

Appraisers

Bell Jr., MAI
...David Bell III
Frederick H. Hall
Ben F. Hamel
Lauren Stone
Robert Harley
Rusty Summey
Lisa Howard
Brandon Beard
Jimmy Barton II

M. D. BELL COMPANY, INC.

58 Midtown Park East
Mobile, Alabama 36606

TELEPHONE (251) 473-4971
FAX (251) 476-6468
E-Mail rikhall@bellsouth.net

Real Estate Appraisers
And Consultants
Established 1945

M. D. Bell, Sr., MAI Founder

May 2, 2005

First Gulf Bank
Ms. Christie Vaughn
Post Office Box 730
Daphne, Alabama 36526

Re: Update Appraisal
Existing Beach House Grill
5872-5920 Battleship Pkwy
Spanish Fort, Alabama

Dear Ms. Vaughn:

At your request, we have conducted the inspections, investigations and complete analysis necessary to appraise the above-referenced real property. The property has been more fully described legally and physically within the enclosed complete summary appraisal report.

This appraisal is being reported as a "Summary Update Appraisal Report" in accordance with Standards Rule 2-2(b) of the Uniform Standards of Professional Practice (USPAP). Also, by this letter we certify that this appraisal assignment was not based on a requested minimum valuation, a specific valuation, of the approval of a loan.

The purpose of this appraisal is to estimate the "as is" market value as of May 2, 2005 .

The intended use of this report is to provide information to the client, Ms. Christie Vaughn , loan processor for the First Gulf Bank in Daphne. The appraisers are of the understanding that the function of this appraisal is to serve as the basis for underwriting purposes.

This appraisal will update the previous appraisal submitted considering the expansions and additions from the appraisal submitted earlier this year. Examples include total rebuilding of interior, second floor tower, additional waterfront decking, excess land and deceleration lane required by the city.

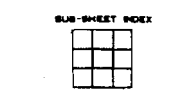
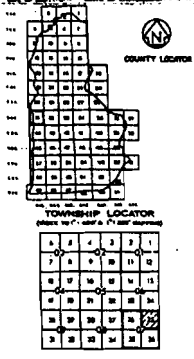
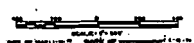
Addendum

- **Engagement Letter**
- **Plans & Specifications**
- **Various Maps, Sketches & Data**
- **Subject Photographs**

OWNERSHIP MAP
COUNTY OF BALDWIN

PUBLISHED UNDER THE AUTHORITY
OF THE
STATE OF ALABAMA
DEPARTMENT OF REVENUE
AD VALOREM TAX DIVISION

PREPARED BY
AMERICAN MAPPING AND APPRAISAL



LEGEND

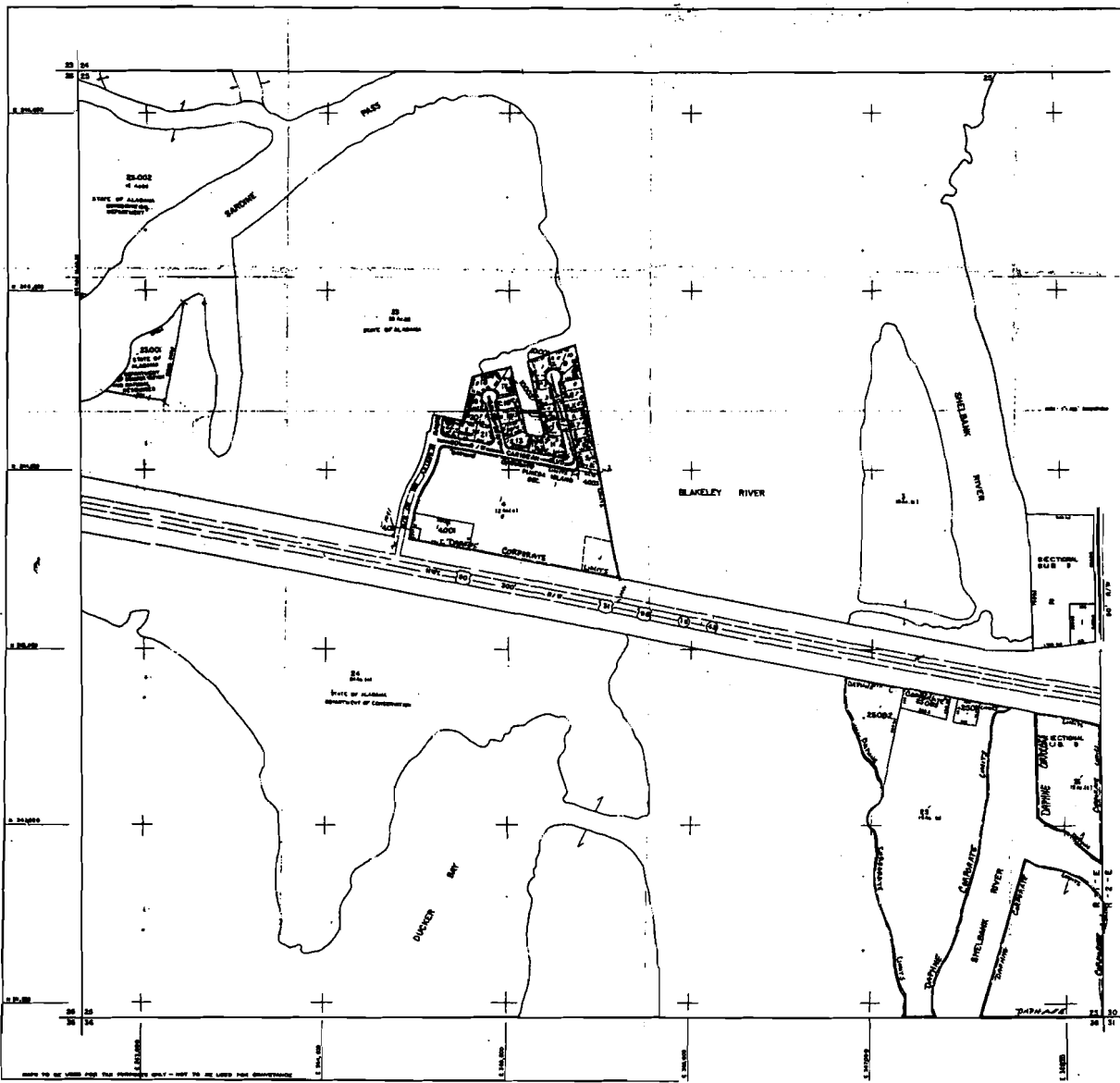
Section Line	Water	1/2 A.C.	1/4 A.C.
County Line	Water (Shaded)	1/8 A.C.	1/8 A.C.
Assessment Line	Water (Dotted)	1/16 A.C.	1/16 A.C.
Survey Line	Water (Cross-hatched)	1/32 A.C.	1/32 A.C.
Right-of-Way	Water (Vertical Lines)	1/64 A.C.	1/64 A.C.
Unimproved Land	Water (Horizontal Lines)	1/128 A.C.	1/128 A.C.
Improved Land	Water (Diagonal Lines)	1/256 A.C.	1/256 A.C.
Water	Water (Blue)	1/512 A.C.	1/512 A.C.
Water (Shaded)	Water (Blue Dotted)	1/1024 A.C.	1/1024 A.C.
Water (Dotted)	Water (Blue Dotted)	1/2048 A.C.	1/2048 A.C.
Water (Cross-hatched)	Water (Blue Cross-hatched)	1/4096 A.C.	1/4096 A.C.
Water (Vertical Lines)	Water (Blue Vertical Lines)	1/8192 A.C.	1/8192 A.C.
Water (Horizontal Lines)	Water (Blue Horizontal Lines)	1/16384 A.C.	1/16384 A.C.
Water (Diagonal Lines)	Water (Blue Diagonal Lines)	1/32768 A.C.	1/32768 A.C.
Water (Blue)	Water (Blue)	1/65536 A.C.	1/65536 A.C.
Water (Blue Dotted)	Water (Blue Dotted)	1/131072 A.C.	1/131072 A.C.
Water (Blue Dotted)	Water (Blue Dotted)	1/262144 A.C.	1/262144 A.C.
Water (Blue Cross-hatched)	Water (Blue Cross-hatched)	1/524288 A.C.	1/524288 A.C.
Water (Blue Vertical Lines)	Water (Blue Vertical Lines)	1/1048576 A.C.	1/1048576 A.C.
Water (Blue Horizontal Lines)	Water (Blue Horizontal Lines)	1/2097152 A.C.	1/2097152 A.C.
Water (Blue Diagonal Lines)	Water (Blue Diagonal Lines)	1/4194304 A.C.	1/4194304 A.C.
Water (Blue)	Water (Blue)	1/8388608 A.C.	1/8388608 A.C.

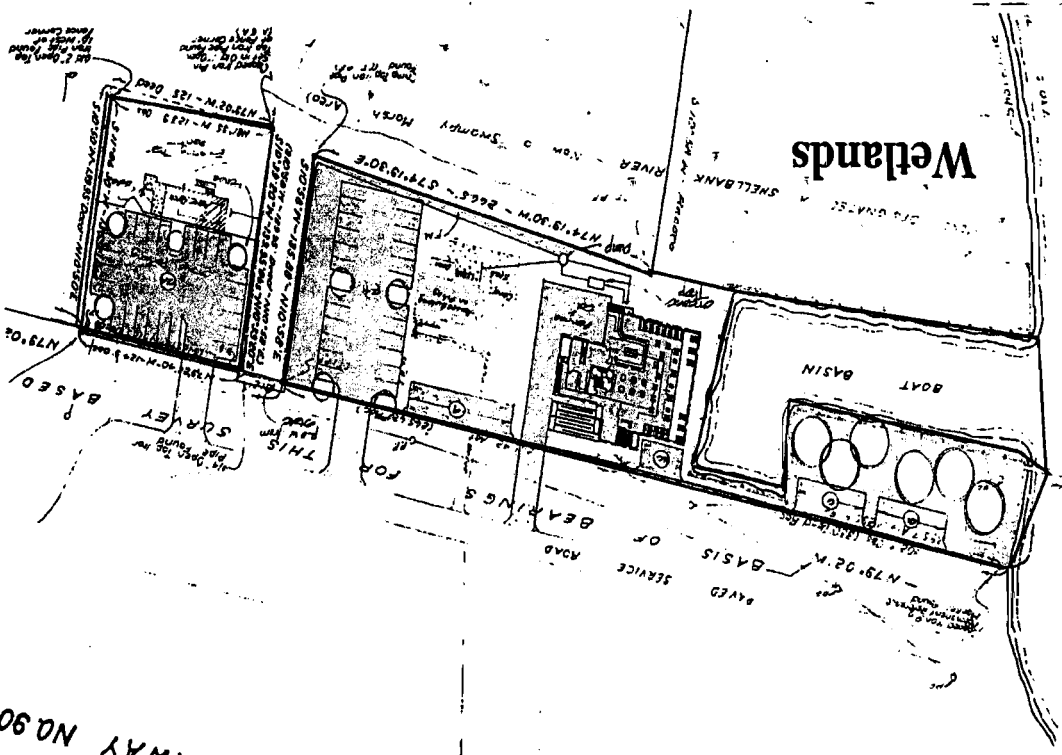
SECTION 22

TOWNSHIP 4 SOUTH, RANGE 1 EAST

02 21 07 - 23

PL 28 622 - 100





Wetlands

BOAT BASIN

PAVED SERVICE ROAD
BASIS OF BEARINGS

AKA U.S. HIGHWAY NO 90

PARKWAY

BATTLESHIP

SCALE 1" = 50'



Commence at a point where the rangeline dividing Township 4 South, Range 1 East, from Township 4 South, Range 2 East, intersects the South margin of the right-of-way of U.S. Highway Number 90; from said point run North 79 degrees 02' West, along said right-of-way, 805.0 feet for a POINT OF BEGINNING: Thence run South 10 degrees 58' West, 135.88 feet to a crimp top iron pipe marker; thence run North 74 degrees 19' 30" West, 266.5 feet to a crimp top iron pipe marker; thence run South 10 degrees 58' West, 1319.6 feet, more or less; thence run South 79 degrees 02' East, 421.3 feet; thence run North 10 degrees 58' East, 1300 feet, more or less, to an old two inch open top iron pipe marker; thence run North 81 degrees 35' West, 123.9 feet to an iron pin marker; thence run North 10 degrees 39' 20" East, 139.95 feet; thence run North 79 degrees 02' West, 31.2 feet to the Point of Beginning. Tract contains 12.72 acres more or less, and lies within Fractional Section 25, Township 4 South, Range 1 East, Baldwin County, Alabama. (Description composed from actual field surveys, Baldwin County Tax Map Information, Baldwin County Planning Department Aerial Photograph and office records).

Less and except any oil, gas, and mineral rights owned by Grantor, and not previously conveyed pursuant to the instruments referenced herein below.

SP. 12,000

041505

STATE OF ALABAMA)
COUNTY OF BALDWIN)

WARRANTY DEED WITH VENDOR'S LIEN RETAINED

KNOW ALL MEN BY THESE PRESENTS, that LEON WILDBERGER, JR. (hereinafter "Grantor") for and in consideration of \$107,000.00 to be paid to said Grantor by HPJ PROPERTIES, LLC (hereinafter "Grantee"), does, subject to the provisions hereinafter contained, hereby GRANT, BARGAIN, SELL and CONVEY unto the said Grantee its successors and assigns, the following described real property situated in the County of Baldwin, State of Alabama, to-wit:

Commence at a point where the rangeline dividing Township 4 South, Range 1 East, from Township 4 South, Range 2 East, intersects the South margin of the right-of-way of U.S. Highway Number 90; from said point run North 79 degrees 02' West, along said right-of-way, 805.0 feet for a POINT OF BEGINNING; Thence run South 10 degrees 58' West, 135.88 feet to a crimp top iron pipe marker; thence run North 74 degrees 19' 30" West, 266.5 feet to a crimp top iron pipe marker; thence run South 10 degrees 58' West, 1319.6 feet, more or less; thence run South 79 degrees 02' East, 421.3 feet; thence run North 10 degrees 58' East, 1300 feet, more or less, to an old two inch open top iron pipe marker; thence run North 81 degrees 35' West, 123.9 feet to an iron pin marker; thence run North 10 degrees 39' 20" East, 139.95 feet; thence run North 79 degrees 02' West, 31.2 feet to the Point of Beginning. Tract contains 12.72 acres more or less, and lies within Fractional Section 25, Township 4 South, Range 1 East, Baldwin County, Alabama. (Description composed from actual field surveys, Baldwin County Tax Map Information, Baldwin County Planning Department Aerial Photograph and office records).

Less and except any oil, gas, and mineral rights owned by Grantor, and not previously conveyed pursuant to the instruments referenced herein below.

TO HAVE AND TO HOLD said property, together with all and singular, the rights, members, privileges, tenements, improvements, hereditaments, easements and appurtenances thereunto belonging or in anywise appertaining; subject, however, to the matters and exceptions to which reference is hereinbelow made, unto the said Grantee, its successors and assigns forever.

