

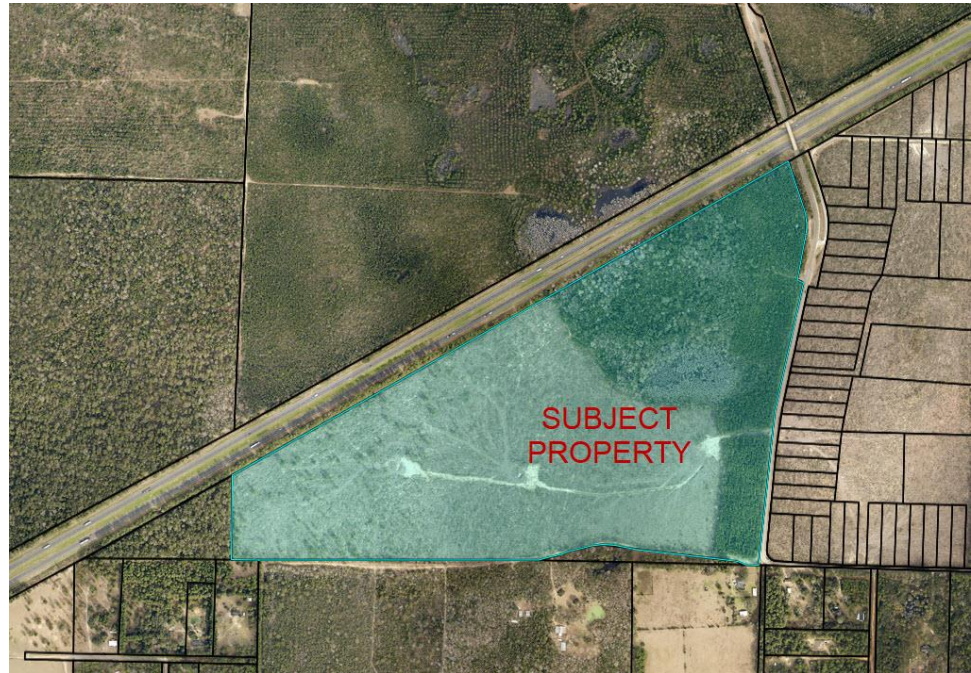


Hoffman & Associates, P.A.
Commercial Real Estate Appraisers

APPRAISAL REPORT REAL ESTATE APPRAISAL

Of

Vacant Acreage



S A Jones Rd, Milton
Santa Rosa County
Florida, 32583

As of
March 15, 2022

Prepared For
Mr. Joey Harrell
School Board of Santa Rosa County
6544 Firehouse Road
Milton, FL, 32570

Prepared by
HOFFMAN & ASSOCIATES, P. A.
Kirsten Hoffman Philip
FL-State-Certified General Real Estate Appraiser RZ2661
Terry G. Hoffman, MAI
FL-State-Certified General Real Estate Appraiser RZ46



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April 14, 2022

Mr. Joey Harrell
School Board of Santa Rosa County
6544 Firehouse Road
Milton, FL
32570

Re: Appraisal Report, Real Estate Appraisal
Vacant Acreage
S A Jones Rd, Milton,
Santa Rosa County, Florida, 32583

Dear Mr. Harrell:

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

The subject property is approximately 150 acres along the west side of S A Jones Road at Chimney Road.

Please reference page 10 of this report for important information regarding the scope of research and analysis for this appraisal, including property identification, inspection, and highest and best use analysis and valuation methodology.

We certify that we have no present or contemplated future interest in the property beyond this estimate of value. We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

Your attention is directed to the Limiting Conditions and Assumptions section of this report (page 9). Acceptance of this report constitutes an agreement with these conditions and assumptions. In particular, we note the following:

Hypothetical Conditions:

- There are no hypothetical conditions for this appraisal.



Hoffman & Associates, P.A.
Commercial Real Estate Appraisers

Extraordinary Assumptions:

- Site dimensions were obtained from the county property appraiser's records since no survey was provided at the time of this report. If proven incorrect, this could adversely affect the final value as stated.
- We are unaware of any contaminants on the site which may adversely affect the marketability of the subject property.
- We are making an extraordinary assumption that there are no significant mineral rights that would significantly affect the utility and value of the subject property.

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

Current As Is Market Value:

The "As Is" market value of the Fee Simple estate of the property, as of March 15, 2022, is

Six Hundred Thousand Dollars
(\$600,000)

The market exposure time preceding March 15, 2022 would have been 6 to 9 months and the estimated marketing period as of March 15, 2022 is 6 to 9 months.

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

Respectfully submitted,
Hoffman & Associates, P. A.



Kirsten Hoffman Philip
FL-State-Certified General Real Estate
Appraiser RZ2661



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

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Summary of Important Facts and Conclusions

GENERAL

Subject: Vacant Acreage
S A Jones Rd, Milton,
Santa Rosa County, Florida, 32583

The subject property is approximately 150 acres along the west side of S A Jones Road at Chimney Road.

Owner: Seven States Timberland, LLC

Legal Description: See addendum

Census Tract: 12133 0108.08

Date of Report: April 14, 2022

Intended Use: The intended use is for the aid in acquisition, loan classification and/or asset disposition.

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

Assessment:

Real Estate Assessment and Taxes							
Tax ID	Land	Improvements	Special	Total	County	Tax	Taxes
			Assessment	Rate	Rate		
35-2N-27-0000-00100-0000	\$18,200	\$0	\$0	\$18,200	\$12.03	\$12.03	\$219

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

Current Listing/Contract(s): There is currently a sales agreement between Seven States Timberlands, LLC and The School Board of Santa Rosa County for \$3,500/AC for 150 acres.

Land:

Land Summary					
Parcel ID	Gross Land Area (Acres)	Frontage - Primary Street (Feet)	Average Depth (Feet)	Shape	Topography
A Jones Rd	150.00	2880.00	2,500	Irregular	Level

Zoning: AG-RR

Highest and Best Use of the Site: The highest and best use of the subject site, as vacant, would be for residential development or civil uses to support the population growth.

Type of Value: Market Value

VALUE INDICATIONS

Land Value: \$600,000

Reconciled Value(s): As Is

Value Conclusion(s) \$600,000

Effective Date (s) March 15, 2022

Property Rights Fee Simple

Limiting Conditions and Assumptions

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

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

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

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

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

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

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

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

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

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

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

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

Americans with Disabilities Act (ADA) of 1990

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

Scope of Work

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

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

This appraisal is prepared for Mr. Joey Harrell, Assistant Superintendent, School Board of Santa Rosa County. The problem to be solved is to estimate the current 'As Is' market value. The intended use is for the aid in acquisition, loan classification and/or asset disposition. This appraisal is intended for the use of the client and only the client.

SCOPE OF WORK	
Report Type:	This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). This format provides a summary or description of the appraisal process, subject and market data and valuation analyses.
Property Identification:	The subject has been identified by the legal description and the assessors' parcel number provided by the County Property Assessor's Office.
Inspection:	An inspection of the subject site from a public street has been made and photographs have been taken. We have also review aerial photographs of the site.
Market Area and Analysis of Market Conditions:	A complete analysis of market conditions has been made. The appraiser maintains and has access to comprehensive databases for this market area and has reviewed the market for sales and listings relevant to this analysis.
Highest and Best Use Analysis:	A complete as vacant highest and best use analysis for the subject site has been made. Physically possible, legally permissible and financially feasible uses were considered, and the maximally productive use was concluded.

Type of Value: Market Value

Valuation Analyses

Cost Approach:

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

Sales Comparison Approach:

A sales approach was applied as there is adequate data to develop a value estimate by this approach. This approach reflects the typical market behavior for this type property and is therefore a good indicator of potential value of the subject property.

Income Approach:

An income approach was not applied as this approach is not applicable in valuing vacant land.

Hypothetical Conditions:

- There are no hypothetical conditions for this appraisal.

Extraordinary Assumptions:

- Site dimensions were obtained from the county property appraiser's records since no survey was provided at the time of this report. If proven incorrect, this could adversely affect the final value as stated.
- We are unaware of any contaminants on the site which may adversely affect the marketability of the subject property.
- We are making an extraordinary assumption that there are no significant mineral rights that would significantly affect the utility and value of the subject property.

Comments

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

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

Sources used for gathering data include personal office files and records maintained in computer data bases, the public records of the appropriate county, Metro Market Trends, Inc. (public records recordings), personal interviews with property owners, sellers, buyers

and brokers. An attempt is made to verify each sale and lease used in this report with a party to the transaction. If verification by the parties involved is not available, public records recordings are relied upon.

