)	(23.3)
Special Food Services	$6,604,753	$21,979,578	($15,374,825)	(53.8)
Drinking Places - Alcoholic Beverages	$30,630,652	$62,657,192	($32,026,540)	(34.3)
Restaurants/Other Eating Places	$352,617,960	$541,864,590	($189,246,630)	(21.2)
SECONDARY RETAIL MARKET AREA - 45 MINUTE RADIUS				
Total Retail Trade and Food & Drink	$6,028,313,155	$6,537,906,525	($509,593,370)	(4.1)
Total Retail Trade	$5,460,926,966	$5,780,612,279	($319,685,313)	(2.8)
Total Food & Drink	$567,386,189	$757,294,246	($189,908,057)	(14.3)
Building Material, Garden Equip & Supply Stores	$383,925,202	$546,160,088	($162,234,886)	(17.4)
Furniture & Home Furnishings Stores	$195,125,551	$218,466,377	($23,340,826)	(5.6)
Food & Beverage Stores	$947,801,870	$909,695,391	$38,106,479	2.1
Grocery Stores	$863,129,563	$832,479,941	$30,649,622	1.8
Specialty Food Stores	$39,344,227	$30,638,771	$8,705,456	12.4
Beer, Wine & Liquor Stores	$45,328,080	$46,576,679	($1,248,599)	(1.4)
Health & Personal Care Stores	$366,259,903	$329,849,038	$36,410,865	5.2
Clothing & Clothing Accessories Stores	$259,647,842	$187,519,742	$72,128,100	16.1
Sporting Goods, Hobby, Book & Music Stores	$133,148,702	$122,146,036	$11,002,666	4.3
Food Services & Drinking Places	$567,386,189	$757,294,246	($189,908,057)	(14.3)
Special Food Services	$9,379,155	$22,556,599	($13,177,444)	(41.3)
Drinking Places - Alcoholic Beverages	$42,992,878	$64,765,628	($21,772,750)	(20.2)
Restaurants/Other Eating Places	$515,014,155	$669,972,018	($154,957,863)	(13.1)

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(Table Continued)

TERTIARY RETAIL MARKET AREA - 60 MINUTE RADIUS

Total Retail Trade and Food & Drink	$8,938,441,913	$10,700,965,994	($1,762,524,081)	(9.0)
Total Retail Trade	$8,097,391,294	$9,449,091,934	($1,351,700,640)	(7.7)
Total Food & Drink	$841,050,619	$1,251,874,060	($410,823,441)	(19.6)
Building Material, Garden Equip & Supply Stores	$564,330,486	$858,945,050	($294,614,564)	(20.7)
Furniture & Home Furnishings Stores	$288,568,966	$327,791,277	($39,222,311)	(6.4)
Food & Beverage Stores	$1,372,776,435	$1,340,026,419	$32,750,016	1.2
Grocery Stores	$1,252,470,687	$1,198,668,586	$53,802,101	2.2
Specialty Food Stores	$55,681,703	$52,604,248	$3,077,455	2.8
Beer, Wine & Liquor Stores	$64,624,045	$88,753,584	($24,129,539)	(15.7)
Health & Personal Care Stores	$532,838,911	$565,092,740	($32,253,829)	(2.9)
Clothing & Clothing Accessories Stores	$364,298,305	$422,861,417	($58,563,112)	(7.4)
Sporting Goods, Hobby, Book & Music Stores	$209,754,147	$234,608,986	($24,854,839)	(5.6)
Food Services & Drinking Places	$841,050,619	$1,251,874,060	($410,823,441)	(19.6)
Special Food Services	$12,094,035	$24,199,314	($12,105,279)	(33.4)
Drinking Places - Alcoholic Beverages	$54,505,580	$83,353,348	($28,847,768)	(20.9)
Restaurants/Other Eating Places	$774,451,004	$1,144,321,398	($369,870,394)	(19.3)

Source: ESRI; compiled by Weitzman Associates, LLC

Retail Demand Analysis

The retail demand analysis is presented in the table following this discussion. The objective of this analysis is to quantify the demand for retail space in the trade area so as to estimate the site's capture rate of total demand. The capture rate analysis helps to establish the competitive position of the site and identifies the relative degree of investment risk in these assets.

The demand analysis involves two main steps: (1) we estimate the Total Retail Sales Potential (RSP) and the total RSP for each selected store group that we believe to be a good fit for the tenant mix at the subject property; and (2) we undertake a capture rate analysis that tells us what portion of the retail sales potential must be captured by the development in order to achieve sales at a level that is likely to be viable for a prospective retail tenant; this measures the ease of market entry and helps to establish the degree of investment risk in the project.

The steps in projecting the retail sales potential in a trade area are as follows:

- *Project Total Personal Income* – multiply average household income times the number of households in the trade area;

- *Project Disposable Personal Income* – apply an appropriate disposability factor (i.e., the portion of total personal income remaining after payment of taxes) to total personal income (which is 87.3% in this case for households within the Primary A Retail Market, 86.1% the Primary A & B Retail Market, 86.0% in the Secondary Retail Market and 80.2% in the Tertiary Retail Market);

- *Project Total Retail Sales Potential* – estimate the percentage of total disposable personal income that is channeled into traditional retail sales. This is estimated at 26.9% for households within the

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Primary A Retail Market, 26.7% in the Primary A & B Retail Market, 26.7% in the Secondary Retail Market and 26.7% in the Tertiary Retail Market; and

- *Project Total Retail Sales Potential for Selected Store Groups* – estimate the portion of total retail sales in a trade area that is channeled into the store groups (Food, Beverage and Entertainment; Apparel and Accessories; Personal Care & Services; Electronics & Home Furnishings; and General Merchandise) that could be potentially be part of the subject development. We believe that each of the indicated store groups could be represented within the subject development's potential retail mix.

TABLE 65
% OF TRADITIONAL RETAIL ALLOCATED TO TENANT MIX AT SUBJECT SITE

	Primary A 10 Min. Radius			Primary A & B 30 Min. Radius			Secondary 45 Min. Radius			Tertiary 60 Min. Radius		
	$ Exp.	% Tot.		$ Exp.	% Tot.		$ Exp.	% Tot.		$ Exp.	% Tot.	
Total Avg. HH Budget Expenditures	$46,326	---		$58,162	---		$60,386	---		$61,761	---	
TOTAL TRADITIONAL RETAIL EXPENDITURES	$12,475	26.9%		$15,526	26.7%		$16,128	26.7%		$16,507	26.7%	
Traditional Retail Expenditure Category	$ Exp.	% Tot.	% Alloc.	$ Exp.	% Tot.	% Alloc.	$ Exp.	% Tot.	% Alloc.	$ Exp.	% Tot.	% Alloc.
Food, Beverage & Entertainment	$7,095	56.9%	56.9%	$8,881	57.2%	57.2%	$9,217	57.1%	57.1%	$9,433	57.1%	57.1%
Apparel & Accessories	$1,407	11.3%	11.3%	$1,752	11.3%	11.3%	$1,817	11.3%	11.3%	$1,861	11.3%	11.3%
Personal Care & Services	$726	5.8%	5.8%	$906	5.8%	5.8%	$945	5.9%	5.9%	$967	5.9%	5.9%
Electronics & Home Furnishings	$2,398	19.2%	19.2%	$2,957	19.0%	19.0%	$3,074	19.1%	19.1%	$3,144	19.0%	19.0%
General Merchandise	$851	6.8%	6.8%	$1,030	6.6%	6.6%	$1,076	6.7%	6.7%	$1,102	6.7%	6.7%
			100%			**100%**			**100%**			**100%**

Source: ESRI; compiled by Weitzman Associates, LLC

Based on our projections, the retail sales potential for the selected store groups is approximately $237.7 million from residents within the Primary A Retail Market, $2.06 billion from residents within the Primary A & B Retail Market, $3.01 billion from residents within the Secondary Retail Market and $4.44 billion from residents within the Tertiary Retail Market.

We have estimated the total retail sales by estimating the average sales per square foot that would likely be achievable at the subject site. Comparing the total retail sales potential at the site for the selected tenant groups to the aggregate annual retail sales using an estimated range of 50,000 to 200,000 square feet of retail space at the site, provides an estimate of the site's market share percentages. If the retail at the site relies only on demand within the Primary A & B Market (which is demand coming from within a 30-minute drive of the site), the capture rates indicate that the retail component could be as large as 200,000 square feet.

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TABLE 66
TRADE AREA ANALYSIS - DEMAND ANALYSIS
MAIN STREET SITE
PENSACOLA, FLORIDA

2018 ESTIMATES	Primary A 10 Min. Radius	Primary A & B 30 Min. Radius	Secondary 45 Min. Radius	Tertiary 60 Min. Radius
Population	43,683	340,943	486,382	701,529
Households	19,060	132,714	186,852	269,118
Average Household Income	$53,053	$67,538	$70,206	$71,842
Total Personal Income (TPI)	$1,011,190,180	$8,963,238,132	$13,118,131,512	$19,333,975,356
Disposability Factor (%)	87.3%	86.1%	86.0%	86.0%
Total Disposable Personal Income (DPI)	$882,971,082	$7,718,975,371	$11,283,220,581	$16,621,061,386
Percent of DPI Channeled into Traditional Retail Sales	26.9%	26.7%	26.7%	26.7%
Total Retail Sales Potential (RSP)	**$237,770,450**	**$2,060,476,423**	**$3,013,560,267**	**$4,442,454,620**
% Allocated to Tenant Mix at Subject Site	100.0%	100.0%	100.0%	100.0%
Total RSP at Subject Site	**$237,770,450**	**$2,060,476,423**	**$3,013,560,267**	**$4,442,454,620**

Subject Site Market Share:

Aggregate Annual Retail Sales

	[Sales Per Sq. Ft.] $150	$225	$300
50,000 square feet @	$7,500,000	$11,250,000	$15,000,000
100,000 square feet @	$15,000,000	$22,500,000	$30,000,000
150,000 square feet @	$22,500,000	$33,750,000	$45,000,000
200,000 square feet @	$30,000,000	$45,000,000	$60,000,000

[$150 in sales p.s.f.]	**Market Share % at 50000 SF**	**3.2%**	**0.4%**	**0.2%**	**0.2%**
	Market Share % at 100000 SF	**6.3%**	**0.7%**	**0.5%**	**0.3%**
	Market Share % at 150000 SF	**9.5%**	**1.1%**	**0.7%**	**0.5%**
	Market Share % at 200000 SF	**12.6%**	**1.5%**	**1.0%**	**0.7%**
[$225 in sales p.s.f.]	**Market Share % at 50000 SF**	**4.7%**	**0.5%**	**0.4%**	**0.3%**
	Market Share % at 100000 SF	**9.5%**	**1.1%**	**0.7%**	**0.5%**
	Market Share % at 150000 SF	**14.2%**	**1.6%**	**1.1%**	**0.8%**
	Market Share % at 200000 SF	**18.9%**	**2.2%**	**1.5%**	**1.0%**
[$300 in sales p.s.f.]	**Market Share % at 50000 SF**	**6.3%**	**0.7%**	**0.5%**	**0.3%**
	Market Share % at 100000 SF	**12.6%**	**1.5%**	**1.0%**	**0.7%**
	Market Share % at 150000 SF	**18.9%**	**2.2%**	**1.5%**	**1.0%**
	Market Share % at 200000 SF	**25.2%**	**2.9%**	**2.0%**	**1.4%**

(1) Traditional retail includes: Food/Beverage/Entertainment, Apparel & Accessories, Personal Care & Services, Electronics & Home Furnishings, and General Merchandise

Source: ESRI; projections by Weitzman Associates, LLC

Based upon our demographic research of each of the four trade areas, we have estimated that approximately $1.01 billion, $8.96 billion, $13.12 billion and $19.33 billion in Total Personal Income (TPI)

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existed within the Primary A, Primary A & B, Secondary and Tertiary Retail Markets in 2018. This figure represents the simple multiplication of the number of households times the average household income.

Our analysis of consumer expenditures, as discussed in the previous section of this report, found that approximately 87.3%, 86.1%, 86.0% and 86.0% of TPI was spent on consumer goods and services among households residing within the Primary A, Primary A & B, Secondary and Tertiary Retail Markets, respectively. Also, as previously discussed, approximately 26.7% of these consumer expenditures were spent on traditional retail goods and services in the Primary A & B Retail Market.

Therefore, the total dollar volume of consumer expenditures estimated to have been spent in 2018 on the types of retail goods and services believed to be appropriate for the subject property was approximately:

- $237.8 million by households living within the Primary A Retail Market;
- $2.06 billion by households living within the Primary A & B Retail Market;
- $3.01 billion by households living within the Secondary Retail Market; and
- $4.44 billion by households living within the Tertiary Retail Market.

Based upon this depth of consumer demand for the goods and services we believe to be appropriate for the site, we have estimated the percentage of this demand that retail tenants of the subject would need to capture in order to achieve average sales ranging from $150 to $300 per square foot. We have assumed a range of $150 to $300 per square foot based upon our research in the market, our review of comparable shopping centers, and our discussions with knowledgeable retail brokers. While we are aware of businesses in the market achieving sales in excess of $600 per square foot, we believe the selected range is appropriate for most retailers considering a location downtown. For a demand projection, using a range of sales per square foot enables us to determine the likelihood that a shopping destination can achieve sales at this level based upon its capture of trade area demand.

The next step in our demand analysis is to evaluate the portion of retail expenditures that must be captured by the subject property's tenants in order to achieve sales of $150 to $300 per square foot, on average. At the lowest scenario (i.e. $150 in sales per square foot and 50,000 square feet of retail), tenants would collectively experience retail sales volume of $7.5 million annually. At the highest scenario (i.e. $300 in sales per square foot and 200,000 square feet of retail), tenants would collectively experience retail sales volume of $60.0 million annually.

In our previous work on retail projects across the country, we have found that a similar capture rate principle applies to retail space as we have found to apply to residential space. Generally, retail developments in a market like Pensacola must capture approximately 10.0% or less of total trade area demand in order for its tenants to achieve sales at the assumed level typically achieve a fairly easy entry to the market. Those developments that, because of their size or because the viable sales requirements are too high, must capture more than 10.0% of projected retail consumer expenditures tend to represent a high degree of investment risk. Usually, destination shopping centers or districts tend to compete more favorably than smaller centers, pushing the 10.0% capture rate limit and sometimes experience success beyond this capture rate. This is because these centers typically dominate consumer attention and occupy a position at the top of consumers' minds as one of a handful of places they may choose to shop or be entertained.

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As shown in the demand analysis, retailers in a 50,000, 100,000, 150,000 or 200,000 square foot retail component at the subject property would need to capture 3.2%, 6.3%, 9.5% or 12.6%, respectively, of estimated trade area demand within the Primary A Retail Market in order to achieve sales of $150 per square foot on average. Our opinion is that these sizes of a retail development would experience more difficult market entry should underwriting rely primarily on that market area. However, in comparison, as soon as trade area demand is expanded out to a 30-minute radius, retailers at a 50,000, 100,000, 150,000 or 200,000 square foot destination would need to capture just 0.7%, 1.5%, 2.2% or 2.9%, respectively, of trade area demand in order to achieve the highest level of sales per square foot analyzed of $300 per square foot, indicating much easier market entry when considering that broader market. The capture rates drop even further when considering demand within 45-minute and 60-minute drives of the subject site. Our interviews with business owners and managers downtown indicate that they routinely draw customers from more than a 30 minute driving time from Pensacola.

We note that the use of a ten-minute driving time radius from the subject site as the Primary A trade area for the subject development is conservative. We strongly believe that households from outside of this trade area (i.e. from the Primary A & B, Secondary and Tertiary Retail Markets) will travel to where the subject site is located if it is developed as a retail/dining/entertainment destination. Further, the ten-minute demand area does not take into account the demand that would result from the development of up to 1,800 residential units as part of the Project.

In conclusion to our demand analyses, it appears that more than enough consumer demand exists in the trade area to support a retail component to the subject property of 200,000 square feet or more, provided that the retail includes compelling uses to establish the project as a destination and attract demand from a broader trade area than a ten-minute drive from the site. As further detailed later in the report, we recommend an overall retail component of approximately 177,000 square feet (to be developed in phases), not including approximately 40,000 square feet designated as pure entertainment space in the form of a major attraction such as an aquarium. Based upon our demand analysis, at 200,000 square feet of retail space and estimated sales of $225 per square foot, the capture rate is 2.2% when considering demand within a 30-minute drive, and falls to 1.0% when considering demand within a 60-minute drive. We also emphasize that there is no consideration in this analysis of tourism spending, which would contribute significant additional support to any retail business operating in such a visible downtown location.

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AQUARIUM CASE STUDIES & MARKET PENETRATION ANALYSIS

INTRODUCTION

We believe the waterfront of downtown Pensacola, in the vicinity of Blue Wahoos Stadium and the Hunter Amphitheatre, has potential for a new regional aquarium attraction that caters to the local population and tourists. When compared to other waterfront cities in Florida, Pensacola lacks such an attraction that has proven to be a popular driver of tourism and entertainment in other markets' downtown and waterfront districts.

Aquaria are a key feature of many cities across the United States, popular spots for school-aged children and families. Proximity to the waterfront, baseball stadium, and outdoor amphitheater create a prime opportunity for an entertainment attraction such as an aquarium. Though there is no comparable waterfront attraction adjacent to the project site, MESS Hall, as previously described in the report, opened in 2016 and successfully welcomes about 10,000 people each year to its modest and ill-located space of approximately 3,500 square feet. One critical finding from data collected by MESS Hall is that 35 percent of visitors come to the venue seeking entertainment (26 percent came for education). Additional family-oriented entertainment options are needed in Pensacola, and they do not require a large footprint. However, they must be engaging and experiential. The network of attractions in Downtown Pensacola is a nexus of small-scale experiential destinations. An aquarium that caters to children and families can build upon this existing local strength.

MAP: EXISTING PENSACOLA ATTRACTIONS NEAR SUBJECT SITES



We are aware that an aquarium, and a larger children's museum, have been considered for downtown Pensacola in the past, and that it is likely that significant public sponsorship of such an initiative would be required. Private developers are unlikely to undertake such a project. However, we believe it is worthwhile to reintroduce this concept of a new regional attraction as part of this study because this type of use could

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significantly complement the ongoing development of the waterfront, and the real estate that surrounds it. Thus, while an aquarium is not likely to be developed as part of the project, such an attraction may be worth considering on another site as part of a broader civic initiative. Further, the community center proposed for Bruce Beach creates opportunities to include a significant nature or science center, which could have aquarium exhibits or water-focused activities, and an educational component. It could include a theater or performance space, as well. An alliance with an educational institution, which might operate research or other programs at such an attraction, would be a further positive. Academic programs not only add a brand to such an initiative, but they create opportunities for a greater student population downtown, and the potential for a constantly evolving experiential destination. This type of solution could serve to drive significant positive activation of the waterfront in the vicinity of the West Main Street Sites.

In order to inform some initial thinking on the potential for such an attraction, we have developed case studies of aquariums in other cities.

CASE STUDIES

To better understand the potential visitation an aquarium could generate in Pensacola, Weitzman Associates compiled case studies of successful waterfront / riverfront aquaria across the United States. To conduct a thoughtful analysis that is both conservative and aspirational, Weitzman excluded some premier national aquaria, such as the Monterey Bay Aquarium in California and the Georgia Aquarium in Atlanta, while attempting to gather a sample of "successful" venues. The six selected case studies' contexts vary in terms of population density and tourism markets. Together they provide a balanced perspective to inform the visitation potential of an aquarium in Pensacola.

Weitzman Associates' analysis of six aquarium case studies yielded the following key findings:

- **When implemented with public and private involvement, aquaria can act as catalysts that spur economic development.** The Maritime Aquarium in Norwalk and the Adventure Aquarium in Camden were precursors to robust development in the areas around them, acting as anchors that attracted visitors and improved the public realm. Similarly, the Florida Aquarium in Tampa and the National Aquarium in Baltimore were keystones in district revitalizations led by the public sector.
- **Approximately 50 percent of non-profit aquaria revenue derives from admissions purchases.** The remainder of their revenue stems from private grants, public subsidies, merchandise sales, and event sales, among other sources.
- **It is critical that attendance projections be conservative from the outset to avoid financial turmoil.** Both the Adventure Aquarium and the Florida Aquarium fell prey to overly optimistic attendance projections, putting them "into the red." Such a situation may require soliciting assistance from the public and/or private sectors.
- **Aquaria can produce substantial economic impact.** Though dollar amounts and job counts vary, several of the surveyed aquaria produce eight-figure impact estimates.
- **Aquaria can implement programs to further community development, education, and environmental stewardship.** Though all the surveyed aquaria do this to some extent, the South Carolina Aquarium and the Audubon Aquarium of the Americas stand out as champions of community organizing and environmental activism. They stand as examples of institutions that

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enrich neighborhoods and safeguard the future, something that may be important for a maritime community like Pensacola.

Tables 67 and 68 below summarize the six aquaria's hours of operation and ticket pricing.

TABLE 67: AQUARIA HOURS OF OPERATION

Aquarium	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Maritime Aquarium at Norwalk	10 AM - 5 PM	10 AM - 5 PM	10 AM - 5 PM	10 AM - 5 PM	10 AM - 5 PM	10 AM - 5 PM	10 AM - 5 PM
Adventure Aquarium	9:30 AM - 5 PM	9:30 AM - 4 PM	9:30 AM - 4 PM	9:30 AM - 4 PM	9:30 AM - 4 PM	9:30 AM - 4 PM	9:30 AM - 5 PM
Florida Aquarium	9:30 AM - 5 PM	9:30 AM - 5 PM	9:30 AM - 5 PM	9:30 AM - 5 PM	9:30 AM - 5 PM	9:30 AM - 5 PM	9:30 AM - 5 PM
National Aquarium	9 AM - 5 PM	9 AM - 5 PM	9 AM - 5 PM	9 AM - 5 PM	9 AM - 5 PM	9 AM - 8 PM	9 AM - 5 PM
South Carolina Aquarium	9 AM - 4 PM	9 AM - 4 PM	9 AM - 4 PM	9 AM - 4 PM	9 AM - 4 PM	9 AM - 4 PM	9 AM - 4 PM
Audubon Aquarium of the Americas	10 AM - 5 PM	10 AM - 5 PM	10 AM - 5 PM	10 AM - 5 PM	10 AM - 5 PM	10 AM - 5 PM	10 AM - 5 PM

Source: Various aquaria websites; compiled by Weitzman Associates, LLC.

TABLE 68: AQUARIA TICKET PRICING

Aquarium (1)	Adults	Seniors	Children
Maritime Aquarium at Norwalk	$24.95	$29.95	$17.95
Adventure Aquarium	$31.99	--	$23.99
Florida Aquarium (2)	$30.00	$30.00	$30.00
National Aquarium	$39.95	$34.95	$24.95
South Carolina Aquarium	$29.95	--	$22.95
Audubon Aquarium of the Americas	$29.95	$24.95	$21.95
Average	$31.13	$29.96	$23.63

Notes

(1) Most aquaria allow visitors to buy tickets online in advance at a discounted price.

(2) The Florida Aquarium uses a dynamic pricing model that changes based on demand and time of purchase. However, ticket prices for all age groups are around $30.

Source: Various aquaria websites; compiled by Weitzman Associates, LLC.

Maritime Aquarium (Norwalk, CT)



The Maritime Aquarium in Norwalk, Connecticut opened its doors in 1988. Originally an 1860s ironworks factory, the building was repurposed by the city and state. It is contains approximately 140,000 square feet of walkable space plus approximately 200,000 gallons of aquatic environment.

The aquarium maintains attendance of approximately 500,000 visitors each year, 55 percent of whom hail from outside the state of Connecticut. It contains a 310-seat IMAX theater, gift shop, café, hand-on exhibits, and 78 exhibitions featuring 3,000 specimens and 300 species.

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The Norwalk Aquarium generated $12.4 million in revenue in 2017, 46 percent of which derives from admissions tickets. In order to remain "fresh" and competitive, the aquarium revamped its entrance to accommodate interactive exhibits and to highlight Norwalk's connection to the ecology of the Long Island Sound, funded by a $1.2 million grant from the Newman's Own Foundation. The aquarium has also added hands-on exhibits and high-tech classrooms, in addition to featuring non-aquatic showcases such as a butterfly exhibit in 2015.[3]

Notably, the Maritime Aquarium has been credited as the centerpiece of the revitalization of South Norwalk. Its ability to attract visitors from afar (and keep them in Norwalk longer) has emboldened the area's retail potential, along with that of other uses. The aquarium was a key catalyst in bringing over 400,000 square feet of mixed use development to the district, officially dubbed SoNo.[4] As of 2007, the aquarium generates an estimated annual economic impact of $42 million to the State of Connecticut annually.[5]

Tickets cost $24.95 for adults, $17.95 for children, and $22.95 for seniors. The aquarium is open daily from 10AM to 5PM.

