

**COMPLETE/SUMMARY
APPRAISAL #2005-0350**

175.174± ACRES
THE GOLF CLUB
CAPE CORAL, FLORIDA

VALUATION DATE

MAY 10, 2005

PREPARED FOR

MS. KATHY BABCOCK
THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
2055 CENTRAL AVENUE
FORT MYERS, FLORIDA 33901

PREPARED BY

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May 10, 2005

Ms. Kathy Babcock
The School District of Lee County, Florida
2055 Central Avenue
Fort Myers, Florida 33901

Re: Complete/Summary Appraisal #2005-0350- 175.174± Acres, The Golf Club, Cape Coral,
Florida

Dear Ms. Babcock:

As requested, we have made a personal inspection and appraisal of the 175.174± acres located at 4003 Palm Tree Boulevard in Cape Coral, Florida. The purpose of this appraisal was to estimate the "as is" market value of the fee simple interest in the subject property as of May 10, 2005. This valuation is of the land only and gives no value to the improvements.

The appraisal report contains the data, analysis, limiting conditions, and conclusions of value. The property was assumed to be free of all liens and encumbrances except for typical conventional financing.

As of January 1, 2004, the Appraisal Standards Board of the Appraisal Foundation has approved revisions and modifications of the departure provision and Standards Rule 2 and 3 in the definition section of the Uniform Standards of Professional Appraisal Practice (USPAP). In compliance with Standard Rule 2-2 the appraisers are communicating to the reader that this report is considered to be a summary appraisal. This is one of the three reporting options allowed under this standards rule. The appraisers have prepared a summary appraisal of the subject property in which no departures from the guidelines of the Uniform Standards of Professional Appraisal Practice were invoked.

Ms. Kathy Babcock
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It is our opinion the "as is" market value of the fee simple interest in the subject property as of May 10, 2005, was:

TWENTY-EIGHT MILLION THIRTY THOUSAND DOLLARS

(\$28,030,000.00)

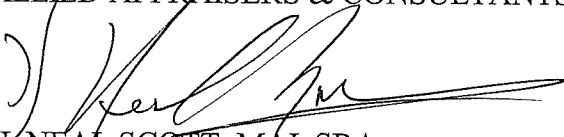
I certify that, during the completion of the assignment, I have personally inspected the property that is the subject of this report. I would like to recognize the assistance of Amanda Davis in the data collection for this report.

We certify we have no past, present or future interest in the real estate and to the best of our knowledge the facts contained herein are true and correct.

We appreciate this opportunity to be of service.

Respectfully submitted,

ALLIED APPRAISERS & CONSULTANTS, INC.



H. NEAL SCOTT, MAI, SRA
State-Certified General Appraiser RZ743

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PREMISES OF THE APPRAISAL

Purpose

The purpose of this appraisal has been to estimate the "as is" market value of the fee simple ownership of the subject property. A fee simple interest or estate is absolute ownership unencumbered by any other interest or estate; subject only to the limitations of eminent domain, escheat, police power, and taxation.

Intended Use

The intended use or function of this appraisal is for the exclusive use by the client for possible purchase of the property.

Intended User

The intended user of this appraisal is the School District of Lee County, Florida, and/or the owners of the property.

Effective Date

May 10, 2005

Date of Report

May 10, 2005

Date of Inspection

May 10, 2005

Definition of Market Value

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 and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well-informed or well-advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;

- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and,
- The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

SCOPE OF THE APPRAISAL

The purpose of this appraisal is to estimate the “as is” market value of the subject property. The subject property consists of 175.174± acres that are located at 4003 Palm Tree Boulevard in Cape Coral, Florida. The subject is the site of The Golf Club of Southwest Florida. This valuation gives no value to the present improvements.

This analysis will undertake a thorough study of the immediate neighborhood as well as the general area to identify the primary market competition for the subject property. An analysis of the site will be included. The highest and best use will be analyzed to estimate the highest and best use of the site as vacant. Generally, in the valuation of a particular property, there are three approaches to value—the cost approach, sales comparison approach, and income approach. The cost approach and the income approach are not applicable in this analysis.

The sales comparison approach is a method of estimating market value whereby comparable properties that have sold recently are compared to the subject property. The primary appraisal principle inherent in the sales comparison approach is the principle of supply and demand. If demand for potential types of property is high then prices tend to increase. Shifts in the supply of real estate tend to lag behind shifts in demand thus the emphasis in analyzing real estate markets at a particular point in time tend to be on the demand side. A closely related principle to supply and demand is the principle of balance. Another primary principle is the principle of substitution. This principle as it applies to the sales comparison approach holds that the value of a property that is replaceable in the market tends to be set by the costs of acquiring an equally desirable substitute property. As with all properties, external forces both positive and

negative affect all property types. These forces are evident within the neighborhood of a property. The sales comparison approach is considered the only applicable approach in appraising land.

EXPOSURE TIME AND MARKETABILITY

We have been asked to analyze and report the reasonable exposure time associated with the market value conclusions for the subject property. Reasonable exposure time is the amount of time necessary to expose a property to the open market in order to achieve a sale. Exposure time ends on the date of the market value estimate. Indications of the exposure time associated with the value estimates are provided by the marketing times of comparable sales, interviews with market participants, and an analysis of general economic conditions. In addition to analyzing and reporting the exposure time associated with the market value estimates, we have also been asked to consider and discuss the estimated marketing time it would probably take to sell the property if it were simply placed on the market on the same date being utilized in rendering our market value estimate.

It is important to recognize that exposure time and marketing time are two distinct time periods; exposure time ends on the effective value date while marketing time begins on the selected effective value date. The estimated time period associated with each concept may or may not be similar, depending on whether market activity in the immediate future continues in the same manner as in the immediate past. The estimation of a future marketing time period requires both the analysis of historical trends (i.e., exposure times) and the forecasting of future economic/market conditions.

Implicit in this definition of marketing time are the following characteristics:

- The property will be actively exposed and aggressively marketed to potential purchasers through marketing channels commonly used by sellers of similar type properties;

- The property will be offered at a price reflecting the most probable mark-up over market value used by sellers of similar type properties;
- A sale will be consummated under the terms and conditions of the definition of market value set forth in this report.

According to local brokers, a reasonable exposure and marketing period for properties like the subject is estimated to be approximately 1 to 3 years under current market conditions. Area brokers indicate that in the last two years there has been heavy activity of property in good condition, well maintained, and adaptable for various uses. According to these brokers, buyers in the market for comparable properties are taking more time to survey the available inventory before they make final purchasing decisions.

Typical market participants include owner/users, developers, and investors. An area survey indicates user types are local and regional businesses. Motivating factors for property turnover include: expansion/contraction of business operations, relocation, personal investment decisions, and other various considerations.

The subject neighborhood is in the growth stage of the neighborhood life cycle and has good supporting neighborhood characteristics. Based on the desirability of the neighborhood, Cape Coral is starting to become an area of Lee County for developers to build various types of improvements.

For the subject, competition comes primarily from other vacant land throughout the Lee County and Southwest Florida area. The supply of comparable properties in this market is considered to be below present demand.

Area brokers reported selling commissions ranged from 2% to 10% depending on the property and other various terms. Locally dictated

selling costs (of seller) include: title insurance, documentary stamps, and more recently, environmental audit fees. Refinancing costs currently range from 2% to 5% depending on the property, loan amount, and other variables. Refinancing costs typically consist of mortgage discount points, survey and appraisal fees, and other applicable closing costs.

Based on our analysis of the market and the exposure time of various sales, our concluded *exposure time* estimate associated with our value estimate is approximately one year.

In forecasting future economic conditions, it is our opinion that anticipated future demand characteristics will continue to improve/accelerate in the Cape Coral area.

Therefore, based on this forecast, it is our opinion that a reasonable marketing period for the subject property is one year, assuming the property were placed on the market on the effective value dated outlined.

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal represents the best opinion of the evaluators as to market value of the property as of the appraisal date. The term "market value" is defined in the appraisal report.

No survey of the property was made or caused to be made by the appraisers. It is assumed the legal description closely delineates the property, and was checked with tax records for accuracy. Drawings in this report are to assist the reader in visualizing the property and are only an approximation of grounds or building plan.

No engineering survey was made or caused to be made by the appraisers, and any estimates of fill or other site work are based on visual observation, and accuracy is not guaranteed.

No test borings or typing and analysis of sub-soils were made or caused to be made by the appraisers. Soil of the parcel under appraisal appears firm and solid, typical for the area; and subsidence in the area is unknown or uncommon. The appraisers, however, cannot warrant against such condition or occurrence.

Sub-surface rights (minerals, oil, or water) were not considered in this report.

Any tracts that, according to survey, map or plat, indicate riparian and/or littoral rights, are assumed to go with the property unless easements or deeds are found by the appraisers to the contrary.

Information as to the type and variety of trees, shrubs, and other vegetation mentioned in the report are believed correct from observation and personal knowledge, but no responsibility is assumed for complete accuracy.

Description and condition of physical improvements, if any, described herein are based on visual observation. As no engineering tests were conducted, no liability can be assumed for soundness of structural members.

The appraisers have carefully inspected any improvements described in the report, and any reference as to termites, dry rot, wet rot, or other infestation was reported as a matter of information by the appraisers; and existence or amount of damage noted, if any, is not guaranteed and the appraisers expressly disclaim any responsibility relating thereto. Inspection by a reputable pest control company is recommended for any existing improvement.

All value estimates have been made contingent on zoning regulations and land use plans in effect as of the date of appraisal, and based on information provided by governmental authorities and employees.

This appraisal report covers only the premises herein, and no figures provided, analysis thereof, or any unit values derived therefrom are to be construed as applicable to any other property, however similar they may be.

Distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. Separate valuations of land and improvements must not be used in any other manner, nor in conjunction with any other appraisal, and are invalid if so used.

Certain data used in compiling this report was furnished by the client, his counsel, employees, and/or agent, or from other sources believed reliable. Data has been checked for accuracy as possible, but no liability or responsibility may be assumed for complete accuracy.

No responsibility is assumed for matters legal in nature, nor is any opinion rendered herein as to title, which is assumed to be good and merchantable. The property is assumed free and clear of all liens and encumbrances, unless specifically enumerated herein, and under responsible ownership and management as of the appraisal date.

Consideration for preparation of this appraisal report is payment in full by the employer of all charges due the appraisers in connection therewith. Any responsibility by the appraisers for any part of this report is conditioned upon full and timely payment.

The appraisers, by reason of this report, are not required to give testimony in court with reference to the property herein, nor obligated to appear before any governmental body, board, or agent, unless arrangements have been previously made therefor.

Neither all nor any portion of the contents of this appraisal shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the appraisers, particularly as to valuation conclusions, identity of the appraisers or firm with which they are connected, or any reference to the Appraisal Institute, or to the MAI or SRA designations.

Possession of this report or copy thereof does not convey any right of reproduction or publication, nor may it be used by any but the client, the mortgagee, or its successors or assigns, mortgage insurers, or any state or federal department or agency without the prior written consent of both the client and the appraisers, and, in any event, only in its entirety.

Before any loans or commitments are made predicated on value conclusions reported in this appraisal, the mortgagee should verify facts and valuation conclusions contained in this report with the appraisers.

Cost estimates for construction or replacement of improvements were referenced with known replacement of similar facilities and compared with data obtained from Marshall and Swift Cost Service.

Unless specifically stated in the report, the appraisers did not determine the flood plain status of the property appraised. If such data is available, it is recommended it be obtained prior to any development that might be contemplated.

Estimates of expenses, particularly as to assessment by the county property appraiser and subsequent taxes, are based on study of historical or typical data. Such estimates are based on assumptions and projections which, as with any prediction, are affected by external forces, many unforeseeable. While all estimates are based on our best knowledge and belief, no responsibility can be assumed that such projections will come true.

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

No one provided significant professional assistance other than person(s) signing this report.

The forecasts or projections included in this report are used to assist in the valuation process and are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are therefore subject to changes in future conditions, which cannot be accurately predicted by the appraiser and could affect the future income and/or value forecasts.

Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county public health unit.

Properties contaminated with toxic waste is a newly emerging topic. In some instances, the cost of government ordered remedial action may be substantial compared to or may even exceed a property's value. Also, a government may restrict the use of contaminated property in ways which substantially limits market value. In valuing your property, it is assumed that the site does not contain any contaminated waste products. We were not provided with a test

depicting this to be the case, yet this is an assumption that will be built into the value. Obviously, if at a later date any form of contaminated waste is found upon the site, the appraised value will be affected accordingly.

Many structures in Florida and Southwest Florida were constructed with asbestos insulation. As per federal guidelines, this asbestos is being eliminated from many buildings. The appraisal of this property is as though there are no asbestos situated within your structure, unless reported to us by a qualified expert.

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. The appraisers have not made a specific compliance survey and 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, possible noncompliance with the requirements of ADA in estimating the value of the property has not been considered.

IDENTIFICATION OF THE SUBJECT PROPERTY

The subject property consists of the site of The Golf Club of Southwest Florida golf course and amenities that are located at 4003 Palm Tree Boulevard in Cape Coral, Florida. The golf course, clubhouse, and amenities are located on 175.174± acres. The improvements are given no value in this appraisal. The legal description can be found on the following pages.

The property can also be identified by the Strap or Property Identification Numbers of the Lee County Property Appraiser's office as 12-45-23-C2-0000A.0000.

LEGAL DESCRIPTION: OVERALL GOLF COURSE BOUNDARY

TRACT B-1:

A PORTION OF TRACT B AS SHOWN ON THE PLAT OF CAPE CORAL UNIT 9, AS RECORDED IN PLAT BOOK 13, PAGES 7 THROUGH 18, OF THE PUBLIC RECORDS OF LEE COUNTY, FLORIDA, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGIN AT THE NORTHEASTERLY CORNER OF SAID TRACT B; THENCE SOUTHWESTERLY ALONG THE SOUTHEASTERLY LINE OF SAID TRACT B, BEING A CIRCULAR CURVE TO THE RIGHT HAVING A RADIUS OF 650.00 FEET, THROUGH A CENTRAL ANGLE OF 40°24'12" FOR A DISTANCE OF 458.36 FEET; THENCE NORTH 40°10'45" WEST 107.45 FEET; THENCE NORTH 49°05'46" WEST 194.63 FEET TO A POINT OF INTERSECTION WITH A CIRCULAR CURVE TO THE LEFT HAVING A RADIUS OF 350.00 FEET AND BEING CONCENTRIC WITH THE LAST DESCRIBED CURVE, SAID POINT OF INTERSECTION BEARING SOUTH 52°59'57" EAST AND DISTANT 350.00 FEET FROM THE CENTER OF SAID CIRCULAR CURVE; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CIRCULAR CURVE, BEING ALSO THE SOUTHEASTERLY RIGHT-OF-WAY LINE OF PALM TREE DRIVE AS SHOWN ON SAID PLAT OF CAPE CORAL UNIT 9, THROUGH A CENTRAL ANGLE OF 24°08'55" FOR A DISTANCE OF 147.51 FEET; THENCE EAST 158.77 FEET; THENCE NORTH 79.35 FEET; THENCE EAST 150.00 FEET TO THE POINT OF BEGINNING.

TRACT C-1:

A PORTION OF TRACT C AS SHOWN ON THE PLAT OF CAPE CORAL UNIT 9, AS RECORDED IN PLAT BOOK 13, PAGES 7 THROUGH 18, OF THE PUBLIC RECORDS OF LEE COUNTY, FLORIDA, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGIN AT THE NORTHEASTERLY CORNER OF TRACT B AS SHOWN ON SAID PLAT OF CAPE CORAL UNIT 9; THENCE SOUTH 14°57'31" EAST, 250.12 FEET; THENCE SOUTH 16°28'00" WEST 240.00 FEET; THENCE SOUTH 45°00'00" WEST 83.00 FEET; THENCE NORTH 40°10'45" WEST 142.43 FEET TO A POINT OF INTERSECTION WITH A CIRCULAR CURVE TO THE LEFT HAVING A RADIUS OF 650.00 FEET, SAID POINT OF INTERSECTION BEARING SOUTH 49°43'41" EAST AND DISTANT 650.00 FEET FROM THE CENTER OF SAID CIRCULAR CURVE; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CIRCULAR CURVE, BEING ALSO THE SOUTHEASTERLY LINE OF SAID TRACT B, THROUGH A CENTRAL ANGLE OF 40°24'12" FOR A DISTANCE OF 458.36 FEET TO THE POINT OF BEGINNING.

