

PINEROOTS

Timberland / Natural Resources / Conservation Offering
6,989±



SEALED BID

— PINEROOTS —

Timberland / Natural Resources / Conservation Offering *6,989± acres in Columbia County,*

On behalf of Pineroots, LLC, Verdura Realty, LLC invites interested parties to purchase land, timber, and mineral rights on 6,989+/- acres located in Columbia County, Florida.

This offering utilizes a sealed bid process – all bids must be submitted to and received by Arnie Rogers of Verdura Realty, LLC on or before 4:00 p.m. Eastern Standard Time on May 15, 2020.

Enclosed please find the following items:

- Timberland / Natural Resource / Conservation Offering Summary
- Confidentiality Agreement
- Sealed Bid Form

Access to the Pineroots tract data room will be granted upon receipt of the Confidentiality Agreement.

Thank you for your consideration. I look forward to working with you on this outstanding timberland / natural resource / conservation investment opportunity.

Sincerely,



President
(850) 491-3288
arogers@verduraproperties.com



227 E. 6th Avenue
Tallahassee, FL 32303

Timberland / Natural Resource / Conservation Summary

6,989 +/- Acres in Columbia County, Florida

Overview:

Verdura Realty, LLC (“Broker”), as a representative for Pineroots, LLC (“Seller”), invites interested parties to purchase land, timber, and mineral rights on 6,989+/- acres located in Columbia County, Florida (“Property”). The Property is being offered as one tract – no offers will be considered for partial acreage bids. A sealed bid process will be utilized to effect a sale.

Timing:

Inspection Period:	Through May 14, 2020
Due Date for Sealed Bid:	May 15, 2020
Selection for Winning Bid:	May 19, 2020
Submittal of Purchase and Sales Contract	May 22, 2019
Execution of Purchase and Sales Contract:	May 29, 2020
Date of Closing:	On or before June 26, 2020

