APPRAISAL CO.
OF KEY WEST

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March 29, 2010

Mr. Fred Sims, Director of Facilities & Construction
Monroe County School District
241 Trumbo Road
Key West, Florida 33040

RE: Appraisal Report:
Glenn Archer School
1300 White Street
Key West, Florida 33040
Our File No.: 119-10

Dear Mr. Sims:

We have performed a summary appraisal report to estimate the market value of the above referenced property. We have personally examined and appraised the subject property for the purpose of reporting our opinion of the *"As Is" Market Value* of the *Fee Simple Interest* based on the Highest and Best Use of this property, as of February 23, 2010.

The assumptions and the real estate referenced above are more clearly defined in the general and extraordinary assumptions and limiting conditions and in the property description section of this report. The attached complete appraisal process, summary report, assignment has been prepared to comply with our understanding of the requirements of the Uniform Standards of Professional Appraisal Practice.

The subject property is located on White Street on the fringe of "Old Town" in the Historic Preservation District, commonly known as mid-town. The site is improved with an elementary school facility, known as Glenn Archer School, which consist of four CBS/masonry structures containing a total gross building area of 60,754 square feet. There are three buildings that are joined by covered walkways and a fourth structure that are separated by an asphalt paved playground. The original main structure on the site was built in 1923, according to a corner stone on the front of the building. The remainders were built in 1955 and 1975 according to the Monroe County Tax Appraisers Office. The property has continuously been used as a school facility for various grade levels over time. At the time of inspection there was totally functional as an elementary facility.

As previously mentioned, the subject property consists of four buildings, Building "A" is a historically significant building; that cannot be removed or razed. This is a two-story CBS/masonry school building which includes the administration offices and classrooms plus a one-story attached auditorium. Building

"B" is detached and located behind Building "A," although identical to Building A's two-story improvements. Building "B" is totally used for classrooms. Building "C," also a CBS/masonry building, is attached to Building "B" which includes a cafeteria, a library, a media center plus more class rooms. Building "D" is a one-story CBS/masonry gymnasium with an attached art department, which was formerly the shower and locker rooms. The total gross building area of all four buildings is 60,754 square feet. A description, construction type, the year built and size is included within the Improvement Analysis section of this report.

A survey of the subject property parcel was made available. The survey was prepared by Mr. Frederick H. Hildebrandt, Inc., Professional Land Surveyor, Drawing Number 98-201, dated June 8, 1998. The subject improvements are situated on an irregular-shaped, corner site containing a total of 132,155 square feet or 3.03 acres with 185.00 feet of frontage along the westerly side of White Street, 597.60 feet along the northerly side of Seminary Street, 92.50 feet along the easterly side of Grinnell Street and 830.25 feet along the southerly side of United Street, or a total of 1,705.35 linear feet of street frontage. There is a slight discrepancy in the lot size between the Monroe County Tax Appraiser's records, Plat Map and the survey. The appraisers utilized the survey provided for the site and building measurements. The valuation is reported with regard to the size of the property and the improvements thereon, as indicated on the survey provided. Any deviations from the sizes could possibly result in a change in value. If and when, an updated survey is made available for the subject property, noting changes in the measurements used in this report, the appraisers reserve the right to change the final value. Any maps or plats reproduced and included in this report are intended only for the purpose of showing spatial relationships. They are not measured surveys nor measured maps, and no responsibility for cartographic or surveying errors is assumed.

The appraisers examined various feasible alternative uses for the subject, as well as the "Use Value" of the property for continued public use. We concluded that the property would continue to be utilized as a school or other public service facility, which is considered an "interim use." It is our opinion that due to the age of the subject property and functional obsolescence, that the Highest and Best Use would be for conversion and/or redevelopment. However, because of the current economic conditions the current use, as a school is an interim use, until such time as economic conditions are more favorable. At such time the subject property will be "ready" for redevelopment. In the appraisers opinion, the Highest and Best Use of the subject property would be for conversion and/or redevelopment.

Market Value is defined as the most probable price in cash (or its equivalency) for which the appraised property will sell in a competitive market under all conditions requisite to a fair sale. Market value assumes a normal or reasonable time for exposure on the open market.

This report contains the results of our investigation and analysis made in order to furnish an estimate of the *"As Is" Market Value of the Fee Simple Interest* of the subject properties described herein. The Fee Simple Interest is the unencumbered value of the subject property; basically, market rents and terms are considered with no regard to existing leases and terms. However, the reader is cautioned that a title search was not made; thus, no other encumbrances are considered herein.

Based on market analysis, inspection and research, it is our opinion that the *"As Is" Market Value of the Fee Simple Interest* of the subject property, commonly known as Glenn Archer School, 1300 White Street, Key West, Florida, based on its Highest and Best Use for conversion and redevelopment, subject to definitions, assumptions and limiting conditions, as of February 23, 2010, is:

SEVEN MILLION SIX HUNDRED THOUSAND DOLLARS
($ 7,600,000)

No personal property has been included in these valuations.

Our office received a copy of an environmental proposal dated April 1989, a management plan for oversight of Asbestos Abatement, which has not been considered in the valuation herein. Furthermore, our valuation has not considered any cost for environmental abatement, removal or demolition.

This is a summary appraisal report, which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a summary appraisal report. As such, it might not include full 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 work files.

This confidential report was prepared for the sole use of and benefits of the Monroe County School District and is based, in part, upon documents, writings, and information owned and possessed by them. This report is provided for informational purposes only to third parties authorized to receive it. The appraiser-client relationship is with the Monroe County School District as the client. This report should not be used for any purpose other than to understand the information available to the School Board concerning this property. The Appraisal Company of Key West assumes no responsibility if this report is used in any other manner.

The undersigned Appraisers have no present or contemplated future interest in the property and the compensation is in no manner contingent upon the value reported.

If you have any questions regarding this appraisal report, please feel free to contact us. Thank you for giving us the opportunity to provide this service for you. This transmittal letter must remain attached to the report, which contains 119 pages including related exhibits, in order for the value opinion set forth to be considered valid. Please see the Supplement Appraisal at the rear of this report.

Respectfully submitted,

Richard Padron, CCIM, MSA
State-Certified General Real Estate Appraiser
Certificate No. RZ 0000544

James E. Wilson, President
State-Certified General Real Estate Appraiser
Certificate No. RZ 0002164

Report Attached:

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APPRAISAL REPORT

Summary Appraisal Report

Property Located at:

Glenn Archer School
1300 White Street
Key West, Florida 33040

Property Type:

Elementary School

Prepared For:

MR. FRED SIMS, TPM LIAISON
MONROE COUNTY SCHOOL DISTRICT

Valuation Date:

February 23, 2010

Prepared By:

Richard Padron, CCIM, MSA
State-Certified General Real Estate Appraiser
Certification No.: RZ 0000544

James E. Wilson, President
State-Certified General Real Estate Appraiser
Certification No.: RZ 0002164

APPRAISAL COMPANY OF KEY WEST
3229 Flagler Avenue, Suite 101
Key West, Florida 33045

Our File No.: 119-10

SUMMARY OF FACTS AND CONCLUSIONS

Subject Property Address: Glenn Archer School
1300 White Street
Key West, Florida 33040

Property Type: Elementary School

Land Size:

Site Size & Description
Glenn Archer School
Size Per Survey & Plat Map

Parcel Account No.	Street Frontage	Depth	Land Size Sq. Ft.	Land Size Acres
00040100-000000	185.00	597.60	110,556	2.54
00040100-000000	92.50	233.50	21,599	0.50
00040100-000000	597.60			
00040100-000000	830.25			
Total	**1,705.35**	**831.10**	**132,155**	**3.03**

Gross Building Area:

Monroe County Board of Public Instruction
Glenn Archer School
Building Description, Construction Type, Year Built and Improvement Size

Building I.D.	Use / Description	No. Stories	Construction Type	Year Built	G.B.A. Sq. Ft.	Covered Porch S.F.	Storage Sq. Ft.
A	Elementary School	2	CBS/Masonry	1923	15,524	277	120
A	Auditorium	1	CBS/Masonry	1923	3,695	2,166	58
B	Elementary School	2	CBS/Masonry	1955	16,151	1,017	
C	Kindergarten/1st Grade	1	CBS/Masonry	1975	15,792	110	
D	Gymnasium/Art Dept.	1	CBS/Masonry	1955	9,592	775	274
			Total		60,754	4,364	452

Zoning: HPS - Historic Public and Semipublic Services District, City of Key West.

Valuations:

Reconciliation	
1300 White Street, Key West, Florida	
Valuation Method:	Fee Simple Market Value
Cost Approach	**$8,580,000**
Income Approach:	**Not Applicable**
Sales Comparison Approach	**$7,620,000**
"As Is" Market Value, as of February 23, 2010 (Rounded):	**$7,600,000**

Date of Inspection and Valuation: February 23, 2010

Date of Report: March 29, 2010

Marketing Time: 12 to 36 Months based on a list price within 5 percent of appraised value and based on reduced supply of existing inventory.

Exposure Time: 12 to 36 Months, based on a list price within 5 percent of appraised value.

Extraordinary Assumption: Supplemental valuation attached hereto is based on a hypothetical subdivision of the subject property. In the supplemental valuation, the site size is based on a hypothetical subdivision described which includes only Buildings "A" and "B." Based on the survey prepared by Mr. Frederick H. Hildebrandt, Inc., Professional Land Surveyor, Drawing Number 98-201, dated June 8, 1998, the site measurement is 185.00feet of frontage along the westerly side of White Street and 255.62 feet in depth with frontage along both Seminary Street and United Street. This hypothetical site size equals 47,290 square feet or 1.09 acres of site area. The appraisers utilized the survey provided for the site and building measurements.

SUMMARY APPRAISAL REPORT

This is a complete appraisal process, summary report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a summary appraisal report. As such, it might not include full 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 work files.

CLIENT: Mr. Fred Sims, TPM Liaison
Monroe County School District
241 Trumbo Road
Key West, Florida 33040

APPRAISERS: James E. Wilson, President
State-Certified General Appraiser
Certificate No. RZ 0002164

Richard Padron, CCIM, MSA
State-Certified General Appraiser
Certificate No. RZ 0000544

SUBJECT: Glenn Archer School
1300 White Street
Key West, Florida 33040

PURPOSE OF THE APPRAISAL:
The *purpose* of this appraisal is to estimate the *"As Is" Market Value of the Fee Simple Estate* of the subject property based on their Highest and Best Use, as of February 23, 2010.

INTENDED USE AND USER OF THE REPORT:
The *intended use* of this appraisal is to provide general information to the Monroe County School Board for possible sale, exchange of the subject property and asset management. The *intended user* is The Mr. Fred Sims, Director of Facilities & Construction, Monroe County School District, 241 Trumbo Road, Key West, Florida 33040.

LEGAL DESCRIPTION:
The legal description for the subject property was taken from a survey dated June 8, 1998 and prepared by Frederick H. Hildebrandt.

> *On the Island of Key West, Monroe County, Florida and being a part of Tract 18, according to William A. Whitehead's map delineated in February, 1829, but better known as Lots 1, 2, 3, 4, 9, 10, 13,14,17,18,21,22,25,26,29,30,31, & 32, Square 1 and Lots 1,2,3,4,9,10, & 13, Square 2, Tract 18, "GEORGE W. NICHOLS SUBDIVISION", according to the plat thereof, as recorded in Plat Book 1, at page 42 of the Public Records of Monroe County, Florida.*
>
> *AND*
>
> *On the Island of Key West, Monroe County, Florida and being a part of Tract 18, according to William A. Whitehead's map delineated in February, 1829, but better known as Lots 1, 2, 3, & 4, Square 8, "DIAGRAM OF THE WEBB REALTY COMPANY, of part of Tract 18", according to the plat thereof, as recorded in Plat Book 1, at page 42 of the Public Records of Monroe County, Florida.*
>
> *AND*
>
> *Whalton Street, being 50 feet wide lying between United and Seminary Streets.*

PROPERTY RIGHTS APPRAISED:
This appraisal is made with the understanding that the present ownership of the property includes all the rights that may lawfully be held under a *Fee Simple Estate*. These rights are sometimes referred to in appraisal literature as the "bundle of rights." It includes the right to use, keep others from using, sell, rent or otherwise dispose of the property. The elements which have been included in this appraisal are the land and existing improvements.

At the time of inspection the property was occupied as a Monroe County elementary school operated by the Monroe County School District. Hence, the subject is not encumbered by any long-term leases; thus, a Leased Fee valuation was not applicable. The reader is cautioned that a title search was not made; thus, no other encumbrances are considered herein. No personal property has been included in this valuation.

MARKET VALUE DEFINITION:

Market Value, in the definitions of the Uniform Standards of Professional Practice, is defined as:

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

a) buyer and seller are typically motivated;

b) both parties are well informed or well advised and each acting in what he considers his own best interest;

c) a reasonable time is allowed for exposure in the open market;

d) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

e) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

Fee Simple Estate Definition: According to The Dictionary of Real Estate Appraisal, Fourth Edition, "Fee Simple Estate is 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."

Use Value is the value a certain property has for a specific use.

Interim Use is the temporary use to which a site or improved property is put until it is ready to be put to its future highest and best use.

Functional Obsolescence: The impairment of functional capacity of a property according to market tastes and standards. Equivalent to functional obsolescence because of ongoing change makes the plan, form, style, design layouts, or features obsolete.

OWNERSHIP: According to the Monroe County Tax Collector's Records, the subject property is owned by:

Board of Public Instruction of Monroe County
242 White Street
Key West, Florida 33040

SALES HISTORY: According to the Monroe County Tax Appraiser's records, the subject property has been owned by the current owner for many years with no recent sales noted. According to the local MLS (Multiple Listing Service), the subject property is not listed for sale. The intended use of this report is to perhaps sell or exchange the subject property with the City of Key West. There are currently no offers or intents to purchase at this time.

ZONING: Subdivision I. Historic Public and Semipublic Services District (HPS)

Sec. 122-956. Intent.

The historic public and semipublic services district (HPS) is established to implement comprehensive plan policies for areas designated "HPS" on the future land use map. The HPS district shall accommodate existing public and semipublic services.

(Ord. No. 97-10, § 1(2-5.5.7(A)), 7-3-1997)

Sec. 122-957. Uses permitted.

Uses permitted in the historic public and semipublic services district (HPS) are as follows:

(1) Community centers, clubs, and lodges.
(2) Educational institutions and day care.
(3) Hospitals and extensive care.
(4) Nursing homes, rest homes and convalescent homes.
(5) Parks and recreation, active and passive.
(6) Places of worship.
(7) Business and professional offices.
(8) Medical services.
(9) Parking lots and facilities.
(10) Cemeteries.

(Ord. No. 97-10, § 1(2-5.5.7(B)), 7-3-1997; Ord. No. 04-09, § 3, 5-18-2004)

Sec. 122-958. Conditional uses.

Conditional uses in the historic public and semipublic services district (HPS) are as follows:

(1) Cemeteries.
(2) Cultural and civic activities.
(3) Protective services.
(4) Public and private utilities.
(5) Marinas.

(Ord. No. 97-10, § 1(2-5.5.7(C)), 7-3-1997)

Sec. 122-959. Prohibited uses.

In the historic public and semipublic services district (HPS), all uses not specifically or provisionally provided for in this division are prohibited.

(Ord. No. 97-10, § 1(2-5.5.7(D)), 7-3-1997)

Sec. 122-960. Dimensional requirements.

The dimensional requirements in the historic public and semipublic services district (HPS) are as follows:

(1) Maximum density: not applicable.

(2) Maximum floor area ratio: The maximum floor area ratio for the HPS area shall be 1.0, excepting large scale regional facilities, which require a community impact statement. The latter projects may have a higher floor area ratio if approved by city commission. However, prior to approving a floor area ratio in excess of 1.0, the city commission must render a finding that the proposed public facility requires a higher floor area ratio in order to accommodate a regional service necessary to the general health, safety, and welfare of the city and/or county. Furthermore, the finding must indicate that the regional facility as proposed shall comply with all other qualitative and quantitative criteria of the comprehensive plan and land development regulations, including but not limited to the adopted concurrency management policies.

(3) Maximum height: 25 feet.

(4) Maximum lot coverage:

a. Maximum building coverage: 40 percent.

b. Impervious surface ratio: 50 percent.

(5) Minimum lot size: 5,000 square feet.

a. Minimum lot width: 50 feet.

b. Minimum lot depth: 100 feet.

(6) Minimum setbacks:

a. Front: 20 feet.

b. Side: greater of 5 feet or 10 percent of lot width to a maximum of 15 feet.

c. Rear: 20 feet or 15 feet when abutting an alley.

d. Street side: 10 feet.