TRACT B-2:

A PORTION OF TRACT B AS SHOWN ON THE PLAT OF CAPE CORAL UNIT 9, AS RECORDED IN PLAT BOOK 13, PAGES 7 THROUGH 18, OF THE PUBLIC RECORDS OF LEE COUNTY, FLORIDA, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGIN AT THE MOST SOUTHERLY CORNER OF SAID TRACT B; THENCE NORTH 23°12'19" WEST 300.00 FEET TO A POINT OF RADIAL INTERSECTION WITH A CIRCULAR CURVE TO THE LEFT HAVING A RADIUS OF 350.00 FEET; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CIRCULAR CURVE, BEING ALSO THE SOUTHEASTERLY RIGHT-OF-WAY LINE OF PALM TREE DRIVE AS SHOWN ON SAID PLAT OF CAPE CORAL UNIT 9, THROUGH A CENTRAL ANGLE OF 29°47'38" FOR A DISTANCE OF 182.00 FEET; THENCE SOUTH 49°05'46" EAST 194.63 FEET; THENCE SOUTH 40°10'45" EAST 107.45 FEET TO A POINT OF INTERSECTION WITH A CIRCULAR CURVE TO THE RIGHT HAVING A RADIUS OF 650.00 FEET AND BEING CONCENTRIC WITH THE LAST DESCRIBED CURVE, SAID POINT OF INTERSECTION BEARING SOUTH 49°43'41" EAST AND DISTANT 650.00 FEET FROM THE CENTER OF SAID CIRCULAR CURVE; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CIRCULAR CURVE, BEING ALSO THE SOUTHEASTERLY LINE OF SAID TRACT B, THROUGH A CENTRAL ANGLE OF 26°31'22" FOR A DISTANCE OF 300.89 FEET TO THE POINT OF BEGINNING.

LEGAL DESCRIPTION

TRACT C-2:

A PORTION OF TRACT C AS SHOWN ON THE PLAT OF CAPE CORAL UNIT 9, AS RECORDED IN PLAT BOOK 13, PAGES 7 THROUGH 18, OF THE PUBLIC RECORDS OF LEE COUNTY, FLORIDA, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT THE NORTHEASTERLY CORNER OF TRACT B AS SHOWN ON SAID PLAT OF CAPE CORAL UNIT 9; THENCE SOUTHWESTERLY ALONG THE SOUTHEASTERLY LINE OF SAID TRACT B, BEING A CIRCULAR CURVE TO THE RIGHT HAVING A RADIUS OF 650.00 FEET, THROUGH A CENTRAL ANGLE OF 40°24'12" FOR A DISTANCE OF 458.36 FEET TO THE POINT OF BEGINNING OF THE HEREINAFTER DESCRIBED PARCEL OF LAND, SAID POINT OF BEGINNING BEARING SOUTH 49°43'41" EAST AND DISTANT 650.00 FEET FROM THE CENTER OF SAID CIRCULAR CURVE; THENCE CONTINUE SOUTHWESTERLY, ALONG THE ARC OF THE LAST DESCRIBED CIRCULAR CURVE, THROUGH A CENTRAL ANGLE OF 17°04'08" FOR A DISTANCE OF 193.64 FEET; THENCE SOUTH 83°36'00" EAST 198.00 FEET; THENCE NORTH 45°00'00" EAST 57.00 FEET; THENCE NORTH 40°10'45" WEST, 142.43 FEET TO THE POINT OF BEGINNING.

AND

ALL OF TRACT C AS SHOWN IN CAPE CORAL UNIT 9, AS RECORDED IN PLAT BOOK 13, PAGES 7 THROUGH 18, OF THE PUBLIC RECORDS OF LEE COUNTY, FLORIDA, LESS THE ABOVE DESCRIBED TRACT C-1 AND TRACT C-2 AND LESS THE FOLLOWING DESCRIBED PARCEL OF LAND:

COMMENCE AT THE SOUTHWESTERLY CORNER OF THE SAID TRACT C ON THE EASTERLY RIGHT-OF-WAY LINE OF PALM TREE DRIVE; THENCE NORTH 0°09'01" EAST, 98.0 FEET ALONG THE SAID EASTERLY RIGHT-OF-WAY LINE; THENCE EAST 85.0 FEET TO THE POINT OF BEGINNING; THENCE NORTH 0°09'01" EAST, 100.0 FEET; THENCE EAST 100.0 FEET; THENCE SOUTH 0°09'01" WEST, 100.0 FEET; THENCE WEST 100.0 FEET TO THE POINT OF BEGINNING;

AND

ALL OF TRACT A AS SHOWN IN CAPE CORAL UNIT 14; AS RECORDED IN PLAT BOOK 13, PAGES 61 THROUGH 68, OF THE PUBLIC RECORDS OF LEE COUNTY, FLORIDA.

AND

ALL OF TRACT A AS SHOWN IN CAPE CORAL UNIT 15, AS RECORDED IN PLAT BOOK 13, PAGES 69 THROUGH 75, OF THE PUBLIC RECORDS OF LEE COUNTY, FLORIDA, LESS THE FOLLOWING:

THAT PORTION OF THE PLAT OF CAPE CORAL UNIT 15 REVISED AS RECORDED IN PLAT BOOK 13, PAGES 93 THROUGH 94, OF THE PUBLIC RECORDS OF LEE COUNTY, FLORIDA, LYING WITHIN TRACT A;

AND LESS THE FOLLOWING DESCRIBED PARCEL OF LAND: COMMENCE AT THE NORTHWEST CORNER OF LOT 1, BLOCK 481 OF SAID PLAT OF CAPE CORAL UNIT 15; THENCE EAST 536.68 FEET ALONG THE NORTHERLY LINE OF SAID LOT 1 AND ITS EASTERLY EXTENSION THEREOF; THENCE NORTH 271.69 FEET TO THE POINT OF BEGINNING; THENCE NORTH 63 DEGREES 56 MINUTES 04 SECONDS WEST 145.18 FEET; THENCE NORTH 5 DEGREES 43 MINUTES 44 SECONDS EAST 147.60 FEET; THENCE NORTH 34 DEGREES 51 MINUTES 50 SECONDS EAST 71.36 FEET; THENCE NORTH 46 DEGREES 27 MINUTES 57 SECONDS EAST 99.78 FEET; THENCE SOUTH 65 DEGREES 21 MINUTES 01 SECOND EAST 161.24 FEET; THENCE SOUTH 61 DEGREES 42 MINUTES 38 SECONDS EAST 206.28 FEET; THENCE SOUTH 58 DEGREES 39 MINUTES 00 SECOND WEST 197.46 FEET; THENCE SOUTH 65 DEGREES 54 MINUTES 37 SECONDS WEST 171.99 FEET TO THE POINT OF BEGINNING

PARCEL 1:

LOTS 1A AND 1B, BLOCK 251, CAPE CORAL UNIT 9, ACCORDING TO PLAT THEREOF RECORDED IN PLAT BOOK 13, PAGES 7 TO 18, INCL., OF THE PUBLIC RECORDS OF LEE COUNTY, FLORIDA.

PARCEL 2:

TRACT "A" OF CAPE CORAL UNIT 9, ACCORDING TO PLAT THEREOF RECORDED IN PLAT BOOK 13, PAGES 7 TO 18, INCL., OF THE PUBLIC RECORDS OF LEE COUNTY, FLORIDA.

LEGAL DESCRIPTION

AND LESS THE FOLLOWING DESCRIBED PARCEL OF LAND:

A TRACT OF LAND SITUATED IN THE SOUTH HALF (S 1/2) OF SECTION 1, TOWNSHIP 45 SOUTH, RANGE 23 EAST AND THE NORTH HALF (N 1/2) OF SECTION 12, TOWNSHIP 45 SOUTH, RANGE 23 EAST, BEING ALSO SITUATED IN TRACTS B-1, B-2, C-1 AND A PORTION OF TRACT C, CAPE CORAL UNIT 9 ACCORDING TO PLAT BOOK 13, PAGES 7 THROUGH 18 AND IN A PORTION OF TRACT A, CAPE CORAL UNIT 15 ACCORDING TO PLAT BOOK 13, PAGES 69 THROUGH 75 OF THE PUBLIC RECORDS OF LEE COUNTY, CITY OF CAPE CORAL, LEE COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE N 1/4 (NORTH QUARTER) CORNER OF SAID SECTION 12, SAID CORNER BEING LOCATED S89°57'03"W A DISTANCE OF 2621.07 FEET FROM THE CORNER COMMON TO SAID SECTION 12 AND SECTION 1, TOWNSHIP 45 SOUTH, RANGE 23 EAST AND SECTIONS 6 AND 7, TOWNSHIP 45 SOUTH, RANGE 24 EAST; THENCE RUN N90°00'00"E ALONG THE NORTH LINE OF SAID CAPE CORAL UNIT 9 FOR 350.00 FEET TO THE SOUTHWEST CORNER OF SAID TRACT A AND THE SOUTHEAST CORNER OF LOT 1, BLOCK 481 OF SAID CAPE CORAL UNIT 15, BEING ALSO THE POINT OF BEGINNING; THENCE RUN N00°16'59"W ALONG THE LINE COMMON TO SAID TRACT A AND SAID BLOCK 481 FOR 341.02 FEET; THENCE RUN N89°43'01"E FOR 227.91 FEET; THENCE RUN N45°12'08"E FOR 77.14 FEET TO THE SOUTHWESTERLY CORNER OF AN EXISTING WATER TANK SITE AS LESSED OUT PER LEGAL DESCRIPTION IN CHICAGO TITLE INSURANCE COMPANY COMMITMENT NO. 803-12 (9-23-99); THENCE RUN S63°56'04"E ALONG THE SOUTHWESTERLY LINE OF SAID WATER TANK SITE FOR 145.18 FEET; THENCE RUN S00°00'00"E, LEAVING SAID WATER TANK SITE, FOR 61.43 FEET; THENCE RUN S45°12'06"W FOR 352.85 FEET; THENCE RUN S00°00'00"E FOR 22.66 FEET TO A POINT ON THE SOUTH LINE OF SAID TRACT A; THENCE CONTINUE RUNNING S00°00'00"E FOR 79.35 FEET TO THE NORTHEAST CORNER OF PHASE 1; THENCE CONTINUE RUNNING S00°00'00"E ALONG THE EAST LINE OF SAID PHASE 1 FOR 20.35 FEET; THENCE RUN S28°57'18"E ALONG THE NORTHEASTERLY LINE OF SAID PHASE 1 FOR 162.23 FEET TO A POINT ON THE WESTERLY LINE OF SAID TRACT C, BEING ALSO A POINT ON THE EASTERLY LINE OF TRACT C-1 AS DESCRIBED IN O.R. BOOK 1741, PAGE 975; THENCE RUN N78°25'37"E, LEAVING SAID COMMON LINE, FOR 43.85 FEET; THENCE RUN N50°09'31"E FOR 50.00 FEET; THENCE RUN N13°41'21"E FOR 50.00 FEET; THENCE RUN N30°00'37"E FOR 53.18 FEET; THENCE RUN N16°52'04"E FOR 47.88 FEET; THENCE RUN N20°55'22"E FOR 37.19 FEET; THENCE RUN N49°33'45"E FOR 40.54 FEET TO AN INTERSECTION WITH THE LINE COMMON TO SAID SECTIONS 1 AND 12; THENCE CONTINUE RUNNING N49°33'45"E FOR 13.09 FEET TO AN INTERSECTION WITH THE NORTHERLY LINE OF SAID TRACT C AND THE SOUTHERLY LINE OF SAID TRACT A OF SAID CAPE CORAL UNIT 15; THENCE CONTINUE RUNNING N49°33'45"E FOR 127.54 FEET; THENCE RUN N70°40'05"E FOR 404.84 FEET; THENCE RUN N88°22'16"E FOR 241.98 FEET; THENCE RUN S80°14'49"E FOR 135.27 FEET; THENCE RUN S15°02'20"E FOR 174.08 FEET TO AN INTERSECTION WITH SAID SOUTHERLY LINE OF SAID TRACT A AND SAID NORTHERLY LINE OF SAID TRACT C; THENCE CONTINUE RUNNING S15°02'20"E FOR 41.72 FEET TO AN INTERSECTION WITH SAID LINE COMMON TO SAID SECTIONS 1 AND 12, BEING S89°57'03"W, 933.48 FEET FROM THE NORTHEAST CORNER OF SAID SECTION 12; THENCE CONTINUE RUNNING S15°02'20"E FOR 185.65 FEET; THENCE RUN S38°20'54"W FOR 57.58 FEET; THENCE RUN N84°00'34"W FOR 368.48 FEET; THENCE RUN S80°38'24"W FOR 230.45 FEET; THENCE RUN S66°52'04"W FOR 485.80 FEET; THENCE RUN N23°07'56"W FOR 12.00 FEET; THENCE RUN S83°53'53"W FOR 116.88 FEET TO AN INTERSECTION WITH SAID WESTERLY LINE OF SAID TRACT C, BEING ALSO SAID EASTERLY LINE OF SAID TRACT C-1; THENCE RUN S83°53'53"W, LEAVING SAID COMMON LINE, FOR 40.00 FEET; THENCE RUN N61°55'24"W FOR 44.09 FEET; THENCE RUN N78°47'27"W FOR 67.28 FEET; THENCE RUN N66°35'56"W FOR 175.57 FEET; THENCE RUN N21°35'56"W FOR 28.77 FEET; THENCE RUN N23°24'04"E FOR 165.56 FEET; THENCE RUN N71°55'19"W FOR 84.32 FEET TO AN INTERSECTION WITH THE EASTERLY RIGHT OF WAY LINE OF PALM TREE BOULEVARD (100 FOOT RIGHT OF WAY), BEING ALSO A POINT ON A CURVE CONCAVE TO THE NORTHWEST; THENCE RUN ALONG SAID RIGHT OF WAY LINE ON SAID CURVE HAVING A RADIUS OF 350.00 FEET AND A CENTRAL ANGLE OF 05°13'32" (CHORD=N15°27'55"E, 31.91 FEET) FOR 31.92 FEET; THENCE RUN N90°00'00"E, LEAVING SAID RIGHT OF WAY LINE, FOR 158.77 FEET; THENCE RUN N00°00'00"E FOR 79.35 FEET; THENCE RUN S90°00'00"W FOR 25.00 FEET TO THE POINT OF BEGINNING.

SAID TRACT CONTAINS 640,813 SQUARE FEET (14.711 ACRES), MORE OR LESS.

SUBJECT TO EASEMENTS AND RESERVATIONS OF RECORD.

TOTAL GOLF COURSE PARCEL CONTAINS 7,630,572 SQUARE FEET (175.174 ACRES), MORE OR LESS.

NOTES:

1. BEARING BASIS: NORTH LINE OF SECTION 12, T.45S., R.23E., AS S89°57'03"W.
2. UNDERGROUND STRUCTURES, IF ANY, NOT INCLUDED.
3. SUBJECT TO EASEMENTS AND RESTRICTIONS OF RECORD.

LEGAL DESCRIPTION

STATEMENT OF OWNERSHIP

The public records indicate the subject property was in the name of Cape Coral Country Club, Inc. Cape Coral Country Club, Inc. purchased the subject property and the Cape Coral Executive Golf Course from Cape Properties, Inc. in February 2000 for \$5,567,000.00 as recorded in Official Record Book 3218, page 703, of the Public Records of Lee County, Florida. Cape Properties, Inc. purchased the subject property and the Cape Coral Executive golf course in June, 1999 from Avatar Properties, Inc. for \$3,500,000.00 as recorded in Official Record Book 3141, page 655, of the Public Records of Lee County, Florida. Avatar Properties, Inc. had owned the property for more than five years. It is our understanding that Cape Properties, Inc. purchased all of Avatar Properties, Inc. holdings in Cape Coral. The subject property was purchased by The Golf Club of Southwest Florida, LLC, in May 2001 for \$3,600,000.00 (this did not include the personal property) as recorded in O.R. Book 3408, page 3036, of the public records of Lee County, Florida.

LEE COUNTY DATA

The Appraisal of Real Estate, Eleventh Edition, states that the value of property is affected by and reflects the interplay of basic forces that motivate human activities.

Social Forces

Economic Forces

Government Forces

Environmental Forces

Each of these forces exerts pressure on and is affected by human activities. The interaction of these forces influences the value of every parcel of real estate, and therefore, the valuation of a parcel should take into consideration the analysis of the above forces.

Social Forces

Social forces are those forces that are primarily exerted by population characteristics. The demographic composition of the population can reveal the demand for real estate services. Most important are the total population, change of population, and age distributions.

