

APPRAISAL REPORT

A Summary Appraisal Report

Property Type:

69.15 acres of Citrus Grove

Commonly Known As:

1500 S Lake Blvd & 325 Garrett Rd
Avon Park, FL 33825

Prepared For:

City of Avon Park
110 E Main St
Avon Park, FL 33825

Effective Date of Appraisal:

June 26, 2014

Prepared By:

Robert M. Alexander
State Certified General Appraiser
License No.: RZ 1500

PRITCHETT REAL ESTATE GROUP, INC.

**2904 ½ US HWY 27 SOUTH
SEBRING, FLORIDA 33870
FILE NO.: T-95**

THE USE OF THIS APPRAISAL BY ANYONE OTHER THAN CITY OF AVON PARK AND FOR ANY OTHER USE AS DESCRIBED WITHIN THIS REPORT IS STRICTLY PROHIBITED AS PER USPAP STANDARD RULES 1-2(A) AND 1-2(B). BY ACCEPTANCE OF THIS REPORT, CITY OF AVON PARK AGREES THAT THIS APPRAISAL WILL ONLY BE USED BY THE INTENDED USER AND FOR THE DISCLOSED INTENDED USES.

Use of this report constitutes acceptance of the General Assumptions and Limiting Conditions listed within the addenda of this report and the additional following assumptions as listed below:

- 1.) I assume the information obtained from the appropriate regulatory office concerning the zoning of the subject property is correct. This appraisal is dependent upon written verification of said zoning classification. Our appraised value is contingent to the subject property complying with all regulations.
- 2.) No determination is made for soil condition. The value outlined within this report assumes that the subject is a normal buildable site and no corrective measures are necessary. A Geotechnical Exploration by a qualified engineer is required to determine the suitability of the subject site for structures.
- 3.) The value estimated in this report assumes the property is not negatively affected by the existence of hazardous substances or detrimental environmental conditions.
- 4.) I assume all mechanical items (i.e.: appliances, air conditioner, heat units, electrical service, plumbing, and fixtures) are working.
- 5.) The Americans with Disabilities Act ("ADA") became effective January 26, 1992. I 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. This has no effect on vacant land.

This Letter of Transmittal is part of the full narrative appraisal report that follows, setting forth the most pertinent data and reasoning used to conclude the final value.

I appreciate the opportunity of being of service to you.

Respectfully Submitted,

PRITCHETT REAL ESTATE GROUP, INC.

Robert M. Alexander
State Certified General Appraiser
License No.: RZ 1500

CERTIFICATE OF APPRAISAL:

WE HEREBY CERTIFY THAT UPON APPLICATION FOR VALUATION BY:

City of Avon Park

I have personally examined the subject property, commonly known as:

1500 S Lake Blvd +
325 Garrett Rd, Avon Park, FL 33825

Based on market analysis, inspection and research, it is my opinion that the *Market Value of the Fee Simple Interest* of the subject property, subject to definitions, assumptions and limiting conditions, as of June 26, 2014 is:

\$975,000

NINE HUNDRED SEVENTY FIVE THOUSAND DOLLARS

Fruit on trees is not included in value estimate

No value is given to any of the business or trade fixtures or equipment not permanently attached.

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I ADDITIONALLY 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 our 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 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.
- This appraisal assignment was not made, nor was the appraisal rendered on the basis of a requested minimum valuation, specific valuation, or an amount which would result in approval of a loan.
- My analyses, opinions, and conclusions were developed and this report has been prepared, in conformity with: the requirements of the State of Florida for state certified appraisers; the requirements of the Uniform Standards of Professional Appraisal Practices; and the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute of Real Estate Appraisers.
- The use of this report is subject to the requirements of the State of Florida relating to review by the Real Estate Appraisers Subcommittee of the Florida Real Estate Commission and to the requirements of the American Institute of Real Estate Appraisers relating to review by its duly authorized representatives.
- The qualifications attached briefly describe my educational background and experience. I believe that this background is sufficient to complete this appraisal assignment; therefore, no additional steps were taken to comply with the Competency provision of the USPAP.
- On June 26, 2014 I made a personal inspection of the subject property.
- Professional assistance to the person(s) signing this report was provided by Howard Chad Pritchett State Certified General Appraiser RZ3472 in the form of current citrus prices and caretaking costs.