In addition, the client had requested any value loss given to the reserves of mineral rights to the current owner. We have discussed with the county property appraiser, local Realtors that handle sales with reserved mineral rights, research our general area for sales of mineral rights and have found no significant data to support any significant value of mineral rights to the subject property. In the past, we have seen mineral rights reserved in the Jay area due to the possible crude oil which was prevalent in the 1970's but has since shown no significant value. Discussions with local Realtors indicate that recently there have been a few "verbal" agreements on the purchase of mineral rights in the Jay area with a value of approximately \$10,000. The residential developments across the street have reserved mineral rights and discussions with the listing agent indicated that buyers have not been concerned about this issue. Discussion with the county property appraiser's office indicated no known significant mineral deposits in the immediate area. Of course, only a study will determine if any significant deposits are located on the subject site that would significantly affect the utility and value of the subject property. *We are making an extraordinary assumption that there are no significant mineral rights that would significantly affect the utility and value of the subject property.*

Sales History

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

Current Listing/Contract(s)

There is currently a sales agreement between Seven States Timberlands, LLC and The School Board of Santa Rosa County for \$3,500/AC for 150 acres.

Property Rights Appraised

The subject property is appraised as a Fee Simple ownership of the title holder as of the date of the appraisal. It is assumed that the ownership is competent and that the property is free and clear of all encumbrances.

Market Area Analysis

Area Description & Boundaries

The neighborhood boundaries for the subject property included Blackwater River to the north and west, Interstate 10 to the south and the Santa Rosa County line to the east. This area is located east of the city of Milton, Florida.

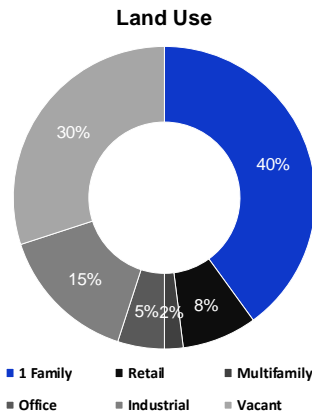
Area & Property Use Characteristics

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

Land Use Trends

		Supply/Demand				
Present Land Use		Under	In Bal.	Over	Vacancy	
40% 1 Family	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	5%	
8% Retail	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	5%	
2% Multifamily	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	5%	
5% Office	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	5%	
15% Industrial	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	5%	
30% Vacant	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
100%						

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



Adjacent Property Use

Access to the area is from Highway 90 traveling east and west and Highway 87 and Highway 89 traveling north and south. Interstate 10 travels east and west approximately two miles south of the Santa Rosa Industrial Park. This interstate connects East Florida through Texas and is a main east/west artery in this immediate area. Highway 87 travels north and south through Santa Rosa County connecting Milton with Navarre, Florida near the Gulf of Mexico.

Residential development consists of single family homes on smaller tracts up to large acreage tracts used for farming and cultivating. Homes range in value from \$100,000 to \$500,000+ depending on the size of the property, age of the improvements and location along any major waterways. More expensive homes are located along Blackwater Bay or with large acreage tracts. The area is still considered a removed area, but as the population increases and residential and commercial demand expands this area will slowly begin to develop more.

Commercial development is along the exits from Interstate 10 and along the major highways in the neighborhood including Highway 87 and Highway 89. The City of Milton which is located just west of this neighborhood has a variety of commercial businesses including fast food chains, national retail chains, governmental facilities, car dealerships and other commercial endeavors catering to the residential population and commercial support need for this community.

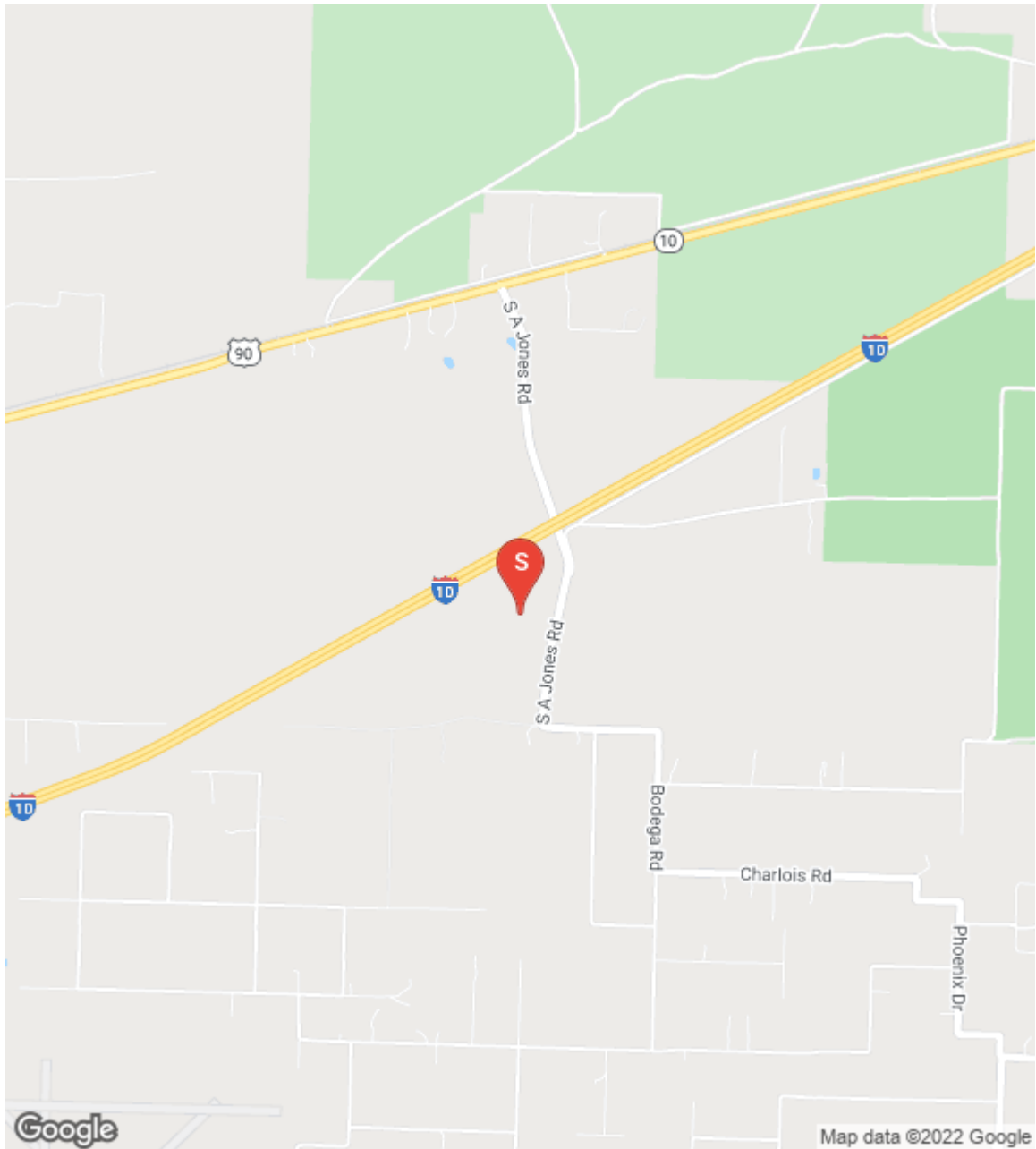
Other economic factors for this neighborhood and the surrounding community is the U.S. Naval Station, Whiting Field located approximately six miles north of the subject's neighborhood. This is a large helicopter training facility. Newer developments in the area include the Santa Rosa Correctional Institute and Criminal Justice Facility, the Santa Rosa County Correctional Institute, the Santa Rosa County Sheriff's Department and the Blackwater River Correctional Facility located on Jeff Ates Road.

North of the subject is the Blackwater River State Park. This is one of the recreational areas for Santa Rosa County which has some of the best canoeing, kayaking and tubing waters in Florida. The northeastern portion of the county is the Blackwater National Forest which is one of the largest in the state.

Industrial use in the neighborhood is located along Highway 90 at the Santa Rosa Industrial Park and along Avalon Boulevard south of Milton. The Santa Rosa Industrial Park has easy access to the interstate and several major highways in the county. It is located approximately three miles east of the City of Milton and approximately 2 miles west of the subject site. Santa Rosa County recently announced plans to acquired acreage at the corner of I-10 and Hwy 87 for a 9 parcel industrial park with letters of intent for all 9 parcels.

Overall, the subject neighborhood is east of the City of Milton. The subject site is located on Highway 90 just north and east of Highway 87 and Interstate 10. Most of the newer development is between Pensacola and Milton west of the subject neighborhood. The subject neighborhood is still considered removed from shopping, schools and employment, but access to the interstate only takes 15 minutes to get to Pensacola.

Location Map



Property Description

The subject property is approximately 150 acres along the west side of S A Jones Road at Chimney Road.

SITE	
Location:	The subject site is located on the west side of A Jones Road just south of Interstate 10.
Site Size:	Total: 150.00 acres; 6,534,000 square feet
Shape:	Irregular
Frontage/Access:	<p>The subject property has average access with frontage as follows:</p> <ul style="list-style-type: none">• A Jones Rd: 2,880 feet (estimated)• Chimney Road: 3,775 feet (estimated) <p>The site has an average depth of 2,500 feet. It is a corner lot.</p>
Visibility:	Average
Topography:	The subject has level topography at grade and no areas of wetlands.
Soil Conditions:	The soil conditions observed at the subject appear to be typical of the region and adequate to support development.
Utilities:	<p>Electricity: The site is served by public electricity.</p> <p>Sewer: No sewer</p> <p>Water: Public water</p> <p>Natural Gas: Not available</p> <p>Utility Service: The site is serviced by above ground cable lines.</p> <p>Adequacy: The subject's utilities are typical and adequate for the market area.</p>
Site Improvements:	<ul style="list-style-type: none">• No public street lighting• No sidewalks• No concrete curbs and gutters• Natural vegetation

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

FEMA Map Number: 12113C0345H
FEMA Map Date: November 19, 2021

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

Wetlands/Watershed: No wetlands were observed during our site inspection.

