

FLORIDA ECONOMIC OVERVIEW
PREPARED FOR
OZINUS REALTY, LLC.
MR. STEVE McKNIGHT

The subject property is located in Lee County, Florida. As of October 2014, Florida is the 4th most populated state with a current population of 19,787,759. This is a 1.2% increase over the previous year. Florida, like the rest of the country, is currently in the process of recovering from a severe downturn. On a positive note, the most recent State of Florida unemployment data indicates a current unemployment rate of 6.2%, which is significantly lower than $\pm 7.0\%$ a year ago. As the real estate/construction industry continues to make a comeback, this unemployment rate may continue to fall. Statewide, property values are generally on the rebound.

Industrial: The outlook for investment in industrial properties declined again this quarter from its peak in the first quarter but remains positive. Rents and occupancy are expected to increase in coming quarters. Cap rates and yields increased sharply for Flex Space and decreased slightly for Warehouse. Respondents expect rates to remain relatively stable in future quarters for both industrial sectors.

Retail: The outlook for retail properties continued to improve this quarter for all sectors except Large Centers. Growth in rents and occupancy are driving the optimism. However increasing interest rates and declining consumer incomes will have an impact on this segment. The positive fundamentals continue to drive cap rates and yields lower across all but one segment of this sector. Respondents believe that cap rates should remain stable while yields increase over the coming quarters.

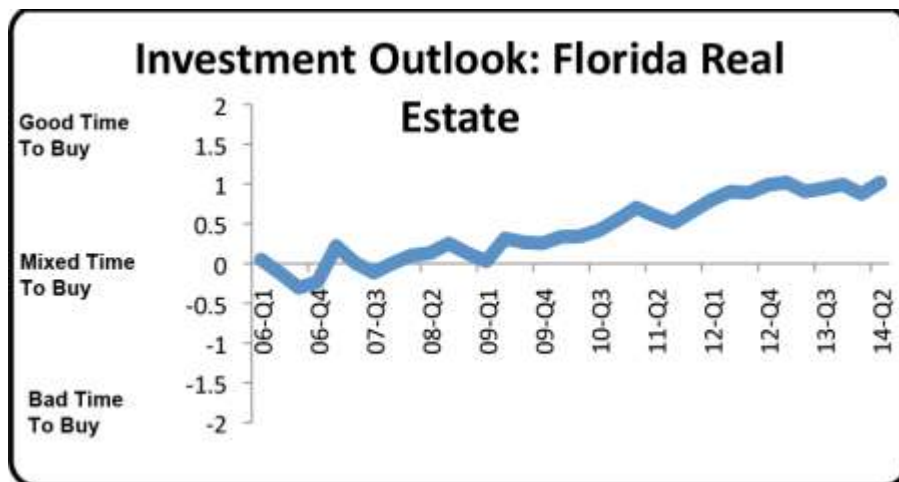
Capital Availability: Respondents continue to believe that capital availability will increase in future quarters. An improving economy and increased lending activity by banks is driving respondents' opinions. Additionally, private equity continues to pour into this asset class looking for higher yields.

Commercial Real Estate Sentiment Index: The Sentiment index increased this quarter to its highest level since the 4th quarter of 2006. Surprisingly, Developers now have the most optimistic outlook of their own businesses, reaching a new survey high. Brokers and owners are close behind in their optimism. Surprisingly, the steadiest group is the least optimistic with appraiser's having the lowest outlook.

Investment Outlook: The investment outlook for Florida improved to a near survey high this quarter, increasing from last quarter's decline. Despite uncertainty in the national economic view, Florida's economy continues to improve. Increased employment, record tourism, and international investment have proven a catalyst for the real estate markets. These factors are leading respondents to believe that fundamentals will continue improving in future quarters across all sectors. These improving fundamentals along with a shortage of supply are increasing development activity and therefore the outlook for investment in land, which continues to improve the overall investment outlook.

Respondents remain concerned about the uncertainty in Washington D.C. and the effect on interest rates. Consensus among the respondents is that interest rates will increase but worry about the rate of increase and the timing.