(Ord. No. 97-10, § 1(2-5.5.7(E)), 7-3-1997)

Secs. 122-961--122-965. Reserved.

Subdivision II. Historic Public and Semipublic Services District-1 (HPS-1)

SUBJECT'S MARKET AREA (NEIGHBORHOOD) ANALYSIS

The subject parcel is located in a residential neighborhood district, in the Northwesterly quadrant of the City of Key West with frontages on White Street, Seminary Street, United Street and Grinnell Street. This general area of the island can be considered the "Old Town" section of Key West. This is an area where the architecture and building construction are historically preserved.

The subject neighborhood can be described as being bordered on the north by the Gulf of Mexico (Key West Harbor, the main shipping channel into Key West waters), on the east by Eisenhower Drive, on the south by the Atlantic Ocean, and on the west by Fort Zachary Taylor State Park.

Most of the structures are brick, CBS/masonry, or wood frame, historically preserved structures more than 50 years of age. This area is a part of the "Old Town" section of the island, which is fully developed except for a few isolated vacant parcels. The principal land uses are commercial and residential. The subject property fronts along two main thoroughfares, White Street and United Street, both are two-way secondary streets. White Street runs in the north-south direction and divides Old Town from mid-town. United Street runs in the east-west direction. Both of these streets have direct access to Truman Avenue, a.k.a. U.S. Highway No. 1 or the Overseas Highway.

The general commercial uses surrounding the subject property are: galleries, churches, commercial, residential (mixed uses), restaurants, and guesthouse/transient use plus residential single family and multi-family uses. The subject property is in the "Old Town" section of Key West where there are many guesthouses and bed and breakfast facilities as well as new upscale condominium project with transient licenses. The subject is located within blocks of the Key West Historic Seaport that was recently redeveloped with much gentrification taking place in the neighborhood.

The subject property's immediate area is conducive for a neighborhood walk-in traffic business because of its White Street location in a predominately residential neighborhood on the north side of Truman Avenue and commercial on the southerly side of Truman Avenue. The subject property is located on the corners of White Street, United Street, and Seminary Street and also on the corner of Grinnell Street and United Street, located three block north of Truman Street, or about one-quarter mile east of Duval Street. Truman Avenue is the main thoroughfare into and out of the City of Key West and the Florida Keys. Truman Avenue is a two-way asphalt paved street running east and west, widening into four lanes at the intersection of Eisenhower Drive, about three blocks easterly from the intersection of White Street. Mallory Square, the cruise port into the City, is located about one-quarter mile northwesterly from the subject property. This area is popular for its panoramic view of the sunset, with a sunset celebration taking place each evening.

White Street tends to divide the "Old Town" Historic Preservation District from mid-town, within walking distance of the downtown business area and tourist attractions. The property is located in a

predominately residential neighborhood with an abundance of commercial on White Street, on the south side of Truman Avenue.

In addition to the impact of Hurricane Wilma, October 2005, property values have been declining with a noted 20 to 60 percent declines in value since the height of the residential market in late 2005. Values are likely to begin to stabilize in the future because of the limited supply of commercial properties in the historical districts of Key West, plus the lack of developable vacant land in the area. In general the Duval Street and downtown corridor has had a history of strong sales and rental activity, including the recent addition of familiar national tenants: Express, Bath and Body Works, Coach, Banana Republic, Denny's, Walgreen's and CVS, and recently Nine West opened on Duval Street within blocks of the subject property. The 2004 and 2005 hurricane seasons have reduced available housing and have created a decline in the labor force. It appears that vacancies have increased slightly with a 10 to 30 percent decline in rental rates for long term rentals since the 2006 season and continuing to the present.

There are very few unsightly areas in any of the surrounding neighborhoods of the subject parcel. The subject's general neighborhood has undergone positive change with renovations and upgrading of older structures in recent history, especially due to the very active market conditions in the area over the last few years. In the appraisers' opinion, continued development in the area, especially the recent addition of the many condominium conversion projects recently completed or in the development stages. Therefore, in our opinion local and national economics will help bring about continued rehabilitation and restoration to the surrounding area, though we have been experiencing a stabilization of value over the past year.

Supply and Demand:
With growth in the tourism economy, a great need for affordable and residential housing units has developed. This need is great in the City of Key West, which boasts the highest rental rates within the County. In the mid-1990's increased tourism spawned conversion of formerly non-transient residential rental units to transient rental with a 40% increase documented between 1994 and 1996. This conversion resulted in a shortage of long-term housing units. The market has continually attempted to balance the needs of the service employees and the limited supply of housing; however, the result has been increasing rental rates and displacement of workers. Especially due to the 1992 state-mandated Rate of Growth Ordinance, which required limiting the addition of new residential housing units. According to the Ordinance, only 255 new residential housing units may be added to the County per year until 2002.

Presently, the City has no market rate multi-family and single family permits available; furthermore, there is a moratorium on transient licenses, which is uncertain when it may be lifted. With respect to single family housing unit permits, none are currently available. No more market rate permits are available for the City of Key West; therefore, an indefinite moratorium on new, residential housing exists. The City of Key West is presently addressing the need for affordable housing by holding multi-

family housing permits plus development rights, which will be utilized for affordable housing development. The Monroe County Land Authority acquired property, which developed the property into Roosevelt Gardens, an affordable complex located on North Roosevelt Boulevard. In addition, an affordable project known as The Railway, is nearing construction.

After Hurricane Wilma, which affected the Florida Keys October 24th and 25th, 2005, the real estate market began to soften, which is demonstrated by increased inventory and decreased closed transactions (number of sales and overall sales dollars). Furthermore, the national economic downturn, housing market decline, and credit crisis has affected the local market. In most of the Florida Keys, residential real estate values have dropped since the height of the market (mid to end of 2005) from 20% to 60% with 40% to 50% being typical. It appears that prices are starting to stabilize in the upper price ranges, while the lower-end of the market appears to be still slightly decreasing due to an increased number of foreclosures or "short sales", which are quite reflective in the inventory of available units. The number of 2009 foreclosures is well beyond the levels experienced during the same period in 2008. Fortunately, the Florida Keys has enjoyed three straight years of quiet hurricane seasons. It is anticipated that the second home market will eventually rebound if interest rates remain low, although it may take at least a few years to absorb the inventory. It appears that the tourism market has returned with notable gains in average daily and occupancy rates for lodging facilities, as indicated by the record bed tax for the City of Key West for 2007. A decline was noted in 2008 and extended into 2009 mainly due to the national recession. Typically, the real estate market in the Keys has been more resilient than the mainland as the supply of new developments is still rather inelastic as older properties are redeveloped based on existing entitlements. However, the Florida Keys is still greatly affected by the credit crisis and the lack of financing available for development projects.

With respect to the commercial retail sector, the market has absorbed most of the commercial space in the Downtown area. However, due to the slow down in economic conditions commercial rentals have suffered a slowdown with more vacancies than typical and a reduction in market rates. It appears that the commercial has experienced a decline in market rent of from 15 to 30 percent and in some cases it has been as much as 40 to 50 percent. In spite of some reduction in rates there appears to be a steady demand, though at a higher vacancy rates than normal because some landlords have not adjusted their rental rates accordingly. Some vacancies are noted on Duval Street and the immediately surrounding streets within the Central Business District due to the escalating rents over the past decade and then the recent downturn in tourism spurred by the national economic conditions. Retail, commercial, rental rates have declined over the past two years and many landlords have not escalated existing leases. Rent concessions are more common than in previous years. It appears that the commercial market is reaching stabilization and hopefully in the coming season, 2010, the market will begin to rebound.

Based upon all of the foregoing market activity, current and proposed, coupled with the subject's premium waterfront location and favorable exposure and access, it appears that the subject's location for restaurant use would continue to be supported by adequate demand. However, the market rent will be at a lower rate than we experienced during the boom, which appears to have peaked at the end of

2006, going into the 2007 season. Furthermore, greater rent concessions will be required to limit raising vacancy rates. The limited number of vacant sites and the stricter current zoning regulations greatly restricts the potential for additional maximized commercial and residential uses (competing properties) within the subject's market area.

All of the proposed developments, plus existing projects which were still in the absorption phase, have now indicated signs of excess of commercial retail space and residential condominium units in the near future. Though some of the proposed projects were to be phased-in, offering concessions, and reducing rental rates in order to offset vacancies, increased competition for commercial retail/restaurant tenants and for tourism spending is on the horizon. Furthermore, some proposed developments have been delayed and temporarily postponed in hopes of a rebounding real estate market.

The following average daily two-way traffic data was provided by the State of Florida Department of Transportation:

AVERAGE DAILY TRAFFIC COUNTS

Average Daily Traffic Count (Both Directions)

D.O.T. Station	Location	2000	2001	2002	2003	2004	2005	2006	2007	2008
5004	US-1/ Truman Ave., 200' W. First St.	20,500	21,500	22,500	22,500	21,000	18,600	13,700	18,100	18,500
5008	SR-5/US-1/ Truman Ave., 200' W. White St.	25,100	17,000	14,500	14,000	14,300	14,000	14,800	16,800	15,200
5011	SR-5/US-1/Truman Ave., 200' E. Duval St.	9,200	12,000	8,800	9,000	10,400	8,200	7,600	8,600	8,600

DEMOGRAPHICS

In terms of demographic trends taking place in Key West, Florida within a 7.75 mile radius of the subject property has been compiled:

Demographic and Income Profile - Appraisal Version

Prepared By STDBonline

1300 White St, Key West, FL,...

Latitude: 24.553048
Longitude: -81.788908
Site Type: Ring
Radius: 10 Miles

Summary	2000	2009	2014
Population	33,730	30,741	29,345
Households	14,301	13,032	12,432
Families	7,567	6,694	6,264
Average Household Size	2.30	2.30	2.29
Owner Occupied HUs	7,022	6,539	6,313
Renter Occupied HUs	7,279	6,493	6,119
Median Age	39.1	41.7	42.2

Trends: 2009-2014 Annual Rate	Area	State	National
Population	-0.93%	1.48%	0.91%
Households	-0.94%	1.52%	0.94%
Families	-1.32%	1.27%	0.74%
Owner HHs	-0.7%	1.80%	1.19%
Median Household Income	-0.29%	0.82%	0.80%

	2000		2009		2014	
Households by Income	Number	Percent	Number	Percent	Number	Percent
< $15,000	2,124	14.8%	1,314	10.1%	1,169	9.4%
$15,000 - $24,999	1,719	12.0%	1,109	8.5%	986	7.9%
$25,000 - $34,999	1,897	13.2%	1,164	8.9%	927	7.5%
$35,000 - $49,999	2,549	17.7%	1,986	15.2%	1,959	15.8%
$50,000 - $74,999	2,945	20.5%	3,035	23.3%	3,114	25.0%
$75,000 - $99,999	1,482	10.3%	1,783	13.7%	1,597	12.8%
$100,000 - $149,999	945	6.6%	1,536	11.8%	1,537	12.4%
$150,000 - $199,000	321	2.2%	523	4.0%	537	4.3%
$200,000+	380	2.6%	582	4.5%	606	4.9%
Median Household Income	$42,716		$57,077		$56,261	
Average Household Income	$57,443		$75,548		$79,240	
Per Capita Income	$25,009		$32,463		$34,087	

	2000		2009		2014	
Population by Age	Number	Percent	Number	Percent	Number	Percent
0 - 4	1,666	4.9%	1,527	5.0%	1,463	5.0%
5 - 9	1,694	5.0%	1,409	4.6%	1,362	4.6%
10 - 14	1,600	4.7%	1,314	4.3%	1,255	4.3%
15 - 19	1,563	4.6%	1,394	4.5%	1,206	4.1%
20 - 24	2,079	6.2%	1,836	6.0%	1,747	6.0%
25 - 34	5,665	16.8%	4,662	15.2%	4,547	15.5%
35 - 44	6,394	19.0%	4,876	15.9%	4,286	14.6%
45 - 54	5,722	17.0%	5,238	17.0%	4,593	15.7%
55 - 64	3,514	10.4%	4,424	14.4%	4,269	14.5%
65 - 74	2,166	6.4%	2,237	7.3%	2,760	9.4%
75 - 84	1,309	3.9%	1,322	4.3%	1,307	4.5%
85+	356	1.1%	500	1.6%	550	1.9%

Data Note: Income is expressed in current dollars.

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI forecasts for 2009 and 2014.

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Demographic and Income Profile - Appraisal Version

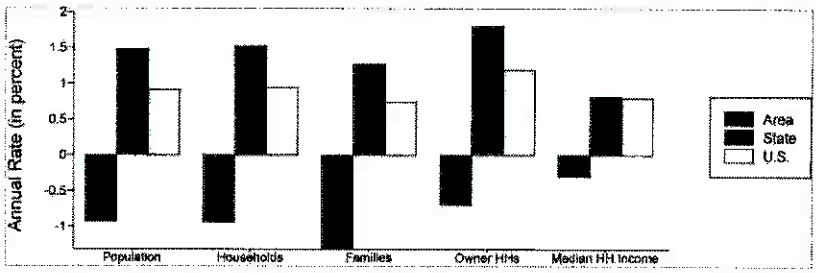
Prepared By STDBonline

1300 White St, Key West, FL,...

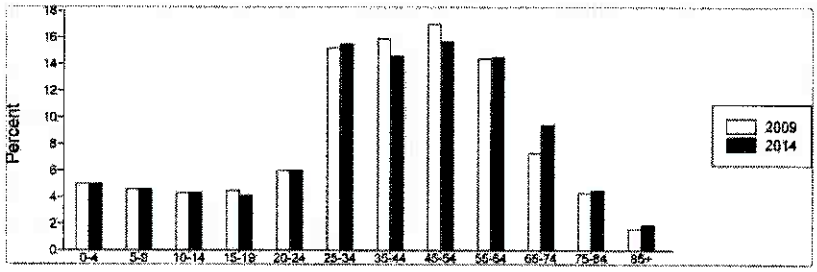
Latitude: 24.563048
Longitude: -81.788908
Radius: 10 Miles

Site Type: Ring

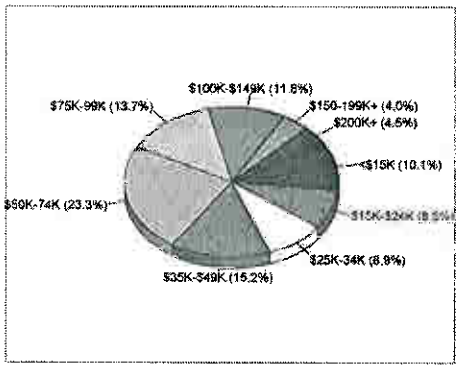
Trends 2009-2014



Population by Age



2009 Household Income



Source: ESRI forecasts for 2009 and 2014.

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Below is a resume of mixed-use property listings through the Key West Association of Realtors Multiple Listing Service (MLS) for the local market area.

Resume of Sales for Active Vacant Land Listings
Through February 23, 2010

MLS Listing #	Iternate Key	Address	Listing Status	Asking Price	Site Area S.F.	Price/ Sq. Ft.	DOM	Zoning
111698	8735669	728-730 Waddell Ave.	Active	$1,500,000	12,196	$122.99	144	HMDR
112230	1040762	909 Flagler Ave.	Active	$899,000	10,023	$89.69	77	SF
112210	1038181	1426 Reynolds St.	Active	$1,150,000	11,500	$100.00	161	HMDR
	Mean			$1,183,000	11,240	$104.23	127	
	Median			$1,150,000	11,500	$100.00	144	
	Minimum			$899,000	10,023	$89.69	77	
	Maximum			$1,500,000	12,196	$122.99	161	
	Count			3				

MARKETING TIME

Based on sales of comparable commercial properties in the subjects' market area, we have estimated a 12 to 36 month marketing time if listed within 5.0 percent of the appraised value. The market time estimate is based on interviews of real estate agents and market time information for the comparable properties. This marketing time could be negatively affected by competition from similar facilities. However, similar Old Town properties have become more marketable due to sales and renovation activity in the immediate area.

EXPOSURE TIME

Exposure time considers the amount of time necessary to effect a sale of the subject properties on the valuation date. In the case at hand, it is our opinion that the exposure time would be equal to the marketing time, based on a listing price within 5.0% of our appraised value.

At this time, we have estimated a marketing time equal to exposure time, if listed within 5% of the appraised value.