Environmental Issues: There are no known adverse environmental conditions on the subject site. Please reference Limiting Conditions and Assumptions.

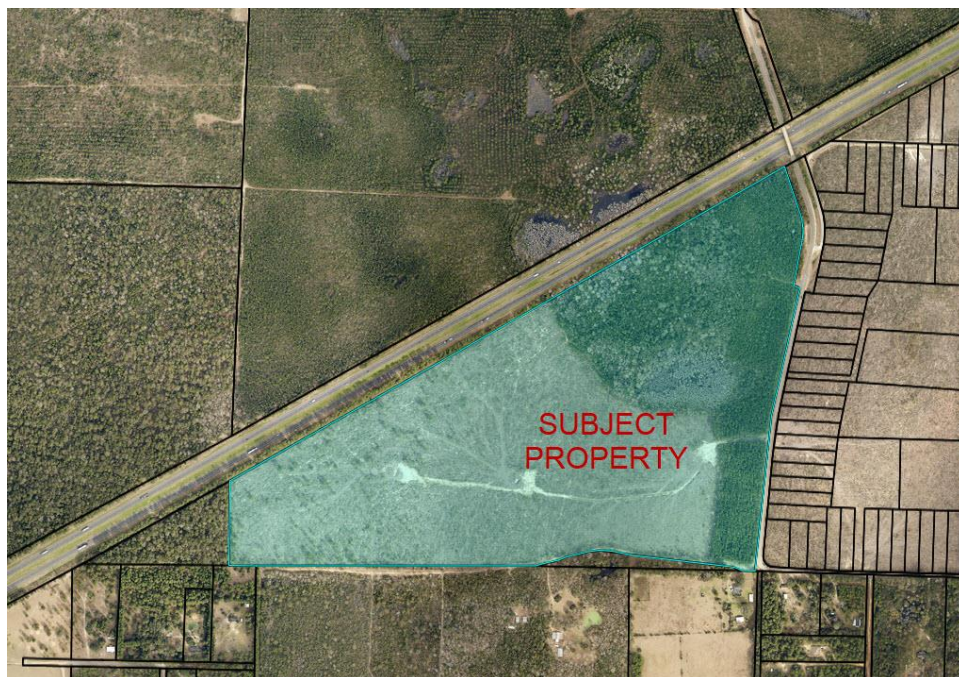
Encumbrance /
Easements: There are no known adverse encumbrances or easements. Please reference Limiting Conditions and Assumptions.

Site Comments: The subject property is a large acreage parcel on the west side of A Jones Road adjacent and south of Interstate 10. The southern border of the subject runs along Chimney Road. The site is fairly level. No sewer is available. A review of a wetlands map shows a portion on the east side which appears to be low. Due to the size of the subject site, this area does not affect the overall utility of the site. Since we did not receive a survey, it is unknown the size of this area and whether it will affect any use of this area of the property.

In addition, the client had requested to analyze any value loss due to the mineral rights reserved to the current owner. We have interviewed the county property appraiser's office, local Realtors that have dealt with mineral rights and interviewed Realtors that have sold properties in the immediate area with mineral rights reserved. There has been no data to show that the mineral rights have any value at this time. One of the acreage sales used within this report has similar mineral rights reserved and no significant change in price. The homes selling across the street from the subject also have mineral rights reserved. Discussions with the listing agent indicated that the buyers did not have concerns about the reserves and continue to purchase.

Of course, a full survey and study of the subject site would indicate if there were any mineral rights of value. This has not been completed and we are making an extraordinary assumption that there are no mineral rights that would significantly affect the utility or value of the subject property.

Tax Map



Aerial Map



Wetlands Map

Americans With Disabilities Act

Please reference the Limiting Conditions and Assumptions section of this report on page 10.

Hazardous Substances

Please reference the Limiting Conditions and Assumptions section of this report on page 10.

Subject Photographs



Subject Property



Subject Property



A Jones Road Looking North



A Jones Road Looking South



View of Interstate 10 with Subject Property to the South



New Construction Across Street



New Construction Across the Street

Assessment and Taxes

Taxing Authority Santa Rosa County

Assessment Year 2021

Real Estate Assessment and Taxes							
Tax ID	Land	Improvements	Special Assessment	Total	County Rate	Tax Rate	Taxes
35-2N-27-0000-00100-0000	\$18,200		\$0	\$0	\$18,200	\$12.03	\$219

Comments

The assessment as shown is typical of properties in the surrounding areas. No major changes are expected in the near future. There are no delinquent taxes due on the subject property.

Zoning

LAND USE CONTROLS	
Zoning Code	AG-RR
Current Use Legally Conforming	The subject property is vacant land and is available for a variety of uses allowed in the zoning classification.
Zoning Comments	

Agriculture-Rural Residential Zoning District

Purpose: This district is designed to provide suitable areas for low density residential development. This district will be characterized by a single family detached structure and such other structures as are accessory thereto. This district also may include, as specifically provided for in these regulations conditional uses for community facilities and utilities which service specifically the residents of this district, or which are benefited by and compatible with a rural residential and farming environment. Such facilities should be accessibly located and appropriated situated in order to satisfy special requirements of the respective community facilities.

It is the express purpose of this Section to exclude from this district all buildings or other structures and uses having commercial characteristics, whether operated for profit or otherwise, except those home occupations and conditional uses specifically provided for in this Ordinance and the commercial activities associated with the farming environment.

Permitted Uses: In this district as a permitted use a building or premises may be used only for the following purposes: Detached single family residential structures and mobile homes. Accessory structures and facilities and uses customarily found on farms and used expressly for activities conducted in connection with farming operations, commercial and non commercial agriculture, poultry, horse and live stock raising, provided all buildings for such accessory uses meet setback requirements for primary buildings.

Density: For residential development, property may be developed at the option of the owner, to a maximum of one (1) dwelling unit per (1) acre.

Lot Size: The minimum width of any lot used for single family dwelling units shall be seventy (70) feet when measured at the minimum front setback line (front yard). The minimum width shall be maintained through the rear of the residential structure. The minimum width at the street right of way shall not be less than fifty (50) feet. The total square footage shall not be less than 43,560. The minimum lot width may be reduced on dead end cul-de-sac lots. In no case shall a lot be less than fifty (50) feet when measured at the top of the arc of the street right of way line. The lot width of the cul-de-sac lot shall not be less than seventy (70) feet when measured at the bottom (chord) arc of the minimum front setback line. The minimum width shall be maintained through the rear of the residential structure. The total square footage shall not be less than 43,460.

Minimum Required Setbacks: 1. Setbacks Along Collector or Arterial Roads: The minimum required building setback along a collector or arterial road, as described in Section 4.04.03 (D) of the Land Development Code shall be as follows:

- a. For any yard along a collector road, the minimum required building setback shall be twenty five (25) feet.
- b. For any yard along any arterial road, the minimum required building setback shall be twenty five (25) feet.

If any other setback requirement of the Land Development Code conflicts with above requirements, the more restrictive requirement will apply.

2. Front Setback: Except as provided in Section 4.04.03 (B)(2)(b) and Section 2.10.02, there shall be a front building setback on every lot of not less than twenty five (25) feet.

3. Side Setback: There shall be a side building setback on each side of every main building of not less than ten (10) percent of the lot width, when measured at the minimum front setback line to a maximum of fifteen (15) feet. For irregularly shaped lots and lots fronting on cul-de-sacs and curves, the side building setback shall be ten (10) percent of the average of the street frontage width and the rear lot line length. Modifications to this requirement shall be in accordance with Section 2.10.04 of the Land Development Code.

4. Rear Setback: There shall be a rear building setback on every lot of not less than twenty five (25) feet, except as provided in Section 2.10.03 of the Land Development Code.

Skirting: Skirting is required around the base of all mobile homes between the ground and bottom of the structure

Highest and Best Use

Highest and best use may be defined as the reasonably probable and legal use of vacant land or improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.

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

Highest and Best Use of the Site

The subject property is located in East Milton, east of Highway 87 and adjacent and south of Interstate 10. This area of Milton has not shown much growth in past years. An industrial park was developed along Highway 87 south of the interstate years ago and has not been developed nor shown much interest in the past years. In the recent past, the general area including Escambia, Santa Rosa and Okaloosa counties have shown increased growth and demand. With limited available land available in areas of these counties, the subject's general area has shown increased demand. New subdivision developments have been developed and currently being developed including Yellow River Ranch west of the subject and homes across the street from the subject.

The subject site is zoned AG-RR which allows for single family use, agricultural uses and governmental and civil uses. Density use is one dwelling unit per acre. The general area has all utilities available except for sanitary sewer.