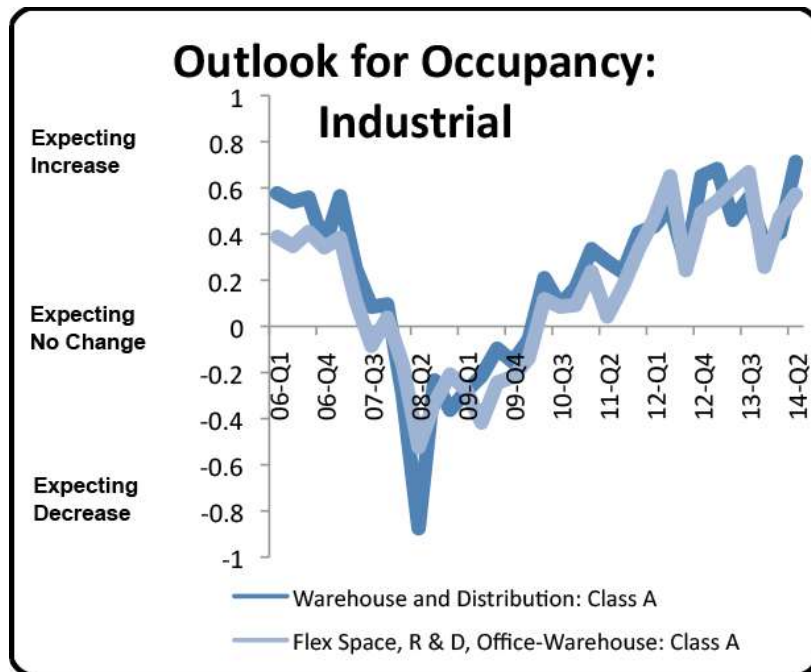
This investment index is weighted 40 percent on single family and residential condominium development, 40 percent on rental property of all types, and 20 percent on undeveloped land. Thus, it is at least fifty percent driven by the residential development outlook.



Industrial - Expected Occupancy: The outlook for occupancy in the industrial sector improved this quarter across both sectors, with the Warehouse sector reaching new survey highs. Continued improvement in the economy is generating more construction employment and small business starts which traditionally use flex space. Additionally,

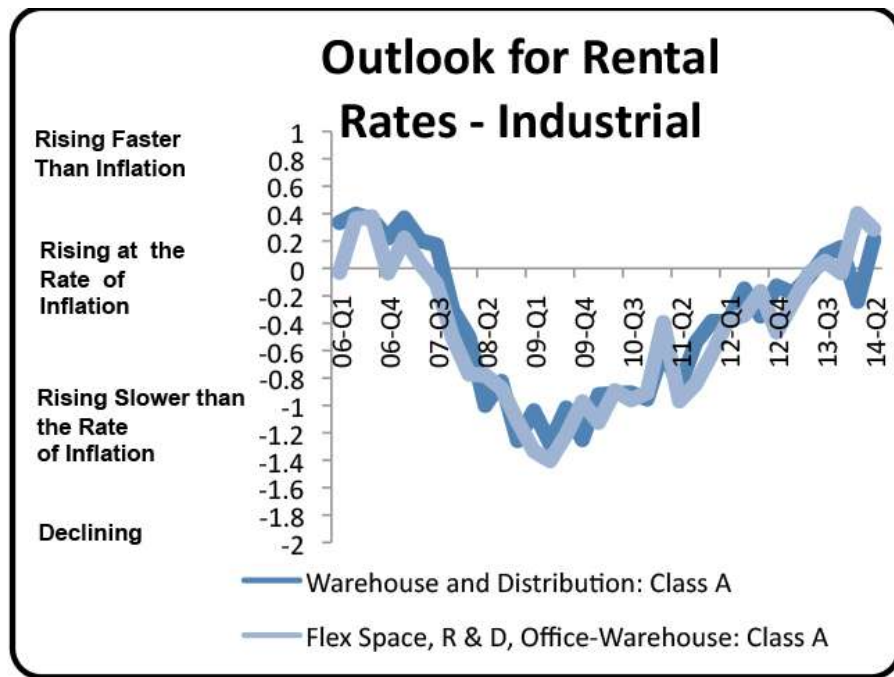
the continued strong trade with Latin America is having a positive impact on warehouse space.

Retailers continue reinvent their business models in a race to provide next day or same day delivery. This is changing the face of industrial real estate as warehouse space is becoming a necessity to get closer to the end consumer. Amazon's two distribution facilities in the Tampa/Lakeland markets are just the start of what will be a continuous expansion of warehouse space.