Lee County's population grew by almost two-thirds (63.3%) during the 1980's, making Lee the fourth fastest growing county in the U.S. From 1990 to 2002, Lee County's population increased by 41.9%. Additionally, nearly 100% of the 127,342 people added to the population base from 1990 to 2001 moved to the county from somewhere else. In other words, the population increase was primarily due to in-migration as shown on the following chart:

Components of Population Growth for Southwest Florida, 1990-2001*

County	Change 1990-2001*	Components of Change		Percent of Change Due to	
		Natural Increase	Net Migration	Natural Increase	Net Migration
Florida	3,435,259	501,080	2,930,152	14.6%	85%
Lee	127,342	889	126,072	0.7%	99%
Sarasota	57,547	-21,232	-1,908	0.0%	0.0%
Collier	113,670	8,031	105,398	7%	92%
Charlotte	12,537	-9,989	45,906	0	3.7%
Hendry	4,032	4,171	7,324	100%	100%
Glades	3,159	-72	3,070	0	97%

* July 2001

Source: Florida Estimates of Population 2001, U.S. Census Bureau

The following chart shows the population trends which have occurred in Lee County, Florida from 1970 through 2000:

Population Trends, Lee County, Florida, 1970-2000

					% Change	% Change	% Change	Annual Compound Growth Rate	Annual Compound Growth Rate	Annual Compound Growth Rate
	1970	1980	1990	2000	1970-1980	1980-1990	1990-2000	1970-1980	1980-1990	1990-2000
Lee County	105,216	205,266	335,113	440,888	95.1	63.3	31.6	6.91	5.02	3.41
Fort Myers	27,351	36,638	44,947	48,208	34.0	22.7	7.3	2.97	2.12	2.55
Cape Coral	11,470	32,103	74,991	102,286	179.9	133.6	36.4	10.84	8.85	3.42
Sanibel	818	3,363	5,468	6,064	311.1	62.6	10.9	15.19	4.98	2.76
Ft. Myers Beach	-0-	-0-	-0-	6,561	-0-	-0-	-0-	-0-	-0-	-0-
Uninc. Areas	65,577	133,162	209,707	244,972	103.1	57.5	16.8	7.34	4.63	2.89

Source: Florida Statistical Abstract 2001

The preceding chart shows the amazing growth rate that has occurred in the county since 1970. This growth is considered the major reason for the rapid rise in real estate values in Southwest Florida. However, as evidenced by the information contained in the following table, Lee County's compound annual population growth rate is slowing from a peak of 6.33% between 1980 and 1990 to 3.41% between 1990 and 2000. According to medium population estimates issued by the University of Florida's Bureau of Economic and Business Research, future county population trends are projected to grow at a slower rate or 1.10% compound annual growth rate (CAGR) between 2005 and 2010, and 1.18% CAGR between 2010 and 2020.

<u>Lee County Population Growth 1981-2003</u>		
<u>Year</u>	<u>Population</u>	<u>Compound Annual Growth Rate</u>
1981	216,834	
1982	233,016	7.46
1983	243,885	4.66
1984	260,246	6.71
1985	273,701	5.17
1986	286,680	4.74
1987	300,636	4.87
1988	312,323	3.89
1989	325,374	4.18
1990	335,113	2.99
1991	344,032	2.66
1992	350,809	1.97
1993	357,550	1.92
1994	367,400	2.75
1995	376,702	2.53
1996	383,706	1.86
1997	394,244	2.75
1998	405,637	2.89
1999	417,114	2.83
2000	440,888	5.70
2001	459,157	4.14
2002	475,639	3.59
2003	497,022	4.50

Source: U.S. Department of Commerce, Bureau of the Census, 1980 and 1990 Census of Population, and BEBR, Special Population Report, No. 1, May 1991, and BEBR, Florida Estimates of Population '91, April 1, 1991, July 1993, Lee County Division of Planning, Florida Statistical Abstract 2001 News-Press, August 13, 2003 – Source: Preliminary estimates, University of Florida BEBR.

The following table provides a summary of future population trends for Lee County:

Lee County Population Projections for 2010-2030							
YEAR	2010	CAGR 2010-2020	2020	CAGR 2020-2025	2025	CAGR 2025-2030	2030
Low	510,600	1.02%	562,700	0.34%	582,000	0.23%	595,300
Medium	546,800	1.95%	653,300	1.78%	705,700	0.68%	753,900
High	599,400	2.96%	777,100	2.73%	873,000	1.13%	971,300

Source: Florida Statistical Abstract, 2002

All of the projections show an increased compound annual growth rate from 2010 through 2030. Based on average investment holding periods, we are most concerned with projections in population changes from 2010 to 2020, which reflects a typical investment horizon. The low range estimate for this period for compound annual growth is 1.02%; the medium range estimate is 1.95%, and the high range estimate is 2.96% based on our calculations from the population projections shown above. Given that population growth rates have stabilized during the last decade as compared to previous decades, and are projected to moderately increase through the year 2030, it seems unlikely that the high range BEBR estimate is realistic; a more likely compound annual growth rate estimate for 2010-2030 would, in our opinion, be the BEBR's medium estimate, which is most similar to the actual historical population growth rate. Thus, the population for the years 2010-2030 for Lee County according to BEBR's medium estimate would be from 546,800 to 753,900, a compounded growth rate of 3.79%.

With historical slowdown in compound annual growth rates in the past few years, and thus less growth than experienced in the past decade, we estimate that economic recovery in those sectors such as

real estate and construction, which depend on rapid growth will be slower-paced but in a positive manner.

Lee County Demographics: Based on the 2002 population, Lee County ranked 10th in population in the State of Florida. During 1990-2000, the 45-64 age group increased by 50.7% representing 25% of the county population in 2000. The second age group which showed growth from 1990 to 2000 was the 65 and over group which increased by 35% from 83,003 in 1990 to 112,111 in 2000. The 45-64 age group growth during the past 5 years in Lee County is at a higher rate than occurred in Florida and the U.S. as a whole. Compared to these larger areas, Lee County has an average to higher percentage of its population in the prime working age group and is likely to continue this pattern in the future.

According to U.S. Census Bureau statistics, the number of workers aging out of the labor force, i.e. the new retirees who represent a major target market for Lee County's housing market, has increased only slightly by 2001, at which time the first of the baby boomers reach age 55 and their labor force participation begins to fall. Not until 2011, when the first baby boomers hit age 65, will the overall retirement market again see a significant increase in the number of retirees. Furthermore, according to the U.S. Census Bureau, the number of people retiring each year in the U.S. will remain relatively constant over the next 20 years.

Overall age distribution characteristics for Lee County as compared to the state are shown on the following chart:

AGE DISTRIBUTION CHARACTERISTICS, LEE COUNTY AND STATE OF FLORIDA 1990-2001										
Age Cohorts	1990				2000				1990-2000	
	Florida		Lee County		Florida		Lee County		Florida	Lee County
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	% Change 1990-2000	% Change 1990-2000
0-17	2,412,069	18.6	55,628	16.6	3,034,565	19.0	72,228	16.4	25.8	29.8
18-24	1,669,825	12.9	34,570	10.3	1,942,377	12.2	41,317	9.4	16.3	19.5
25-44	3,927,400	30.4	89,226	26.6	4,569,347	28.5	105,723	24.0	16.4	18.5
45-64	2,559,201	19.8	72,686	21.7	3,628,492	22.7	109,509	24.8	41.8	50.7
65 +	2,369,431	18.3	83,003	24.8	2,807,597	17.6	112,111	25.4	18.5	35.1
Total	12,937,926	100.0	335,113	100.0	15,982,378	100.0	440,888	100.0	--	--

AGE DISTRIBUTION CHARACTERISTICS, LEE COUNTY AND STATE OF FLORIDA 1990-2001				
Age Cohorts	2001			
	Florida		Lee County	
	Number	% of Total	Number	% of Total
0-17	2,720,208	23	89,360	20
18-24	1,389,950	9	28,839	6
25-44	4,568,404	28	106,766	23
45-64	3,797,956	23	115,365	25
65 +	2,854,083	17	114,588	25
Total	15,330,601	100	454,918	100

Source: Department of Commerce, Bureau of the Census, Florida Statistical Abstract 2001

Household Size: Because the elderly make up such a significant portion of all Lee County households, average household size has been decreasing since 1970; from 2.77 to 2.34 in 2000. Smaller average household size reflects a national trend, indicating an aging population.

For 2000 the number of households in Lee County has increased to 188,599 from 173,944 in 1999 and the average household size has dropped to 2.34. Based on this information, we can analyze new construction of housing units to determine whether demand is being met, is stabilized, or whether the market is overbuilt as will be discussed in the next section, "Economic Forces".

Economic Forces

In analyzing the economic forces on property, the appraiser is concerned with current and expected supply and demand conditions,

and the economic ability of the people to satisfy their demands. Primary among considered variables are employment levels and labor force characteristics, income levels, economic base of the region, housing starts, and ownership of housing.

Employment: Employment figures are the most common measures of economic activity in an area. However, if an area--like Lee County--has a high percentage of non-employment based activity this measure of total economic conditions may not be a good indicator. The following chart indicates the labor force, employment and unemployment, and the unemployment rates in Lee County from 1992 to 2003.

HISTORICAL LABOR FORCE CHARACTERISTICS, LEE COUNTY, FLORIDA - 1992-2003												
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Labor Force	158,123	159,337	167,034	170,063	170,212	170,102	175,238	178,955	181,961	192,223	208,762	210,286
Employment	146,238	149,821	158,240	162,995	163,834	164,328	170,032	174,366	177,278	186,060	200,127	201,016
Unemployment	11,885	9,516	8,794	7,068	6,378	5,774	5,206	4,589	4,683	6,163	8,635	9,270
Unemployment Rate	7.5	6.0	5.3	4.2	3.7	3.4	3.0	2.6	2.6	3.2	4.1	4.4

Note: The data is not seasonally adjusted.

Source: Florida Department of Labor and Employment Security, Bureau of Labor Market Information, Local Area Unemployment Statistics Program, Historical Labor Force Estimates, 1992-June 2003, 2001 Florida Statistical Abstract

The labor force in Lee County, as shown in the preceding table above, increased by 32.9% from 158,123 in 1992 to 210,286 in 2003 with an annual compound growth rate of 3.3%. This resulted in 52,163 additional new people to the labor force. Based on the University of Florida's Bureau of Business and Economic Research forecast, the county's total non-agricultural employment is expected to increase at an overall compound growth rate of 3.35% from 1990 to 2005 (or 82,600 new jobs) vs. the CAGR of 6.29% over the 1980-1990 decade. While it is true that Lee County's unemployment rates are linked to the national economy, unemployment rates have increased to 4.4% in 2003.

Growth areas, as projected by the Florida Department of Labor, will be in the "**Services**" industry (which includes lodging, personal, business, repair, entertainment, health education, social and professional services) and retail trade. It is our opinion, that projected growth in these sectors is based on two things.

First, an increase in health care services relative to the large retiree population and to meet the demand of the overall population increase. Second, retirees in Lee County, its most predominant population segment, received almost \$880 million in direct transfer payments from the federal government and collectively received similarly large transfer payments from pensions and savings sources. Thus, retirees are a significant bedrock industry for Lee County and may contribute to the growth in retail trade because of the extra local buying power they represent because their income is not dependent on employment. Also, the trend toward hiring more part-time workers in retailing contributes somewhat to the increase in this sector.

One significant area in the Lee County's employment base is in the **Construction** industry. In 2001, the construction industry represented approximately 8.3% of the employment base in Lee County vs. 4.8% for the state and double the national share. However, construction's share of local (Lee County) and statewide jobs has stabilized after declining in the past recessionary times. As high growth areas, such as Lee County and the state will still maintain significantly higher percentages of construction employment than the country as a whole.

Wholesale sales in Lee County fall far below the statewide average, while **retail sales** exceed the average. Again, this may be due to the high number of retiree consumers. It may also be due to the trend toward hiring more part-time workers in retailing that contributes somewhat to this section's high share of total employment. In fact, in

terms of personal earnings derived from employment, retailing remained steady at 16.9% from 1980-1990. From 1990-2000, personal earnings have increased by 15.20% showing growth in retail sales employment. As previously mentioned, retail sales employment is estimated to grow through the year 2010, however at a slower pace.

Manufacturing currently represents a smaller share of employment in Lee County than at the state or national scale. Manufacturing in Lee County is only one-fourth of the national level and a little more than one-half of the states share of total employment for that sector. In all three levels, national, state, and local, manufacturing has shown a declining share of total jobs during the early 1990s. Manufacturing's share of jobs increased slightly during the mid-1990s by about 6% in Lee County, but have slightly decreased in Florida and the U.S. A chart of Lee County Sources of private, non-farm income for 2000 follows:

Lee County, Florida					
2000 Sources of Private, Non-Farm Income					
	Florida	Lee	Charlotte	Collier	Sarasota
Agricultural Services	2.1%	2.0%	1.3%	8.2%	1.4%
Manufacturing	6.5%	3.9%	2.2%	3.3%	5.9%
Mining	0.1%	0.1%	0.0%	0.0%	0.0%
Construction	5.2%	8.9%	5.3%	12.4%	6.6%
Wholesale	5.1%	3.1%	1.5%	3.1%	2.9%
Retail	18.4%	22.5%	19.9%	23.0%	21.1%
F.I.R.E.	5.8%	4.8%	2.8%	6.1%	5.8%
T.C./P.U.	4.7%	4.0%	1.8%	2.4%	2.3%
Services	33.1%	24.4%	27.2%	34.8%	36.8%

Sources: *News Press*, Florida Department of Labor, Florida Statistical Abstract, 2001

Finally, in the Fort Myers-Cape Coral MSA, total non-agricultural employment increased by 2.0%. A chart detailing the annual average growth rates by year for the Fort Myers-Cape Coral MSA follows:

Fort Myers-Cape Coral MSA										
Annual Average Employment Growth Rates by Year										
	% Change 00-99	% Change 99-98	% Change 98-97	% Change 97-96	% Change 96-95	% Change 95-94	% Change 94-93	% Change 93-92	% Change 92-91	% Change 91-90
Total Non-agricultural	2.0	3.0	4.1	0.4	2.7	3.9	6.3	4.1	0.4	-2.3
Construction	7.0	14.1	9.6	0.3	12.6	5.4	2.9	9.6	-10.1	-12.5
Manufacturing	3.9	1.0	2.9	0.5	10.3	0.0	1.4	3.3	-0.1	-8.6
T.C.P.U.	-1.6	2.3	8.0	6.0	1.7	4.2	4.1	2.6	1.3	0.0
Retail	3.9	2.5	3.5	-0.1	3.7	4.7	6.3	3.9	-1.4	-4.6
F.I.R.E.	-1.0	5.7	1.5	5.6	-0.1	1.9	-1.5	-1.2	-2.3	-8.6
Services	5.0	0.2	3.0	-0.1	0.7	5.2	8.0	-14.2	4.9	3.3

Personal Income: Another component of economic forces, this statistic for Lee County is unusual in that approximately 51% of all personal income is derived from non-labor income, as shown on the chart below:

Lee County						
Personal Income (millions of dollars)						
	1980	Percent	1999	Percent	2005*	Percent
Labor Income	\$1,079.4	51%	\$5,245.0	47%	\$8,587.5	52%
Non-Labor Income	<u>1,026.1</u>	49%	<u>5,803.0</u>	52%	<u>7,926.8</u>	48%
Total	\$2,015.5		\$11,159.6		\$16,514.2	

*Projected

Sources: BEBR, 1991 Economic Forecast. Florida Planning Group, Inc., 1992, Florida Statistical Abstract, 2001

In contrast, these sources of personal income account for 38.4% of Florida's total personal income and 27.9% of the nation's total personal income. Again, this emphasizes the important economic force retirees represent in Lee's economy.

Although non-labor income is not directly dependent on employment growth, overall economic conditions have affected non-labor income growth with the decline in interest rates. Yet, census estimates of average household wealth show that Lee County is 24% higher than the national average, while household income is 3% lower than the

national average, again showing the influence of elderly householders whose income typically declines upon retirement.

Economic Base: The economic base of an area has been defined as the activity of a community that enables it to attract income from outside its borders. As previously identified, **tourism** is a mainstay of Lee's economic base with tourists spending a total of \$1,043,992,100.00 in 2000. While this industry is expected to thrive over the next decade, and still remain an important component of Lee County's economic base, an examination of the number of visitors to Lee County and their expenditures show that expenditures per visitor has only changed 25% since 1986, while the number of visitors has increased 64% since 1986, when the new Southwest Florida International Airport opened.

TOURISM

Lee County Visitors and Expenditures (1986-2001)

Year	Visitors	Expenditures (\$)	Expenditures/Visitor (\$)
1986	1,185,268	507,209,963	428
1987	1,537,345	657,253,341	428
1988	1,473,594	617,591,586	419
1989	1,501,554	635,352,094	423
1990	1,547,059	665,352,379	430
1991	1,520,026	661,389,463	435
1992	1,533,079	677,285,565	442
1993	1,599,025	712,271,450	445
1994	1,622,126	733,000,000	452
1995	1,671,475	773,425,540	463
1996	1,715,090	820,275,896	478
1997	1,782,222	878,743,691	493
1998	1,802,572	916,893,176	509
1999	1,866,123	971,709,577	521
2000	1,946,154	1,043,992,100	536
2001	1,962,571	1,426,179,103	

Source: Research Data Services, 2001

This indicates that with well-organized local promotional efforts, this industry may continue to increase.

Building Permit Analysis: One indication of an area's economic health is from an analysis of building permits. We have analyzed building permit data for Lee County from 1989-2001 in terms of total permit value as well as analyzing the number of total housing permits (single family, multi-family permanent trailer, and apartment) issued during this same time period. The results are as follows:

Total Building Permit Values
(Millions of Dollars)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
	487.0	461.8	353.8	416.3	579.2	590.8	648.8	747.1	1,022.1	975.0	1,075.2	1,375.4	1,440.7
Growth Rate	+18.34	-5.17	-23.29	+17.67	+39.1	+2.0	+9.8	+15.2	+36.8	-5.4	+0.3	+7.9	

As evidenced, total building permit values have been increasing over the past 8 years, with a slight decrease in 1998. Based on information for 1990-1991, building permit values declined due to the overall national recession. However, 1992 through 2001 showed an increase indicating a resurgence of the housing market. In 2001, the building permits totaled \$1,440,689,681.00 of which \$316,074,239.00 was for 216 permits for 3,213 multi-family units of 5 or more units in a project. The county includes all condominiums in this category.