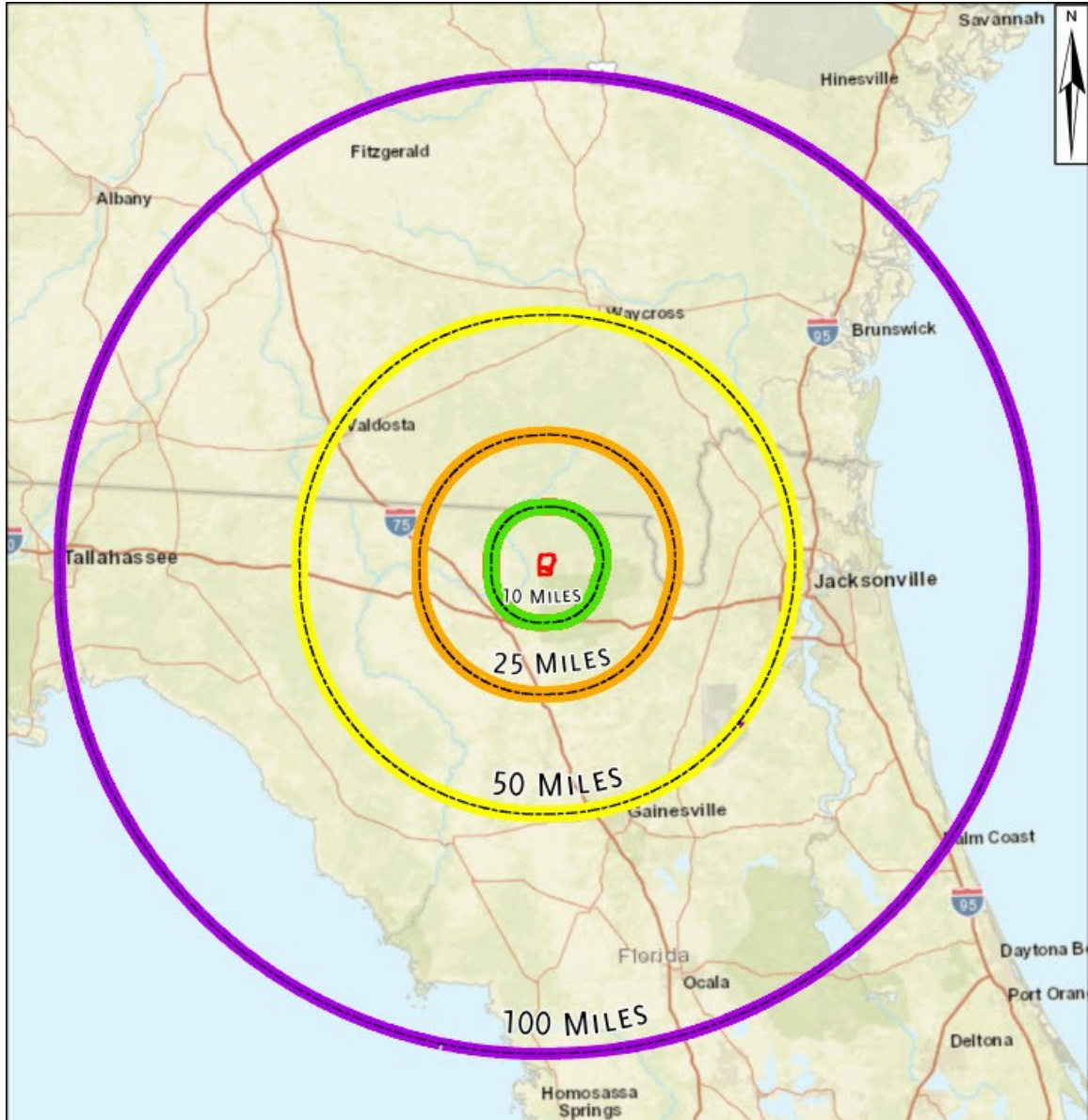
Property Overview

It’s a rare occurrence indeed when a property possesses three characteristics which each, in their own right, bring strong contributory value to a landowner. Pineroots is one of those special tracts as it hits a trifecta from a timberland, mineral, and conservation vantage point.

Located in north Columbia County, Florida in one of the most productive and sought-after geographic areas for timberland, the 6,989-acre contiguous Pineroots tract is an exceptional institutional investment. Professionally managed by Rayonier under a long-term timber lease which expired at the end of 2018, Pineroots is available to purchase for the first time in over 80 years.

Despite a Professional Geologist’s lofty valuation, the family recognizes the long term process and expense for monetizing the phosphate resources. As such, they have elected to aggressively price the property for a quick sale with the expectation of a relatively modest premium for the resources. To ensure a closing, a significant amount of due diligence has already been performed including a timber cruise, mapping, phosphate rock assessment, phase I environmental study, and title work.

Location Map



Timber Summary

Approximately **49 wood-using facilities** are located within a 100-mile circle of the property, including Georgia Biomass chip producer; Rayonier, WestRock and PCA pulp mills; West Fraser, Klausner and Langdale chip-n-saw mills; and many other facilities. Within this radius are Waycross, Valdosta, Jacksonville, Brunswick, Lake City, and Gainesville. Because of the area's strong wood markets, the prices paid for pine pulpwood are among the highest in the country.

The planted pine strata is effectively from 1 to 15 years old - an isolated, 10.4 acre, 23 year-old stand is the only +17 year old planted pine timber. Slash is the dominant specie and stands are mostly well-stocked and reflect good reforestation practices. The natural timber resource varies from fully-stocked, mature soft and hard hardwood to areas that are regenerating or have recently been harvested. The most accessible wood has been harvested with the remaining natural timber almost all in wetlands.

Of the tract's total 6,989 acres, 3,988 (57%) are in planted pine of which 3,052 acres are pre-merchantable, 2,852 (41%) are in natural timber and 149 (2%) are in non-forest. Convertible/non-convertible and upland/wetland land delineations are similar reflecting that the land is almost fully planted.

CRIFF soil group C is most prevalent followed by CRIFF B's. Both soils have argillic horizons while the C's are spodic. These are productive timberland soils capable of good un-amended growth and excellent growth when amendments are added (competition control, fertilizer application).

Phosphate Resources

Pineroots lies within the North Florida Phosphate District. The geology of the District is well known and has been the site of phosphorite rock mining and mineral beneficiation at the nearby Swift Creek and Suwannee River mines since the mid-1960s. Drilling data from Pineroots indicates the phosphate deposits are significantly similar to those areas in the North Florida Phosphate District that have been mined and processed for over 50 years.

In 2009-10, Pineroots was drilled by PCS Phosphates, an affiliate of Potash Corporation of Saskatchewan (PCS), now Nutrien - the cost for this drilling, conducted in two phases, is estimated to have exceeded \$1M. There were 362 holes drilled (19 holes/acre average) representing 21,927 feet of drilling to a maximum depth of 97 feet.