Adventure Aquarium (Camden, NJ)



The Adventure Aquarium in Camden, New Jersey has had a storied history. It opened in 1992, spurred by the New Jersey State Legislature, at a *cost of $52 million ($94 million in $2019).* The facility currently holds 200,000 square feet of usable space plus 2 million gallons of aquatic environment.

After its opening, attendance dropped from its first year peak of 1.6 million to less than 600,000. *Unable to recover financially, Camden sought a private developer to correct the aquarium's course. In 2003, the city selected Steiner + Associates, an Ohio-based firm.* Steiner leased the aquarium and privatized operations, investing $57 million into its expansion ($43 million of which came from public subsidies). The expansion included a new building and entrance (the "North Building), a 154-seat, 4D theater, a gift shop, and new F&B. Steiner also incorporated a 9,000 square foot event space, named CURRENTS, that can accommodate a 550-person seated event or 1,200 cocktail party. Through the deal, Steiner gained a controlling interest and ability to develop the land surrounding the aquarium.[6]

Today, the Adventure Aquarium welcomes 800,000 annual visitors, bolstered by its experiential offerings such as the chance to swim with sharks or snorkel with stingrays. The overhaul of the aquarium has been

[3] Hartford Courant, https://www.courant.com/ctnow/hc-butterfly-exhibit-movie-norwalk-20150518-story.html
[4] New York Times: https://www.nytimes.com/2007/08/15/realestate/commercial/15norwalk.html
[5] Maritime Aquarium at Norwalk 2007 Economic Impact Study
[6] The Philadelphia Inquirer: https://www.philly.com/philly/news/20091109_Camden_s_waterfront_-_and_its_woes.html

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recognized as a contributing factor to the revitalization of the Camden waterfront, though use of public funds has generated controversy.[7] Furthermore, 16 acres of land near the aquarium (controlled by Steiner + Associates) was recently purchased by Liberty Property Trust, which intends to pursue a $1 billion mixed-use development.[8]

Tickets cost $31.99 for adults and $23.99 for children. The aquarium is open from 9:30 AM to 4 PM on weekdays, extended to 5 PM on weekends.

Florida Aquarium (Tampa, FL)



The Florida Aquarium in Tampa, Florida opened its doors in 1995 as a publicly-operated non-profit. The aquarium contains 250,000 square feet of floor space and approximately 500,000 gallons of aquatic environment. Special amenities include a 4D theater and a 2-acre outdoor recreation area for children named the "Splash Pad." Visitors have the opportunity to swim with various sea creatures, including sharks.

Originally constructed through private funding, the Florida Aquarium fell into financial turmoil due to inflated attendance projections that it did not meet. Ownership entered a public-private partnership with the City of Tampa in order to recover. Tampa assumed responsibility for the aquarium's debt in 1999 and the aquarium took up new governance, which corrected its financial insolvency.

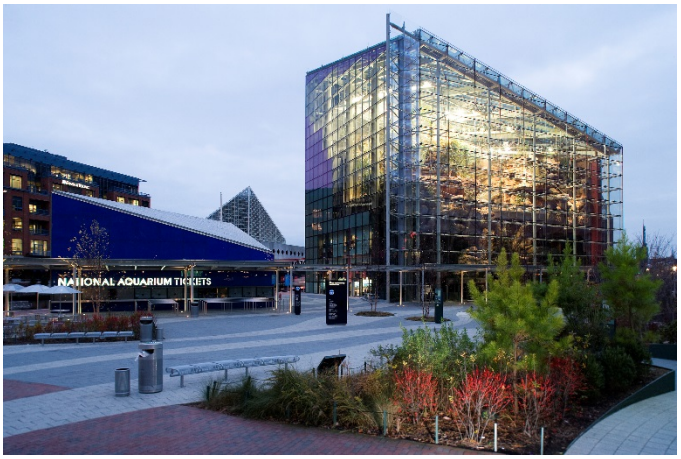
Today, the aquarium welcomes 850,000 annual visitors and generates $20 million in annual revenue (60 percent from admissions purchases). It is currently undergoing several expansion initiatives and continues to add educational programs, including summer camps. *The Florida Aquarium was a key piece in the revitalization of Tampa's Channel District, and it generated a reported $60 million of economic impact in its first year of operation.*[9] It receives a stipend of $500,000 from the city each year.

Ticket pricing for the Florida Aquarium is dynamic, changing based on demand and time of purchase, but ticket prices for all age groups are around $30. It is open daily from 9:30 AM to 5 PM.

[7] Philadelphia Business Journal: https://www.bizjournals.com/philadelphia/stories/2006/06/19/story2.html
[8] Philadelphia Magazine: https://www.phillymag.com/property/2015/09/25/camden-waterfront-development/
[9] Urban Development Fund: http://www.urbandevfund.com/projects/the-florida-aquarium/

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National Aquarium (Baltimore, MD)



The National Aquarium in Baltimore, Maryland opened in 1981. It is situated on 250,000 square feet of city-owned land, and its tanks hold 2.2 million gallons of water. The aquarium is home to over 17,000 animal specimens and 750 species.

The National Aquarium was approved and publicly financed via a bond referendum in the 1970s in an effort to reinvigorate Baltimore's Inner Harbor. Its programs have a focus on education and conversation while offering entertainment through amenities such as a 4D theater. Following the trend of bolstering interactivity at museums, the National Aquarium allows guests (for a fee) to swim with dolphins, as well as sleepover programs for children.

The National Aquarium welcomes 1.3 million visitors each year and makes $49 million in revenue (53 percent of which comes from admissions purchases) – it has become Baltimore's most popular tourist attraction. Furthermore, a 2017 study claimed that, in 2016, *the National Aquarium generated $455 million of economic impact, $29.7 million of fiscal impact, and supported 4,500 jobs.*[10]

Tickets cost $39.95 for adults, $24.95 for children, and $34.95 for seniors. It is open daily from 9 AM to 5 PM (8 PM on Fridays).

[10] National Aquarium 2017 Economic Impact Study

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South Carolina Aquarium (Charleston, SC)



The South Carolina Aquarium in Charleston opened its doors in 2000. Spanning 93,000 square feet, it houses over 6,000 specimens and its largest tank contains 385,000 gallons of water. It is a publicly operated non-profit. The building is situated in a striking fashion, jutting out 200 feet over the Cooper River just steps away from Liberty Square. While not far from Charleston's historic areas such as the French Quarter, the aquarium's location is more industrial, near the city's shipping and rail yards.

Unlike other aquaria around the country, the South Carolina Aquarium does not feature a 4D theater or interactive programs such as swimming with sharks. Rather, *the South Carolina Aquarium has adopted a business strategy focused on diversity, community, and conservation* by:

- Housing a collection of animal life that includes a wide range of non-aquatic creatures;
- Partnering with Tanger Outlets to create educational programs at a nearby North Charleston shopping center[11];
- Sponsoring adult programs such as happy hours and "Good Catch Dinners";
- Placing significant focus on conservation efforts, such as its Sea Turtle Care Center; and
- Taking a strong stance on fighting the "war on plastic" through educational programs and organized volunteering.[12]

The South Carolina Aquarium welcomes 450,000 visitors annually and generates $12 million of revenue (47 percent of which comes from admissions purchases).

Tickets cost $29.95 for adults and $22.95 for children. The aquarium is open daily from 9 AM to 4 PM.

[11] The Post and Courier: https://www.postandcourier.com/business/real_estate/retail-center-planned-for-mount-pleasant-restaurants-coming-to-charleston/article_83a88276-6f0e-11e8-b568-e7779f6b4380.html
[12] The Post and Courier: https://www.postandcourier.com/business/south-carolina-aquarium-ramping-up-war-on-plastics/article_19c62998-3bee-11e7-8ac4-23015d6aafd5.html

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Audubon Aquarium of the Americas (New Orleans, LA)



The Audubon Aquarium of the Americas in New Orleans, Louisiana opened in 1990. It sits on the bank of the Mississippi River on land in Woldenberg Riverfront Park, near New Orleans's famous French Quarter. The park is under the stewardship of the Audubon Institute, which also supervises the Audubon Zoo and the Butterfly Garden.

The aquarium houses 10,000 animals and 530 species. Its largest tank contains 400,000 gallons of seawater, holding animals from the Gulf of Mexico. The facility also features an IMAX-style theater, the Entergy Giant Screen Theater. The Audubon Aquarium, like others, has dedicated time and resources to conservation and educational programs. It set up a "turtle triage" after the BP oil spill of 2010 to clean up and rehabilitate turtles exposed to oil slicks. Similarly, it participates in programs teaching children to fight plastic pollution.

The Audubon Aquarium of the Americas welcomes, on average, 1.25 million visitors per year, and collects $22 million in annual revenue (45% of which comes from admissions purposes). Jointly with the Audubon Institute's other entities, the aquarium has generated $600 million in economic impact to the City of New Orleans since its opening.

Tickets cost $29.95 for adults, $21.95 for children, and $24.95 for seniors. The aquarium is open daily from 10 AM to 5 PM.

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AQUARIUM MARKET PENETRATION ANALYSIS

The six case studies of aquaria profiled by Weitzman Associates above, as noted, vary greatly in terms of their demographic contexts and tourism markets. For example:

- The Maritime Aquarium in Norwalk, CT attracts 500,000 annual visitors in a market with over 13 million residents within a 90-minute drive-time radius.
- The National Aquarium in Baltimore, on the other hand, attracts 1.3 million visitors in a market with only 4.6 million residents.
- However, Baltimore welcomes over 26 million visitors per year, whereas Norwalk, a smaller visitor market, has no measured, public visitor reporting.[13]

Viewing a number of case studies and blending their "capture rates" has a leveling effect, accounting for population density and the relative strengths of visitor markets. Weitzman Associates' analysis defines a capture rate as the aquarium's annual visitation divided by the sum of the population within a 90-minute drive-time radius and annual tourist visitation. For example, an attraction with visitation of 100,000 in a market with a population of 200,000 and 800,000 annual tourists has a 10 percent capture rate. The capture rate is a measurement of the aquarium's relative strength as a destination draw within its market.

Population estimates were sourced via ESRI Business Analyst, and aquarium / tourist visitation figures were compiled from annual reports, news articles, phonecalls to aquarium / tourism officials, and analyses conducted by Weitzman Associates.

The following table contains population and visitation data for each of the six aquarium case studies, and notes their respective capture rates.

TABLE 69: AQUARIA CAPTURE RATES

Aquarium	Location	Population (90 min. drive time)	Tourist Visitation	Total Market (Population + Tourists)	Aquarium Visitation	Capture Rate
South Carolina Aquarium	Charleston, SC	995,000	5,000,000	5,995,000	450,000	7.5%
Audubon Aquarium of the Americas	New Orleans, LA	2,369,000	17,740,000	20,109,000	1,250,000	6.2%
National Aquarium	Baltimore, MD	4,639,000	26,200,000	30,839,000	1,300,000	4.2%
Florida Aquarium	Tampa, FL	3,794,000	22,600,000	26,394,000	850,000	3.2%
Maritime Aquarium at Norwalk (1)	Norwalk, CT	13,564,000	4,500,000	18,064,000	500,000	2.8%
Adventure Aquarium (2)	Camden, NJ	9,811,000	43,300,000	53,111,000	800,000	1.5%
					Average	**4.2%**

Notes

(1) There is no publicly reported tourist visitation estimate for Norwalk, CT.
Instead, Weitzman used tourist vistation for the State of Connecticut.

(2) There is no publicly reported tourist vistation estimate for Camden, NJ.
Instead, Weitzman used tourist visitation for Philadelphia, direclty across the Delaware River.

[13] For the purposes of this study, tourist visitation for the Maritime Aquarium at Norwalk has been equated to the State of Connecticut's overall tourism estimate of 4.5 million visitors.

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The average capture rate for the six aquarium case studies is 4.2 percent. However, Weitzman Associates considers the South Carolina Aquarium to be the "closest comp" for an aquarium in Pensacola due to the size and nature of the two locations' markets. The South Carolina Aquarium has a capture rate of 7.5 percent.

The average capture rate and the South Carolina Aquarium's capture rate provide a "low" and "high" estimate to be applied to the Pensacola market. After applying both capture rates, *Weitzman Associates' analysis projects a low visitation estimate of 173,000 people, and a high estimate of 306,000 people.* Table 70 illustrates this analysis.

TABLE 70: PENSACOLA AQUARIUM VISITATION PROJECTIONS

			Capture Rates		Visitation Estimate	
Pensacola Population (1.5 hr drive time)	Pensacola Annual Visitation	Total Pensacola Market	Average Capture Rate (Low)	South Carolina Aquarium (High)	Low	High
1,370,000	2,700,000	4,070,000	4.2%	7.5%	173,000	306,000

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DEVELOPMENT RECOMMENDATIONS

Based upon our market research, experience with similar developments, and knowledge of the Pensacola market, we have developed a recommended approach to planning the uses and the phasing of residential and retail development to occur on the West Main Street Sites. Our recommendations are made with an eye toward establishing this district environment downtown as a new destination, in the first phase, while building into the most profitable uses over time. Ultimately, we are conservatively projecting that it may take as long as fifteen years to fully build out and stabilize all development parcels involved, although it is very possible that it will take less time. Accelerated performance and higher rate and price growth could be achieved simply due to the sheer marketing impact that the project will be able to leverage into regional top-of-mind awareness, beyond the marketing dollars that will also be steered into a multi-faceted campaign.

Nevertheless, the first phases of development will be critical exercises to establish new benchmarks for both residential space and retail downtown, while establishing a baseline from which future phases can be designed and developed with greater refinement and placemaking features. Thus, while we have made recommendations for the total amount of space that should be forecasted now to be built, with specific underwriting assumptions for the first phase extrapolated to future phases in general, the total scope of development may change as future phases are conceptualized and designed. The zoning, particularly on the north site, allows for materially more density than we are recommending. However, while there may be sufficient demand to build more residential units, for example, than we are recommending, our projected development phasing and absorption period introduces significant timing risk to the overall project. We therefore believe it is best to be more conservative, and to add density to the project's later phases if there is clear demand that becomes apparent in the success of the first phases.

We are generally optimistic about the opportunity to build a new residential and entertainment district at the West Main Street Sites that contributes to Pensacola's profile as a national and regional destination, but that also creates a complementary destination to the existing historic downtown environment. In combination with the potential for a hotel at the site, and the impressive initiative to design and build a continuous waterfront experience, we believe that there could be significantly greater demand than we have forecasted in future years for residential and retail space. The following discussion summarizes our recommended approach to developing the project.

PHASING

We have formulated a unit mix for the Main Street Sites based upon an estimated and conceptual development size of 1,825 housing units (1,275 rental units, 550 for-sale condominiums), and 200,000 square feet of restaurant, retail and entertainment space. We believe that a project of this scale should be built in at least four phases, based upon our sense of the timing necessary to absorb the space, the necessary critical mass of uses that should be developed and occupied first in order to build momentum into future phases, and the need to establish important pricing and rent benchmarks early so as to adapt the development plans as the project moves beyond its early offerings.

Our conceptual program is informed by the in-place zoning on the project sites, but we do not believe that this zoning is appropriate in the context of how far Pensacola has evolved since the zoning was applied, and given the market potential to develop a mix of uses at a higher level of density than may have been contemplated a decade ago.

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The first phase should include approximately 460 units, of which 120 would be condominiums. The rental apartments in this phase can be projected to be absorbed over 17 months, and the condominiums over 40 months. We also recommend approximately 90,000 square feet of retail space in the first phase, distributed as follows:

- Conventional neighborhood grocery store: 20,000 SF;
- Neighborhood retail and corner store on the north site, facing Corinne Jones Park: 10,000 SF;
- Restaurants and dining at the base of small mixed-use developments adjacent to the stadium: 20,000 SF;
- Experiential retail, oriented toward indoor/outdoor merchandising and recreation, the MESS Hall or similar concept, and destination dining: 30,000 SF on the south parcels; and
- Additional convenience retail and services on the south parcels, potentially including dry-cleaning, a child care center, a wine shop, professional services, a co-working destination, or specialty food: 10,000 SF.

We note that generally all of the retail in the first phase of development, and throughout the project's phases, should be built at the ground floor of residential structures, except where the massing possibilities present a tiered approach toward the retail and residential components. For example, food venues should feature additional expansive multi-level outdoor space to facilitate a rooftop bar experience and ground level outdoor dining, where possible. We envision a potential food hall featuring dramatic design features and color to create not only compelling interior space but also a visual focal point, with visibility from Bruce Beach or Main Street. Creative modular construction could allow for economical construction costs, while accomplishing a visual and activity anchor in the first phase of development.

Further, as described herein, we recommend that all residents on the north site have access to as large of a central amenity pavilion as possible, with outdoor aquatic center, fitness facilities, interior lounge and private work spaces, and expansive outdoor lounge and entertaining areas with outdoor kitchens and a mix of seating groups. We envision the interior amenity spaces at this central facility to encompass approximately 5,000 to 7,000 square feet, while the outdoor spaces will likely exceed 15,000 square feet of outdoor programming necessary to service all of the residential buildings on the north site, beyond what each of those buildings will contain as private amenities. It may not be possible from a planning standpoint to accommodate a single centralized amenity facility on the north lot, although it would be most economical from a construction standpoint, and most impactful from a marketing standpoint, to build as large and as visually appealing of a shared facility as possible. Operating expenses attributable to individual units and buildings would also be minimized with larger shared facilities. The individual developments situated within Community Maritime Park should include individual amenities, given the general scale, premium rents, and higher sales prices among these properties.

We note that the hotels that are proposed for the north and south parcels will include amenities and features that could provide access to residents. Particularly at the larger hotel proposed for the south parcel, there may be opportunities to market branded residential condominiums, extended stay rental apartments, or vacation club residential units. This creates product diversity at the site, and enables hotel amenities to be more readily shared with the associated residential offerings. This would increase operational and cost efficiencies, while having the potential to also increase gross revenue from the residential units.

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It is critical that the first phase of the development act as a successful catalyst that will generate excitement for future phases of the project. As such, Phase 1 should have a more accessible residential rent and condominium pricing structure than future phases. We believe it will be most advantageous to develop both sites with an eye toward the last phases including the most valuable land parcels. As such, we believe the last parcel to be developed should be Lot 8 in Maritime Park, which we believe to be a luxury condominium tower site, with complementary waterfront retail at the base.

Weitzman's recommend phasing schedule is displayed in the following table.

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TABLE 71
WEITZMAN'S RECOMMENDED PHASING SCHEDULE
MAIN STREET SITES (ALL), DOWNTOWN PENSACOLA

Phase	Number of Rental Units	Number of Condominiums	Square Feet of Retail	Rental Absorption (Months)	Condominium Absorption (Months)
Phase 1	340 units	120 units	90,000 SF	17 months	40 months
Phase 2	285 units	120 units	60,000 SF	14 months	40 months
Phase 3	350 units	90 units	30,000 SF	18 months	30 months
Phase 4	300 units	220 units	20,000 SF	15 months	73 months
Total	1275 units	550 units	200,000 SF		

Source: Projections by Weitzman Associates, LLC

The analysis conducted by Weitzman of residential rents, unit mixes, and other factors is intended to inform Phase 1 of the project. At a later date, and as development progresses, Studer Properties should conduct an updated marketability study to effectively plan the details of future phases, based on both changing market conditions and the performance of Phase 1. However, from a programmatic standpoint, and based upon our market research in this report, we believe that the level of development and distributed uses by phase is well supported.

URBAN DESIGN

The size and location of the West Main Street Sites offers a unique opportunity in Downtown Pensacola. With nearly 19 acres of contiguous land north of West Main Street, the project will require significant urban design elements that simultaneously situate the development appropriately along the waterfront and imbue it with a sense of community and place. Importantly, the results of the waterfront study currently being conducted by SCAPE should be taken into consideration in order to tangibly link the West Main Street Sites to the eastern portion of Downtown Pensacola. Weitzman's recommendations do not take into consideration the challenges of the site, specifically the environmental remediation requirements and presence in a flood plain. It is important that the project team consult civil engineers and cost estimators as soon as possible to determine the effect on site planning and development that these challenges present.

Further, our recommendations do not take into consideration the parking requirements for either the residential or retail components to the project. However, we note that Pensacola is a "driving city" and that the necessary parking ratios are likely higher than what one might expect in a more densely populated urban environment, with more convenient public transportation options and an established walking culture.

Zoning: North of Main Street

The zoning for the 18.5 acre site north of Main Street is C-2, a commercial zoning designation that allows for high-density mixed-use development. It allows for buildings with a height limit of 100 feet at a density of 135 units / acre. There are no setback requirements, and lot coverage may be up to 100%. However, should buildings reach a height taller than 100 feet, there are setback and lot coverage requirements to consider. We believe this scale of development allowable on the north lot would be out of character with the surrounding downtown environment, and should be reallocated somewhat to the southern parcels as part of a more comprehensive reexamination of zoning downtown.

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Zoning: Maritime Park

The zoning for the approximately 10 acres of developable land south of Main Street is classified as "WRD," which stands for Waterfront Redevelopment District. The mixed-use zoning has a height limit of 60 feet and allows for density of up to 60 units / acre. Notably, the height restriction regulations for this zoning designation were recently updated such that ground-level parking, mechanical equipment, and other uses do not contribute to the development's assessed height. Construction in the WRD zone, however, is subject to aesthetic review by Pensacola's Planning Board due to the sensitive nature of building along the waterfront. The zoning applied to these parcels fails to recognize the potential for height and density on this portion of the site, and should be reexamined.

Residential Density: Build-Out Capacity

Weitzman Associates has assessed the total build-out capacity of the north and south sites to inform our development recommendations. The 18.54-acre site north of Main Street has a maximum capacity of 2,502 residential units, and the sites south of Main Street have a maximum capacity of 566 residential units. Overall, the represents a grand total of 3,068 residential units.

TABLE 72
WEITZMAN'S ANALYSIS OF RESIDENTIAL BUILD-OUT CAPACITY

	Size (Ac)	Parcel Reference Number	Approximate Location	Zoning*	Maximum Multifamily Density (Units / Acre)	Maximum Multifamily Build-Out Capacity (Units / Parcel)
North of Main Street						
	18.54	00-0S-00-9070-010-033	NW Corner of W. Main St & S. De Villiers St	C-2	135	2,502
Subtotal / Average Density	18.54				135	2,502
South of Main Street						
Lot 3	0.26	00-0S-00-9400-000-030	SW of W. Cedar St & S. Spring St (Stadium Adjacent)	WRD	60	15
Lot 4	3.02	00-0S-00-9400-000-040	SE Corner of W. Main St & S. De Villiers St	WRD	60	181
Lot 5	1.74	00-0S-00-9400-000-050	NW Corner of W. Cedar St & S. Reus St	WRD	60	104
Lot 6	0.84	00-0S-00-9400-000-060	SW Corner of W. Main St & S. De Villiers St	WRD	60	50
Lot 7	1.48	00-0S-00-9400-000-070	SW Corner of Whibbs Dr & S. De Villiers St	WRD	60	88
Lot 8	1.75	00-0S-00-9400-000-080	SW Corner of S. De Villiers St & Museum Ln	WRD	60	105
Lot 9	0.39	00-0S-00-9400-000-090	SE of W. Cedar St & Museum Ln (Stadium Adjacent)	WRD	60	23
Subtotal / Average Density	9.48				60	566
Grand Total / Average Density	28.02				109	3,068

Planning & Landscape Considerations

The urban design framework currently underway by SCAPE intends, among other goals, to improve the physical and visual links along Main Street's east-to-west axis. Therefore, it is critical that the frontage along Main Street, both to the north and south, lend the thoroughfare a sense of place as well as linear continuity. Sidewalks, green space, and lighting, among other means, can achieve these goals.

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North Site: Phase 1

The 19-acre site north of Main Street currently sits atop a buried waterway known as Washerwoman's Creek that flows out into the ocean. SCAPE has made a preliminary recommendation that the creek be uncovered, "daylit," and linked to the pond in Corinne Jones Park to the north, although it has been determined that this is neither possible nor desirable, given the depth at which the creek is situated below the elevated surface of the lot.

We believe that the eastern portion of the site (approximately 6 acres) should be built to a high density in Phase 1, with additional lower density residential buildings located toward the northwest corner of the site opposite Corinne Jones Park. This first phase would include the residential and commercial space noted above spread across at least three mid-rise structures. Each rental apartment building may be six stories and contain 100 to 200 units, and a condominium building would contain approximately 80 units. There should also be three to four three-story, walk-up or buildings containing 40 more moderately priced condominiums, in order to begin developing lower density components to the site as it blends into the neighborhoods to the west. We note that while we believe that three-story walk-up buildings could be built without elevators, this is not ideal, and depending upon overall construction costs, a three or four-story building may require an elevator.

Weitzman recommends including approximately 10,000 square feet of retail space as well, including a corner store concept and additional space facing Corinne Jones Park, and readily accessible to the neighborhoods to the west. This retail space would ideally be an attractive amenity to those residents and families spending time at the park.