REAL ESTATE TAX ASSESSMENT AND BURDEN

Monroe County Board of Public Instruction

Glenn Archer School

1300 White Street, Key West, Florida

Parcel No. 00040100-000000 - Alternate Key 1040827

Year	Land	Building Improvements	Misc. Imprv.	Total Assessment	Tax Burden	Tax Millage
2005	$5,946,120	$4,475,109	$0	$10,421,229	$0.00	9.5744
2006	$5,946,120	$4,469,375	$0	$10,415,495	$0.00	9.17280
2007	$19,820,400	$4,465,552	$0	$24,285,952	$0.00	8.2885
2008	$19,820,400	$6,587,404	$0	$26,407,804	$0.00	10.1623
2008	**$15,525,980**	**$6,578,802**	**$0**	**$22,104,782**	**$0.00**	**10.1623**

The subject property is owned by a non-profit, government agency; therefore, the subject property is exempt from real estate taxes. However, based on the total 2009 assessed value of the subject property and the millage rate of $10.16230 per $1,000 of the total assessment. The estimated tax burden for the subject property would be approximately $224,635.43 based on the current assessment, if the subject property owner were not tax-exempt. The appraisers are not aware of any the property taxes that are not paid or delinquent taxes on the subject property. The subject property is tax exempt, as it is owned by a governmental agency. Furthermore, according to the 2009 Tax Assessment of $22,104,782, for the subject property, is approximately 294% of our final valuation. Thus, the assessed value far exceeds our estimated value of the overall property at its Highest and Best Use, a tax appeal would appear to be feasible, if the owner was not exempt from ad valorem taxes. No other liens or encumbrances were noted on the subject property, however, the reader is cautioned that a title search was *not* made for the subject property.

The Highest and Best Use of the subject property is for conversion and/or redevelopment. Therefore, an actual tax analysis was not considered applicable to the case at hand.

DESCRIPTION OF THE SUBJECT PROPERTY

Site Analysis: A survey of the subject property parcel was made available. The survey was prepared by Mr. Frederick H. Hildebrandt, Inc., Professional Land Surveyor, Drawing Number 98-201, dated June 8, 1998. The subject is irregular-shaped corner site containing a total of 132,155 square feet or 3.03 acres. The property has 185.00 feet of frontage along the westerly side of White Street, 597.60 feet along the northerly side of Seminary Street, 92.50 feet along the easterly side of Grinnell Street and 830.25 feet along the southerly side of United Street, or a total of 1,705.35 linear feet of street frontage. There is a slight discrepancy in the lot size between the Monroe County Tax Appraiser's records, Plat Map and the survey. The appraisers utilized the survey provided for the site and building measurements. The valuation is reported with regard to the size of the property and the improvements thereon, as indicated on the survey provided. Any deviations from the sizes could possibly result in a change in value.

The following table describes the subject property and street frontage for purposed of our valuation.

Site Size & Description

Glenn Archer School

Size Per Survey & Plat Map

Parcel Account No.	Street Frontage	Depth	Land Size Sq. Ft.	Land Size Acres
00040100-000000	185.00	597.60	110,556	2.54
00040100-000000	92.50	233.50	21,599	0.50
00040100-000000	597.60			
00040100-000000	830.25			
Total	**1,705.35**	**831.10**	**132,155**	**3.03**

No responsibility is taken by this office for the accuracy or in regard to any questions on the nature of encroachments, encumbrances, or dissimilarities in measurement. Any maps or plats reproduced and included in this report are intended only for the purpose of showing spatial relationships. They are not measured surveys nor measured maps, and no responsibility for cartographic or surveying errors is assumed. Any deviations from these sizes may result in a change in value. If and when a more recent survey is made available, and if any discrepancies are noted due to dimensions, encroachments or easements, permitted buildability and use, the appraisers reserve the right to change the final indicated value herein. Valuation is reported without regard to questions on boundaries.

According to preliminary Monroe County 1990 Census Maps, the subject property is located in Census Tract Number 9726.

The westerly portion of the subject site is located outside of a Special Flood Hazard Area, Zone X, while the easterly portion of the subject is located within a Special Flood Hazard Area, specifically Zone AE, Elevation 6, according to Flood Insurance Rate Maps of Monroe County, Florida, Unincorporated Areas, Map Number 12087C 1516K, dated February 18, 2005. Monroe County participates in a National Flood Insurance Program and is covered by a regular program. According to the survey provided the building improvement indicates a finished floor elevation over six feet; however, a flood elevation certificate was not made available. If the subject improvements do not meet flood regulations and if the improvements are destroyed beyond 49.9% of their market value (improvements only), then the structures would be required to meet flood elevation regulations in effect at the time or reconstruction.

Access: The subject property may be accessed by White and/or United Streets with secondary access from Seminary and Grinnell Streets. White Street is a 50-foot, two-way asphalt paved street which is a main thoroughfare extending north-to-south; it is mostly a commercial with some residential. However, there is a concentration of commercial uses within the subject's immediate area with some mixed-uses and heavier concentration of commercial uses nearing Truman Avenue.

United Street is a mostly residential two-way asphalt paved thoroughfare which extends easterly and westerly. The subject site may also be accessed from Seminary Street and Grinnell Street, which border the southerly and westerly property boundary, respectively.

The subject property is located about three blocks southerly of Truman Avenue, U. S. Highway No. 1, the main thoroughfare into and out of the City of Key West and the Florida Keys. Truman Avenue is a two-way asphalt paved street extending east and west, and widening into four lanes at the intersection of Eisenhower Drive. Truman Avenue provides excellent access to Duval Street, which is the main downtown shopping and entertainment district in Old Town, Key West.

Easements/Encroachments: A survey of the subject site was made available as noted above. According to the survey, there are no easements or encroachments noted. Valuation is reported without regard to questions on boundaries. No responsibility is taken by this office for the accuracy or in regard to any questions on the nature of encroachments, encumbrances, or dissimilarities in measurement. If any discrepancies are noted due to the site size, easements and/or encroachments, we reserve the right to amend the final indicated values herein.

Subject Improvement Analysis: The site is improved with an elementary school facility, known as Glenn Archer School, which consist of four CBS/masonry structures containing a total gross building area of 60,754 square feet. There are three buildings that are joined by covered walkways and a fourth structure that are separated by an asphalt paved playground. The original main structure on the site was built in 1923, according to a corner stone on the front of the building. The remaining structures were built in 1955 and 1975 according to the Monroe County Tax Appraisers Office. The property has continuously been used as a school facility for various grade levels over time. At the time of inspection

the property was totally operational as an elementary facility. However, the subject property suffers from functional obsolescence because of ongoing change makes the plan, form, style, design layouts, or features obsolete.

Building A, original main building, is a historically significant building; that cannot be removed or razed per the HARC. This is a two-story CBS/masonry school building which includes the administration offices and classrooms plus a one-story attached auditorium. Building "B" is detached and located behind Building A, although identical to Building "A's" two-story improvement. Building "B" is totally used for classrooms. Building "C", also a CBS/masonry building, is attached to Building "B" which includes a cafeteria, a library, a media center plus more class rooms. Building "D" is a one-story CBS/masonry gymnasium with an attached art department, which was formerly the shower and locker rooms. The total gross building area of all four buildings is 60,754 square feet. A summary of the use description, construction type, the year built and size of the subject building is as follows:

Monroe County Board of Public Instruction

Glenn Archer School

Building Description, Constriction Type, Year Built and Improvement Size

Building I. D.	Use / Description	No. Stories	Construction Type	Year Built	G.B.A. Sq. Ft.	Covered Porch S.F.	Storage Sq. Ft.
A	Elementary School	2	CBS/Masonry	1923	15,524	277	120
A	Auditorium	1	CBS/Masonry	1923	3,695	2,166	58
B	Elementary School	2	CBS/Masonry	1955	16,151	1,017	
C	Kindergarten/1st Grade	1	CBS/Masonry	1975	15,792	119	
D	Gymnasium/Art Dept.	1	CBS/Masonry	1955	9,592	775	274
			Total		60,754	4,354	452

The following table describes the building improvements based upon a physical inspection of the interior and exterior of the building, and Monroe County Tax Appraiser's records.

A construction summary of the building improvements follows:

Element	Description
Basic Structure:	2-Two-Story CBS/masonry (Concrete Block) & 2-One-Story CBS/masonry
Use:	Elementary School - Public Service
Year Built:	1923, 1955, 1975
Foundation:	Concrete Footer with Grade Beam
Floor Structure:	Wood Joist on 1st and 2nd Level in Buildings "A" & "B"; Concrete Slab on Grade Buildings "C" & "D"
Exterior Walls:	Painted Concrete Block Walls with Pilasters and Bond Beams & Painted Stucco. Metal Fire Escapes on both Two-Story Buildings
Exterior Windows:	Aluminum Awning Windows Throughout
Exterior Doors:	Metal Double Doors with Glass Lites
Roof Structure & Cover:	Flat Roofs with Roll Composition, Built-up Tar and some metal covering
Interior Floor Finish:	Composition Vinyl and Carpet, with Ceramic Tile noted in Restrooms.
Interior Walls:	Painted Plaster/Drywall
Interior Ceilings:	Painted Plaster and Acoustical Tile Ceiling Throughout
Electric Service:	Did not Inspect Main Panel. Appears to be adequate for the use.
Air Conditioning:	Individually Controlled Air Condition Units in Each Room or Office System plus Ceiling Fans throughout most of the Class Rooms
Plumbing:	Boys & Girls Restroom in Each Building, Total 8 including Gym Locker Rooms, Ceramic Tiled Floors with some Wainscot Noted.
Amenities:	Fire Pull Station at each Exterior Door with Central Control in Main Office 4,354 Square Feet of Covered Porches or Walkways 452 Square Feet Storage/Utility Sheds 240 Square Feet Tiki Pole Structure 663 Square Feet Picnic Shelter Pavilion 17,110 Square Feet Concrete Paving - Walkways & Patios 23,960 Square Feet of Asphalt Paving - Playground & Parking Lot 1,275 Linear Feet of Chain-Link Fencing

Fixtures & Equipment: The Fee Simple Value herein does not consider fixtures, personal property or equipment.

Construction Quality: Average to Good

Improvement Condition: Overall Average, some minor spaulding noted.

Building Ages:

Subject Property Effective Age & Economic Life Summary
Glenn Archer School
1300 White Street, Key West, Florida

Building ID.	Description	Year Built	Age	Effective Age	Economic Life	Remaining Economic Life
A	Vacant Elementary School	1923	87	35	45	10
A	Auditorium	1923	87	35	45	10
B	Elementary School	1955	55	35	45	10
C	Kindergarten 1st Grade	1975	35	30	45	15
D	Gymnasium Art Department	1955	55	40	45	5

Due to the subjects Building A and B's historic significance and nonconforming status, this building will probably never reach its economic life but continue to be updated, renovated or converted to another use.

Environmental Issues: An Environmental Management Plan of the subject property that was prepared by Briggs Associates International, Inc. and review by The Environmental Management Group, Inc. was made available to the appraisers. The report revealed the presence of asbestos containing materials and provided a management plan for the elimination and containment. The appraisers are not experts in the field of environmental hazards. An expert in the field is recommended if desired, as no environmental tests were made by the appraisers.

ADA Compliance: The Americans with Disabilities Act ("ADA") became effective January 26, 1992. The appraisers have not made a specific survey or analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. The appraisers recommend that a Contractor or Engineer be hired to determine compliance or noncompliance, if so desired. The appraisers are not contractors and are not qualified to make a determination if the building adheres to the requirements. The property, together with a detailed analysis of the requirements of the ADA, could reveal that the property may or may not be in compliance with one or more of the requirements of the Act. If so, this fact could have an effect upon the value of the property.

Lot Coverage Ratio: Subject property lot coverage ratio is calculated by dividing the first floor building footprint, including any covered areas by the land size. Therefore, the subject's lot coverage ratio is:

37.1% (49,095 SF/ 132,155 SF)

The subject's ratio does not exceed the maximum lot coverage ratio permitted (40.0% lot coverage) in the HPS zoning district.

Floor Area Ratio: Subject property floor area ratio (FAR) for the is calculated by dividing the total gross building area by the land size. The subject property's floor area ratio is:

0.460:1.00 (60,754 SF/ 132,155 SF)

The subject property is well within the 1.0:1.0 maximum floor area ratio currently permitted in the HPS zoning.

HIGHEST AND BEST USE

In order to estimate the Highest and Best Use of the subject property, the appraisers have considered those uses that are physically possible, legally permissible, maximally productive, and financially feasible.

"As If Vacant": The physical aspects of the land impose the first constraints on any possible use of the property. The subject property consists of a 132,155 square foot or 3.03 acres with 185.00 feet of frontage along the westerly side of White Street, 597.60 feet along the northerly side of Seminary Street, 92.50 feet along the easterly side of Grinnell Street and 830.25 feet along the southerly side of United Street, or a total of 1,705.35 linear feet of street frontage. The subject site is at street grade and has good views of White Streets with side access from Seminary or United Streets or rear access from Grinnell Street.

The subject site's zoning district is HPS, Historic Public and Semipublic Services District. There are no known easements that would adversely affect the development or marketability of the subject parcel. Under the HPS zoning classification, a limited variety of uses are permissible as of right, which include community centers, educational institutions and day care, hospitals and extensive care, nursing homes, rest homes and convalescent homes, parks and recreation, places of worship, business and professional offices, medical services, parking lots and cemeteries.

The subject property would best lend itself to public or semipublic service facility or institutional facility, if vacant and available for development.

Vacant land in this zoning district is relatively scarce and very restrictive uses. Furthermore, this section of the city is nearly 100% built-up. The general uses in the subject's area consist of: guest houses, retail shops, boutiques, professional offices, tourist-oriented businesses and attractions, restaurants, beauty salons, motels, guesthouses, apartments, and single and multi-family residential dwellings. It is the appraisers' opinion that development of the subject site for public or semipublic service facility or institutional facility would provide a positive net return to the land under the current zoning regulations. Due to the large site size, a development plan would need to be considered and developed along with City Planners in order to satisfy needs, as well as building/zoning codes.

In the final analysis, a determination must be made as to which feasible use is the Highest and Best Use of the parcel as if vacant. Based on the current zoning, coupled with the limited number of potential sites in the subject's area, our opinion is that if the site were vacant, the Highest and Best Use would be for public or semipublic service facility or institutional facility use. An alternative Highest and Best Use would be nursing home, rest home or convalescent center.

"As Improved": The appraised property is presently improved with a historically significant buildings, originally developed and accommodated for an elementary school use. The building contains 60,754

square feet of gross building area and the building is being totally utilized as an elementary school. The existing improvements make a substantial contribution to the total property in excess of the value of the site. Therefore, no alternative legal use would economically justify removal of the existing improvements. The current use of the subject parcel is as a school facility with represents the Highest and Best Use of the site as of the date of this report. An alternative use for the subject property would be for professional offices; however, currently there is not sufficient demand other than for governmental offices. Hence, due to the restrictive uses permitted as of right by zoning and the lack of demand for professional office space limits the marketability of the subject property.

We concluded that the property would continue to be utilized as a school or other public service facility, which is considered an "interim use." It is our opinion that due to the age of the subject property and functional obsolescence because of ongoing change makes the plan, form, style, design layouts, or features obsolete, that the Highest and Best Use would be for conversion and/or redevelopment. However, because of the current economic conditions the current use, as a school is an interim use until such time as economic conditions are more favorable. At such time the subject property will be "ready" for redevelopment. In the appraisers opinion, the Highest and Best Use of the subject property would be for conversion and/or redevelopment. Hence, in our opinion, the subject 's Highest and Best Use is for redevelopment or conversion and is currently an interim use.

The main, original historical building appears to be structurally sound and has historical significance, and cannot be razed. Therefore, an alternative legal use would require to redevelop or convert the existing building to conform with current zoning regulations. The subject's historical public use conforms to permitted uses within the zoning district. Though, the subject's improvements conform to setbacks and current zoning; they may not be in accord with current building regulations. Furthermore, as stated above the subject main building could not be razed due to its historical significance; hence, the Highest and Best Use would be for redevelopment or conversion to public or semipublic uses.

APPRAISAL DEVELOPMENT AND REPORTING PROCESS
SCOPE OF WORK

There are three typical approaches to value to consider in each appraisal assignment. The three traditional approaches to value are the Cost Approach, the Direct Sales Comparison Approach and the Income (Direct Capitalization and/or Discounted Cash Flow) Approach. The three approaches to value are not always applicable to the assignment; however, the three approaches to value are always considered.

All appraisals begin by identifying the subject property (property to be appraised) and the appraisal problem. Data relevant to the subject property is obtained from various sources including but not limited to: the Monroe County Tax Assessor's Office, surveys, building plans and specifications and the property owner. If possible, more than one source is utilized to confirm the information. Improvements, if applicable, are inspected and measured by the appraisers. If and when building plans or sketches are made available, the measurements are verified for accuracy. Land size is based on recorded plat maps, Monroe County public records, legal descriptions or surveys (when available). The local geographical market was researched and analyzed.

