

SUMMARY APPRAISAL REPORT

WATERFRONT RESIDENTIAL ACREAGE

LOCATED AT 10836 LILLIAN HIGHWAY AND HERON'S BAYOU
IN PENSACOLA, ESCAMBIA COUNTY, FLORIDA

AS OF APRIL 26, 2012

B&A File No.: VWF12MM6862; Client File No.: P.O. 121166



PREPARED FOR
BOARD OF COUNTY COMMISSIONERS
ESCAMBIA COUNTY FLORIDA
213 PALAFOX PLACE, 2ND FLOOR, SUITE 11, 101
PENSACOLA, FLORIDA 32591

BY
BRANTLEY & ASSOCIATES

REAL ESTATE APPRAISAL CORPORATION

100 NORTH SPRING STREET POST OFFICE 12505 PENSACOLA, FLORIDA 32591-2505
PHONE: (850) 433-5075 FAX: (850) 438-0617 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

Barbara M. Martin, MAI
FL: Cert Gen RZ 2552

Bruce A. Black
FL: Cert Gen RZ 2714

Barbara S. Brantley, CPA
Administration & Finance

David C. Singleton, MBA
FL: Trainee RI 23431
AL: Certified General Real Property Appraiser G01003

Torri L. Matherne
FL: Cert Gen RZ 2987

Michael Miragliotta
FL: Cert Gen RZ 2173

May 1, 2012

Judy Cantrell
Real Estate Acquisition Specialist
Board of County Commissioners,
Escambia County Florida
213 Palafox Place, 2nd floor, Suite 11, 101
Pensacola, Florida 32591

Re: Summary Appraisal Report of residential waterfront land
at the 10836 Lillian Highway, along Heron's Bayou,
Pensacola, Escambia County, FL. B & A File #:
VWF12MM6862; PO 121166

Dear Ms. Cantrell:

Per your request, we have made a personal inspection of the above referenced property for the purpose of obtaining an opinion of the fee-simple market value, as of the effective date cited herein.

The appraised property is 33.8 effective acres of waterfront, residential land. The property is located at the 10836 Lillian Highway, just north of Highway 98, and on the east bank of Heron's Bayou, in Pensacola, Escambia County, Florida.

The date of inspection of the subject property was April 26, 2012, which is the effective date of this report. We have analyzed the data, made comparative analysis for the subject, and have obtained an opinion of the fee-simple market value of the above referenced property, as of the April 26, 2012, at:

FINAL VALUE ESTIMATE
ONE MILLION TWO HUNDRED THIRTY FIVE THOUSAND DOLLARS
(\$1,235,000)
INCLUDING AN ALLOWANCE FOR ACCOMPLISHED ENGINEERING & FOR DEMOLITION

ALLOCATED AS FOLLOWS:

As Clean Land Value Only	\$1,220,000
ADD: Intangible Value of engineering and survey documents:	\$ 30,000
<u>DEDUCT: Estimated cost of demolition and removal</u>	<u>(\$ 15,000)</u>
Final Value Estimate:	\$1,235,000



R. SHAWN BRANTLEY, MAI

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

The above value opinion is subject to the limiting conditions and general assumptions included in the body of this report plus the following extraordinary assumptions and/or hypothetical conditions:

- (1) We discovered an abandoned, rusted aboveground fuel storage tank on the subject property (see photography). We are not experts in the detection of environmental contamination. We have appraised the subject property under the extraordinary assumption that it is free of any type of environmental contamination. We recommend that any reader secure appropriate environmental studies to ascertain the presence or absence of any type of contamination. This valuation is pertinent only to the market value of the property if it is found free of environmental contamination of any type.**

- (2) We discovered a Preliminary Plat and expired Development order for a stalled subdivision of the subject property and we have relied upon the acreage estimates and other information associated with this information in completing this appraisal. We assume it to be correct.**

This is a Summary Appraisal Report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use. The appraiser is not responsible for unauthorized use of this report.

The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated herein. The appraiser is not responsible for unauthorized use of this report. 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.

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

Sincerely,



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



Michael Miragliotta
Cert Gen RZ 2183
Florida

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

PROPERTY IDENTIFICATION: Waterfront residential land

OWNERSHIP: RL REGI Florida, LLC
700 NW 107th Ave, Suite 200
Miami, FL 33172

LOCATION OF PROPERTY: 10836 Lillian Highway
Pensacola, Florida 32506

PURPOSE/INTENDED USE: To obtain an opinion of the market value of the
subject property, as of the effective date.