In addition to parking and greenspace, the land surrounding each building must be carefully designed to accommodate both vehicular and pedestrian mobility in a comfortable manner that can be integrated into future phases of the project. Buildings should be oriented north-to-south with a slender footprint to prevent interference with views of the water to the south and Corinne Jones Park to the north. Furthermore, on the north lot, it will be important to create varying building heights and depths, where possible, so that there is less perception of uniformity and repetition as one travels along Main Street. Creating elevated roof top amenity areas for residential buildings, with setbacks and taller sections where elevator cores exist, could serve to add intrigue to the overall impression of the development on the north lot.

North Site: Future Phases

Later phases of the project will be constructed on the western two-thirds (approximately 12 acres) of the site. Exact unit mixes and potential commercial development should be evaluated at a later date based on the performance of Phase 1 and updated market conditions. However, western development should be slightly lower density than Phase 1. Residential typologies would include 3 to 6 story apartment complexes, with some mid-rise construction as well. The site may also include additional retail or entertainment space where possible, given the site elevation challenges.

Urban design initiatives must also take into account the potential construction of a hotel on the site, which could enhance demand for commercial and entertainment uses depending upon the scale and event space being developed. This will also add significantly more transient vehicular and pedestrian activity on the site as hotel guests arrive at and depart from the hotel.

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Southern Sites, Maritime Park: Phase 1

South of Main Street, the parcels of land in Maritime Park are an important opportunity for waterfront entertainment development. The sites farthest to the south lend themselves well to luxury waterfront condominiums, and some rental apartments located on lots that are oriented toward Main Street.

Frontage and allocation of uses across Lots 4 and 5 is critically important for Maritime Park's future. The parcels closest to Main Street have important frontage that should:

(i) Conform to urban design recommendations put forth by SCAPE to enhance the thoroughfare;
(ii) Set the tone for the development of the commercial parcels with in Maritime Park, and create a distinctive visual destination in Phase 1 or 2 that draws the eye from a long distance;
(iii) Invite residents and visitors to patronize the retail / F&B establishments that lease space; and
(iv) Usher residents to travel south farther into Maritime Park to enjoy its attractions.

As previously described, we believe that an experiential recreation or outdoors retailer with exciting indoor/outdoor merchandising would be an ideal use on Main Street oriented lots, although a grocery anchor in this location would also be ideal. We also envision a two-level food hall with expansive outdoor dining spaces, which would also ideally have views toward the water while contributing to a compelling visual focal point along Main Street or from Bruce Beach in the first phase.

Southern Sites, Maritime Park: Future Phases

It is Weitzman's opinion that, over the long-term, Maritime Park should be conceived as a retail-driven entertainment destination. Whether developed at Martime Park or on another nearby water-oriented parcel, such as the proposed Bruce Beach community center, a new entertainment attraction such as a family-oriented aquarium with science center component could establish a strong anchor to the area. Given the size of the Pensacola resident and visitor markets, an aquarium (if stakeholders believe this concept could be pursued) should be a smaller scale than the case studies presented earlier in this report, approximately 40,000 square feet. As previously described, it could include educational components focused on science and ecology, with an annex or programs operated by MESS Hall or another similar business that could lease space to enhance the financial feasibility of such a facility, or could feature a partnership with a regional educational institution. We note, however, that our overall retail recommendations would not change if no such aquarium or regional entertainment destination was developed.

Alternatively, we believe that a more conventional user such as MESS Hall or similar tenant could activate up to approximately 10,000 square feet of retail space within Maritime Park, but planning for this tenancy does not require specialized design. Such a user would contribute a fair amount of placemaking to the project as well, bringing families and children into the site and adding to the destination aspects of the project. We believe a MESS Hall type concept should be attempted within the first phase of development, but that it could be positioned within future phases as well, depending upon planning constraints.

Construction of a new attraction such as an aquarium should commence in a timeframe roughly coinciding with Phase 2 of the project's development, wherever the attraction is pursued. Again, an aquarium or similar attraction may be better suited to a site that is not part of the subject development. Nevertheless, this type

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of use would likely become a major anchor to downtown, attracting beach tourists to spend time downtown, and serving as a potentially valuable destination within the community.

Ultimately, we believe the density that can be developed on individual parcels at Maritime Park could allow for high-rise mixed-use buildings in future phases, and that the overall development phasing should be timed to achieve benchmark pricing and rents on the north parcel prior to pursuing higher levels of revenue on the southern parcels that are oriented toward the water or in key view locations. We believe a hotel should be built on the southern parcels in the first phase, if possible, as this will contribute to a more compelling overall atmosphere south of Main Street.

RENTAL APARTMENTS

Unit Mix and Achievable Rents

We have targeted an average unit size for the rental apartments that is more efficient than what was developed at Southtowne, and we recommend improving upon Southtowne's floorplans to eliminate wasted circulation spaces that contributed to larger than necessary unit sizes at that property. The average unit size is recommended at 746 square feet.

The two-bedroom unit types are recommended in two average sizes, one with just one shared bath and one type with two baths. Two bathrooms are a luxury for many households, and these renters are not generally willing to pay extra rent for a second bath when the second bedroom is primarily used as a home office or guest room. Further, in both roommate and young family households, the expenditure for a larger apartment with a secondary bath is not always worthwhile, given that these households are often seeking to save money and simply require the basics of two bedrooms and are pleased to share a bath if it means spending materially less in rent. Wherever we have seen a two-bedroom, one bath unit type anywhere in the United States, and particularly as a component to a project we have advised, we have observed these homes being so well-received that they are among the first units to lease. They also have a track record of achieving high rent levels on a per square foot basis. We strongly recommend this unit type for the Main Street Sites, as we note that the two-bedroom tenants at Southtowne appear to have been in very high demand and have attracted both roommate situations and households capable of paying more than 64% higher rents than they presently pay for a two-bedroom home there. Thus, we see a distinct opportunity to offer the two-bedroom, one bath unit type to a market that appears ready to absorb more of these homes at aggressive rent levels.

We have also included a larger two-bedroom unit featuring two baths for households who require these facilities, and a three-bedroom home at a more efficient unit size than the roughly 1,400 square foot homes of this type at Southtowne. The three-bedroom homes are capable of achieving premium rents due to their scarcity, and the demand from affluent tenants, but our recommended rent levels do not include any premiums for expansive outdoor space or floor height. There is generally a declining rent per square foot with unit size, due to the reduced affordability of larger and more expensive homes. However, we may be surprised at the eventual achievable rent among the larger homes at the West Main Street Sites.

We have recommended that the units range in rent between an average of $1,065 among the studio apartment type to an average of $1,925 among the larger two-bedroom units. The rent for these larger

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two-bedroom homes is $100 less per person per month, in a roommate situation, than renting one's own studio home. The three-bedroom units are underwritten at $2,475 per month. Overall, the units are positioned at an average of $1,596 per month, or approximately $2.14 per square foot per month. These rents are in March 2019 dollars, and represent a 7.8% higher chunk rent than Southtowne, and an 18.9% higher rent per square foot, due to the approximately 100 square foot smaller average unit size.

Our recommended rents are assumed to include one covered parking space. Second covered parking spaces are recommended to be rented to tenants at the cost of $75 per space per month after stabilization. This remains quite reasonable in the market, yet creates additional revenue derived from many of the apartments that will require two cars. While Southtowne is not presently charging tenants for parking, we believe there is a market to charge for this amenity, and that the West Main Street Sites should attempt to develop some limited revenue from parking facilities once stabilized.

Our rents are also recommended as being representative of an average view from an average floor height in the building. Units with better or worse views will achieve commensurate higher or lower rents than the average we have recommended. Overall, the average recommended rents should be utilized for underwriting purposes until such time as the building is designed, where a full rent model should be prepared to price every home based upon its unique characteristics.

Because we have communicated our rent recommendations in March 2019 dollars, we recommend underwriting rent increases beginning in the third quarter of 2019 at the rate of 0.5% per quarter through stabilization, and 0.75% thereafter. Further, given the clear demand for Southtowne, and ability of the market to pay higher rents that are consistent with what we are recommending for the West Main Street Sites, we do not believe it is necessary to offer a leasing concession. The following table summarizes our rent recommendations for the project.

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TABLE 73

WEITZMAN'S RECOMMENDED UNIT MIX AND PROJECTED RENTS (PHASE 1)
MAIN STREET SITES, DOWNTOWN PENSACOLA

Mid-line rents as of March 2019

Unit Type	# of Units	Unit Mix	Avg. Sq. Ft. / Unit	Average Monthly Rent	Average Monthly Rent / Sq. Ft.
Studio	45	15.0%	475	$1,065	$2.24
One Bedroom / One Bath	120	40.0%	650	$1,450	$2.23
One Bedroom / One Bath	30	10.0%	750	$1,625	$2.17
Two Bedroom / One Bath	30	10.0%	875	$1,850	$2.11
Two Bedroom / Two Bath	60	20.0%	950	$1,925	$2.03
Three Bedroom / Two Bath	15	5.0%	1250	$2,475	$1.98
Total / Average	300	100.0%	746	$1,596	$2.14
Total Net Rentable Area	223,875				

Source: Projections by Weitzman Associates, LLC

These recommended rents are well positioned in the market, and supported not only by our demographic analysis, but also by the in-place rents and tenancy, and perpetual waitlist at Southtowne. Further, our recent experience in the Pensacola market has indicated a very strong value attributed to living downtown and having walk-to amenities and services available within the authentic and unique downtown atmosphere. We believe our recommended rents are achievable given the product features we have profiled, and the downtown location close to employment, highways, and the entertainment and conveniences in the downtown area. In particular, the waterfront location will strongly bolster the marketability of the sites. We are optimistic that the development will enjoy a very high profile in the broader Pensacola community.

Rental Apartment Affordability

We have performed an analysis of the affordability of the recommended unit mix and rents for the typical rental apartments at the West Main Street sites, which is summarized in the following table. Our analysis assumes that 30% of a household's gross income is dedicated to rent, although this is conservative because many rental properties are likely to allow a tenant to rent an apartment that costs as much as 40% of their gross household income. This affordability analysis demonstrates that the average recommended rental apartment unit should be affordable for households earning approximately $63,840 annually. The least expensive units would be affordable for households earning $42,600 on average, while the most expensive homes would be affordable for households earning $99,000 on average. The affordability analysis presents an estimate by unit type of the minimum income necessary to comfortably afford to rent an apartment at the project.

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TABLE 74
RENTAL UNITS
AFFORDABILITY ANALYSIS AS OF MARCH 2019

	Studio	One Bedroom / One Bath	One Bedroom / One Bath	Two Bedroom / One Bath	Two Bedroom / Two Bath	Three Bedroom / Two Bath	Average
Average Unit Sq. Ft.	475	650	750	875	950	1,250	746
Average Rent per Sq. Ft. per Month	$2.24	$2.23	$2.17	$2.11	$2.03	$1.98	$2.14
Average Unit Rent per Month	$1,065	$1,450	$1,625	$1,850	$1,925	$2,475	$1,596
Total Annual Housing Payment	$12,780	$17,400	$19,500	$22,200	$23,100	$29,700	$19,152
Required Household Annual Income	$42,600	$58,000	$65,000	$74,000	$77,000	$99,000	$63,840

Key Assumption: Renters can afford to allot 30% of their gross annual income to rent. *Source: Weitzman Associates, LLC*

Rental Apartment Absorption

Based upon our demand analysis, absorption of approximately 10 units per month is supported in the Primary Market Area. However, absorption above 20 units per month is supported demographically if we also rely on demand from the broader Pensacola metropolitan area. We note that even outlying recent development projects have achieved absorption above 10 units per month, and that Southtowne was absorbed at a pace of 32 units per month. Thus, we believe the appropriate absorption pace for the West Main Street Sites ought to be projected at an average of 20 units per month. While Southtowne was wildly successful in leasing its apartments at its asking rents, its existence has alleviated some degree of pent-up demand. While there remains a waiting list for apartments at Southtowne, it would be appropriate to project absorption at a more conservative pace. We remain optimistic that the West Main Street Sites can achieve a relatively rapid absorption pace. However, we recommend caution given the rents we are recommending.

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FOR-SALE CONDOMINIUMS

Unit Mix and Achievable Sales Prices

We believe that both condominiums and rental apartments are marketable in this location, but that condominiums should be developed to a somewhat smaller scale compared to rental apartments due to the still pioneering nature of larger scale for-sale housing development downtown. Based upon our market research, the project's location and our vision for the overall development, for the first phase of development, we formulated a concept plan including two distinct residential condominium types for development on the 18.54-acre site on the north side of Main Street: (1) a higher density, mid-rise condominium building with 80 units, and (2) lower-density condominium buildings with a total of 40 units.

Because we believe that the project must appeal to as broad of a market as possible, the recommended units are relatively small in size, which will keep them relatively affordable. For the mid-rise condominium with 80 units, we are recommending a unit mix totaling 88,300 net sellable square feet, representing an average unit size of 1,104 square feet. All units should have an outdoor balcony or terrace. We have recommended one-bedroom units averaging 700 square feet, and a larger one-bedroom home type averaging 775 square feet. The smaller one-bedroom unit type is meant to be appealing to those purchasers who are truly price sensitive, and who are likely to skew younger in age, versus the market for the larger one-bedroom home that is more likely a bit older and perhaps divorced or single. It is also possible that some of these homes will be acquired by households doing business regularly in Pensacola, perhaps attorneys frequenting the government center, and who may require a local home despite primarily residing elsewhere. The two-bedroom / 2.5 bath unit types also are recommended in two average sizes, one with a den and averaging 1,250 square feet, and one without a den and averaging 1,050 square feet. We likewise view the markets for these two unit types as being primarily differentiated by the purchaser's emphasis on affordability rather than spaciousness. The three-bedroom / 2.5 bath unit type is assumed to average 1,500 square feet and is targeted toward the higher-income or wealthier users in the market who are seeking a spacious home above all the conveniences of downtown Pensacola, featuring views and expansive outdoor space. We have therefore assumed that these units are few in number, located on the top floor of the building, and featuring the best views and large outdoor terraces.

We have recommended that these condominiums range in price from an average of $295,000 among the smallest one-bedrooms to an average of $650,000 among the three-bedroom units. Overall, the units are priced at an average of approximately $440,000, or $399 per square foot, in March 2019 dollars. These prices are assumed to include at least one parking space in the purchase price, with larger homes receiving two spaces included in the price. These prices are also recommended as being representative of an average view from an average floor height in the building. There is likely to be a material view premium for higher floor units versus lower floor units, and depending on building side. For other projects when we have studied the pricing differential between homes with a view and those without, the result has generally been that those homes with a view command an approximate 20% premium over those homes without a view. This pricing spread might be found between those homes of the same type with a view of the water and surrounding area versus other units with a streetscape view. Overall, however, the average recommended pricing should be utilized for underwriting purposes until such time as the building is designed, where a full pricing model should be prepared to price every home based upon its unique characteristics. To

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reiterate, the eight three-bedroom units are priced assuming a high-floor location, the best views and expansive outdoor terrace space.

TABLE 75
WEITZMAN'S RECOMMENDED UNIT MIX AND PROJECTED CONDOMINIUM PRICES (PHASE 1)
MID-RISE CONDOMINIUM TOWER
MAIN STREET SITES, DOWNTOWN PENSACOLA

Mid-line prices as of March 2019

Unit Type	# of Units	Unit Mix	Avg. Sq. Ft. / Unit	Average Price	Average Price / Sq. Ft.
One Bedroom / 1 Bath	12	15.0%	700	$295,000	$421
One Bedroom / 1 Bath	12	15.0%	775	$325,000	$419
Two Bedroom / 2.5 Bath	40	50.0%	1,050	$415,000	$395
Two Bedroom / 2.5 Bath + Den	20	25.0%	1,250	$475,000	$380
Three Bedroom / 2.5 Bath	8	10.0%	1,500	$650,000	$433
Total / Average	80	100.0%	1,104	$440,000	$399
Total Net Rentable Area	88,300				

Note: 3 BR units assumed to be located on upper floors of the building, featuring the best views and larger outdoor spaces.

Source: Projections by Weitzman Associates, LLC

For the low-rise condominium buildings with a total of 40 units, we recommended somewhat smaller units, which will be priced more affordably compared to the units in the mid-rise structure. For this product type, we are recommending a unit mix totaling 37,600 net sellable square feet, representing an average unit size of 940 square feet. We have recommended one-bedroom units averaging 650 square feet. The two-bedroom unit types are recommended in two average sizes, one with two baths and averaging 950 square feet, and one with 2.5 baths and averaging 1,050 square feet. The three-bedroom / 2.5 bath unit type is assumed to average 1,250 square feet.

We have recommended that these condominiums range in price from an average of $195,000 among the one-bedrooms to an average of $350,000 among the three-bedroom units. Overall, the units are priced at an average of approximately $271,500, or $289 per square foot, in March 2019 dollars. Again, these prices are assumed to include at least one parking space in the purchase price, with larger homes receiving two spaces included in the price.

We note that it may be more beneficial to the planning effort to develop three or four story structures with an elevator, depending in part upon egress and density considerations. We acknowledge that an elevator contributes to achievable price. However, we believe that it is useful in the first phase to establish a market at lower price points in order to introduce product and price diversity to the development from the start of the project. The building design and vertical transportation is worthy of further consideration relative to achievable price, as well as the objectives of the project and its planning effort.

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TABLE 76
WEITZMAN'S RECOMMENDED UNIT MIX AND PROJECTED CONDOMINIUM PRICES (PHASE 1)
LOW-RISE CONDOMINIUM BUILDINGS
MAIN STREET SITES, DOWNTOWN PENSACOLA

Mid-line prices as of March 2019

Unit Type	# of Units	Unit Mix	Avg. Sq. Ft. / Unit	Average Price	Average Price / Sq. Ft.
One Bedroom / 1 Bath	8	20.0%	650	$195,000	$300
Two Bedroom / 2 Bath	20	50.0%	950	$275,000	$289
Two Bedroom / 2.5 Bath	8	20.0%	1,050	$300,000	$286
Three Bedroom / 2.5 Bath	4	10.0%	1,250	$350,000	$280
Total / Average	40	100.0%	940	$271,500	$289
Total Net Rentable Area	37,600				

Source: Projections by Weitzman Associates, LLC

While the initial pre-sales at the development will need to be made at a promotional price in order to achieve momentum and build confidence in the market that the project is moving forward, this is a sales tactic that you will need to agree upon with your marketing agent at the time. Our pricing does not assume discounts or premiums associated with promotional pricing. Instead, it is meant to convey market-level pricing for a project of this size given the recommended unit types. Pricing dynamics in a new condominium development are largely dictated at the time by the project's launch, a promotional campaign, and the market's sense of urgency to buy. Nevertheless, these pricing recommendations should be achievable on average over the sellout, with built-in market price appreciation gains during that time, regardless of what tactics might be deployed to encourage sales at any point during the process.

Because we have communicated our pricing recommendations in March 2019 dollars, we recommend underwriting price increases beginning only upon substantial completion of the first condominium building, at the rate of 0.5% per quarter through the remainder of the sellout.

It is envisioned that the Project's future phases will include a similar plan of the two residential condominium types duplicated twice elsewhere on the north site. Thus, the vision is for a total of 360 condominium units on the north site, comprised of a total of 240 units in three separate mid-rise buildings, and a total of 120 units in lower density buildings.

Furthermore, we recommend the last phases of project development to include residential condominium development (in conjunction with retail) on the Maritime Park sites located closest to the water, with achievable average pricing for prime waterfront condominium development estimated to average in the $500 to $600 per square foot range (in March 2019 dollars).

Condominium Unit Affordability

We have performed an affordability analysis to determine the income levels necessary to purchase a condominium unit at the West Main Street sites assuming the recommended pricing levels for various units in the development. In general, we have assumed conservative financing terms, high tax and maintenance obligations for the market, and a low percentage of pre-tax income devoted to housing.

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We have performed a thorough pricing study for condominiums at the West Main Street sites, and priced each of the units in the buildings. Based on this detailed pricing model, we have performed an affordability analysis on the weighted average sized unit among the most prolific types of one bedroom, two bedroom and three bedroom units.

Conservatively, a household would need a minimum income of $50,904 or $75,275 to purchase a one-bedroom condominium in a low-rise or mid-rise building, respectively. Similarly, a household would need a minimum income of $73,321 or $107,201 to purchase a two-bedroom condominium in a low-rise or mid-rise building, respectively. Overall, to buy a condominium in a low-rise or mid-rise building requires a minimum income of $71,434 or $113,469, respectively. The affordability analysis for condominiums at the West Main Street sites is summarized in the following tables:

TABLE 77
MID-RISE CONDOMINIUM TOWER
AFFORDABILITY ANALYSIS AS OF MARCH 2019

	One Bedroom / 1 Bath	One Bedroom / 1 Bath	Two Bedroom / 2.5 Bath	Two Bedroom / 2.5 Bath + Den	Three Bedroom / 2.5 Bath	Average
Average Unit Sq. Ft.	700	775	1,050	1,250	1,500	1,104
Average Price per Sq. Ft.	$421	$419	$395	$380	$433	$399
Overall Average Price	$295,000	$325,000	$415,000	$475,000	$650,000	$440,000
Mortgage Percentage	75%	75%	75%	75%	75%	75%
Amount of Mortgage	$221,250	$243,750	$311,250	$356,250	$487,500	$330,000
Assumed Interest Rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Projected Monthly Mortgage	$1,188	$1,309	$1,671	$1,912	$2,617	$1,772
Real Estate Taxes	$344	$379	$484	$554	$758	$513
HOA Maintenance	$350	$388	$525	$625	$750	$552
Total Monthly Housing Payment	$1,882	$2,075	$2,680	$3,092	$4,125	$2,837
Total Annual Housing Payment	$22,583	$24,902	$32,160	$37,099	$49,504	$34,041
Required Annual Income	$75,275	$83,007	$107,201	$123,664	$165,014	$113,469

Assumptions:
1) Downpayment is assumed to be 25%
2) Financing is assumed to be 30-year fixed, conservative interest rate
3) Real Estate Taxes are estimated to be 1.4% of purchase price.
4) Homeowners Association Fees are estimated to be $0.50 psf per month
5) Required Annual Income assumes 30% of pre-tax income is devoted to housing

Source: Weitzman Associates, LLC

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TABLE 78
LOW-RISE CONDOMINIUM BUILDINGS
AFFORDABILITY ANALYSIS AS OF MARCH 2019

	One Bedroom / 1 Bath	Two Bedroom / 2 Bath	Two Bedroom / 2.5 Bath	Three Bedroom / 2.5 Bath	Average
Average Unit Sq. Ft.	650	950	1,050	1,250	940
Average Price per Sq. Ft.	$300	$289	$286	$280	$289
Overall Average Price	$195,000	$275,000	$300,000	$350,000	$271,500
Mortgage Percentage	75%	75%	75%	75%	75%
Amount of Mortgage	$146,250	$206,250	$225,000	$262,500	$203,625
Assumed Interest Rate	5.00%	5.00%	5.00%	5.00%	5.00%
Projected Monthly Mortgage	$785	$1,107	$1,208	$1,409	$1,093
Real Estate Taxes	$228	$321	$350	$408	$317
HOA Maintenance	$260	$380	$420	$500	$376
Total Monthly Housing Payment	$1,273	$1,808	$1,978	$2,317	$1,786
Total Annual Housing Payment	$15,271	$21,696	$23,734	$27,810	$21,430
Required Annual Income	$50,904	$72,321	$79,114	$92,700	$71,434

Assumptions:
1) Downpayment is assumed to be 25%
2) Financing is assumed to be 30-year fixed, conservative interest rate
3) Real Estate Taxes are estimated to be 1.4% of purchase price.
4) Homeowners Association Fees are estimated to be $0.40 psf per month
5) Required Annual Income assumes 30% of pre-tax income is devoted to housing

Source: Weitzman Associates, LLC

In reality, many of the most expensive units at the West Main Street sites will be purchased by households where affordability based upon income is not an issue, as these units will typically attract the wealthiest of buyers who may pay cash for the residence. These buyers have the luxury of choosing whether or not to place debt on a residence.

Additionally, a caveat to this analysis is the fact that we do not know how many purchasers at the West Main Street sites will use their residence as a primary home versus a second home. This analysis only tells us the minimum income necessary for a purchaser to qualify for a loan to purchase a unit, and does not take into consideration the debt that an individual may already carry. One might consider this analysis as a determination of how much discretionary income a purchaser would need to buy, and typically finance, a residence at the West Main Street sites.

Condominium Absorption

Based upon our demand analysis, there appears to be sufficient market depth for condominium units developed at the site. We found that sufficient underlying market demand in the Primary Market Area alone would readily support the absorption of for-sale housing units at the site at a rate of three units per

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month, but that absorption of more than three units per month would be too aggressively forecast. Nevertheless, the demand analysis is simply a measure of the demographic depth in the market areas, and by no means is it an accurate forecast of the number of households that "will" choose to purchase a unit the development. This is a pioneering product for the market, given its scale and the amount of time that has passed since a larger-scale condominium project was built downtown. The project must also be perceived as offering a good value to the market, with strong amenities and compelling unit finishes. Therefore, while the depth of the market is strong, we must conservatively project absorption for underwriting purposes.