Housing: Most obvious, by the way of explanation, is that the national recession affected the local market in 1990 and 1991. However, an analysis of building permits for housing units (including single family, duplexes, apartments, and permanent trailers), which during the 1980s accounted for approximately 80%-90% of building permit values annually, showed the market may have been overbuilt during this time period, thus explaining the slowdown. The following chart shows the number of housing units added per year from 1989-2001 vs. the gain in population for those years.

Year	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	Total
Number of Housing Units	5,997	4,338	3,137	2,898	2,688	3,893	3,873	4,401	4,750	5,521	5,765	6,416	6,849	66,365
Gain in Population	13,051	9,739	8,919	6,777	6,741	9,850	9,300	7,130	10,538	11,393	11,477	23,774	14,030	154,406

Assuming an average of 2.31 persons per household (pph), the number of new housing units needed based on increased population (which, as previously stated is nearly 100% in-migrants) is 66,842

(154,406 ÷ 2.31). We have also assumed a zero vacancy rate in 1988. Therefore, the number of housing units permitted is more by 477 units from 1987 to 2001 (66,365 units added – 66,842 units needed based on increased population).

Estimated Population Year 2010	539,300
2001 Population	<u>454,918</u>
Added Population (2001-2010)*	84,382
No. of New Households based on 2.31 pph	66,842
Est. Vacant Housing Units (2000)	<u>56,806</u>
Needed Housing Units in Year 2010	10,036

*Assuming population increase will continue to be mostly in-migrants.

Although some housing units may not be suited to the market, generally speaking, Lee County's housing stock is fairly new with nearly 66,365 units being added between 1988 and 2001. However, 47% of the housing stock that existed in 1983 (111,013 units) had been built in the previous 10 years and may be considered sub-standard construction because hurricane construction standards were not put into effect until the early 1980's. Thus, new housing will be needed due to the outdated housing stock as well as increased population.

Government Forces

Lee County is governed by a county commission composed of five commissioners elected to four-year terms. Lee County contains four cities each that have their own form of government, and each offering their own services. These cities include Fort Myers, Cape Coral, Sanibel, and Fort Myers Beach, and Bonita Springs.

Services: The cities of Fort Myers, Cape Coral, Sanibel, and Fort Myers Beach each have their own police and fire protection. The balance of the county is patrolled by the Florida State Highway Patrol

and the Lee County Sheriff's Department. The police system is adequate, however, Lee County has experienced an increase in the crime rate in recent years. Law enforcement officers have indicated the large number of tourists and increased growth has caused this increased crime rate. Fire protection is also adequate as substations are situated in all portions of the county.

Utilities: The Sprint/United Telephone Company of Florida serves Southwest Florida. The growth of the telephone service indicates the tremendous growth Lee County has experienced.

The City of Fort Myers and some sections of Lee County including parts of Lehigh Acres, south Lee County, and Bonita Springs receive their electricity from Florida Power and Light Company. The balance of Lee County including Cape Coral, Pine Island, parts of Lehigh Acres, North Fort Myers, Sanibel, and Captiva receives its power from the Lee County Electric Cooperative. Gas is available from any one of the manufactured bottled gas dealers in the county.

There is an adequate supply of water for business or private use through Lee County's three government-run and six private water and sewer utilities providing service to its five cities and franchise areas throughout the county. Private wells are used in outlying areas.

The City of Fort Myers has a sewage disposal system and treatment plant. Other sewage plants are located in the more densely populated sections of Lee County. Private septic tanks are used in outlying areas.

Medical Services: Lee County has six general hospitals, fourteen nursing homes, a psychiatric hospital, a veteran's clinic, and several walk-in emergency facilities. Ambulance service in Lee County is

operated as a division of the Lee County Emergency Management Services.

Communications: The Fort Myers News-Press, the area's largest newspaper, is published daily, The Breeze from Cape Coral is also published daily except Sunday. Several weekly newspapers serve different locations throughout Lee County with radio stations and local television stations serving Lee County.

Roads and Transportation: Even with the tremendous growth in the area, Lee County's road system is rated as adequate. There are four major north-south traffic arteries through Lee County and Fort Myers; three of which are U.S. 41, McGregor Boulevard, and I-75. During the peak tourist months these roads are exceptionally congested, however, with the addition of I-75, C.R. 869 (Summerlin Road), which runs from Fort Myers to Sanibel, and Six Mile Cypress Parkway, which runs from south U.S. 41 to Ortiz Extension to Palm Beach Boulevard (S.R. 80), these traffic problems have been somewhat alleviated.

Land Use Control: The Lee County Planning Board presented a new Comprehensive Land Use Plan in early 1984 which was made public in mid-1984 and adopted in November 1984. This plan designated areas in Lee County for growth and new development, as well as environmentally protected areas. However, the Lee Plan, which was based on 1980 census data, has been updated in 1993 by state law. Undoubtedly, based on the changing economy, steady population growth projections and the future employment base, the original plan has been altered. The Division of Code Enforcement governs all zoning regulations.

Education: Lee County educational facilities have been strained by the influx of population, however, new facilities are under

construction and existing schools have built additions. Lee County has 37 elementary schools (K-5), 13 middle schools (6-8), 9 high schools (9-12), 6 exceptional student education schools, 2 alternative schools and 2 vocational schools. Lee County also has 27 non-public schools. Two colleges serve Southwest Florida's population. Edison Community College is a two year undergraduate school. Lee County has also been designated for a tenth 4-year university, known as Florida Gulf Coast University. This university opened in the fall of 1997.

Government Efficiency: In general, the Lee County government has been efficient in its governing of the county. The Comprehensive Land Plan is an attempt to control Lee County's growth, yet not hamper development. Government budgeting and expenditures have been good and bond indebtedness is minimal. In general, residents are pleased with Lee County government and tend to support governmental actions.

Environmental Factors

Lee County has a subtropical climate. The average temperature is 73.9 degrees, with a monthly mean high of 91.6 in the summer months and an average winter mean of 65.9 degrees. Temperature extremes are infrequent with only a rare freeze and few readings above the low to mid 90's. Rainfall averages just under 54 inches annually with the heaviest rains during the summer months. It is the climate coupled with the area's sandy beaches that make Lee County a tourist paradise.

Lee County is bordered by Hendry County to the east, Collier County to the south, and Charlotte County to the north. The county's western boundary is the Gulf of Mexico. Lee County contains a total of 803.6 square miles of land area, and 408.4 square miles of inland water area. Lee County is ranked 13th in area in the state. A map of the county

follows this section of the report. There are five incorporated cities within Lee County; Fort Myers (the county seat), Cape Coral, Sanibel Island, Fort Myers Beach, and Bonita Springs which became an incorporated city in late 1999. Other communities in the county include Lehigh Acres, Alva, Tice, Olga, Estero, and North Fort Myers.

Highway access to Lee County is provided by: U.S. 41 south from Tampa and northwest from Miami; State Highway 80 from the East Coast; and Interstate 75, which stretches from northern Michigan to Naples, Florida and travels eastward to Miami. Fort Myers-Lee County is served by the Seaboard Coast Line Railroad for freight only. Page Field Airport, located adjacent to the southern city limits of Fort Myers, has two runways for private aircraft. The major commercial airlines use the Southwest Florida International Airport located on Daniels Parkway east of I-75 (Exit 21). Twenty major airlines have a number of daily flights to and from Lee County to all parts of the country. A \$900-million, 20-year expansion that would add a second runway and midfield terminal broke ground in February 2002.

Lee County's flat, lowland topography runs from sea level to an elevation of approximately 17 feet in eastern areas of Lee County. Some areas of grassy swamp lowlands are not considered habitable. The majority portion of the county offers residents good living conditions. Portions of the county along the river and gulf coast lie in Federal Flood Hazard Zones and properties located in these areas are required to have coverage by Federal Flood Insurance to obtain mortgage funds.

Of special significance to Lee County is its location on the Gulf of Mexico and the presence of the Caloosahatchee River. Beaches are available at Sanibel, Fort Myers Beach, and Bonita Beach. Sanibel

Island has emerged as a major tourist draw, attracting winter visitors from across the world. The Caloosahatchee River runs east from the Gulf of Mexico into Lake Okeechobee. Residential land located along the river is greatly enhanced in value by virtue of the view of the water.

Lee County has countless recreational facilities. We have previously touched on the miles of beach frontage that offers opportunity for water sports, sunning and shelling. Area golf courses include the public courses of Eastwood, Fort Myers Country Club, Cape Coral, and Lehigh Acres, as well as the private regulation courses of the Vines, The Forest, The Sanctuary, Pelican's Landing, Pelican Marsh, Pelican's Nest, Fiddlesticks, Eagle Ridge, Bonita Bay, Alden Pines, Palmetto Pines, Mirror Lakes, Gateway, and many others. Other amusement facilities or tourist attractions include the Jungle Cruise, the Shell Factory, the Edison Home and Ford Home Estates.

Conclusion

The population growth Lee County experienced from 1970-2001 is projected to continue at a steady rate through the year 2010. Thus, it appears that much of the development based on a continued population increase will continue in the foreseeable future.

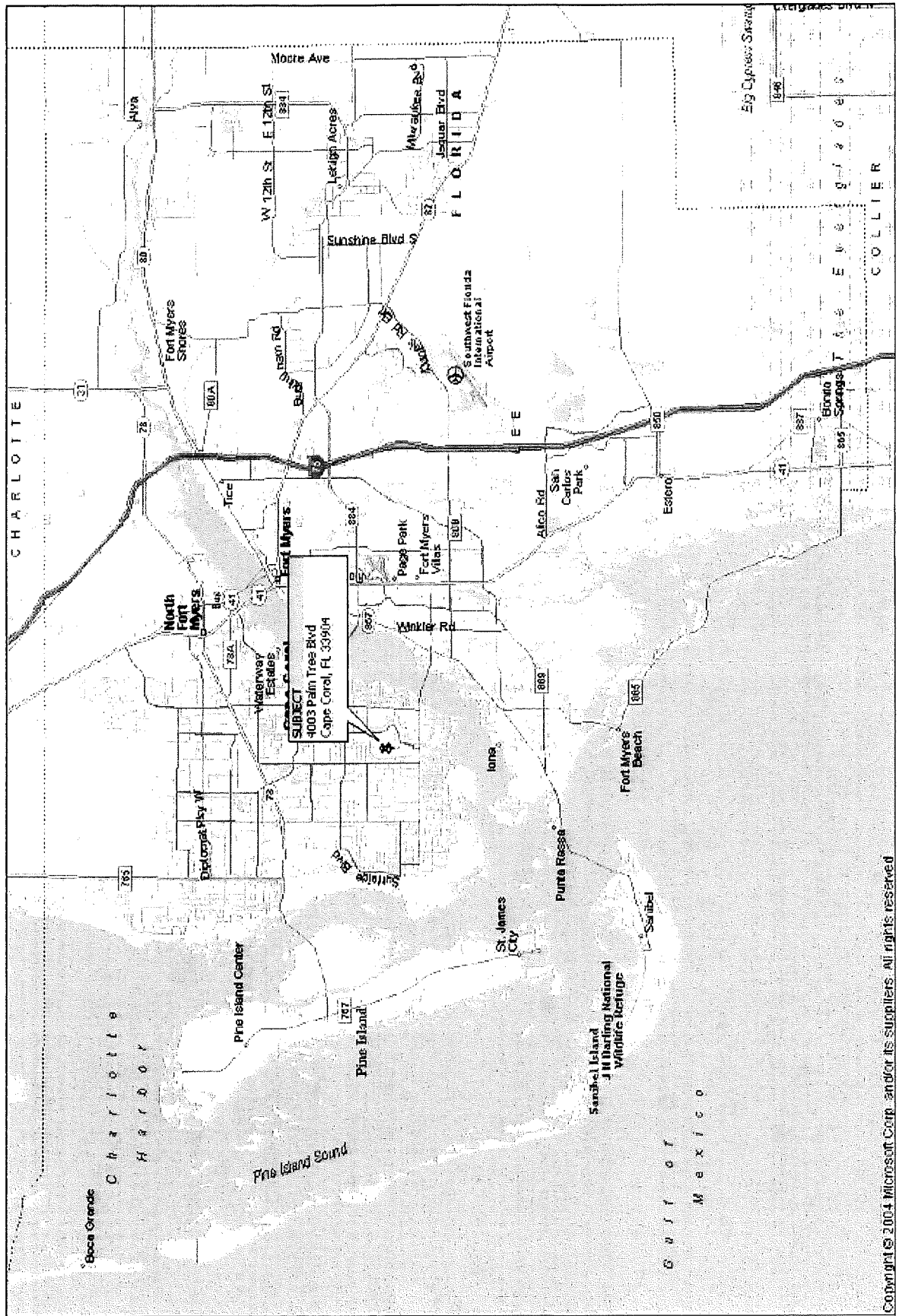
Generally speaking, population growth due to in-migration (which accounts for approximately 97% of Lee County's growth) occurs, because of employment opportunities. In Lee County, much of the in-migrants were retirees attracted to the area for its mild winter climate, proximity to beautiful beaches, high quality of life, and the relatively low cost of property as compared to the east coast of Florida which became overbuilt. While most of these components of the county still exist, considerable development has occurred. As available land, especially desirable pieces, became less abundant, and land prices rose. It seems likely that the county will continue to attract the

retirees it once did as it becomes more expensive up north. There is new growth of the executives in the 44-60 age group.

The two main employment sectors, retail trade and services, are expected to be growth industries through the next decade, with much of Lee County's total personal income is derived from non-employment based activity due to the high percentage of retirees. Therefore, even though retirees' income was affected by lower interest rates, they will most likely continue to spend fueling the retail industry. Secondly, because of the high retiree population, employment in health services is expected to increase significantly which explains the projected growth in services.

The second most important economic force in Lee County besides retirees is tourism. Since 1986, the number of visitors has increased by 64% from 1.2 million in 1986 to 1.96 million in 2001, the increase reflected in total passengers at the Southwest Florida International Airport since 1984. Both the number of visitors to Lee County and total expenditures per visitor to Lee County have grown about 12% since 1986. It is clear that the opening of the Southwest Florida International Airport in 1984, as well as the extension of I-75 to Fort Myers around 1982, were related to the growth in tourism since the mid-80's and today.

In conclusion, the overall economy of Lee is good and the outlook for future population and commercial growth is anticipated.



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AREA MAP

MARKET AREA ANALYSIS

Definition

Neighborhood and district boundaries identify the physical area that influences the value of a subject property. These boundaries may coincide with observable changes in prevailing land use or occupant characteristics. Physical features such as the type of structures, street patterns, terrain, vegetation, and lot sizes tend to identify land use districts. Transportation arteries (highways, major streets, and railroads), bodies of water (rivers, lakes, and streams), and changing elevation (hills, mountains, cliffs, and valleys) can also be significant boundaries.¹

Location

The subject property is located on the east side of Palm Tree Boulevard in the southeast section of Cape Coral, Florida. The southern tip of the subject property is located approximately one-quarter mile north of Cape Coral Parkway. The clubhouse is approximately one mile north of Cape Coral Parkway. The subject is presently known as the Cape Coral Golf and Tennis Resort and is physically located at 4003 Palm Tree Boulevard. Cape Coral is one of three incorporated cities within Lee County and is the second largest in geographical area of incorporated cities within the State of Florida. Cape Coral Parkway is a major east-west thoroughfare connecting the westerly portions of Cape Coral and the City of Fort Myers by way of the Cape Coral Bridge. Cape Coral Parkway is a 4-laned, asphalt paved thoroughfare that is divided by a grass landscaped center median that has various cut-throughs to intersecting north/south streets. Palm Tree Boulevard is a 2-lane traffic artery divided by a grass median in certain areas with various cut-throughs to intersecting east/west streets.

The subject property is well located to the various supporting amenities of Cape Coral. Distances to some of these amenities are as follows:

¹Appraisal Institute, The Appraisal of Real Estate, Tenth Edition (1992), p. 172.

Central Business District	2 miles southeast
Nearest Supporting Residential Subdivisions	¼ mile radius
Caloosa Middle School	4 miles north
Cape Elementary School	1 mile southeast
Cape Coral High School	3 miles north
Cape Coral Bridge	3 miles southeast
Cape Coral Hospital	4 miles north
Coralwood Shopping Mall	3 miles northeast
I-75 Interchange	12 miles east
Southwest Florida International Airport	15 miles southeast

The subject's proximity to these supporting facilities, as well as the frontage along Palm Tree Boulevard which is off Cape Coral Parkway is an enhancement to the subject site.