The property is conveyed subject to zoning restrictions and set back lines, if any, as well as to the lien for ad valorem taxes hereafter falling due, which taxes Grantee assumes and agrees to pay when due, and to the following:

1. Reservation of oil, gas and mineral rights as recorded in Real Property Book 488, Page 22.
2. Reservation of oil, gas and mineral rights as recorded in Real Property Book 504, Page 770.
3. Reservation of oil, gas and mineral rights as recorded in Real Property Book 519, Page 211.
4. The Grantor hereby reserves and retains unto himself any and all remaining oil, gas and mineral rights on said property.
5. Upon the death of Leon Wildberger, Jr. and his wife Virginia Wildberger, Harry Johnson d/b/a HPJ Properties, LLC has the first option to purchase the adjoining property for \$1.00 - Legal Description as follows: Commence at the point where the rangeline dividing Township 4 South, Range 1 East, from Township 4 South, Range 2 East, intersects the South margin

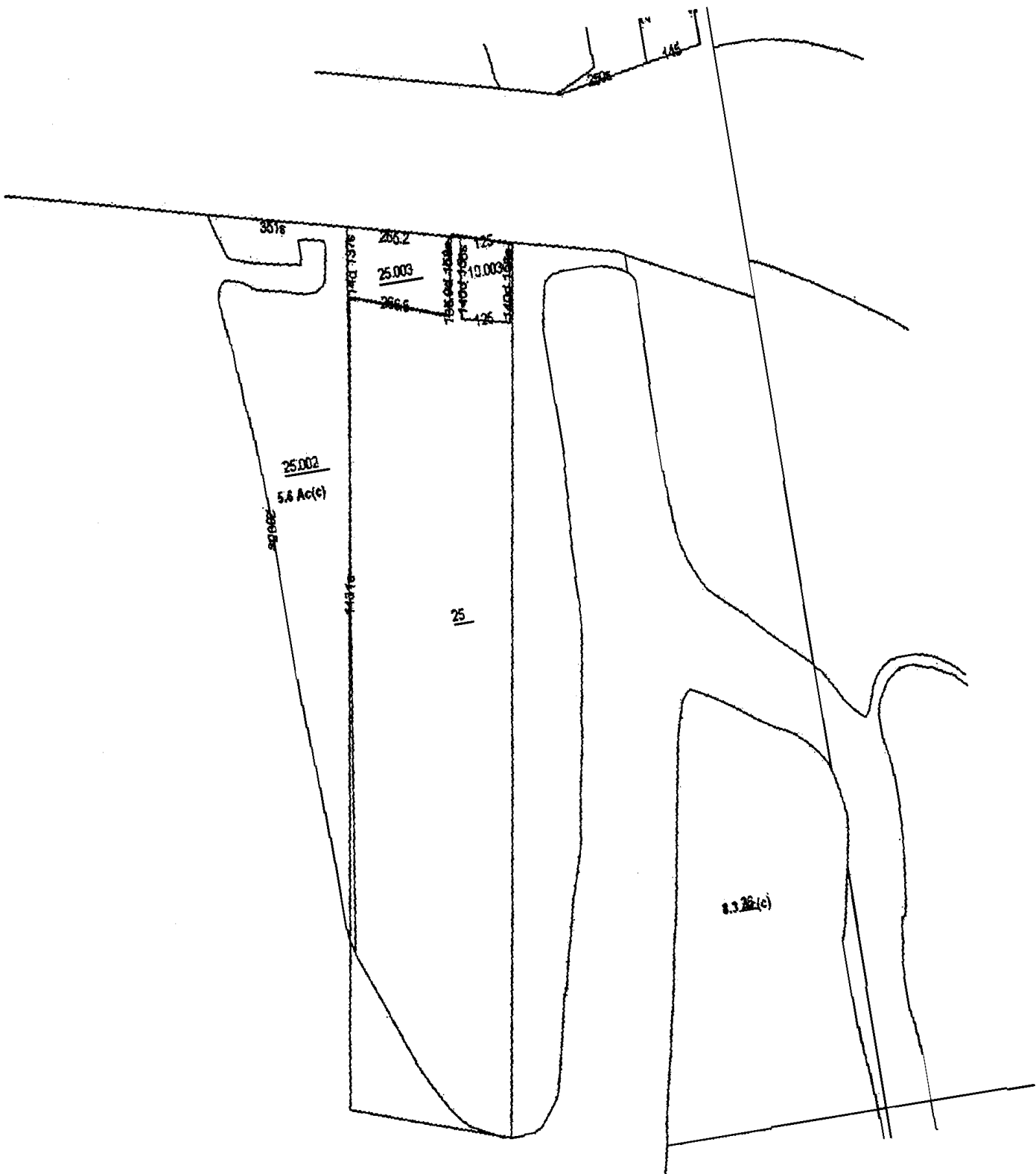
845468

State of Alabama, Baldwin County
I certify this instrument was filed
and taxes collected on:

2004 October - 7 12:27PM

Instrument Number	845468	Pages	5
Recording	15.00	Mortgage	160.50
Deed	.50	Min Int	
Index		BP	5.00
Archive	5.00		

Adrian T. Johns, Judge of Probate



3518

25.002

5.6 Ac(e)

sp 0002

1401 1376

14176

2662

25.003

2666

125	10.003
125	10.003
125	10.003

25

8.326(e)



BALDWIN COUNTY, AL

Current Date 5/2/2005

Records Last Updated 4/22/2005

PROPERTY DETAIL
OWNER WILDBERGER, LEON JR ACRES 1.833

P O BOX 7260

SPANISH FORT, AL 36577

APPRAISED VALUE: 45000

PARCEL 31-07-25-0-000-025.000

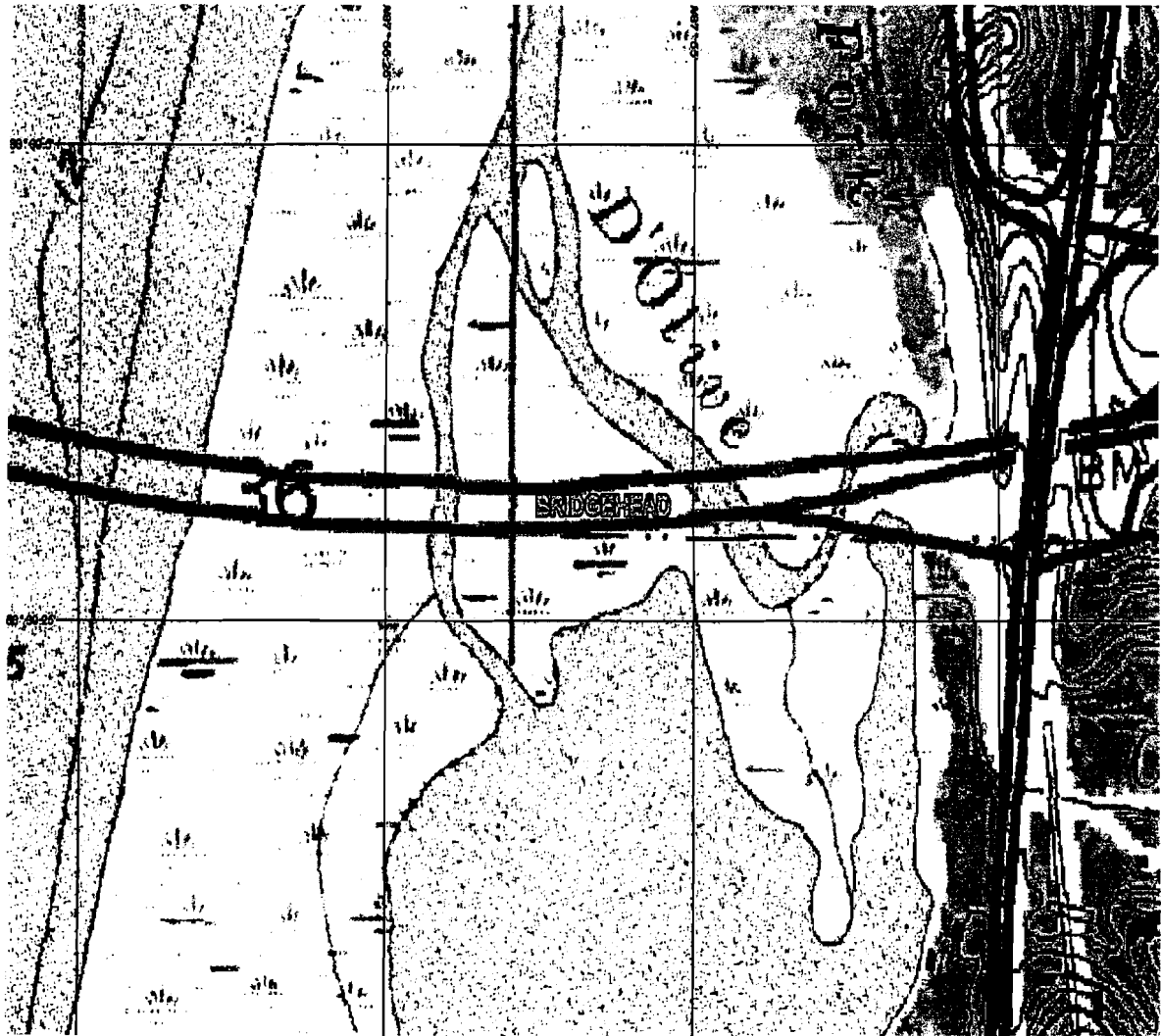
ADDRESS

TAX INFORMATION			
YEAR 2004	TAX DUE	PAID	BALANCE
	148.50	148.50	0.00

LAST PAYMENT DATE 10/6/2004

MISCELLANEOUS INFORMATION
EXEMPT CODES H4 DESCRIPTION 18 AC(C) FM THE INT OF E LN OF
SEC 25 S LN OF SEC 25, TH RUN W 190'
TAX DISTRICT 14 NW ALG HWY TO W LN OF SHELLBAN
PPIN 087456 Entry 00 K RIVER RUN TH S E RIVER TO
ESCAPE YEAR S LN OF SEC 25, TH RUN W 190'
ACCOUNT NUMBER 00

8x4



Beach House Grill

Improvements & Construction Estimates

Property - Rock & Reel Building and Improvements

Original site and improvements - 1500 sq. ft. House 2BD/2BA

To be used as rental property - \$500/per month

Includes 567 ft. on Battleship Parkway - Boat Canal and Blakeley River Waterfront

Construction Estimates

- Renovation of Rock & Reel - 2,176 sq. ft. @ \$30 per sq. ft. = \$65,280.00
- New Construction - Porches & Decks, 1,492 sq. ft. @ \$25 per sq. ft. = \$37,300.00
- New Construction - Interior, 1,974 sq. ft. @ \$65 per sq. ft. = \$128,310.00

Interior Finish

Kitchen, Restrooms, Bar & Hallway:

- Tile flooring
- Sheetrock walls with tile-like paneling
- Sheetrock and paint ceilings.

Dining Room:

- Floors - plywood
- Walls - pine wainscoat and sheetrock
- Exposed beams to roof

Exterior Improvements

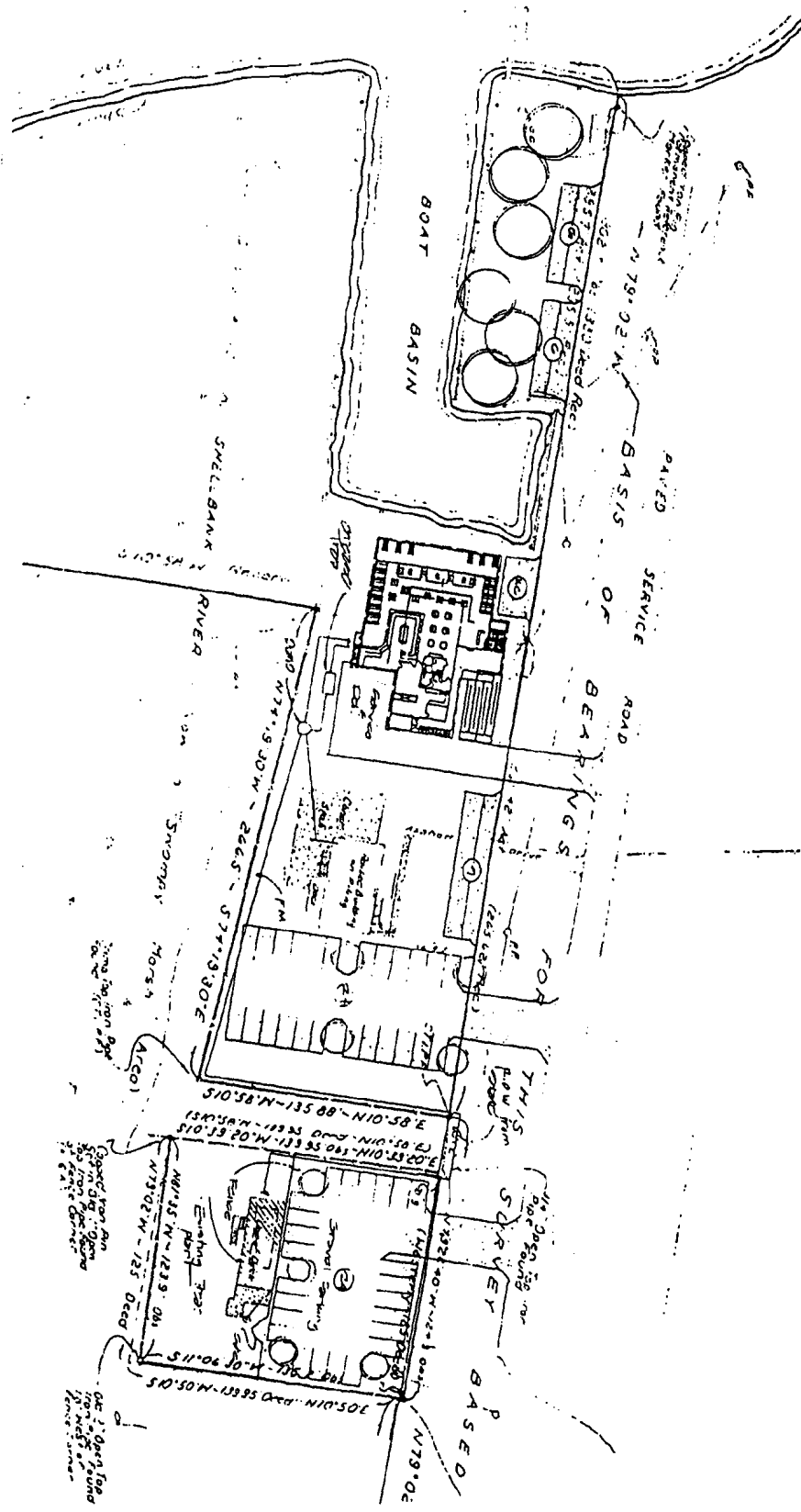
- Landscaping and parking lot = \$20,000.00
- Lift station and hoop up to treatment plant (Rock & Reel) = \$12,000.00

BATTLESHIP

PARKWAY

AKA. U.S. HIGHWAY NO. 90

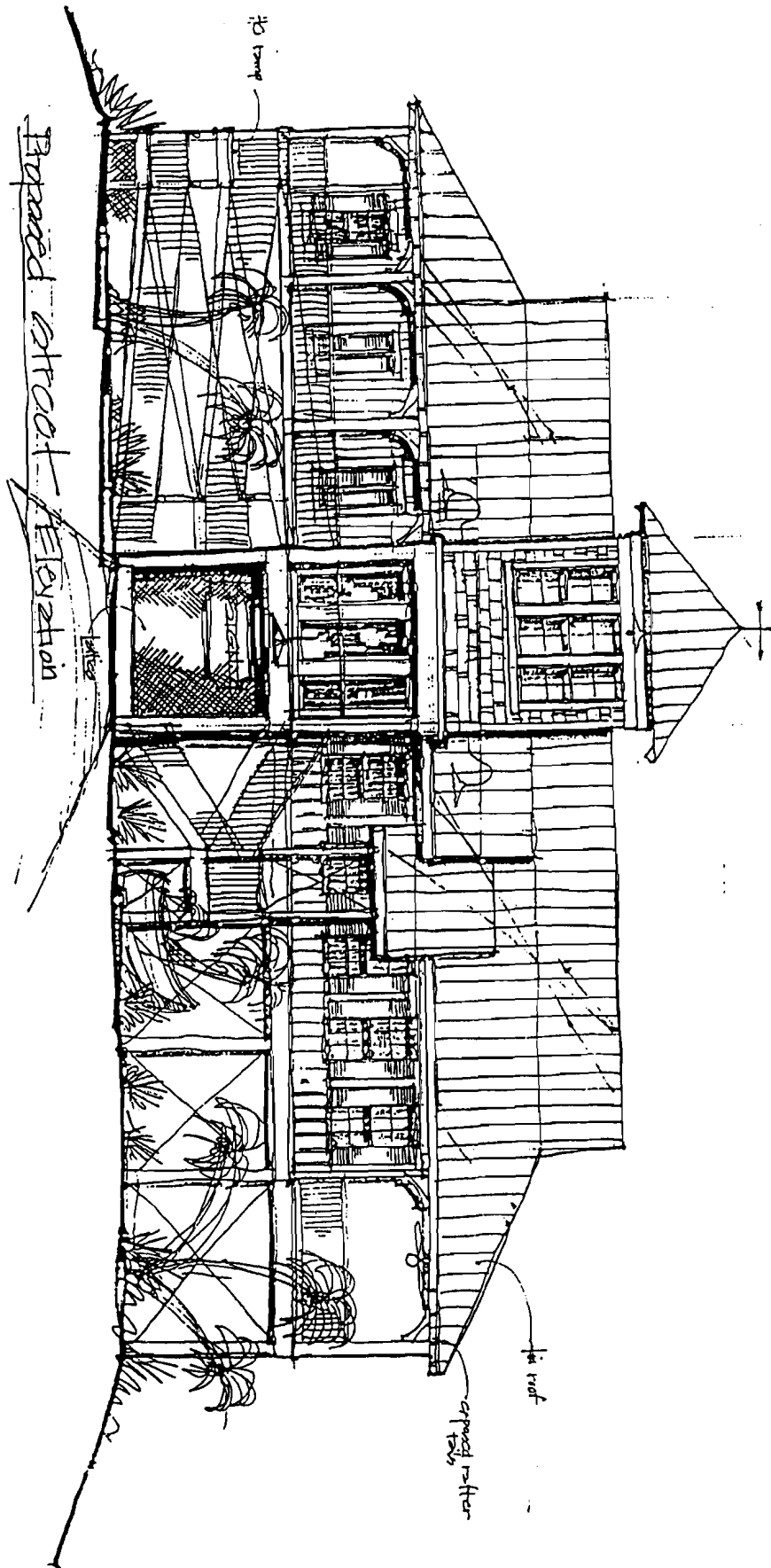
SCALE: 1" = 30'-0"



**BEACH HOUSE GRILLE
SPANISH FORT, ALABAMA**

Clarkitects, P.C.
 Architects Interior Planning Development Consultants
 A. B. Box 892
 Bayton, Alabama 36512
 205-654-3126

Job No
 2003-25
 Date
 2/1/04
 Designed
 JWC
 Drawn
 JWC
 Checked
 JWC
 Interfered



Proposal for Harry Johnson
Spanish Fort, Alabama

Clarkitects, P.C.