To assess the quantity, quality, and value of the minerals, the Seller retained Henry J. Lamb, P.G. (Professional Geologist), principal with Mineral Resources & Associates. Mr. Lamb holds a Bachelor of Science degree in Geology from North Carolina State University and a Master's of Science degree in Geology from Michigan Technological University.

He has practiced as a Geological Consultant in the international phosphate rock and fertilizer industry since 1977. For over 40 years, Mr. Lamb has provided professional services to phosphorite and phosphate rock projects in varying aspects of exploration, resource and reserves evaluation, development, operations, maintenance and marketing. These services have ranged from scoping to feasibility studies, geologic exploration, resource and reserve estimation, mine planning, permitting, ore characterization, laboratory and pilot plant test design, due diligence investigations, economic and financial analysis, rehabilitation of existing facilities, verification of development and

construction activities, and interpretation of geologic factors as they impact mine and beneficiation plant design.

The analysis performed by Mr. Lamb show that the Property contains an enriched, sedimentary marine phosphorite with the potential to yield a commercial phosphate rock concentrate using known procedures for mining and mineral processing. Based on chemical analysis, the phosphate rock products are suitable for the manufacturing of phosphoric acid as an intermediate product to the production of ammoniated phosphate-based fertilizers.

The phosphorite for the Pineroots deposit is estimated at 211.75 million ore tons at 13.9% P₂O₅ contained within an area of 5,061 mineable acres. The average overburden thickness is 35.8 feet overlying an average of 19.5 feet of phosphorite. The ore is estimated to yield phosphate rock resources 30.4 million tons of phosphate rock pebble and concentrate products containing 29.8% P₂O₅ (65.1% BPL). An estimated 1,925 acres are classified as unmineable due to low quality and quantities of phosphate rock resources. Potential resource losses due to legal setbacks, environmental issues, economic, mining and process losses have not been estimated.

Importantly, based on the reporting standards of NI 43-101, fully 84% of the Pineroots ore deposits are classified as a **Measured Resource** based on a drill hole pattern where spacing does not exceed 1 hole per 20 acres plus phosphate rock quantity and quality characteristics. This is a more reliable gauge than an “inferred” and “indicated” status.

All mineral rights are owned by the Seller and will be transferred to the Buyer at closing.

Conservation Overview

Pineroots is located within the *Ocala to Osceola Conservation Corridor (O2O)*, a 1.6-million acre landscape of public and private lands that connect the Ocala and Osceola National Forests. Adjacencies to public lands are an important consideration in conservation acquisitions and Pineroots shares almost four miles of a common boundary with the Osceola National Forest. The O2O includes priority lands for the Florida Ecological Greenways Network (FEGN) and is a significant part of the Florida Wildlife Corridor. The objectives of this conservation initiative include protecting wildlife, natural resources, and working forestry; preserving water quality; and increasing lands around existing military bases.

The Florida Department of Environmental Protection (FDEP) has designated the Property as a **Florida Forever** Property as part of the Pinhook Swamp project - it is ranked #22 on the Critical Natural Lands priority list. While this is significant, the ranking could actually be understated as the list often includes properties of disinterested landowners. Currently, there appears to be a window of opportunity with the State. They now are actually trying to spend money on public lands - something that was virtually non-existent under the previous administration.

Another available conservation option is the use of a conservation easement that can take the form of a sale or donation. Under either arrangement, a “less than fee” interest in a property would be conveyed but the owner would keep the land and retain many of its current uses such as upland forestry and recreation. In exchange, certain rights would be relinquished, namely development and certain activities in ecologically sensitive areas. There are tax advantages that can result from a conservation easement including lowering the basis of the land and generating federal tax deductions.

Inspecting the Property

Once the Confidentiality Agreement and Liability Release are signed, arrangements will be made with Broker so that the Property may be viewed during the Inspection Period ending May 14, 2020.

Sealed Bid Process

Pineroots will be sold utilizing a sealed bid. Bids should be emailed or sent by U.S. or express mail as shown below. The Bid Form contained in the data room is required. If any changes have been made to the Purchase and Sales Contract, please submit a red-lined version as part of your bid submittal. It is highly recommended that you verify by phone the receipt of your bid as neither Seller or Broker is responsible for any physical or electronic delivery delays.