**Neighborhood
Delineations and
Land Use Patterns**

Parcels located in the primary subject neighborhood have residential and multi-family potential. Land uses are still somewhat limited in this area to multi-family with commercial designations being located along Cape Coral Parkway. Those parcels fronting along Cape Coral Parkway both east and west of Palm Tree Boulevard are commercial in nature. Those parcels fronting along Cape Coral Parkway from Palm Tree Boulevard west to Chiquita Boulevard are still primarily residential uses. This should change in the immediate future as city planners are reviewing this corridor. It has become more evident that those residential uses are more of a nuisance and do not enhance the growth potential. Rapid residential growth of the surrounding Cape Coral Subdivision has lead to a stronger demand for the goods and services needed by the residents. Spot zoning is not in the long-term plan and is undesirable as it creates a non-conforming situation.

An example of some of the properties existing and planned along Cape Coral Parkway from Santa Barbara Boulevard to Chiquita Boulevard include numerous duplexes, tri-plexes, four-plexes, six-plexes and low-density condominium projects, banks, a professional office building, a medical and professional office, real estate office, an up-scale waterfront condominium, several model home centers,

several convenience stores, etc. Numerous vacant sites are still available along Cape Coral Parkway west of Palm Tree Boulevard. Most still have a residential zoning classification. As Cape Coral Parkway is the only 4-laned, east/west arterial in the south Cape area, it only seems logical a more intensive use would be planned and allowed for those commercial properties. The downtown section of Cape Coral where more commercial services exist is thriving and is approximately 2 miles southeast of the subject property, and is experiencing steady growth.

The general subject neighborhood is influenced by those properties with frontage on Cape Coral Parkway, Del Prado Boulevard, and the vehicular exposure generated by the residential properties surrounding the subject property. Those properties located on Cape Coral Parkway and Del Prado Boulevard and some of the other major north/south roads such as Santa Barbara Boulevard, Pelican Boulevard, and Skyline Boulevard may have future potential by virtue of their exposure and by virtue of the commercial zoning classifications found in these neighborhoods. The rapid residential growth of the surrounding subdivisions has led to a good demand for goods and services needed by the residents. The immediate residential area of the subject property is over 85% developed at this time. The increase in demand due to residential housing has led to high prices for commercial land along Cape Coral Parkway as well as Del Prado Boulevard to the east.

Land along Cape Coral Parkway, east of Palm Tree Boulevard, is approaching 100% development all the way to the Cape Coral Bridge. It is apparent there is a strong demand for commercial uses along Cape Coral Parkway. Banks, convenience stores, retailers, and professional offices, all have chosen to have this area to have their operations due to the exposure they receive. Occupancy levels are clearly in excess of 85% to 90% in the neighborhood as only a few

scattered vacancies were observed. Rental rates typically range from \$6.00 to \$20.00 per square foot for finished air conditioning office or retail space. As the area to the west and southwest of the subject continues to expand with respect to the residential development, the remaining relatively few commercial lots on Cape Coral Parkway should be developed. The rise in land prices for the area since 1980 has led to only the most commercially intensive uses being built along the Cape Coral Parkway corridor. This is evidenced by analyzing recent development which includes Wendy's, a Med-Center, Circle K, AmSouth Bank, Walgreen's, and Nu-Image Car Wash.

Although the above delineated area is considered to be the primary neighborhood, the subject area could encounter competition from and is similar with respect to prevailing land use patterns, income levels, and vacancy levels in other areas. Numerous secondary commercial routes are located adjacent to the major streets of Cape Coral. These streets act as buffers from the most intensive commercial developments that are located along the major access routes such as Del Prado Boulevard and Cape Coral Parkway, separating them from the multi-family and the single family residential developments that begin about 2 to 3 blocks off the major roads.

Santa Barbara Boulevard - A 4-laned, median-divided highway. The Cape Coral High School is located approximately midway on this north-south road and has several small retail/commercial strip centers, small multi-family properties, and numerous residential properties.

Pelican Boulevard - A shorter, 2-laned neighborhood connector terminating at Gleason Parkway. Pelican Elementary and a large city recreational sports complex are located off Pelican Boulevard as are numerous residential properties.

Skyline Boulevard - A major 4-laned, north-south roadway connecting Cape Coral Parkway to Pine Island Road. This road runs parallel to Chiquita Boulevard and is more developed. Skyline Boulevard has several small commercial properties at the main corner intersections. There are several public facilities located off Skyline including an elementary school, ball fields, and numerous churches along with single and multi-family properties.

Chiquita Boulevard - is the main north-south road in the southwest portion of Cape Coral. This roadway is experiencing steady growth with new construction, some commercial properties, and several schools. Mariner High School is located off Chiquita Boulevard north of Pine Island Road several miles north of the subject. Gulf Elementary and Middle School are located west of Chiquita Boulevard. This area is predominantly single family homes with some small scale multi-family properties.

Also located in these neighborhoods are multi-family complexes that serve as a buffer for the single family areas from the commercial intensive and heavy traffic areas. These multi-family developments are typically mid-rise and low-rise condominium units that are in the 1,000 to 11,800 square foot size range and sell for prices in the mid \$50,000.00 to the low \$300,000.00 range. The lower priced units are usually not canal front while the upper priced units typically benefit from the location on a salt water canal. Rental rates are in the \$600.00 per month to \$1,500.00 per month range depending on location and condition. Occupancy levels for the units are generally in excess of 95%.

The subject neighborhood benefits from a favorable location that is close to some supporting facilities. The accelerating residential growth of Cape Coral has given the subject a relatively central location and a close proximity to numerous important facilities. Cape

Coral has a relatively well designed street arrangement with major north/south boulevards located every mile apart and provides favorable access from the south to the northern areas of Cape Coral.

Access Systems

The subject's immediate neighborhood is considered to be a residential corridor lying on the east and west sides of Palm Tree Boulevard, north of Cape Coral Parkway. Cape Coral Parkway is the primary access to the neighborhood and the secondary access is Palm Tree Boulevard. Cape Coral Parkway runs westerly from the Cape Coral Bridge along the southerly portion of Cape Coral past Del Prado Boulevard to the westerly edge of Cape Coral. Cape Coral Parkway covers a total area of about 7 miles, and is considered the primary east/west commercial vehicular route in south Cape Coral. Palm Tree Boulevard begins at Cape Coral Parkway and runs for about 2 miles north where it becomes 4th Avenue. Del Prado Boulevard is considered the primary north/south commercial vehicular route in the east Cape Coral area.

Utilities

Utilities available for the area are public electricity, water, sewer, police and fire protection, garbage collection, telephone, and cable television. Almost all of the streets have storm sewers. Drainage and storm runoff is handled by existing drainage swales and storm sewers located throughout the Cape Coral area.

Zoning

The primary zoning classifications along Palm Tree Boulevard are multi-family and single family. Along Cape Coral Parkway are commercially oriented and allow a variety of commercial uses including retail, professional offices, gas stations, banks and financial institutions, hotels and motels, and similar uses.

Conclusion

In conclusion, the subject property is located on the east side of Palm Tree Boulevard, north of Cape Coral Parkway in the south and southeastern area of Cape Coral. As Cape Coral continues to expand

west and north, the traffic along Del Prado Boulevard and Cape Coral Parkway should increase, spurring on continued demand for land along these roads and the secondary roads to meet the needs of goods and services required by the residential areas. Those areas located off these major trafficways will and are increasing in residential development.

The high growth rate and increased residential development in the area has increased the demand for not only commercial services but recreational services. A great deal of new construction has taken place over the past 5 years. The availability of public services within the immediate area including roads, utilities, and the fact the area happens to be one of the fastest growing communities around, makes the site well suited for development. Demand for future speculation and development is expected to continue into the foreseeable future. The City of Cape Coral has established the Community Redevelopment Agency (CRA) to oversee the revitalization of the downtown Cape Coral area. The subject's location benefits from this redevelopment being just off Cape Coral Parkway to the northwest of the downtown redevelopment area. Part of the redevelopment plan is to enable traffic to flow along Cape Coral Parkway much easier; thereby, getting more people to the central and southwestern sections where growth is strong.

SITE ANALYSIS

Location

The subject site is located on the east side of Palm Tree Boulevard with the southern tip being one-quarter mile north of Cape Coral Parkway and the golf course being approximately 1 mile north of Cape Coral Parkway. Cape Coral Parkway is the primary east/west commercial vehicular route in Cape Coral running west from the Cape Coral Bridge to the southwestern section of Cape Coral. Palm Tree Boulevard is a 2-laned, asphalt paved road that runs north from Cape Coral Parkway approximately 2 miles to where it becomes S.W. 4th Place.

Site Data

The subject site is basically irregular in shape with several areas of frontage on Palm Tree Boulevard. By our calculations, as taken from the legal description, the site contains a total of 175.174± acres.

Access

The subject property benefits from vehicular access via Palm Tree Boulevard. Palm Tree Boulevard is a 2-laned, median divided road that runs north from Cape Coral Parkway for approximately 1½ miles to where it becomes S.E. 4th Place. Cape Coral Parkway is a 4-laned, median divided highway. Cape Coral Parkway is one of the primary commercial vehicular routes in Cape Coral.

Topography

The subject site is slightly above the road grade with Palm Tree Boulevard. It appears to have average drainage capabilities. Soil and subsoil in this area are typically of the sandy loam variety although we have not been provided a soil analysis to warrant this with the actual load bearing qualities. We assume load bearing capacities to be adequate. We have no reason from a visual inspection to suspect that there are any subsoil problems or potential toxic waste.

Easements

All Cape Coral platted lots are subject to a 6-foot public utility and drainage easement. This is typical of sites in the Cape Coral area and does not adversely affect the marketability or value of the subject property.

Assessed Value and Taxes

The subject property was assessed and taxed in 2004 as follows:

STRAP Number	Land Value	Improvement Value	Total	Taxes
12-45-23-C2-0000A-0000	\$2,324,750.00	\$1,239,070.00	\$3,563,820.00	\$75,287.61

Flood Zone Data

The subject property is located in Flood Zone A-8 as per Panel No. 125095-0035C, dated September 19, 1985.

Census Tract

The subject property is located in Census Tract 010502.

Zoning

The bulk of the subject property is zoned R-1B. This is a single family zoning by the City of Cape Coral Zoning Department. A portion of the property (Tract A & B) is zoned R-3 which is a multi-family zoning.

Cape Coral Comprehensive Land Use Designation

The bulk of the subject property is designated as Parks and Recreation--Golf according to the City of Cape Coral Land Use 2000 Map adopted February 13, 1989. The area where the clubhouse is located is designated multi-family. The permitted uses, purposes, and intent are in line with the zoning as shown.

Utilities

Utilities available to the subject site are public electricity, water service by the City of Cape Coral, sewer disposal by the City of Cape Coral, telephone service by Sprint, and police and fire protection also by the City of Cape Coral. These utilities are typical for municipal

areas of Cape Coral and are an overall enhancement to the site.

Concurrency

According to the City of Cape Coral, there are no concurrency problems with the subject's location.

**Functional Utility
of the Site**

The subject site contains 175.174± acres and is presently improved with an 18-hole championship golf course. The site has frontage on Palm Tree Boulevard providing both drive-by appeal and exposure. The subject site is functionally adequate for a number of uses.



AERIAL

HIGHEST AND BEST USE ANALYSIS

Definition

Real estate is appraised in terms of its highest and best use which is defined as:

"The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value."²

In appraisal practice, the concept of highest and best use represents the premise upon which value is based. The definition of market value includes the words "most probable price." In the context of highest and best use, the concept of "most probable use" is utilized. The definition of highest and best use indicates there are two types of highest and best use. The first type is highest and best use of the site as though vacant. The second type is highest and best use of a property as improved. Each type requires a separate analysis.

Highest and Best Use as though Vacant

This analysis assumes that a parcel of land is vacant or can be made vacant through demolition of the improvements. The question this analysis answers is what type of improvement should be constructed.

To represent the highest and best use (as vacant or improved), a use must meet four criteria. The criteria are that the highest and best use must be:

Legally Permissible

Physically Possible

Financially Feasible

Maximally Productive

²Appraisal Institute, The Appraisal of Real Estate, Tenth Edition (1992), p. 275.

Legally Permissible

The subject property is encumbered by two major land use restrictions; the Comprehensive Land Use Plan Classification by Cape Coral and the zoning. The subject site is currently classified as being in the Parks and Recreational Area of the City of Cape Coral Comprehensive Land Use Plan.

The subject site is zoned R-1B, single family residential district, by the City of Cape Coral. This is a single family designation intended to encourage and protect single family development at a variety of densities with varying dimensional requirements. Permitted uses in this area include essential services, family day care home, home occupation, parks, and single family dwellings. Special exception uses are golf courses, government uses, model home sites, parks, places of worship, religious facilities, schools, and social services. The legally permitted uses can be summarized as basically single family or recreational facilities. The maximum density for R-1B is 4.4 units per acre. The area where the motel was and the north one-third of the golf course are zoned R-3 which is a multi-family district. The purpose and intent of this district is established to: (1) permit multi-family residential development; (2) permit other uses generally compatible with such residential uses; and (3) otherwise implement the ordinance. The maximum density is 16 units per acre.

The subject site is a large parcel located in the southeastern section of Cape Coral in a residential neighborhood that is north and northwest of the downtown Cape Coral commercial corridor. The respective size of the subject enhances development potential, but there is a limited range of legally permitted uses under the zoning classification and the comprehensive plan. The comprehensive plan classification and zoning are highly compatible with their allowed uses and restrict the potential uses of the subject property.

Physically Possible

In analyzing the highest and best use of the site as though vacant, the physical aspects of the site must be considered. These include size, shape, terrain, as well as topography and subsoil conditions. At this stage in the highest and best use analysis, all land use restrictions and regulations are ignored, and the size is analyzed as to what could be physically put on the site. The site to be considered in this appraisal is irregular in shape and has frontage on Palm Tree Boulevard. By our calculations, as taken from the legal description, there are a total of 175.174± acres. The amount of frontage along Palm Tree Boulevard north of Cape Coral Parkway, the adequate amount of depth, and the shape of the subject property provides a limited range of possible uses. Soil and subsoil are assumed to be sandy loam which is typical for all of Southwest Florida. The property is assumed to have adequate load bearing qualities. The size, shape, terrain, and topography of the subject site make possible a wide range of uses. Potential uses of the site would include single family residential building sites, multi-family or condominium complex, retail or office complex, or some type of special use improvements. All of these are physically possible on the subject site, subject only to the limitation of size and the legally permissible uses.

Financially Feasible

The classification of potential uses for the subject site has been classified as a recreational use, single family use, or golf course facility as allowed by zoning and the comprehensive land use plan. The subdivision of Cape Coral was set up with the subject site as a golf course for use by residents of Cape Coral and Southwest Florida. The classification of potential uses for the subject site could be single family development as allowed by zoning. The problem with this use is the value of the surrounding single family homes and condominium units could be impaired because of not being located on the golf course. An analysis of the subject property as a golf course facility shows that golf courses in Southwest Florida are highly popular, and those golf courses set up as private, semi-private, and public courses

that are income generated are producing positive net income flows. The past history of the subject property shows a good income stream and shows that the use as a golf course to be a financially feasible use. But the value of the subject as a golf course is less than the value of the land for residential development. This is due to the high demand for land in the Cape Coral and Southwest Florida market.

Therefore, the appraiser's conclude the financially feasible uses are those uses as dictated by the market and legal constraints to be for residential development.

Maximally Productive

Among the feasible uses, the use that provides the highest value is the highest and best use. Because of its legal restrictions and its location in the Cape Coral Subdivision, it is our opinion the highest and best use of the subject property as vacant is for residential development.

Highest and Best Use as Improved

The existing improvements consist of an 18-hole championship golf course, clubhouse, etc. The subject land as vacant is worth more than the subject as improved. No value is given to the improvements. They are considered an interim use until a higher use can be obtained.

LAND VALUATION

The market value of the land is determined by its potential highest and best use and can be estimated by the use of several procedures: (1) the sales comparison approach, (2) allocation, (3) extraction, (4) the capitalization of ground rental, and (5) the land residual technique.

Of the various procedures available for estimating land value, the sales comparison approach is considered the best approach to value the subject site due to the availability of several recent sales of sites that are considered similar to the subject. In the sales comparison approach, sales of unimproved sites are analyzed, compared, and adjusted to derive an indication of value for the site being appraised.

On the following pages are the most recent land sales that have taken place in the immediate or similar areas. Following the sales is an analysis of the sales and adjustments to the sales considering time, size, location, and other characteristics, such as market or financing conditions. The applicable unit of comparison is the price per acre. The market seems to perceive this value unit as the standard for similar sites.