Architects Interior Planning Development Consultants
708 Ave. 20th
Birmingham, Alabama 35204
(205) 824-3734

Proj. No.
2003-04

Date
12/22/03

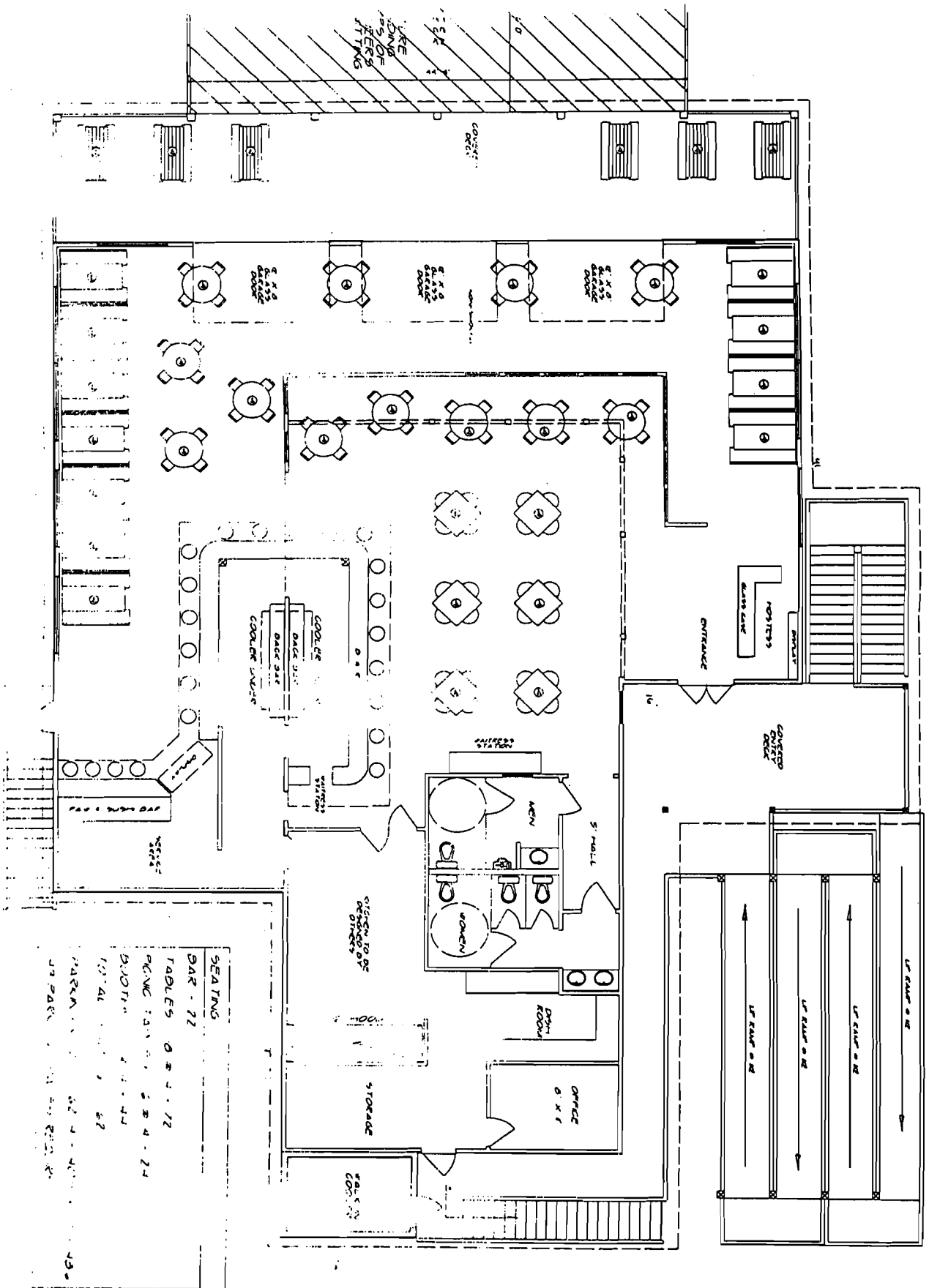
Design
JC

Drawn
JC

Checked
JC

Scale
1/8" = 1'-0"

Sheet
1 of 1



SEATING	BAR - 72
TABLES	0 8' x 12
PLANC	2 8' x 12
BARTH	4 8' x 12
STAIR	2 8' x 12
PARKING	2 8' x 12

3

Proposal for ... Johnson

Clarkitects, P.C.
 Architects Interior Planning Development Consultants
 P.O. Box 2000
 Chapel Hill, NC 27514
 (919) 684-2100

WARRANTY DEED

STATE OF ALABAMA
COUNTY OF BALDWIN

Mortgage Recorded Simultaneously

KNOW ALL MEN BY THESE PRESENTS, that in consideration of TEN DOLLARS (\$10.00) and other good and valuable consideration herein to the undersigned Grantors in hand paid by the Grantee herein, the receipt whereof is acknowledged, we, SAMUEL L. LOVE and BERNICE C. LOVE, husband and wife, (hereinafter referred to as "GRANTORS") do hereby GRANT, BARGAIN, SELL and CONVEY unto HARRY P. JOHNSON, (hereinafter referred to as "GRANTEE"), together with every contingent remainder and right of reversion, the following described real property situated in Baldwin County, ALABAMA, to-wit:

FILED
767
MAY 10 1980

Commence at the point where the range line dividing Range 1 East from Range 2 East intersects the South margin of the right of way of U. S. Highway Number 90; from said point run North 79 degrees 02 minutes West along said right of way 1,070 feet to the POINT OF BEGINNING; thence Southwesterly and perpendicular to said right of way and along said fence line and extension thereof to the water's edge; thence follow the meanders of the water's edge (Blakeley River) in a Northwesterly direction to the South edge of the right of way of U. S. Highway Number 90; run thence South 79 degrees 02 minutes East along said right of way 330 feet, more or less, to the POINT OF BEGINNING. Being in fractional Section 25, Township 4 South, Range 1 East.

This conveyance is subject to all easements, setback line requirements, reservations and restrictions which are of public record in the office of the Probate Judge of Baldwin County, Alabama, to any present encroachments thereon, if any, and to the lien of real property taxes hereinafter falling due.

SUBJECT, HOWEVER, TO THE FOLLOWING:

1. Easement granted Alabama Power Company, a corporation, from Rosa Worchester and Olive Worchester, by instrument dated October 18, 1951 and recorded in Deed Book 194, Page 281 through 282.
2. Right of way conveyed to Baldwin County by instrument dated May 20, 1954 and recorded in Real Property Book 250, Pages 563 through 564.
3. Reservation of 3/4 interest of all oil, gas and other minerals, and all rights in connection therewith, as contained in deed from Wilda W. Williams and Louie B. Williams to Samuel L. Love and Bernice C. Love, dated November 22, 1976 and recorded in Deed Book 504, Pages 770 through 771.
4. Reservation of 7/8 interest of all oil, gas and other minerals, and all rights in connection therewith, as contained in deed from Leon Wildberger, Jr. and Evelyn Virginia Wildberger to Samuel L. Love and Bernice C. Love, dated June 22, 1977 and recorded in Deed Book 519, Pages 214 through 215.

5. Rights of other parties, the United States of America or State of Alabama, in and to the shore, littoral or riparian rights to the property described herein which lies adjacent to Blakeley River.

TOGETHER WITH ALL AND SINGULAR the rights, members, privileges, hereditaments, and appurtenances thereunto belonging, or in anywise appertaining.

TO HAVE AND TO HOLD to the said Grantee, and to his heirs and assigns, together with every contingent remainder and right of reversion.

AND, except as to taxes hereafter falling due, which are assumed by the Grantee and except as to the above-mentioned exceptions, we do, for ourselves and for our heirs, administrators, executors, hereby covenant with the said Grantee, his heirs and assigns, that we are seized in fee simple of said premises; that said property is free from all encumbrances, unless otherwise noted above; that we have a good right to sell and convey the same as aforesaid; that we will, and our heirs, executors and administrators shall warrant and defend the same to the said Grantee, his heirs and assigns forever, against the lawful claims of all persons, whomsoever.

IN WITNESS WHEREOF, the Grantors have hereunto set their hands and seals on this the 17 day of July, 1997.

Samuel L. Love (SEAL)
SAMUEL L. LOVE

Bernice C. Love (SEAL)
BERNICE C. LOVE

FILE 767 REC 1081

STATE OF ALABAMA
COUNTY OF BALDWIN

I, the undersigned Notary Public, in and for said State and County, hereby certify that SAMUEL L. LOVE, whose name is signed to the foregoing conveyance, and who is known to me, acknowledged to me on this day that, being informed of the contents of said conveyance, he executed the same voluntarily.

GIVEN under my hand and seal on this the 17th day of July, 1997.
(SEAL)

Walter H. Edwards
NOTARY PUBLIC
MY COMMISSION EXPIRES
NOTARY PUBLIC STATE OF ALABAMA Dec. 8, 1997.
BONDED THIRD NOTARY PUBLIC

STATE OF ALABAMA
COUNTY OF BALDWIN

I, the undersigned Notary Public, in and for said State and County hereby certify that BERNICE C. LOVE, whose name is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this day that, being informed of the contents of said conveyance, she executed the same voluntarily.

GIVEN under my hand and seal on this the 17th day of July, 1997.



Thomas P. Doyle
NOTARY PUBLIC

MY COMMISSION EXPIRES:
NOTARY PUBLIC STATE OF ALABAMA AT LARGE
MY COMMISSION EXPIRES - Dec. 9, 1997.
~~EXPIRES THE NOTARY PUBLIC COMMISSION~~

GRANTORS' ADDRESS:

409 Beacon Lane
Mobile, AL 36693

GRANTEE'S ADDRESS:

801 Captain O'Neal Dr
Daphne AL 36526

THIS INSTRUMENT PREPARED BY:

THOMAS P. DOYLE
ATTORNEY AT LAW
501 Church Street
Mobile, Alabama 36602
(334) 432-2913

REC. 767 PAGE 1082

RECORDED
STATE OF ALABAMA
BALDWIN COUNTY
CENTRAL TRUST BUILDING
MOBILE, ALABAMA 36602
JUN 30 9 08 AM '97
750
20767608082
ACCU OF RECORD

Parcel No. 2
5840 Battleship Parkway
Spanish Fort, Alabama

Identity of Parcel No. 2

This parcel is located on the south side of Battleship Parkway and is the second to last available site heading east before the Spanish Fort Overpass. The site is currently improved with a wood frame building on pilings but plans are to remove existing improvements from Parcel No. 1 to the west side of this parcel along the existing boat basin.

Legal Description

Parcel Number: 31-07-25-0-000-025.002 & 025.003
PPIN: 046011 & 67504
Name: Causeway Properties

DESCRIPTION

Parcel 1:

Commence at the point where the range line dividing Township 4 South, Range 1 East from Township 4 South, Range 2 East, intersects the South margin of the right of way of U.S. Highway Number 90; from said point run North 79 degrees 02 minutes West along said South right of way 1,070 feet for a point of beginning; thence run Southwesterly and perpendicular to said right of way to the East margin Blakeley River; thence run in a Northwesterly direction along and following the meanders of Blakeley River to the South the right of way of U. S. Highway Number 90; thence run South 79 degrees 02 minutes East along said right of way 330 feet, more or less, to the point of beginning. Being in fractional Section 25, Township 4 South, Range 1 East..

Parcel 2:

Begin at the point where the range line dividing Range 1 East from Range 2 East intersects the South margin of the right of way of U.S. Highway Number 90, from said point run North 79 degrees 02 minutes West along said right of way 805 feet to the point of beginning; thence continue North 79 degrees 02 minutes West along said South right of way line a distance of 265.62 feet; thence run South 10 degrees 58 minutes West a distance of 114 feet; thence run South 74 degrees 19 minutes 30 seconds East 266.5 feet; thence run North 10 degrees 58 minutes East 135.88 feet to the point of beginning..

Statement of Ownership and Sales

History

According to the Uniform Standards of Professional Appraisal Practice (Standards Rule 1-5), in developing a real estate appraisal an appraiser must consider and analyze any prior sales of the property being appraised that occurred within three years preceding the date when the appraisal was prepared.

Reference: Book 767, Page 1080
Grantor: Samuel & Bernice Love
Grantee: Harry Johnson
Sale Price: \$ 180,000
Date: 7/3-/1997

It should be noted that no title search nor title binder were supplied to the appraisers. If a title search and/or present contract are supplied to the appraisers and indicate differently from the assumptions made within this report, the appraisers reserve the right to amend this portion of the report.

Tax Assessment & Ad Valorem Taxes

The subject property is subject to taxation by the city of Spanish Fort, the county of Baldwin, as well as, the state of Alabama. The State of Alabama assesses commercial properties at 20% of their appraised value. The tax rate in Mobile County and the City of Mobile for a property like the subject is \$ 3.30 per \$100 of assessed value with an assessment ratio of 20% for commercial property, 10% for residential property, and 30% for utilities.

DAPHNE COUNTY, AL

Current Date 2/23/2004 Records Last Updated 2/ 5/2004

OWNER: [REDACTED]

P O BOX 537

DAFHNE, AL 36526 APPRAISED VALUE: 233500

PARCEL 31-07-25-0-000-025.003

ADDRESS [REDACTED]

TAX INFORMATION

YEAR 2003	TAX DUE	PAID	BALANCE

LAST PAYMENT DATE **NA**

EXEMPT CODES DESCRIPTION 265.6' X 135.9' IRR FM THE INT

TAX DISTRICT 14 S HWY 90, RUN TH NW ALG R/W 80

ESCAPE YEAR 9', TH NW 266.5', TH NE 114'

DAPHNE COUNTY, AL

Current Date 2/23/2004 Records Last Updated 2/ 5/2004

OWNER: [REDACTED]

P O BOX 537

DAFHNE, AL 36526 APPRAISED VALUE: 148500

PARCEL 31-07-25-0-000-025.002

ADDRESS [REDACTED]

TAX INFORMATION

YEAR 2003	TAX DUE	PAID	BALANCE

LAST PAYMENT DATE **NA**

EXEMPT CODES DESCRIPTION 330'(S) X 620'(S) IRR FR THE I

TAX DISTRICT 14 SR/W OF HWY 90, RUN TH NW AL

ESCAPE YEAR SW TO BANK OF BLAKELY RIVER,

Site Data

LOCATION:

The site is located at the SEC of Battleship Parkway and the Blakely River and has a 911 physical address of 5940 Battleship Parkway.

LEGAL DESCRIPTION:

See Legal Section.

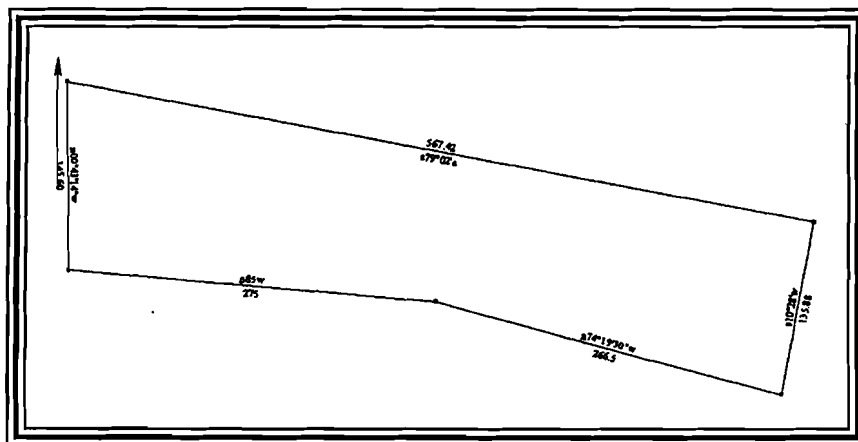
LAND AREA:

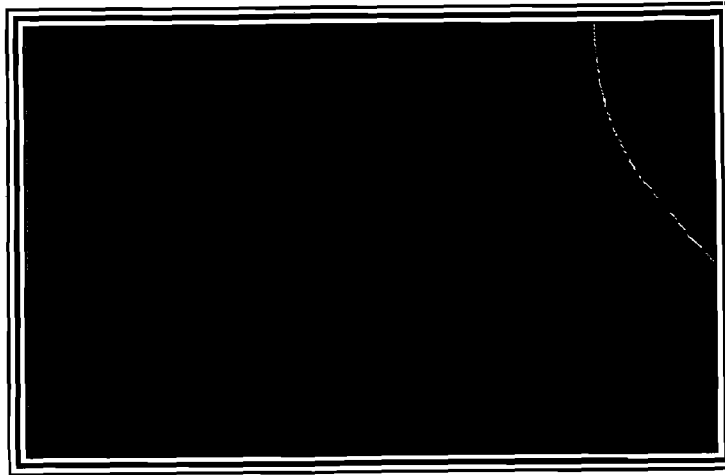
The appraisers researched the tax plat and according to the appraisers calculations the site contains a total of 1.6 acres or 70,294 sf.

Title:		Date: 02-25-2004
Scale: 1 inch = 75 feet	File:	
Tract 1: 1.614 Acres: 70294 Sq Feet: 6530.5 Sq Meters: No significant closure error. : Perimeter = 1390 feet		
001=79.02e 567.42	003=n74.1930w266.5	005=n00.4314w145.60
002=s10.28w135.88	004=n85w275	

SHAPE AND FRONTAGE:

The parcel is irregular in shape with 567.42' frontage along the south side of Battleship parkway and a east side of 135.88', south side of 266.5 plus 275' and a west side that incorporates the boat basin at or about 145' in width back to the point of beginning.