It is our opinion that, for the first phase of 120 condominium units, you should project absorption at a pace averaging three units per month. We believe that absorption exceeding this level will be highly speculative. Therefore, we anticipate that the total absorption period at these price levels will be approximately 40 months. At a lower price level, absorption may occur at a slightly more rapid pace, but in any event, we expect that the first phase will take at least three years to be fully sold out. We recommend coming to market with all for-sale product approximately one year prior to initial completion.

Residential Building Features, Amenities and Finishes

In our opinion, the project should be designed to synchronize with the downtown area's older commercial buildings, blending the materials used in typical vintage construction throughout the neighborhood with contemporary construction and design. While utilizing masonry, steel, and wood to create an exterior façade with texture and warmth, we recommend the use of large punched windows to allow substantial daylight into the typical home. While we advise against using a glass curtain wall system, large windows can still allow for exceptional light and air while also providing wall space to furnish the residential units and decorate walls.

Larger residential buildings should feature a lobby attendant during two shifts per day, allowing for residents to have access to lobby service during peak times as well as during the evening hours. While some may not deem this service to be necessary, this feature would enhance the marketability of each building where it was provided, prospectively supporting higher prices and rents, as well as absorption. The lobby attendant should have a direct line of sight to all key points of security, most importantly the front door and the elevators of each building. Out of sight of the main lobby of each residential building should be the mail room with shredder, a Luxer (or similar) automated package room, and cold storage. Each larger residential building will require on-site management available to handle the day-to-day management of the property and the staff, although there should also be a central master association office handling oversight of the entire development's care and maintenance. The management office for each larger residential building should be located at the ground floor within close proximity to the lobby area, and leasing staff for the rental apartment buildings can be housed along with the management team. A double door entry vestibule should be accessible with electronic key fob during times that the lobby attendant is not on duty. The smaller residential structures can be accessed in the same way, but there will be no expectation of a lobby attendant or on-site management.

We recommend that a pull-over lane be recessed into the sidewalk in front of each larger residential building entry so that residents and visitors can easily pick-up and drop-off people and packages. There should be a building canopy cantilevered over the sidewalk in front of each building, constructed of steel or glass in keeping with the architectural elements, to provide protection from rain all the way to a point just past the curb of the pull-over lane. Loading will also be a consideration, and these facilities in each larger residential

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building should be kept away from main pedestrian or building entrance areas, with sufficient area for trash, recycling, the staging of moves and construction work.

Each larger condominium and rental apartment building should include its own private amenities to include a resident lounge with adjacent outdoor entertaining space, and a spacious gym. However, all residential buildings on the north site should feature access to a central amenity pavilion on the site, as previously described, with outdoor aquatic center surrounded by expansive landscaped outdoor lounge and entertaining facilities. These should include a mix of seating groups, outdoor fireplaces, outdoor kitchens, lush landscaping, and entertainment areas suitable for private events upon reservation. The aquatic center should include a swimming pool suitable for both exercise at 25 meters in length, as well as having a resort-style feel to one portion of it. There should also be a large hot tub, outdoor showers, misters, and access to changing facilities. Inside the pavilion, which we would expect to be approximately 5,000 to 7,000 square feet in size, there should be a central two-story gym, featuring a full array of equipment and private studios, as well as lounge and entertaining areas. Further, a spacious children's play room should be integrated adjacent to the fitness amenities, with changing station, and kitchenette. There should be a well-designed indoor/outdoor feel to this overall amenity, all accessed by residents only with electronic key fob. We realize that the footprint of such a facility may not be possible, but that, as previously discussed, the largest possible centralized amenity program should be pursued so as to maximized construction cost and operating expense efficiencies while creating stronger marketing impact with the visual appeal of such a large, central facility. Each larger residential building on the Maritime Park sites should include a private swimming pool and related recreational and lounge facilities, ideally situated on a podium or rooftop to enable sweeping views of the water where possible.

For both rental apartments and condominiums, resident storage lockers should be provided within key-fobbed storage rooms off of the garages or interior spaces that cannot be used for revenue-producing purposes. One storage cage sized at a minimum of 3'x4'x4' (stacked) should be constructed for each studio, one-bedroom, small two-bedroom unit, with full 8' height lockers provided for larger homes. Residents will pay license fees for the use of these cages, and some residents may seek to rent more than one. We also recommend that bike storage be provided at a ratio of one bicycle per unit, which should accommodate demand for all the residential units throughout the site, inclusive of those without bicycles. We believe bicycle storage will be critical, due to the proximity of the project to the potential SCAPE designed waterfront recreation amenities. There should be a central bicycle repair and compressed air station accessible to all residents.

We would expect all residential buildings to be pet-friendly, and for designated dog runs to be located in convenient locations near to all residential offerings. A central large, fenced, dog run facility could be contemplated on the north side of the north site, situated in proximity to the Corinne Jones Park playground and green spaces.

Our pricing and absorption assumptions as detailed in this Recommendations section are predicated on the project being developed with the features described herein.

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Unit Finishes

The project's residential offerings should include a modestly high standard of interior finish, relative to the purchase price or rent. While the most important element to the unit interiors throughout the project is the rigorous attention to interior architectural detail, ensuring that each unit's function is maximized without wasting space in the plan, the unit finishes set the tone for the market's quality perception.

We are recommending ceiling heights starting at 9'0" for conventional rental apartments and condominiums, and 10'0" for luxury oriented apartments and condominiums. Some select units may feature higher ceilings, in key locations within each building that provide for expansive views. We recommend that all entry and interior doorways be 8'0" in height, and that the entry to each home is recessed from the corridor into a lighted niche. All units should be entered utilizing electronic key fob rather than a metal key, which is less secure. While the rental apartments should include vinyl plank flooring in all living areas, including bedrooms, the condominiums should include engineered wide plank oak flooring throughout the homes. Baths should include porcelain large format tile throughout, with matching tub and shower surrounds, while master baths in the luxury-oriented condominiums should include natural stone tile. Italian-manufactured flat panel wood veneer and lacquer cabinetry, and stone counters should be included throughout the apartments and condominiums, with 1-1/4" thick counters in the condominiums and ¾" counters in the apartments. Stainless steel appliances by Whirlpool or similar should be included throughout the residential offerings. Laundry facilities must be included in every home.

Limited millwork throughout each condominium is important, but should be basic. Base molding and trim can be designed in a simple, contemporary style that is relatively inexpensive when manufactured out of MDF, although makes the appropriate impression inside of the home. However, it is important for the market to feel that each room was considered fully in the design process, and that even understated finish details were thought through. To reiterate, in the condominium buildings, the market must feel that the project offers value in quality for the price. Inexpensive features that contribute to an impression of quality can go a long way toward achieving maximal pricing and absorption. The rental apartments will only require a basic trim package of base and doorframe molding.

Combination tubs and showers should be provided in all secondary baths, as well as in larger one-bedrooms and two-bedroom / one-bath homes where young children will sometimes reside. The studio apartments and smaller one-bedroom units should feature a shower stall only. Linen closets should be provided near to every bath.

Surface mounted light fixtures throughout the home are sufficient, and recessed lighting is not necessary. Leviton rocker panel switches with dimmers in entertaining spaces should be provided as the standard switching mechanism.

Among the most important unit features is the inclusion of outdoor space with every home, if possible. The smallest homes should feature cantilevered balconies no smaller than six feet deep by ten feet wide, which is wide enough to accommodate a small table and four chairs. Larger homes should feature larger outdoor spaces, and as previously mentioned, the three-bedroom units must feature expansive outdoor entertaining spaces. Outdoor space carries significant marketability value among prospective renters and purchasers, and we strongly recommend that the overall building massing be designed to accommodate balconies and terraces wherever possible. In order to accommodate a marketable depth of the balconies, we suggest

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considering ways to partially recess the balcony into the building façade, wrapping the unit around the balcony slightly. This could result in compelling floorplans, and perhaps access to balconies from multiple rooms, which is desirable. Our recommended unit rents and condominium pricing is predicated on the assumption that every home has access to a basic outdoor space.

RETAIL RENTS

Weitzman recommends underwriting net rents at the retail component ranging from $18 to $25 per square foot in March 2019 dollars. Larger tenants, or special use tenants, may pay as low as $12 to $18 per square foot, while smaller tenants, or those with exceptional revenue potential per square foot, or expensive landlord work letters, may pay up to approximately $40 per square foot. There may be exceptions to this range depending upon the final retail plan, with some desirable tenants demanding lower rents in order to come into the project, and some small footprint tenants willing to pay materially higher rent than $40 in order to have the exposure for their business. This is particularly true for the smallest of tenants, such as a high-visibility restaurant, which can achieve a high volume of sales per square foot, justifying the payment of rent at a higher rate. Nevertheless, we believe our recommended rent range bracket is reasonably achievable in today's market given the positioning of the project, the built-in market demand from the residential uses and the potential for this waterfront district to become a major destination.

Based upon our demand analysis, retail sales of approximately $300 per square foot per year appears to be readily achievable and supportable in the market for a retail component sized at approximately 200,000 square feet or more. However, we believe that it is most reasonable to underwrite annual average gross sales of $225 per square foot, based upon our conversations with local business owners and our sense of the sales potential that can be cautiously projected for the development. In general, retailers are capable of paying between 10% and 12% of gross sales toward occupancy costs, which aligns well with our recommended rent range.

We believe that retail rents can be underwritten to grow by 0.5% per quarter throughout the development period, beginning in the fourth quarter of 2019, and 0.75% per quarter after stabilization. Upon stabilization, individual vacancies that come up from time to time can achieve higher rents. Despite the compelling development concept, location, and built-in market demand, one must take a cautious approach to the achievable rents at the project.

We recommend pre-leasing as much space as possible to tenants up to one year prior to completion. We are assuming that the Landlord's Work is delivering a warm white box space, and that tenant improvement allowances will be negotiated on a case-by-case basis, and amortized into the negotiated rent over the term. We recommend assuming lease terms of 10 years for larger retailers, and 5 to 7 years for smaller tenants.

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CONCLUSION

As summarized in this report, Weitzman Associates, LLC is optimistic that the West Main Street development initiative, in conjunction with the SCAPE waterfront access initiative, represents a tremendous opportunity to increase the power of downtown Pensacola as a destination with significantly greater market appeal than exists today for both residents throughout the region and tourists. The success thus far in Pensacola's renaissance has been inspiring, with compelling downtown retail environment featuring low vacancy, and new residential development that is appealing to pent-up demand. Nevertheless, the West Main Street Sites represent such scale and scope that this development will dramatically change downtown Pensacola. The quality of the planning effort to define the project will be of critical importance, as will be the curation of retail and entertainment uses to ensure that the most compelling tenant mix is achieved, rather than the tenant mix simply willing to pay the highest rent levels.

Ultimately, we believe that the West Main Street Sites have the potential to house and entertain the broad array of people who are stakeholders in Pensacola's ongoing success, and those who visit the area looking for something differentiated from beach activities and what can be found in alternative destinations. The continuation of an open public dialogue about the future of downtown Pensacola is important, because the core market for the uses we have recommended herein will be those families who already reside in the area, and whose opinions related to shaping their downtown will matter most when executing this development plan. We believe our recommended development scope can be designed and developed with careful attention to enhancing what is already desirable about downtown Pensacola, building on it and creating new opportunities for businesses and residents to spend their time and money downtown.

We recommend completing updates to this marketability study once the master planning effort has determined the basic features of the site, and there is greater clarity on the allowable density to be developed on each parcel. We also recommend updates as the actual development proceeds, in order to refine the projected development scope, product features and achievable revenue. We look forward to the potential to continue our work with you and other stakeholders in this project, and to seeing the culmination of your efforts to facilitate this exciting and monumental development initiative.

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WEITZMAN
Real Estate Consultants

ADDENDA

WEITZMAN
Real Estate Consultants

EXHIBIT A

BASIC ASSUMPTIONS AND LIMITING CONDITIONS

BASIC ASSUMPTIONS AND LIMITING CONDITIONS

This report has been solely prepared for the client identified in the letter of transmittal and throughout the report. It is to be expressly utilized by the client for the purposes so stated, and no reliance is to be placed on this report for any other purposes. This report may not be utilized in conjunction with any securitized transaction without the express permission of Weitzman Associates, LLC. The rights to any information contained in this report, unless furnished by outside sources, are exclusively those of Weitzman Associates, LLC. This report must be read in its entirety and neither all nor portions of this report may be reproduced, published or shown to other parties without the express written authorization of Weitzman Associates, LLC.

This marketability assessment was conducted during February and March 2019.

The date to which the opinions expressed in this report apply is set forth in the letter of transmittal. The signatories assume no responsibility for economic or physical factors occurring at some later date, which may affect the opinions herein stated. Any aberrations and/or dramatic changes of prevailing economic conditions as of the date of analysis may impact our conclusions.

No opinion is intended to be expressed for legal matters or those that would require specialized investigation or knowledge beyond that ordinarily employed by the real estate profession, although such matters may be discussed in the report.

Data relative to the size of the units were taken from sources considered reliable. Maps, plats, graphics and exhibits if included herein, are for illustration purposes only, as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.

The signatories of this report represent that they have no current or contemplated interest in any properties within the market study area covered by this report.

The rendering of this report does not presume the right of expert testimony or attendance in court or at any other hearing, unless financial, scheduling and other arrangements are made therefore a reasonable time in advance by mutual written agreement. All fees and costs (at the customary rates charged by Weitzman Associates, LLC for litigation and non-litigation services) for any such attendance or other participation as an expert or in court, at any hearing or in connection with any discovery related to this report or the services provided by Weitzman Associates, LLC hereunder shall be paid by the client herein identified if and to the extent same shall not be fully paid by any other person or entity.

Disclosure of the contents of this market study report and/or its use is governed by the Bylaws and Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report especially any conclusions, the identity of the consultants or firm with which they are connected, or any reference to the Appraisal Institute or the MAI designation shall be disseminated to the public through advertising media, public relations media, sales media, news media, or any other public means of communication without the prior written consent and approval of the consultants. As previously mentioned, this document may not be utilized for any reporting in conjunction with a securitization transaction without the express written permission of Weitzman Associates, LLC.

This report constitutes a complete report, transmitted in summary report format and complies with The Uniform Standards of Professional Practice of The Appraisal Foundation for a complete report. This study has been prepared in conformity with and subject to the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute. As a summary report, this report does not include full discussions of the data, reasoning, and analyses that were used in the study's process to develop the consultant's opinions. Full documentation has been retained in our files.

The marketability analysis was conducted by Peter T. Bazeli, Joshua Levitt, Catherine Tam, and Peter Carle during February and March 2019.

We have relied on information relative to the proposed Project as supplied by the developer and have assumed such information to be correct at this stage in the development process.

EXHIBIT B

CERTIFICATION OF CONSULTANTS

CERTIFICATION OF CONSULTANTS

We hereby certify that Weitzman Associates, LLC was engaged to undertake a residential marketability study for the proposed development at the West Main Street Sites in downtown Pensacola, Florida.

Neither Weitzman Associates, LLC nor we have any present or contemplated future interest in the real estate in any of the markets that have been analyzed in this report.

We have no personal interest or bias with respect to the subject matter of the report or the parties involved.

To the best of our knowledge and belief the statements of fact contained in this marketability study, upon which the analyses, opinions and conclusions expressed herein are based, are true and correct.

This marketability study report sets forth all of the limiting conditions (imposed by the terms of our assignment or by the undersigned) affecting the analysis, opinions and conclusions contained in this report.

The marketability analysis was conducted by Peter T. Bazeli, Joshua Levitt, Catherine Tam, and Peter Carle during February and March 2019.

Our fee for this marketability analysis is not contingent upon the conclusions reported or upon anything else other than the delivery of this report.

This marketability analysis has been made in conformity with and is subject to the requirements of The Uniform Standards of Professional Practice of The Appraisal Foundation. It is also subject to the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.

The Appraisal Institute conducts a program of continuing education for its designated members. Members who meet the minimum standards of this program are awarded periodic educational certification. As of the date of this report, Marilyn Kramer Weitzman has completed the requirements under the continuing educational program of the Appraisal Institute.

WEITZMAN ASSOCIATES, LLC

Peter T. Bazeli, MRICS
Principal and Managing Director

Catherine Tam
Vice President

Joshua Levitt
Assistant Vice President

Peter Carle
Associate

EXHIBIT C

QUALIFICATIONS OF THE CONSULTANTS

PROFESSIONAL QUALIFICATIONS
PETER T. BAZELI, MRICS

EDUCATION:

Bradley University 1998

Foster College of Business Administration
Peoria, Illinois
Bachelor of Science degree
Concentration in Marketing

EMPLOYMENT:

WEITZMAN ASSOCIATES, LLC
New York, New York
Real Estate specialists providing advice and counsel to those engaged in evaluating, buying, selling, leasing, financing, or developing real estate.

Principal and Managing Director June 2016 – Present
Senior Vice President October 2004 – June 2016

DRAPER AND KRAMER, INCORPORATED
Chicago, Illinois
Privately-held real estate firm engaged in the acquisition, financing, development, and management of commercial and residential property nationwide.

Assistant Vice President 2000-2004
Responsibilities within the Development Group aiding in the acquisition, financing, development, and marketing of large-scale residential properties in Chicago, Miami and Boston.

Retail Leasing Broker 2000
Provided retail leasing and brokerage services on a portfolio totaling more than 1 million square feet.

Senior Research Analyst 1998-2000
Performed market feasibility, underwriting, and general real estate analysis services for the firm and its clients.

MEMBERSHIP:

Urban Land Institute
Member, Royal Institute of Chartered Surveyors (MRICS Designation)
Guest Lecturer – Cornell University, Northwestern University, Taubman College of Architecture and Urban Planning at the University of Michigan, NYU Schack Institute of Real Estate, Bradley University.

PROFESSIONAL QUALIFICATIONS

CATHERINE M. TAM

EDUCATION:

B.S., Cornell University — 1996
School of Hotel Administration
Concentration in Real Estate

EMPLOYMENT:

THE WEITZMAN GROUP, INC., New York, NY — 2001-Present
Vice President
Real estate specialist, providing advice and counsel to those engaged in evaluation, buying, selling, leasing, financing, or developing real estate.

STARWOOD HOTELS AND RESORTS, White Plains, NY — 2001
Manager, Development
Researched markets throughout North America and the Caribbean, for the purpose of projecting cash flows for new hotel development and existing hotel acquisitions. Structured various deal models and analyzed investment returns.

HVS INTERNATIONAL, Mineola, NY — 1996-2001
Senior Associate
Completed appraisal, market studies, feasibility analysis, and other related consulting work for the hospitality industry.

PROFESSIONAL QUALIFICATIONS
PETER R. CARLE

EDUCATION:

Bachelors of Science in Business Administration — 2016
Concentration in Finance
Western Washington University
Bellingham, Washington, USA

EMPLOYMENT:

WEITZMAN ASSOCIATES, LLC
Chicago, Illinois, USA

Associate — 2018-Present

Real Estate specialists providing service and counsel to those engaged in evaluating, buying, selling, leasing, financing or developing real estate.

BANK OF THE PACIFIC
Bellingham, Washington, USA

Commercial Credit Analyst — 2016-2018

Community bank providing capital for business expansion, inventory, equipment, commercial real estate and more.
Mr. Carle assisted commercial lenders by providing in-depth financial analysis to reach insightful credit recommendations.

PROFESSIONAL QUALIFICATIONS
JOSHUA LEVITT

EDUCATION:

Master's in Urban Planning — 2015
Concentration: Real Estate & Urban Development
Harvard University
Cambridge, MA

Bachelor of Arts — 2013
Majors: Architectural Studies, Art History
Amherst College
Amherst, MA

EMPLOYMENT:

WEITZMAN ASSOCIATES, LLC
New York, NY, USA

Assistant Vice President — 2019-Present

Real Estate specialists providing service and counsel to those engaged in evaluating, buying, selling, leasing, financing or developing real estate.

MCR
New York, NY, USA

Associate — 2017-2018

Large owner-operator of hotels across the United States. Mr. Levitt supported development of the TWA Hotel at JFK Airport, asset management of the High Line Hotel in Manhattan, and acquisitions of Marriott and Hilton select-service hotels.

HR&A Advisors
New York, NY, USA

Analyst — 2015-2017

Real estate and economic development consulting firm. Mr. Levitt supported market and financial feasibility studies to inform large-scale urban interventions. Clients included REITs, real estate developers, cities, and non-profit institutions.

Response to: City of Pensacola Notice of Intention to Dispose of (Lease) Real Property and Accept Submittals for Redevelopment of Parcels 4 and 5, West Main Street, Pensacola, Florida

PRESENTED BY: CARSON LOVELL COMPANY

Contact Persons

Greg Darden – 334.319.3142 cell – g.darden@structuredparkingsolutions.com

Ed Carson – 850.393-1394 – edcarson@carsonlovell.com

June 28, 2021



Response to: City of Pensacola Notice of Intention to Dispose of (Lease) Real Property and Accept Submittals for Redevelopment of Parcels 4 and 5, West Main Street, Pensacola, Florida

PRESENTED BY: CARSON LOVELL COMPANY

AND OUR COLLECTIVE TEAM, INCLUDING:
Provident Resources Group, Structured Parking Solutions, International Coliseum Company, The Michaels Organization, & Legendary Marine

June 28, 2021



Letter of Introduction

June 28, 2021

Ms. Deanna Stallworth – Property Lease Manager
City of Pensacola
222 W. Main Street
Pensacola, Florida 32502

RE**: Solicitation for Disposal of Property, Parcels 4 and 5, West Main Street, Pensacola, Florida**

Dear Ms. Stallworth and City Leaders,

Our collective team including, Carson Lovell Company (CL), Provident Resources Group (PRG), Structured Parking Solutions (SPS), International Coliseum Company (ICC), The Michaels Organization (Michaels), and Legendary Marine (Legendary), is a highly accomplished group of developers of municipal infrastructure and its associated needs. Our team is very familiar with the City of Pensacola, the Citizens of Pensacola, and the infrastructural and overall development needs of downtown and specifically, the property included in this solicitation. In fact, many of our team companies call Pensacola home. Over the years, we have participated in many studies, public meetings, and events, and have provided consulting services to the City to help address parking and development needs for the City's downtown district. We are enthused over the recent efforts to address redevelopment opportunities for portions of downtown Pensacola. We are very pleased to offer this document explaining our team, our interests, and a logical path to move this important opportunity forward.

This document outlines the key elements of our team, our approach, and highlights why we are the best choice to develop this Project for the City:

- ✓ Our team members possess vast knowledge and experience with the development needs required to successfully deliver the City's parking, convention/conference area, affordable housing, and other development needs. Our team members have the appropriate design, development, construction, finance, and operational experience to successfully deliver this important project.
- ✓ Our team has spent years studying and "experiencing" Pensacola, we are prepared to begin this effort immediately and without conflicting requirements to "learn" the City and its needs.
- ✓ This project requires multiple companies to work in unison. Our team members have experience working together. Yet, we also understand the City and its Citizens are an important team member. Our team's approach fosters a spirit of inclusiveness and partnership in which all stakeholders are identified and engaged from the outset, communication is open and effective, and all collective team member's expertise helps inform the work of the others; so, our final product is inclusive and holistically conceived, thus allowing for a successful delivery.
- ✓ Our team members understand the legal, financial, and operational needs associated with developing public infrastructure in conjunction with additional private developments; therefore, we have the experience to guide the City through operational and use agreements, along with condominium style organizational efforts which may be required of this Project.
- ✓ Our team abilities ensure and protect the City's investments in this project while providing a maximized value and return to the City.

- ✓ Our team will minimize costs and provide maximum scheduling benefits while protecting the Project's aesthetic values.
- ✓ Our core team members have mutual experience on past projects, affording the City the assurance of a team that will work together successfully.

This Proposal outlines a comprehensive and intuitive development opportunity for the City. We have selected this group of development opportunities without input or assistance from the City and/or municipal stakeholders. Once selected, we will perform due diligence and stakeholder meetings to finalize our development and its offerings. Our proposal outlines the following development opportunities we believe would be highly beneficial and appropriate for the property, the City, and Citizens.

- **A municipal parking garage** – which serves as parking for new developments and public parking.
- **A conference/convention facility** – the conference/convention facility will provide the City and Citizens with flexible-use meeting, conference, banquet, and general-assembly space and become a catalyst for new opportunities for surrounding properties and the overall downtown district.
- **A multifamily affordable workforce housing complex** – we are prepared to finalize evaluations and include a multifamily living complex to meet affordable and workforce housing needs, which are sorely needed downtown.
- **A retail – entertainment establishment** – we have included a unique entertainment opportunity to serve the overall downtown, continue to grow the waterfront district, and extend our efforts to become a catalyst for new growth. This creative and intuitive retail and entertainment venue compliments the existing waterfront district and proposed new developments, while creating a new attraction for local citizens.
- **Marina development** – we are including an option to complete the proposed breakwater and boat wet slips which are an instrumental part of the overall activation of the Waterfront District.