PROPERTY RIGHTS APPRAISED: Fee-Simple

DATE OF VALUATION: April 26, 2012

DATE OF REPORT: May 1, 2012

2011 ASSESSMENTS: \$1,196,659

2011 TAXES: \$18,676.91

ZONING DISTRICT: R-2, Residential

FUTURE LAND USE: MU-S, Mixed Use Suburban

LAND AREA: 33.8 acres

HIGHEST AND BEST USE
"AS VACANT": Recreational Residential

VALUATION:

FINAL VALUE OPINION: \$1,235,000

DATE OF REPORT

May 1, 2012, which is the day the report was completed and sent to the client.

DATE OF INSPECTION

The property was last inspected on April 26, 2012.

DATE OF VALUE ESTIMATE

April 26, 2012.

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.

LEGAL DESCRIPTION

A copy of the legal description for the subject was obtained from the last deed of record, a Special Warranty Deed in OR Book 6687, Page 1350 identified as Parcels 1 and 2.

INTENDED USE OF APPRAISAL

It is our understanding that this appraisal will be used for assisting the client in potential acquisition of the property.

INTENDED USER OF APPRAISAL REPORT

The intended user of this report is our client, Escambia County Board of County Commissioners.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the market value of subject as of the date specified.

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, Escambia County Property Appraiser, Escambia County Planning and Zoning Department, Escambia County Public Records, Escambia County Tax Collector, GIS and aerial maps and local utility companies. We were also provided a topographical survey of the subject site, which defines specific upland and wetland areas, upon which we rely for definition of the subject property. Secondary data was obtained from the Northwest Florida Regional Planning Council, the Chamber of Commerce, Realtor Publications and Metro Market Trends (a local data base company).

This firm has completed a number of appraisal assignments in the immediate area. The appraiser was able to identify the subject property utilizing information provided by the public records. After inspecting the property, we have gathered the necessary information for use with the sales comparison approach to value. The appraiser gathered this information from public records, Pensacola Multiple Listing Service, and Metro Market Trends (a data base company). The sales comparison method will involve physical comparison with similar undeveloped properties, which have sold recently. After obtaining a value indication from this approach, we reconcile to a final value estimate.

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 Summary appraisal report, data collected during inspection of the subject property included extensive observation, photographing, and traversing through navigable interior roadways. Within the confines of this analysis, the appraiser has made an examination of all available and pertinent market data that could be located within a minimum time frame of at least six months before the effective date of the appraisal. However, this search has been extended substantially in many areas, in order to obtain a sufficient quantity of market data. The search was limited to the SMSA of Escambia and Santa Rosa County, Florida and Southeast Alabama, with the most emphasis placed on those areas most proximate or similar 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.

Research of comparable land sales included small land parcels within Escambia, Santa Rosa, and Baldwin Counties. Although we selected the most recent comparable sales for comparison, the time period of our search included the present date back to

January 2007. Data sources employed include discussions with city and county government officials, County Property Appraisers, County Planning and Zoning Departments, County Public Records, County Tax Collectors, GIS and aerial maps, Realtor Publications, Metro Market Trends, and local utility companies.

After careful analysis of the data collected, the appraiser has given consideration to all three approaches to value. The inapplicability of any approach is noted in the report. Similarly, the confirmation of sales is noted with respect to each. The report is prepared in compliance with the Uniform Standards of Professional Appraisal Practice. The report is a Summary appraisal report.

ASSESSMENT AND TAXES

The subject property is identified by the Escambia County Property Appraiser's Office as Parcel ID No's. 16-2S-31-4002-000-027, 16-2S-31-4002-000-RL REGI Florida, LLC, 700 NW 107th Avenue, Suite 200, Miami, Florida 33172. The total 2011 assessment is reported as \$1,196,659, allocated \$1,159,076 to the land. The total 2011 tax liability for the subject property is \$18,676.91, including \$102.89 for fire tax. We are not aware of any special tax assessments that are pertinent to the subject.