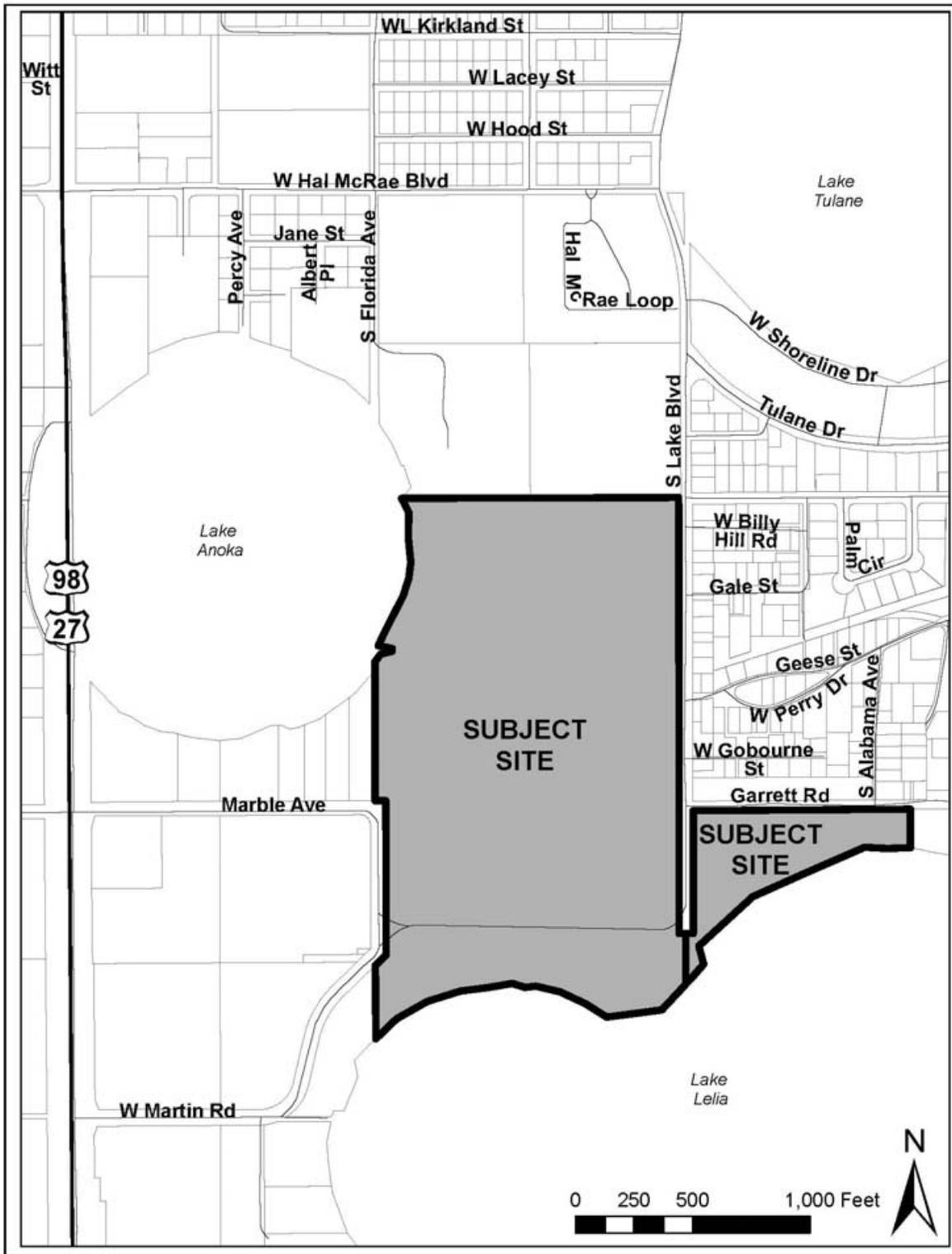
PRITCHETT REAL ESTATE GROUP, INC.