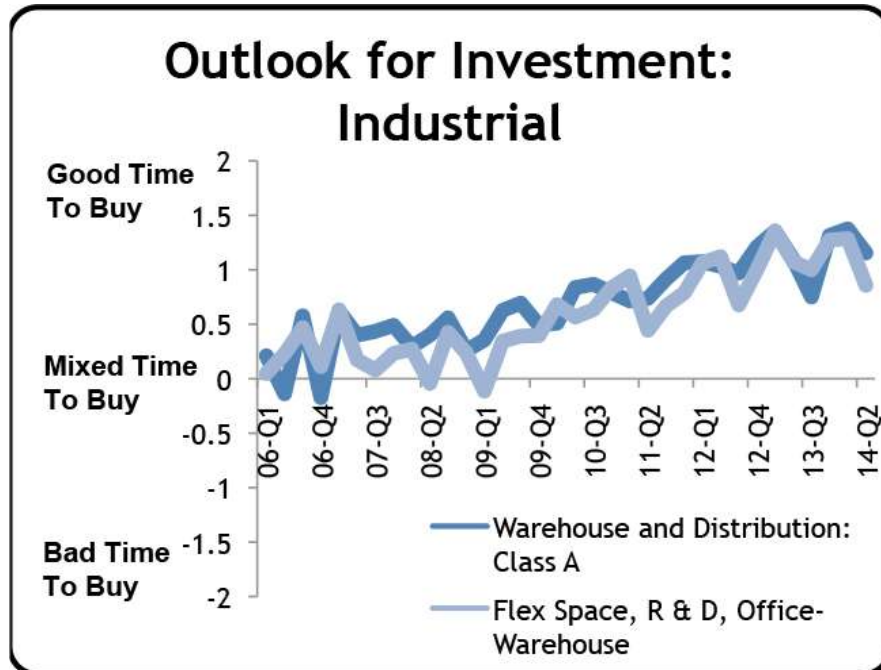
Expected Rental Rates: Industrial rent expectations have steadily improved since the bottom in the second quarter of 2009. Improving demand for space and limited new development is driving expectations for rental rates higher over the next year.

Availability of land for industrial development will be a big factor in which communities will benefit the most from the industrial expansion needs. Locations with multimodal connections will continue to command the highest rents and rent growth along with technology parks.

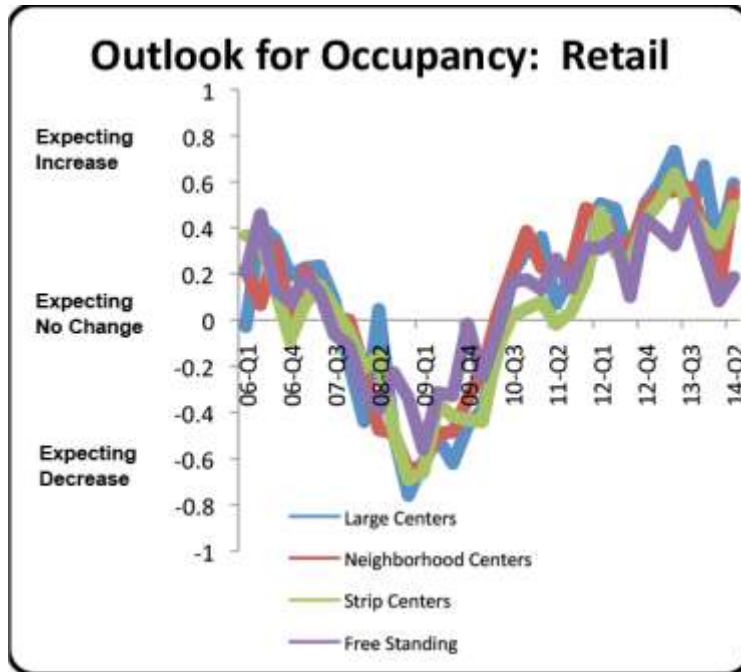


Investment Outlook: The outlook for investment in industrial real estate remains positive, but declined slightly this quarter. Improving fundamentals continue to influence respondents' view of investment in this sector. Continued positive trade with South America and the expected positive impact of the Panama Canal expansion along with a limited amount of new supply coming to market will have positive effects on this sector. However, rising interest rates pose a threat to those fundamentals and investors will

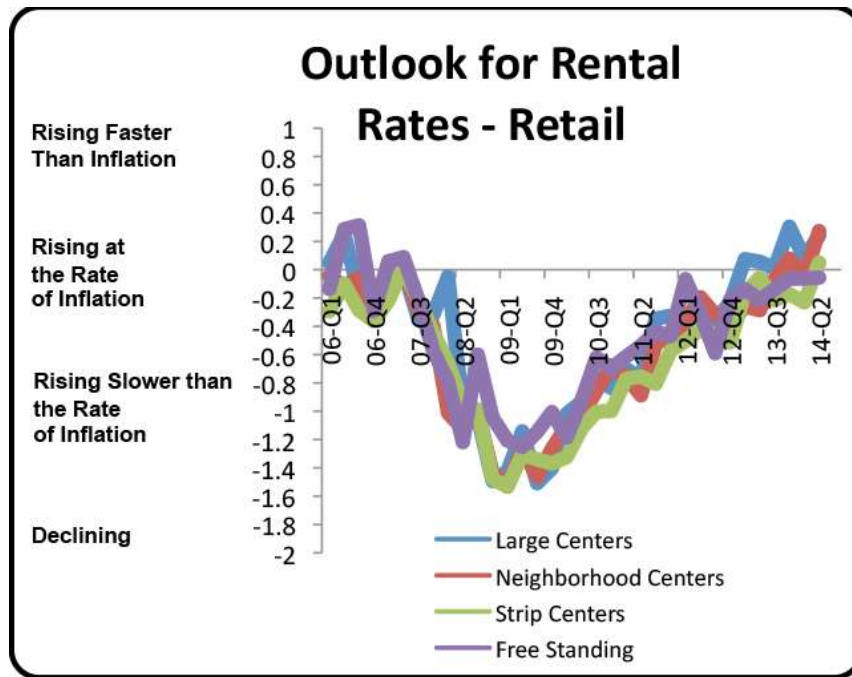
maintain a close watch. Additionally, technology, particularly the rise of the 3-D printer may have a negative impact on this sector.