Our approach has been to provide the City an intuitive and well-conceived team of professional companies with experience working together to deliver: predesign & due diligence needs, planning & design services, development services, operational services, and alternative financing options (if required by the City).

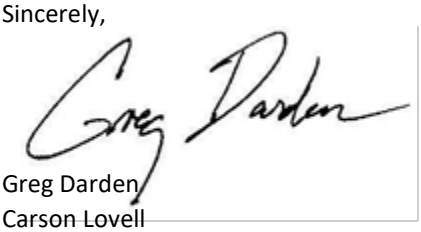
We have assembled an outstanding team that is uniquely qualified to meet each of the project goals and objectives. The initial members of our team detailed within this document have local, regional, and national expertise, and the experience to deliver this exciting and important Project.

Our team members understand the important role this Project will serve the City and its Citizens, now and into the future. We understand the City's interest for this Project to become a catalyst and spur further growth and innovation in the area.

We look forward to the City's review of our Proposal and the opportunity to move forward with you as strategic partners for this Project.

We appreciate this opportunity, look forward to your questions, and are prepared to begin immediately!

Sincerely,



Greg Darden
Carson Lovell
Structured Parking Solutions
334-319-3142 – cell
G.Darden@StructuredParkingSolutions.com

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II. Executive Summary

This property has been discussed and under various degrees of commitments over the years, but the property and its future developments now have a definitive path to success by the City controlling the land. The City and past developers have put forth much effort to provide preliminary massing studies, design, and budgets for privately focused developments on this property. While these past efforts have been unsuccessful, they have allowed the City to understand the importance of the Property. This is a critically important public property, and the City has indicated recognition of this understanding. Our proposal focuses on quintessentially important public uses for this important public property.

Our team includes nationally recognized companies capable and ready to provide the required services for each of the expected product types that must come together to successfully complete this development. Our expert team members have worked together on other similar projects, assuring the City of a complete team with common experience. Overall, our team has evaluated the preliminary opportunities afforded by this Project and have significant interest in working with the City. In addition, many of our team members call Pensacola home. This provides the City a highly unique team that understands the City, its needs, and keeps money spent on this Project inside the Pensacola community.

It is also important to point out, this is the only development opportunity our team has in Pensacola. Unlike some developers who could be distracted by their other opportunities in the Pensacola market, we are solely focused on this Project and excited to begin work on it immediately.

Carson Lovell Company has recently been selected as the developer for a similar project for the City of Aiken, South Carolina. That Project will be located in downtown Aiken and includes a regional garage, conference/convention center, a conference-based hotel, and a multifamily complex. The same participating team members for the Aiken Project are included on this team which provides the City of Pensacola additional assurances of a tested and competent team, which will work in unison.

Greg Darden (Structured Parking Solutions, Carson Lovell, and Bullock Tice Associates) has experience assembling and managing these types of teams on past mixed-use developments. Greg will be the team liaison to the City and tie all team members and project needs together.

At this stage, we are providing the City this document to explain our individual abilities, accomplishments, and interest in this Project. We are also providing the City with financing options for the public infrastructure portions of the Project. Lastly, we provide the City a path-forward process which we have successfully applied on similar projects where due diligence must be performed before a definitive development plan is identified and accepted.



Our team is prepared to begin due diligence and demand studies immediately. These investigative processes are highly important to assure the Project includes the appropriate components, densities, and can be quickly absorbed inside the market. Without these studies, this development could have a

negative impact on existing businesses and property values. Our goal and promise to the City and Citizens of Pensacola is for this Project to meet current needs and become a catalysis to generate new growth and help downtown businesses to reach their full potential.

We have made every attempt to provide information the City would find beneficial as they consider the most appropriate team to work with. We have much more information, credentials, references, and other materials on each of our team member companies. Please let us know if you need any further information.

Pensacola has a unique charm and character which we understand, respect, and will protect.

III. Team Description

a. Primary Points of Contact for the collective team:

Greg Darden
334-319-3142 cell
G.Darden@StructuredParkingSolutions.com

Ed Carson
850-393-1394 cell
edcarson@carsonlovell.com

b. Description of Team Companies

Carson Lovell Company (CL) - Carson Lovell began their commercial real estate business in 1995. Ed Carson, owner of Carson Construction, and Adrian Lovell, PTAC Consulting Engineers, formed their partnership while Adrian was looking for office space for his engineering firm. They successfully acquired property and completed their first renovation. During their successful partnership, they have developed and rehabbed numerous properties over the past 26 years.

Carson Lovell develops and, in many cases, manages its own properties and has a diverse client list that includes the federal government, state government, county government, health care, and many types of professionals. Carson Lovell has developed numerous properties for the GSA. Some of the agencies have included the Social Security Administration, the IRS, the Federal Probation Office, ICE, and the Customs and Border Protection Agency. Additionally, Carson Lovell has provided projects for municipalities including North Augusta, SC, City of Pensacola, Charleston, SC, and others. Carson Lovell also manages many of their properties and are quite familiar with the special requirements of federal and governmental agencies.

Ed Carson is a veteran Florida state-certified general contractor and a leader in numerous state and local economic development and service organizations. Appointed by Governor Bush to the Florida Building Commission, he has served as POC Chairman for six years.

Greg Darden has held real estate and construction licenses and has experience developing mixed-use projects over the past 35-years. These projects have included condominium, retail, commercial office, hospitality, and parking programs.

For this project, Carson Lovell will lead the overall development services and be the primary point of contact between the City and our overall team for all infrastructural development affairs. CL will lead and oversee design and budgeting of the overall Project and its construction. CL will coordinate and present financing options for the garage and conference/convention facility for the City to review and consider.

Structured Parking Solutions (SPS) www.StructuredParkingSolutions.com - is based in Pensacola, Florida. SPS offers a full complement of parking services including, consulting, in-house architecture, structural engineering, development, and post-construction operations & maintenance services. SPS has successfully designed and/or developed over 400 parking garages and many of those projects included surrounding mixed-use components. SPS prides itself on designing and developing efficient and aesthetically pleasing parking developments which minimize post-construction maintenance and operational costs. To help achieve these important offerings, SPS is constantly striving to utilize the best products, design practices, and development strategies. SPS has a unique and comprehensive understanding of what is truly needed for a successful parking system. In short, the products SPS delivers are much more than "just a parking structure;" they are the creation of "People and Place," an interim

stopping point for someone on their way to a destination. A successful parking structure design and its development balance the functional needs of the users, with the architectural and program requirements of the Owner, while accomplishing all of this within budget. As a parking designer and developer, SPS knows how to successfully integrate the architectural intent with an economical structural frame and column grid, without compromising on parking geometrics. SPS and its staff also participate on many National parking boards and committees and have assisted in writing technical papers, guidelines, and books which steer the effective design and maintenance practices for parking garages.

Today, most garages include other occupancies such as retail, commercial, multifamily, and other developments within the garage or directly surrounding it. The less educated developer may place focus on the occupied uses and exclusive of the garage's needs. This practice is common but short sighted. Parking is highly geometric and has little tolerance for deviations (parking spaces by local and national codes are 9' x 18', drive isles are generally 24' wide, ramps with parking cannot exceed 6.67% pitch, and so on). When emphasis is placed exclusively on the occupied use needs around the garage, and not the parking layout, parking becomes unnecessarily expensive. Overall, it is more effective to balance the needs of the parking system with the overall needs of the entire development. SPS is highly skilled at working in unison with other project developers to evaluate all development needs and strike an equitable balance.

SPS provides several highly unique design and development options which set us apart from other parking design/development teams.

1. SPS singularly provides for design and development functions, creating uniformity, singular responsibility, and cost efficiencies.
2. SPS has proprietary design software which streamlines the design and budgeting processes, thus removing costs from both design and development functions while allowing projects to be developed through a fast-track program that save months of construction time and significant costs.

SPS has worked on many teams that include parking garages and other mixed-use needs. SPS is currently developing a 1,400-car garage for LSU Medical Center in New Orleans which includes 14,000 square feet of ambulatory care space and office areas. SPS has proven its abilities through other successful projects by being the team's parking leader. This single-source responsible agent for parking provides our municipal partners and private developers the benefit and assurance of dealing with a single company and parking leader throughout the course of the parking design and development exercises.

SPS will oversee special design for the parking garage and will assist the City by helping develop parking operational contracts between the City and other developers and users of the garage. SPS will provide design and installation assistance for parking management control systems within the garage. We currently suggest the City should operate and maintain the garage once it is constructed.

International Coliseums Company (ICC) www.Coliseums.com - International Coliseums Company ("ICC") is the Leader in Event Center development. Since 2003, ICC has developed dozens of event and coliseum centers, with one currently under construction in South Lake Tahoe, Nevada; no other company has developed more in that time frame. ICC brings an unparalleled level of expertise and a proven integrated, sole source approach for Event Center development, design, construction, FFE procurement and start-up.

ICC has now completed 14 public assembly/entertainment facilities similar in size and scope to this project. ICC's business and technical reputation, capabilities, and experience, have been proven over and over again through their successful track record of designing, building, and financing event, meeting, and spectator facilities from the Budweiser Events Center in Loveland, Colorado to the United Wireless Arena in Dodge Municipality, Kansas; and most recently, the Anderson Auto Group Fieldhouse in Bullhead City, Arizona, the Sun Peaks Resort Municipality Conference Center and as mentioned earlier, the Tahoe South Events Center. Simply put, ICC is an event center

development company that is engaged, with partners, in sports management, multipurpose events center development, food and beverage services, marketing, and commercial sponsorship sales.

In addition to smaller convention and conference space facilities, ICC is also an accomplished developer of facilities raging in size from 3,000 to 7,000 fixed seats and capacity up to 10,000 seats. In May, 2019, ICC opened the Anderson Auto Group Fieldhouse in Bullhead City, Arizona making their first high school district project. The current facility is 125,000 square feet and features a regulation size football and soccer turf surface along with the flexibility to accommodate six basketball courts, twelve volleyball courts, twenty – four wrestling mats. This facility also has the capability to host concerts, graduations, trade shows and exhibitions.

Of additional interest, ICC's principals have been involved with the Central Hockey League ("CHL") since the inception of the league in 1995. Rick Kozuback was one of the original founders of the Western Professional Hockey League ("WPHL") which merged with the CHL in 2001 and subsequently purchased all of the shares of the combined league thereafter. Needless to say, ICC has unique and in-depth knowledge to provide "ice options" within their facilities. While an ice option may not have been considered by the City, ICC can quickly evaluate an ice-option (if the City has interests), and effectively provide for that amenity.

ICC has a very specialized understanding of event, meeting, and convention facility structures and an outstanding history of developing and delivering these facilities within very tight schedules and budgets. The company prides itself in developing and creating facilities that meet the vision of municipalities and consistently exceeds expectations.

ICC will assist in the design and development of the convention area for this project while working in unison with the team. ICC will provide programming, operational, and maintenance options for the City.

The Michaels Organization (Michaels) www.TMO.com - Since 1973, The Michaels Organization (Michaels) has been creating a legacy that can be summed up in one powerful phrase: ***"The World is a Better Place to Live Wherever We Build and Manage It."*** It all began with their founder Michael J. Levitt, a man of great integrity, leadership, and incredible generosity.

Through the years, the organization has grown to 2,000+ employees, and has thrived and led innovation in every residential housing sector. The Michaels Organization has become a national leader in the real estate industry, providing full-service capabilities in development, management, finance and construction.

Michaels' deep experience in all facets of community development from affordable, student, military and market rate multi-family living, has made them a trusted partner for more than 47-years. Michaels currently serves more than 145,000 residents in more than 400 communities in 35 states, including the The District of Columbia, and the U.S. Virgin Islands. Their current development pipeline includes $3.9 billion student, market rate, and affordable housing.

Michaels is the premier owner, operator and developer of multifamily housing in the country. They are the only national developer, owner and operator--private or public--who can truly solve all of their clients'/partners' housing needs. From deep subsidy public housing, tax credit, workforce, student and market rate multifamily housing, they do it all.

Their financial stewardship, strong balance sheet, excellent relationships with both debt and equity providers, and the flexibility to work with a variety of funding mechanisms allows them to determine the best financial approach for their partners' specific needs.

For Pensacola, Michaels has begun due diligence exercises into the market and believes the opportunities for multifamily housing are very high.

Michaels will provide predevelopment due diligence services to evaluate the opportunities for a successful multifamily affordable and workforce housing development. Michaels will oversee design and development services for this portion of the Project. Michaels will assist with funding and post-construction operations for these dwellings.

Legendary Marine (Legendary) www.legendaryinc.com - Legendary includes a grouping of companies. Their flagship company is Legendary Development which focuses on marina and marine oriented development needs. Legendary has developed, owns, and operates nearly 20 marinas along the east coast. Legendary is constructing two marinas in the Bahamas.

Building value beyond the sum of our parts. Working together as one integrated team, the companies of Legendary span the spectrum of real estate value creation. By sharing their creative knowledge of marina development, operations, and markets, everyone benefits—investors, business partners, clients, lease holders, landlords and buyers—with better living, business environments and increased value.

Legendary will provide marina consulting and guidance services. Legendary will utilize its vast knowledge with marina design to develop a masterplan that best services the downtown marina needs. Legendary will develop a budget and pro forma for the marina, and if approved by the City, Legendary will oversee the marina's development and operations (if required).

Provident Resources Group (Provident) www.Provident.org – Provident is our team's primary infrastructure finance partner. Provident is an established national 501(c)(3) organization committed to the financing, development, ownership, and operation of state-of-the-art facilities across the country that serve to advance lessen the burdens of government. Provident employs the highest level of professional management while taking a unified approach to their delivery of services. Provident passionately believes this approach serves to enhance the quality of services within Provident's facilities and communities they serve.

Provident is led by a talented senior management team supported by a staff of over thirty in-house professionals that include experienced lawyers and CPAs seasoned in tax-exempt financing for public institutions and nonprofit organizations who are focused on serving the missions of Provident in communities across the United States through socially responsible finance activities and community development. Furthermore, Provident is guided by a diversified national board of directors experienced in higher education, finance, investment banking, venture capital funding, law, and government administration. Perhaps most important to Provident's abilities to execute and its successes to date is the support and confidence it has of many of the largest investment and commercial banking firms in the country.

Over the past decade Provident has served its missions in over 21 states, accessing over $5 billion in capital from the private and public markets and assembling an asset base of nearly $3.5 billion with another $1.5 billion under development. The various financing models utilized by Provident demonstrates their ability to successfully access the capital markets, whether through equity markets, complex tax-exempt public offerings, or private placements or through conventional bank financings.

Under Provident's nonprofit ownership and financing structure, Provident assumes responsibility for financing, furnishing, equipping, owning, and operating the partner's development. This structure allows their City, governmental, and healthcare partners to exercise significant control over all aspects of the development and operation of the project while enjoying the financial and intangible benefits of the project without having to bear the burdens typically associated with the ownership and financing of such a project.

Provident brings a wealth of experience and abilities with financing municipal infrastructure projects and developing work force housing. This team is partnered with Provident on multiple projects throughout the United States assuring our clients of our ability to work together cooperatively and successfully.

Provident is perfectly suited to provide this team and the City creative options to finance the infrastructural portions of this project through use of tax-exempt bonds and other means, many of which may not impact city finances, bonding abilities, or their balance sheet.

Bullock Tice Associates – Architecture (BTA) www.BullockTice.com - Bullock Tice Associates (BTA) is under the family of companies which include Structured Parking Solutions and PTAC Consulting Engineers. BTA provides in house planning, as well as architectural and interior design services for SPS and other clients located throughout the Southeast USA region. BTA focuses on serving commercial/multifamily/retail developers; governmental/educational/institutional entities; and Department of Defense/public agencies. Founded in 1958, BTA's multi-generational practice has built its reputation on active listening, creative client collaboration/engagement, dependable/professional design execution and responsiveness to client's needs.

Bullock Tice is a parent company to SPS and works collaboratively with SPS on projects that include mixed-use and other design needs. BTA has inherent knowledge and experience to provide design for this project, including parking and convention facilities, and those structures combined with mixed-use structures like the ones being planned to wrap the garage and conference/convention facility.

BTA prides itself in being known as the client's preferred architect because of their inherent ability to listen, evaluate the client's needs, and effectively design to those needs and the client's budget.

BTA and the entire design team will work within a REVIT-360 design environment. By working within REVIT-360, we will provide the City and all stakeholders real-time access to the project design model which will be hosted virtually. By all team members working within a singular design model, we reduce errors and omissions, increase budgeting accuracy, assure strong & fluid communication and project understanding between all parties, and improve scheduling efforts.

BTA will provide overall architectural services to assure this project is properly designed to meet the client's needs, budget, and schedule, while also successfully merging and cooperating with surrounding private developments.

Construction Services – Our team has relationships with regional construction companies ready to construct this Project. Our team also understands the unique construction, staging, and logistical needs which could impact the construction processes. The garage, conference/convention, and housing facilities may also include construction items which could benefit or impact the surrounding land and other developments. We are also unsure of the items in our development which the City may approve. Therefore, at this preliminary stage, our team is advising the City that we perform further evaluations to determine the most appropriate construction processes and construction partners.

Understand, Carson Lovell has experienced project management abilities and provides its clients unparalleled client/project management services. CL's abilities and experience will assure the City that our Project will be properly constructed and all costs will be carefully evaluated and overseen to prevent erroneous costs impacts to the City, while maintaining scheduling needs.

Additional Team Members

Additional Team Members – Our team will include additional participants including those providing Civil Engineering, Structural Engineering, MEP Engineering, Fire Protection Engineering, landscaping, and others. Much like construction services, some of these services may be best provided in conjunction with the surrounding private developments. Assuming any portion of these services are to be provided through a cooperative agreement with the private developers, CL will utilize its project management abilities to assure the City that all costs will be properly accounted for and assessed to the appropriate areas.

c. **Past Project Examples –**

CARSON LOVELL INCORPORATED

Partial List of Carson Lovell governmental, corporate, and large mixed-use development projects:

- VA parking facility Charleston, SC - Developed 600-space parking project for the Veterans Administration
- City of North Augusta, SC – Developed a 600+ space parking garage for the City of North Augusta, SC
- Charleston, SC – Oversight of design and development plan for a 550-space municipal parking garage with 26,000 sf mixed-use condominium and retail structure.
- Beaufort, SC – Oversite of design and development plan for a 640-space municipal parking garage with ground level 12,000 sf retail area.
- South Alcaniz Project, Pensacola Florida- Developed 20,000 sf of office for SunTrust Bank.
- Wright Street Project, Pensacola Florida- Developed 25,000 sf of historic warehouse for Sacred Heart Hospital.
- Reus Street Project, Pensacola Florida- Developed 13,000 sf office building for the Department of Homeland Security.
- North Palafox Project, Pensacola Florida- Developed 7000 sf historic building for the Federal Court system Probation offices.
- Alcaniz Centre Condominiums and mixed-use space- Development of 45,000 sf of condos and mixed-use space.
- Davis Centre, Pensacola Florida- Development of 26,000 sf grocery store and offices for the Social Security Disability Determination Regional office.
- Commendencia Project- Development of 36,000 sf of offices for Wells Fargo and local law firm.
- West Garden Project- Acquisition and development of 65,000 sf building for Bank of America and Baptist Hospital.
- Southtown, Pensacola Florida – provide owner-client relations and project management services









CITY OF NORTH AUGUSTA MEDAC PARKING GARAGE

Description

Parking Garage No. 1 for the City of North Augusta, SC was completed in the summer of 2017. The project was designed, constructed and developed by SPS for the City. There were many challenges faced in the creation of this facility. The first being timing, a private developer was building a major office building adjacent to our site and the City had agreed to provide the parking needed to support this occupancy. Since the other development had already commenced our team was charged with the design and construction of these four tiers, 599-space garage in less than a year in time for the adjacent building's occupancy.

Our second challenge was the site itself which was basically the sloping face of a cliff with existing grades sloping in excess of 50 feet from one corner to the other. To accomplish this design a substantial soil-nail retaining wall had to be developed on three sides of the garage. This technology allowed us to excavate down a little at a time and build the retaining wall as we dropped. This approach was necessary due to the site having a City street on each end and the developing office building only 40 feet away on another face. A major benefit however, of working with a site such as this was our ability to create multiple vehicular egress points at different tier levels which expedites loading and unloading operations.

Once sitework was commenced our last major challenge was encountered. This site had previously been used as a disposal area for a closed brick factory in this area and we discovered multiple water springs as the site was dug out. More than 932 truckloads of debris were removed from the site and a substantial water collection system had to be designed and constructed as the work progressed, putting that much more pressure on the design/construction team to complete this project on time. The team was able to make up lost time through the efficient delivery and erection of the precast garage components as well as the expeditious trim out requirements by the General Contractor. The project successfully completed on time and ready for the first occupants of the adjacent office building.

Structured Parking Solutions' Role
Architecture and Interior Design
Structural and Specialty Engineering
Overall Project Management
Construction Administration

Location / North Augusta, SC
Client / City of North Augusta, SC
Construction Cost / $10,550,407
Size / Four-level, 599 spaces, 210,036 GSF
Completion / 2015



structured parking solutions

LSU MEDICAL CENTER PARKING GARAGE AND AMBLITORY CARE FACILITY

Description

Structured Parking Solutions (SPS) is completing a new 1,400 car garage which includes 13,800 sqft of ambulatory care space in downtown New Orleans. The project will be completed in July, 2021 at a cost of $41MM.

The project had many unique attributes which benefited from SPSs experience. The project required a fast-track design and development process. SPS utilized its own design software to allow shop drawings to be developed simultaneously with the Permit Drawings. This allowed precast concrete compoenets (required to build the garage) to begin shipping a few days after the Permit Drawings were approved. Overall, SPS was able to remove nearly 4-months form the construction schedule which also greatly reduced project costs.

The project will be completed on time and in budget.





CITY OF CHARLESTON PARKING GARAGE – MIXED USE PROJECT

Description

The Hughes is a mixed-use development in the historic district of Charleston, SC which SPS designed and provided predevelopment services for. The project includes a 750-car garage surrounded by mixed-use retail (approx. 9,500 sqft) and multifamily dwellings (52-units of various size).

SPS submitted the project to the Charleston Board of Architectural Review and received resounding approval. The project currently being budgeted for construction.