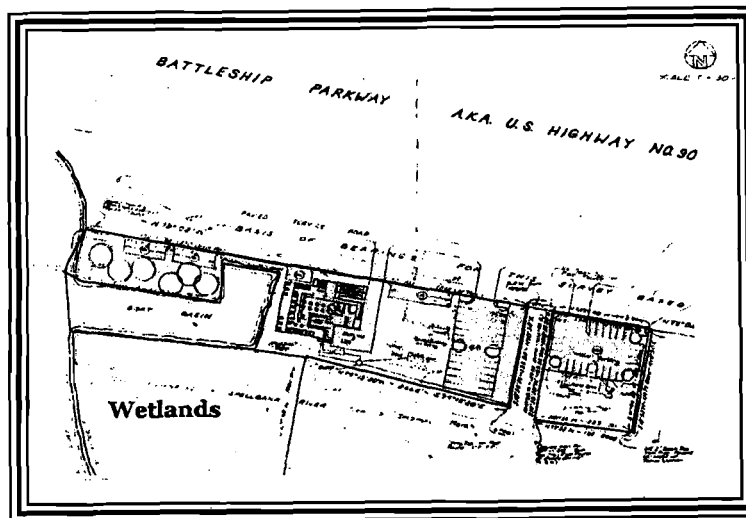


CORNER/INTERIOR: Inside

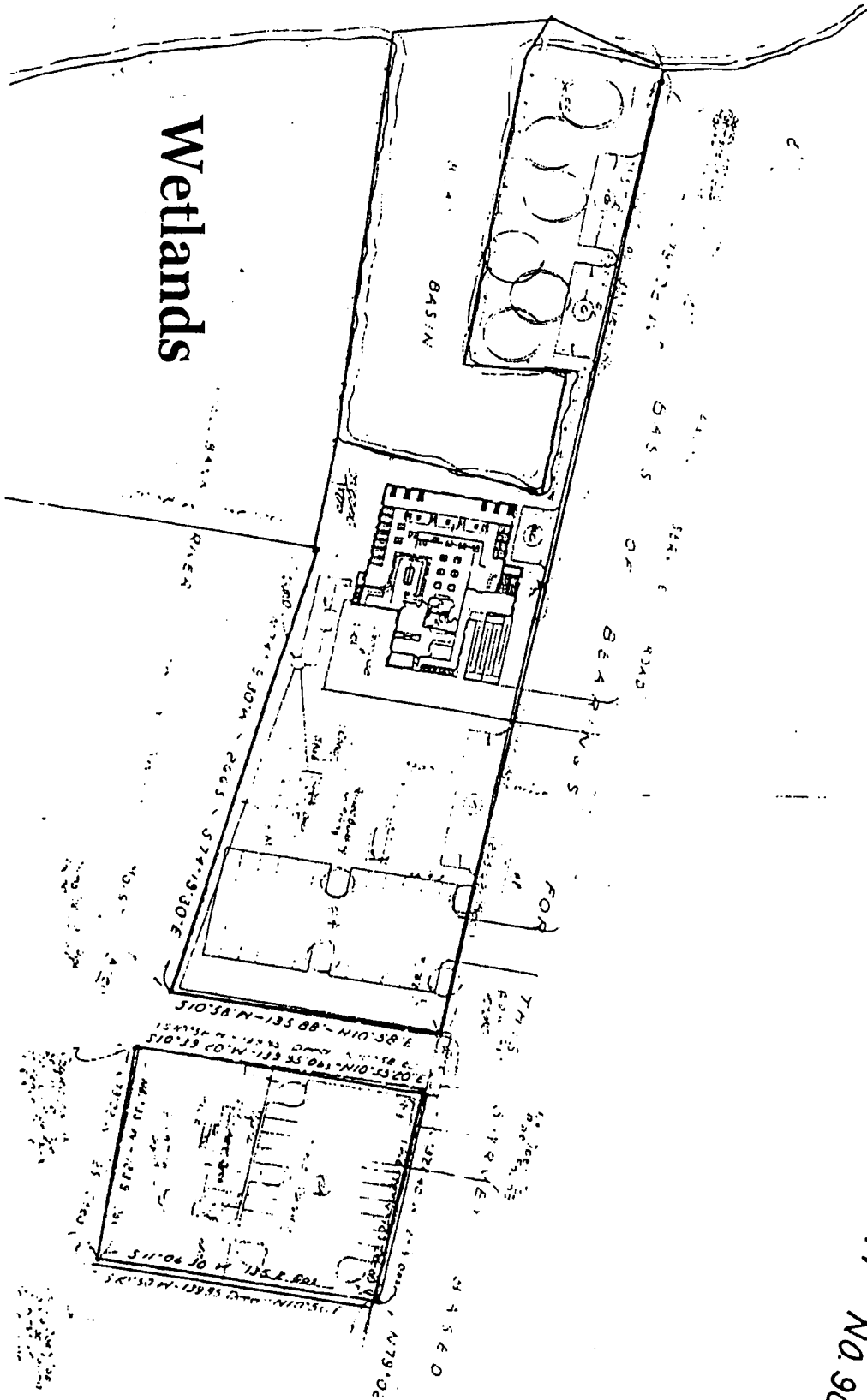
TOPOGRAPHY: Level at road grade.


DRAINAGE: Adequate

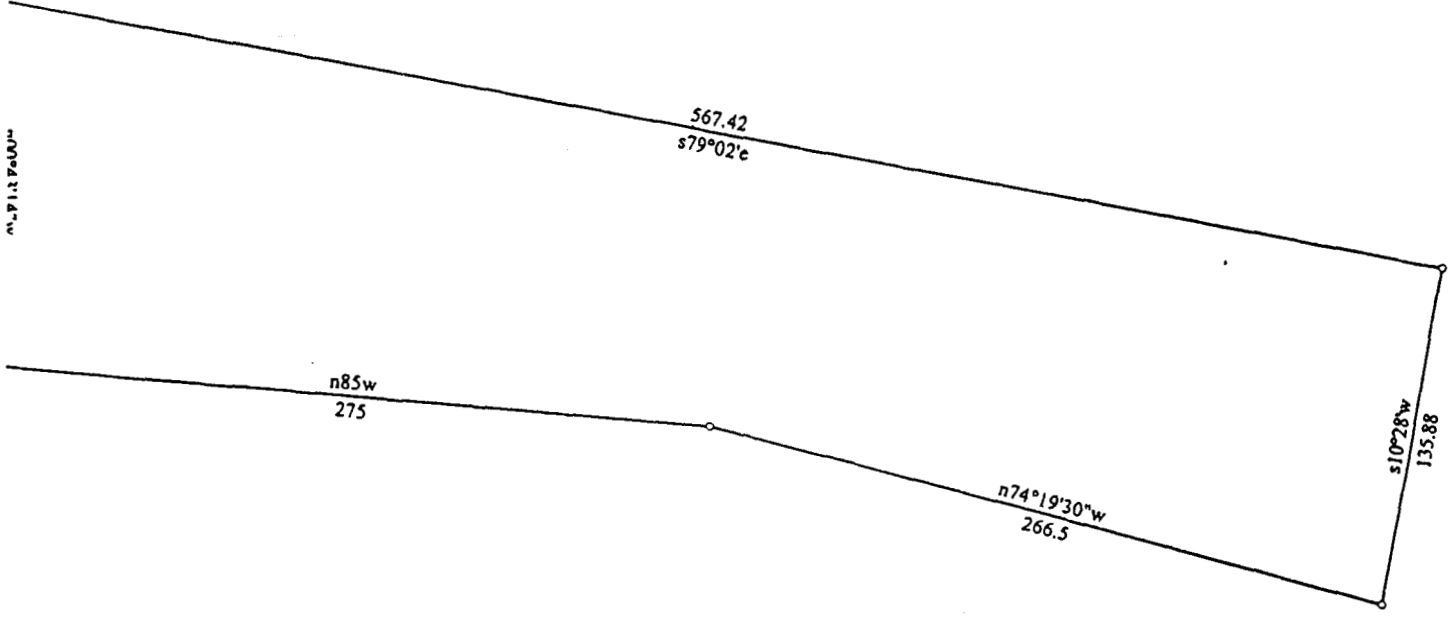
FLOOD PLAIN:
 Panel# 01003C0391K FEMA (FIRM) 06/17/2002
 Flood Zone Zone "V", " areas of maximum flooding"
 Flood Insurance Typically Required for this site.



GROUND STABILITY: We were not provided with a soil survey to review. We assume that the soils load bearing capacity is sufficient to support the existing structures. We did not observe




 SCALE: 1" = 30'



Title:		Date: 02-25-2004
Scale: 1 inch = 75 feet	File:	
Tract 1: 1.614 Acres: 70294 Sq Feet: 6530.5 Sq Meters: No significant closure error. : Perimeter = 1390 feet		
001=s79.02e 567.42	003=n74.1930w 266.5	005=n00.4314w 145.60
002=s10.28w 135.88	004=n85w 275	

any evidence to the contrary during our physical inspection.

STREETS, ACCESS, FRONTAGE:

Street	Battleship Parkway
Frontage	567.42' feet- estimated
Paving	Asphalt
Curbs Gutters	None
Sidewalks	None
Lanes	4
Traffic Direction	East/West
Condition	Average
Traffic Level	Heavy
Traffic Signals	None/Cutover
Access	Good
Visibility	Good

LEGAL:

Zoning

Designation	Commercial
Permitted Uses	Retail, Service Station, Office, Residential
Easements	None Apparent
Encroachments	None Apparent

UTILITIES AND SERVICES: Electricity, Water, Cable, Telephone.

ENVIRONMENTAL:

The value estimate rendered in this report is predicated on the assumption that there are no hazardous materials and/or in the property, causing a loss in value. No evidence of hazardous waste or toxic materials were visible. The appraiser has no knowledge of the existence of these substances and/or in the subject property. However, the appraiser is not qualified to detect hazardous waste or toxic materials.

ADJACENT PROPERTIES:

North:	Special Purpose
South:	Vacant
East:	Retail
West:	Waterfront

Improvement Analysis (Proposed building)

The proposed building incorporates the existing building to be moved to the western portion of the site. When completed the site will improved with a Class "D", single story, bar/tavern with attached covered decks and porches. The building will be broken down as follows:

Renovation of Rock & Reel	2,176
New Interior Construction	2,324
New Attached Porches and Decks	3,974
Total Rentable	8,474

The improvements were and will be designed with a very basic beach or recreational style having a wood exterior with a gable styled roof covered with a raised metal roofing. The north, south, and west sides of the building overlooks the Causeway has single hung aluminum windows allowing for a panoramic view of a portion of Mobile Bay..

The building due to it's location within a flood hazard area was constructed on 8" pilings approximately ten feet above ground. The pilings and building are even further supported by a concrete footings. The pilings are places on a 10' x 6' interval and appear to be more than adequate support for the structure.

The building area is broken into typical tavern areas such as the martini & cocktail bar, sushi bar, waitress station, seating for some 138±persons (inside) and an additional 24 persons (outside) , kitchen, office, storage, exterior porches, band stand, and (2) public restrooms, (Heated and Cooled Area).

The kitchen & dish room has now been expanded 300 sf is a typical style kitchen which is capable of serving a full menu from a staff of 2 to 6 persons.

It is beyond the scope of this assignment to describe all the relevant construction details of the improvements, however to facilitate the reader's understanding of the structure, a brief description of the details follows:

Exterior Details	
Foundation:	Creosote Pilings
Exterior Walls & Frame :	Reverse Board and Batten
Roof System:	Pre-Engineered Wood Truss Frame
Roof:	Metal 26 Ga.
Heating & Cooling	Single-Unit ,Electric, Short Package , HVAC
Windows:	Double Pane tinted glass/Single Hung
Doors:	Metal & Steel Frame

Interior Details	
Walls:	Painted drywall with latex paint wall covering
Ceilings:	Open Beam
Floors:	Terrazzo Tile, 6" Hardwood and Ceramic Tile
Baths:	Ceramic Tile , Ceramic Wainscoting
Extras:	Wiring, Lighting, Kitchen Package (New Package)

Site Improvements

Crushed stone for parking, parking islands, landscaping , exterior lighting, lift station & grinder pumps, bulkhead for the boat basin and concrete walkways.

(Existing Building)

This building is a Class "D", single story, residential dwelling with attached covered porch. The building was built in 1979 and contains a total of 1560 square feet of area.

Square Footage	1,560
New Attached Porches and Decks	250
Total Rentable	1,810

The improvements were designed with a very basic beach or recreational style dwelling having a wood exterior with a gable styled roof covered with a asphalt shingle roof. The building due to it's location within a flood hazard area was constructed on 8" pilings approximately ten feet above ground. The pilings and building are even further supported by a concrete footings. The pilings are places on a 10' x 6' interval and appear to be more than adequate support for the structure.

The building area is broken into typical tavern areas such living, dining, kitchen and 3-bedrooms and 2-baths.

It is beyond the scope of this assignment to describe all the relevant construction details of the improvements, however to facilitate the reader's understanding of the structure, a brief description of the details follows:

Exterior Details	
Foundation:	Creosote Pilings
Exterior Walls & Frame :	Reverse Board and Batten
Roof System:	Pre-Engineered Wood Truss Frame
Roof:	Asphalt Shingle
Heating & Cooling	Single-Unit ,Electric, Short Package , HVAC
Windows:	Double Pane tinted glass/Single Hung
Doors:	Metal & Wood Frame

Interior Details	
Walls:	Painted drywall with latex paint wall covering
Ceilings:	Sheetrock & Blown Acoustical
Floors:	Vinyl, Carpet & Ceramic
Baths:	Ceramic Tile , Ceramic Wainscoting
Extras:	Appliances

Site Improvements

Crushed stone for parking, landscaping , exterior lighting.

Highest & Best Use Conclusion

In our highest and best use analysis as "if unimproved" we concluded the subject property would be best suited for special purpose/retail in nature. Therefore, in our Land Sales Comparison Approach we will endeavor to find the most recent transactions of similar located, similar size parcels, sharing a common best use.

In our Direct Sales Comparison Approach to value we will endeavor to find the most recent transactions of similar improved parcels of land which have sold recently and are located in the Mobile and Baldwin County marketplace.

In our Income Approach to value the appraisers will endeavor to find the most recent comparable rentals for similar type leases for the formulation of the gross yearly rent potential which is accomplished through a study in the marketplace of comparable rental properties.

Appraisal Process

The appraisal process is a logical deductive format generally recognized as a viable means of analyzing the value of real property. There are three areas of analysis which provide the means of value indications for real property. They are as follows:

The Cost Approach is defined in the Real Estate Appraisal Terminology Handbook as "that approach in appraisal analysis which is based on the proposition that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility as the subject property." It is applicable when the property being appraised involves relatively new improvements which represent the highest and best use of the land, or when relatively new or unique specialized improvements are located on the site, and for which there exists no comparable properties on the market.

The Direct Sales Comparison or Market Data Approach is defined by the Real Estate Appraisal Terminology Handbook, First Addition, as follows . . . It is a process of analyzing sales of similar, recently sold properties in order to derive an indication of the most probable sales price of the property being appraised. The reliability of this technique is dependent upon: (a) the reliability of comparable sales data, (b) verification of the sale date, (c) degree of comparability or extent of adjustment necessary for time differences, and (d) the absence of non typical conditions affecting the sale price.

Third is the Income Approach which, defined by Real Estate Appraisal Terminology Handbook, as follows: "That approach in appraisal analysis which converts anticipated benefits (dollar income or amenities) to be derived from the ownership of property into a value estimate." The Income Approach is widely applied in appraising income producing properties. Anticipated future income and/or reversions are discounted to a present worth figure through the capitalization process.

Land Valuation

The land value is estimated by means of a market comparison approach. The Market Approach is a method of estimating the value of comparing the subject property to a number of other reasonably comparable properties that have sold recently. The appraiser researches the market, verifies individual sales, and analyzes them for degree of comparability to the subject property. Since the properties are usually not identical, the appraiser must make adjustments for individual characteristics of the comparable that deviate from those of the subject property.

Some of the typical characteristics or features that are adjusted by the appraiser are location, date of transaction, and size of the land.

This comparative approach to value is based on the Principle of Substitution, which says that a prudent purchaser will not pay more for a property than he would have to pay for a substitute property. This approach is also based on the premise that the prudent purchaser is constantly shopping and comparing alternatives and finally purchases the best buy.

Typical sellers tend to ask more than they are willing to accept with the hope of finding a non-typical purchaser that pays the premium price. However, the market generally will strike a balance between the willing seller and the willing buyer. The appraiser must recognize that buyers and sellers are motivated by many varied factors, and it is necessary to be sensitive to those that affect the sale prices of the comparable sales. It is necessary that the comparable property be sold on an "arm's length" basis. In other words, the transaction must be made from a willing seller to a willing buyer, without either acting under duress. A property that sold due to a distressed situation will not offer a true indication of the market tendencies. On the other hand, purchasers are sometimes motivated to pay more than the typical buyer, such as when acquiring the land next door to existing property, etc..

While it is an imperfect market, with different degrees of motivation on the parts of buyers and sellers, enough market data will indicate a market trend, which is indicative

COMPARABLE LAND SALES SUMMARY

No.	Location	Sale Date	Price	Size	SP/ SF
1.	Battleship Parkway	12/99	\$250,000	161,172	\$1.55
2.	S/S Battleship Parkway	07/97	\$170,000	102,366	\$1.66
3.	Battleship Parkway	07/00	\$320,000	174,240	\$1.84
4.	3513 Battleship Parkway	01/04	\$50,000	33,200	\$1.51

Sales Comparison Method of Land Valuation

The comparable sales which were previously presented include the land sales data which, in the appraisers opinion, is the best indication of an estimated value of the subject's land parcel. These sales are adjusted for time (+), size (+), Site Improvements (+). The sales all have an adjusted value in the range of \$ 3.50/ sf or as follows:

Raw Land Value Calculation	
Indicated Square Footage	70294
<u>Indicated Value Per/SF</u>	<u>\$3.50</u>
Indicated Land Value	\$246,029
Say:	\$245,000

Replacement Cost New

350 Restaurant

These buildings are constructed for the preparation and service of food and beverages. They include a combination of the following areas: Consumption, production, serving, receiving and storage, sanitation, non-dining and employee, and restrooms. Good restaurants include the typical chain operation and suburban neighborhood restaurants catering to regional trade. Average quality includes neighborhood restaurants or coffee shops or a lower priced franchise operation. They include suitable office areas and all necessary plumbing and electrical connections for kitchen equipment. The following are not included in the costs: Kitchen equipment, restaurant fixtures, furnishings and signs.