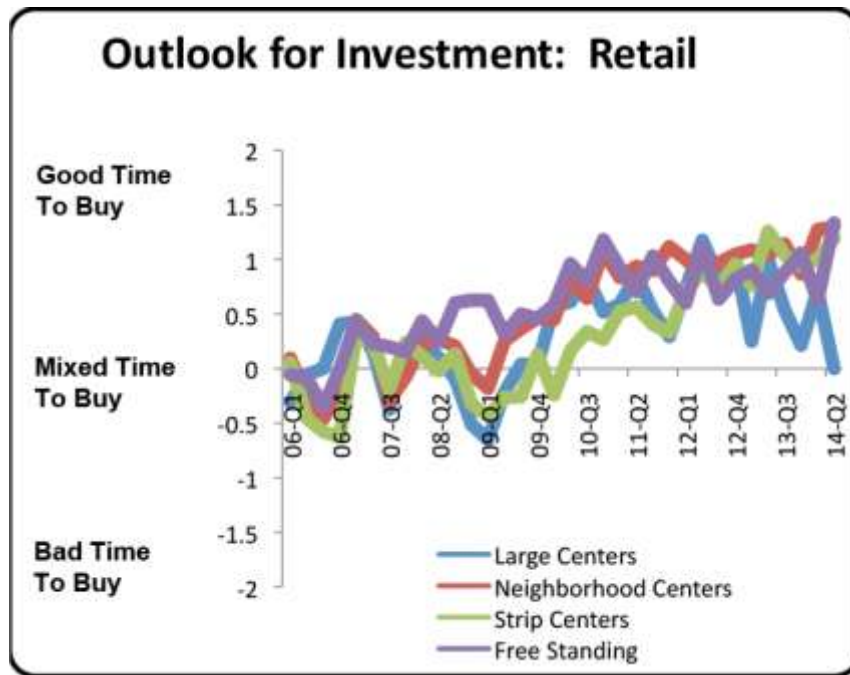
Retail - Expected Occupancy: The outlook for occupancy remains strong for retail occupancy across all sectors this quarter. This optimism is being driven by the improving economy, consumer confidence, and growth within Florida. Retailers continue to look for quality locations throughout Florida and have increased their store openings for the coming year. The University of Florida Bureau of Business and Economic Research’s consumer sentiment index was 82 in June, the highest level since 2007. Additionally, the state continues to set records with the number of visitors coming to Florida which is also helping to boost retail sales. These factors should continue to drive occupancy in retail going forward.



Expected Rental Rates: The outlook for rental rates remained positive this quarter with most respondents believing that rental rates will rise with inflation. Given the strong outlook for occupancy, we would expect that rental rates will grow in the absence of new supply and reduction in available space. Continued growth in job production and an improving economy should maintain consumers' confidence which will encourage continued spending. Retailer expansion and competition for the best locations will continue to have a positive effect on rental rates.



Investment Outlook: The outlook for investment in retail remains positive across all subsectors with the exception of Large Retail. Improving fundamentals continue to drive investment outlook. Florida’s economy and job growth are having a positive impact on consumers which will benefit retailers. As long as Washington does nothing to negatively impact consumers, this trend will continue. Retailers are continuing to look for ways to increase efficiency while decreasing store size, which explains the decline in outlook for Large Retail. Additionally, online retailing continues to exert pressure on retailers particularly in the electronics and book sectors. Grocery anchored centers continue to be the favored investment option for investors, who prefer best in class grocers in primary locations. Interest rates will also factor into the outlook as higher rates will drive higher cap rates and yields.



Conclusion: The housing rebound, lower foreclosure rates, lending institutions selling troubled assets, lower unemployment rates, and lower vacancy rates all indicate that Lee County is experiencing an economic rebound. Therefore, the economic outlook for Lee County and the State of Florida is guarded, but consumer confidence is fairly high. As generation Baby Boomers continue to retire and seek a more tropical climate, population levels in the State of Florida should continue to increase. Therefore, the future outlook for both Industrial and retail properties is considered to be favorable on both the state and the local levels.