

LAKE NONA: ACCELERATING INNOVATION THROUGH COLLABORATION

Guest Speaker: Skipper Peek

OK, our speaker today is Skipper Peek. Skipper is a major player in commercial real estate with a long career working for companies like Highwoods Properties, the Real Estate Investment Trust, DeBartolo Group. He is currently the vice president of development for Lake Nona. Lake Nona is a, I want to say 7,000 acre plan development in southeast Orlando with something like seven million square feet of development, but I will let Skipper tell you more about. Thank you, Skipper.

Thanks, Greg, and thanks for having me here. I've been doing this every year now for a little while, and it's always a lot of fun to come here and visit with the students. What we're going to talk about today is Lake Nona. As Greg pointed out, it's a 7,000 acre community located in Southeast Orlando that's received a lot of national acclaim based on various things we're doing there and various users that have located there over the last several years.

I've got a PowerPoint deck. It says August 14th. It's actually October 22nd today. I borrowed this from on the shelf, but it's kind of a top to bottom overview of what we're doing at Lake Nona and some of the things that we think make it different as a community.

This is our master plan. The limits of what you see there is approximately 7,000 acres. That's bisected by State Road 417, which is a belt way that surrounds the city of Orlando. And we're in the various southeast sector of Orlando and literally touch the airport and have a handful of exits on 417.

To give you a little bit of perspective, this is the master plan of Lake Nona overlaid on Manhattan. So as you can see, it's a fairly substantial parcel of land. Most people, or many people know Lake Nona for the northern half of the project where the golf and Country Club was developed back in the middle '80s, and it's one of the best golf courses in the state of Florida, and it's home to several of the top golfers in the world.

And so a lot of people have known it from that historically, but more recently over the last several years, we've been fortunate to land a number of medical, and education, and life science users, which are really the catalyst for a lot of other development that is now occurring and has driven a lot of employment growth, which is driving housing demand, which is in turn driving demand for retail centers, and hotels, and apartments and such.

And so it's been very active, notwithstanding the Great Depression over the last-- or recession, depression, whatever you want to call it-- over the last several years, things have been going really well there. Were anchored by five different entities that have been developed over the last six, seven years.

The total capital commitment on those was approximately \$2 billion, and they include the University of Central Florida's Medical and Life Sciences campus. The Veterans Administration has a 1,200,000 square foot hospital that's partially open and will soon be opened all the way.

The Sanford-Burnham Medical Research Institute, which is one of the preeminent research outfits in the world. Nemours Children's Hospital, it's a pediatric Children's Hospital that's funded by the DuPont Nemours foundation, and then finally University of Florida has a research facility there which also houses the graduate level of pharmacy program.

This is an aerial view of two buildings on UCF's Health Sciences campus. Our owner, Mr. Lewis, donated land and cash to the University of Central Florida to help them start a life sciences campus at Lake Nona, and part of the agreement with UCF is that everything they do in graduate level health sciences will occur at Lake Nona.

The first two projects they did was their College of Medicine and a research facility, which totaled about 375,000 square feet, but they have entitlements for close to two million square feet and have a very robust building plan over the next 10 years. And so this is just the very beginnings of something that'll be very significant.

Next is the Sanford-Burnham Medical Research Institute. This is their east coast headquarters. They're doing cutting edge research in all sorts of areas, but their focus is on aging at Lake Nona, and cardiovascular diseases. This is the University of Florida's research facility. It's been open about two years now.

The Nemours Children's Hospital. They let the kids regulate the lights and change the colors in their room, so that's in an actual photograph and reflects the colors of the day for the children there. This is the VA Medical Center, which is, again, partially open now, but will be ramping up over the next six months or so, and once it's fully ramped up will have 2,100 employees and serve 4,000 veterans a day in this facility.

We're going to break ground on a wet lab facility on October 30th. This is a rendering of that. It's about a third prelease to GuideWell, which is the former Blue Cross and Blue Shield of Florida, but we're working on leases with some other users there that we're excited about.

We just are about to complete a 75,000 square foot medical office building that's substantially preleased to Florida Hospital and to University of Central Florida's Pegasus Health Facility. They'll be doing outpatient surgeries here and providing clinical services in a number of specialties.

This is the first phase of a town center that's planned for Lake Nona. We're planning an open air mall, and if some of you that are familiar with Wiregrass Ranch, that's probably the best analog locally, but the Saint John's Town Center in Jacksonville's another example. There's a project called Kierland Commons in Scottsdale, Arizona, actually, that has kind of inspired our vision for that project.

This first phase includes an 85,000 square foot office building, a 204 unit co-branded hotel, a parking deck, and five restaurants. The hotel is going to be flagged by Marriott, and it's about half and half courtyard and residence and rooms. The office. We've topped out both of these buildings and we'll be opening in the next summer.

We've got 280 apartment units that will be breaking ground in the next 60 days or so, and those will be delivered in the fourth quarter of '15. That's right across from the first phase of the town center. We're working on getting shovel ready for a first phase of our corporate park that'll have up to 640,000 square feet of office space in three buildings.

In all of this, this activity and work was driven by an initial commitment to medical and life sciences back when Mr. Lewis and some of my colleagues were trying to decide how to position the project. They really felt like medical and life science was something that was going to have a great deal of vitality in the years ahead and would drive some very high end employment which would in turn drive some higher end other uses to the project.

And so far, it's panned out really well. There's a number of components to all the healthy health and life sciences clusters. I've got some graphs in here that I'll show you, but it basically entails the commercial aspects, the research aspects, the talent and such. And we've set about the last several years to try and congeal all of those things.