COMPARABLE LAND SALE NO. 1

SALE INFORMATION

County	Lee
Identification Number	05-44-24-00-00010.001A
Location	Pine Island Road, North Fort Myers
Legal Description	See attached
Confirmed Sale Price	\$1,210,500.00
Cash Equivalent Price	\$1,210,500.00
Grantor	Gordon D. Olson and Rosemary E. Olson and Fischer Family, LLC
Grantee	DJ Realty Partners, LLC
Date of Sale	May 2004
Recorded	Official Record Book 4347, Page 1844
Confirmed With	John Pegg
Financing	Cash

SITE DATA

Zoning	AG-2
Land Plan Classification	Intensive Development
Site Use	Vacant
Best Use	Future Development

Street Surface	Asphalt
Water/Sewer	Yes/Yes
Sidewalk	No
Curb and Gutter	No

Descriptive Data	The property is located on the south side of Pine Island Road east of Pondella Road and west of Orchid Road in North Fort Myers.
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Dimensions	Varies
Area	338,461± square feet or 7.77± acres

UNIT OF COMPARISON

Price Per Acre	\$155,792.00
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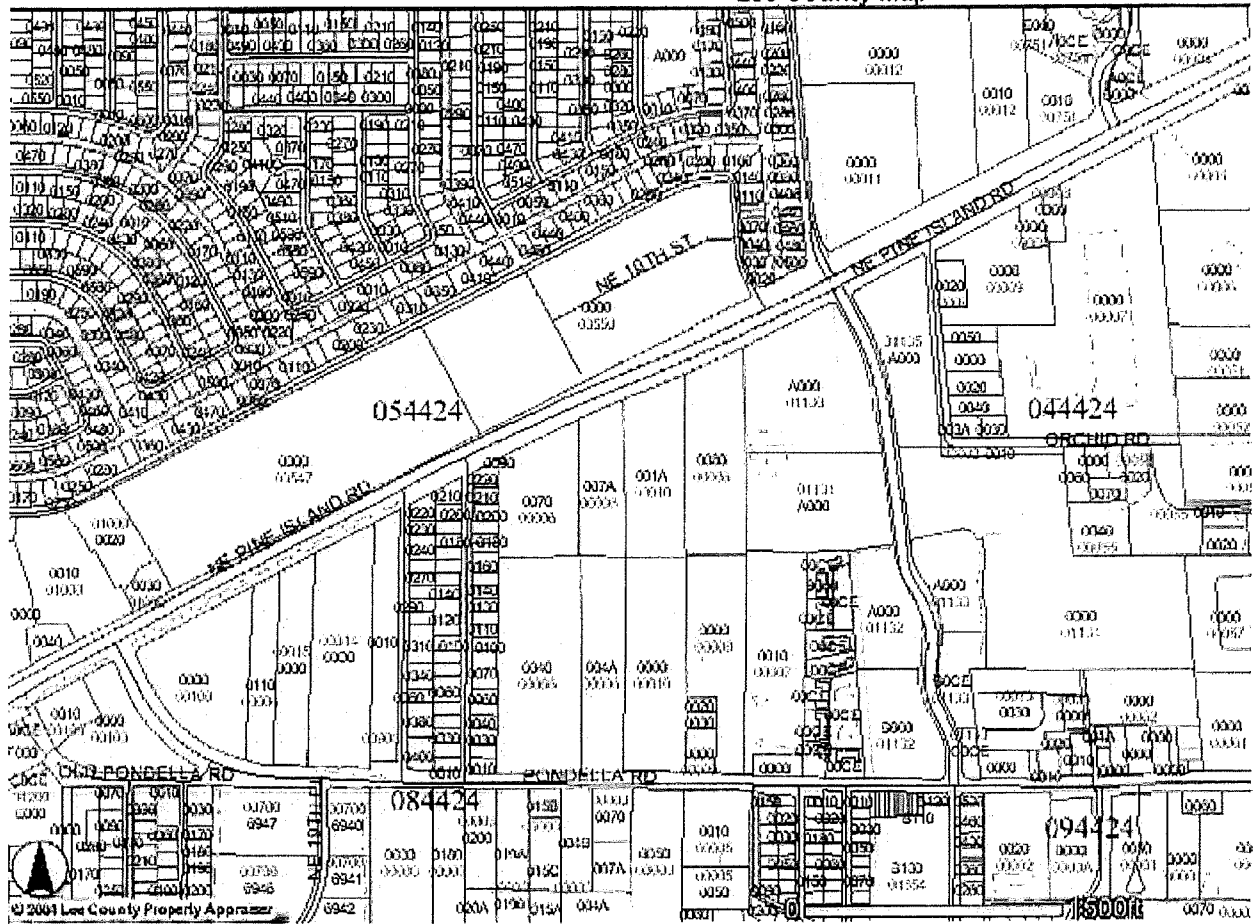
REMARKS

None.

Exhibit "A"

FROM THE SOUTHEAST CORNER OF SECTION 5, TOWNSHIP 44 SOUTH, RANGE 24 EAST, RUN NORTHERLY ALONG THE EAST LINE OF SAID SECTION 5 FOR 33 FEET TO THE NORTH LINE OF THE COUNTY ROAD KNOWN AS THE PONDELLA ROAD; THENCE RUN WESTERLY ALONG SAID NORTH LINE PARALLEL TO AND 33 FEET FROM THE CENTER LINE OF SAID ROAD FOR 1,080 FEET; THENCE RUN NORTHERLY ALONG A LINE PERPENDICULAR TO SAID PONDELLA ROAD FOR 1317.23 FEET TO THE POINT OF BEGINNING:

THENCE RUN WESTERLY PARALLEL WITH SAID PONDELLA ROAD FOR 356.62 FEET; THENCE RUN NORTHERLY ALONG A LINE PERPENDICULAR TO SAID PONDELLA ROAD FOR 909.09 FEET TO THE SOUTHERLY RIGHT-OF-WAY LINE OF STATE ROAD NO. 78 (FORMERLY NO. 183) THENCE RUN NORTHEASTERLY ALONG SAID RIGHT-OF-WAY LINE TO AN INTERSECTION WITH A LINE THROUGH THE POINT OF BEGINNING PERPENDICULAR TO THE PONDELLA ROAD; THENCE RUN SOUTHERLY ALONG SAID PERPENDICULAR LINE TO THE POINT OF BEGINNING.



COMPARABLE LAND SALE NO. 2

SALE INFORMATION

County	Lee
Identification Number	11-44-23-C4-02580.0000
Location	NW 1 st Lane, Cape Coral
Legal Description	Block 2580, Cape Coral Unit 37, Plat Book 17, Page 17
Confirmed Sale Price	\$3,700,000.00
Cash Equivalent Price	\$3,700,000.00
Grantor	Emerald Village Developers, LLC
Grantee	First Mid-Rise, LLC
Date of Sale	June 2004
Recorded	Official Record Book 4329, Page 2554
Confirmed With	Joseph Zarrelli
Financing	Conventional mortgage for \$2,775,000.00 with First National Bank of Florida

SITE DATA

Zoning	RD
Land Plan Classification	Single-Family/Multi-Family by PDP
Site Use	Vacant
Best Use	Multi-Family

Street Surface	Asphalt
Water/Sewer	No/No
Sidewalk	No
Curb and Gutter	No

Descriptive Data The property is located on the north side of NW 1st Lane, the east side of NW 6th Avenue, the south side of NW 3rd Street and the east side of NW 4th Place in Cape Coral.

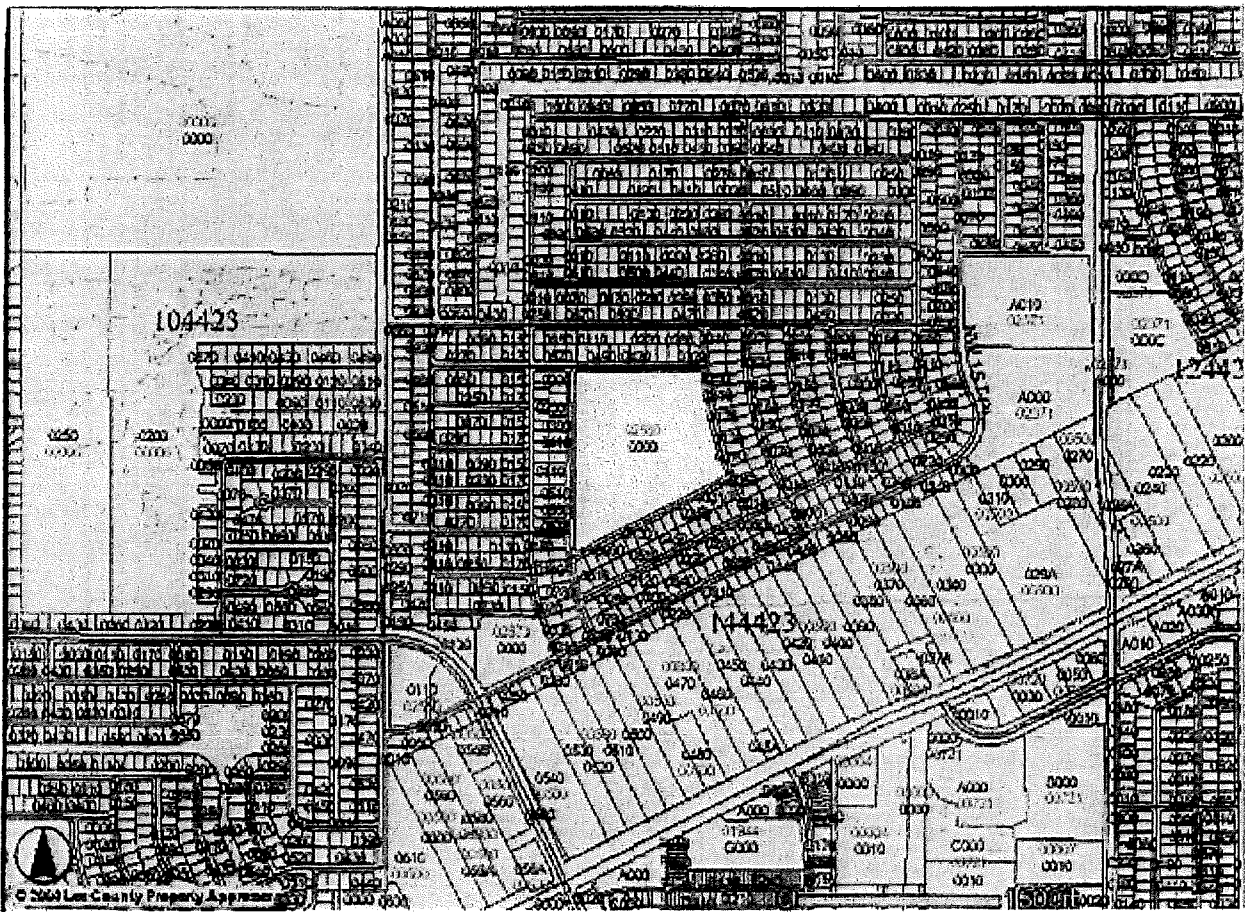
Dimensions	Varies
Area	22.09± acres

UNIT OF COMPARISON

Price Per Acre	\$167,497.00
Price Per Unit	\$8,916.00

REMARKS

415 multi-family units are allowed on the site.
Prior sale in May 2002 for \$604,000.00 per O.R.
3660/2687.



© 2005 Lee County Property Appraiser

COMPARABLE LAND SALE NO. 3

SALE INFORMATION

County	Lee
Identification Number	26-44-23-C1-03079.0000, 26-44-23-C1-03079.0010
Location	Trafalgar Parkway and Skyline Boulevard, Cape Coral
Legal Description	See attached
Confirmed Sale Price	\$5,160,000.00*
Cash Equivalent Price	\$5,160,000.00
Grantor	Cape Trafalgar, LLC and Stephen W. Haywood
Grantee	Skyline Trafalgar, LLC
Date of Sale	June 2004
Recorded	Official Record Book 4346, Pages 1393 and 1394
Confirmed With	Stephen Haywood
Financing	Conventional mortgage for \$3,650,000.00 with First Community Bank of Southwest Florida

SITE DATA

Zoning	C-1
Land Plan Classification	Commercial Professional and Mixed Use
Site Use	Vacant
Best Use	Future Development
Street Surface	Asphalt
Water/Sewer	Yes/Yes
Sidewalk	Yes
Curb and Gutter	Yes

Descriptive Data The property is located on the south side of Trafalgar Parkway, the west side of SW 6th Place, the north side of SW 18th Street and the east side of Skyline Boulevard in Cape Coral.

Dimensions	Varies
Area	1,116,878± square feet or 25.64± acres

UNIT OF COMPARISON

Price Per Acre	\$201,248.00
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REMARKS

Sale recorded in two deeds:
(1) Cape Trafalgar to Skyline Trafalgar, LLC, \$4,260,000.00, OR 4346/1393.
(2) Stephen Haywood to Skyline Trafalgar, LLC, \$900,000.00, OR 4346/1394.

By *Stephen W. Haywood*
Trustee of Six Acre
Cape Coral, FL 33904
Public 100177A

RECORDED BY THE CLERK OF THE COUNTY OF LEE, FLORIDA

LETTER # 6332762
RR # 46346 P4 14141 (199)
RECORDED 06/24/2004 04:31:26 PM
CHARLES GREEN, CLERK OF COURT
LEE COUNTY, FLORIDA
DEED DOC 6, 300.00
CLERK CHARL J MILLER

WARRANTY DEED
(Individual)

This Warranty Deed dated this 24 day of June, 2004,

By Stephen W. Haywood, a single man, individually and as Trustee of the Six Acre Cape Coral Trust w/a dated March 31, 1987, whose post office address is: Post Office Box 101528, Cape Coral, FL 33910, hereinafter called the GRANTOR

To Skyline Trafalgar, LLC, a Florida Limited Liability Company, whose post office address is: 612 East Cape Coral Parkway, Cape Coral, FL 33904, hereinafter called the GRANTEE,

WITNESSETH, that the Grantor, for and in consideration of the sum of \$10.00, and other valuable consideration, the receipt whereof is hereby acknowledged, hereby grants, bargains, sells, aliens, remises, releases, conveys and confirms unto the Grantee, all that certain parcel of land in the County of Lee, State of Florida, viz:

The South 290 feet of Block 3070, extending 890.03 feet on Southwest 18 Street to Southwest 6 Place, North 290 feet, thence West to a point on Skyline Boulevard, UNIT 62, CAPE CORAL SUBDIVISION, according to the plat thereof, as recorded in Plat Book 21, Pages 21 through 39, inclusive, of the Public Records of Lee County, Florida.

Grantor hereby warrants that the above captioned property is not his homestead as defined in the Constitution of the State of Florida, said property is vacant land.

SUBJECT TO covenants, conditions, restrictions, reservations, limitations, easements and agreements of record, if any; taxes and assessments for the year of 2004 and subsequent years; and to applicable zoning ordinances and/or restrictions and prohibitions imposed by governmental authorities, if any.

TOGETHER with all of the tenements, hereditaments and appurtenances thereto belonging or in anywise appertaining, TO HAVE AND TO HOLD, the same in fee simple forever.

AND the Grantor hereby covenants with the Grantee that the Grantor is lawfully seized of said land in fee simple; that the Grantor has good right and lawful authority to sell and convey this land; that the Grantor hereby fully warrants the title to the land and will defend the same against the lawful claims of all persons whomsoever.

IN WITNESS WHEREOF, the Grantor has signed and sealed these presents the day and year first above written.