With the increased growth and demand in our area, the subject site can be purchased for residential or civil uses. With the increased population in the area, schools will be needed and the client has been in search for property in the area for such uses. The site can be developed for either use.

The highest and best use of the subject site, as vacant, would be for residential development or civil uses to support the population growth..

Valuation Methodology

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

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

Cost Approach

The Cost Approach is summarized as follows:

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

Income Approach

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

Sales Comparison Approach

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

Final Reconciliation

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

Analyses Applied

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

A **sales comparison analysis** was considered and was developed because there is adequate data to develop a value estimate by this approach. This approach reflects the typical market behavior for this type property and is therefore a good indicator of potential value of the subject property.

An **income analysis** was considered and was not developed because this approach is not applicable is valuing vacant land.

Sales Comparison Approach – Land Valuation

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

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

Land Comparables

We have researched several vacant commercial land sales in the subject's market area and competing market areas and have selected the following five comparables for this analysis; these are documented on the following pages followed by a location map and analysis grid. All sales have been researched through numerous sources, inspected and verified by a party to the transaction when possible.

The subject site is approximately 150 acres. We have researched the general north and east areas of Santa Rosa county for similar size properties. Although there are smaller acreage parcels sold in the general area, these are not considered comparable due to size and zoning classifications. These sales will be discussed and the end of the valuation discussion.

As can be seen on the comparable map, most of the activity for larger parcels has been further north of the subject, but still considered a comparable location. There has been other larger acreage parcels in the area that have sold, but were industrially zoned properties, not considered comparable to the subject and not used for valuation.

Land Comparable 1



Transaction

ID	3196	Date	6/8/2020
Address	Lewis Rd	Price	\$314,337
City	Milton	Financing	Cash
State	Florida		
Tax ID	27-4N-28-0000-00113-0000		
Grantor	Pine Plantation Propoerty Trust	Price Per Acre	\$2,900
Grantee	Richard Hendricks	Official Records Book	3961
Verification Source	Listing Agent, MLS, Public	Recorded Page	1021

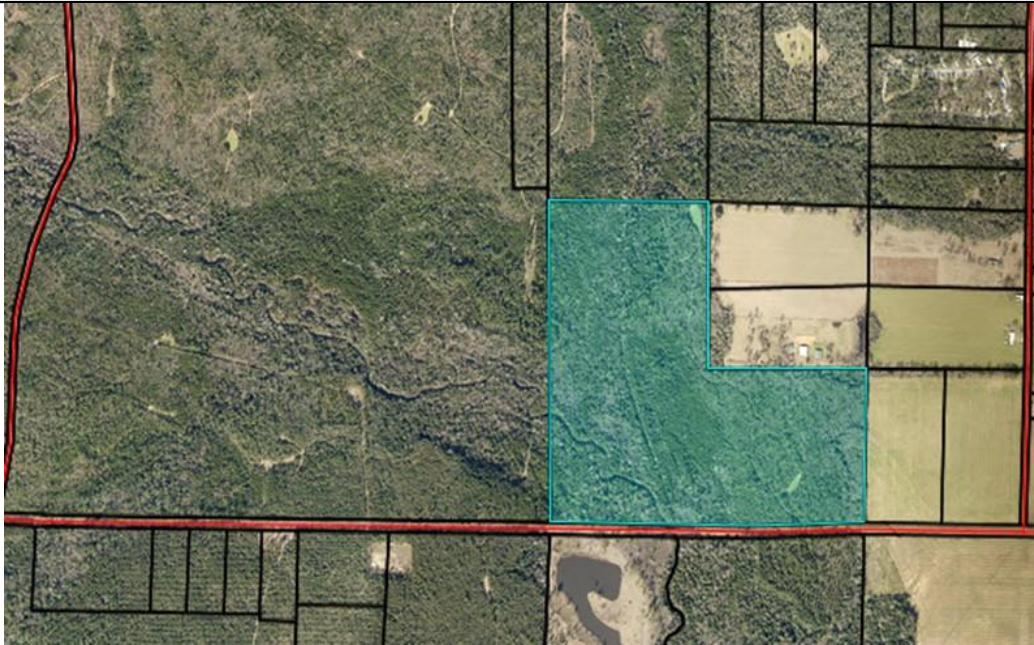
Site

Acres	108.4	Topography	Level
		Shape	Rectangular
Road Frontage	1,449	Zoning	AG-
Depth	--	Utilities	No sewer

Comments

This is the sale of a 108.39 acre wooded parcel located on the east side of Lewis Road. The site has 1,449 feet of road frontage.

Land Comparable 2



Transaction

ID	3195	Date	8/20/2020
Address	Spanish Trail	Price	\$300,000
City	Milton	Financing	Cash
State	Florida		
Tax ID	20-4N-28-0000-00400-0000		
Grantor	Margaret M. Rechter Trustee	Price Per Acre	\$2,500
Grantee	Pedersen Managed Investments	Official Records Book	3994
Verification Source	Public Records	Recorded Page	1685

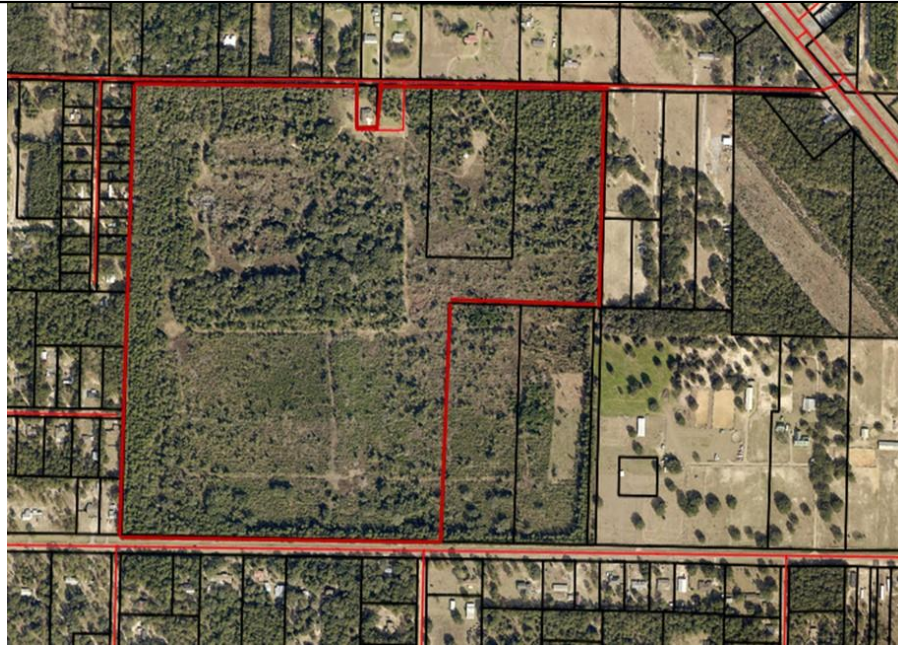
Site

Acres	120.0	Topography	Level
		Shape	Flag
Road Frontage	--	Zoning	AG-
Depth	--	Utilities	No sewer

Comments

This is the sale of a 120 acre wooded site with frontage along Spanish Trail, between Willing Road and Horn Road. The site is basically level.

Land Comparable 3



Transaction

ID	3416	Date	8/31/2020
Address	8994 Hickory Hammock Rd	Price	\$1,033,000
City	Milton	Financing	Conv.
State	Florida		
Tax ID	16-1N-27-0000-00301-0000; 0000-		
Grantor	Johnny J. & Marette Pitts, Inc	Price Per Acre	\$8,681
Grantee	Austin Run, LLC	Official Records Book	3998
Verification Source	MLS2337378	Recorded Page	2079

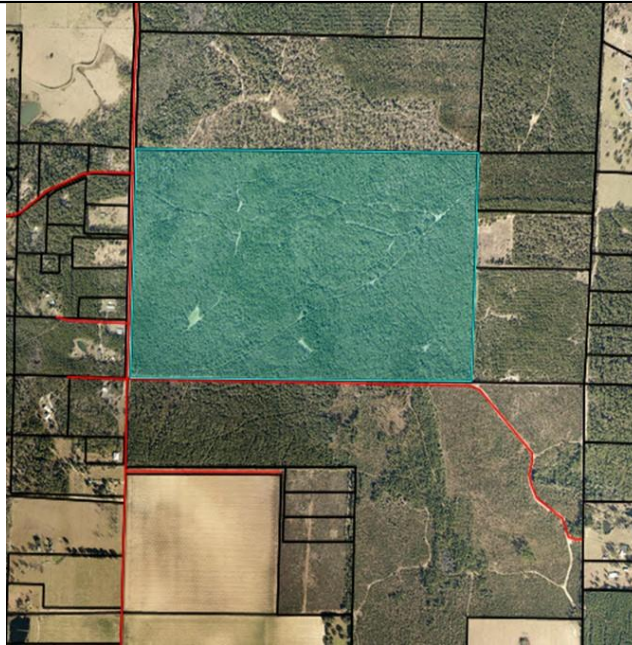
Site

Acres	119.0	Topography	Level
		Shape	Irregular
Road Frontage	1,719	Zoning	R-1
Depth	2480	Utilities	No sewer

Comments

This is a large acreage parcel on the north side of Hickory Hammock Road west of Highway 87. This parcel was purchased for the development of a residential subdivision. The northeast portion of the site is zoned MAZ, which is a flight zone category requiring a lower density. Approximately 85% of the parcel is zoned R-1. This parcel also has mineral rights reserved, which is common with larger acreage tracts, but may have no value in this area.