It has a base cost of \$72.09 per square foot. This figure includes exterior wall additives, heating and cooling additive. Cost approach is as follows:

Base Cost	4500 sf	\$72.09	\$324,405
Porches & Decks	5000 sf	\$25.00	\$125,000
Residential Dwelling	1560 sf	\$54.00	\$84,240
Porches/Decks	250 sf	\$25.00	\$6,250
Site Improvements	50,000 sf	\$3.50	\$175,000
Replacement Cost New			\$714,895
(Less Depreciation)		(20.0)%	<u>(\$142,979)</u>
Depreciated Value of Improvements			\$571,916
Land Value			\$245,000
Indicated Value			\$816,916
Entrepreneurial Profit		<u>10.0%</u>	<u>\$81,692</u>
Cost Approach Conclusion			\$898,608

INDICATED VALUE VIA COST APPROACH

Indicated Value	\$900,000
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Direct Sales Comparison Approach to Value

The Direct Sales Comparison Approach is based primarily on the principle of substitution which essentially states that no informed rational buyer would pay one dollar more for a property than he could obtain an equally desirable substitute provided the substitution causes no undue cost or delay.

The first step in the Direct Sales Comparison Approach is the accumulation of the most recent transactions of comparably located similarly improved properties with the same or similar best use. Units of comparisons are then drawn between the comparable sales usually by two methods - one, the gross-rent multiplier - two, the net and gross overall sale price per square foot unit of measurement. The gross-rent multiplier is formulated by dividing the sale price by the potential gross yearly income (including expense reimbursements). The net overall sale price per square foot unit of measurement involves deducting the land value from the sale price and dividing by the gross leasable area; then adding the land value back. The gross overall sale price unit of measurement involves dividing the sale price by the gross leasable area.

IMPROVED SALE NO. 1



Property Identification

Record ID	379
Property Name	Restaurant
Address	1530 Battleship Parkway, Mobile, Mobile County, Alabama
Tax ID	05310420000011000
Grantor	Steve and Stella Cronas
Grantee	Cooper Restaurants
Sale Date	March 11, 2002
Deed Book/Page	647849
Sale Price	\$1,200,000
Land Size	2.388 Acres or 104,000 SF
Front Footage	612 ft Mobile Bay
Building Type	Single tenant
Gross SF	8,900
Construction Type	Masonry
Year Built	1978
Condition	Average
Sale Price/Gross SF	\$134.83
Bldg Price/Gross SF	\$106.74
Floor Area Ratio	0.09
Land to Building Ratio	11.69:1

Remarks

24 year old , concrete frame, restaurant building built on an elevated concrete pilling foundation. Extras include elevator, covered walk ramps, and large paved parking lot. The restaurant also has a great water view amenity.

Adjustments: Time (+), Age/Condition (+), Quality (-)

IMPROVED SALE NO. 2

Property Identification

Record ID 380
Property Name Restaurant
Address 28975 US Hwy 98, Daphne, Baldwin County, Alabama 36526
Location 28975 Hwy 98
Tax ID 054303060004003.003

Sale Data

Grantor Shoney's Property Group, LLC
Grantee Daphne Wings LLC
Sale Date December 31, 2002
Deed Book/Page 703522
Verification Broker

Sale Price \$780,000

Land Data

Land Size 1.048 Acres or 45,651 SF

General Physical Data

Building Type Single tenant
Gross SF 5,200
Year Built 1984
Condition Average

Indicators

Sale Price/Gross SF \$150.00
Bldg Price/Gross SF \$63.46
Floor Area Ratio 0.11
Land to Building Ratio 8.78:1

Remarks

Building consist of a typical Shoney's restaurant that was built in 1984. Spacious dining area and a brick exterior.

Adjustments: Time (+), Age/Condition (+)

IMPROVED SALE NO. 3

Property Identification

Record ID	381
Property Name	Hazel's Restaurant
Address	25311 Perdido Beach Boulevard, Orange Beach, Alabama
Location	25311 Perdido Beach Boulevard
Tax ID	05650308000002006

Sale Data

Grantor	Schwarz Family Ltd. Partnership
Grantee	Island Enterprises
Sale Date	October 1, 2001
Deed Book/Page	619653

Sale Price	\$1,450,000
Downward Adjustment	\$500,000 FFE & Goodwill
Adjusted Price	\$950,000

Land Data

Land Size	0.860 Acres or 37,462 SF
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General Physical Data

Building Type	Single tenant
Gross SF	5,922
Year Built	1986
Condition	Average

Indicators

Sale Price/Gross SF	\$244.85 Actual or \$160.42 Adjusted
Bldg Price/Gross SF	\$149.95 Actual or \$65.52 Adjusted
Floor Area Ratio	0.16
Land to Building Ratio	6.33:1

Remarks

Freestanding masonry building built on an outparcel of an established shopping center. \$400,000 was estimated to be paid for goodwill.

Adjustments: Time (+), Age/Condition (+),

IMPROVED SALE NO. 4



Property Name	Pelican Point Restaurant
Location	Weeks Bay & CR 1 Terminus
Tax ID	05-59-02-04-0-001-023 & 024
Grantor	Mitchell Sconfienza
Grantee	Steven Turner
Sale Date	August 29, 2003
Deed Book/Page	757952
Sale History	\$775,000 in July 2001
Verification	Appraisal in File
Sale Price	\$1,700,000
Downward Adjustment	\$250,000 FFE
Adjusted Price	\$1,450,000
Land Size	1.740 Acres or 75,794 SF
Front Footage	250 ft Mobile Bay
Building Type	Single tenant
Gross SF	3,696
Foundation	Pre-Stress Concrete
Year Built	1970
Condition	Average
Sale Price/Gross SF	\$459.96 Actual or \$392.32 Adjusted
Bldg Price/Gross SF	\$324.68 Actual or \$257.03 Adjusted

Remarks

The site was improved with 3696 sf of enclosed area, 4370 square feet of outside area capable of serving 125 (inside), 300 (inside-outside) patrons. The facility has a view overlooking Mobile Bay and the mouth of Week's Bay from 75% of the restaurant or lounge. The seller had purchased the property in 2001 and improved the site with a floating boat dock, dredged a channel for waterfront access, filled a pond with the dredge spoilage, and had the site permitted for a dry dock boat storage facility. The seller was un-familiar with the restaurant business and sold to another restaurateur.

Adjustments: Time (+), Age/Condition (+), Porches(-). Extras (-)

IMPROVED SALE NO. 5



Property Identification

Record ID	383
Property Name	Ribs & Reds Restaurant
Address	124 E. 1 st Avenue, Gulf Shores, Baldwin County, Alabama
Tax ID	66-04-20-1-000-114.001 & 115
Grantor	Carroll Enterprises LLC
Grantee	Stafo, LLC
Sale Date	September 12, 2001
Deed Book/Page	616896
Sale History	\$385,000 May of 1999
Verification	Closing Agent
Sale Price	\$400,000
Land Size	0.287 Acres or 12,500 SF
Building Type	Single tenant
Gross SF	2,298
Construction Type	Wood Frame
Year Built	1980
Condition	Average
Sale Price/Gross SF	\$174.06
Bldg Price/Gross SF	\$110.97
Floor Area Ratio	0.18
Land to Building Ratio	5.44:1

Remarks

Wood frame building built on pilings, located 1 block north of the main strip in Gulf Shores.

Adjustments: Time (+), Age/Condition (+), Size (-), Extras/Porches (-)

IMPROVED SALE NO. 6



Property Name	Bahama Bob's Restaurant
Address	601 West Beach Boulevard, Gulf Shores, Baldwin County, Alabama
Grantor	A & B Enterprises, LLC
Grantee	Bahama Bob's Beachside Café
Sale Date	March 14, 2001
Deed Book/Page	588091
Sale Price	\$314,000
Land Size	0.155 Acres or 6,752 SF
Building Type	Single tenant
Gross SF	1,479
Construction Type	Wood Frame
Year Built	1995
Condition	Fair
Sale Price/Gross SF	\$212.31
Bldg Price/Gross SF	\$127.79

Remarks

The building was in a average to fair state of repair. Needed electrical , plumbing, upgrading, as well as, kitchen and storage reconfiguration. No value for good will nor FFE.

Adjustments: Time (+), Age/Condition (+), Size (-)

IMPROVED SALE NO. 7



Property Name	Pink Pony Lounge
Address	137 East Beach Place, Gulf Shores, Baldwin County, Alabama
Location	East 1 st & East Gulf Place
Tax ID	02-66-04-20-1-000-183.001
Grantor	Summer Breeze Management
Grantee	Chief Investments
Sale Date	January 17, 2000
Deed Book/Page	529972
Financing	Cash to Seller & Vendor's Lien
Verification	Appraisal in File
Sale Price	\$1,430,000
Downward Adjustment	\$500,000 FFE & Goodwill
Adjusted Price	\$930,000
Land Size	0.212 Acres or 9,250 SF
Building Type	Single tenant
Gross SF	2,108
Construction Type	Masonry
Foundation	Pre Stress Piers
Year Built	1980
Condition	Average
Sale Price/Gross SF	\$678.37 Actual or \$441.18 Adjusted
Bldg Price/Gross SF	\$346.30 Actual or \$109.11 Adjusted

Remarks

The sale of a local landmark that has been in operation since 1956. The original building was destroyed by Hurricane Frederick

Adjustments: Time (+), Age/Condition (+), Size (-), Quality (-)

IMPROVED SALE NO. 8



Property Name	Twin Oaks Restaurant
Address	805 S. Mobile Str., Fairhope, Baldwin County, Alabama
Tax ID	054604193000013.003
Grantor	KMWS Properties
Grantee	Gilbert R. & Barbara Gambino
Sale Date	April 18, 2000
Verification	MLS 20466
Sale Price	\$380,000
Land Size	1.100 Acres or 47,916 SF
Building Type	Single tenant
Gross SF	4,700
Year Built	1970
Condition	Average
Sale Price/Gross SF	\$80.85
Bldg Price/Gross SF	\$54.26
Floor Area Ratio	0.10
Land to Building Ratio	10.19:1

Remarks

This building had been purchased in September 1998 for \$380,000. The grantor had renovated to the restaurant at a cost of over \$125,000. The restaurant failed and the grantor sold the improvements for \$70,000 less than listing price. The subject was on the market for 11 months. Foreclosure sale.

Adjustments: Condition of Sale (+), Time (+), Age/Condition (+), Quality (-)

IMPROVED SALE NO. 9



Property Name	Bartletts Steak House
Address	28971 Highway 98, Daphne, Baldwin County, Alabama
Grantor	Claude Bartlett
Grantee	Vander & Jane Oliveira
Sale Date	September 30, 1999
Deed Book/Page	509894
Verification	Appraisal in File
Sale Price	\$660,000
Downward Adjustment	\$75,000
Adjusted Price	\$585,000
Land Size	0.588 Acres or 25,600 SF
Building Type	Single tenant
Gross SF	5,147
Construction Type	Wood Frame
Year Built	1988
Condition	Average
Sale Price/Gross SF	\$128.23 Actual or \$113.66 Adjusted
Bldg Price/Gross SF	\$102.97 Actual or \$88.40 Adjusted

Remarks

This building was formerly known as Bartlett's Steak House. It had a total of 5,147 square feet of area. The grantee purchased the site for restaurant purposes. The site has poor visibility to Highway 98 and only accessed via a easement. The building was built in 1988. The seller purchased the property in 3/98 for \$450,000.. Equipment and furnishings were included in the sales price. Estimated Value \$75,000. Appraisal in File.

Adjustments: Time (+), Age/Condition (+),

IMPROVED SALE NO. 10



Property Name	The Blue Gill Restaurant
Address	3775 Battleship Parkway, Spanish Fort, Baldwin County, Alabama
Grantor	Sandra Weekley
Grantee	HPJ Properties
Sale Date	June 20, 2000
Deed Book/Page	55 2642
Verification	Appraisal in File
Sale Price	\$360,000
Land Size	2.066 Acres or 90,000 SF
Building Type	Single tenant
Gross SF	3,143
Construction Type	Masonry
Year Built	1980
Condition	Average
Net Operating Income	\$24,300
Sale Price/Gross SF	\$114.54
Bldg Price/Gross SF	\$66.82
Gross Income Multiplier	12
Overall or Cap Rate	6.75%
Net Operating Income/Sq. Ft.	\$7.73

Remarks

The buyer had been leasing the improvements for \$2,500 per month for the past three years and the exercised his option to purchase in June of 2000. The transaction was involved \$60,000 down and the remainder financed at 9% for 10 years. The Buyer had done substantial improvements. No equipment was involved in the sales price. Appraisal in File. . The site was currently improved with a free standing, single story, frame restaurant containing a total of 3,143 square feet of heated and cooled area and in a poor state of repair when first leased.

Adjustments: Time (+), Age/Condition (+), Quality (+)

COMPARABLE IMPROVED SALES SUMMARY TABLE

No.	Location	Sale Date	Price	Size(SF)	Price/ SF
1.	1530 Battleship Parkway	03/02	\$1,200,000	8,900	\$134.83
2.	28975 US Hwy 98	12/02	\$780,000	5,200	\$150.00
3.	25311 Perdido Beach Boulevard	10/01	\$950,000	5,922	\$160.42
4.	10299 County Road 1	08/03	\$1,450,000	3,696	\$392.32
5.	124 E. 1 st Avenue	09/01	\$400,000	2,298	\$174.06
6.	601 West Beach Boulevard	03/01	\$314,000	1,479	\$212.31
7.	137 East Beach Place	01/00	\$930,000	2,108	\$441.18
8.	805 S. Mobile Str.	04/00	\$380,000	4,700	\$80.85
9.	28971 Highway 98	09/99	\$585,000	5,147	\$113.66
10.	3775 Battleship Parkway	06/00	\$360,000	3,143	\$114.54

Net Sale Price Per Square Foot Method Conclusion “ As Is”

After all overall adjustments for these locational, site, construction, age, and size characteristics are made, the appraisers have an adjusted range of \$ 125.00 per square foot and the dwelling is considered storage or managers apartment at \$ 25.00/ sf.

Restaurant	4500	\$125	\$562,500
Dwelling / Storage	1560	\$25	\$39,000
Land Value			\$245,000
Indicated Value			\$846,500

INDICATED VALUE VIA DIRECT SALES APPROACH	
Indicated Value	\$845,000

Income Approach to Value

The Income Approach is based in part on the principle of anticipation which essentially states that all value is created through the anticipation of future benefits. These future benefits can take the form of periodic rent payments and the ultimate reversion of the property at the termination of the investment. The first step in the Income procedure is the formulation of the gross yearly rent potential which is normally accomplished through comparisons to similar properties in the marketplace. From the gross yearly rent potential an allowance for vacancy and rent loss is then deducted to arrive at the effective gross income. Once expenses are deducted from the effective gross income the net operating income is then produced. The net operating income can then be capitalized by a single, or an average of several yearly incomes to produce a value indication. The Direct Capitalization procedure seems to be the dominant measure of value used by both buyers and sellers. Therefore, we will value the subject by applying to the estimated stabilized net operating income a capitalization rate derived in part from actual transactions of similar type investments and through other relative mathematical procedures.

Rental Rate Analysis

RESTAURANT RENT COMPARABLES

The first lease comparable involves an establishment located on the east side of Main Street just south Daphne Avenue. The lessee is The Main Street Café , the lessor is Daphne Land Company. The lease started in February of 1997, the building contains 1,384 sf, annual rent is \$13,200 or \$9.75/ sf. The lessor pays taxes and insurance and the lessee pays utilities and insurance on equipment.

The second lease comparable is a restaurant building located on Scenic Highway 98 just south of Improved Sale No. 8. The lessee is Randy Cooper and the lessor is Robin Herndon. The lease started in January 2001, the building contains 3,530 sf, annual rent is \$30,000

or \$8.50/ sf. The lessor pays exterior maintenance only. Triple net to the lessee. The lessee has the option of purchasing the building for \$350,000. Some equipment is included in the lease.

The third lease comparable involves an establishment located on the west side of U.S. Highway 98, .5 miles south of Interstate No. 10 in Daphne, Alabama. The lessee is New South China Restaurant, the lessor is Gork Ming Chin. The lease started in November of 1990, the building contains 2,486 sf, annual rent is \$31,680 or \$12.74/ sf. The lessor pays taxes and insurance and exterior maintenance. This is a 10 year flat rent.

The El Giro Mexican Restaurant at 800 Section Street in Fairhope Alabama. The lessee is The Main Street Café , the lessor is Daphne Land Company. The lease started in November of 1996, the building contains 2,929 sf, annual rent is \$30,000 or \$10.24 sf. The lessor pays taxes and insurance and the lessee pays utilities and insurance on equipment. No equipment was included in lease.

The Blue Gill Restaurant at 3775 Battleship Parkway had leased the improvements for \$2,500 per month for the past three years and the exercised his option to purchase in June of 2000. Indicated rent per squar foot \$9.55 per square foot. Triple net to lessee.

The newly constructed Woody's BBQ located at the Jubilee Mall is currently leased on a triple net basis for 20 years at \$24.00/ sf with rent increases every 5 years.