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PLAT MAP



SITE MAP



LEGAL DESCRIPTION:

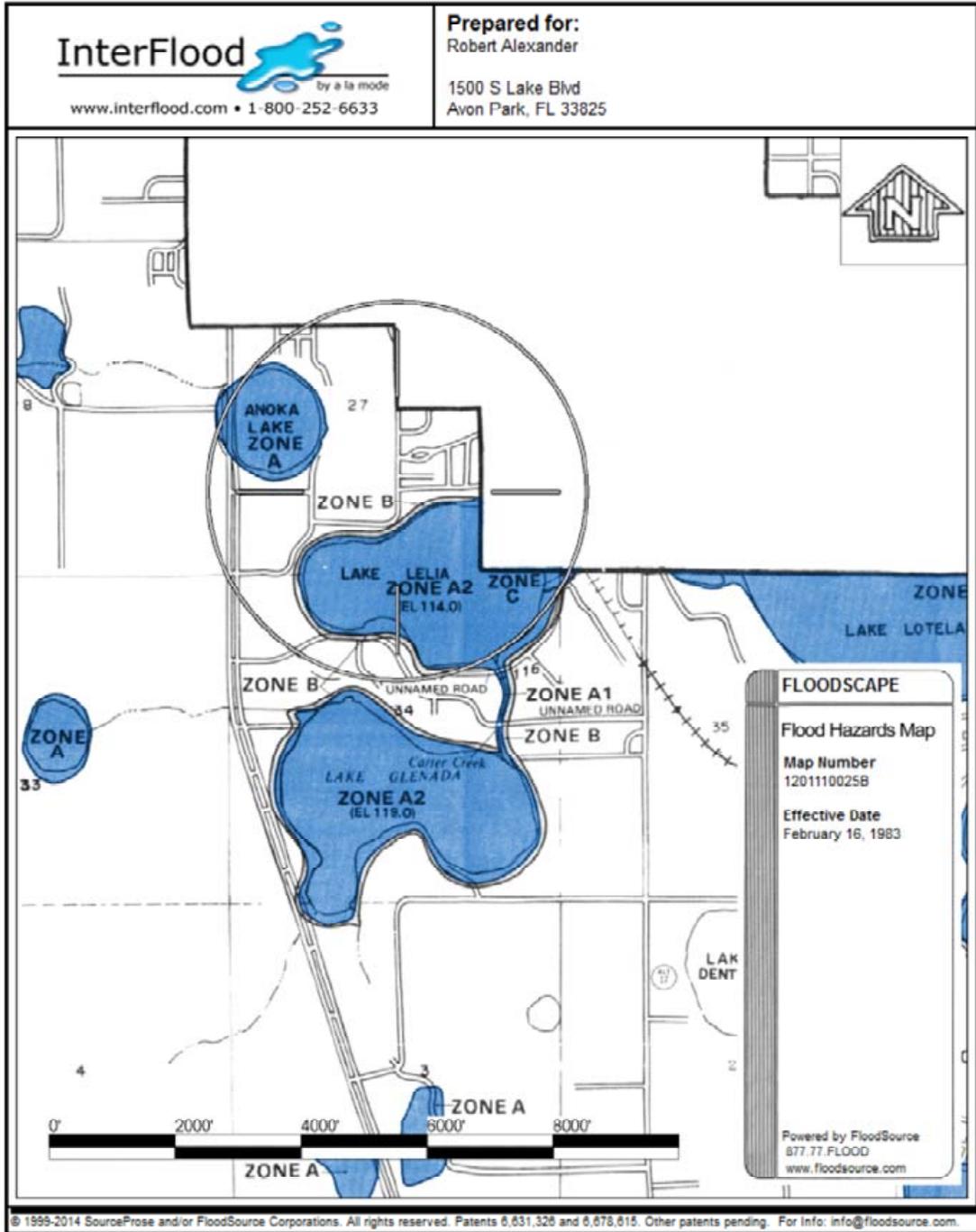
FRAC E 1/2 OF SW 1/4 OF SEC 27-LESS RD R/WS 27-33-28/109 62.26 ACRES
A-27-33-28-A00-1090-0000

And

W 958.8 FT OF SW 1/4 OF SE 1/4 OF SEC 27 LYING N OF LAKE LELIA + S OF W
GARRETT RD 27-33-28/109.1 6.89 ACRES
A-27-33-28-A00-1091-0000

The following legal descriptions were obtained from Highlands County Property Records. No Survey was provided.