Land Comparable 4



Transaction

ID	3193	Date	1/28/2021
Address	Penton Rd & Hoot Owl Ln.	Price	\$750,000
City	Milton	Financing	Cash
State	Florida		
Tax ID	30-4N-28-0000-00200-0000		
Grantor	Moore Family Land Trust	Price Per Acre	\$3,205
Grantee	Edmond A. English III, et al	Official Records Book	4065
Verification Source	MLS, Public Records	Recorded Page	1417

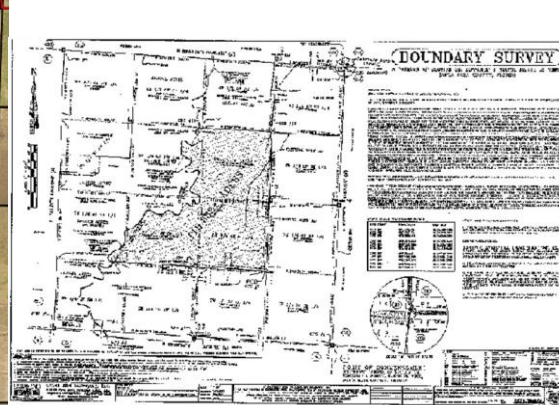
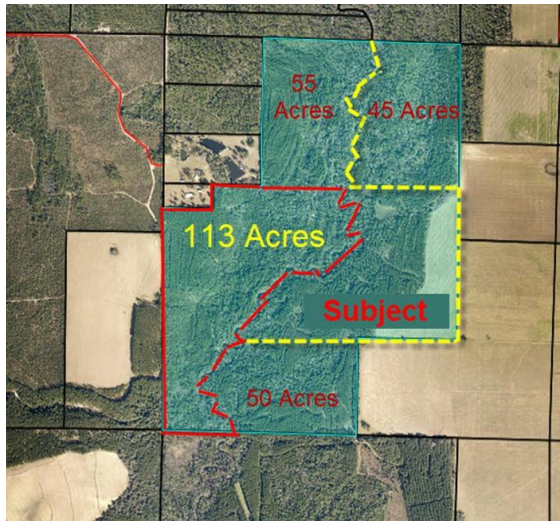
Site

Acres	234.0	Topography	Level
		Shape	Rectangular
Road Frontage	--	Zoning	AG-
Depth	--	Utilities	No sewer

Comments

This is the sale of a 234 acre wooded parcel located at the NE corner of Penton Road and Hoot Owl Lane. The site was purchased to divide into smaller acreage tracts for residential development.

Land Comparable 5

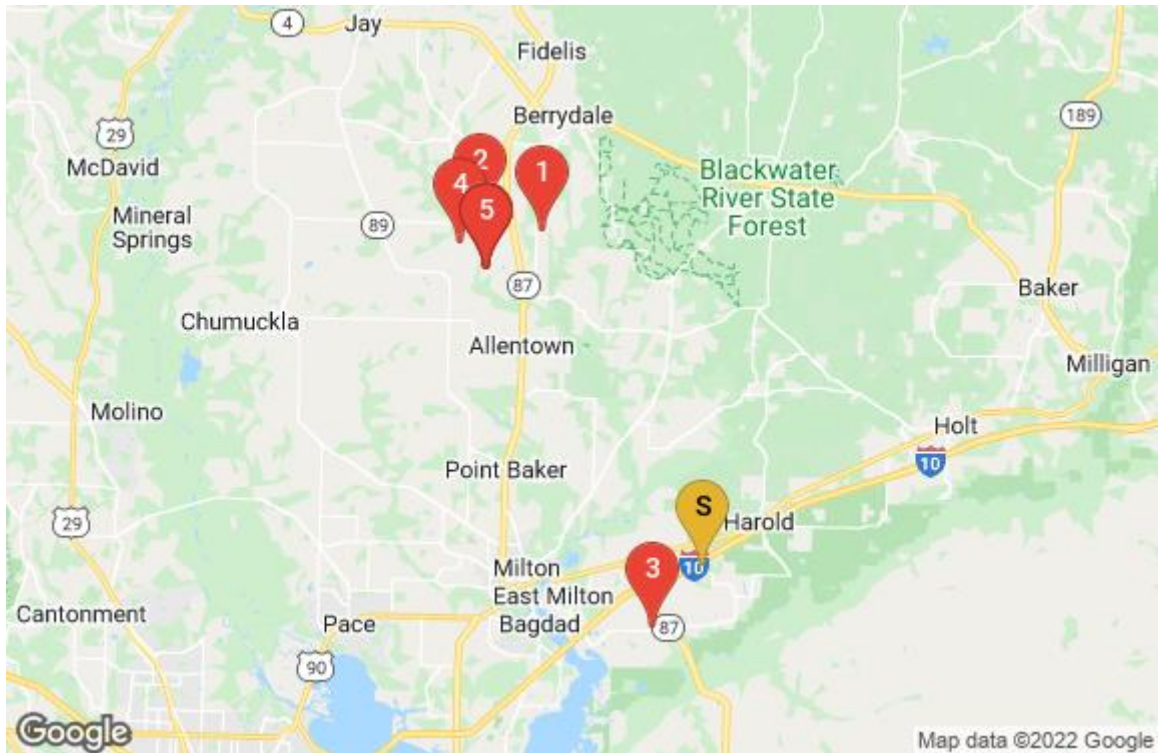


Transaction			
ID	3337	Date	9/29/2021
Address	6400 Blk Copeland Rd.	Price	\$419,750
City	Milton	Financing	--
State	Florida		
Tax ID	32-4N-28-0000-00200-0000		
Grantor	Jerry H. Davis	Price Per Acre	\$3,547
Grantee	Coldwater Construction LLC	Official Records Book	4185
Verification Source	Seller	Recorded Page	2092

Site			
Acres	118.3	Topography	Basically level
		Shape	Irregular
Road Frontage		Zoning	AG-RR
Depth		Utilities	No sewer

Comments	
The is the sale of a 118.33 acre parcel which is the division of a larger parcel. This parcel is located along the eastern boundary of Coldwater Creek. The parcel has several different types of hardwoods and access to Coldwater Creek along the west boundary of the parcel.	

Comparables Map



Analysis Grid

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

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

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

Land Analysis Grid		Comp 1		Comp 2		Comp 3		Comp 4		Comp 5	
Address	S A Jones Rd	Lewis Rd	Spanish Trail	8994 Hickory Hammock	Penton Rd & Hoot Owl	6400 Blk Copeland Rd.					
City	Milton	Milton	Milton	Milton	Milton	Milton					
State	Florida	Florida	Florida	Florida	Florida	Florida					
Date	3/15/2022	6/8/2020	8/20/2020	8/31/2020	1/28/2021	9/29/2021					
Price	--	\$314,337	\$300,000	\$1,033,000	\$750,000	\$419,750					
Acres	150	108	120	119	234	118					
Acre Unit Price	\$0	\$2,900	\$2,500	\$8,681	\$3,205	\$3,547					
Transaction Adjustments											
Property Rights	Fee Simple	Simple	0.0%	Simple	0.0%	Simple	0.0%	Simple	0.0%	Simple	0.0%
Financing	Conventional	Cash	0.0%	Cash	0.0%	Conv.	0.0%	Cash	0.0%	0	0.0%
Conditions of Sale	Cash	Typical	0.0%	Typical	0.0%	Typical	0.0%	Typical	0.0%	Typical	0.0%
Adjusted Acre Unit Price		\$2,900		\$2,500		\$8,681		\$3,205		\$3,547	
Market Trends Through	3/15/2022	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%		0.0%	
Adjusted Acre Unit Price		\$2,900		\$2,500		\$8,681		\$3,205		\$3,547	
Location	East Milton	Similar		Similar		Similar		Similar		Similar	
% Adjustment		0%		0%		0%		0%		0%	
\$ Adjustment		\$0		\$0		\$0		\$0		\$0	
Acres	150	108		120		119		234		118	
% Adjustment		0%		0%		0%		0%		0%	
\$ Adjustment		\$0		\$0		\$0		\$0		\$0	
Zoning	AG-RR	AG		AG		R-1		AG		AG-RR	
% Adjustment		0%		0%		0%		0%		0%	
\$ Adjustment		\$0		\$0		\$0		\$0		\$0	
Utilities	No sewer	No sewer		No sewer		No sewer		No sewer		No sewer	
% Adjustment		0%		0%		0%		0%		0%	
\$ Adjustment		\$0		\$0		\$0		\$0		\$0	
Adjusted Acre Unit Price		\$2,900		\$2,500		\$8,681		\$3,205		\$3,547	

Comparable Land Sale Adjustments

Transitional Adjustments

The sales shown occurred between June 2020 and September 2021. We have seen increased real estate activity and demand, but we have not seen significant data to make an appropriate time adjustment. Reviewing these sales indicated no significant change in the price within this time frame; therefore, no time adjustment will be made.