Arnie Rogers
Verdura Realty, LLC
227 E. 6th Avenue
Tallahassee, FL 32303 (850)
491-3288
arogers@verduraproperties.com

All bids must be on a “total price” basis as opposed to a “per acre” basis. No adjustment will be made based on timber volume/valuation calculations. There is no survey; however, the acreage disclosed herein is based on GIS measurements.

There will be a private opening of sealed bids at 4:30 p.m. Eastern Standard Time on May 15, 2020. The results from the bids will be reviewed by the Seller, Broker, and Seller’s legal counsel but they will not be disclosed to bidders. All bids will be assessed on price and bidder’s proposed changes to the Purchase and Sales Contract, if applicable.

The Seller reserves the right to reject any and all bids. Additionally, Seller, at its sole discretion, may terminate the sale and bid process, alter the bid process or requirements, or modify the terms of the sale of a selected bidder.

Notification of acceptance or rejection of a bid will occur on or before May 19, 2020. The successful bidder is expected to execute a Purchase and Sales Contract substantially similar to the one provided in the data room and deliver it to Broker and Closing Attorney

by May 22, 2020. Simultaneously, an earnest money deposit in certified funds equal to 5% of the purchase price must be sent to First American Title Insurance Company where it will be held in escrow and credited toward the purchase price at closing.

Data Room

Once the Confidentiality Agreement has been signed, the following information will be accessible in the data room.

- Bid Process Details
- Release of Liability Form
- Bid Form
- Maps
- Photos
- Title Commitment from First American Title Insurance Company
- Timber Information and Shape Files
- Phosphate Rock Mineral Assessment
- Phase I Environmental Assessment
- Purchase and Sale Contract
- Terms and Conditions
- Current Property Taxes
- Hunting Lease and Apiary Lease Information
- Viewing the Property

Purchase and Sale Contract - Terms and Conditions

Once the bid has been awarded, it is anticipated that the Seller and Buyer will sign a Purchase and Sale Contract by May 29, 2020. Shown below are the primary terms that will govern the contract.

General Terms

- All cash at closing
- No feasibility period (due diligence to be completed during the Inspection Period)
- No price adjustment based on any differences that Seller and Buyer may have with respect to timber volumes/values
- Buyer to be responsible for any rollback taxes and penalties associated with a change in the Property's use that occurs post-closing

Seller's Expenses

- Florida Documentary Stamp Taxes
- Title examination, title commitment, and expenses for title clearance matters
- Real estate commission
- Seller's attorney's fees
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Buyer's Expenses

- Owner's title policy premium
- Lender's title policy premium
- All expenses related to financing
- Survey
- Timber Cruise (other than what has been provided by Seller)
- Environmental studies (other than what has been provided by Seller)
- Recording of the warranty deed
- Buyer's attorney's fees

Closing Process

Closing will occur at the offices of Ausley & McMullen, P.A. in Tallahassee, Florida within 30 days after the full execution of the Purchase and Sales Contract. Closing may take place by electronic means.

Broker

Verdura Realty, LLC will split a real estate commission on a 50/50 basis provided the real estate broker representing the Buyer (1) is licensed in the State of Florida (2) is appointed by Buyer in writing and such appointment letter is delivered to Verdura by March 30, 2020 (3) is actively engaged in the sales process from the beginning to end.

Hunting and Apiary Leases

Hunting and apiary leases generate approximately \$26,000 per year and are cancellable on seven days' notice.

Current Property Taxes

Information on property taxes are included in the data room.

No Representations or Warranties

Verdura Realty, LLC ("Broker") is the exclusive agent for the sale of the Pineroots tract ("Property") owned by Pineroots, LLC ("Seller"). The Property is being sold on an "As Is" basis and neither Seller or Broker make any representation, guarantee, or warranty regarding the completeness or accurateness of the information contained herein. Furthermore, neither Seller, Seller's representatives, or Broker shall bear any liability from a bidder's use or reliance on information contained in the Timberland / Natural Resource / Conservation Offering and/or data room as such information is made available as a tool to assist potential bidders. As such, bidders shall not rely upon any such information provided by or on behalf of Seller, Broker or any of their representatives in the development of a binding bid. Potential bidders should satisfy themselves as to the adequacy of all information prior to submission of their binding offer.