The Krystal Restaurant in Daphne is currently leased for \$35.13/ sf for 10 years on a triple net basis.

The former Shoney's Restaurant in Daphne was listed for lease before being purchased for a Hooter's Restaurant at \$18.00/ sf triple net.

WATERFRONT COMPARABLE RENTALS SUMMARY TABLE

No.	Location	Lease Type	Building Size	Price/ SF
1.	Battleship Parkway	NNN	7,000	\$30.86
2.	Perdido Beach Boulevard	NNN	9,815	\$21.03
3.	Perdido Beach Boulevard	NNN	11,450	\$23.94
4.	Canal Road	NNN	5,900	\$11.02
5.	W/S Highway 98	NNN	6,716	\$19.15
6.	Orange Beach Alabama	NNN	8,651	\$16.65
7.	Highway 59	NNN	6,700	\$45.92
8.	River Front, Mobile County	NNN	3,720	\$24.54

GROSS YEARLY RENT POTENTIAL CONCLUSION

I am of the opinion that \$20.00 per square foot "As Is" is a fair and reasonable indication of the current rental rates in this portion of Fairhope marketplace and considering that the subjects construction as well as size. The dwelling is estimated at \$5.00/sf. Therefore gross potential income is calculated as follows:

Gross Potential Rental Income				
<u>Building</u>	<u>Size</u>	<u>Rent/Sf</u>	<u>\$</u>	<u>Indicated Rent</u>
Restaurant	4500	\$20.00	\$	90,000
Dwelling	1560	\$5.00	\$	7,800
Total			\$	97,800

VACANCY AND CREDIT LOSS ALLOWANCE

The subject property was originally designed for usage as a retail/restaurant. The general vacancy rates for this part of Baldwin County generally range from 0% to 10%. The appraisers have factored 5% for the subject building. This is after discussions with local

commercial property managers, as well as, other appraisers. After applying this projected stabilized vacancy rate to the above estimated total results in the following estimate of Effective Gross Income.

Effective Gross Income " As Is"		
Potential Gross Income		\$97,800
(Less)	Vacancy (5.00)%	(\$4,890)
Effective Gross Income		\$92,910

OPERATING EXPENSES

The majority of these comparable rentals submitted as well as an overall rental survey of the comparables listed leased on a triple net basis. Therefore, all falling towards the lessee's responsibility . With the exception of a management fee of 5% and a replacement reserve account of say 2% of the effective gross income.

Net Operating Income " As Is"		
Potential Gross Income		\$97,800
(Less)	<u>Vacancy</u> (5.00)%	(\$4,890)
Effective Gross Income		\$92,910
(Less)	<u>Expenses</u>	
	Mgmt/Legal/R.R =07%	(\$6,504)
<u>Net Operating Income</u>		\$86,406

Capitalization Rate Determination

Based on Mortgage Equity Capitalization:

- Interest Rate 7.0%
- 70% Mortgage
- 20 Year Term
- 15% Equity Yield
- 15 Year Holding Period
- 0% Appreciation

Using the mortgage equity ratio, mortgage terms, amortization rate, equity yield, and projection period, the Mortgage Equity Capitalization Rate is calculated as follows:

70% (Mortgage) X .093036 (Annual Constant)	6.51 %
30% (Equity) X 15% (Equity Yield)	4.50 %
<hr/>	
Basic Rate (r)	11.01 %
Less: Equity Build-up:	
70% (Mortgage) X 60.85(% Paid Off) X .02102 (SFF)	-0.90 %
Indicated Rate	10.12%

The appraisers are of the opinion that the indicated rate might fall in the range of 10.75% due to the location, age of the improvements and the increased competition over the past 3 years. Therefore the Value via the Income Approach is as Follows:

Income Approach to Value Conclusion	
Net Operating Income	\$86,404
Capitalized 10.5%	Indicated Value \$822,895
	Rounded to : \$825,000

INDICATED VALUE VIA INCOME APPROACH	
Indicated Value	\$825,000

Correlation and Final Indication of Value

Value Indications

In order to estimate the market value of the subject property, the data pertaining to the property has been analyzed by the sales comparison approach and the income approach. The value estimates indicated by the three approaches are as follows:

Cost Approach	\$ 900,000
Sales Approach	\$ 845,000
Income Approach	\$ 825,000

Cost Approach

The cost approach is most reliable for newer properties that have not been impacted by a significant level of accrued depreciation. The cost approach was given equal due to these reasons: 1) The subject is mostly new, 2) market participants rely on the market and income approaches to value in valuing similar special purpose properties.

Sales Comparison Approach

The sales comparison approach is most reliable in an active market when a number of similar properties have recently sold. In this case, we evaluated the comparable sales based on a square foot basis. The sales price per unit was shown to have a relatively high correlation with purchase price, so this approach is considered to provide a reliable indication of value.

Income Approach

The direct capitalization method is generally a reliable indication of value in stable conditions and the discounted cash flow analysis is generally a better indication when periodic incomes vary.

Value "As Is"

The appraiser has utilized and calculated the following market value based on the three approaches to value. They are considered to be reasonable and reliable indicators of the subject's market value within the framework of their respective limitations and capabilities. Therefore my conclusion is as follows:

**" As Is" Value \$ 850,000
Real Estate Only**

As of May 2, 2005 , it was the appraisers opinion that, the indicated Fee Simple Market Value, subject to the underlying assumptions and limiting conditions , is as follows:

Parcel No. 1 - 5920 Battleship Pkwy & 13.12 Acres	\$ 230,000
Parcel No. 2 - 5872 Battleship Pkwy - Proposed Beach House Grill	\$ 850,000

This assignment was made subject to regulations of the State of Alabama Real Estate Appraisers Board. The undersigned state licensed real estate appraiser has met the requirements of the board that allow this report to be regarded as a "certified appraisal."

We certify we have no interest present or contemplated in the property described herein and that neither the employment nor the compensation is contingent on the value of the property and that according to the best of our knowledge and belief, all statements and information contained within this report are true and correct, subject to our enclosed limiting conditions.

Respectfully submitted,

Frederick H. Hall, Appraiser
Certificate No. G00077
fhh/C:FGulf.Bar.Causway.rest3

Summary of Important Facts And Conclusions

NAME/LOCATION: Beach House Grill
59 Battleship Parkway
Spanish Fort, Alabama

PROPERTY RIGHTS: Fee Simple Interest

OWNER OF RECORD: Causeway Properties

CLIENT: First Gulf Bank

VALUE APPRAISED: "As Is"
Market Value

INTENDED USERS: The client and their assigns

EFFECTIVE DATE: May 2, 2005

DATE OF REPORT: May 2, 2005

TYPE OF APPRAISAL: Complete Appraisal Under Standard Rule 1

TYPE OF REPORT: Summary
Standard Rule 2-2 (b)

DEPARTURE: No Departure Noted

TYPE OF PROPERTY: Single Tenant /Special Purpose

LEGAL DESCRIPTION: Metes & Bounds

PARCEL NUMBER: 31-07-25-0-000-025.001 & 25.002 & 25.003 & 25.000

HIGHEST AND BEST USE: As-Improved

APPROACHES CONSIDERED: All Approaches Considered

ASSUMPTIONS AND LIMITING CONDITIONS

The assumptions and limiting conditions described below are normally an integral part of every appraisal or valuation. Assumptions are necessary because appraisal is forward looking and must, of necessity, rely on certain assumptions about the future occurrence of events and/or conditions. Limiting conditions serve to notice the client and any intended and/or unintended readers of an appraisal report that the appraisal may have been performed under a set of defined conditions that would make it inappropriate to rely on it for other than its explicitly state purpose and use.

Appraiser is legally regulated under federal and state law by the Uniform Standards of Professional Appraisal Practice (USPAP). This attachment is intended to supply Client with necessary information about Appraiser's engagement performance and reporting assumptions and limiting conditions.

This engagement and report are for no purpose other than property valuation and Appraiser is neither qualified nor attempting to go beyond that narrow scope. Client and other users of the report should be aware that there are also inherent limitations to the accuracy and reliability of the information, analyses and conclusions contained in this report.

Special/Extraordinary Assumptions and Limiting Conditions:

- Hypothetical Conditions:
- **Departures from USPAP:** Appraiser may depart only from the following USPAP Standards. Performance: 1-2, 1-3, 1-4, 9-2 and 9-4. Reporting: 2-4, 10-2 and 10-4.
- **Confidentiality(USPAP SMT-5):** An appraiser must not disclose confidential factual data obtained from the client or the results of an engagement prepared for a client to anyone other than: 1) the client and persons specifically authorized by the client; 2) such third parties as may be authorized by due process of law, and 3) a duly authorized professional peer review committee.
- Under USPAP the obligation of the appraiser to protect the confidential nature of the appraiser-client relationship is neither absolute nor clearly understood. The appraiser-client relationship envisioned by USPAP is not comparable to the attorney-client relationship. With regard to factual data supplied to the appraiser by the client, the client is in the best position to decide what data must be considered confidential and to provide an explanation for such a determination. Data furnished by the client to other persons or entities without a confidentiality condition, or that is already in the public domain, do not become confidential when given to the appraiser. All other factual data obtained by the appraiser from any source are not recognized as confidential by USPAP, unless the appraiser has been advised of the confidential nature of the data. When the appraisal report is addressed to the client,

any confidential factual data given to the appraiser by the client and relied upon in the appraiser's analyses, opinions or conclusions may be specifically cited in the report without violation of the confidentiality rule. USPAP recognizes that such data are to be treated as confidential only when the client specifically instructs the appraiser that the factual data are confidential.

- **Appraisal is made under conditions of uncertainty with limited data:** Limitations result from a lack of certain areas of expertise by Appraiser (that go beyond the scope of ordinary knowledge of an appraiser), the inability to view certain portions of the property, the inherent limitations of relying on information provided by others and limitations imposed by the time constraints of this engagement. There is also an economic constraint in that the monetary budget did not contain unlimited funds for examination, inspection and acquisition of additional data. Appraiser used the available resources in the collection, verification and analysis stages of this engagement in those areas that Appraiser considers most relevant to the purpose and intended use but, there is a significant possibility that Appraiser does not possess all information relative to the property.

Before relying on any statement made in this report interested parties should contact Appraiser for the exact extent of data collection and verification on any point they believe to be important to their decision making. This will enable such interested parties to determine whether they think the extent of data collection and verification were adequate for their individual needs or whether they would like to pursue additional data collection and verification for a higher level of certainty at an additional fee.

Information, including projection of income and expenses, provided by informed sources, such as government agencies, financial institutions, accountants, attorneys, Client and others is assumed to be true, correct and reliable. No responsibility for the accuracy of such information is assumed by Appraiser.

Any comparable sales data relied upon in the report is believed to be from reliable sources. It may have been impossible to examine all comparables due to monetary and time constraints. The value conclusions are subject to the accuracy of such information.

Engineering analyses of the property were neither provided for use nor made as a part of this engagement. Any representation as to the suitability of the property for uses suggested in this analysis is therefore based only on a rudimentary examination by Appraiser and the value conclusions are subject to such limitations.

All values shown in the report are projections based on Appraiser's analysis as of the effective date of the appraisal. These values may not be valid in other time periods or as conditions change. Appraiser takes no responsibility for events, conditions or circumstances affecting the property's value that take place subsequent to either the date of value noted in the report.

Since mathematical models and other projections are based on estimates and assumptions which are inherently subject to uncertainty and variation depending upon evolving events, Appraiser does not represent them as results that will actually be achieved. The primary assumption underlying the discounted cash flow method of the income approach is a reasonable probability of occurrence of events and conditions that are expected to occur that may have a bearing on the subject mining operation. The term 'reasonable probability' and similar wordings are not used in a strictly mathematical or statistical sense, but are intended to mean that the expected occurrences of events and conditions considered in an appraisal are appropriate and consistent with the purpose and intended use of the appraisal.

This report is an estimate of value based on an analysis of information known and available to Appraiser at the time of the engagement. Appraiser does not assume any responsibility for incorrect analysis because of incorrect or incomplete information. If new information of significance becomes available the value given in the report is subject to change without notice.

Opinions and estimates expressed in the report represent Appraiser's best judgment but should not be construed as advice or recommendation to act. Any actions taken by Client or any others should be based on their own judgment and the decision process should consider many factors other than just the value estimate and information given in this report.

- **Appraisal is not a survey:** It is assumed that the utilization of the land and improvements is within the boundaries of the property lines of the property described and there is no encroachment or trespass unless noted in the report.

No survey of the property has been made by Appraiser and no responsibility is assumed in connection with such matters. Any maps, plats, plans, sections or other drawings reproduced and included in the report are there only to assist readers with visualizing the property and are not necessarily to scale. The reliability of information contained on any such drawing is assumed by Appraiser and cannot be guaranteed to be correct. A qualified surveyor should be consulted if there is any concern on boundaries, setbacks, encroachments or other survey matters.

- **Appraisal is not a legal opinion:** No responsibility is assumed for matters of a legal nature that affect title to the property nor is an opinion of title rendered. The title is assumed to be good and marketable. The value estimate is given without regard to any question of title, boundaries, encumbrances or encroachments. We are not usually provided an abstract of title to the property being valued and we neither made a detailed examination of it nor do we give any legal opinion concerning it.

It is assumed that there is full compliance with all applicable federal, state and local environmental laws and regulations unless noncompliance is stated, defined and considered in the report. A comprehensive examination of laws and regulations affecting the subject property was not a part of this engagement and was not performed.

It is assumed that all applicable zoning and use regulations and restrictions have been complied with unless a nonconformity has stated, defined and considered in the report. Information and analyses shown in this report concerning these items are based only on a rudimentary examination. Any significant questions should be addressed to local zoning or land use officials, a qualified attorney and/or other qualified individuals.

It is assumed that all required licenses, consents or other legislative or administrative authority from any federal, state or local government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate in this report is based. Appraiser has not made a comprehensive examination of laws and regulations or private licensing terms affecting the property. Any significant questions should be addressed to appropriate government or private officials and/or an attorney.

- **Appraisal is not an engineering, geology, environmental or property inspection report:** The report should not be considered a report on the physical items that are a part of the property. Although the report may contain information about these physical items, including their adequacy and/or condition, it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or detailed physical. Appraiser is not a construction, engineering, environmental or legal expert and any statements given on these matters in the report should be considered preliminary in nature.

It is assumed that there are no hidden or unapparent conditions of the property/ sub-soil. No responsibility is assumed for such conditions nor for the engineering that may be required to discover such factors. Since no engineering nor percolation tests were made no liability is assumed for soil conditions. Subsurface rights, including minerals, oil, gas and geothermal were considered only to the extent and detail stated in the report.

Wells and septic systems, if any, are assumed to be in good working condition and of sufficient capacity for the stated highest and best use.

Appraiser is not an environmental expert and does not have the expertise necessary to determine the existence of environmental hazards such as the presence of urea-formaldehyde foam insulation, asbestos, hazardous building materials, toxic waste or any other environmental hazards on the subject or surrounding properties. If Appraiser is aware of any problem of this nature which we believe would create a significant problem, it is stated in the report. Nondisclosure in the report should not be taken as an indication that no environmental problem exists. Any significant questions concerning environmental matters should be addressed to qualified experts.

No chemical or scientific tests were performed by Appraiser on the property and it is assumed that the air, water, ground and general environment associated with the property present no physical or health hazard of any kind unless otherwise noted in the report. It is further assumed that the property does not contain any type of dump site and that there are no underground storage tanks or other underground sources leaking hazardous or toxic substances into the groundwater or the environment unless otherwise noted in the report.

The age of improvements on the property mentioned in the report should be considered only a rough estimate. Appraiser is not sufficiently skilled in the construction trades to be able to reliably estimate the age of improvements by simple observation. Appraiser has relied on circumstantial indications which may have come to our attention (such as dates on construction plans) or conversations with persons considered knowledgeable of the history of the property such as owners, onsite personnel or others. Any significant questions concerning the age of improvements should be addressed to qualified experts.

Because no detailed inspection was made, nor was it a part of this engagement, and because such knowledge goes beyond the scope of this engagement, any observed condition or other comments given in this report should not be taken as a guarantee that a problem does not exist.

- **Appraisal Report limitations:** Appraisal reports are technical documents addressed to the specific technical needs and requirements of Clients. Readers should understand that this report does not contain all of the information Appraiser has concerning the property or the relevant markets. While no factors Appraiser believes to be significant but unknown to Client have been knowingly withheld it is always possible that Appraiser has information of significance which may be important to others but which, with Appraiser's limited knowledge of the property and limited expertise, does not seem to be important to Appraiser.

Reports are made for Clients and are technical documents made to Client requirements. Other readers are cautioned about their limitations and cautioned against possible misinterpretation of the information contained in the report.

Appraiser should be contacted with any questions before this report is relied on for decision making.

This report was prepared at the request of and for the exclusive use of Client to whom the report is addressed. No third party shall have any right to use or rely upon this report for any purpose.

There are no requirements, by reason of this engagement, to give testimony or appear in court or any pretrial conference or appearance required by subpoena with reference to the property in question, unless sufficient notice is given to allow adequate preparation and additional fees are paid by Client at Appraiser's rates for such appearances and the preparation necessitated thereby.

This report is made for the information and/or guidance of Client and possession of this report, or a copy thereof, does not carry with it a right of publication. Neither all nor any parts of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of Appraiser. Nor shall Appraiser, firm, or professional organization of which Appraiser is affiliated with be identified without the written consent of Appraiser.