All the sales are arms length transactions and do not require a condition of sale adjustment.

Location

All five sales are considered to be in similar locations; therefore, no adjustment is necessary.

Acres

All five sales are similar in size to the subject and no adjustment is needed.

Zoning

All of the sales have similar zoning classifications except for Sale 3. This sale is in the same general area of the subject, but zoned R-1 which has a higher density than the subject's zoning classification. It also indicated the highest unit price per acre.

Utilities

All five sales have similar utilities available and no adjustments were necessary. Sale 3 is located on Hickory Hammock across the street from Yellow River Ranch. It is possible that this project can connect to sewer with individual grinder pumps for sites, but we have not been able to verify.

As previously discussed, there are sales of smaller acreage parcels in the general area. One sale was to Flynn Built, a local residential developer. The sale was of 20 acres zoned R-1 indicating a unit price of \$8,285/AC. This sale would need an adjustment for smaller size and superior zoning classification.

Another sale is of lots across the street from the subject property. The sale was of 55 lots indicating a unit price of \$26,670/lot. The lots were approximately an average size of 3 acres, indicating a unit price of \$8,890/AC for developed lots.

These two sales indicate the higher unit prices due to smaller acreage size, higher density classification and lots already available for development. These sales further support the final unit price shown below.

Sales Comparison Approach Conclusion – Land Valuation

The adjusted values of the comparable properties range from \$2,500 to \$8,681; the average is \$4,167. All of the value indications have been considered in arriving at our final reconciled per acre value of \$4,000.

As Is Market Value	
Indicated Value per Acre:	\$4,000
Subject Size:	150 acres
Indicated Value:	\$600,000
Rounded:	\$600,000
Six Hundred Thousand Dollars	

Value Conclusion

The sales comparison approach utilized the direct comparison method. The price per acre from similar sales was used in arriving at an estimate of value by this approach. Ample data was available and the sales comparison approach should be well reflective of the value for the subject property.

Based on the data and analyses developed in this appraisal, we have reconciled to the following value conclusion(s), as of March 15, 2022, subject to the Limiting Conditions and Assumptions of this appraisal.

Reconciled Value(s): Premise: As Is
 Interest: Fee Simple
 Value Conclusion: \$600,000
 Six Hundred Thousand Dollars

Certification Statement

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions and conclusions.
- We have no present or prospective future interest in the property that is the subject of this report, and have no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report, or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
- No one provided significant real property appraisal assistance to the person(s) signing this certification.
- We certify sufficient competence to appraise this property through education and experience, in addition to the internal resources of the appraisal firm.
- We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- Kirsten Hoffman Philip has made an inspection of the subject property. Terry G. Hoffman has not made an inspection of the subject property.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Terry G. Hoffman **has** completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, Terry G. Hoffman **has** completed the Standards and Ethics Education Requirements for Designated Members of the Appraisal Institute.
- Neither our engagement to make this appraisal (or any future appraisals for this client), nor any compensation therefore, are contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- It is assumed that all water, sewer facilities and utilities (existing or proposed) are or will be in good working order, are safe for use and are or will be sufficient to serve the current or proposed use of the subject property or any structures or other improvements. Determining and reporting on such matters were not part of the scope of work for this assignment.
- Unless otherwise stated in this report, the past or current existence of hazardous materials or environmental contamination on, below or near the subject property was not observed or known by the appraiser. The appraiser, however, is not qualified to detect such substances or to make determinations about their presences. No responsibility is assumed for such possible conditions or for any expertise or engineering assistance required to discover them. The intended user is urged to retain an expert in this field, if desired.

- Use of or reliance on this appraisal or appraisal report, regardless of whether such use or reliance is known or authorized by the appraiser, constitutes acknowledgment and acceptance of the general assumptions and limiting conditions, any extraordinary assumptions or hypothetical conditions and any other terms and conditions stated in this report.

Kirsten Hoffman Philip



Kirsten Hoffman Philip
FL-State-Certified General Real Estate
Appraiser RZ2661

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

Addenda

Legal Description

Brief Legal Description

NEW DESCRPTN AS PER DEED OR3007 PG 1652 *PG 1669 DES AS:ALL SEC LYING W OF S A JONESRD LESS PORT LYING N OF I-10 &LESS PORT OF SE4 OF SW4 LYINGS OF OLD CHIMNEY RD & ON PG1674 DES AS: PORT OF N2 OF SE4 LYING E OF S A JONES & W OFSHANGRI-LA WEST RD & PORT OF SE4 OF NE4 LYING E OF S A JONESW & N OF SHANGRI-LA WEST RD &PG 1675 DES AS: NE4 OF SE4LYING E OF S A JONES RD & E OFSHANGRI-LA WEST RD & PORT OFNE4 OF SE4 LYING E OF S A JONERD & S OF SHANGRI-LA WEST RD &PG 1676: S2 OF SE4 LYING E OFS A JONES RD ALL AS DES INOR 3007 PGS 1692 (1708,1713,1714,& 1715) LESS OR 4111 PG2037 (FOR U001 54 LOTS OF ANUNREC SUB LYING E OF S A JONESROAD & S OF INTERSTATE 10)LESS ALL MINERAL RIGHTS

Engagement Letter



State Tax Exemption #
858012622341C0
Federal Employer Identification #
596000845

SANTA ROSA COUNTY SCHOOLS
Purchase Order
Blanket - Appraisal.Hoffman

PO# 732785

02/04/2022

Vendor (V000016982)

Show P.O. Number on all shipping containers, packing lists, correspondences, and invoices.

Center/School Contact: Cathy Ward

☐ Checked box indicates order must be fully received and invoiced by 06/30/2022. Cancellations must be in writing. No backorders without buyer approval.

HOFFMAN & ASSOCIATES PA
1550 CREIGHTON RD STE 4
PENSACOLA, FL 32504

Ship To
GENERAL ADMINISTRATION
6544 FIREHOUSE ROAD
MILTON, FL 32570

Bill To
GENERAL ADMINISTRATION
6544 FIREHOUSE ROAD
MILTON, FL 32570
850-983-5123

Item #	Description	Quantity	UOM	Unit Price	Amount
	Appraisal Services for 152-acre parcel 35-2N-27-0000-00100-000 for future school site	1		3,500.00	3,500.00
Total					3,500.00

Fund	Function	Object	Facility	Project	Program	Amount
372	7420	660	9020	340022		3,500.00

Cindy Norton
Deputy Director of Purchasing and Contract Administration

Comments for vendor:

3-3 1/2 week turnaround time

Terms & Conditions:

- Do not exceed quantities or price without prior approval.
- No substitutions without prior approval.
- Payment will not be made until an order is completed in full.
- Payment will be made only to the vendor listed above.
- Collect shipments will be refused.
- The Jessica Lunsford Act: The Santa Rosa County School District reserves the right to refuse to accept services from any personnel deemed by the Santa Rosa County School District to be unqualified, disorderly, or otherwise unable to perform assigned work. This law, effective September 1, 2005, affects your business if you, your employees or your agents will have access to school grounds when students are present, have direct contact with students or have access to or control of school funds. A copy of House Bill 1877, which was approved by the Governor on May 2, 2005 (Chapter 2005-28, L.O.F., section 21) may be found by accessing the following link on the internet: http://laws.flrules.org/files/Ch_2005-028.pdf. The requirements of this new law must be met in order for the School Board to continue working with you. The implementation procedures for this new law, as well as the amendment of July 2007, are posted on our website, at: <http://srcsdhumanresources.weebly.com/jessica-lunsford.html>
- (Service proposals only) Insurance required to be carried shall include (for specific limits contact Risk Management at (850) 983-5006): a. The Company shall furnish proof of the following insurance to the Board by Certificate of Insurance. b. The Certificate of Insurance shall state that the School Board, including its agents and employees, are additional insureds under the policy or policies. c. Workers' Compensation Insurance. d. Comprehensive General Liability Insurance. e. Business Automobile Liability.
- It is a condition of this Purchase Order that the vendor will comply with all Federal, State and Local laws, ordinances and rules, including but not limited to self-reporting if listed on the Federal Suspension and Debarment list and if convicted of Public Entry Crimes.

Qualifications

Hoffman & Associates, P.A.
REAL ESTATE APPRAISERS - CONSULTANTS
1550 CREIGHTON ROAD, STE. 4
PENSACOLA, FLORIDA 32504

QUALIFICATIONS
KIRSTEN HOFFMAN PHILIP

STATE CERTIFICATION

April 29, 2003 I was state certified for Florida as a "State-Certified General Real Estate Appraiser RZ2661" after successfully completing the required courses and examinations by the Department of Professional Regulation, Florida Real Estate Appraisal Board.

EDUCATION BACKGROUND

University of West Florida, Pensacola, Florida. Senior in Science Degree in Marketing with a minor in Communication Arts, 1994; Successfully completed three real estate classes within the marketing department

Successfully completed "Real Estate Appraisal Principles" given by the Appraisal Institute in Gainesville, Florida, February 1990.