Signed, sealed and delivered in the presence of:

Katherine Null
Witness Signature
Katherine Null
Printed Name

Stephen W. Haywood
Stephen W. Haywood, individually and as Trustee

Joseph Malingowski
Witness Signature
Joseph Malingowski
Printed Name

STATE OF FLORIDA
COUNTY OF LEE

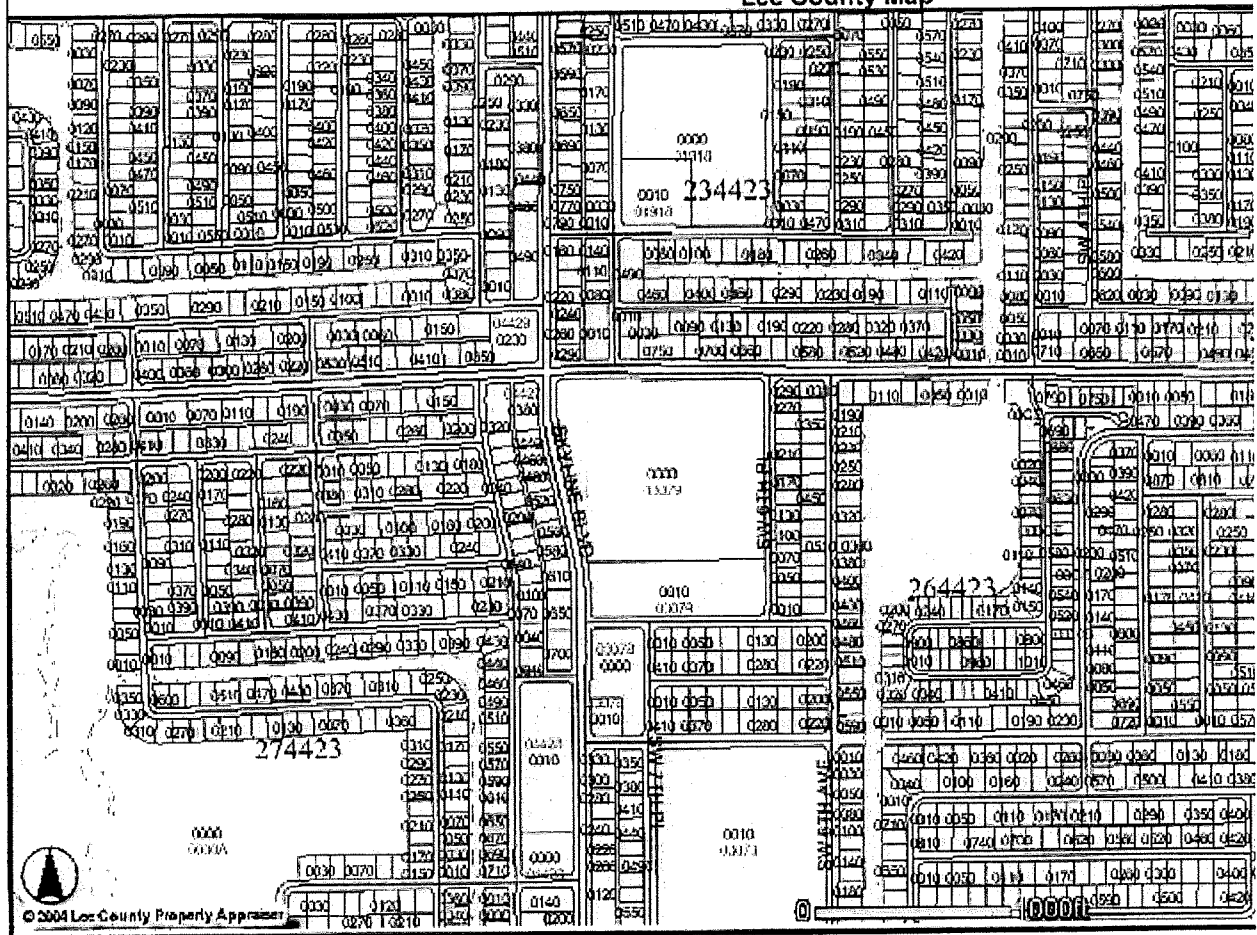
The foregoing instrument was acknowledged before me this 24 day of June, 2004, by Stephen W. Haywood, a single man, individually and as Trustee of the Six Acre Cape Coral Trust w/a dated March 31, 1987, who is/are personally known to me and who did (did not) take an oath

(Notary Seal)



Katherine Null
Notary Public
My Commission Expires: June 8, 2005

Lee County Map



COMPARABLE LAND SALE NO. 4

SALE INFORMATION

County	Lee
Identification Number	29-44-24-C2-00001.0040
Location	Four Mile Cove Parkway, Cape Coral
Legal Description	See attached
Confirmed Sale Price	\$8,000,000.00
Cash Equivalent Price	\$8,000,000.00
Grantor	Millenium Group of Southwest Florida, LLC
Grantee	Cornerstone Investments, LLC
Date of Sale	September 2004
Recorded	Official Record Book 4447, Page 3461
Confirmed With	Jim Helford
Financing	Conventional

SITE DATA

Zoning	R-1A
Land Plan Classification	Single-Family
Site Use	Vacant
Best Use	Residential

Street Surface	Asphalt
Water/Sewer	Yes/Yes
Sidewalk	No
Curb and Gutter	No

Descriptive Data	The property is located on the north side of Four Mile Cove Parkway east of Del Prado Boulevard in Cape Coral. The property has frontage on canals.
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Dimensions	Irregular
Area	35.48± acres

UNIT OF COMPARISON

Price Per Acre	\$225,479.00
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REMARKS

REMARKS	Prior sale in August 2003 for \$1,100,000.00 per O.R. 4053/3603.
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Exhibit "A"

PARCEL 1:

A parcel of land lying within sections 28 & 29, township 44 south, range 24 east, Lee County, Florida, being more particularly described as follows:

COMMENCE at the northwest corner of the aforementioned section 28; thence $S00^{\circ}02'19"E$, 400.00 feet to the POINT OF BEGINNING; thence, along the southerly line of the plat of "Shorehaven Estates", as recorded in Plat Book 19 at page 117 of the Public Records of Lee County, Florida, $S89^{\circ}59'47"W$, 1067.00 feet; thence $S00^{\circ}04'51"E$, 173.43 feet; thence $N89^{\circ}59'47"W$, 1104.05 feet; thence $S00^{\circ}04'51"E$, 115.42 feet; thence $S78^{\circ}09'56"W$, 96.11 feet; thence $S89^{\circ}55'09"W$, 690.00 feet; thence $S00^{\circ}04'51"E$, 1271.62 feet; thence, along a line lying 1980 feet south of and parallel with the north line of the aforementioned section 29, $S89^{\circ}55'09"W$, 657.91 feet; thence $N00^{\circ}04'51"W$, 225.00 feet; thence northerly along the arc of a tangent circular curve concave to the east, having for its elements a radius of 325.00 feet, a central angle of $45^{\circ}00'00"$, a chord distance of 248.74 feet, a chord bearing of $N22^{\circ}25'09"E$, an arc distance of 255.25 feet; thence $N44^{\circ}55'09"E$, 371.56 feet; thence $N00^{\circ}04'51"W$, 552.72 feet; thence $S89^{\circ}55'09"W$, 385.21 feet; thence $N00^{\circ}04'51"W$, 309.74 feet; thence $N89^{\circ}55'09"E$, 1506.34 feet to the POINT OF BEGINNING.

PARCEL 2:

A parcel of land lying within Section 29, Township 44 South, Range 24 East, Lee County, Florida, being more particularly described as follows:

COMMENCE at the Northwest corner of Section 28, Township 44 South, Range 24 East, Lee County, Florida; thence $S00^{\circ}02'19"E$ along the West line of Said Section 28, 400.00 feet to the Intersection of the West line of Section 28 with the South line of Shorehaven Estates, as recorded in Plat Book 19, Page 117 of Lee County, Florida; thence $S89^{\circ}55'09"W$ along said South line of Shorehaven Estates 1506.34 feet to an Interior corner of Shorehaven Estates; thence $S00^{\circ}04'51"E$ along an East line of Shorehaven Estates 309.74 feet to the POINT OF BEGINNING; thence $N89^{\circ}55'09"E$, 385.24 feet; thence $S00^{\circ}04'51"E$, 552.44 feet; thence $S44^{\circ}55'09"W$, 371.56 feet to a point of curvature; thence Southwesterly along the arc of a tangent curve concave to the Southeast having for its elements a radius of 325.00 feet, a central angle of $34^{\circ}57'21"$, a chord of 195.22, a chord bearing of $S27^{\circ}28'29"W$, an arc distance of 198.28 feet to a point of cusp on an Easterly line of Shorehaven Estates; thence $N00^{\circ}04'50"W$ along said East line 558.31 feet to a Northeast corner of Shorehaven Estates; thence $S89^{\circ}55'09"W$ along a North line of Shorehaven Estates 32.30 feet to an Interior corner of Shorehaven Estates; thence $N00^{\circ}04'39"W$ along an East line of Shorehaven Estates 430.55 feet to the POINT OF BEGINNING.

Subject to easements, restrictions, reservations and rights-of-way of record.

Bearings are based on the South line of Shorehaven Estates, as being $S.89^{\circ}55'00"E$.

PARCEL 3:

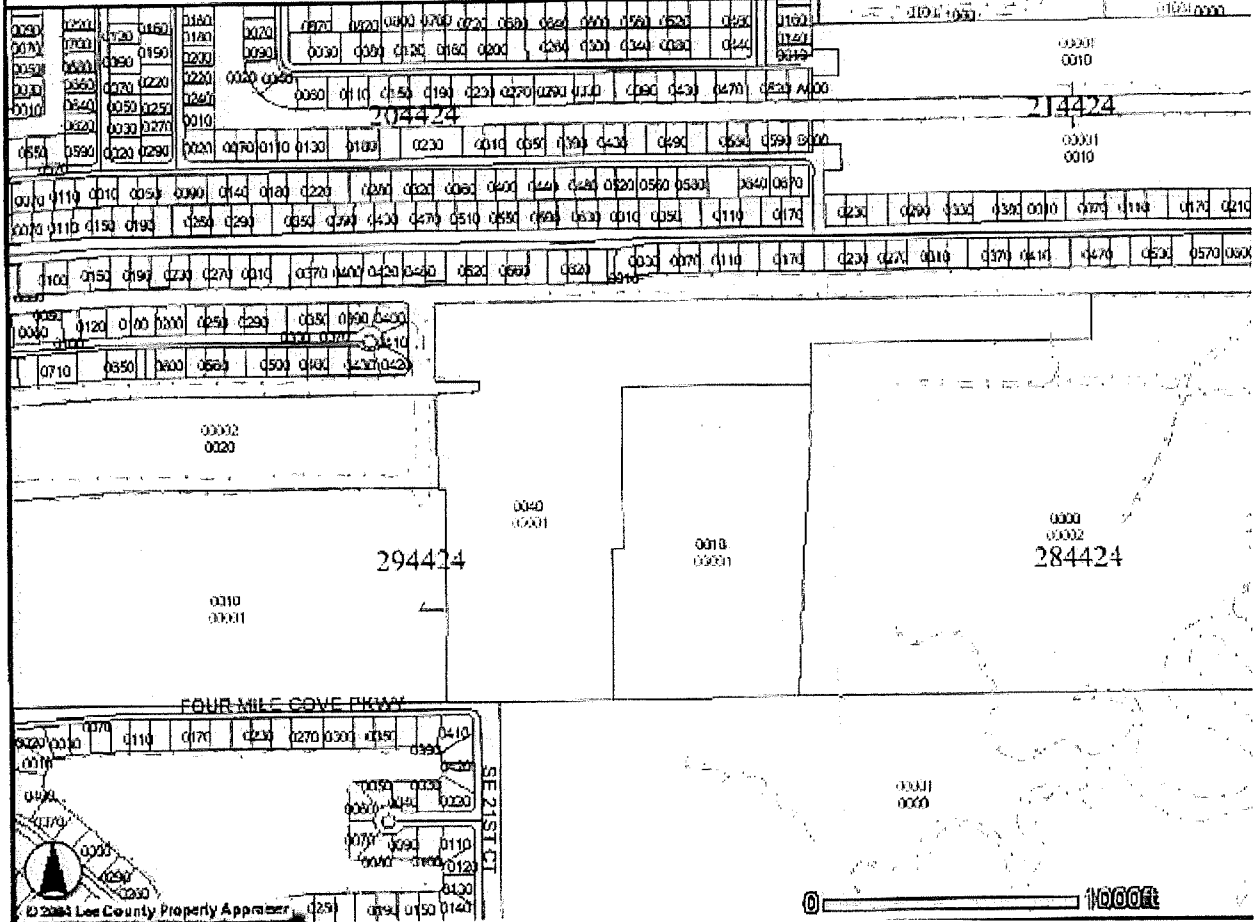
A parcel of land lying within Section 29, Township 44 South, Range 24 East, Lee County, Florida, being more particularly described as follows:

COMMENCE at the Northwest corner of Section 28, Township 44 South, Range 24 East, Lee County, Florida; thence $S00^{\circ}02'19"E$ along the West line of Said Section 28, 573.43 feet; thence leaving said West line of Section 28 $N89^{\circ}59'47"W$, 26.03 feet to the POINT OF BEGINNING; thence $S00^{\circ}04'51"E$, 166.62 feet; thence $S89^{\circ}55'09"W$, 750.00 feet; thence $S00^{\circ}04'50"E$, 637.91 feet; thence $S89^{\circ}55'10"W$, 44.98 feet; thence $N00^{\circ}04'51"W$, 669.55 feet; thence $N89^{\circ}55'09"E$, 690.00 feet; thence $N78^{\circ}09'56"E$, 96.11 feet; thence $N00^{\circ}04'51"W$, 115.42 feet; thence $S89^{\circ}59'47"E$, 10.89 feet to the POINT OF BEGINNING.

Subject to easements, restrictions, reservations and rights-of-way of record.

Bearings are based on the South line of Shorehaven Estates, as being $S.89^{\circ}55'09"E$.

Lee County Map



COMPARABLE LAND SALE NO. 5

SALE INFORMATION

County	Lee
Identification Number	16-44-24-15-0000A.0000, 16-44-24-15-0000E.0000, 21-44-24-15-0000F.0000, 21-44-24-15-0000G.0000, 21-44-24-15-0000H.0000, 21-44-24-15-0000I.0000, 21-44-24-15-0000I.1000, 21-44-24-16-00000.0660, 21-44-24-24-00000.00A0, 21-44-24-24-00000.00B0 16-44-24-15-000E1.0000
Location	West side of Orange Grove Boulevard, Lochmoor Country Club, North Fort Myers
Legal Description	Lengthy metes and bounds
Confirmed Sale Price	\$54,320,000.00
Cash Equivalent Price	\$54,320,000.00
Grantor	Paradise Yacht Club, Inc.
Grantee	Paradise Preserve, LLC
Date of Sale	Current Contract
Recorded	N/A
Confirmed With	Jim Helford
Financing	Cash

SITE DATA

Zoning	RPD, RM-2, C-1A, CM, RS-1
Land Plan Classification	Suburban, Wetlands
Site Use	Multi-Family Subdivision
Best Use	Multi-Family Subdivision
Street Surface	Asphalt
Water/Sewer	Yes/Yes
Sidewalk	No
Curb and Gutter	No

Descriptive Data	The property is located on the west side of Orange Grove Boulevard and the north and south sides of Birkdale Avenue, plus various streets throughout the Lochmoor Subdivision. The property also has frontage on the Caloosahatchee River.
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Dimensions	Irregular
Area	274.380± acres