And what we're doing trying to do when all is said and done is to create the ideal place that inspires human potential through innovative collaboration. It's a mouthful, but it's something that we kind of live every day, and it's something we hope that will set us apart over time.

Most great clusters have a combination of users, and it's at these intersections of the various users and these collaborations amongst them that these new technologies and discoveries are made. The essentials of all life science clusters that we've studied across the United States have a clinical component, an education component, a research component, and a commerce component.

And basically, we believe that once you get the right institutions in place, and merge them with the right talent, and that talent in turn attracts grants and funding from NAH and others, that ultimately, new technology is born, and that will in turn be commercialized.

We've had a lot of people study us and look at us. Recently, Harvard did a case study on us and had a lot of favorable things to say. I won't read this to you, but we were pleased to have that recognition. But there's a lot more to what we're doing at Lake Nona than just the medical and the life sciences aspects.

We were very focused on the schools there, and took a very active role in trying to drive curriculum and some of the things that they're studying there, and tried to bring some of our partners to bear

in terms of technology and in addition to the curriculum that would and improve the schools. And we're fortunate that all the public schools at Lake Nona have A ratings and are very, very successful.

And we think in turn that that's going to help attract talent who's got children that they want to have great educations at public school pricing. All the schools out there are new or nearly new. Very fortunate in that regard. We front funded the Lake Nona High School to the tune of \$80 million and were repaid that over time.

Right next door is a campus for Valencia College, which is one of the largest junior colleges in the state, in the country until recently. They're now offering four year degrees in a variety of curriculum. A significant percentage of the high school students are taking college level coursework now, and a pretty significant percentage of them graduate with AA degrees from high schools, which is pretty cool. That's a shot of Valencia College.

We have housing at all sorts of different price points, everything from garden apartments up to homes that are in excess of \$10 million. Most of what we sell is between the 150 and the 650 range, but there's a lot of choices, which we think's very important as well. Laureate Park is a community that we started three years ago this month. It's been highly successful.

I've got a video that I'll show on that towards the end here. It's a traditional neighborhood designed and really, really well executed. A lot of differentiation in the housing types. And I think we shall see in the video it's turned out really, really successful. Lake Nona as a whole is the fastest selling community in metro Orlando by a multiple of two. So it's 100% more than the next fastest selling community, and it's, I believe right now we're the 13th fastest selling community in the country.

One of the other things we decided to do as a differentiator was provide great technological infrastructure. All the buildings there are embedding distributive antenna systems, which provide for very robust connectivity on cellular telephones, and we're also providing super fast broadband speeds.

We have the luxury and the benefit of owning this large, contiguous mass of land, which gave us the rights of ways and the ability to establish rights ways for conduit that would allow us to scale the technology package. This is a slide that's kind of interesting. It shows the average broadband speed of various countries throughout the world.

And you'll see the United States at basically 4.8, 5 megabits, which is pretty typical of what you would have seen from Bright House and Verizon in the Tampa Bay Area with an ability to upgrade to maybe 15 to 20 megabits if you paid extra. We are actually provided providing one gigabit speeds.

So we're basically 200 times as fast as the standard offering of most of the local incumbent providers, and I think that's been something that's separated us a little bit as well. There are a lot of people that are moving in. A lot of younger people, a lot of young professionals who are very

technologically savvy and appreciate the speeds. And we think that's been a very important driver for us.

In recognition of that, Cisco named us the ninth iconic city in the world, and we're on a very, very prestigious list. London, Barcelona, Prague, Seoul. There's just some amazing cities there, and to have a community be the ninth in the world is, we think, great recognition of some of the things we're doing.

We have an Institute that we established to foster collaborations among the various users, and it's focused in the health and wellness area, the education area, and in the sustainable technologies. And we have these councils that convene all the users, and they brainstorm and collaborate on how to make things better in those categories at Lake Nona.

Some of the participants in those partnerships include Cisco, Johnson & Johnson, Florida Blue, and General Electric. We're doing a lot with their healthy and eco imagination divisions. We put on a forum, and I'm not going to play the video tonight, but if you go on YouTube and Google Lake Nona Impact Forum, we're convening some of the best minds in the world once a year at this impact forum to discuss health and wellness, and how to change things for the better in the health and wellness category.

People like the CEO of Johnson & Johnson, Alex Gorsky, are typical of the participants on these panels. We're wanting to have pretty far reaching impacts, and we've had a pretty, I think, robust agenda, and we're receiving a lot of great recognition from people like Fortune, and Forbes, and others.

Fortune did an article that published on June 30th of this year. The cover question was, is Lake Nona medical and residential development the future of cities or a unique creation that can't be replicated? And we were really proud to have a magazine like Fortune make that kind of a statement.

But we've got other things we're working on. That's not all. We've recently announced the headquarters of the United States Tennis Association locating at Lake Nona. They will keep the US Open in New York, but virtually all the other training and administrative activities will be moved to Lake Nona, and we're very pleased with that. That's our most recent announcement, although we're working on another corporate relocation that'll be announced probably in the next 45 days or so.

So, in any event, there's a lot going on at Lake Nona in lots of different areas, and we're literally developing everything from single family homes, to townhomes, to apartments, to estate homes, to grocery anchored shopping centers, to malls, to smaller strip centers, power centers, office buildings, wet labs, hotels, and so on, and with all the while having a great commitment to programming and things that make the community livable for the residents and something that the residents can enjoy on a really human scale, which I think that Laureate Parks video speaks real well to.

So, in any event, that's really the overview of Lake Nona, and if you guys have any questions, I'd be happy to answer them.