The appraisers describe the building improvements in detail, if applicable; these descriptions are based on a physical inspection and/or plans and specifications. The appraisers are not contractors nor structural engineers; therefore, structure soundness or damage cannot be warranted. The appraiser will note any apparent or potential problems such as deferred maintenance, water damage or spalding.

The Cost Approach consists of combining the estimated value of the land, based on comparable sales, with the depreciated value of the improvements. The vacant land sales are always inspected. The cost of the improvements is estimated by utilizing a cost service, Marshall and Swift, plus knowledge of costs to construct obtained from local contractors.

Exterior site visits of the comparable improved sales are always made; interior walk-through visits are made when possible. Sales prices for the comparable sales are obtained from the public records. Prices are customarily confirmed with a party to the transaction, i.e., buyer, seller, closing agent/attorney, or real estate agent. The public records are researched for mortgage terms and information.

The comparable sales are researched utilizing First America Real Estate Solution and Realist.com, (FARES), and Rapattoni, LoopNet, both computerized MLS (Multiple Listing System). All sources use data from the Monroe County Property Appraiser's Office, as well as, from the public records. The data is verified and compiled into sale sheets located within the Addenda of this report. Additional data sources include: newspaper clippings and the National Multiple Listing Service. Real estate agents in the market area are interviewed for the most current information on sales and listings. All of the information is analyzed in preparing the report and is utilized in supporting the indicated value.

The reader of the appraisal should be made aware that the valuation contained herein is based on a specific date. The value estimated on the specified valuation date will likely differ from the value one, two or three years in the future or in the past. The reader is advised to review the Assumptions and Limiting Conditions in Section, as well as, the Certificate of Value.

Finally, the three indicated values developed by the approaches, are reconciled to produce the final estimate of value. A brief description of each of the approaches to value follows:

THE COST APPROACH

The Cost Approach is determined by taking the value of the land and adding to it the depreciated value of the present improvements. A separate land analysis is done to determine the value of the land. This approach is based on the Principle of Substitution, which states that a purchaser will not pay more for an existing property than the cost to reproduce it, in a similar area, assuming that it could be reproduced without delay.

In the case at hand, the Cost Approach was deemed applicable in estimating the Market Value of subject property, which was considered, due to its specific use. However, this approach was not considered very reliable due to the difficulty in estimating depreciation in older buildings that are nearing the end of their useful life. Hence, the Cost Approach was considered but not weighted in the final value conclusion.

THE INCOME APPROACH:

The Income Approach to value presumes that no prudent buyer will pay more for the subject property than the capitalized rental value attainable through ownership of the property. The buyer will only be willing to pay the present value of what he considers those future benefits to be. This approach was not considered as the subject property is not an income producing property and has historically been a public use facility that would be measured by a "Social Value." Hence, the Income Approach was not considered applicable.

THE SALES COMPARISON APPROACH

This approach is also based on the Principle of Substitution. When applied, it states that when similar (comparable) properties in similar locations are adjusted for any dissimilarities, the value from these comparable properties can indicate an estimate of value. This approach was also considered a reliable indicator of value as the subject property is an investor type property.

The appraisers have been instructed to estimate a market value for the subject property; thus, we have considered some comparable sales of similar commercial properties in the valuation of the subject property within the subject property's market area.

Each of the comparable sales indicates a unit of measure value based on its sale price. An analysis of the sales on a price per square foot of building area resulted in a relatively tight value range. In order to eliminate some of the disparities, we have analyzed the comparable sales based on the relationship between their floor area ratios (FAR) and the price per square foot of land area. We have also analyzed each comparable sale based on the sales price per square foot of land, gross building area and the floor area ratio. Due to the differences between the subject property and the comparable sales, the appraisers use a linear regression model. The Sales Comparison Approach was considered in valuing the similar land sales plus sales of redevelopment properties in valuing subject property. In valuing subject property using redevelopment comparables, the Sales Comparison Approach was considered to be the most reliable approach and was totally weighted in the final value conclusion.

THE COST APPROACH

The Cost Approach is determined by taking the value of the land and adding to it the depreciated value of the present improvements. A separate land analysis is considered to determine the land value. This approach is based on the fact that a purchaser will not pay more for an existing property than the cost to reproduce it in a similar area, assuming that it could be reproduced without delay. There can be complications in applying this approach, because identifying sales of vacant land to develop a value indication for the subject site can be difficult. Another problem in applying this approach arises if the building improvements are older, for accurately estimating the depreciation in older buildings is also difficult. Since estimates of depreciation will have a significant impact on the resulting value estimate, the reliability of the Cost Approach diminishes when valuing older properties.

In the case at hand, the Cost Approach was deemed applicable in estimating the Market Value of subject property, due to its specific use. However, it is difficult to estimate depreciation in older buildings that have exceeded their useful life. Hence, the Cost Approach was considered but not weighted in the final value conclusion. Furthermore the subject property suffers form functional obsolescence due to the buildings' inefficiencies, excessively high ceiling, awning and/or jalousie type windows and lack of insulating materials. Functional obsolescence is very difficult to measure and not considered reliable. Hence, the appraisers have not attempted to measure functional obsolescence of the subject property as it would not be considered reliable or dependable. In essence, the difference between the Market Value via the Sales Comparison Approach, redevelopment sales, and the value via the Cost Approach would be considered functional obsolescence.

Land Valuation:

A: A thorough search was conducted for recent sales of similarly zoned land in Key West. We have utilized available land sales within the subject property's market area and within similar zoning districts. The area is approximately 99% built-up. The few comparable sales in the subject's immediate area available for analysis are reported. We feel these sales provide the best available indication of site value. Although some of the comparable sales were purchased for redevelopment, the land value was extracted as detailed in the individual comparable write-ups. The appraisers have considered commercially zoned lot sales, similar to the subject property's potential uses, as of right.

1. **Comparable Commercial Land Sales Analysis:**
The subject property consists of a 62,430 square foot, slightly irregular, corner site with 185.00 feet of frontage along the westerly side of White Street, 597.60 feet along the northerly side of Seminary Street, 92.50 feet along the easterly side of Grinnell Street and 830.25 feet along the southerly side of United Street. A survey of the subject

property was made available that was utilized for site and building measurements. The survey was prepared by Mr. Frederick H. Hildebrandt, Inc., Professional Land Surveyor, Drawing Number 98-201, dated June 8, 1998.

A thorough search was conducted for recent sales of historical commercial vacant parcels or which have been purchased for redevelopment within the Key West market area for future development. Recent land sales within the Old Town section of the City of Key West were found and analyzed. The sales indicate a tight range of value and were considered reliable, and all are located within one and one-quarter mile of the subject property.

On the following pages, we have included a detail description of each sale and a resume of comparable sales. We feel these sales provide the best available indication of site value.

LAND SALE 1

LOCATION: 200 Block Simonton Street, Old Town, Key West

COUNTY ASSESSOR PARCEL NO: 00001111-000400, -000500, -000600, -000700, -000800

ZONING: HRCC-1

GRANTOR: Spottswood Partners II, Ltd.

GRANTEE: Peter N. Brawn

DATE OF SALE: 4/30/09 **OFFICIAL RECORD BOOK:** 2410 **PAGE:** 2243

VERIFICATION: Listing Agent, Inspection, Public Records, Appraisal

LAND SIZE: Irregular Shaped Interior Parcels, 166.32 Ft. on Simonton St., and 40 Ft. on Ann St.

AREA: 25,751 square feet

PURCHASE PRICE: Total Purchase Price	$4,500,000
Less Depreciated Value of Improvements ROGO Units	$ 597,500
	$3,902,500

PRICE PER SQUARE FOOT LAND: $ 151.54
PRICE PER FRONT FOOT LAND on Simonton Street: $ 23,464

HIGHEST AND BEST USE: Mixed Use Development - Office/Residential

TERMS OF SALE: Cash to Seller

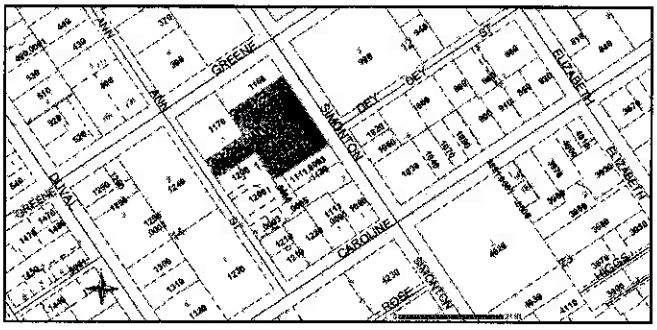
INTEREST CONVEYED: Fee Simple

2008 TAX ASSESSMENT:

2008 Land Assessment:	$3,054,337
2008 Tax Burden for Land Only :	$27,164
2008 Tax Burden Per Square Foot of Land:	$1.05/ S.F.

LAND SALE 1 (CONTINUED)

COMMENTS: This 5 contiguous parcel, land sale, contains approximately 25,751 square feet, 5 ROGO units with transient rental capacity (although they did not appear to be utilized as such) and is located 1.11 miles northwesterly from the subject property. This site is mainly scarified, currently utilized as a parking lot. The main tourist attractions are located within a few blocks southwesterly from this location. The depreciated value of the small building improvements and the cost of the ROGO units were deducted to arrive at the land value. According to the selling agent, the buyer paid a premium because he owns the adjoining property at 512 Greene Street.



LAND SALE 2

LOCATION: 416-420 Southard Street, Old Town, Key West

COUNTY ASSESSOR PARCEL NO: 00012670-000000 **ZONING:** HRO

GRANTOR: Old Town Key West Development, LTD

GRANTEE: Key West Office Management, Inc.

DATE OF SALE: 5/30/07 **OFFICIAL RECORD BOOK:** 2301 **PAGE:** 550

VERIFICATION: Inspection, Public Records, Appraisal

LAND SIZE: Rectangular Shaped Corner Lot, 96.62 Ft. on Southard St., by 151'on Lang Milian Alley

AREA: 15,425 square feet

PURCHASE PRICE: Total Purchase Price $1,575,000

PRICE PER SQUARE FOOT LAND: $ 102.11
PRICE PER FRONT FOOT LAND on Southard Street: $ 16,301

HIGHEST AND BEST USE: Mixed Use Development - Office/Residential

TERMS OF SALE: Conventional Bank Financing of 77.8% of Purchase Price

INTEREST CONVEYED: Fee Simple

2007 TAX ASSESSMENT:

2007 Land Assessment:	$1,355,686
2007 Tax Burden for Land Only :	$11,187
2007 Tax Burden Per Square Foot of Land:	$0.73/ S.F.

LAND SALE 2 (CONTINUED)

COMMENTS: This comparable's land sale was the most recent land sale with commercial zoning. The property consists of a corner parcel of land containing 15,425 square feet with 96.62 feet fronting on Southard Street and 151 feet fronting on Lang Milian Alley. This comparable is located at the southwesterly corner of Southard Street and Land Milian Alley. The property was unimproved and scarified with some fencing and a small utility shed.

This comparable has a good corner and is located one-half block westerly of Duval Street. The property is located 0.80 miles northwesterly from the subject property. This sale is an arm's length transaction that was financed with a conventional bank mortgage of $1,225,000 or 77.8% of the purchase price. This property was appraised by our office at the time of sale.

LAND SALE 3

LOCATION: 605 A-B United Street, Old Town, Key West

COUNTY ASSESSOR PARCEL NO: 00028370-000000, -000100

ZONING: HNC-1

GRANTOR: Winona A. Sanchez

GRANTEE: Marine Bank

DATE OF SALE: 4/17/07 **OFFICIAL RECORD BOOK:** 2288 **PAGE:** 1145

VERIFICATION: Seller, Inspection, Public Records, Appraisal

LAND SIZE: Rectangular Shaped Interior Parcels, 79.0 Ft. on United Street

AREA: 6,491 square feet

PURCHASE PRICE: Total Purchase Price	$1,250,000
Less Depreciated Value of Improvements	$ 350,000
	$ 900,000

PRICE PER SQUARE FOOT LAND: $ 138.65
PRICE PER FRONT FOOT LAND on Simonton Street: $ 11,392

HIGHEST AND BEST USE: Mixed Use Development - Office

TERMS OF SALE: Cash to Seller

INTEREST CONVEYED: Fee Simple

2007 TAX ASSESSMENT:

2007 Land Assessment:	$811,375
2007 Tax Burden for Land Only :	$ 6,725
2007 Tax Burden Per Square Foot of Land:	$1.04/ S.F.

LAND SALE 3 (CONTINUED)

COMMENTS: This comparable consists of a one-story CBS/masonry commercial duplex office building. The structure consists of two attached offices that contain a total of 2,353 square feet of gross building area. According to a survey prepared by Phillips & Trice the improvement is situated on a 6,491 square foot interior site with 79.0 feet of frontage along the northerly side of United Street and extends 84.17 feet in depth. Amenities include an asphalt paved parking lot for ten vehicles, two covered entries, a concrete walk way behind the building and minimal landscaping in front. This comparable is located 0.43 miles westerly from the subject property. The adjacent property owner purchased this property to use as a parking lot and subsequent to the purchase razed the improvements.

LAND SALE 4

LOCATION: 119-135 Simonton Street, Old Town, Key West

COUNTY ASSESSOR PARCEL NO: 00000240-000000 **ZONING:** HRCC-1

GRANTOR: City Parking Systems, LLC and Old St. Pete Development Corporation

GRANTEE: Key West '07, LLC

DATE OF SALE: 3/01/07 **OFFICIAL RECORD BOOK:** 2278 **PAGE:** 1977

VERIFICATION: Inspection, Public Records, Buyer, Seller, Appraisal

LAND SIZE: Irregular Shaped Lot, 298.1 Feet on Simonton Street and 141.83 Feet on Greene Street

AREA: 52,685 square feet

PURCHASE PRICE:	Total Purchase Price	$10,000,000
	Less Depreciated Value of Improvement	-$708,000
	Estimated Land Value (Extracted)	$9,292,000

PRICE PER SQUARE FOOT LAND: $ 176.37
PRICE PER FRONT FOOT LAND on Simonton Street: $ 31,171

HIGHEST AND BEST USE: Mixed Use Development

TERMS OF SALE: Conventional Bank Financing of 100% of Purchase Price $10,586,000, sales price not affected

INTEREST CONVEYED: Fee Simple

2007 TAX ASSESSMENT:

2007 Land Assessment:	$6,941,016
2007 Tax Burden for Land Only :	$57,531
2007 Tax Burden Per Square Foot of Land:	$1.09/ S.F.

LAND SALE 4 (CONTINUED)

COMMENTS: This property consists of two individual contiguous parcels. The southerly portion of the subject fronts 298.1 along the easterly side of Simonton Street and 141 feet along the northerly side of Greene Street; the parcel is situated at the northeast corner of Simonton and Greene Streets. The second parcel is improved with open lumber storage buildings and three enclosed warehouses. The entire site is slightly irregular shaped and contains an estimated 144 parking spaces available at the time. The buyer purchased this lot for future development, including 20 townhouses. According to the seller, the property was los with no residential development entitlements. Thus, the buyer has purchased the required residential ROGO permits on the open market. The sale was an arm's length transaction with conventional financing. According to the listing agent, this comparable will operated as a parking lot until such time as it is commercially developed. This sale is located 1.05 miles northwesterly from the subject and was appraised by this office in the past.

LAND SALE 5

LOCATION: 1223 White Street

KEY (ISLAND): Key West

COUNTY ASSESSOR PARCEL NO.: 00035090-000000 **ZONING:** HNC-1

GRANTOR: Donald Vincent Rubin and Linda Rubin, Trustees of Harold A. Rubin

GRANTEE: Keys Capital, LLC

DATE OF SALE: 4/21/06 **OFFICIAL RECORD BOOK:** 2204, **PAGE** 0451

LAND SIZE: Rectangular Shaped Lot, with approx. 132 Feet on White Street and 90 Feet on United Street

AREA: 11,880 sq. ft.

11.53PURCHASE PRICE: $ 1,325,000 **PRICE PER SQ. FT.:** $111.53
PRICE PER FRONT FOOT LAND on White Street: $ 10,038

HIGHEST AND BEST USE: Commercial/Residential Development

TERMS OF SALE: Cash to Seller

INTEREST CONVEYED: Fee Simple

2007 TAX ASSESSMENT:

2007 Land Assessment:	$1,164,240
2007 Tax Burden for Land Only :	$9,650
2007 Tax Burden Per Square Foot of Land:	$0.81/ S.F.