Successfully completed "Basic Valuation Procedures" given by the Appraisal Institute in Winter Park, Florida, October, 1990.

Successfully completed "Standards of Professional Practice Parts A and B" given by the Appraisal Institute in Orlando, Florida, August 1993.

Successfully completed "RREAB Residential Appraisal-AB1" given by the Ed Klopfer Schools of Real Estate in Pensacola, Florida, June 1999.

Successfully completed "RREAB Residential Appraisal-ABII and ABIIB" given by the Real Estate Education Specialists in Orlando, Florida, July 2000.

Attended "The Good, The Bad, The Board" Seminar in Panama City Beach, Florida, November 1999.

Attended "Florida State Law and USPAP Review for Real Estate Appraisers" Seminar in Tallahassee, Florida, September 2000.

Attended "Data Confirmation & Verification" Seminar in Tallahassee, Florida, March 2001

Attended "State of the Profession", given by the Northwest Florida Chapter of the Appraisal Institute, April 2001.

Successfully completed "Basic Income Capitalization" given by the Appraisal Institute in Tampa, Florida, August 2001.

Successfully completed "Highest & Best Use and Market Analysis" given by the Appraisal Institute in Tampa, Florida, April 2002.

Attended "The Emerging Market Valuation for Financial Reporting Purposes" given by the Northwest Florida Chapter of the Appraisal Institute, November 2003.

Attended "Course 400: National USPAP Course Update" given by the Northwest Florida Chapter of the Appraisal Institute, November 2003.

Attended "Florida Law" given by the Northwest Florida Chapter of the Appraisal Institute, November 2003.

Successfully completed "Communicating the Appraisal" given by Bert Rodgers Schools, November 2004.

Successfully completed "Neighborhood Analysis: Residential Applications" given by Bert Rodgers Schools, November 2004.

Successfully completed "Residential Subdivision Analysis" given by Bert Rodgers Schools, November 2004.

Successfully completed “Sales Comparison Approach: General Applications” given by Bert Rogers Schools, November 2004.

Attended “Reappraising, Readdressing, Reassigning” given by the Northwest Florida Chapter of the Appraisal Institute, November 2005.

Attended “Scope of Work” given by the Northwest Florida Chapter of the Appraisal Institute, November 2005.

Attended “Uniform Standards of Professional Appraisal Practice” given by the Northwest Florida Chapter of the Appraisal Institute, August 2006.

Attended “Florida State Law for Real Estate Appraisers” given by the Northwest Florida Chapter of the Appraisal Institute, August 2006.

Attended “Basic Income” given by the Northwest Florida Chapter of the Appraisal Institute, September 2006.

Attended “Highest and Best Use Applications” given by the Northwest Florida Chapter of the Appraisal Institute, September 2007.

Attended “Real Estate Investing & Development - A Valuation Perspective” given by the Northwest Chapter of the Appraisal Institute, September 2007.

Attended “Hypothetical Conditions & Assumptions” given by the Northwest Florida Chapter of the Appraisal Institute in Destin, Florida, May 2008.

Attended “Florida Law Update” given by the Northwest Florida Chapter of the Appraisal Institute in Destin, Florida, May 2008.

Attended “7-Hour National USPAP Update Course” given by the Northwest Florida Chapter of the Appraisal Institute in Destin, Florida, May 2008.

Attended “Analyzing the Effects of Environmental Contamination on Real Property”, given by the Northwest Florida Chapter of the Appraisal Institute in Pensacola, Florida, September 2010.

Successfully completed “Online Analyzing Operating Expenses” given by the Appraisal Institute, November 2010.

Successfully completed “Online Analyzing Distressed Real Estate” given by the Appraisal Institute, November 2010.

Attended “Florida Law Update” given by the West Florida Chapter of the Appraisal Institute in Tallahassee, Florida, March 2012.

Attended “7-Hour National USPAP Update Course” given by the West Florida Chapter of the Appraisal Institute in Tallahassee, Florida, March 2012.

Successfully completed “Real Estate Finance, Statistics and Valuation Modeling” given by the Florida Gulf Coast Chapter of the Appraisal Institute in Tampa, Florida, October 2012.

Successfully completed “Online Using Your HP12C Financial Calculator” given by the Appraisal Institute, November 2012.

Successfully completed and passed “General Appraiser Report Writing and Case Studies” given by the Appraisal Institute, October 2013.

Successfully completed “Advanced Income Capitalization” given by the Atlanta Chapter of the Appraisal Institute in Atlanta, GA, April 2016.

Successfully completed “Florida Appraisal Laws and Regulations” given by McKissock Appraisal School in October 2016.

Successfully completed “National USPAP Update (2018-2019)” given by McKissock Appraisal School in April 2018.

Successfully completed “Florida Appraisal Laws and Regulations Update” given by Mc Kissock Appraisal School in April 2018

Successfully completed “the Dirty Dozen” given by Mc Kissock Appraisal School in November 2018

Successfully completed “Supporting Your Adjustments: Methods for Residential Appraisers” given by Mc Kissock Appraisal School in November 2018

Successfully completed “Residential Property Inspection for Appraisers” given by Mc Kissock Appraisal School in November 2018

Successfully completed “Understanding Residential Construction” given by Mc Kissock Appraisal School in November 2018

Successfully completed “Florida Appraisal Laws and Regulations” given by Mc Kissock Appraisal School in November 2020.

Successfully completed “The Income Approach: An Overview” given by Mc Kissock Appraisal School in November 2020.

Successfully completed “Income Approach Case Studies for Commercial Appraisers” given by Mc Kissock Appraisal School in November 2020.

Successfully completed “That’s a Violation” given by Mc Kissock Appraisal School in November 2020

Successfully completed “Residential Report Writing: More Than Forms” given by Mc Kissock Appraisal School in November 2020

Successfully completed “2020-2022 7 hour National USPAP Update Course” given by Mc Kissock Appraisal School in November 2020

PROFESSIONAL EXPERIENCE

Employed by Terry Hoffman from 1992 to 1993; Served as a researcher with duties including verifying sales data and assisting with the completion of appraisals.

January 1994 I was employed by the firm of Swaine, Hoffman & Vallimont, a real estate appraisal company specializing in appraising real estate properties. I was specializing in commercial properties and sponsored by Terry G. Hoffman, MAI up to December 1995.

November 1998 I was employed by the firm Hoffman & Associates, a real estate appraisal company specializing in appraising real estate properties.

I have had appraisal experience in single family residences, multi-family residential properties, townhouses, condominiums, warehouses, retail stores, office buildings, churches, various commercial properties, vacant acreage, and vacant and improved commercial and industrial properties.

COMPLETED APPRAISALS FOR

Bank of America

BB&T Bank

Beach Community Bank, Pensacola, Florida

Centennial Bank, Pensacola, Florida

Charter Bank, Pensacola and Milton, Florida

City First National Bank

Coastal Bank and Trust, Pensacola, Florida

Gulf Coast Community Bank, Pensacola, Florida

Hancock Bank

Harvester’s Federal Credit Union

RBC Bank

Regions Bank

ServisFirst Bank

Synovus Bank

SunBank, Pensacola, Florida

Wells-Fargo Bank

United Bank, Atmore, Alabama and various attorneys, individuals and firms in the Pensacola area



Ron DeSantis, Governor

Halsey Beshears, Secretary



**STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION**

FLORIDA REAL ESTATE APPRAISAL BD

THE CERTIFIED GENERAL APPRAISER HEREIN IS CERTIFIED UNDER THE
PROVISIONS OF CHAPTER 475, FLORIDA STATUTES

PHILIP, KIRSTEN HOFFMAN

1550 CREIGHTON ROAD
SUITE 4
PENSACOLA FL 32504

LICENSE NUMBER: RZ2661

EXPIRATION DATE: NOVEMBER 30, 2022

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Hoffman & Associates, P.A.

Real Estate Appraisers – Consultants

1550 Creighton Road Ste. #4

Pensacola, Florida 32504

hoffmanappraiser.com

QUALIFICATIONS

TERRY G. HOFFMAN, MAI



STATE CERTIFICATION

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

MEMBER

National Association of Realtors

Florida Association of Realtors

Pensacola Association of Realtors

Baldwin County Association of Realtors

Pensacola Area Chamber of Commerce

Appraisal Institute-MAI (Designated 1992)

EDUCATION BACKGROUND

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

I have taken real estate and real estate appraising courses (70+) from the winter of 1969 to most recently as part of my continuing education and required courses in pursuit of the MAI designation which I received in November 1992. Most of the courses were sponsored by the American Institute of Real Estate Appraisers and later the Appraisal Institute. I continue to stay current with available courses to meet the 20 hour and 18 hour per every two year requirement of Florida and Alabama and the 100 hour requirement every four years by the Appraisal Institute.

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

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

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

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

PROFESSIONAL EXPERIENCE

- Employed by the Escambia County Tax Assessor's office from September 1965 until June 1970 in the Land Department. Three years of this time was spent in full time appraising.
- I entered the real estate profession in Pensacola, Florida in October 1970 employed as a real estate salesman with Better Homes Realty.
- I was employed with Adkinson and Associates, under the supervision of F. Earle Adkinson, MAI for one and one half years, specializing in appraisals of commercial and investment properties.