It is suggested that who possess this report should not give copies to others. Legal advice should be obtained on potential liability issues before this is done. Anyone who gives out an incomplete or altered copy of the report (including all attachments) does so at their own risk and assumes complete liability for any harm caused by giving out an incomplete or altered copy. Appraiser does not assume any liability for harm caused by reliance upon an incomplete or altered report of the report given out by others. Anyone with a question on whether their copy of a report is incomplete or altered should contact Appraiser.

- Values and conclusions for various components of the property as contained within the report are valid only when making a summation: they are not to be used independently for any purpose and must be considered invalid if so used. The allocation of the total value in this report between land and improvements applies only under the reported highest and best use of the property. The separate valuations for land and buildings must not be used in conjunction with any other report and are invalid if so used.
- The value estimates contained herein are based upon current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. Therefore, these estimates are subject to changes in future conditions. Value estimates in this appraisal report are stated in United States currency as of the date of appraisal
- Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed and stated intended use without the written consent of the appraiser, and in any event, only with properly written qualification and only in its entirety.
- No responsibility is assumed for the legal description or for matters including legal or title considerations. Title is assumed to be good and marketable and in Fee Simple, unless otherwise stated in this appraisal report.
- The property is appraised free and clear of all existing liens and encumbrances, including deed restrictions and developers agreements, unless otherwise stated in this appraisal report. All mortgages, liens, encumbrances, and servitude have been disregarded unless so specified within the appraisal report.

- Information furnished by others is believed to be true, correct, and reliable. A reasonable effort has been made to verify such information; however, no responsibility for its accuracy is assumed by the appraiser.
- Maps, plats, and exhibits included in this appraisal report are for illustration only, as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose. The appraiser has not made a survey of the property, and no responsibility is assumed in connection with such matters.
- No environmental impact studies were either requested or made in conjunction with this appraisal report. The appraisers, thereby, reserve the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent environmental impact studies, research, or investigation.
- The appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable than otherwise comparable property. The appraisers are not experts in determining the presence or absence of hazardous substance, defined as all hazardous or toxic materials, waste, pollutants, or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property.
- The appraiser assumes no responsibility for the studies or analysis which would be required to conclude the presence or absence of such substances or for the loss as a result of the presence of such substances. The client is urged to retain an expert in this field, if desired. The value estimate is based on the assumption that the subject property is not so affected.
- It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the valuation.
- It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in this appraisal report.
- It is assumed that the information relating to the location or existence of public utilities that has been obtained through a verbal inquiry from the appropriate utility authority, or has been ascertained from visual evidence is correct. No warranty has been made regarding the exact location or capacities of public utility systems.
- It is assumed that all required licenses, consents, or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been, or can be, obtained or renewed for any use on

which the value estimate contained in this report is based.

- It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that no encroachment or trespass exists, unless noted in this appraisal.
- Value estimates in this appraisal report apply only to the entire property, and cannot be prorated to individual portions or fractional interests. Any proration or division of interest will invalidate the value estimate, unless such proration or division of interests is set forth in this appraisal report.
- The appraiser is not required to give testimony or attendance in court by reason of this appraisal, with reference to the property in question, unless arrangements have been made previously therefore. The fee charged for this appraisal does not include payment for court testimony or for further consultation.
- Unless otherwise noted in this appraisal report, no consideration in the valuation process has been given to subsurface rights (mineral, oil, water, et cetera) that may be found on the subject property.
- The appraiser reserves the right to alter opinion of value contained in this appraisal report on the basis of information withheld or not discovered in the normal course of a diligent investigation.
- Possession of the report does not carry with it the right of publication. Out of context quoting from or partial reprinting of this appraisal report is not authorized. Further, neither all nor any part of this appraisal report shall be disseminated to the general public by the use of media for public communication without the prior written consent of the appraisers signing this appraisal report.
- The authentic copies of this report are signed in blue ink and are bound with white clear cover which reveals the M.D. Bell Co. Inc. name. Any copy that does not have this name and original signatures is unauthorized and may have been altered, and is considered invalid.
- Disclosure of the contents of this report is governed by the By-Laws and Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers or the firm with which they are connected, or any reference to the Appraisal Institute) 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 author.
- An appraisal related to an estate in land that is less than the whole fee simple estate applies only to the fractional interest involved. The value of this fractional interest

plus the value of all other fractional interests may or may not equal the value of the entire fee simple estate considered as a whole.

- The appraisal report related to a geographical portion of a larger parcel is applied only to such geographical portion and should not be considered as applying with equal validity to other portions of the larger parcel or tract. The value for such geographical portions plus the value of all other geographical portions may or may not equal the value of the entire parcel or tract considered as an entity.
- The distribution of the total valuation in this report, between land and improvements, is applicable only as a part of the whole property. The land value, or the separate value of the improvements, must not be used in conjunction with any other appraisal or estimate and is invalid if so used.
- 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.
- If this appraisal is subject to any proposed improvements or additions being completed as set forth in the plans, specifications, and representations referred to in the report, and all work being performed in a good and workmanlike manner. The appraisal is further subject to the proposed improvements or additions being constructed in accordance with the regulations of the local, county, and state authorities. The plans, specifications, and representations referred to are an integral part of the appraisal report when new construction or new additions, renovations, refurbishing, or remodeling applies.
- Acceptance of and/or use of this appraisal report constitutes acceptance of the foregoing General Underlying Assumptions and General Limiting Conditions. The appraisers duties, pursuant to the employment to make the appraisal, are complete upon delivery and acceptance or errors should be called to the attention of the appraisers within 60 days of the delivery of the report.

Certification of Frederick H. Hall

- ◆ I certify that, to the best of my knowledge and belief, ...
- ◆ 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, unbiased professional analyses, opinions, and conclusions.
- ◆ I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- ◆ My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.
- ◆ My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the American Institute of Real Estate Appraisers.
- ◆ The use of this report is subject to the requirements of the American Institute of Real Estate Appraisers relating to review by its duly authorized representatives.
- ◆ I have made a personal inspection of the property that is the subject of this report.
- ◆ This assignment was made subject to regulations of the State of Alabama Real Estate Appraisers Board. The undersigned state licensed real estate appraiser has met the requirements of the board that allow this report to be regarded as a "certified appraisal."

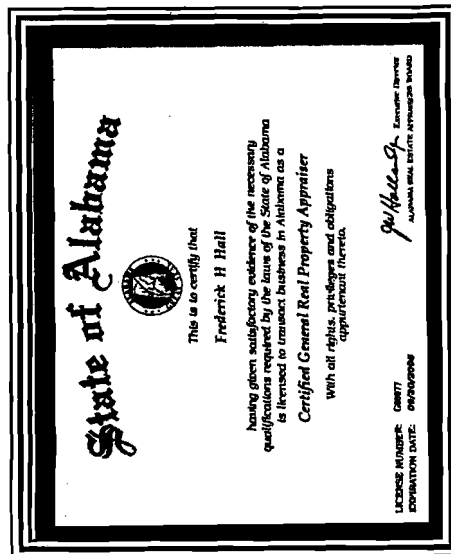
The Appraiser Further Certifies That:

1. This appraisal conforms to the Uniform Standards of Professional Appraisal Practice ("USPAP") adopted by the Appraisal Standards Board of the Appraisal Foundation, except that the Departure Provision of the USPAP does not apply.
2. Their compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
3. This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.



Frederick H. Hall, Appraiser
Certificate No. G00077

Sign and Date



RESUME OF QUALIFICATIONS AND EXPERIENCE
FREDERICK H. HALL
MOBILE, ALABAMA

BACKGROUND

Born in Mobile, Alabama on October 29, 1962. Received a diploma from UMS Preparatory School in May 1980. Attended University of Southern Mississippi and University of South Alabama. Major studies included the schools of Finance and Management. Began working as an independent residential and commercial fee appraiser in September of 1983.

MEMBERSHIPS:

Baldwin County Board of Realtors
Mobile County Board of Realtors
National Association of Real Estate Board

CERTIFICATIONS:

Alabama Certified General Appraiser #G00077
Mississippi Certified General Appraiser #358

Completed the following courses toward professional appraisal designation:

AIREA I - A-1	Real Estate Appraisal Principles
AIREA I - A-2	Basic Valuation Procedures
AIREA I - B-A	Capitalization Theory & Techniques
AIREA I - B-B	Capitalization Theory & Techniques
AIREA I - B-A	Capitalization Overview Part A
AIREA	Understanding Limited Appraisals and Reporting Options
AIREA 8-2	Residential Valuation
AIREA 2 -3/8-3	Standards of Professional Practice
AIREA	Appraising From Blueprints and Specifications
AIREA	Internet Search Strategies for Real Estate Appraisers
AIREA	Residential Design & Functional Utility
AAREA	Basic Sales Comparison Approach
AAREA	Basic Income Approach

Clients include Am-South Bank, South-Alabama Bank, Regions Bank, Union Planters Bank, Mobile County Bank, SouthTrust Bank, United Bank, First National Bank of Brewton, Colonial Bank, Gulf Federal Bank, Commonwealth National Bank, Citizens Bank, Regions Mortgage, Am-South Mortgage Banking, Department of Conservation and Natural Resources, Prudential Relocation, Associates Relocation, Baldwin County Board of Education, Mobile Housing Board, City of Daphne, City of Mobile, City of Gulf Shores, City of Orange Beach, Alabama Power Company, Army Aviation Federal Credit Union, Alabama Telco Credit Union, Mobile Infirmary, Springhill College, University of South Alabama, University of Mobile, and various local and regional law firms.

Competency Disclosure

The appraiser has sufficient education and experience background in the appraisal of special purpose properties to competently prepare and deliver the prescribed report in a timely manner under the conditions set forth by the First Gulf Bank in Daphne. Similar projects have been furnished to the following clients.

- ◆ U.S. Fish and Game Service
- ◆ Federal Aviation Administration
- ◆ Alabama Forestry Commission
- ◆ Department of Conservation and Natural Resources
- ◆ Baldwin County Board of Education
- ◆ Baldwin County Mental Retardation Board
- ◆ Baldwin County Economic Development Alliance
- ◆ Mobile County Commission
- ◆ Mobile County Housing Board
- ◆ Alabama Gulf Coast Convention & Visitors Bureau
- ◆ Fairhope Single Tax Colony
- ◆ City of Orange Beach
- ◆ City of Gulf Shores
- ◆ City of Daphne
- ◆ City of Bay Minette
- ◆ City of Mobile
- ◆ City of Chickasaw
- ◆ City of Prichard
- ◆ City of Dauphin Island
- ◆ City of Atmore
- ◆ Local & Regional Banks

Scope of the Appraisal

The term Scope of Appraisal means describing the extent of the process of collecting, confirming, and reporting data. This section is required to prepare a report in accordance with the Standards of Professional Appraisal Practices of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practices for the Appraisal Foundation. These Standards contain binding requirements and specific guidelines to deal with the procedures to be followed in developing an appraisal and analysis or opinion. The appraisal problem submitted to the appraisers was to furnish "as-is" market value based on the subject's present condition.

The appraisal requested by, Ms. Christie Vaughn , loan processor for the First Gulf Bank in Daphne.

The request was to provide Fee Simple, market value based on the subject's present condition. On May 2, 2005 , Frederick Hall inspected the subject site and improvements.

The information provided to the appraiser consisted of a legal description, plans and specifications, cost estimates, and tax information.

Highest and best use of the subject property is based on its highest and best use "as if vacant", as well as consideration for the demand for similar type properties within the subject property's immediate area.

The appraiser has considered and applied each of the three approaches to value -- that being the cost approach, direct sales comparison approach and income approach to value.

The appraisers gathered information such as listing information, ownership data, utilities, deed restrictions, census data, flood zones, elevations, taxes were obtained from the appropriate governmental agencies in Mobile and Baldwin Counties.

The appraisers first inspected the subject site as of the above referenced date. The area data and neighborhood description were based on information provided by Mobile/Baldwin Area Chambers of Commerce, Information Decisions Systems, Internet Sources, United States Census Bureau, Local developers and professionals and information contained in the files of M. D. Bell Co. Inc.

I then outlined the information gathered, assembled this information, logically described the subject's location and physical characteristics, analyzed the information gathered and applied this information into the previous discussed approach to value. I again analyzed the indicated solutions manifested by the proposed appraisal problems and reconciled these solutions into a logical estimate of values needed and/or requested by the client.

General Definitions

DEFINITION OF MARKET VALUE

Market Value is defined by the **FIRREA 12 CFR Part 323.2 (f)** as:

"Market Value means 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:

- 1. Buyer and seller are typically motivated;**
- 2. Both parties are well informed or well advised, and acting in what they consider their own best interests;**
- 3. A reasonable time is allowed for exposure in the open market;**
- 4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and**
- 5. 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."**

Market Value "as is" is defined as the Market Value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date the appraisal is prepared. Market Value "Upon Completion" is defined as the Market Value of a property with all proposed construction, conversion, or rehabilitation hypothetically completed, or under other specified hypothetical conditions as of the date of the appraisal or prospective date.

DEFINITION OF "AS IS" MARKET VALUE

All appraisals must be made on an "As Is" Market Value basis unless otherwise instructed. The "as is" status of the property reflects its physical condition and any legal, environmental, and/or financial factors or encumbrances known to impact the property at the effective date of appraisal. The "as is" valuation of the appraised property shall reflect the impact on value of all such factors known and conveyed to the appraisers by the Client. The appraiser is responsible for employing due diligence in accounting for all factors not reported by the Client that are items of the public record (i.e. zoning, taxes, covenants, conditions, restrictions, etc.). "As Is" Market Value must reflect all assumptions of the Market Value definition.

DEFINITION OF FEE SIMPLE

Fee Simple Interest is defined as total ownership of property not encumbered by any other interest or estate, and limited only by the powers of eminent domain, escheat, police power, and taxation, which are rights reserved by the government. The value of the fee simple estate is therefor impacted by its current zoning, tax status, condemnation proceedings, public easements, environmental legislation, or other governmental interests or actions.

The Fee Simple Interest encompasses all rights of ownership not limited by the government, including the right of occupancy (use), the right to lease and receive rents, the right of conveyance to another, etc. This interest is analogous to a total "bundle" of rights, each of which may be severed and conveyed by the fee simple owner. The fee simple interest may be severed into various partial or fractional interests, including the Fee Simple and leasehold interests. The fee simple interest is the sum of the Fee Simple and all leasehold interests.

Identification of Property

The subject of this report covers a (3) adjacent parcels owned by Harry Johnson located along the south side of Battleship Parkway just east of Shellbank River and west of the Spanish Fort Overpass.

The sites are currently improved with (2) wood frame, one story, class "D", structures built on pilings. The building an improvements were built in 1980 and the pother building was recently completed.

The site has a 911 physical address of 5840-5920 Battleship Parkway , Spanish Fort, Baldwin County, Alabama

The location is more thoroughly described in the description of site section of this report.



Parcel No. 1
5890 Battleship Parkway
Spanish Fort, Alabama

Identity of Parcel No. 1

This parcel is located on the south side of Battleship Parkway and is the last available site heading east before the Spanish Fort Overpass. The site is currently improved with the piling from the previous structure.

Legal Description

Parcel Number: 31-07-25-0-000-025.001
PPIN: 026475
Name: Causeway Properties

DESCRIPTION

125' X 140' FR THE INT OF S R/W OF HWY 90 & E LN OF SEC 25, RUN TH NW ALG SD R/W 765' FOR THE POB, TH SW 140', TH SE 125', TH NE 140', TH NW 125' TO THE POB IN THE CITY OF SPANISH FORT SEC 25-T4S-R1E

Parcel Number: 31-07-25-0-000-025.000
PPIN: 082456
Name: Causeway Properties

Commence at a point where the rangeline dividing Township 4 South, Range 1 East, from Township 4 South, Range 2 East, intersects the South margin of the right-of-way of U.S. Highway Number 90; from said point run North 79 degrees 02' West, along said right-of-way, 805.0 feet for a POINT OF BEGINNING; Thence run South 10 degrees 58' West, 135.88 feet to a crimp top iron pipe marker; thence run North 74 degrees 19' 30" West, 266.5 feet to a crimp top iron pipe marker; thence run South 10 degrees 58' West, 1319.6 feet, more or less; thence run South 79 degrees 02' East, 421.3 feet; thence run North 10 degrees 58' East, 1300 feet, more or less, to an old two inch open top iron pipe marker; thence run North 81 degrees 35' West, 123.9 feet to an iron pin marker; thence run North 10 degrees 39' 20" East, 139.95 feet; thence run North 79 degrees 02' West, 31.2 feet to the Point of Beginning. Tract contains 12.72 acres more or less, and lies within Fractional Section 25, Township 4 South, Range 1 East, Baldwin County, Alabama. (Description composed from actual field surveys, Baldwin County Tax Map Information, Baldwin County Planning Department Aerial Photograph and office records).

Less and except any oil, gas, and mineral rights owned by Grantor, and not previously conveyed pursuant to the instruments referenced herein below.

Purpose of the Appraisal

The purpose of this appraisal is to formulate and express an opinion of Market Value on the subject property. This appraisal was developed as a "Complete Appraisal" in accordance with Standard Rule 1 of the Uniform Standards of Professional Practice (USPAP). This appraisal is being reported as a "Summary Appraisal Report" in accordance with Standards Rule 2-2(b) of the Uniform Standards of Professional Practice (USPAP). Also, by this letter we certify that this appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan. It should be noted this report was prepared with the intent to satisfy the Uniform Instructions to Appraisers in conformance with the Financial Institution Reform and Enforcement Act, Title X1 FIRREA and intended to satisfy the Uniform Standards of Professional Appraisal Practice.