LAND SALE 5 (CONTINUED)

COMMENTS: This land sale was a restaurant which was razed for a redevelopment project. It was vacant awaiting permits for a mixed-use condo project. This corner property is located on a busy two-way street used by local residents. This sale is located across the street from the subject. This sale was an arm's length transaction with conventional financing with a local bank. This property has been appraised by this office in the past.

LAND SALE 6

LOCATION: 916 James Street

KEY (ISLAND): Key West

COUNTY ASSESSOR PARCEL NO.: 00002700-000000 **ZONING:** HMDR

GRANTOR: Anthony Cherry

GRANTEE: D. J. M. Developments, L.L.C.

DATE OF SALE: 2/24/04 **OFFICIAL RECORD BOOK:** 1979, **PAGE** 1750

LAND SIZE: Rectangular Shaped Lot, with approx. 128.75 Feet on James Street
AREA: 11,925 sq. ft.

PURCHASE PRICE: $ 1,135,055 **PRICE PER SQ. FT.:** $95.18
PRICE PER FRONT FOOT LAND: $ 8,816

HIGHEST AND BEST USE: Commercial/Residential Development

TERMS OF SALE: Cash to Seller

INTEREST CONVEYED: Fee Simple

2004 TAX ASSESSMENT:

2004 Land Assessment:	$300,000
2004 Tax Burden for Land Only :	$3,303
2004 Tax Burden Per Square Foot of Land:	$0.28/ S.F.

LAND SALE 6 (CONTINUED)

COMMENTS: This is the sale of a parcel consisting of 11,925 square feet located on James Street between Margaret and Grinnell Streets, across from the Key West Parking garage. James Street is located 0.79 miles northwesterly from the subject property in the Old Town section of Key West. The property included four (4) buildable lots. This parcel is located in HMDR, Historic Medium Density Residential (density of 16 units per acre), zoning district which allows for single family and multiple family dwellings, slightly inferior to the High Density (22 units per acre) zoning of the subject property. The transaction consisted of conventional financing and was an arm's length transaction.

LAND SALE 7

LOCATION: 511 Greene Street, Old Town, Key West

COUNTY ASSESSOR PARCEL NO: 00000400-000000 **ZONING:** HRCC-1

GRANTOR: CB Key West, LLC

GRANTEE: 511 Greene Street, LLC

DATE OF SALE: 2/16/04 **OFFICIAL RECORD BOOK:** 1979 **PAGE:** 0994

VERIFICATION: Inspection, Public Records, Buyer, Seller, by James Wilson.

LAND SIZE: Rectangular Shaped Lot, with approx. 113 feet on Greene Street and 166' on Ann Street
AREA: 18,758 square feet

PURCHASE PRICE:	Total Purchase Price	$4,800,000
	Less Depreciated Value of Improvement	-$2,705,000
	Estimated Land Value (Extracted)	$2,095,000

PRICE PER SQUARE FOOT LAND: $ 111.69
PRICE PER FRONT FOOT LAND on Green Street: $ 18,540

HIGHEST AND BEST USE: Retail/Restaurant Redevelopment

TERMS OF SALE: Conventional Bank Financing of 75% of Purchase Price $3,609,000
Adjustable Rate Mortgage with 20 year amortization.

INTEREST CONVEYED: Fee Simple

2004 TAX ASSESSMENT:

2004 Land Assessment:	$1,125,480
2004 Tax Burden for Land Only :	$12,394
2004 Tax Burden Per Square Foot of Land:	$0.66/ S.F.

LAND SALE 7 (CONTINUED)

COMMENTS: This sale is an arm's length transaction that was financed with a conventional mortgage in the amount of $3,600,000 or about 75% of the purchase price. This comparable is the sale of an improved site at the northwest corner of Greene and Ann Street, located 1.06 miles northwesterly from the subject property. This sale was personally inspected and appraised by our office at the time of sale. The sale price was $4,800,000 with the depreciated value of the site improvements considered and deducted from the sale price in order to arrive at an extracted land value for this comparable. This parcel consisted of 18,758 square feet or 113 front feet of land on Greene Street.

LAND SALE 8

LOCATION: 416-420 Southard Street, Old Town, Key West

COUNTY ASSESSOR PARCEL NO: 00012670-000000 **ZONING:** HRO

GRANTOR: James Beam

GRANTEE: Old Town Key West Development, LTD

DATE OF SALE: 7/16/03 **OFFICIAL RECORD BOOK:** 1928 **PAGE:** 1965

VERIFICATION: Inspection, Public Records, Appraisal

LAND SIZE: Rectangular Shaped Corner Lot, 96.62 Ft. on Southard St., by 151'on Lang Milian Alley

AREA: 15,425 square feet

PURCHASE PRICE: Total Purchase Price $850,800

PRICE PER SQUARE FOOT LAND: $ 55.16
PRICE PER FRONT FOOT LAND on Southard Street: $ 8,806

HIGHEST AND BEST USE: Mixed Use Development - Office/Residential

TERMS OF SALE: Future Advances Loan in the amount of $1,175,333

INTEREST CONVEYED: Fee Simple

2003 TAX ASSESSMENT:

2003 Land Assessment:	$474,150
2003 Tax Burden for Land Only :	$5,827
2003 Tax Burden Per Square Foot of Land:	$0.38/ S.F.

LAND SALE 8 (CONTINUED)

COMMENTS: This comparable's land sale was a land sale with commercial zoning. The property consists of a corner parcel of land containing 15,425 square feet with 96.62 feet fronting on Southard Street and 151 feet fronting on Lang Milian Alley. This comparable is located at the southwesterly corner of Southard Street and Land Milian Alley. The property was unimproved and scarified with some fencing and a small utility shed.

This comparable resold in May 2007, Land Sale No. 2. The property is located 0.80 miles northwesterly from the subject property. This sale is an arm's length transaction that was financed with a Future Advances Loan in the amount of $1,175,333, as the buyer had a development plan which they wanted to build. This property was appraised by our office at the time of sale.

LAND SALE 9

LOCATION: 107-133 Simonton Street, Old Town, Key West

COUNTY ASSESSOR PARCEL NO: 00000240-000000 **ZONING:** HRCC-1

GRANTOR: Strunk Lumber Yard, Inc.

GRANTEE: City Parking Systems, Key West Venture Group, Inc.
Walker Browning Development

DATE OF SALE: 5/13/03 **OFFICIAL RECORD BOOK:** 1887 **PAGE:** 256

VERIFICATION: Redi/Public Records,
Listing Agent by James Wilson

LAND SIZE: Irregular Shaped Lot 298.1 feet along Simonton Street
and 141.83 feet along Greene Street **AREA:** 52,682 square feet

PURCHASE PRICE:	Total Purchase Price	$4,350,000
	Less Estimated Improvement Value	-$780,000
	Less Estimated Financing Adjustment (Comments Below)	-$148,800
	Estimated Land Value (Extracted)	$3,421,200

PRICE PER SQUARE FOOT LAND: $ 73.22
PRICE PER FRONT FOOT LAND on Simonton Street: $ 12,534

HIGHEST AND BEST USE: Commercial Development

TERMS OF SALE: Seller Financing of 88% of Purchase Price $3,850,000
A 3-Year Interest Only Mortgage at 6% Interest, with the possibility to extend the mortgage an additional 2 Years.

INTEREST CONVEYED: Fee Simple

2002 TAX ASSESSMENT:
2002 Land Assessment: $3,235,496
2002 Tax Burden for Land Only :$42,646.43
2002 Tax Burden Per Square Foot of Land: $0.84/ sf

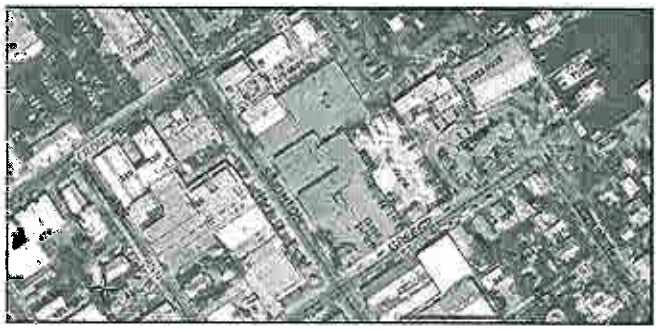
LAND SALE 9 (CONTINUED)

COMMENTS: This sale is the prior sale of Land Sale No. 4. This sale is an arm's length transaction with seller financing of $3,850,000 or about 88.5% of the purchase price. The term of the mortgage is 3-years. The interest rate is 6%, while market rates are approximately 7.5%. We have adjusted the sales price for the present value of the cost to the seller of the under-market financing for the three-year term of the mortgage, which we estimated to be approximately $148,800. This amount was deducted from the selling price to adjust the selling price to a possible sales price with conventional, third-party financing at market rates.

This comparable's land value was extracted based on a detailed inspection and analysis at the time of a prior appraisal of the property by this office in the year 2000. This property consists of two individual parcels. The southerly portion of this comparable, has 151.5 feet of street frontage along the easterly side of Simonton Street and 134.0 feet along the northerly side of Greene Street; the parcel is situated at the northeast corner of Simonton and Greene Streets. The site is slightly irregular shaped and contains an estimated 18,983 square feet. This parcel, referred to as Parcel "A," is leased on a month-to-month basis for parking lot use. There are an estimated 44 parking spaces available on the site. Parcel "B" contains the 32,042 square feet.

The northerly portion of the site, fronts an estimated 161.92 feet along the easterly side of Simonton Street. This parcel is improved with open lumber storage buildings and three enclosed warehouse structures utilized as part of a lumber yard facility. This parcel is utilized by an owner-user, prior to the sale.

According to the listing agent, this comparable will be operated as a parking facility until such time as it is commercially developed. This comparable is located about 1.05 miles northwesterly from the subject property.



LAND SALE 10

LOCATION: 1316 Duval Street

KEY (ISLAND): Key West

COUNTY ASSESSOR PARCEL NO.: 00036170-000000 **ZONING:** HCT

GRANTOR: Southernmost, LTD.

GRANTEE: Wings of Imagination, Inc.

DATE OF SALE: 8/18/2000 **OFFICIAL RECORD BOOK:** 1649 **PAGE:** 4

LAND SIZE: 100' Frontage x 197.75 feet **AREA:** 19,775 sq.ft.

PURCHASE PRICE: $ 1,050,000 **PRICE PER SQ. FT.:** $ 53.10
PRICE PER FRONT FOOT: $ 10,500

HIGHEST AND BEST USE: Commercial Development

TERMS OF SALE: Cash to Seller

INTEREST CONVEYED: Fee Simple

2000 TAX ASSESSMENT:
Total Assessment: $ 673,072
2000 Tax Burden: $9,684.03

LAND SALE 10 (CONTINUED)

COMMENTS: This parcel is a sale of one of the last remaining vacant, undeveloped sites on Duval Street. This parcel has 100.0 feet of frontage along the westerly side of Duval Street. The interior site is rectangular in shape. This parcel sold with conventional financing terms and was developed by an owner-user as a retail and attraction facility. This property is located 0.56 miles westerly from the subject property. This sale was considered to be an arm's length transaction and was appraised by our office at time of sale.

LAND SALE 11

LOCATION: 511 Petronia Street

KEY (ISLAND): Key West

COUNTY ASSESSOR PARCEL NO.: 00015900-000000 **ZONING:** HRCC-1

GRANTOR: Estate of Joesph O. Re

GRANTEE: Charles D. & Stephanie A. Walters

DATE OF SALE: 8/11/2000 **OFFICIAL RECORD BOOK:** 1648 **PAGE:** 1-3

LAND SIZE: Irregular corner parcel with 43.66 Frontage on Petronia **AREA:** 13,382 sq.ft.

PURCHASE PRICE: $ 415,000 **PRICE PER SQ. FT.:** $ 31.01
PRICE PER FRONT FOOT: $ 9,505

HIGHEST AND BEST USE: Commercial Development

TERMS OF SALE: Cash to Seller

INTEREST CONVEYED: Fee Simple

2000 TAX ASSESSMENT:
Total Assessment: $233,099
2000 Tax Burden: 3,353.78

LAND SALE 11 (CONTINUED)

COMMENTS: This vacant land comparable is one of the last remaining vacant undeveloped sites, which lies behind the Duval Street corridor. This corner parcel is located 0.66 miles northwesterly from the subject property with 43.66 feet of frontage along the northerly side of Petronia Street and easterly side of Dupont Lane. The interior site is irregular "L" shaped. This parcel sold with seller financing terms at 8.0% interest, considered being at market rates, in the amount of $265,000 or 63.8% of the purchase price. This sale was considered to be an arm's length transaction and was appraised by our office subsequent to the sale.

LAND SALE 12

LOCATION: 300 Southard Street, Old Town, Key West

ISLAND (KEY) NAME: Key West

TYPE OF PROPERTY: Commercial Bar/Restaurant/Lounge Use

COUNTY ASSESSOR PARCEL NO: 00012980-000000, 00013000-000000 **ZONING:** HRO
00013010-000000, 00013030-000000

GRANTOR: BOJO Real, Inc.

GRANTEE: Walker Key West Properties Four Inc.

DATE OF SALE: 11/22/99 **OFFICIAL RECORD BOOK:** 1605 **PAGE:** 1523

PURCHASE PRICE:	Total Purchase Price	$ 940,000
	Less: Depreciated Improvements	$300,000
	Estimated Land Value (Extracted)	$ 640,000

VERIFICATION: Public Records, FARES, Inspection, MLS, Buyer's Agent, County Tax Appraiser's Records

INTEREST CONVEYED: Fee Simple

TERMS OF SALE: Institutional Financing

LAND SIZE: Irregular Corner Parcel, 150.75' fronting on Southard Street and 41 Feet on Thomas Street
AREA: 15,878 square feet

PRICE PER SQUARE FOOT OF SITE AREA: $40.31
PRICE PER FRONT FOOT LAND on Southard Street: $ 4,245.44

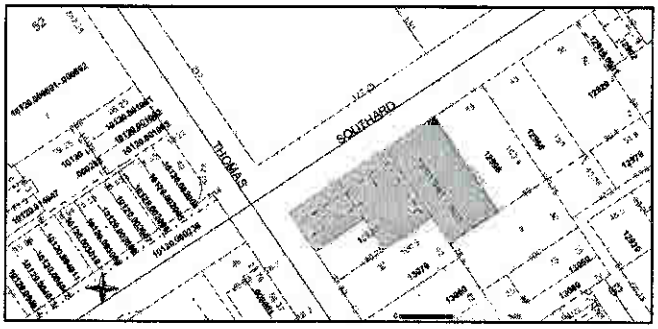
HIGHEST AND BEST USE: As Proposed for Executive Office Suites Complex

2000 TAX ASSESSMENT:

Total Assessment:	$484,327
2000 Tax Burden:	$6,968.40

LAND SALE 12 (CONTINUED)

COMMENTS: This is the sale of a one-story CBS/masonry restaurant/bar/lounge structure containing 5,387 square feet of gross building area. An investor purchased this vacant structure for $940,000 with plans to totally renovate and convert the property to it highest and best use, the Courthouse Center, an executive suite complex. The structure was leveled during redevelopment; thus, a new structure was later erected. The sale price was adjusted by the depreciated value of the improvements in order to extract a land value. The sale is arm's length with institutional financing. This comparable is located 0.88 miles northwesterly from the subject property and was appraised by our office at the time of the sale.