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

BUSINESS OVERVIEW

The majority of our work is within a 60 mile radius of Pensacola, Florida. The metropolitan area of Pensacola is slightly more than 450,000 people and cover Escambia and Santa Rosa County. We specialize in commercial work doing no individual residential appraisals (form work). Our primary clients are local and national banks including Bank America, Wells Fargo Bank, BB&T Bank, Beach Community Bank, Centennial Bank, Pen Air Federal Credit Union, Navy Federal Credit Union, Smart Bank, Harvesters Federal Credit Union, United Bank, First Community Bank and most of the local banks within our working area. We also do work for individual banks outside our area upon request along with local clients including individuals, Realtors, attorneys, CPA, etc.

We work closely with the local commercial brokers and developers to keep abreast of the changing market trends and market conditions. We belong to the commercial and residential MLS services extending from Baldwin County, Alabama to Panama City, Florida (150 miles of the Gulf Coast). We subscribe to Metro Market Data providing sales data for these areas along with other regional and national data sources for both regional and local data.

Our office is staffed by three State Certified General Appraisers with a total of over 70 years full time appraisal experience. Our concerns and business practices have always been to be as accurate as possible in valuing property, reasonable in the fees we charge for our services and timely in producing the results of our appraisals not risking any one at the expense of the other.



Ron DeSantis, Governor

Halsey Beshears, Secretary



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Glossary

This glossary contains the definitions of common words and phrases, used throughout the appraisal industry, as applied within this document. Please refer to the publications listed in the **Works Cited** section below for more information.

Works Cited:

- Appraisal Institute. *The Appraisal of Real Estate*. 13th ed. Chicago: Appraisal Institute, 2008. Print.
- Appraisal Institute. *The Dictionary of Real Estate Appraisal*. 5th ed. 2010. Print.

Band of Investment

A technique in which the capitalization rates attributable to components of a capital investment are weighted and combined to derive a weighted-average rate attributable to the total investment (Dictionary, 5th Edition)

Common Area

1. The total area within a property that is not designed for sale or rental but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities.
2. In a shopping center, the walkways and areas onto which the stores face and which conduct the flow of customer traffic. (ICSC) (Dictionary, 5th Edition)

Common Area Maintenance (CAM)

1. The expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property.
 - CAM can be a line-item expense for a group of items that can include maintenance of the parking lot and landscaped areas

and sometimes the exterior walls of the buildings.

- CAM can refer to all operating expenses.
- CAM can refer to the reimbursement by the tenant to the landlord for all expenses reimbursable under the lease. Sometimes reimbursements have what is called an administrative

Load; an example would be a 15% addition to total operating expenses, which are then prorated among tenants. The administrative load, also called an administrative and marketing fee, can be a substitute for or an addition to a management fee.

2. The amount of money charged to tenants for their shares of maintaining a center's common area. The charge that a tenant pays for shared services and facilities such as electricity, security, and maintenance of parking lots. The area maintained in common by all tenants, such as parking lots and common passages. The area is often defined in the lease and may or may not include all physical area to be paid for by all tenants. Items charged to common area maintenance may include cleaning services, parking lot sweeping and maintenances, snow

removal, security, and upkeep. (ICSC)
(Dictionary, 5th Edition)

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service ($DCR = NOI/Im$), which measures the relative ability of a property to meet its debt service out of net operating income; also called debt service coverage ratio (DSCR). A larger DCR indicates a greater ability for a property to withstand a downturn in revenue, providing an improved safety margin for a lender. (Dictionary, 5th Edition)

Discount Rate

A yield rate used to convert future payments or receipts into present value; usually considered to be a synonym for yield rate. (Dictionary, 5th Edition)

Effective Age

The age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age. (Dictionary, 5th Edition)

Effective Date

1. The date on which the analyses, opinion, and advice in an appraisal, review, or consulting service apply.
2. In a lease document, the date upon which the lease goes into effect. (Dictionary, 5th Edition)

Exposure Time

1. The time a property remains on the market.
2. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the

appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. (Dictionary, 5th Edition)

External Obsolescence

An element of depreciation; a diminution in value caused by negative externalities and generally incurable on the part of the owner, landlord, tenant (Dictionary, 5th Edition)

Extraordinary Assumption

An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2010-2011 ed.) (Dictionary, 5th Edition)

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. (Dictionary, 5th Edition)

Functional Obsolescence

The impairment of functional capacity of a property according to market tastes and standards (Dictionary, 5th Edition)

Functional Utility

The ability of a property or building to be useful and to perform the function for which it is intended according to current market tastes and standards; the efficiency of a building's use in terms of architectural style, design and layout,

traffic patterns, and the size and type of rooms. (The Appraisal of Real Estate, 13th Edition)

Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the region. (Dictionary, 5th Edition)

Gross Leasable Area (GLA)

Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces. (Dictionary, 5th Edition)

Highest & Best Use

The reasonably probable and legal use of vacant land or an improved property that 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. Alternatively, the probable use of land or improved property—specific with respect to the user and timing of the use—that is adequately supported and results in the highest present value. (Dictionary, 5th Edition)

Highest and Best Use of Land or a Site as Though Vacant

Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements. (Dictionary, 5th Edition)

Highest and Best Use of Property as Improved

The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one. (Dictionary, 5th Edition)

Hypothetical Condition

That which is contrary to what exists but is supposed for the purpose of analysis; hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (Dictionary, 5th Edition)

Leased Fee Interest

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease) (Dictionary, 5th Edition)

Market Area

The area associated with a subject property that contains its direct competition. (Dictionary, 5th Edition)

Market Rent

The most probable rent that a property should bring is a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant

improvements (TIs). (Dictionary, 5th Edition)

Market Value

The major focus of most real property appraisal assignments; both economic and legal definitions of market value have been developed and refined.

1. The most widely accepted components of market value are incorporated in the following definition: The most probable price that the specified property interest should sell for in a competitive market after a reasonable exposure time, as of a specified date, in cash, or in terms equivalent to cash, under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, for self-interest, and assuming that neither is under duress.
2. Market value is described in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows: A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal. (USPAP, 2010-2011 ed.) USPAP also requires that certain items be included in every appraisal report. Among these items, the following are directly related to the definition of market value:
 - Identification of the specific property rights to be appraised.
 - Statement of the effective date of the value opinion.
 - Specification as to whether cash, terms equivalent to cash, or other precisely described financing terms are assumed as the basis of the appraisal.
- If the appraisal is conditioned upon financing or other terms, specification as to whether the financing or terms are at, below, or above market interest rates and/or contain unusual conditions or incentives. The terms of above—or below—market interest rates and/or other special incentives must be clearly set forth; their contribution to, or negative influence on, value must be described and estimated; and the market data supporting the opinion of value must be described and explained.
3. The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States: The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and the 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:
 - Buyer and seller are typically motivated;
 - Both parties are well informed or well advised, and acting in what they consider their best interests;
 - A reasonable time is allowed for exposure in the open market;
 - 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. (12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

4. The International Valuation Standards Council defines market value for the purpose of international standards as follows: The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion. (International Valuation Standards, 8th ed., 2007)
5. Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure of time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal. (Uniform Standards for Federal Land Acquisitions) (Dictionary, 5th Edition)

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of the appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.

(Advisory Opinion 7 of the Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time). (Dictionary, 5th Edition)

Net Operating Income (NOI)

The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted. (Dictionary, 5th Edition)

Obsolescence

One cause of depreciation; an impairment of desirability and usefulness caused by new inventions, changes in design, improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external. (Dictionary, 5th Edition)

Parking Ratio

A ratio of parking area or parking spaces to an economic or physical unit of comparison; minimum required parking ratios of various land uses are often stated in zoning ordinances. (Dictionary, 5th Edition)

Rentable Area

For office buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor; alternatively, the amount of space on which the rent is based;

calculated according to local practice. (Dictionary, 5th Edition)

using modern materials and current standards, design, and layout. (Dictionary, 5th Edition)

Replacement Cost

The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised,

Scope of Work

The type and extent of research and analyses in an assignment (Dictionary, 5th Edition)

Stabilized Occupancy

An expression of the expected occupancy of a property in its particular market considering current and forecasted supply and demand, assuming it is priced at market rent. (Dictionary, 5th Edition)

Tenant Improvements (TIs)

1. Fixed improvements to the land or structures installed and paid for use by a lessee.
2. The original installation of finished tenant space in a construction project; subject to periodic change for succeeding tenants. (Dictionary, 5th Edition)

Vacancy and Collection Loss

A deduction from potential gross income (PGI) made to reflect income reductions due to vacancies, tenant turnover, and non-payment of rent; also called vacancy and credit loss or vacancy and contingency loss. Often vacancy and collection loss is expressed as a percentage of potential gross income and should reflect the competitive market. Its treatment can differ according to the interest being appraised, property type, capitalization method, and whether the property is at stabilized occupancy. (Dictionary, 5th Edition)