Intended Use of Appraisal

The intended use of this report is to provide information to our client, Ms. Christie Vaughn, loan processor for the First Gulf Bank. It is the appraiser's understanding that our client will utilize this report for possible underwriting purposes.

Date of Value Estimate

The value estimate which is provided in this report is made effective as of May 2, 2005, which is the most recent date of inspection of the subject property by the appraiser and the effective data or the comparable data which is presented in this report.

Date of Report

The date of the appraisal report is as of May 2, 2005, which is the date of the signatures by the appraiser shown on the letter of transmittal and certification of appraisal.

Property Rights Appraised

Fee Simple Interest in the Real Property free and clear of any encumbrances. This interest excludes an interest in mineral rights which might exist. This has not been considered in the analysis and is considered to be beyond the scope of this assignment.

Marketing Time

It is the appraisers' estimate the marketing period necessary to transact the subject could extend from 150 to 200 days, if the property is appropriately priced and aggressively marketed on a local basis.

Statement of Ownership and Sales History

According to the Uniform Standards of Professional Appraisal Practice (Standards Rule 1-5), in developing a real estate appraisal an appraiser must consider and analyze any prior sales of the property being appraised that occurred within three years preceding the date when the appraisal was prepared.

Reference:	Instrument # 757899
Grantor:	Edward Brunell
Grantee:	Causeway Properties
Sale Price:	\$ 165,000
Date:	9/8/2003

It should be noted that no title search nor title binder were supplied to the appraisers. If a title search and/or present contract are supplied to the appraisers and indicate differently from the assumptions made within this report, the appraisers reserve the right to amend this portion of the report.

Reference: Instrument # 845468
 Grantor: Leon Wildeberger Jr.
 Grantee: HPJ Properties
 Sale Price: \$ 107,000
 Date: 10/2/2004

Tax Assessment & Ad Valorem Taxes

The subject property is subject to taxation by the city of Spanish Fort, the county of Baldwin, as well as, the state of Alabama. The State of Alabama assesses commercial properties at 20% of their appraised value. The tax rate in Mobile County and the City of Mobile for a property like the subject is \$ 3.30 per \$100 of assessed value with an assessment ratio of 20% for commercial property, 10% for residential property, and 30% for utilities.

Current Date 3/23/2004	Records Last Updated 3/8/2004
306 DRYER AVE	
DAHERE, AL 36526	APPRAISED VALUE: 190600
PARCEL 31-07-23-0-000-021-001	
YEAR 2003 TAX DUE PAID BALANCE	
LAST PAYMENT DATE 1/14/2004	
EXEMPT CODES B1	DESCRIPTION 125 X 140 FR THE INT OF S E/
TAX DISTRICT 14	BUN TH NW ALG RD R/W 765' FOR
ESCAPE YEAR	1 TH US 140, TH NW 125' TO T

BALDWIN COUNTY, AL	
Current Date 8/2/2005	Records Last Updated 4/22/2005
P O BOX 7260	
SPANISH FORT, AL 36577	APPRAISED VALUE: 43000
PARCEL 31-07-23-0-000-025-000	
YEAR 2004 TAX DUE PAID BALANCE	
LAST PAYMENT DATE 10/6/2004	
EXEMPT CODES B4	DESCRIPTION IS ACC FM THE INT OF E LN OF
TAX DISTRICT 14	NW ALG HWY TO WLN OF SHELLMAN
ESCAPE YEAR	E LN OF SEC 25, TH NW 1/4

Neighborhood Data

Generally the neighborhood and/or district analysis establishes a peripheral base for which the property value is estimated. It identifies the surrounding area, uses, boundaries, and influencing factors that might influence the specific property in a positive and/or negative manner. These realistic peripheral boundaries help the appraiser as well as the readers determine and identify truly comparable properties with little and/or no adjustment for location.

The subject property is located along what has locally been known as The Causeway. Battleship Parkway is a seven mile strip of land which was built by the Corp. of Engineers in the 1950's to link the City of Mobile with Baldwin County. The man made parkway consist of a seven mile stretch of land running from Blakeley Island across Mobile River (4.5 miles) west of the subject to the Spanish Fort (2.5 miles) east of the subject and also just east of the I-10 Bayway underpass. Interstate Highway 10 was completed across the Causeway about 25 years ago and has by-passed the area affecting the majority of commercial establishments along the Causeway.

For many years this was a major commercial area with restaurants, service stations, motels, and other commercial enterprises. This all occurring in early to mid 1970's. Subsequently, Interstate Highway 10 was completed across the head of the Bay paralleling generally the Battleship Parkway. This construction removed the majority of heavy traffic off Battleship Parkway, but the majority of the commercial activity remained until 1979 when Hurricane Frederick destroyed the majority of commercial properties east of the subject.

At the present time there is are (4) motels, The Best Western , at Battleship Park, and the Ramada Inn Bay Resort that is located just to the west, as well as a run down converted Holiday Inn which is further to the east. There are several restaurants such as - Fish Camp ,Original Oyster House, Ed's Oyster House and the Bluegill and a number of other small restaurants and package stores. Construction of the Cock of the Walk Restaurant was

completed (2) plus years ago to the west of the subject at a location east of it's original location before being destroyed during Hurricane Georges on September 29, 1998.

The major contributing tourist attraction is the Battleship Park, which is the site of U.S.S. Alabama which has been permanently moored there for tourism purposes. There are a number of other submarine, airplanes, jets, etc. creating a park which attracts a large number of visitors each year.

The Interstate highway system and the fact that the causeway now has four and five lanes of traffic , as well as, newly constructed bridges to the east and west of the subject makes the property within just a few minutes of the Central Business District of the city of Mobile. Traffic counts have begun to rise since the expansion of the highway system between Mobile and Spanish Fort and with this in mind the it is the appraisers opinion, the location and visibility of the subject makes it a good location for the waterfront restaurant facility.

Property values appear to be relatively static with possibly some increases through general economic trends. All indications are that properties should be in average demand along the Causeway in the foreseeable future and that the demand for fishing camps, boat launches, restaurants, and lounges will continue due to the waterfront location, and that property values can be expected to be competitive with other areas around Mobile Bay of secondary commercial nature.

Site Data

LOCATION:

The site is located at the SWC of Battleship Parkway and Spanish Fort Overpass and has a 911 physical address of 5920 Battleship Parkway.

LEGAL DESCRIPTION:

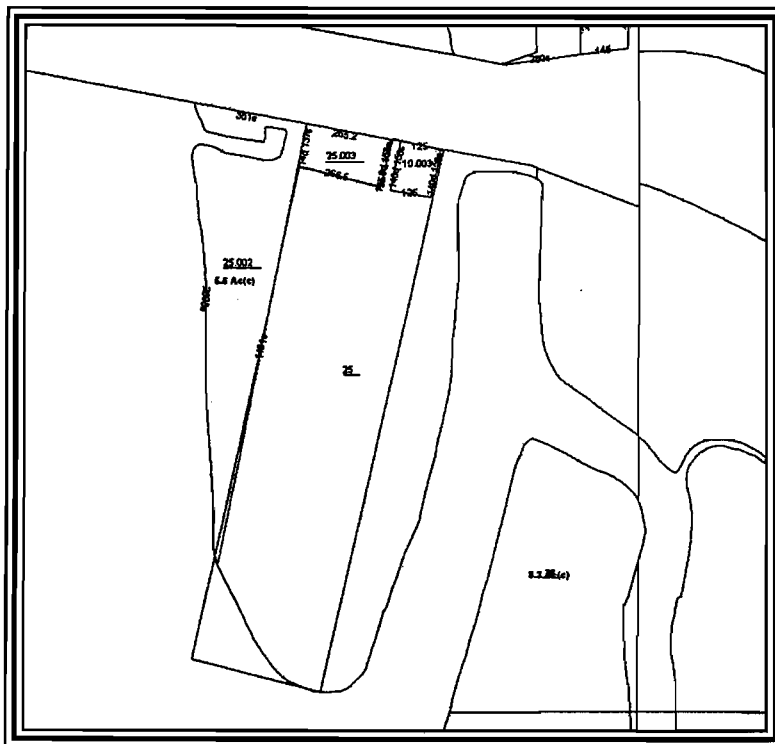
See Legal Section.

LAND AREA:

The appraisers researched the tax plat and according to the appraisers calculations the site contains a total of 13.12 acres.

SHAPE AND FRONTAGE:

Site is rectangular in shape with 156' frontage along the south side of Battleship parkway, east side of 1434', south side of 421.3', west side of 1313.6', thence east 266.5', and back north 135.88 back to the point of beginning.



CORNER/INTERIOR:

Inside

TOPOGRAPHY:

Level at road grade.

DRAINAGE:

Adequate

FLOOD PLAIN:

Panel#

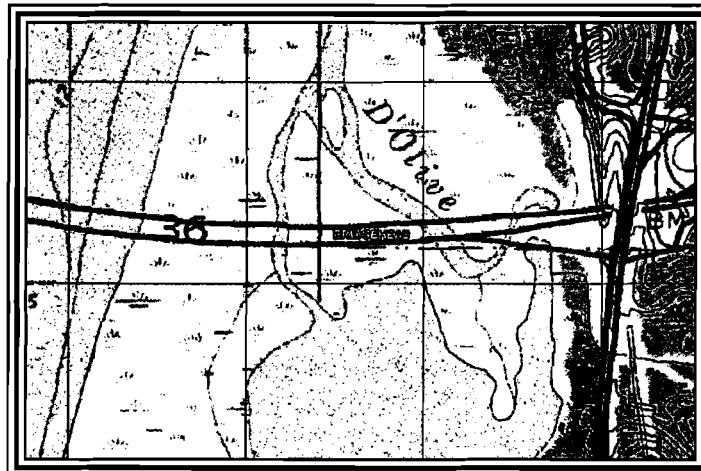
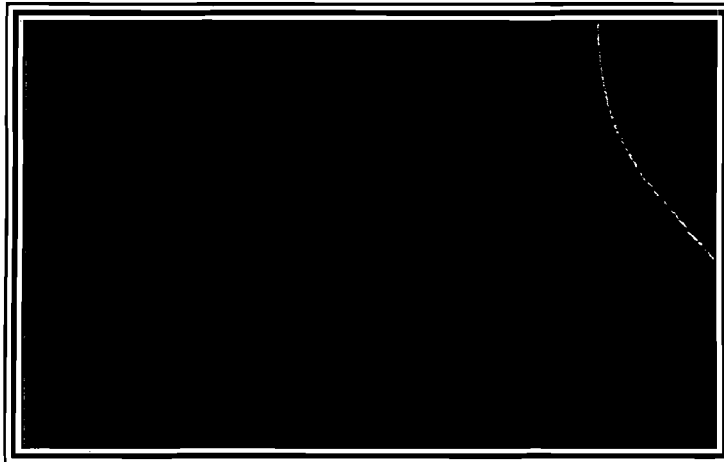
01003C0391K FEMA (FIRM) 06/17/2002

Flood Zone

Zone "V", " areas of maximum flooding"

Flood Insurance

Typically Required for this site.



Topo Map

GROUND STABILITY:

We were not provided with a soil survey to review. We assume that the soils load bearing capacity is sufficient to support the existing structures. The south 10 to 12 acres appears to be wetlands..

STREETS, ACCESS, FRONTAGE:

Street	Battleship Parkway
Frontage	156' feet- estimated
Paving	Asphalt
Curbs Gutters	None
Sidewalks	None
Lanes	4
Traffic Direction	East/West
Condition	Average
Traffic Level	Heavy
Traffic Signals	None/Cutover
Access	Good
Visibility	Good

LEGAL:

Zoning	
Designation	Commercial
Permitted Uses	Retail, Service Station, Office, Residential
Easements	None Apparent
Encroachments	None Apparent

UTILITIES AND SERVICES:

Electricity, Water, Cable, Telephone.

ENVIRONMENTAL:

The value estimate rendered in this report is predicated on the assumption that there are no hazardous materials and/or in the property, causing a loss in value. No evidence of hazardous waste or toxic materials were visible. The appraiser has no knowledge of the existence of these substances and/or in the subject property. However, the appraiser is not qualified to detect hazardous waste or toxic materials.

SITE IMPROVEMENTS:

Site improvements consist of gravel parking, landscaping, security lighting, and landscaping.

Highest and Best Use

"Highest and Best Use" is defined in the Appraisal of Real Estate, 8th Edition as "the reasonable and probable use that supports the highest present value as defined as of the date of the appraisal." Alternatively, "the use from among reasonably, probable and legal alternative uses found to be physically possible, appropriately supported, financially feasible, and that results in the highest present land value."

Highest and best use of a property is basically the study of the utility of the subject "as if vacant" or "unimproved" and "as is" or "improved." Considerations are studied as to whether the current improvement is the highest and best use or whether this use should continue over a specified period. If the current improvement does not meet the qualifications of the definition, then the task of the appraiser is to identify the use which would conform to that definition.

1. Legal Use

- ◆ Legal use studies the effects of zoning, deed restrictions or any other legal limitations which would affect the development of the property.

2. Physical Use

- ◆ Physical use encompasses all of the physical uses for which the sites could be improved.

3. Feasible Use

- ◆ Feasible use identifies trends and conditions in the marketplace which would affect development of the site.

4. Optimum Use

- ◆ This area of study specifically identifies the proper improvement of the site through a survey of market data relevant to properties in the same market area and with a similar utility.

The Highest and Best Use Analysis is a critical study which analyzes the reasonable uses which a site may be suitable for, in the context that the uses permitted could possibly occur and within a reasonable framework of time. To attain its highest and best use, the property must possess the utility and desirability in the marketplace to attain its highest value. A property must possess a function which is desired in the marketplace which is legally permissible, financially feasible, physically possible, and maximally productive in order to create the highest value. The highest and best use in the case of subject does not necessarily have to be the existing improvements nor a variation thereof.

Highest & Best Use "As If Unimproved"

- 1) Physically Possible - The subject site is a 13.12± acre site located on the south side of Battleship Parkway. The site is level, slightly below grade, drainage is fair, considering the other similar causeway properties. The site's access and parking is equaled by the substantial amount of traffic during the spring, summer and fall seasonal highpoint's. Considering the size and configuration of the site the possible uses are commercial and or multi-family.
- 2) Legally Permissible - Currently the subject site is under the Spanish Fort's jurisdiction and carries a commercial zoning designation. The adjacent site is retail in nature with the exception of the State owned land to the west. If the site were vacant the Spanish Fort commission would have to approve any commercial or multi-family projects and subject to a public hearing.
- 3) Financially Feasible - This would relate back to previous comments made, that being, in the appraisers opinion there is certainly enough demand for commercial development in the subject property's neighborhood to interest a buyer into developing the subject site. Therefore, in the appraisers opinion the most financially feasible use of the property would be to develop the site for retail development.

- 4) Maximally Productive - In the appraiser's opinion, the way to maximize the subject site to its potential considering its waterfront influence would be to develop the site with some type of special purpose marina, restaurant, fuel and bait station taking full advantage of the seasonal boat traffic and waterfront.

Land Valuation

The land value is estimated by means of a market comparison approach. The Market Approach is a method of estimating the value of comparing the subject property to a number of other reasonably comparable properties that have sold recently. The appraiser researches the market, verifies individual sales, and analyzes them for degree of comparability to the subject property. Since the properties are usually not identical, the appraiser must make adjustments for individual characteristics of the comparable that deviate from those of the subject property.

Some of the typical characteristics or features that are adjusted by the appraiser are location, date of transaction, and size of the land.

This comparative approach to value is based on the Principle of Substitution, which says that a prudent purchaser will not pay more for a property than he would have to pay for a substitute property. This approach is also based on the premise that the prudent purchaser is constantly shopping and comparing alternatives and finally purchases the best buy.

Typical sellers tend to ask more than they are willing to accept with the hope of finding a non-typical purchaser that pays the premium price. However, the market generally will strike a balance between the willing seller and the willing buyer. The appraiser must recognize that buyers and sellers are motivated by many varied factors, and it is necessary to be sensitive to those that affect the sale prices of the comparable sales. It is necessary that the comparable property be sold on an "arm's length" basis. In other words, the transaction must be made from a willing seller to a willing buyer, without either acting

under duress. A property that sold due to a distressed situation will not offer a true indication of the market tendencies. On the other hand, purchasers are sometimes motivated to pay more than the typical buyer, such as when acquiring the land next door to existing property, etc..

While it is an imperfect market, with different degrees of motivation on the parts of buyers and sellers, enough market data will indicate a market trend, which is indicative

COMPARABLE LAND SALES SUMMARY

No.	Location	Sale Date	Price	Size	SP/ SF
1.	Battleship Parkway	12/99	\$250,000	161,172	\$1.55
2.	S/S Battleship Parkway	07/97	\$170,000	102,366	\$1.66
3.	Battleship Parkway	07/00	\$320,000	174,240	\$1.84
4.	3513 Battleship Parkway	01/04	\$50,000	33,200	\$1.51

Sales Comparison Method of Land Valuation

The comparable sales which were previously presented include the land sales data which, in the appraisers opinion, is the best indication of an estimated value of the subject's land parcel. These sales are adjusted for time (+), size (+), Site Improvements (+), Utility (-), and water frontage (-). The sales all have an adjusted value in the range of \$0.40/ sf or as follows:

Raw Land Value Calculation	
Indicated Square Footage	571507
<u>Indicated Value Per/SF</u>	<u>\$0.40</u>
Indicated Land Value	\$228,603
Say:	\$230,000