The following is a summary of the prior land sales:

Resume of Comparable Land Sales

Sale No.	Address	Sale Date	Sales Price	Value of Improvement	Adjusted Sales Price	Land Sq. Ft.	Main Street Frnt. Ft	Location	Adjusted $/Front Ft	Adjusted $/S F Land	Zoning	Distance Miles
1	200 Blk. Simonton St (5 Parcels) *	04/30/09	$4,500,000	(597,500)	$3,579,800	25,751	166.32	1.00	$21,524	$139.02	HRCC-1	1.11
2	416-420 Southard Street	05/30/07	$1,575,000		$1,180,100	15,425	96.62	0.50	$12,214	$76.51	HRO	0.80
3	605 United Street*	04/17/07	$1,250,000	(350,000)	$666,000	6,491	79.00	0.25	$8,430	$102.60	HNC-1	0.43
4	119-135 Simonton Street*	03/01/07	$10,000,000	(708,000)	$6,783,700	52,685	298.10	1.00	$22,756	$128.76	HRCC-1	1.05
5	1223 White Street	04/21/06	$1,325,000		$950,700	11,880	132.00	0.00	$7,202	$80.03	HNC-1	0.10
6	916 James Street	02/24/04	$1,135,055		$876,900	11,925	128.75	0.25	$6,811	$73.53	HMDR	0.79
7	511 Greene Street *	02/16/04	$4,800,000	(2,705,000)	$2,017,400	18,758	113.00	0.75	$17,853	$107.55	HRCC-1	1.06
8	416-420 Southard Street	07/16/03	$850,800		$821,100	15,425	96.62	0.50	$8,498	$53.23	HRO	0.80
9	107-133 Simonton Street *	05/13/03	$4,350,000	(928,800)	$3,499,600	51,025	298.10	1.00	$11,740	$68.59	HRCC-1	1.05
10	1316 Duval Street	08/18/00	$1,050,000		$1,092,700	19,775	100.00	1.00	$10,927	$55.26	HCT	0.56
11	511 Petronia Street	08/11/00	$415,000		$560,500	13,382	43.66	0.75	$12,838	$41.88	HRCC-1	0.66
12	300 Southard Street *	11/22/99	$940,000	(300,000)	$865,900	15,878	150.75	0.25	$5,744	$54.53	HRO	0.88
	1300 White Street					**132,155**	**185.00**	**0.00**				
	Valuation Date:	02/23/10	Average		**$1,907,867**	**21,533**	**141.91**		**$12,211**	**$81.79**		
	Appreciation Rate (1999-2006)	8.0%	Median		**$1,021,700**	**15,652**	**120.88**		**$11,333**	**$75.02**		
	Depreciation Rate (2007-2010)	-10.0%	Minimum		**$560,500**	**6,491**	**43.66**		**$6,744**	**$41.88**		
	Market Peak Date	12/31/06	Maximum		**$6,783,700**	**52,685**	**298.10**		**$22,756**	**$139.02**		

[*] Note: Extracted land value (See Above Comparable for Details)

Location Ranking: 0 = Fringe of Old Town
1 = Old Town District
2 = High Rent District Old Town

Note: Each of the comparable sales was analyzed in order to make comparisons to the subject property. The appraisers utilized sales within the last eleven years located within the Old Town Keys market area. Market research indicates that market conditions have shown signs of appreciation up until the end of 2006 when the market peaked; thereafter, the market began to decline. Hence, the appraisers have considered a market conditions ("time") adjustment based on a conservative 8.0% appreciation rate per annum until the end of 2006 and a 10.0% depreciation rate per annum until the present. All sales were adjusted for appreciation and subsequent depreciation over time.

2. Valuation Regression Analysis:

These comparables were the most similar recent comparables and were the most reliable in valuing the subject property. Due to the lack of paired sales data, percentage adjustments and/or comparisons were not utilized. Instead, we have considered a linear regression analysis of the comparables based on reasonable units of measure. We have found a very tight correlation between the land square footage, main street frontage, location and the adjusted sales price.

The x-variables, two independent variables, is the land site size, main street frontage and location for each comparable. The y-variable, dependent variable, is the comparables adjusted sales price. This data population sample of the comparable sales indicates a tight correlation which is measured by the R^2 of the data set. In the case at hand, a correlation of +0.813 was indicated. Correlations near 1.0 are considered most reliable; therefore, the subject's correlation is considered very reliable, and the population sample appears appropriate in our valuation model and can be considered credible in the units of measure for the subject property. The computer analysis of this model indicated the following values:

Subject No./Coefficients	($1,206,238.56)		
	Land Area $_1$	Frontage$_2$	Location$_3$
Tract B - Xn	132,155	185.00	0.00
Bn	$30.07	$12,195.59	$1,217,903.59

In equation form, the regression model looks like this:

$Y = (X_1b_1) + (X_2B_2) + (X_3B_3) + \text{Intercept}$

$Y = (132{,}155 \text{ X } \$30.07 + (185.00 \text{ X } \$12{,}195.59) + (0.00 \text{ X } \$1{,}217{,}903.59) + -\$1{,}206{,}238.56 = \$5{,}023{,}846$

Land Valuation Summary

Adjusted sale price per square foot of land for the comparable ranged from $41.88 to $139.02 with a mean of $81.79 and a median of $75.02 per square foot. While the dollars per front foot for the comparables ranged from $5,744 to $22,756, with the mean of $12,211 and the median of $11,333 per linear foot. The indicated value for the subject was considered credible and reliable as the dollar per square foot of land calculates to $37.99 per square foot and the dollars per linear foot calculated at $27,135 per linear front foot. Our estimated value per square foot is at the lower limit of the range due to the large size of the subject. Furthermore, the appraisers note that the subject property is larger than any of the comparable sales, as there have not been any sales of property this large within the market area. The price per square foot is below the lower limit of the comparable sales because of the large size of the subject property, which is larger than any of the comparables. The dollars per square foot is inversely

related to the site size, in other words the larger the site the lower the dollar per square foot. However, the value per linear front foot is at the upper end because of the extremely small main street front footage compared to the overall size of the property. These values are well supported by the most recent comparable.

Land Value Indicated for Subject Property by the Sales Comparison Approach (Rounded):. $5,020,000

3. Estimate of Improvement Costs and Summary:

The replacement cost of the improvements has been estimated using the Marshall Valuation Service and our knowledge of actual cost to construct in the area. These costs are continuously updated and adjusted for local differences.

The Marshall Valuation Service cost estimates include labor materials and sales tax, average architect and engineer's fees, job supervision and insurance, and contractor's overhead and profit. The cost estimates do not include: costs of buying/assembling the land (i.e., escrow fees, legal fees, demolition, storm drains or rough grading), costs of land planning or preliminary concept and layout for a large development, discounts or bonuses for financing, developer's overhead and profit, and interest or taxes on land.

On the following pages, the replacement cost new and estimated depreciation for the subject buildings have been estimated:

Marshall & Swift Cost Estimates

Marshall & Swift Cost Service Building No. A	
Elementary School	
	Data Input
Class C : Good Quality	
Section 18, Page 11, Dated February, 2009	
Basic Structure Cost (per S.F. of Building Area):	$161.00
Floor/Area Perimeter Multiplier	0.9168
Story Height Multiplier	1.0370
Adjusted Cost per Square Foot:	$153.07
Time and Local Multipliers:	
Time (Section 99/Page 3/ Dated 1/10)	0.97
Local (Section 99/Page 7/ Dated 1/10)	1.17
Resort Multiplier (Section 99/Page 1/ Dated 1/10)	1.30
Adjusted Cost per Square Foot:	$225.83
Estimated Cost per Square Foot (Rounded):	$226.00
Estimated Cost for Covered Porches/Walkways/SF(1/4 to 2/5)	$57.00

Marshall & Swift Cost Service
Building No. A

Auditoriums

	Data Input
Class C : Average Quality	
Section 16, Page 14, Dated August, 2009	
Basic Structure Cost (per S.F. of Building Area):	$107.19
Floor/Area Perimeter Multiplier	1.0794
Story Height Multiplier	1.0000
Adjusted Cost per Square Foot:	$115.70
Time and Local Multipliers:	
Time (Section 99/Page 3/ Dated 1/10)	1.00
Local (Section 99/Page 7/ Dated 1/10)	1.17
Resort Multiplier (Section 99/Page 1/ Dated 1/10)	1.30
Adjusted Cost per Square Foot:	$175.98
Estimated Cost per Square Foot (Rounded):	**$176.00**

Marshall & Swift Cost Service
Building No. B

Elementary **School**

	Data Input
Class C : Good Quality	
Section 18, Page 11, Dated February, 2009	
Basic Structure Cost (per S.F. of Building Area):	$161.00
Floor/Area Perimeter Multiplier	0.9138
Story Height Multiplier	1.0370
Adjusted Cost per Square Foot:	$152.57
Time and Local Multipliers:	
Time (Section 99/Page 3/ Dated 1/10)	0.97
Local (Section 99/Page 7/ Dated 1/10)	1.17
Resort Multiplier (Section 99/Page 1/ Dated 1/10)	1.30
Adjusted Cost per Square Foot:	$225.10
Estimated Cost per Square Foot (Rounded):	$225.00

Marshall & Swift Cost Service
Building No. C

Elementary & Media Center School	Data Input
Class C : Good Quality	
Section 18, Page 18, Dated February, 2009	
Basic Structure Cost (per S.F. of Building Area):	$151.17
Floor/Area Perimeter Multiplier	0.9555
Story Height Multiplier	1.0000
Adjusted Cost per Square Foot:	$144.44
Time and Local Multipliers:	
Time (Section 99/Page 3/ Dated 1/10)	0.97
Local (Section 99/Page 7/ Dated 1/10)	1.17
Resort Multiplier (Section 99/Page 1/ Dated 1/10)	1.30
Adjusted Cost per Square Foot:	$213.10
Estimated Cost per Square Foot (Rounded):	$213.00

Marshall & Swift Cost Service
Building No. D

Elementary & Media Center School	Data Input
Class C : Average Quality	
Section 18, Page 25, Dated February, 2009	
Basic Structure Cost (per S.F. of Building Area):	$95.69
Floor/Area Perimeter Multiplier	0.9795
Story Height Multiplier	1.1100
Adjusted Cost per Square Foot:	$104.04
Time and Local Multipliers:	
Time (Section 99/Page 3/ Dated 1/10)	0.97
Local (Section 99/Page 7/ Dated 1/10)	1.17
Resort Multiplier (Section 99/Page 1/ Dated 1/10)	1.30
Adjusted Cost per Square Foot:	$153.50
Estimated Cost per Square Foot (Rounded):	**$153.00**

Marshall & Swift Cost Service

Utility - Storage Buildings

	Data Input
Class D : Average Quality	
Section 17, Page 12, Dated May, 2009	
Basic Structure Cost (per S.F. of Building Area):	$17.96
Floor/Area Perimeter Multiplier	2.5260
Story Height Multiplier	0.9630
Adjusted Cost per Square Foot:	$43.69
Time and Local Multipliers:	
Time (Section 99/Page 3/ Dated 1/10)	0.98
Local (Section 99/Page 7/ Dated 1/10)	1.17
Resort Multiplier (Section 99/Page 1/ Dated 1/10)	1.30
Adjusted Cost per Square Foot:	$65.12
Estimated Cost per Square Foot (Rounded):	$65.00

Marshall & Swift Cost Service

Utility - Storage Buildings

	Data Input
Class C : Average Quality	
Section 17, Page 12, Dated May, 2009	
Basic Structure Cost (per S.F. of Building Area):	$22.38
Floor/Area Perimeter Multiplier	1.7490
Story Height Multiplier	0.9630
Adjusted Cost per Square Foot:	$37.69
Time and Local Multipliers:	
Time (Section 99/Page 3/ Dated 1/10)	0.98
Local (Section 99/Page 7/ Dated 1/10)	1.17
Resort Multiplier (Section 99/Page 1/ Dated 1/10)	1.30
Adjusted Cost per Square Foot:	$56.18
Estimated Cost per Square Foot (Rounded):	$56.00

A Cost and Depreciation Summary for the subject follows:

Detailed Cost Approach

Glenn Archer School, 1300 White Street, Key West, Florida

Detailed Cost Estimate	Quantity/ Size	Unit Cost	Depreciation Percent	Replacement Cost New	Depreciated Value
Cost New for Building A:	15,524	$226	78%	$3,508,424	$771,853
Cost New for Building A:	3,695	$176	78%	$650,320	$143,070
Cost New for Building B:	16,151	$225	78%	$3,633,975	$799,475
Cost New for Building C:	15,792	$213	67%	$3,363,696	$1,110,020
Cost New for Building D:	9,592	$153	89%	$1,467,376	$161,433
Cost New for Covered Porches/Walkways:	4,354	$57	78%	$248,178	$54,599
Cost New for Utility Storage Building:	58	$65	78%	$3,770	$829
Cost New for Utility Storage Building:	394	$56	78%	$22,064	$4,854
Total Basic Cost for Bldg. Improvements:				**$12,898,003**	**$3,046,133**
Site Improvements:					
Tiki (S.F.)	240	$41.50	29%	$9,960	$7,072
Pavilion (S.F.)	663	$22.95	29%	$15,216	$10,803
Concrete Paving/Patios (S.F.)	17,110	$5.80	38%	$99,238	$61,528
Asphalt Paving (S.F.)	23,960	$3.50	50%	$83,860	$41,930
Chain Link Fence (L.F.)	1,275	$40.00	50%	$51,000	$25,500
Landscaping	1	$25,000	0%	$25,000	$25,000
Total Site Improvmnets:				**$284,274**	**$171,833**
Estimated Value before Land, Entrepreneurial Profit and Indirect Costs:				**$13,182,277**	**$3,217,966**
Plus estimated Land Value (Rounded)				$5,020,000	$5,020,000
Plus Indirect Costs*:			76%	$1,415,000	$345,400
Total Value Buildings, Improvements and Land (Rounded:)				**$19,617,277**	**$8,583,366**
Value Indication Via the Cost Approach (Rounded:)					**$8,580,000**

*Indirect Costs: The Indirect Costs in the Cost Approach are based on expenditures for items other than labor and materials, such as professional fees, financing costs, and taxes and insurance during construction. Because of the construction expenses incurred in Monroe County, including impact fees for commercial retail/office and residential apartment uses, plus permit fees, these Indirect Costs are a necessary part of our Cost Approach analysis. It is based on estimated impact fees, plus a percentage of the Replacement Cost New which we have found to be consistent. This cost is grouped with other miscellaneous costs such as site improvements and site value, and is part of the building cost as it is depreciable.

**Entrepreneurial Incentive: Entrepreneurial Incentive is realized only when the property is first developed and sold, even if the sale takes place years after the property

was built. Over time, entrepreneurial profit becomes obscured by the appreciation in property values. Entrepreneurial Incentive is truly a developer's profit and a "return to the land." In the case at hand, the subject is a special use owner-occupied property, an elementary school; hence, entrepreneurial incentive was not included in the Cost Approach.

Physical Depreciation Estimate: The appraisers utilized the Economic Age-Life Method in estimating physical depreciation for the subject buildings. The original historic structure was built in 1923 according to the corner stone. The structure has been well maintained over the years, but is in need of updating to today's standards. There was some evidence of minor spalding, though there were not any major potential structural issues noted. The structure is in average condition and depreciation estimates are based on a straight-line basis.

Functional Obsolescence: The subject property suffers from functional obsolescence because of ongoing change makes the plan, form, style, design layouts, or features obsolete. When dealing with an older structures similar to the subject property, it is sometime difficult to quantify the difference between the physical and the functional obsolescence. Hence, the appraisers have not measured the functional obsolescence as it would be totally speculative, but rather only the physical obsolescence based on a straight line basis.

Conclusion: The Cost Approach is generally considered to have limited applicability in valuing commercial properties. Estimates of physical depreciation for older structures like the subject property are difficult; therefore, it makes the Cost Approach less reliable. Furthermore, because of the historical significance of the buildings, the subject structure may never reach its economic life, but continue to be updated and/or converted to its Highest and Best Use. Though it is difficult to estimate depreciation in older buildings that are at the end of their useful life. Hence, the Cost Approach was considered but not weighted in the final value conclusion.

Value Indicated for Subject Property via the Cost Approach
(Rounded):. $8,580,000

THE SALES COMPARISON APPROACH

The Sales Comparison Approach is an appraisal technique in which the market value estimate is based on the prices paid in actual market transactions and current listings. The actual transaction will fix the lower limits of value in a static or advancing market and higher limit in a declining market. It is a process of correlation and analysis of similar properties that recently sold in the subject's market area.

This approach is based upon the principal of substitution; that is, when a property is placed in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming no costly delays in making the substitution. The Sales Comparison Approach bases its value indication on sales of other similar properties in the area. These sales are analyzed and compared to the subject property. The Sales Comparison Approach bases its value indication on recent sales that are pertinent to the value of the subject property.

A. **Market Data:**

A thorough search was conducted for recent sales of commercial and mixed-use properties which were purchased for redevelopment/conversion or which underwent significant renovations subsequent to purchase, or similar Highest and Best Uses. As the subject property is a Historic Public Service zoning district, the appraiser also includes comparable properties that were being uses or purchased for public service uses. A survey of the market area resulted in fourteen sales, which are included in the following resume of comparable sales.