Structured Parking Solutions' Role
Architecture and Interior Design
Structural and Specialty Engineering Overall Project Management Construction Administration

Location / Charleston, SC
Client / Hughes Corp.
Est. Construction Cost / $47MM

Partial Listing of SPS projects which includes over 400-garages

structured parking solutions

comprehensive & custom-tailored parking solutions

Private Sector Parking Garages

Hampton Inn: Fairhope, AL
Seawind Condominiums: Gulf Shores, AL
Crystal Shores East Condominium: Gulf Shores, AL
Crystal Shores West Condominium: Gulf Shores, AL
Crystal Tower Condominium: Gulf Shores, AL
RSA Battle House: Mobile, AL
RSA: Montgomery, AL
Caribe II: Orange Beach, AL
Florida Altamonte Mall: Altamonte Springs, FL
Perimeter: Phoenix, AZ
Destin West: Destin, FL
Dunes of Crystal Beach: Destin, FL
Azure Condominium: Ft. Walton Beach, FL
Prudential Insurance: Jacksonville, FL
Fidelity National: Jacksonville, FL
Corporate Center Four: Orlando, FL
Ustler II: Orlando, FL
Village of Imagine: Orlando, FL
Palm Coast Harborside: Palm Harbor, FL
Gulf Crest: Panama City, FL
Treasure Isle Condominium: Panama City, FL
Boardwalk Beach Resort: Panama City Beach, FL
Pensacola Regional Airport: Pensacola, FL
Scenic Terrace Condominiums: Pensacola, FL
Hilton Tower: Pensacola Beach, FL
Shoppes of Veranda: Ponte Vedra, FL
Landmark at Doral: Miami, FL
Miami Herald: Miami, FL
Baptist Church: Romar Beach, FL
Citicorp: Tampa, FL
Hard Rock Casino: Tampa, FL
Atlantic Station R17: Atlanta, GA
IKEA: Atlanta, GA
Edgewood: Atlanta, GA
Lindmont Apartments: Atlanta, GA
Pittsburgh Civic League: Atlanta, GA
Tenside 643 10th St.: Atlanta, GA
Ellsworth Industrial: Atlanta, GA
Overlook Center: Boston, MA
Wegmans Food Mart: Columbia, MD
Ameristar Casinos: Kansas City, MO
Harrah's Casino: St. Charles, MO
Legacy Condominium: Biloxi, MS
Pavilion East at Lakeview Park: Charlotte, NC
Brixham Green: Raleigh, NC
Argosy Casino: Omaha, NE
Con-Agra Foods: Omaha, NE
Bergen Tower Center: Paramus, NJ
RCN: Lawrenceville, NJ
The Highlands at Morristown: Morristown, NJ
Maple Gardens: Newark, NJ
Bella Venezia: Las Vegas, NV
Kenwood: Cincinnati, OH
Hillcrest, Phase II: Oklahoma City, OK
Magnolia Street: Spartanburg, SC
John H Allen: Jackson, TN
HGTV: Knoxville, TN
Knoxville POB: Knoxville, TN
Lake Plaza Condominium: Knoxville, TN
Scripps Networks Headquarters: Knoxville, TN
Highwoods Triad Centre: Memphis, TN
Horizon: Memphis, TN
Highwoods Office Deck I and II: Nashville, TN
Metro Nashville Airport Authority: Nashville, TN
Nissan Headquarters: Nashville, TN
West End Summit: Nashville, TN
Wayson Pavilion: Arlington, VA
Sajak Pavilion: Arlington, VA
Carmax: Goochland, VA
Dominion Chevrolet: Richmond, VA
Newport News Airport: Newport News, VA
Westin: Virginia Beach, VA
Plymouth Road: Plymouth, VA
Clay Street: Richmond, VA
City Center: Burlington, VT

Health Care Parking Garages

Shelby County Medical: Alabaster, AL
Baptist Hospital (Study): Jacksonville, FL
Humana Hospital: St. Petersburg, FL
Henry Medical Center: Henry County, GA
St. Luke's Hospital: New Bedford, MA
Veterans Administration Medical Center: Biloxi, MS
North Kansas City Hospital: Kansas City, MO
Liberty Hospital: St. Louis, MO
Oktibbeha County Hospital: Starkville, MS
West Tennessee Healthcare: Jackson, TN
Medtronic Expansion: Memphis, TN
Methodist LeBonheur Germantown Hospital: Memphis, TN
Skyline Medical Center: Nashville, TN
St. Jude: Nashville, TN

College / University Parking Garages

Auburn University North Park: Auburn, AL
Samford University (Pitts): Birmingham, AL
University of Alabama: Birmingham, AL
University of Florida Deck IX: Gainesville, FL
University of Georgia Coliseum: Athens, GA
Valdosta State University Oak St.: Valdosta, GA
Valdosta State University Sustella St.: Valdosta, GA
University of Kansas: Lawrence, KS
Mary Washington University: Prince Georges, MD
Washington University Snow Way: St. Louis, MO
Lipscomb University: Nashville, TN

Municipal / Government Parking Garages

Jacksonville Library: Jacksonville, FL
Kings Avenue: Jacksonville, FL
Palm Avenue: Jacksonville, FL
Riverside Avenue: Jacksonville, FL
Escambia County Judicial: Pensacola, FL
City of Pensacola Downtown: Pensacola, FL
Atlanta Public Safety: Atlanta, GA
LaGrange Downtown: LaGrange, GA
City Dock Parking: Pascagoula, MS
Public Safety Complex: Paterson, NJ
Richard H. Fulton Complex: Nashville, TN

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United Wireless Arena & Boot Hill Conference Center

Dodge City, Kansas

SCOPE OF WORK

—Feasibility Plan (GPI) Due Diligence (GPI)

—Business Plan (GPI) Design Concept (ICC)

—Project Management (ICC) Facility Management

—FF&E Selection and Procurement (ICC)

—Facility Sponsorship (GEMS)

—Food and Beverage

—Event Ticketing (GetTix.Net)

PROJECT FACTS

Completion: ..... February 2011
Project Cost: ..... $415 Million
Construction Costs: ..... $35 Million
Seating Capacity: ..... 4,200 seating for sports, 6,060 for staged events
Architect: ..... Sink Combs Dethlefs

DESCRIPTION

Single ice sheet community center with attached meeting/conference facility. Located adjacent to Boot Hill Casino and Resort.

DODGE CITY, KANSAS

Dodge City, roughly 150 miles west of Wichita, is situated in the center of America's Heartland. It currently has a population of approximately 34,000 and proudly boasts its Western heritage. Dodge City and the surrounding area have experienced growth unequaled by any other Eastern Kansas City, which makes the feasibility and long-term success of this project achievable.

The multi-purpose events center was built on a "pad ready" site with parking and road access provided by the casino and local businesses that will allow room for future development. The location of the arena allows for it to host a wide variety of sports and entertainment events, including easy accommodation for the historical and rodeo events the area is well known for. It currently hosts over 200 events a year such as concerts, trade shows, family shows, agricultural events and other civic functions.

The facility includes exhibition floor space and community meeting rooms. The center has approximately 4,200 seats, with designated VIP seating and luxury suites as well.

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Silverstein Eye Centers Arena

Independence, Missouri

SCOPE OF WORK

—Feasibility Plan

—Business Plan

—Project Management

—FF&E Selection and Procurement

—Facility Management

—Facility Sponsorship

—Event Ticketing (GetTix.Net)

—Anchor Tenant (CHL)

—Due Diligence

—Design Concept

—Food and Beverage

PROJECT FACTS

Completion:.....November 2009
Project Cost:.....$50 Million
Seating Capacity:5,800 seating for sports; 7,200 seats for staged events in main facility; 536 seating in second ice facility
Architect:.....Sink Combs Dethlefs

DESCRIPTION

Double ice sheet venue.

INDEPENDENCE, MISSOURI

The arena in Independence, Missouri makes cutting edge technology in entertainment still look at home in a traditional American heartland landscape.

As the only events center of its size in the region, the over 182,000-square-foot building is suited to a variety of uses. As many as 5,800 fans can come and enjoy pro-hockey, concerts, trade shows, and events like monster truck rallies and roller derbies—in their own city.

The suite level provides 25 suites, 2 large party suites, club seating & lounge for the higher-end patron. Unique additions to the center include a community ice building, pro shop, locker rooms, and a rentable party room.

"We haven't even had anything along those lines...it's going to be a huge plus for the city."

—Tom Scannell, Community Development Director for Independence

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Findlay Toyota Center

Prescott Valley, Arizona

SCOPE OF WORK

- —Feasibility Plan (GPI)
- —Business Plan (GPI)
- —Project Management (ICC)
- —FF&E Selection and Procurement (ICC)
- —Facility Management
- —Facility Sponsorship
- —Anchor Tenant (CHL)
- —Event Ticketing (GetTix.Net)
- —Due Diligence (GPI)
- —Design Concept (ICC)

PROJECT FACTS

Completion:.....October 2006 (completed on schedule)
Project Cost:.....$35 million (completed within budget)
Seating Capacity: 5,100 seating for sports; 6,300 seats for staged events
Architect:.....Sink Combs Dethlefs

DESCRIPTION

Single ice sheet community center, major component of a 40 acre retail and Entertainment Center District.

PRESCOTT VALLEY, ARIZONA

Findlay Toyota Center is the only arena of its size between Las Vegas and Phoenix and is Northern Arizona's sports and entertainment venue. While most event centers are recognized by their grand façade and bright lights, Tim's Toyota Center should be admired for what the design and construction team achieved without the big budget.

First and second floor windows let light in the concourses during the day and display fan interaction to those passing by in the evening. The two story, 137,000 square foot arena has a seating capacity of 5,100. Among its amenities are 24 luxury suites (including two party suites), 400 club seats, and parking for 3,000 vehicles. The facility is designed to host a variety of events including the Central Hockey League's Arizona Sundogs games, concerts, ice shows, arena football, motor cross, rodeos, conventions and trade shows.

The completion of the center marks an important addition to the creation of a new downtown/urban center for the Town of Prescott Valley.

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Tahoe South Events Center

Stateline, Nevada





PROJECT FACTS:

Anticipated Completion:.....January 2022
Architect:.....PW Nevada, Inc.
Civil &Landscape:.....DESIGNWORKSHOP
CMAR .....CORE Construction

DESCRIPTION

Single ice sheet Multi-Event Arena and Convention Center

Stateline, Nevada

International Coliseums Company is the Owner's representative and Project Manager responsible for this project. ICC's project director overseeing the design, bid and selection of contractors and operators ensuring on time delivery and within budget completion.

The proposed Events Center building is located on the south-west corner of U.S. Highway 50 and Lake Parkway, Stateline, Nevada, adjacent to the Montbleu casino and consists of two levels: an event floor level and a suites and offices level. The building footprint is approximately 88,420 square feet and the total floor area is approximately 138,550 square feet. The facility's design offers the flexibility of hosting a wide variety of events, including conventions and conferences, sports, trade shows, performing arts and musical concerts. Overall seating capacity is approximately 6,000, which includes floor seating for a concert or performing arts event. During trade shows, ice skating shows, and sporting events, such as hockey, basketball and volleyball, up to 4,200 seats will be available.

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Anderson Auto Group Fieldhouse

Bullhead City, Arizona



PROJECT FACTS:

Completion:.....April 2019

Project Cost:.....32.5 Million

Architect:.....Perkins Will / Orcutt Winslow

General Contractor:.....CORE Construction

DESCRIPTION:

Indoor artificial turf fieldhouse, for football/soccer and other venues.



Bullhead City, Arizona

The Anderson Auto Group Field House is a 125,000 square foot multi-use building designed to accommodate a variety of event space needs for the Colorado River Union District's high schools and the surrounding community of Bullhead City, Arizona.

The primary athletic field area provides seating for up to 4,500 people and offers support spaces including offices, concessions, a box office, and a press box. The athletic area can be converted to host a variety of sporting events, as well as conferences and trade shows. The building also features 4,050 square feet of classroom space and a 1,200 square foot teaching kitchen for culinary arts instruction.

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Allen Event Center

Allen, Texas

SCOPE OF WORK

—Feasibility Plan (GPI)

—Due Diligence (GPI)

—Business Plan (GPI)

—Design Concept (ICC)

—Project Management (ICC

—Food and Beverage

—FF&E Selection and Procurement (ICC)

—Facility Management

—Facility Sponsorship

—Event Ticketing (GetTix.Net)

—Anchor Tenant (CHL)

PROJECT FACTS

Completion: ..... November 2009

Project Cost: ..... $52.6 Million

Seating Capacity: ..... 6,200 seating for hockey; 7,500 seats for staged events in main facility; 300 seating in second ice facility

Architect: ..... Sink Combs Dethlefs

DESCRIPTION

Double ice sheet venue. Anchor for the Village at Allen, a 180 acre mixed-use development.

ALLEN, TEXAS

The Allen Event Center is one component of a 3 million-square-foot mixed-use development in Dallas suburb Allen, Texas.

This state-of-the-art facility is located within the mixed-use project called The Village at Allen and The Village at Fairview. It is considered one of the largest mixed-use projects in Texas. Combined development spans 400 acres and includes 2 million square feet of retail space and 1 million square feet of office, residential and hotel space.

It opened on November 9, 2009 with Reba McEntire performing as the grand opening artist. The Event Center is expected to host approximately 150 events each year and have more than 1,000,000 visitors annually.

It features headline entertainers, professional sports and touring shows, trade shows, festivals, and cultural and community events. The event center has the capacity for approximately 8,500 seats and 29 luxury and club suites.

Orchard Park

DAVIS, CA

THE Michaels ORGANIZATION

PROJECT SHEET

In September 2017, The Michaels Organization was selected through a competitive RFQ/RFP process as part of the University of California's 2020 Housing Initiative to develop Orchard Park Apartments.

Through a Public/Private Partnership, Orchard Park is being redeveloped to serve graduate students and students with families. Some project features ~~include:~~ family housing at below market-rate rents, preservation of heritage cork oak trees, and bicycle/pedestrian connectivity. In addition to being a bicycle/pedestrian friendly community, vehicle parking will be provided as well.

Amenities include outdoor gathering space, multipurpose rooms, recreation and study lounges, laundry rooms, Community Center with a multipurpose room and kitchen, meeting room and mail/package storage.







PROJECT FACTS:

Project Status: 2023 Delivery

University Served: University of California, Davis

Program: Approximately 1,549 beds / 613 units

Parking: 491 spaces

Project Size: 19 acres / 614,513 GSF

Developer/Management: Michaels Student Living

Project Cost: $335 Million

Finance Structure: Tax-Exempt Bonds

Student Type: Graduates, Students with Families

Unit Type: Flats

Sustainability: Aiming for LEED for Homes Gold

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Graduate Student Housing

LEBANON, NH

THE Michaels ORGANIZATION

PROJECT SHEET

Michaels Student Living and Dartmouth College are partnering on this new student housing project located just three miles south of main campus. The proposed apartment community will be built on a 53-acre property the college owns on Mt. Support Road near Dartmouth-Hitchcock Medical Center in Lebanon. The community will accommodate graduate and professional students and their families, as well as Dartmouth-Hitchcock staff.

The project will be comprised of four 4-story residential buildings and a community center with social gathering space, and fitness and management offices arranged in a park-like setting. Residents will have a selection of unit types including one-bedroom, two-bedroom and four-bedroom apartments.

The basis of design is the promotion of personal well-being in an environment that graduates can call home and feel connected to the hospital, College, Town of Hanover and City of Lebanon. Dartmouth recently celebrated its 250th Anniversary. We are proud to be a part of Dartmouth's future!







PROJECT FACTS:

Project Status: 2021 Delivery

University Served: Dartmouth College

Building Program: 612 beds / 316 units

Student Type: Graduate Students, Faculty/Staff

Project Size: 274,180 SF

Project Cost: $80,000,000

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PROJECT EXPERIENCE

Holly Pointe Commons

GLASSBORO, NJ

THE Michaels ORGANIZATION

PROJECT SHEET

Holly Pointe Commons was a Public-Private Partnership with Rowan University. Designed to create a new East campus gateway for the University and enhance Rowan Boulevard, a main thoroughfare lined with residential and commercial space, Rowan wanted to support the Glassboro Township redevelopment initiative.

The project includes two buildings that are interconnected with study bridges above the ground level. The Western Wing is 7 stories, while the Eastern Wing is 4 stories, presenting a more appropriate pedestrian scale to the street. A 500-seat dining facility anchors the western leg of the seven-story wing overlooking historic Abbott's Pond.

The building is set back from the surrounding roadways, serving as both a visual buffer and an environmentally sensitive storm water management strategy. The interior courtyard was designed to save the 100-year-old walnut trees. Wood from those trees was repurposed by creating custom-built exterior benches. The project was complex due to the scope and time constraints.







PROJECT FACTS:

Year Complete: August 2016

Project Location: Glassboro, NJ

University Servedd: Rowan University

Building Program: 1,413 beds / 742 units

Final Project Cost: $133 Million

Finance Structure: Tax-Exempt Bonds

Project Size: 303,000 GSF

Residential SF: 284,000

Dining Hall SF: 19,000

Student Type: Freshmen and Undergraduates

Unit Type: Bedrooms are clustered in Pods

Sustainability: Designed for Silver LEED certification

Developer/Management: Michaels Student Living

ADDITIONAL FACTS:

Project Architect: Erdy McHenry Architects

Project Contractor: Torcon, Inc.

Construction Type: Concrete Superstructure with Filigree Formed Slabs

Reference: Joseph Scully, SVP for Finance and Chief Financial Officer, Rowan University (856) 256-4127 / scullyj@rowan.edu

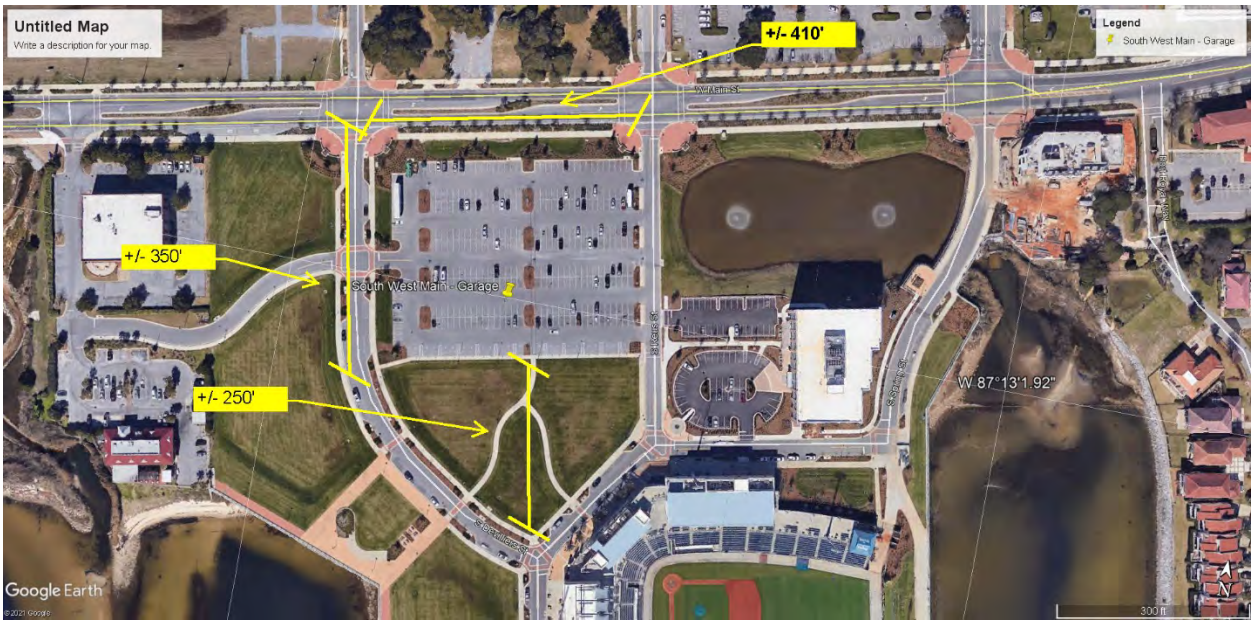
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IV. Project Description – Masterplan

This proposal includes the development of separate, but jointly designed and developed, public-use infrastructure projects, accompanied by other development opportunities. Our concepts included in this document are the views and suggestions of our collective team. These were developed with our understanding of the City and surrounding downtown community. However, once selected we will begin stakeholder meetings with City officials and staff, combined with community leaders and citizens to "fine-tune" our overall masterplan.

We were unable to acquire survey information from the City, therefore we utilized aerial imagery to develop our masterplan.



We include four primary components within our primary masterplan plus the waterfront marina component. The four primary components include the multifamily affordable workforce housing building, the parking garage, the entertainment facility (below the multifamily and garage areas), and the convention/conference building. In addition to these, we include a park area (green space).

Multifamily Component – In many cities across the country, it is increasingly difficult for middle-income workers to rent housing in the areas in which they work. This is in partially due to wages not keeping up with increasing costs of living but is also due to the limited supply of housing affordable to these workers. In response to limited affordable housing options in the areas where they work, many middle-income workers move to the outer fringes of a region, leading to longer commute times for the worker, higher levels of traffic, and other negative externalities for the surrounding area.

According to the Urban Land Institute (ULI), Workforce Housing is defined as housing affordable to households earning between 60 and 120 percent of area median income (AMI). Workforce housing targets middle-income workers which include professions such as police officers, firefighters, teachers, health care workers, retail clerks, and the like. Households who need workforce housing may not always qualify for housing subsidized by the Low-Income Housing Tax Credit (LIHTC) program or the Housing Choice Vouchers program (formerly known as Section 8), which are two major programs in place for addressing affordable housing needs.

Our team members will work with the City, Community Redevelopment Agency, and others to fully qualify the City's needs and overall requirements for our housing component. Once these qualifications are understood, we will finalize our multifamily masterplan, budget, and overall offering.

At this stage, we believe the most appropriate location for our multifamily affordable housing is at the north end of the property and against West Main. Our vision includes a building with units with balconies fronting West Main Street. We believe the building would include five elevated levels and be home to approximately 80 residences. The ground level of this building will include a lobby for guests and residences and additional amenity space. The remaining ground floor area will be designated to West Main frontage and applied to our retail entertainment experience, explained later in this section.



Our vision includes a modern and inviting building, complementing the existing character of the initial structures within the West Main development and the guiding comments of the West Main masterplan.

As we finalize our housing concepts, we will consider all options to benefit our residents, including rooftop amenities. These can include any combination of pool and deck space or general greenspace.



Parking garage – A cornerstone of this Project is a parking garage to serve surrounding developments and public parking needs. The parking garage is assumed to park upwards of 1,000-vehicles and complement the surrounding developments without creating erroneous costs for the parking garage.

Our highly knowledgeable parking design and development team understands parking needs and the complexities and costs to successfully develop parking programs. Another important fact to understand is that parking garages can contain occupancies like retail, commercial, and/or multifamily uses within the footprint of the garage (or directly against a garage) which our team is accustomed to dealing with.



When evaluating parking options, we will consider on-street traffic and approaches to and from the garage, safety, security, aesthetics, scalability features, adaptive reuse, and many other items.

As we begin pre-design functions, we will consider and advise the City on many options:

- LED lighting with photovoltaic switching systems to turn off lights when ambient light is sufficient
- EV charging stations for electric vehicle needs
- Handicapped parking
- Pleasing exterior aesthetic features and architecture
- Options for public bathrooms
- Options for ancillary services inside the garage to provide additional revenues, I.E. car washing services, pet sitting services, etc.
- Legal and contractual needs guiding the use of the parking system

We have many other features available for the garage which we intend to discuss with the City including:

- Roof mounted solar cells to offset energy costs
- Top floor event space – we commonly include abilities for the top level of the garage to be easily adapted to periodic events including weddings, small parties, chamber of commerce events, and many other types of gatherings.
- EMA options – garages are concrete structures and adaptable as hardened shelters and EMA staging areas.





The parking garage for this project will have unique qualifications to serve a multitude of parking users. This garage will include public use parkers, residential use parkers, hotel parkers, commercial office and employee parkers, and event parkers. Being able to properly manage those diverse parking groups (all with different parking needs) is complicated and begins at the design stage. We have begun those evaluations by studying the user groups, the available property, and long-range development plans for the West Main District. We have developed our own shared-use parking analysis and believe this garage should focus on an approximate 1,100 car capacity.

But the garage should be able to include an easy and affordable expansion option. The expansion option will allow parking capacities to grow as the West Main District grows.

We have also evaluated on-street characteristics around the garage site. It is very important to understand the loading and unloading needs of a large garage and how it will impact the surrounding streets and community.

In many cases, less-knowledgeable development teams place minimal importance on the parking garage within their development and focus on the other uses. Unfortunately, this misguided activity places undue costs and other complications on the parking garage and its programming characteristics. In many cases, these overbearing costs filter back to the City as those developers seek help paying for their ill-conceived parking program.

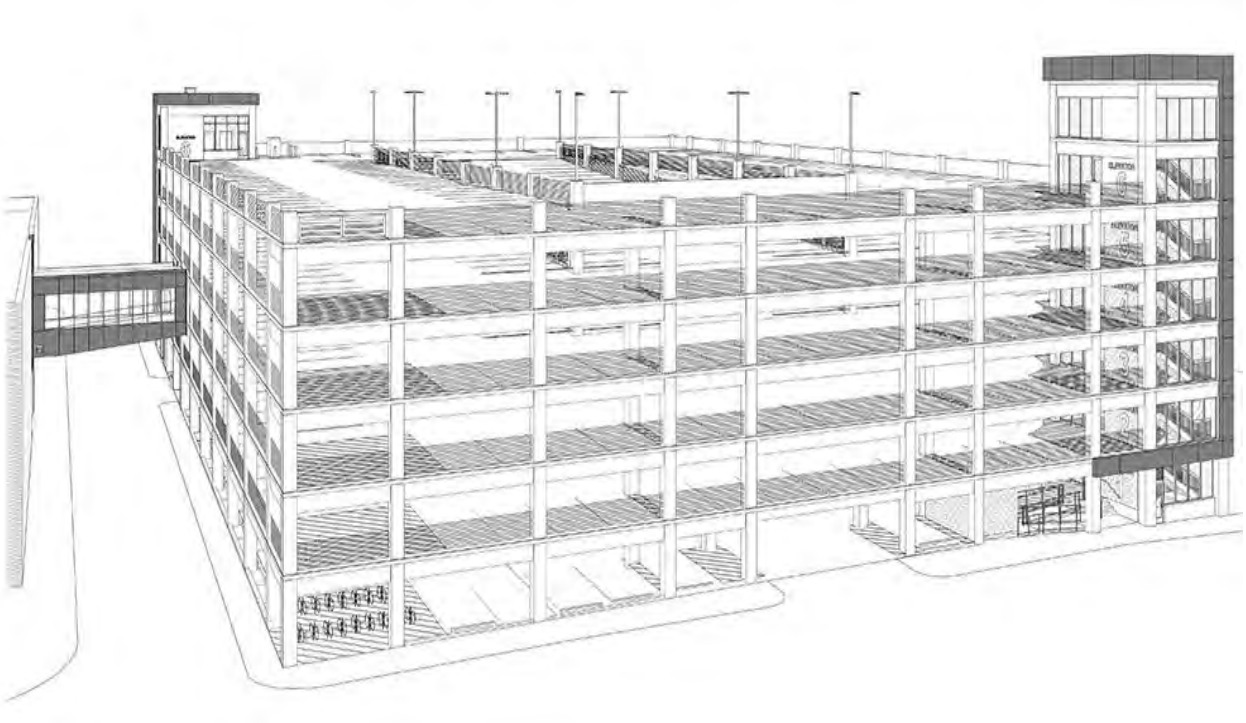
Collectively, we understand all these important factors which guide a prudently designed and developed parking garage and parking program.