PROPERTY REFERENCE NO.	ACREAGE PER COUNTY	2011 ASSESSEMENT		2011 TAXES
		LAND	IMPROVEMENTS	
16-2S-31-4002-000-027	29.41	\$744,906.00	\$0.00	\$11,573.06
16-2S-31-4002-000-000	7.31	\$279,680.00	\$37,583.00	\$5,004.41
16-2S-31-5006-000-000	3.31	\$134,490.00	\$0.00	\$2,098.57
TOTAL	40.03	\$1,159,076.00	\$37,583.00	\$18,676.04

HISTORY OF PROPERTY

The most recent transaction regarding the property occurred in a Special Warranty Deed recorded on February 9, 2011 in the Escambia County Public Records Book 6687, on Page 1350 in which the subject property was transferred from Regions Bank, an Alabama Corporation (Grantor) to RL REGI Florida, LLC, a Florida Limited Liability company (Grantee).

Prior to this transaction the transfer of the subject property occurred in a Warranty Deed/Deed in Lieu of Foreclosure recorded in Escambia County Public Records Book 6628 Page 953. On August 25, 2010, Regions Bank acquired the subject from Heron's Forest Development Company, a Florida Corporation. This is for an indicated consideration of \$2,252,571, which likely represents the outstanding balance of a defaulted mortgage loan. On February 9, 2011, Regions Bank transferred the subject property to RL REGI Florida, LLC for consideration of \$912,600 based on the documentary stamp tax of \$6,388.20. We researched the grantee but were unable

to identify the principals. We have been unable to determine if this is an “arm’s length” transaction, but suspect that it is not. Copies of these deeds have been placed in the addenda for the reader’s reference.

These transactions do not appear to represent an open market transaction and they included additional property that is not part of the subject property. Therefore we did not rely on it in our valuation process.

We are not aware of any active listings, contracts or sale or transactions other that show above involving the subject property.

We discovered a Preliminary Plat Development Order dated April 11, 2006 for “Lillian’s Bayou” effectuating a subdivision of the subject property for 71 single family residential lots (2.31 lots / usable acre) along with paved street with curb. The Development Order was extended to April 6, 2011 at which time it expired. We have placed the Preliminary Plat Development Order and extension letter in the addenda of this report. According to Mr. Wayne Parker of Parker Merrill Shaw, Inc. a principal of the firm that performed the engineering and surveying, the cost to conduct the engineering services and other matters necessary to obtain the Development Order, was about \$60,000.

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.

SITE DATA

The subject site has an irregular configuration due the meandering shoreline of Perdido Bay, Heron's Bayou and the curving of Lillian Highway. The dimensions of the parcel are depicted on exhibits near the front of this report. The property is accessed by Lillian Highway, a paved 2-lane roadway.

A wetlands survey available from the Escambia County GIS mapping system identifies wetland along the east and west sides of the subject property. We have included this wetland map and latest survey prepared by Merrill Parker Shaw, Inc. in the front of this report for the reader's reference. These documents indicate that about 30% of the 33.8 acres of the sites developable area is wetlands and we would expect that certain areas along the shoreline are subject to recurrent flood during rising tidal waters.

The public records of the Escambia County Property Appraiser show the gross area of the subject site at 40.03 acres. We obtained from the Escambia County Planning Department an expired Preliminary Plat Development Order issued in April 11, 2006, showing the proposed subdivision was of 33.8 acres, which excludes the undevelopable sawgrass area (+6 acres apparently un-useable sawgrass & recurrently flooded land subject to governmental sovereignty). The 33.8 acres includes 10.32 acres of ACOE wetlands. A copy of the Preliminary Plat has been placed in the addenda. Therefore, we have concluded the potentially usable (or land that might be environmentally permitted for construction) to be 33.8 acres (effective land area).

All utilities are available to the subject property. Gravity sanitary sewer is nearby, on Lillian Highway. The site has very little slope, but based on the water direction the slope is to the north and northwest, terminating at the shoreline of Heron's Bayou and Perdido Bay.

Land Value Analysis - We have an adjusted value range from \$28,796 to \$37,475 with a mean of \$34,546. Given the subjects sweeping bay view and impressive uplands, we reconcile towards the upper end of the range at \$36,000 per acre. Applied to the subject's 33.8 effective acres, this renders \$1,216,800, which has been rounded to \$1,220,000.

As previously discussed we have considered the intangible value of the engineering and survey development plans completed by Merrill Parker Shaw, Inc. as mentioned in the site description section. Development plans including wet land surveys, engineering and approvals that cost about \$60,000. It is our opinion these documents contribute an intangible value because they provide wetland determinations, surveying and additional benefits that could be used by a potential buyer. We believe a buyer would be willing to pay a contributory value of 50% of the cost or \$30,000, based upon the value of the documents to the property but also considering that they are costs already expended and basically encompassed within a captive or limited market for such engineering services.