Resume of Renovation/Redevelopment Comparables

Sale No.	Address	Sale Date	Sales Price	Impr. Adjust.	Adjusted Sales Price	Land SF	GBA SF	FAR	Loc.	$/SF GBA	$/SF Land	Distance Miles
1	812 Southard St.	08/20/09	$4,500,000		$4,500,000	85,409	17,543	0.21	0.25	$256.51	$52.69	0.61
3	1011 Virginia St.	06/06/08	$1,050,000		$746,700	10,785	3,937	0.37	0.50	$189.66	$69.24	0.20
2	419-421 Caroline St.	10/30/07	$2,725,000		$1,719,400	7,604	7,124	0.94	0.50	$241.35	$226.12	1.03
4	119-135 Simonton Street	03/01/07	$10,000,000		$5,528,700	52,685	16,817	0.32	1.00	$328.76	$104.94	1.05
5	1223 White Street	04/14/06	$1,325,000		$784,000	11,880	2,154	0.18	0.25	$363.97	$65.99	0.10
6	3600 N. Roosevelt Blvd.	02/13/06	$1,436,000		$869,900	15,598	4,038	0.26	0.00	$215.21	$55.71	2.42
7	1315 Whitehead Street*	08/08/05	$2,900,000	$425,000	$2,156,800	19,775	6,154	0.31	0.25	$350.47	$109.07	0.60
8	1990 N. Roosevelt Blvd.	03/03/05	$3,525,000		$2,419,500	50,250	9,105	0.18	0.00	$265.73	$48.15	0.75
9	107-133 Simonton Street	05/13/03	$4,350,000		$3,733,500	52,685	16,817	0.32	1.00	$222.01	$70.86	1.10
10	3424 N. Roosevelt Blvd.	01/31/03	$1,641,200		$1,455,800	36,002	3,380	0.09	0.00	$430.71	$40.44	2.24
11	3401 Northside Drive	11/27/01	$778,000		$789,900	24,760	4,802	0.19	0.00	$164.49	$31.90	2.19
12	511 Greene Street	08/30/01	$2,940,000		$3,067,500	24,408	13,637	0.56	0.75	$224.94	$125.68	1.06
13	120 Simonton Street	05/09/01	$4,900,000		$5,290,700	57,381	46,230	0.81	1.00	$114.39	$92.20	1.07
14	200 Greene Street	12/28/00	$4,200,000		$4,718,000	15,377	30,001	1.95	0.75	$157.26	$306.82	1.11
Subj.	**1300 White Street**	**N/A**	**N/A**		**N/A**	**132,155**	**37,036**	**0.28**	**0.00**	**N/A**	**N/A**	**N/A**
	Current Date:	02/2/10		**Average**	**$2,698,536**	**33,186**	**12,983**	**0.48**		**$251.82**	**$99.99**	
	Appreciation Rate	8.0%		**Median**	**$2,288,150**	**24,584**	**8,115**	**0.32**		**$233.15**	**$70.05**	
	Depreciation Rate	-18.0%		**Minimum**	**$746,700**	**7,604**	**2,154**	**0.09**		**$114.39**	**$31.90**	
	Market Peak Date	12/31/06		**Maximum**	**$5,528,700**	**85,409**	**46,250**	**1.95**		**$430.71**	**$306.82**	
Location:	Downtown Old Town = 1											
	New Town = 0 Mid-town = 0.5											

[*] Note: Extracted land value (See Above Comparable for Details)

Each of the comparable sales was analyzed in order to make comparisons to the subject property. The appraisers utilized sales within the last six years. Market research indicates that market conditions have shown signs of appreciation over this time period up until the end of 2006 when the market peaked. A market conditions ("time") adjustment is based on an 8.0% appreciation rate per annum. These adjustments are well supported by the comparable resales. From the period ending 2006 to the present there has been a decline in the market. Based on the sales price of Comparable No. 1 as compared to the appraised value, at that point in time, the appraiser analyzed the market condition adjustment yield required to the equal the sales price. It was determined to be a -18% adjustment per year based on this most recent sale. Hence, the appraisers have negatively adjusted these sales.

The above sales reflect the market conditions and actions of buyers and sellers for similar properties. A description of each sale follows below:

Sale No. 1 - 812 Southard Street: The subject property consists of a former Harris School facility containing a gross building area of 17,543 square feet. The only structure on the site was originally built in 1905, according to historical sources as an elementary school. The property was utilized as an elementary school until 1982, when it was no longer needed by the Monroe County School Board. Subsequently, the property has been occupied by several public service agencies and Monroe Association for Retarded Citizens (MARC) House. There were formerly six additional buildings that were razed about a year ago. At the time of inspection the historic school building was vacant. The subject improvements are situated on an irregular-shaped site containing a total of 85,409 square feet with 297.6 feet of frontage along the southerly side of Southard Street, and 291 feet along the westerly side of Margaret Street and 300.98 feet fronting along the northerly side of Carsten's/Kelsey Lane. There is a slight discrepancy in the lot size between the Monroe County Tax Appraiser's records, Plat Map and the survey. This comparable is located 0.61 miles northwesterly from the subject property. This property has been appraised by our office in the past. The buyer is currently trying to lease the building while contemplating the redevelopment of the rest of the property.

Sale No. 2 - 1011 Virginia Street: This is the sale of a church property with two lots, 10,777 square foot, rectangular shaped, corner parcel, which fronts 108.5 linear feet along the northerly side of Virginia Street and 99.4 linear feet along the westerly side of Watson Street. This comparable is improved with a church structure of 3,937 square feet of gross building area that was built in 1966. This United Methodist church, CBS/masonry improvement has a sharply angled gable roof with traditional church architecture, three offices, a meeting room, kitchen, two three-fixture restrooms, four Sunday School classrooms and a large 1,112 square foot exterior, covered , multipurpose patio. The structure was vacant at the time of the sale and was in fair condition. The amenities include 990 square feet of asphalt paving, 160 square feet of masonry wall, 1,110 square feet of chain link and 310 square feet of wood fencing. These amenities have limited contributory value. This comparable is located 0.20 miles, approximately three blocks northwesterly from the subject property. This property has been appraised by our office in the past.

Sale No. 3 - 419-421 Caroline Street: This comparable consists of a one-story, former multi-unit commercial office and storage CBS/masonry structure situated one-half block from Duval Street, within the downtown shopping district. The building also has about 166 square feet of low ceiling height mezzanine storage area which was not considered in our gross building area calculation. The building was built in 1953 as an automobile dealership showroom and offices and later converted to multi-unit office space, leased by a governmental entity. The building has been vacant for the past few years. The structure contains an estimated 7,124 square feet of gross building. The improvement is situated on a rectangular shaped site containing 7,604

square feet, corner parcel, with frontage along the northerly side of Caroline Street and westerly side of Telegraph Lane. This comparable is off Duval Street, but in the high rent district. This comparable is located 1.03 miles northwesterly from the subject property. This property has been appraised by our office in the past. Subsequent to the sale, the buyer totally renovated the property and converted it to an upscale Brazilian steak house restaurant.

Sale No. 4 - 119-135 Simonton Street: This property consists of two individual parcels. The southerly portion of the subject fronts 151.5 along the easterly side of Simonton Street and 134 feet along the northerly side of Greene Street; the parcel is situated at the northeast corner of Simonton and Greene Streets. The second parcel is improved with open lumber storage buildings and three enclosed warehouses. The entire site is slightly irregular shaped and contains an estimated 144 parking spaces available at the time. The buyer purchased this lot for future development, including 20 townhouses. According to the seller, the property was sold with no residential development entitlements. Thus, the buyer has purchased the required residential ROGO permits on the open market. The sale was an arm's length transaction with conventional financing. According to the listing agent, this comparable will operated as a parking lot until such time as it is commercially developed. This sale is located 1.05 miles northwesterly from the subject and was appraised by this office in the past. The redevelopment has stalled due to residential housing market decline and current market conditions.

Sale No. 5 -1223 White Street: This sale was a restaurant which was razed for a redevelopment project. It was vacant awaiting permits for a mixed-use condo project. This corner property is located on a busy two-way street used by local residents. This sale is located approximately 1.5 miles southeasterly from the subject. This sale was an arm's length transaction with conventional financing with a local bank. This property has been appraised by this office in the past. This sale is located across the street from the subject property.

Sale No. 6 - 3600 N. Roosevelt Boulevard, Key West: This is the most recent comparable sale that sold in February 2006, for redevelopment. This comparable was an office building with a second story residential unit. The site consists of a rectangular-shaped parcel with approximately 69.21 feet fronting along the southerly side of North Roosevelt Boulevard, U.S. Highway No. 1, and extending 224.75 feet in depth with a total site area of 15,598. The site is improved with a one-story CBS/masonry structure with a wood frame second story at the rear. The building contained an estimated 4,038 square feet, which was recently razed and used for a new car sales lot. The property was in below average condition at the time of the sale. This reported arm's length transaction included cash to the seller. This property was appraised by our office.

Sale No. 7 - 1315 Whitehead Street, Key West: This recent sale of a redevelopment property consists of a 19,775 square foot rectangular-shaped, an interior site, with 100 feet of frontage along the easterly side of Whitehead Street. The site is improved with a two-story CBS/masonry office building that contains 6,154 square feet of gross building area. This office building and

site improvements were built in 1968, according to the Monroe County Tax Assessor's records. This property was purchase for conversion to a residential redevelopment. The contract for sale and purchase was subsequently assigned to another party South Whitehead, LC in the amount of $425,000. In addition, the assignor, will receive 5.5% of the gross sales price of each unit as it is sold. However, subsequently this part of the agreement was cancelled. This comparable sale was appraised by our office and is located 0.60 miles northwesterly from the subject property. Redevelopment of this property has stalled due to significant decline in the residential housing market and current market conditions.

Sale No. 8 - 1990 N. Roosevelt Boulevard, Key West: The previous sale of this comparable sold in March 2003, at what appeared to be below the market, as it indicated an appreciation rate of 35.5 percent. This comparable was a large "locals" restaurant and a piano bar located in the New Town section of Key West 0.75 miles northeasterly from the subject. The site consists of an irregular-shaped parcel with approximately 259.69 feet fronting along the southerly side of North Roosevelt Boulevard, U.S. Highway No. 1, plus 229.0 feet fronting along the northerly side of Roosevelt Drive across the rear and contains a total of 50,250 square feet. The site is improved with a one-story wood frame and CBS/masonry structure containing an estimated 6,629 square feet, which was recently razed for the construction of a new office building. In addition, the rear of the site is improved with a one-story CBS/masonry residential duplex and a triplex containing a total gross living area of 2,476 square feet. According to the Monroe County Tax Assessor's Records, the restaurant was built in 1962, while the residential buildings were both built in 1948. The property was in below average condition at the time of the sale. This reported arm's length transaction included cash to the seller. This property was appraised by our office. The improvements were subsequently razed and property was developed with a large high security government building.

Sale No. 9 - 107-133 Simonton Street, Key West: This is the sale of a portion of a former lumber yard retail company. This comparable includes multiple CBS/masonry open lumber storage structures with perimeter chain-link fencing, as well as a corner unimproved site, historically utilized as a parking lot. The structures contain a total gross building area of 16,817 square feet situated on a 52,685 square foot site. The purchase was an arm's length transaction with the investor considering parking lot use as the future development. This comparable sale was appraised by our office and is located 1.10 miles northwesterly from the subject property.

Sale No. 10 - 3424 N. Roosevelt Boulevard, Key West: This property consists of a one-story, CBS/masonry automobile service facility containing an estimated 3,380 square feet gross building area. The Monroe County Tax Appraiser's records indicate that the building was constructed in 1966. The improvements are situated on a 36,002 L-shaped site, which fronts an estimated 105.10 feet along the southerly side of North Roosevelt Boulevard, U.S. Highway No.1, which is the main highway providing access to the Florida Keys. This comparable set the

upper-limit of price per square foot of gross building area. This comparable is located 2.24 miles northeasterly from the subject property.

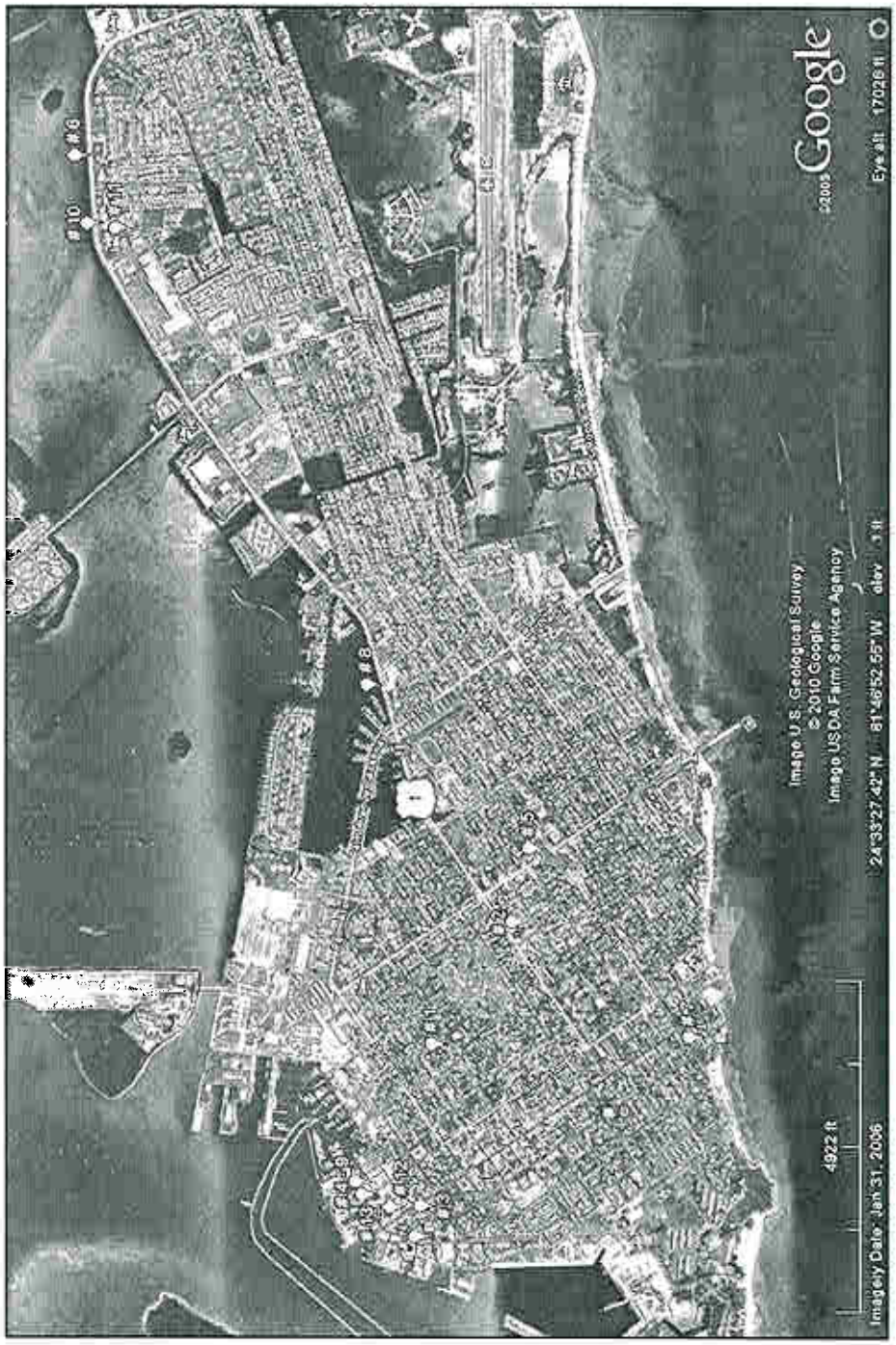
Sale No. 11 - 3401 Northside Drive, Key West: This sale consists of an irregular-shaped site, which was built as a Knights of Columbus Lodge. The structure was built in 1992 of CBS/masonry construction containing 4,802 square feet of gross building area and situated on a 24,760 square foot site. The property was purchased for conversion into a medical office facility. This sale was an arm's length transaction with cash to the seller. This comparable sale was appraised by our office and is located 2.19 miles northeasterly from the subject property.

Sale No. 12 - 511 Greene Street, Key West: This comparable sale consisted of a one-story brick structure formerly utilized by the local newspaper and most recently unoccupied or partially used for storage. The structure is situated on the northwesterly corner of Greene and Ann Streets, just one block easterly from Duval Street. This comparable includes 13,637 square feet of building area situated on a 24,408 square foot site. This sale was an arm's length transaction. This comparable sale was appraised by our office and is located 1.06 miles northwesterly from the subject property.

Sale No. 13 - 120 Simonton Street, Key West: This comparable consists of a portion of a former lumber yard and retail facility containing 46,250 square feet of building area including retail and warehouse areas. This sale is situated on a 57,381 square foot corner site, at Greene and Simonton Streets, with additional street frontage on Ann Street. This property was redeveloped into retail uses at the first level with proposed residential units at the second level. The sale was an arm's length transaction with conventional financing and cash to the seller. This comparable sale was appraised by our office and is located 1.07 miles northwesterly from the subject property. This property was renovated and converted to a neighborhood shopping center with a few affordable residential apartments.