UNIT OF COMPARISON

Price Per Acre	\$197,974.00
Price Per Unit	\$70,000.00

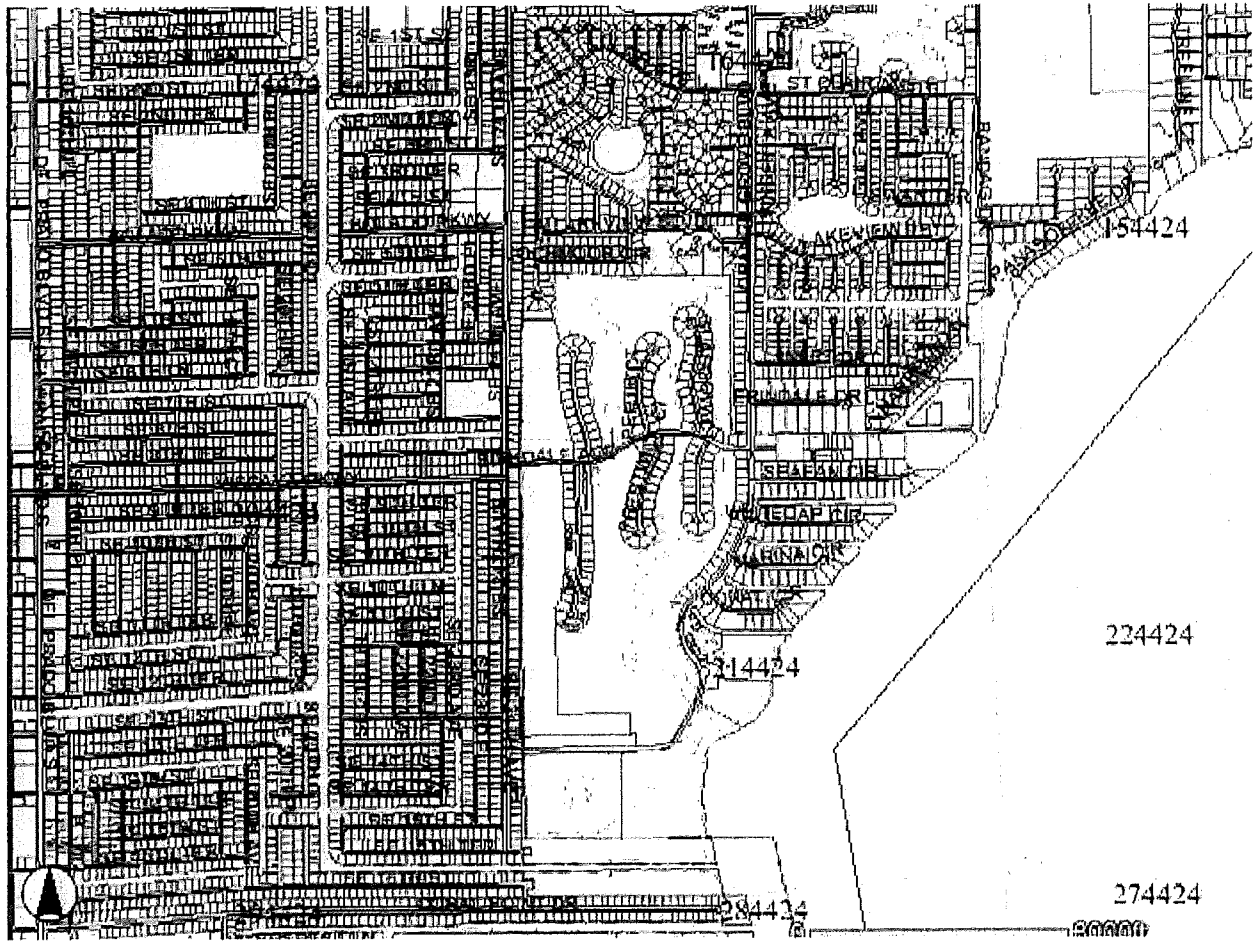
COMPARABLE LAND SALE NO. 5

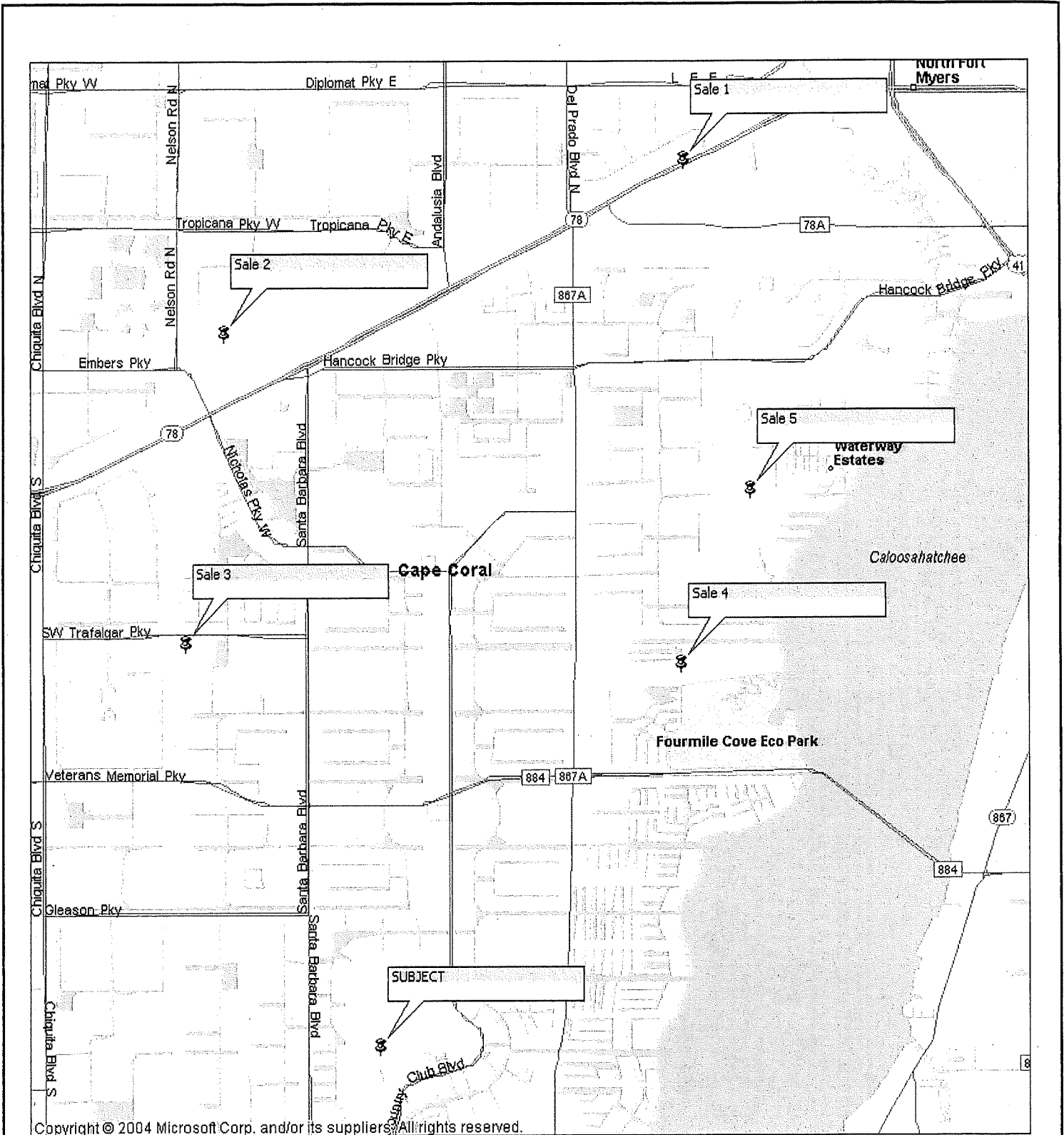
REMARKS

Phase I of the subject property that is to be known as The Estuary has a DO or Development Order as approved January 31, 2003. Phase I of The Estuary was approved for 226 residential condominium units in two buildings (113 units per building), a 7,500± square foot building for recreational uses, a 4,000± square foot building for a sales center and one 500± square foot guard house with a street, parking, utilities, stormwater management facility, swimming pool, four tennis courts and related minor site improvements. Phase I includes the marina area, as far as we can determine. The Estuary Phase II has been rezoned from AG-2, RS-1 and C-1A to RPD on 204.1± acres of the subject property. This will allow development of 550 multi-family residential dwelling units, one single-family detached dwelling unit, the redesign of the existing golf course and construction of a new clubhouse. The single-family home would be on the residential lot that is located on Birkdale Avenue. So, in essence, what the zoning will permit on the subject property is 776 multi-family units along with redesign of the golf course and the 69 slip marina.

Prior sales information:

<u>STRAP No.</u>	<u>Date of Purchase</u>	<u>Purchase Price</u>	<u>O.R. Book/Page</u>
16-44-24-15-0000A.0000	03/04	\$7,010,000.00	4243/4827
16-44-24-15-0000E.0000	03/04	\$754,700.00	4243/4872
21-44-24-15-0000F.0000	03/04	\$2,990,000.00	4243/4831
21-44-24-15-0100G.0000	01/96	\$200,000.00	2669/1068
21-44-24-15-0100H.0000	01/96	\$200,000.00	2669/1068
21-44-24-15-0100I.0000	12/95	\$1,000,000.00	2669/1095
21-44-24-15-0100I.1000	01/96	\$560,000.00	2669/1143
21-44-24-16-00000.0660	03/04	\$85,000.00	4243/4887
21-44-24-24-00000.00A0	11/01	\$275,100.00	3558/3270
21-44-24-24-00000.00B0	01/96	\$560,000.00	2669/1143
16-44-24-15-000E1.0000	03/04	\$45,400.00	4243/4877





COMPARABLE LAND SALES MAP

Analysis of Land Sales

Sale No. 1 was purchased in May 2004 for \$1,210,500.00. This was an all cash transaction. This property is located on the south side of Pine Island Road east of Pondella Road and west of Orchid Road in North Fort Myers, Florida. Sale No. 1 contains 7.77± acres and indicated a price of \$155,792.00 per acre. The sale is zoned AG-2, which is an agricultural zoning and is located in the Intensive Development area of the Comprehensive Land Use Plan.

Sale No. 2 was purchased in June 2004 for \$3,700,000.00. There was a conventional mortgage of \$2,775,000.00 placed on the property that did not influence the sales price. This property is located on the north side of NW 1st Lane, the east side of NW 6th Avenue, the south side of NW 3rd Street and the east side of NW 4th Place in Cape Coral, Florida. Sale No. 2 contains 22.09± acres and indicated a price of \$167,497.00 per acre. The sale is zoned RD and is located in the single-family/multi-family by PDP area of the Comprehensive Land Use Plan.

Sale No. 3 was purchased in June 2004 for \$5,160,000.00. This purchase was in two transactions. There was a conventional mortgage of \$3,650,000.00 placed on the property that did not influence the sales price. The property is located at the southeast corner of Skyline Boulevard and Trafalgar Parkway in Cape Coral, Florida. Sale No. 3 contains 25.64± acres and indicated a price of \$201,248.00 per acre. The sale is zoned C-1 and is located in the Commercial Professional and Mixed Use area of the Comprehensive Land Use Plan.

Sale No. 4 was purchased in September 2004 for \$8,000,000.00. The property is located on the north side of Four Mile Cove Parkway east of Del Prado Boulevard in Cape Coral, Florida. The property also has frontage on canals that lead out to the Caloosahatchee River. Sale No. 4 contains 35.48± acres and indicated a price of \$225,479.00 per

acre. This sale is part of a larger project that is to be developed in a subdivision called Paradise Preserve. Sale No. 4 is zoned R-1A and is located in the single-family area of the Comprehensive Land Use Plan.

Sale No. 5 is the current contract for the purchase of the Lochmoor golf course and marina property that is located on Orange Grove Boulevard and the Caloosahatchee River in North Fort Myers. The property is under contract for \$54,320,000.00. The buyers are going to completely remodel and rebuild the golf course and marina, and develop 776 units on the site. The buyers gave no value to the existing improvements. The site contains 274.380± acres and indicated a price of \$197,974.00 per acre. The location on the river is superior to the subject.

The comparable sales indicate a range from \$155,792.00 to \$225,479.00 per acre before adjustments for time, size, location, and physical characteristics.

Explanation of Adjustments

Time Adjustment: The comparable sales occurred over a time period from May 2004 to the current contract. The appraiser recognizes that the Cape Coral market has been appreciating rapidly as the sale/resale analysis of Sales No. 2 and No. 4 show. Although both of these sales had plans for development this increase may be attributable to the projected developments. No time adjustment is adopted because the current contract price of Sale No. 4 is very similar to the indicated prices for Sales No. 1 through No. 3.

Size Adjustment: The comparable sales range from 7.77± acres to 274.380± acres. The subject property contains 175.174± acres. Typically speaking, when a smaller parcel is compared to a similar larger parcel, the larger parcel will sell for less per acre than the

smaller parcel. When the comparable sales are analyzed, they show no consistent relationship for size. Therefore, no size adjustment will be adopted.

Location Adjustment: All of the comparable sales are considered similar to the subject property, although it is recognized that Sale No. 4 has a canal front location, Sale No. 3 is located at a major intersection, and Sale No. 5 is on the river. All three sales will be adjusted downward 20% for location.

Physical Characteristics Adjustment: All of the comparable sales have similar utilities available to them and are considered similar to the subject property. Sale No. 1 is zoned AG-2 which is an agricultural zoning which is considered inferior to the subject property. No adjustment will be made but it is recognized that this sale is at the low end of the range. Sale No. 3 has a commercial zoning on it which is considered superior to that of the subject property. Again, this is at the middle end of the range and no adjustment will be made but will be considered in our final analysis.

In our opinion the comparable sales should be adjusted to the subject property as follows:

COMPARABLE LAND SALES GRID

	Subject	Sale No. 1	Sale No. 2	Sale No. 3	Sale No. 4	Sale No. 5
Sales Price		\$1,210,500	\$3,700,000	\$5,160,000	\$8,000,000	\$54,320,000
Cash Equivalent Price		\$1,210,500	\$3,700,000	\$5,160,000	\$8,000,000	\$54,320,000
Price Per Acre		\$155,792	\$167,497	\$201,248	\$225,479	\$197,974
Date of Sale		05/04	06/04	06/04	09/04	Contract
Time Adjustment		-0-	-0-	-0-	-0-	-0-
Adjusted Price Per Acre		\$155,792	\$167,497	\$201,248	\$225,479	\$197,974
Size (acres)	175.174±	7.77±	22.09±	25.64±	35.48±	274,380±
Adjustment		-0-	-0-	-0-	-0-	-0-
Location	Palm Tree Blvd.	Pine Island Rd.	NW 1 st Ln.	Trafalgar Pkwy. & Skyline Blvd.	Four Mile Cove Pkwy.	Orange Grove Blvd.
Adjustment		-0-	-0-	-20%	-20%	-20%
Physical Characteristics						
Zoning	R-1B/R-3	AG-2	RD	C-1	R-1A	RPD
Water/Sewer	Yes/Yes	Yes/Yes	No/No	Yes/Yes	Yes/Yes	Yes/Yes
Adjustment		-0-	-0-	-0-	-0-	-0-
Adjusted Price Per Acre		\$155,792	\$167,497	\$160,998	\$180,383	\$158,379

The comparable sales indicate a range from \$155,792.00 to \$180,383.00 per acre with a mean of \$164,610.00 per acre. After considering the comparable sales, it is our opinion that the subject property has a value of \$160,000.00 per acre.

175.174± acres @ \$160,000.00 per acre = \$28,027,840.00
 SAY \$28,030,000.00

RECONCILIATION AND FINAL VALUE ESTIMATE

The three approaches to value indicated the following results:

Cost Approach	NOT APPLICABLE
Sales Comparison Approach	\$28,030,000.00
Income Capitalization Approach	NOT APPLICABLE

The purpose of this appraisal is to estimate the "as is" market value of the subject property. The subject property consists of 175.174± acres that are located on Palm Tree Boulevard in Cape Coral. The site is improved with The Golf Club, but no value is given to the improvements. The highest and best use of the subject site was for future residential development.

In the typical appraisal, there are three approaches to value that are utilized in estimating market value; cost approach, sales comparison approach, and income approach. Because the subject property is vacant land, the appraisers have utilized the sales comparison approach. The cost and income approaches are not applicable.

The sales comparison approach is based upon the principle of substitution, which states that the typical purchaser will pay no more for a property than prices paid for similar properties with equal or like utility in the marketplace. In valuing the subject property, the appraisers have researched the sales in the subject area. The sales were all considered to be similar to the subject property. Based upon these sales, we have adopted a price of \$160,000.00 per acre.

Therefore, in our opinion the "as is" market value of the subject property as of May 10, 2005, was:

TWENTY-EIGHT MILLION THIRTY THOUSAND DOLLARS

(\$28,030,000.00)

CERTIFICATION

The undersigned does hereby certify that, except as otherwise noted in this appraisal report:

The statements of fact contained in this report are true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions and conclusions.

I 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.

I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

My engagement in this assignment was not contingent upon developing or reporting predetermined results.

My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

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

I have made a personal inspection of the property that is the subject of this report.

No one provided significant professional assistance to the person signing this report.

The appraisal is in compliance with the Appraisal Institute's Code of Professional Ethics and Standards of Professional Appraisal Practice.

The client and third parties are advised that the Appraisal Institute has the right to review this report.

The use of this report is subject to the requirements of the State of Florida relating to review by the Real Estate Appraisal Subcommittee of the Florida Real Estate Commission.

Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which he is connected, or any reference to the Appraisal Institute--MAI shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communication without the prior written consent and approval of the undersigned.

The Appraisal Institute conducts a program on continuing education for its designated members. As of the date of this report, H. Neal Scott has completed the requirements of the continuing education program of the Appraisal Institute.

A handwritten signature in black ink, appearing to read 'H. Neal Scott', with a long horizontal flourish extending to the right.

H. NEAL SCOTT, MAI, SRA
State-Certified General Appraiser RZ743

QUALIFICATIONS

H. NEAL SCOTT, MAI, SRA
State-Certified General Appraiser RZ743

Professional Membership

Appraisal Institute (MAI) Certificate No. 6215
Society of Real Estate Appraisers (SRA),
President, 1979, Southwest Florida, Chapter No. 186
Registered Real Estate Broker - State of Florida

Experience

President - Allied Appraisers & Consultants, Inc.
Full-time real estate appraiser since 1973.
Territory covered is the state of Florida, as well as selected areas outside the state. Life-time resident of Fort Myers, Florida.

Educational Background

B.A. Degree - 1972 - University of Florida, Gainesville, Florida
Major: Business Administration/Real Estate
A.A. Degree - 1970 - Edison Junior College, Fort Myers, Florida

Courses Attended

American Institute of Real Estate Appraisers:
Course 1A - Principles of Real Estate Appraising
Course 1B - Capitalization Theory and Techniques
Course II - Urban Properties
Course IV - Litigation Valuation
Course VI - Investment Analysis
Society of Real Estate Appraisers:
Course 101 - Residential Property
Course 201 - Income Property Appraising
Numerous seminars and workshops by the Appraisal Institute and others

Partial Listing of Clients

Financial Institutions:

Northern Trust Bank, SunTrust Bank, Colonial Bank, AmSouth Bank, SouthTrust Bank, Wachovia, Busey Bank, Bank of America, Riverside Bank, Republic Bank, First National Bank of Florida, Florida Community Bank, First Florida Bank, Orion Bank, TIB Bank of the Keys, Old Florida Bank

Law Firms:

Smoot, Adams; Roetzel & Address; The Pavese Law Firm; Cummings & Lockwood; Henderson, Franklin; Thompson & Schreiber; Becker & Poliakoff; Goldstein, Buckley, Cechman, Rice & Purtz; Rubinstein & Holz; Goetz, Hartman & Landsteiner

Public Agencies:

Resolution Trust Corporation, FDIC, City of Fort Myers, City of Cape Coral, Collier County, School District of Lee County, Office of County Lands, Lee County Board of County Commissioners, City of Sanibel, Lee County Port Authority, City of Fort Myers Community Redevelopment Agency, The Trust for Public Lands

Others:

U.S. Home Corporation, Arthur Rutenberg Corporation, Mobil Oil, Texaco, Sun Oil, Seaboard Railroad, Taco Bell, IBM Corporation, Florida Gulf Coast University, Colonial Homes, The Weiner Corporation

**Partial Listing of
Properties Appraised**

Single family homes, apartment complexes, office buildings, condominium projects, mobile home parks, shopping centers, hotels/motels, warehouses, vacant acreage, subdivisions, special use properties

Specialty assignments include highest and best use studies, feasibility studies, market studies, buy versus build scenarios

**Qualified Expert
Witness For**

Circuit Court of Lee County, Collier County, Charlotte County, and Palm Beach County, United States District Court Middle District of Florida, Federal Bankruptcy Court. Acted as a special master for Lee County, hearing real property assessed valuation appeals from property owners and making recommendations to the Value Adjustment Board.