For this project, we have focused on a garage which includes five elevated levels of parking. Overall, our design parks approximately 1,050 vehicles and is cognizant of handicapped parking needs. Our garage includes an efficient design that can be easily expanded in the future. Our expansion plan centers around expanding our garage horizontally, not vertically. This means the existing garage can remain in use while it is being expanded in the future. Our horizontal expansion could add upwards of 500-parking spaces to the garage in the future.

Our garage includes three open sides meaning our design will not require expensive mechanical ventilation equipment. The ground level of our garage features space for the remaining portions of the retail entertainment area that begun under the multifamily building.

Our garage focuses on a three-bay design. This means we can provide private and controlled access parking on each garage level. This will greatly benefit operational needs and allow for dedicated parking on each floor level as required.

We have gone to significant effort to study the needs of this garage and the most affordable development options blended with aesthetic and use features.



Convention/Conference Facility – Pensacola has always been a destination for small events, meetings, and conferences. Pensacola is often considered to host larger events requiring centralized meeting space but unfortunately facilities for these events are not available. Pensacola Beach offers options for modest sized events but reaching these areas during summer months can be both difficult and expensive. With the huge growth of the Pensacola area, many officials and local organizations see significant benefits from a regional convention & meeting facility, able to host conferences, meetings, and seated dinners including 500 people.

These types of facilities work well in urban settings like Parcel 4 & 5. We believe a convention facility meets many needs for this Project and the City:

- ✓ Provides important infrastructure to spur additional growth
- ✓ Compliments the surrounding Wahoo Stadium and Amphitheater
- ✓ Is a perfect use of public land at the waterfront
- ✓ Addresses the meeting and convention needs of the growing Pensacola market

Our proposed facility includes abilities to host and quickly transition between a multitude of uses. These uses commonly include any combination of indoor events, convention and conference areas, tradeshow space, and general meeting/dining space. The final programming for conference/convention facilities should be decided by market research and through guidance of the city, tourism agencies, community input, and other investigative means. Once formally selected by the City as their preferred developer, we will finalize the programing needs for this facility and specifically design around those needs.



We recognize some cities may have interests in providing an emergency shelter or staging area to support emergency response needs. Our structure can be adapted to meet these important needs if the City has interest.



Our concept focuses on approximately 65,000 square feet of overall conference, meeting, and banquet hall, transformation space. The facility includes two floor levels with large glass walls facing south to highlight the beautiful Pensacola Bay.

We have carefully considered back-of-house functions for this facility along with pedestrian needs. We have included space for a park (green space) and a pedestrian splash-park for children of all ages.

We believe this facility will compliment the Wahoo Stadium's programming needs while greatly assisting in the performance of the planned hotel adjacent to Parcels 4 and 5. Our team partner, ICC, will work to properly program the building, but also manage it if the City doesn't wish to manage it themselves.





Entertainment Option – Our team is cognizant of the other developments being proposed within the overall West Main development area. Those developments include a hotel and a significant amount of market-rate multifamily and retail opportunity space. As we studied and evaluated potential uses for parcels 4 and 5, we strived to include development opportunities that did not cannibalize the other developments. In fact, we want to create opportunities which assist and complement the other planned developments. To accomplish these goals, we focused on a development model that utilizes the ground level of our multifamily structure in combination with the ground floor of our parking structure to provide space for an intuitive and unique entertainment opportunity.

We have begun these evaluations with High5 Corporation for the development of this entertainment space. High5 is an "at-risk" urban-styled entertainment development company. At-risk, meaning High5 develops and operates their facilities without request for public support or subsidizes. High5 creates unique indoor entrainment venues that include traditional arcade style games and attractions in combination with indoor golf and other entertainment opportunities. High5 facilities are cropping up throughout the southern U.S. and have become famous as family-oriented facilities that meet the entertainment needs for urban downtown districts.



Marina Option – The Studder Company West Main masterplan devoted significant resources to studying and evaluating a marina component for West Main. The marina featured a breakwater attenuation component that created a safe-harbor area shielding the marina basin from erroneous wave action. The marina basin formed by the breakwater allowed for floating wet slip moorage of boats. While the marina operations should be carefully studied, one option favored by the Studder masterplan suggested the wet slips should be used as day-slip moorage purposes only. These slips would allow boaters to dock and visit downtown Pensacola and all its offerings.

Unlike convention space or other public infrastructure, incidental parking slips for boats are expensive with little tangible returns on investment to be identified. However, development of the breakwater and its walkways could be highly impactful for all citizens and visitors of Pensacola and serve as the starting point for a future marina.

Once selected, we will provide thoughtful evaluations for all marina options, create a development budget & pro forma, and consult with the City on any appropriate needs and interests in developing this portion of the project.



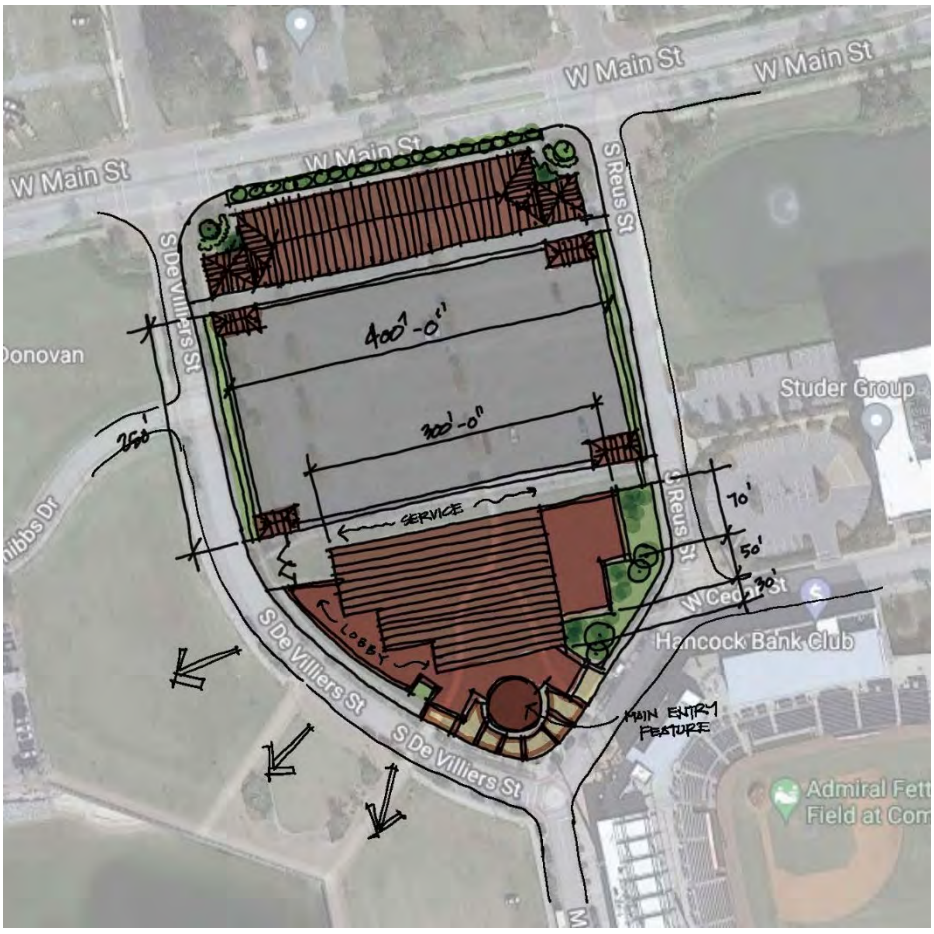


Masterplan – Over the years, several teams have made strides towards developing these properties. In these cases, past teams developed masterplans which were not always cognizant or respectful of the highly unique needs and functions between public infrastructure and private development projects. Public infrastructure projects are typically financed, operated, and managed differently than private development projects. Our team includes development professionals which understand the unique needs, legalities, and financing attributes of both public infrastructure and private developments. We have applied our understandings to adopt the latest masterplan into a plan we believe is more respectful of both the public and private development for the overall Project.

Our current masterplan addresses:

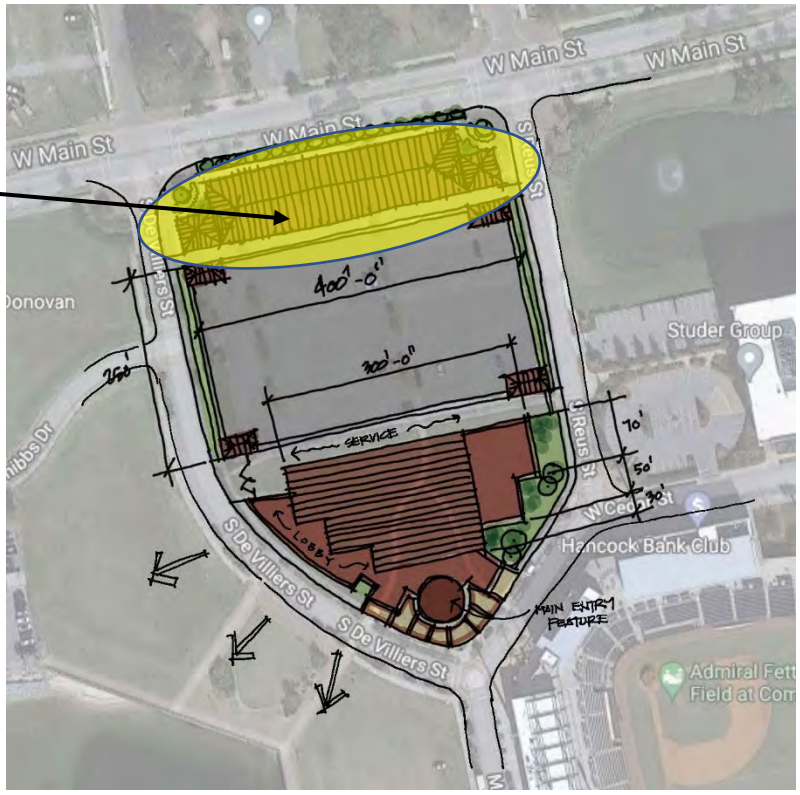
- The overall property development as primarily public infrastructure space
- The footprints for the parking garage, conference center, entertainment, and multifamily developments
- Allow simpler and less litigious organizational control mechanism between the public infrastructure and private development portions of the overall Project
- Allow for growth and flexibility of the parking system

Our masterplan envisions a multifamily affordable housing building on the south side of West Main, masking the parking garage from West Main. Our design can achieve nearly 80-residential units with an optional rooftop amenity space for the residences. The parking garage is located south (behind) of the multifamily building and provides immediate access to both the multifamily and convention areas. The parking garage includes the ability to economically expand as parking needs grow in the area. The ground floor of the multifamily and parking garage buildings collectively includes the entertainment feature. The convention area affords incredible and open views of the Bay, Wahoo Stadium, and the Amphitheater.

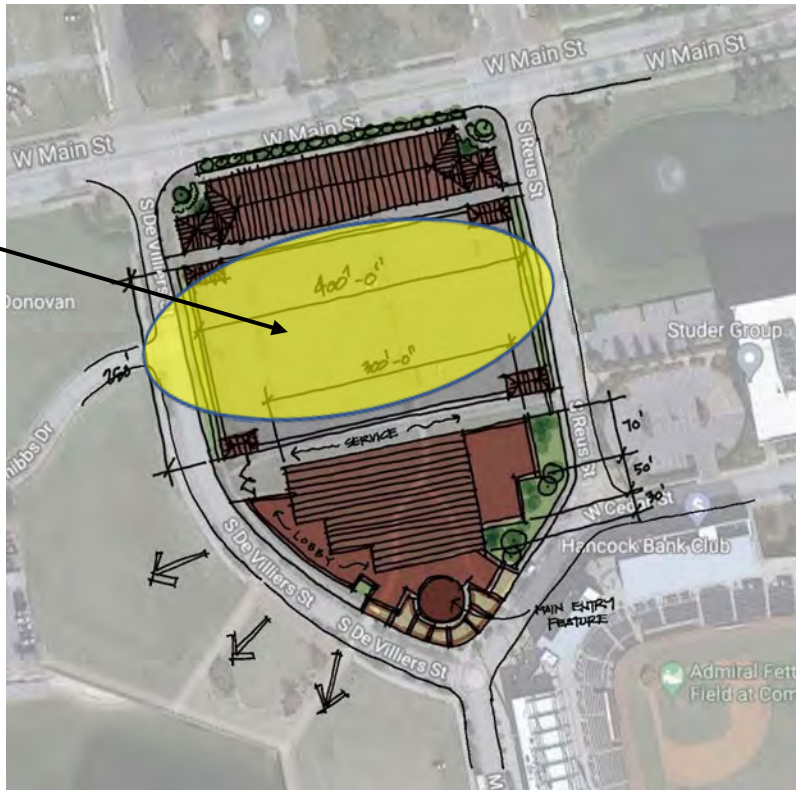


We wish to stress that this masterplan is preliminary and will go through modifications as we finalize due diligence efforts. However, we believe this masterplan serves as a strong foundation towards a successful project and addresses the many needs of both the public infrastructure and private developments.

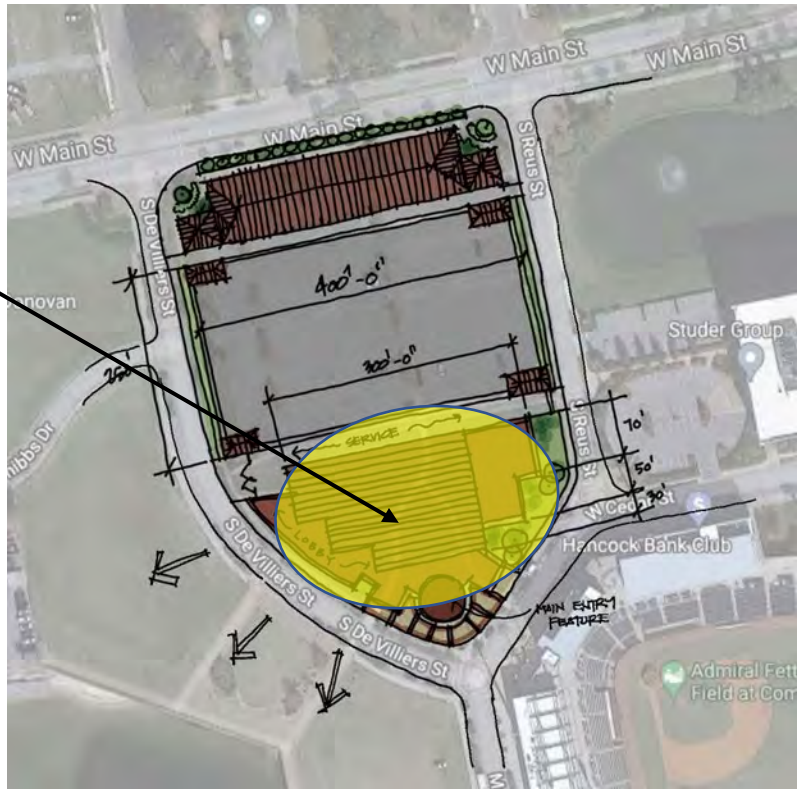
Multifamily workforce affordable housing building



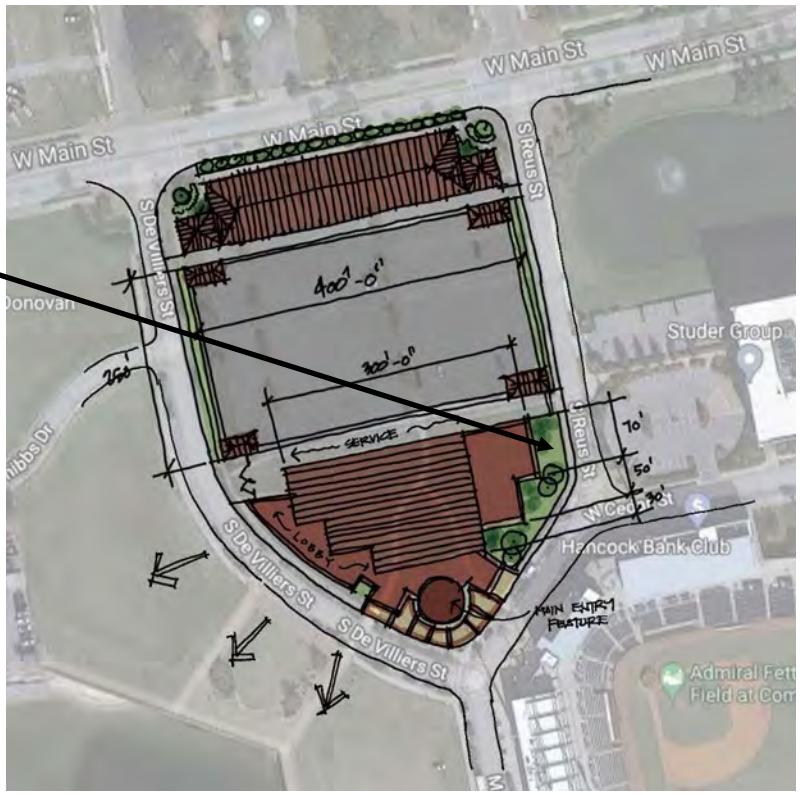
Parking garage



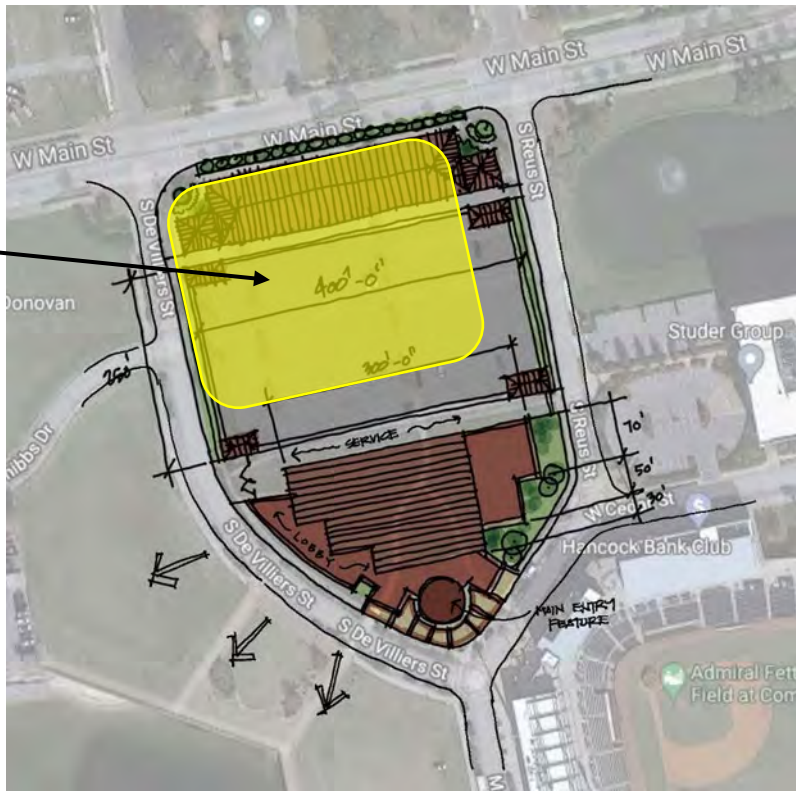
Convention / Conference Space



Green Space / Splash Park

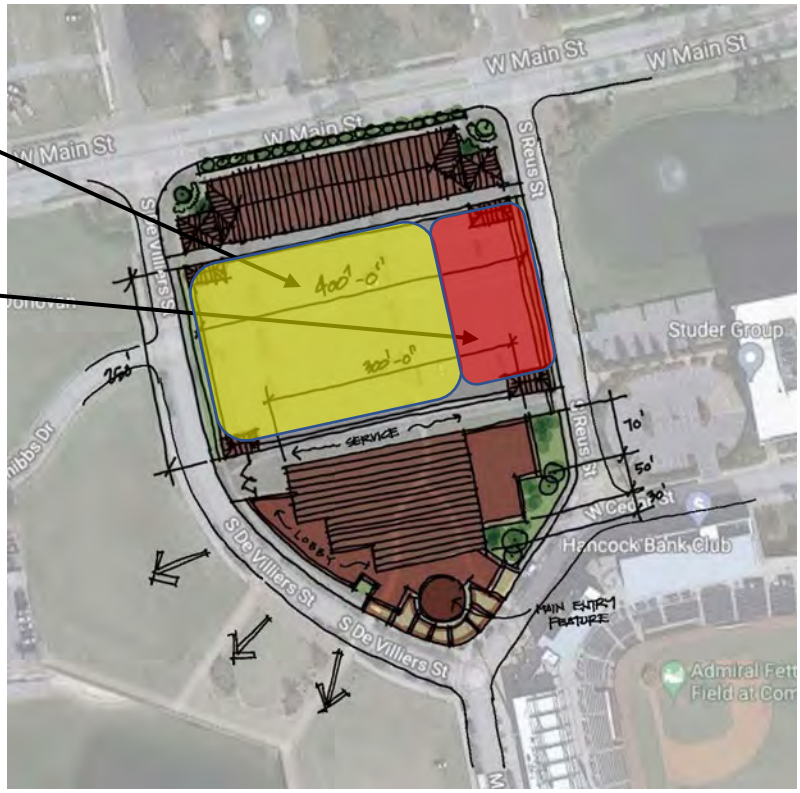


Ground Level Retail / Entertainment Area



Primary Garage

Future Garage Expansion



Preliminary Massing Diagram

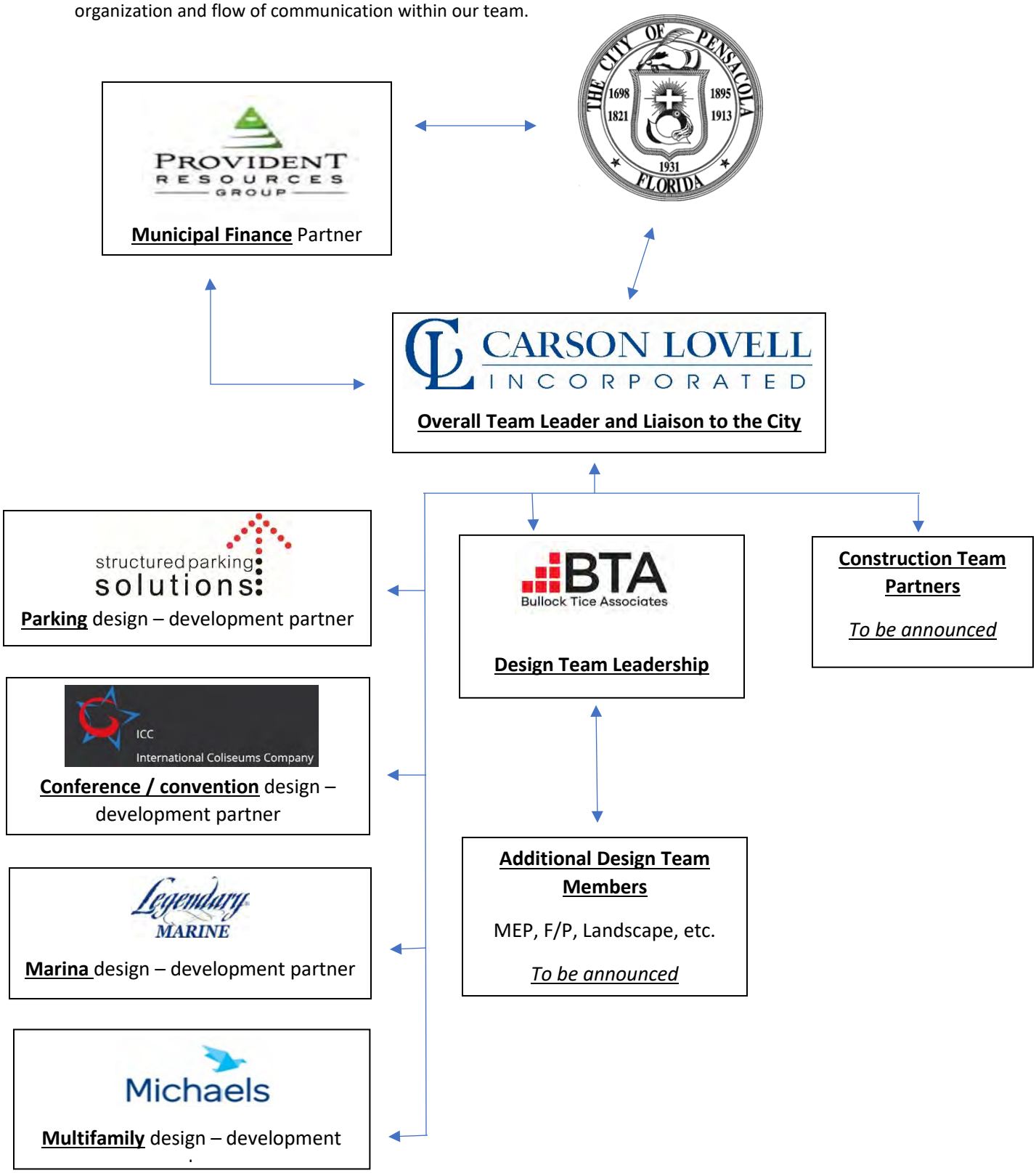


Preliminary elevation of Convention / Conference Space



V. Process – Schedule

a. Team Organization and Structure - Below is a team organization chart which visually depicts organization and flow of communication within our team.



b. Description of Team Structure / Process

The overall Project could include both public infrastructure and private development opportunities. The public infrastructure items are expected to include a public parking garage, a conference/convention facility, and potential for a marina. The private development will include a multifamily structure and an entertainment facility. Depending on the final development features (types of uses) included in the overall project, how they are financed, and whether they are considered public infrastructure or private developments, will determine how these individual items work with, encompass, and require City support and responsibilities.