We have also considered the cost to remove the abandoned buildings, rusted fuel storage tank and large pile of paving aggregate at \$15,000.

FINAL VALUE ESTIMATE
ONE MILLION TWO HUNDRED THIRTY FIVE THOUSAND DOLLARS
(\$1,235,000)
INCLUDING AN ALLOWANCE FOR ACCOMPLISHED ENGINEERING &
FOR DEMOLITION

ALLOCATED AS FOLLOWS:

Land Value As Clean	\$1,220,000
ADD: Intangible Value of engineering and survey documents:	\$30,000
DEDUCT: <u>Estimated cost of demolition and removal</u>	<u>(\$15,000)</u>
Final Value Estimate:	\$1,235,000

PARCEL 1

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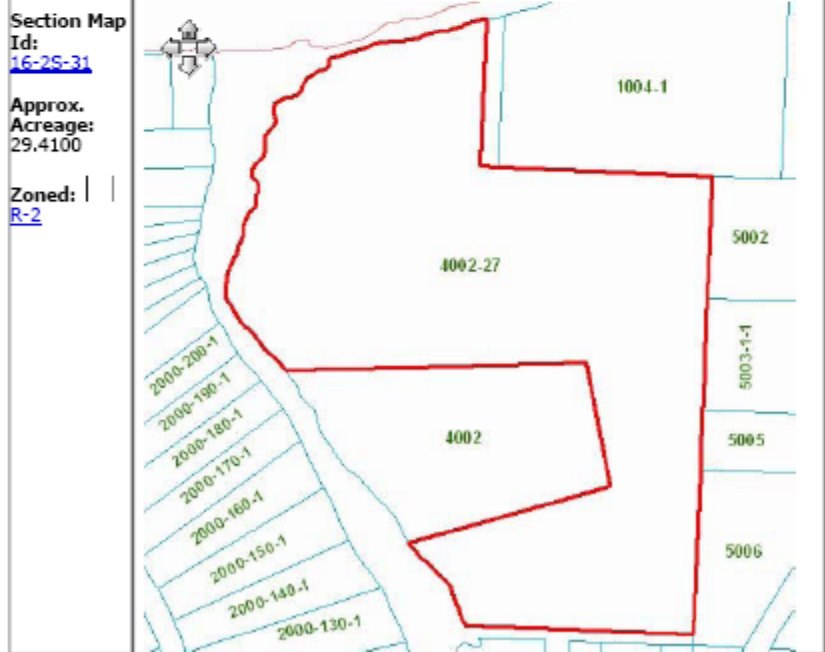
Source: Escambia County Property Appraiser

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General Information		2011 Certified Roll Assessment	
Reference:	162S314002000027	Improvements:	\$0
Account:	093940100	Land:	\$744,906
Owners:	RL REGI FLORIDA LLC	Total:	\$744,906
Mail:	700 NW 107TH AVE STE 200 MIAMI, FL 33172	Save Our Homes:	\$0
Situs:	10836 LILLIAN HWY 32506	Disclaimer	
Use Code:	NON-AG ACREAGE	Amendment 1 Calculations	
Taxing Authority:	COUNTY MSTU		
Tax Inquiry:	Open Tax Inquiry Window		
Tax Inquiry link courtesy of Janet Holley, Escambia County Tax Collector			

Sales Data		2011 Certified Roll Exemptions	
Sale Date	Book Page	Value	Type
09/30/2010	6687 1350	\$912,600	WD
08/20/2010	6628 953	\$2,252,600	WD
10/2006	6016 1885	\$100	QC
07/2004	5454 1715	\$2,070,000	WD
07/2004	5454 1711	\$100	QC
01/1912	1174 826	\$155,900	WD
Official Records Inquiry courtesy of Ernie Lee Magaha, Escambia County Clerk of the Court			
		None	
		Legal Description	
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		Extra Features	
		None	