FLOOD MAP



Note, the entire grove is planted on uplands

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS:

Property Type:	69.15 acres of Valencia citrus grove
Location:	South side of Avon Park
Site:	High density residential zoned land with frontage on two lakes
Varieties:	Valencia
Zoning:	R3 residential grandfathered for citrus. Can remain citrus as long as desired, but if use changed it must be to residential
Existing Improvements:	Microjet irrigation, deep large diameter well with diesel power head
Effective Date of Appraisal and Date of Inspection:	6/26/2014
Final Value Conclusion:	\$975,000
Conditions:	This appraisal is subject to the General Assumptions and Limiting Conditions listed in the transmittal letter and within the addenda of this report. Your attention is directed to these conditions.
Marketing Time:	Estimated to be 12 months.
Exposure Time:	Estimated to be 12 months.
Statement of prior service:	I have not provided any type of service on this property within the past three years.

OWNER OF RECORD:

Boston Mining Company
P.O. Box 2715
Lake Placid, FL 33852

CLIENT:

This appraisal is for the exclusive use of the client named in the transmittal letter of the appraisal report. Its use by others is strictly prohibited without the written consent by the appraiser. This appraisal is subject to the Assumptions and Limiting Conditions as outlined in the transmittal letter and listed in the addenda of this report. Your attention is directed to these conditions.

PURPOSE OF APPRAISAL:

The purpose of this appraisal is to estimate the Market Value of the Fee Simple Interest of the real property and existing improvements located or known as Tracts 1090 and 1091 in Section 27-33-28 more completely described herein. Fee Simple Interest is regarded as an estate without limitations or restrictions. The Dictionary of Real Estate Appraisals, published by the American Institute of Real Estate Appraisers, 430 North Michigan Avenue, Chicago, Illinois, defines Fee Simple Estate:

"Absolute ownership unencumbered by any other interest or estate; subject only to the limitations of eminent domain, escheat, police power and taxation."

EFFECTIVE DATE OF VALUE ESTIMATE:

The effective date of appraisal is June 26, 2014.

DEFINITION OF MARKET VALUE:

Market value is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined. A current economic definition agreed upon by federal financial institutions in the United States of America is:

"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 knowledgeable, 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 best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in United States 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.

"The estimated market value of the subject is expressed in terms of cash."¹

SCOPE OF APPRAISAL:

The Scope of Appraisal is the extent of the process of collecting, confirming, and reporting data in the appraisal of the subject property. The scope of work performed in this appraisal assignment includes the preliminary analysis of the appraisal problem; inspection of the property being appraised; consideration of the highest and best use of the land and property as improved; collection, verification, and analysis of data that would lead to completion of the three approaches to value as of the effective date of the appraisal; reconciliation of the value indicators from these approaches; arriving at a final conclusion as to the value of the property; and the preparation of a report that will present the significant data gathered in the investigation for this assignment, plus the analytical and conclusion procedures followed.

In developing the Estimate of Value, consideration has been given to the property's zoning and surrounding improvements. This narrative report describes the property, its neighborhood environment, the method of approach to the valuation problem, and contains data gathered and verified in the investigation for this appraisal assignment.

In the performance of this appraisal, sales of comparable property throughout the general area were researched. This research encompassed an analysis of recently recorded transactions in the Highlands County Courthouse, also conversations with area brokers and appraisers. These sales were verified and analyzed to decide their true comparability with the subject property. The sales discussed were selected as most comparable and were used in this analysis. Finally, the value conclusions by the Direct Sales Comparison Approach; Cost Approach; and the Income Capitalization Approach were reconciled and a final value estimate given.

The appraiser(s) made a field inspection of the subject property, reviewed published maps (plats, aerials, soil maps, flood plain maps, etc.), and reviewed and analyzed public records information (property appraiser files, compilation of warranty deeds, etc.) Comparable sales have been confirmed and inspected (except in limited occasions, as noted), and an adequate and sufficient search made for information used in applying the applicable approaches to value. Further detail and explanation is in the body of the report.