Sale No. 14 - 200 Greene Street, Key West: This property consists of a three-story concrete historical building, originally developed by the U.S. Navy. This building was utilized as a museum with retail sales and contains a total of 30,001 square feet; it is situated on a 15,377 square foot site in a corner location. The sale was an arm's length transaction. This comparable sale was appraised by our office and is located 1.11 miles northwesterly from the subject property.

Comparable Sales Map



Valuation Regression Analysis: After analyzing over 36 comparables and dismissing the outliers in our analysis, these comparables were the most similar recent comparables and were the most reliable in valuing the subject property. Due to the lack of paired sales data, percentage adjustments and/or comparisons were not utilized. Instead, we have considered a linear regression analysis of the comparables based on reasonable units of measure. We have found a very tight correlation between the site size, gross building area (SF), floor area ratio (FAR), location and the adjusted sales price.

The x-variables, four independent variables, are the land sizes, gross building area, floor area ratio and location for each comparable. The y-variable, dependent variable, is the comparable's adjusted sale price. This data population sample of the comparable sales indicates a tight correlation which is measured by the R^2 of the data set. In the case at hand, a tight correlation of +0.923 was indicated. Correlations near 1.0 are considered most reliable; therefore, the subject's correlation is considered very reliable, and the population sample appears appropriate in our valuation model and can be considered credible in the units of measure for the subject property.

The computer analysis of this model indicated the following values:

Subject No./Coefficients	($572,126.67)			
	Land Area $_1$	G.B.A$_2$	F.A.R.$_3$	Location$_4$
Tract B - X_n	132,155	60,754	0.46	0.25
Bn	$52.76	$1.49	$1,497,628.83	$1,762,306.93

In equation form, the regression model looks like this:

$$Y = (X_1b_1) + (X_2B_2) + (X_3B_3) + (X_4B_4) + \text{Intercept}$$

Y = (132,155 x $52.76) + (60,754 x $1.49) + (0.46 x $1,497,628.83) + (0.25 x $1,762,306.93) + (-$572,126.67) = $7,620,381

"AS IS" VALUE OF THE FEE SIMPLE INTEREST FOR THE SUBJECT PROPERTY VIA THE SALES COMPARISON APPROACH AS OF FEBRUARY 23, 2010 (Rounded):..... $ 7,620,000

Summary of Sales Comparison Approach

Subject Property	Estimated Value	Value (Rounded)	Land SF	GBA SF	FAR	$/Land SF	$/GBA SF
1300 White St.	$7,620,381	$7,620,000	132,155	60,754	0.46	$57.66	$125.42

Conclusion: The Sales Comparison Approach was most applicable in valuing the "As Is" Market Value of the subject property due to many recent similar "redevelopment" type sales within the market. Generally, these older structures do not reach their economic life due to the intensity of development and new, stricter development regulations, plus the fact that the subject property is considered a historically significant building. The appraisers have utilized various units of measure, with a very reliable correlation indicated. This approach was considered to be the very reliable, as it demonstrates buyers and sellers' reactions and market activity for similar use properties that were redeveloped or converted to other uses. The value conclusion for the subject property via the Sales Comparison Approach was considered reliable and well supported due to the large size of the subject property.

THE INCOME APPROACH

The Income Approach to value presumes that no prudent buyer will pay more for the subject property than the capitalized rental value attainable through ownership of the property. The buyer will only be willing to pay the present value of what he/she considers those future benefits to be. The traditional Direct Capitalization Method analyzes what the subject property would rent for with analysis of the respective expenses.

However, this approach was not considered applicable in the valuation of the subject. The subject's redevelopment and potential renovation/conversion costs are beyond the scope of this report. Therefore, this approach was not deemed applicable.

RECONCILIATION AND CONCLUSION

The following indications of property value have been developed in our analysis of market data.

Reconciliation 1300 White Street, Key West, Florida Fee Simple	
Valuation Method:	Market Value
Cost Approach	$8,580,000
Income Approach:	Not Applicable
Sales Comparison Approach	$7,620,000
"As Is" Market Value, as of February 23, 2010 (Rounded):	$7,600,000

The Cost Approach is based on the estimated value of the land (developed through comparison), and the estimated cost of the site improvements. There can be complications in applying this approach, because identifying sales of vacant land to develop a value indication for the subject property can be difficult. Coupled with all of the existing zoning, environmental and building regulations, there have been very few commercial land sales within the historic Downtown district, as the area is maximally developed and almost completely built-out. Therefore, there are very few, if any, potential similar tracts which could be developed as a competing facility to the subject, especially due to the subject's unique zoning district and that the subjects' structure will probably never reach its economic life, but continue to be updated and renovated as because of the historic significance. The Cost Approach was considered and utilized in estimating the market value for the subject property. However, the subject property suffers from functional obsolescence because of ongoing change makes the plan, form, style, design layouts, or features obsolete. When dealing with an older structures similar to the subject property, it is sometime difficult to quantify the difference between the physical and the functional obsolescence. Hence, the appraisers have not measured the functional obsolescence as it would be totally speculative, but rather only the physical obsolescence based on a straight line basis. Therefore, this approach was considered in estimating the market value but not weighted.

The Sales Comparison Approach is a direct measure of the buying and selling behavior of the participants in the real estate market. This approach directly measures what sellers are accepting and buyers are paying for property. Therefore, if a significant number of comparable sales have occurred and are available for analysis, then the Sales Comparison Approach becomes an important method in developing a value indication. The appraiser included many sales of the similar properties "ready" for redevelopment within the subject's market area for subject property. The comparables demonstrate an active market, as well as a very reliable correlation and resulting value estimate for the subject. This

approach was considered the most reliable in the final "As Is" Market Value estimate for the subject property; thus, was totally weighted.

The Income Approach is most applicable to properties that are typically purchased for their income-producing capabilities. Commercial property usually does fall within this category, as it is purchased by investors who hold it for its potential income. In the case at hand, a potential buyer of the subject property would most likely purchase it as a partial owner-user. Therefore, the motivation to buy is quite often other than the direct income the purchaser can obtain from rental of the property. Due to the subject's special use and need for potential redevelopment, this approach was not considered applicable.

The greatest weight is given to that approach in which the appraiser has the highest degree of confidence. This implies a minimum of assumptions and a sufficient quantity of data. Based on an analysis of the real estate market activity in the subject property's market area, after considering the applicability of each of the three value indications, it is the appraisers' opinion that the Market Value of the subject property is most accurately indicated by the Sales Comparison Approach. It is felt that these approaches were more reliable than other market data available for analysis.

Based on market analysis, inspection and research, it is our opinion that the *"As Is" Market Value of the Fee Simple Interest* of the subject property, commonly known as Glenn Archer School, 1300 White Street, Key West, Florida, based on its Highest and Best Use for conversion and redevelopment, subject to definitions, assumptions and limiting conditions, as of February 23, 2010, is:

SEVEN MILLION SIX HUNDRED THOUSAND DOLLARS
($ 7,600,000)

No personal property has been included in this valuation.

ASSUMPTIONS AND LIMITING CONDITIONS

APPRAISAL DEVELOPMENT AND REPORTING PROCESS: In preparing this appraisal, the appraiser inspected the subject site and both the exterior and interior of the improvements. Information on comparable land and improved sales were gathered, confirmed, and analyzed. This is a summary appraisal report which is intended to comply with the reporting requirements set forth under Standard Rule 2-4(b) the Uniform Standards of Professional Appraisal Practice for a summary appraisal report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Such discussion of the data would not change the appraisers' opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.

In preparing this appraisal, the appraisers visited the subject site and a physical walk-through of the improvements. Information on comparable improved sales and rentals was gathered, confirmed, and analyzed.

The appraisers performed a summary appraisal report, as defined by the Uniform Standards of Professional Practice. This summary appraisal report is a synopsis of the appraisers' analyses and conclusions. Supporting documentation is retained in the appraisers' file.

THIS VALUATION IS CONTINGENT UPON THE FOLLOWING CONDITIONS:

The appraisers examined various feasible alternative uses for the subject, as well as the "Use Value" of the property for continued public use. We concluded that the property would continue to be utilized as a school or other public service facility, which is considered an "interim use." It is our opinion that due to the age of the subject property and physical and functional obsolescence, that the Highest and Best Use would be for conversion and/or redevelopment. However, because of the current economic conditions the current use, as a school is an interim use until such time as economic conditions are more favorable. At such time the subject property will be "ready" for redevelopment. In the appraisers opinion, the Highest and Best Use of the subject property would be for conversion and/or redevelopment.

The subject property consists of four buildings, Building "A", is a historically significant building; that cannot be removed or razed. This is a two-story CBS/masonry school building which includes the administration offices and classrooms plus a one-story attached auditorium. Building "B" is detached and located behind Building "A", although identical to Building "A's" two-story improvement. Building "B" is totally used for classrooms. Building "C", also a CBS/masonry building, is attached to Building "B" which includes a cafeteria, a library, a media center plus more class rooms. Building "D" is a

one-story CBS/masonry gymnasium with an attached art department, which was formerly the shower and locker rooms. The total gross building area of all four building is 60,754 square feet. A description, construction type, the year built and size is included within the Improvement Analysis section of this report.

A survey of the subject property parcel was made available. The survey was prepared by Mr. Frederick H. Hildebrandt, Inc., Professional Land Surveyor, Drawing Number 98-201, dated June 8, 1998. The subject improvements are situated on an irregular-shaped site containing a total of 132,155 square feet or 3.03 acres with 185.00feet of frontage along the westerly side of White Street, 597.60 feet along the northerly side of Seminary Street, 92.50 feet along the easterly side of Grinnell Street and 830.25 feet along the southerly side of United Street, or a total of 1,705.35 linear feet of street frontage. There is a slight discrepancy in the lot size between the Monroe County Tax Appraiser's records, Plat Map and the survey. The appraisers utilized the survey provided for the site and building measurements. The valuation is reported with regard to the size of the property and the improvements thereon, as indicated on the survey provided. Any deviations from the sizes could possibly result in a change in value. If and when, an updated survey is made available for the subject property, noting changes in the measurements used in this report, the appraisers reserve the right to change the final value. Any maps or plats reproduced and included in this report are intended only for the purpose of showing spatial relationships. They are not measured surveys nor measured maps, and no responsibility for cartographic or surveying errors is assumed.

This appraisal is to be used in whole and not in part, in particular, no part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media, without the written consent and approval of the author, particularly as to valuation conclusions, the identity of the appraisers or firm with which he or she is connected.

The distribution of value between land and building applies only under the present program of utilization and is invalidated if used in making a summation appraisal.

No responsibility is assumed by the Appraisers for matters which are of legal nature, nor is any opinion on the title rendered herewith. Good title is assumed as a title search was <u>not</u> made available.

The property has been appraised as though free of liens and encumbrances, except as herein described. Charges for solid waste collection are a special assessment in Monroe County; delinquent charges for solid waste collection, or other liens against the subject property have not been considered in the valuation contained herein as a title search was <u>not</u> made available or conducted by the appraisers.

The management of the property is assumed to be competent and the ownership in responsible hands.

At the time of inspection the main historic school building was vacant.

A survey of the subject site was made available as noted above. According to the survey, there are no easements or encroachments noted. Valuation is reported without regard to questions on boundaries. No responsibility is taken by this office for the accuracy or in regard to any questions on the nature of encroachments, encumbrances, or dissimilarities in measurement. If any discrepancies are noted due to the site size, easements and/or encroachments, we reserve the right to amend the final indicated values herein.

This report contains the results of our investigation and analysis made in order to furnish an estimate of the *"As Is" Market Value of the Fee Simple Interest* of the property described herein. Since, the subject is not encumbered by a long-term lease, a Leased Fee valuation was not applicable. However, the reader is cautioned that a title search was not made; thus, no other encumbrances are considered herein.

The Appraisers herein are not required to give testimony in court unless arrangements have been previously made thereof.

The Appraisers assume that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The Appraisers assume no responsibility for such conditions, or for engineering which might be required to discover such factors.

Information, estimates and opinions furnished to the appraiser, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished to the Appraisers can be assumed by the Appraisers.

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. The appraisers have not made a specific survey or analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since the appraisers have no direct evidence relating to this issue, a possible noncompliance with the requirements of the ADA in estimating the value of the property has not been considered.

Disclosure of the contents of the appraisal report is governed by the Bylaws and Regulations of the professional appraisal organizations with which the Appraisers are affiliated.

The undersigned Appraisers have no present or contemplated future interest in the property and the compensation is in no manner contingent upon the value reported.

Possession of this report does not carry with it the right of publication or advertisement of any of its conclusions, nor may any except the applicant use the same for any purpose without the previous written consent of the appraiser or the applicant.

In this appraisal assignment, the existence of potentially hazardous material, such as the presence of radon, asbestos insulation and/or existence of toxic waste, which may or may not be present on the property, has not been considered. The appraisers are not qualified to detect such substances. We urge the client to retain an expert in this field if desired.

This appraisal report has been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the appraisal organizations with which the Appraisers are affiliated.

This appraisal report is in conformity with the Uniform Standards of Professional Appraisal Practices and this appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

An Environmental Management Plan of the subject property that was prepared by Briggs Associates International, Inc. and review by The Environmental Management Group, Inc. was made available to the appraisers. The report revealed the presence of asbestos containing materials and provided a management plan for the elimination and containment. The subject property is not listed on the Super-Fund List published by the Environmental Protection Agency; therefore, the appraisers do not know of any environmental hazards on the property. The appraisers are not experts in the field of environmental hazards. An expert in the field is recommended if desired, as no environmental tests were made by the appraisers.

The discovery of latent conditions is beyond the scope of this appraisal. Detection of latent conditions requires the expertise of qualified persons such as architects and engineers. Latent conditions include, among other things, non-apparent structural conditions; presence of prohibited hazardous wastes; presence of radon gas, methane gas, asbestos, lead, petroleum products and other air, soil, or water contaminants; and many other conditions too numerous to mention which may affect the value of the property being appraised. The appraisers conducting this appraisal are not qualified to detect latent conditions and have conducted this appraisal upon the assumption that no latent conditions (including those mentioned above and others) exist on the property covered by this appraisal.

ACCORDINGLY NOTICE IS HEREBY GIVEN that neither the appraisers conducting this appraisal, nor the APPRAISAL COMPANY OF KEY WEST make any warranty, express or implied, to property covered by this appraisal, and neither shall have any liability to any person for differences in the value of the appraised property, or other damages, resulting from discovery of latent conditions (including those mentioned above and others) on, or in proximity to, the appraised lands.

We hereby certify that to the best of our knowledge and belief the statements of fact contained in this report, upon which the analyses, opinions and conclusions expressed herein are based, are true and correct; also this report sets forth all the limiting conditions affecting the analyses, opinions and conclusions contained in this report; also this report has been made in conformity with the National Association of Real Estate Boards and the Appraisal Institute.

CERTIFICATE OF APPRAISAL

WE HEREBY CERTIFY THAT UPON APPLICATION FOR VALUATION BY:

MR. FRED SIMS, TPM LIAISON
MONROE COUNTY SCHOOL DISTRICT

We have personally examined the following property:

Commonly Known as:

Glenn Archer School
1300 White Street
Key West, Florida 33040

Based on market analysis, inspection and research, it is our opinion that the *"As Is" Market Value of the Fee Simple Interest* of the subject property, commonly known as Glenn Archer School, 1300 White Street, Key West, Florida, based on its Highest and Best Use for conversion and redevelopment, subject to definitions, assumptions and limiting conditions, as of February 23, 2010, is:

SIX MILLION TWO HUNDRED THOUSAND DOLLARS
($ 7,600,000)

No personal property has been included in this valuation.

WE ADDITIONALLY 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, opinion, 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 interest in the property that is the subject of this report and no personal interest with respect to the parties involved. We have previously appraised the subject property within the (three years of the effective date) period.

- 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 a direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

- Our reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal.

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

- The use of this report is subject to the requirements of the State of Florida relating to review by the Florida Real Estate Appraisal Board of the Department of Professional Regulations, Division of Real Estate.

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

- James E. Wilson and Richard Padron, CCIM, MSA have made a site visit and a walk-through of the subject property and improvements.

- No one has provided significant professional assistance to the persons signing this report.

- As of the date of this report, I James E. Wilson have (Not) completed the continuing education program of the Appraisal Institute.

APPRAISAL COMPANY OF KEY WEST

SEAL

Richard Padron, CCIM, MSA
State-Certified General Real Estate Appraiser
Certificate No. RZ 0000544

James E. Wilson, President
State-Certified General Real Estate Appraiser
Certificate No. RZ 0002164