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PARCEL 2

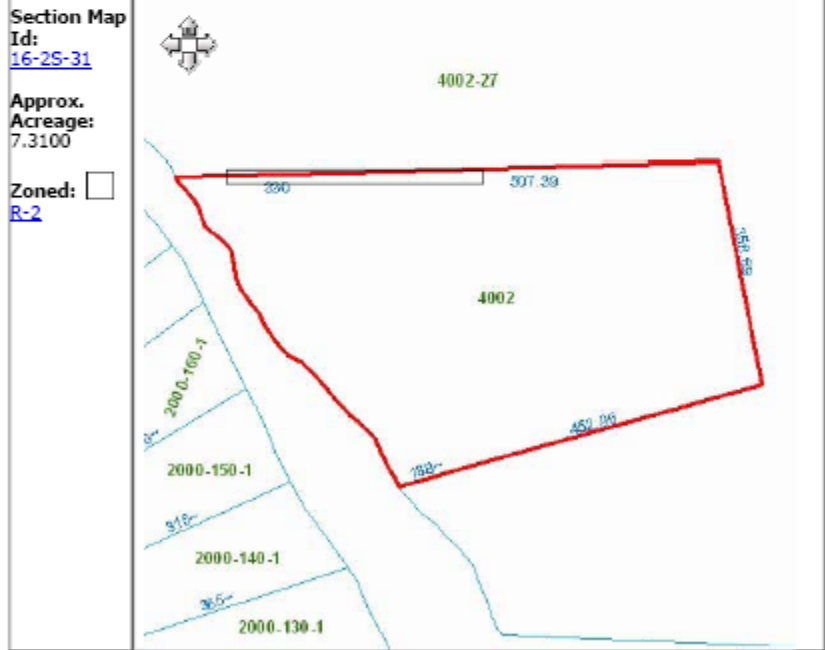
[Back](#)

Source: Escambia County Property Appraiser

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General Information Reference: 1625314002000000 Account: 093922000 Owners: RL REGI FLORIDA LLC Mail: 700 NW 107TH AVE STE 200 MIAMI, FL 33172 Situs: 10836 LILLIAN HWY 32506 Use Code: SINGLE FAMILY RESID Taxing Authority: COUNTY MSTU Tax Inquiry: Open Tax Inquiry Window Tax Inquiry link courtesy of Janet Holley, Escambia County Tax Collector		2011 Certified Roll Assessment Improvements: \$37,583 Land: \$279,680 Total: \$317,263 Save Our Homes: \$0 Disclaimer Amendment 1 Calculations																													
Sales Data		2011 Certified Roll Exemptions None																													
<table border="1"> <thead> <tr> <th>Sale Date</th> <th>Book</th> <th>Page</th> <th>Value</th> <th>Type</th> <th>Official Records (New Window)</th> </tr> </thead> <tbody> <tr> <td>09/30/2010</td> <td>6687</td> <td>1350</td> <td>\$912,600</td> <td>WD</td> <td>View Instr</td> </tr> <tr> <td>08/20/2010</td> <td>6628</td> <td>953</td> <td>\$2,252,600</td> <td>WD</td> <td>View Instr</td> </tr> <tr> <td>07/2004</td> <td>5454</td> <td>1715</td> <td>\$2,070,000</td> <td>WD</td> <td>View Instr</td> </tr> <tr> <td>01/1978</td> <td>1188</td> <td>748</td> <td>\$100</td> <td>WD</td> <td>View Instr</td> </tr> </tbody> </table> Official Records Inquiry courtesy of Ernie Lee Magaha, Escambia County Clerk of the Court	Sale Date	Book	Page	Value	Type	Official Records (New Window)	09/30/2010	6687	1350	\$912,600	WD	View Instr	08/20/2010	6628	953	\$2,252,600	WD	View Instr	07/2004	5454	1715	\$2,070,000	WD	View Instr	01/1978	1188	748	\$100	WD	View Instr	Legal Description BEG 640 FT S OF NE COR OF LT 4 CONTINUE S 650 FT W PARL WITH N LI OF LT 750 FT TO CENTER OF CHANNEL...
Sale Date	Book	Page	Value	Type	Official Records (New Window)																										
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07/2004	5454	1715	\$2,070,000	WD	View Instr																										
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PARCEL 3

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Source: Escambia County Property Appraiser

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General Information Reference: 162S315006000000 Account: 093946000 Owners: RL REGI FLORIDA LLC Mail: 700 NW 107TH AVE STE 200 MIAMI, FL 33172 Situs: 10800 LILLIAN HWY BLK 32506 Use Code: VACANT RESIDENTIAL Taxing Authority: COUNTY MSTU Tax Inquiry: Open Tax Inquiry Window Tax Inquiry link courtesy of Janet Holley, Escambia County Tax Collector		2011 Certified Roll Assessment Improvements: \$0 Land: \$134,490 Total: \$134,490 Save Our Homes: \$0 Disclaimer Amendment 1 Calculations																																					
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09/30/2010	6687	1350	\$912,600	WD	View Instr																																		
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Extra Features None																																							

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