Before the City can consider or accept any of these items as public infrastructure, due diligence must be gathered and evaluated.
Some of these due diligence efforts include:

- Market demand and absorption analysis
- Development of a final masterplan
- Density, environmental, zoning, and code analysis
- Development of budgets, financial analysis, and pro formas
- Investigations into financing options
- Schedule development, legal reviews, and contractual considerations

Our team members have experience guiding and overseeing these due diligence efforts and complex teams which include multiple companies. Carson Lovell (CL), through Greg Darden and Ed Carson, will oversee this preliminary due diligence process through a Memorandum of Understanding (MOU) due diligence period. The MOU period is described in detail in the following section. But in general, CL will enter into a MOU contract period with the City. The MOU will outline a list of responsibilities by our team members including the gathering of due diligence items and other investigations. The MOU period allows the City and our team to develop an understanding for the overall project, what portions of the project may be public infrastructure, and what portions of the project our team has interest in as a private development. Once these items are principally agreed to, a Definitive Contract(s) can be developed and executed guiding the final development of the Project.

Portions of the Project deemed and accepted as private development will include participating companies within our team leasing or purchasing property from the City for those projects to be constructed on. Those project(s) will be privately financed without the City's assistance or obligations.

Portions of the Project deemed and accepted as public infrastructure may include financing or payments made by the City, or may include third-party private financing made available by our team members. If the City elects to directly pay for the public infrastructure items (through their cash and/or debt), our team is prepared to enter into a design and build contract with the City to allow those items to be developed. Under this scenario, CL will oversee the final design and construction of the public infrastructure project. The City can either pay for costs as they are incurred, or CL can pay for all predevelopment, development, and construction costs; and once the project is successfully completed, the City will "purchase" the project from our team using their own funds.

The City may find benefit by our team providing a third-party finance option for the public infrastructure project. If this occurs, CL will work with the other team members to finalize due diligence, design, and other materials sufficient to create a Guaranteed Maximum Price Contract (GMAX) for the completion of the public infrastructure items. The GMAX will be used to create a final tax-exempt private Bond Offering Contract for the City to review. If the City accepts the terms of the GMAX and Bond Offering Contract, CL will enter into a design and build contract with our team's tax-exempt bond company, Provident

Resources Group (Provident). Simultaneously, Provident will enter into an Operational Contract with the City. CL will complete the public infrastructure project and Provident will use bond proceeds to purchase the project at its completion from CL. Once completed, Provident will represent the bond holders and the City to assist in the operation and maintenance of the project until the bonds are fully paid. Once the bonds are paid, the project reverts to the full ownership and control of the City.

c. Develop of Memorandum of Understanding

As generally explained, after submittal of this document and once our team receives written notification of being singularly selected by the City, our team will meet with the City and other stakeholders to discuss terms for a Memorandum of Understanding (MOU) to be executed between our team and the City. No more than 7-days after this meeting(s) with the City, and assuming general terms are discussed and agreed to at the meeting(s), our team will furnish the City a MOU outlining our team's responsibilities and full processes required to deliver to the City a Definitive Contract. The MOU will also outline City responsibilities. The MOU is not a Contract to begin physical work, but rather an Agreement to guide the due diligence process, development of the project Scope of Services, budgets, and other predevelopment needs. The MOU period will include creation of the Definitive Contract and financing terms which will be provided to the City at the end of the MOU period.

The MOU will include a detailed explanation of all costs expected to be incurred during the MOU period. The team will pay for all costs during the MOU period. If the Definitive Contract, developed during the MOU period, is mutually accepted and executed, all MOU costs will be carried into the overall development costs of the project. If a Definitive Contract is not mutually accepted by the team and/or City, the team and City will share in the MOU period costs as described in the MOU Agreement.

A DRAFT MOU is included in Appendix A of this document for review and consideration.

d. MOU - Due Diligence Phase

During the MOU period, our due diligence phase is multifaceted and includes many processes. We have an accomplished and proven method for successfully and diligently completing our due diligence in a fast manner. We have highlighted several keys areas of our due diligence process. Our MOU will fully outline all due diligence activities and their schedules.

1. Market analysis – We will meet with the City and others to develop overall understanding of needs for both the parking garage, conference/convention, multifamily, marina, and entertainment facilities. Parking needs include ingress and egress needs of both people and vehicles, capacities, code and zoning evaluations, aesthetics, and many other factors. The conference/convention facility analysis will include understanding for types of events to be hosted, size and capacity needs, and many other factors.
2. Stakeholder Meetings – Once the initial market analysis is completed, we will host stakeholder meetings including those with city leaders and others to expose them to the project, gather their thoughts and suggestions, and make edits to the Project as required.
3. Develop budgets, Scope of Services, and Schedules - We will develop preliminary drawings and budgets for all aspects of the Project and a Scope of Services outlining all inclusions in detail. The team will also furnish a preliminary development schedule.
4. Creation of a Definitive Contract – All due diligence materials will be used to create a Definitive Contract to be submitted to the City for review.

e. MOU - Report to City and Negotiations

With all items previously mentioned completed, we will prepare a final report for the City outlining all due diligence efforts, materials, data, and presentation of the Definitive Contract. The Definitive Contract explains how the project will be developed, financed, operated, and other details. If the Definitive Contract cannot be mutually agreed to, the City and team will part based under the terms of the MOU. Work will commence if the Definitive Agreement is accepted and executed on.

VI. Performance

a. Ability to perform

Please accept this statement from our participating team companies and their members that we have available staff and resources to immediately engage and begin this project. If the City has not selected this team on or before August 31, 2021, the availability of all teaming companies to immediately begin this Project is not guaranteed.

Once selected, and in conjunction with submittal of a Memorandum of Understanding between this team and the City of Pensacola, our team will collectively submit:

1. Proof of required local and state licenses to perform the required services of each participating team company and its professional members, and
2. Proof of adequate and current insurances required of each participating team company, and
3. Proof of sufficient and current bonding capacity to perform all work.

b. Commitment to Diversity, Community Engagement, and Inclusion

As previously alluded to, our team is dedicated to using this project to enhance local business opportunities and opportunities for small and disadvantaged businesses in Pensacola. Our team includes many local companies which pay taxes and already employee local citizens.

As we move forward with this Project, the City and community have the following pledge from our entire team:

Core Statement: We recognize the strength of diverse perspectives and are committed to promoting diversity and ensuring equal opportunity and inclusion for all persons throughout the course of our Project's deign and development. We will seek to create and maintain environments where everyone can participate, thrive, and succeed within all levels of our development processes.

Diversity of Perspective. We believe that engaging passionate, open-minded people of all backgrounds enables our developments to analyze problems from a broader perspective and to challenge established ways of thinking, resulting in better outcomes for our projects and programs.

Diversity of Experience. We encourage and seek to create an environment that energizes creativity and innovation and promotes workforce engagement from all.



c. Potential Economic Impacts

There has been much attention to a previous study which evaluated the potential impacts from a new sports and conference facility for Pensacola. The study, commonly known as the Crossroads Study suggested the following economic benefits from the suggested convention and sports facility.

Estimated Annual Economic / Fiscal Benefits From Combined Operations of New Meeting Facility *and* a New Indoor Sports Facility

Category	Range
Direct Spending	$30.8 million - $35.9 million
Total Spending	$46.9 million - $54.6 million
Total Jobs	560 - 660
Total Earnings	$15.7 million - $18.3 million
Total Tax Revenues	$3.1 million - $4.8 million

While the facility we propose is not centric towards traveling sports and is not the size of the proposed Crossroads Study structure, it does not dimmish the fact that convention and meeting facilities can improve overall prosperity for urban centers. These facilities improve performance indicators for area hospitality, food & beverage, and retail outlets. There are also intrinsic and less tangible positive indicators resulting from these public venues.

The collective performance and value of these facilities is often difficult to fully qualify without careful consideration and investigations. Once selected, we will work with City leadership and others to include economic impact analysis as part of our deliverables during the MOU period.

d. Financing Abilities

Working through our capital partners, our team has the ability to fund the capital and ownership of projects in a variety of ways, all with the goal of providing the best outcome for our clients and their unique needs for public infrastructure expansion. The appropriate capital solution is flexible yet comprehensive in order to meet the specific requirements of each development opportunity. By applying our development and ownership experience, CL sets our goals on providing our clients accurate budgeting and reducing cost through maintaining a careful eye on all project-related costs and expenses from conception to completion and into long term maintenance of the public infrastructure. Utilizing our fully integrated project delivery model and operating under an open book policy, our clients realize the benefit of having a guaranteed maximum price (GMP) before design drawings are completed, providing a reliable cost early in the project.

We have the capability to provide our clients with a variety of flexible financing and ownership structures whether you're a hospital, higher educational campus, or local government. Ownership structure can include part ownership by the client and/or joint venture opportunities through their agencies and/or member(s).

Our fully integrated delivery model results in distinct advantages for our clients. Under this model, we can provide the client with one contract and single source responsibility for the development, design, and construction of their facilities. This saves our clients both time and money by eliminating the risks of adversarial relationships and poor communication and coordination between the contractor and architect inherent in the traditional design-bid-build model. Additionally, our model brings together a consistent and familiar team that is incentivized to deliver an efficient and cost-effective facility solution for our clients. Studies have shown the integrated design-build model to have reduced risk, higher predictability, and lower overall cost than other delivery models. By commencing the construction documents earlier in the process, our clients realize a reduction in the project schedule, providing a quicker start to minimize costs over traditional project delivery methods.

Our architects and engineers work side by side in a collaborative setting every day that interfaces directly with our construction management, budgeting and scheduling professionals. Functioning as a unified team encourages cross-disciplinary cooperation that fuels innovation and eliminates potential design conflicts and constructability issues.

Collectively our development system will benefit your project through:

- Reduced costs
- Quicker delivery period
- Improved communication and reliability
- Better overall development experience

At this preliminary stage, it is unclear what portions of the infrastructural projects the City has interest in physically paying for, or if the City is interested in our options to finance these improvements.

<u>There are two primary ways we can assist the City with financial needs:</u>

a. If the City elects to provide for its own financing (project payment), our team can provide design and construction period financing services. Under this program, we will pay for all costs to allow the project to be designed and constructed. Once construction is successfully completed, the City will repay those costs to us (as detailed in a Definitive Contract) and take full control and ownership of the Project. This service is often found beneficial to municipalities because it "protects" the City's bond holders and/or removes the City (and its bond holders) from construction period liabilities and concerns.

b. We can provide the City with long term financing options to consider, one of which is generally described below.

Our team includes Provident Resources Group (PRG) which is one of the largest private tax-exempt bond and finance companies in the U.S. Once the City identifies any portions of the project(s) they wish to consider private financing options for, we will provide the City a full financing analysis and term sheets detailing all financing options we have available. The City can review those and then decide which, if any option, they feel is appropriate.

Below is a general description for one means we can finance the Project through tax-exempt bonds.

Provident will participate in the Project by and through a separate limited liability company or nonprofit corporation ("Provident SPE") of which Provident will be the sole member in accordance with applicable federal tax regulations. The financial structure for Project involves the following steps being taken (subject to modification as we work through the details of the Project with City):

1. The development team (through Carson Lovell Company - CL) will commence predevelopment activities and provide Provident SPE necessary items to consummate the financing for the development of the Project which will not be privately financed. Collectively these items include due diligence, design and engineering, project schedules, and a guaranteed maximum price (GMP).

2. In order to finance the development of the Project, Provident SPE will make application to a local or national conduit issuing authority authorized by state statute to issue tax-exempt bonds (and if necessary taxable bonds for any mixed-use areas), collectively, "PRG Bonds". Provident SPE would engage an experienced and reputable investment banking firm to underwrite and/or place the PRG Bonds.

3. Provident SPE and the City will enter into a long-term ground lease of the Project site (sufficient to match the terms of the City approved financing option). Under the terms of the ground lease, our team would assume responsibility for designing, developing (performed in conjunction with CL), financing, constructing, owning, managing and operating the Project on terms acceptable to the City for the term of the ground lease, or as long as any debt issued in connection with the Project remains unpaid. We understand the City's possible intent is to internally operate and maintain the garage, conference/convention facility, and possible hotel, which we accept, however our team can provide maintenance and management options if the City desires.

4. Using the proceeds from the PRG Bonds, Provident SPE will engage CL as its development partner to design and construct the Project.

5. Upon completion, the Project would be managed by the City (except for any agreed upon maintenance/management services provided by our team at the request of the City).

6. Pursuant to the ground lease with the City, the City will lease the portions of the Project included in the Lease and operate them under an agreed amount and terms to be negotiated by our team and the City.

7. Upon retirement of the PRG Bonds (and all other obligations relating to the Project) incurred by Provident SPE, and termination of the ground lease, the improvements will revert to the City's full ownership and control.

As stated above, Provident would participate in the Project by and through Provident SPE, a separate limited liability company or nonprofit corporation of which Provident would be the sole member in accordance with applicable federal tax regulations. The stated charitable activity and purpose of Provident SPE would be to develop, own and operate the Project for the direct support and benefit of

the City. Provident SPE's principal roles in the Project would be as owner of the Project, borrower under the financing documents, and operator of the Project (if the City elected not to self-perform operations). Provident SPE would assume all responsibilities of a prudent owner and operating for the Project for years to come and to the benefit of the City.

Provident SPE would be governed by a board which would include one representative from the City. In addition to the governing board, Provident SPE would establish a project operating committee which would also include representatives of the City. The project operating committee would be non-governing but would be responsible for the general oversight of the Project, developing the annual operating budget (if the garage and/or other portions of the project are not self-operated by the City) and capital budget, and making appropriate recommendations to the governing board. This representation allows the City to have active involvement in the Project for the term of Provident's ownership.

The fundamental economic benefits of Provident's financing and ownership structure include:

- Removal of profit motivation, which allows (i) a higher percentage of capital to be deployed to increase Project quality and amenities, and (ii) keep cost at the lowest level possible while still covering all operating expenses and meeting all applicable financial covenants.

- By removing profit motivation, the Internal Revenue Service requires Provident to serve its charitable purpose above all other aspects of the financing; therefore, unlike a for profit developer whose primary purpose is to provide a return to its partners or shareholders, Provident's interest will be aligned with the City's, as Provident's charitable mission is to serve the City.

- Securing and retaining an exemption from property taxes on the improvements (subject to local laws), which can provide a significant financial benefit to Project operations.

- Access to tax-exempt financing, which arguably provides the lowest possible cost of capital.

- Ultimate disposition of Project improvements (return of all assets) to the City at termination of the Project financing and ground lease.

This ownership and transaction structure (which is a classic private-public-partnership or P3) will allow the City to exercise significant control over all aspects of the design, development, financing, and operation of the Project; while enjoying the financial and intangible benefits of the Project without having to bear the burdens typically associated with the ownership and financing of such a Project.

Provident is currently working with Bank of America Merrill Lynch (BAML) as one of our primary financing partners with Piedmont Securities as the Structuring Agent. The project debt supplied through our proposals are 100% tax exempt debt, unless there is a use that would cause some of the bonds to be taxable in nature (I.E., any "for-profit" mixed-use elements within the garage). If there is a need or a benefit to the City for some taxable bonds then, we could issue a small taxable tail to incorporate any taxable use. There will be no equity needed or required in our structures thereby reducing the overall cost of the financing to the City.

We believe that the reputation, prominence, and past working relationships of Provident Resources Group combined with Bank of America Merrill Lynch (BAML) speaks for its self but in the event that any references are needed for the bank we are happy to provide those to you. We are not enclosing an authorization form since the financials of BAML are public and available at the Bank of American website in its corporate filings with the SEC and various bank regulatory entities.

Provident has executed over $5 billion of municipal debt and never failed to close a financial offering. However, with the placement of the debt pre-arranged with our banking partner there is no execution risk

to our financing structures. We have also included a long-term public markets execution that would be sold in the capital markets in the event the City would prefer to work through an underwritten project finance bond issue. In terms of banking references, you can contact the following people to have them validate the fact that we have raised money through their organizations. These entities also have done extensive due diligence on Provident and its financial and operational abilities to own, asset manage, and in some cases to manage the assets they financed with us. We are not enclosing an authorization form since these references are not to confirm financials of Provident but instead to confirm ability and access to the public markets from those firms that have worked with us.

Bartley F. Livolsi, Managing Director, Public Finance
Citigroup
390 Greenwich St, 2nd Fl
New York NY 10013
212.723.5639
bartley.f.livolsi@citi.com

Michael Baird, Director, Municipal Finance
RBC Capital Markets
100 Light St, Ste 2410
Baltimore MD 21202
410.625.6103
michael.baird@rbccm.com

Edward H. Curland, Manager – Municipal Capital Markets / Managing Director
Bank of America Merrill Lynch
One Bryant Park, 12th Fl
New York NY 10036
212.449.7358
edward.curland@baml.com

Marvin Markus, Managing Director
Goldman Sachs & Co.
200 West St.
24th Floor
New York, NY 10004-2434
(212) 902-6453
marvin.markus@gs.com

Ramiro Albarran, Managing Director
Preston Hollow Capital
1717 Main St, Ste 3900
Dallas TX 75201
214.389.0811
ralbarran@phcllc.om

These and other financing options can be discussed in detail as more is understood about the City's interest in any portions of financing needs for these infrastructural projects.

e. Budgets / Pro Forma

As with all project budgets and pro forma's, understanding the scope and scale of the project is quintessential.

There are many questions we must work through to develop an accurate cost analysis for the various components of this Project. Arbitrarily introducing budgets at this stage is counterintuitive and could set inaccurate and false conclusions.

We do not have sufficient information at this early stage to accurately develop a meaningful budget or pro forma for the public infrastructural projects described in this document. Once we are selected and collect sufficient due diligence and other information, we will provide the City detailed budgets and pro forma documents for review.

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (the "Memorandum") is entered into as of the _____ day of June, 2021, by and between THE CITY OF PENSACOLA, FLORIDA, a political entity, (hereinafter referred to as the "City") and CARSON LOVELL COMPANY, a Florida limited liability company, (hereinafter referred to as "CL").

WHEREAS, the City issued its Request for Qualifications, with respect to design-build-development services for development of a mixed-use development including the potential for a municipal parking garage, conference/convention facility, hotel, multifamily dwelling structure, and misc. retail space (the "Request for Qualifications");

WHEREAS, CL did submit a proposal in accordance with the Request for Qualifications issued by the City;

WHEREAS, the City has selected CL to potentially provide the design-build-development services subject to negotiation and approval by the City and CL of definitive contractual documentation with respect to the design, construction, financing, and operation for the municipal parking garage, conference/convention facility, hotel, multifamily dwelling structure, and misc. retail space (which is subject to refinement) referred to in the Request for Qualifications; and

WHEREAS, the City and CL have agreed to execute this Memorandum for the purpose of defining the services to be provided by CL prior to execution of the definitive documentation between the City and CL and the general content of and scheduling for completion of such definitive documentation.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration as further described herein, the mutual receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

A. **Project Description**, The Project (West Main parcel 4 & 5) shall mean the design, construction, and to be determined financing, with potential operations of municipal parking garage, conference/convention facility, multifamily affordable / workforce dwelling structure, marina, and misc. entertainment space, generally located on Parcels 4 and 5, West Main, Street, Pensacola, Florida 32502 (to be identified by formal survey).

B. **Project Documentation**. The City and CL agree to negotiate in good faith and execute a Development Agreement (a "Development Agreement") with respect to Project West Main parcel 4 & 5.

C. **Project - West Main parcel 4 & 5**.

1. The City and CL agree that Project West Main parcel 4 & 5 will be on a fast-track schedule. The City and CL agree to use their best efforts to execute a Development Agreement with respect to Project West Main parcel 4 & 5 within XXXXX (XX) days of the date of this Memorandum.
2. The City and CL have mutually agreed to proceed to Phase One Study under this MOU to further pursue the development of Project West Main parcel 4 & 5. Upon completion of Phase One Study by XXXXXX, CL will present to the City the following deliverables:
   a. Initial Total Project Financial Plan;
   b. Initial Architectural Design, Floor Plans, Preliminary Civil Engineer Drawings and Building Elevations;
   c. Initial Project Cost Analysis;
   d. Initial Timeline for Development;
   e. Preliminary Financing Structure; and
   f. An initial preliminary Master Plan of the Available Land;
3. It is agreed that the City, CL, or an CL affiliated developer may conduct an independent Economic and Financial Feasibility Study ("Feasibility Study") to determine the economic viability of any portion of Project West Main

parcel 4 & 5. This Feasibility Study may be done simultaneously with the Phase One Study.

4. Upon both parties signing this MOU, CL and its partners will begin the Phase One Study. Provided that information requested by CL is obtained in a reasonable time, CL will provide to the City the deliverables described herein.
5. Both Parties shall, within 45 calendar days after presentation of the Phase One Study by CL, notify the other in writing whether they wish to proceed with Project West Main parcel 4 & 5.
6. After completion of the Phase One Study, if the parties decide to proceed with development and construction of any portion of Project West Main parcel 4 & 5, the City and CL will enter into Definitive Agreement(s).
7. If the Parties decide to proceed with the Project, the CL costs incurred in Phase 1 will be included within the overall total development cost of Project West Main parcel 4 & 5. Current planned duration of this pre-development phase is XX-months. If pre-development phase extends beyond XX-months, parties agree to renegotiate a fair extension period and retainer agreement.
8. In the event the City unilaterally decides not to continue this project, City agrees to reimburse CL for identified costs incurred in completing Phase 1. Both City and CL mutually agree and accept all Phase One costs to be paid by the City will not exceed $XXX.
9. In the event that both Parties mutually agree not to continue with this project, CL and City agree to transfer the CL work products and progress to the City or other developer so the invested value isn't lost, but instead transferred so that entity may pick up and execute as the case may be.
10. In the event CL unilaterally decides not to continue with this project, CL will be responsible for all costs not approved as reimbursable and as involved in the completion of the Phase 1 Study.

D. **Hold Harmless and Indemnification**. CL covenants and agrees that it will indemnify and hold harmless the City and all of its officers, agents, and employees from any claim, loss, damage, cost, charge or expense arising out of any act, action, neglect or omission by CL, whether direct or indirect, or whether to any person or property to which the City or said parties may be subject, except that neither CL nor any of its subcontractors will be liable under this Section for damages arising out of injury or damage to persons or property directly caused by or resulting from the sole negligence of the City or any of its officers, agents, or employees.

E. **Governing Law**. Any agreement resulting from this Memorandum shall be governed by the laws of the State of South Carolina and the venue for any legal action relating to such agreement will be in Escambia County, Florida.

F. **Independent Contractor**. CL will conduct business as an independent contractor under the terms this Memorandum. Personnel services provided by CL shall be by employees of CL and subject to supervision by CL, and not as officers, employees, or agents of the City. Personnel policies, tax responsibilities, social security and health insurance, employee benefits, purchasing policies and other similar administrative procedures applicable to services rendered under this Memorandum shall be those of CL.

G. **Further Assurances**. The City and CL will (i) furnish, upon request to each other, further information, (ii) execute and deliver documents to each other, and (iii) do other acts and things, all as the other party may reasonably request for the purpose of carrying out the intent of this Memorandum and the documents referred to in this Memorandum.

H. **Notices**. A notice communication and delivery under this Memorandum will be made in writing signed by the person making it and will be delivered only in person or by a nationally recognized next business day delivery service.

Accepted and Agreed:

CITY OF PENSACOLA, FLORIDA	**CARSON LOVELL, LLC**
By:_____	**By:**_____
Its:_____	**Its:**_____
Date: _____.	**Date**: _____.