The appraiser(s) are not qualified soils, building, or environmental engineers, or architects, and accept no responsibility for those matters. Anything of significance that was noted or found during the assignment is mentioned in the report.

¹Definition from UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE, as promulgated by the Appraisal Standards Board of The Appraisal Foundation, pages 7-8 and CHAPTER 12, CODE OF FEDERAL REGULATION, PART 34.42 (F).

TAX ASSESSMENT DATA:

Owner(s) of Record:	Boston Mining Company
Tax I.D. Number:	A-27-33-28-A00-0190-0000 A-27-33-28-A00-1091-0000
Assessed Value (2013):	\$319,041 \$32,720
Taxes (2013):	\$3,193.63
TOTAL:	\$327.99 \$3,521.62

Note: the tax bill may also include non-advalorem taxes for fire protection and garbage collection.

SALES HISTORY OF SUBJECT:

According to the Highlands County Property Appraiser's Office, there have been no prior transactions during the past three years. There is no current listing history.

CONTRACT PRICE:

The appraiser was not provided with a purchase contract.

BORROWER:

None

SIZE AND SHAPE:

According to the attached survey, the subject consists of two irregular shaped parcels totaling 69.15 acres, see site map. Shape is irregular, see site map. There is approximately 850 feet of frontage on Lake Anoka and 2,700 feet of frontage on Lake Leila.

ZONING:

According to Avon Park planning and zoning, the subject parcel is zoned R3 Residential. The regulations are enforced by City of Avon Park. According to the Zoning Department, a written request with survey showing all improvements would be required to determine if the subject complies with zoning setback regulations. This designation is consistent with future land use medium residential.

The appraiser(s) assume the information obtained from the appropriate regulatory office concerning the zoning of the subject is correct. This appraisal is dependent upon written verification of said zoning classification. The appraised value is subject to the subject property complying with all regulations.

The zoning use and designation is known as a legal non-conforming use. Basically, the use of citrus grove is completely legal with no additional restrictions to its maintenance or harvesting. Trees can be replaced and items needed to maintain the grove including but not limited to service buildings, access roads, and water systems can be replaced or installed as necessary.

2.04.02.05 R-3 High Density Multi-Family Residential

(A) *FLUM Designation:* Medium Density Residential, Downtown Commercial, Highway Commercial

(B) *Purpose:* To establish locations suitable for high density residential development with a maximum of sixteen units per acre (16 du/ac), such as apartments and condominiums; to designate those uses and activities that are appropriate for and compatible with such areas; and to establish standards and provisions necessary to ensure proper development in a high density residential environment.

(C) *Permitted Principal Uses & Structures:*

Uses permitted in this district are detailed in the Table of Land Uses in Section 2.04.01(A). The letter "P" designates permitted uses. Uses designated by the letter "D" are also permitted, but require the submission and approval of a Site Development Plan prior to application for a Development Permit. Article 7 governs review of an application for approval of a Site Development Plan.

(D) *Accessory Uses:*

Accessory uses and structures customarily incidental and subordinate to permitted principal uses and structures; provided, however, that no accessory structures shall be located on property other than that on which the principal structure is located. Section 2.05 contains detailed guidance and regulations for permitted accessory uses.

(1) Accessory Uses such as a clubhouse, laundry, swimming pool, and other shared facilities for the common use of the residents of a development; and private garages and private swimming pools are permitted.

(E) *Special Exception Uses:*

Uses permitted as Special Exceptions in this district are detailed in the Table of Land Uses in Section 2.04.01(A). The letter "S" designates such uses. Special Exception uses require the submission of an application and approval by the Board of Adjustment prior to application for a Development Permit. Article 7 governs review of an application for approval of a Special Exception.

(F) *Development Standards:*

Development standards for uses in this district are detailed in the Table of Development Standards in Section 2.04.01(B). Specifically, standards are established for Maximum Density; Minimum Lot Size; Minimum Lot Width; Minimum Lot Depth; Minimum Floor Area; Floor Area Ratio (as applicable); Setbacks; Maximum Lot Coverage; and Maximum Building Height.

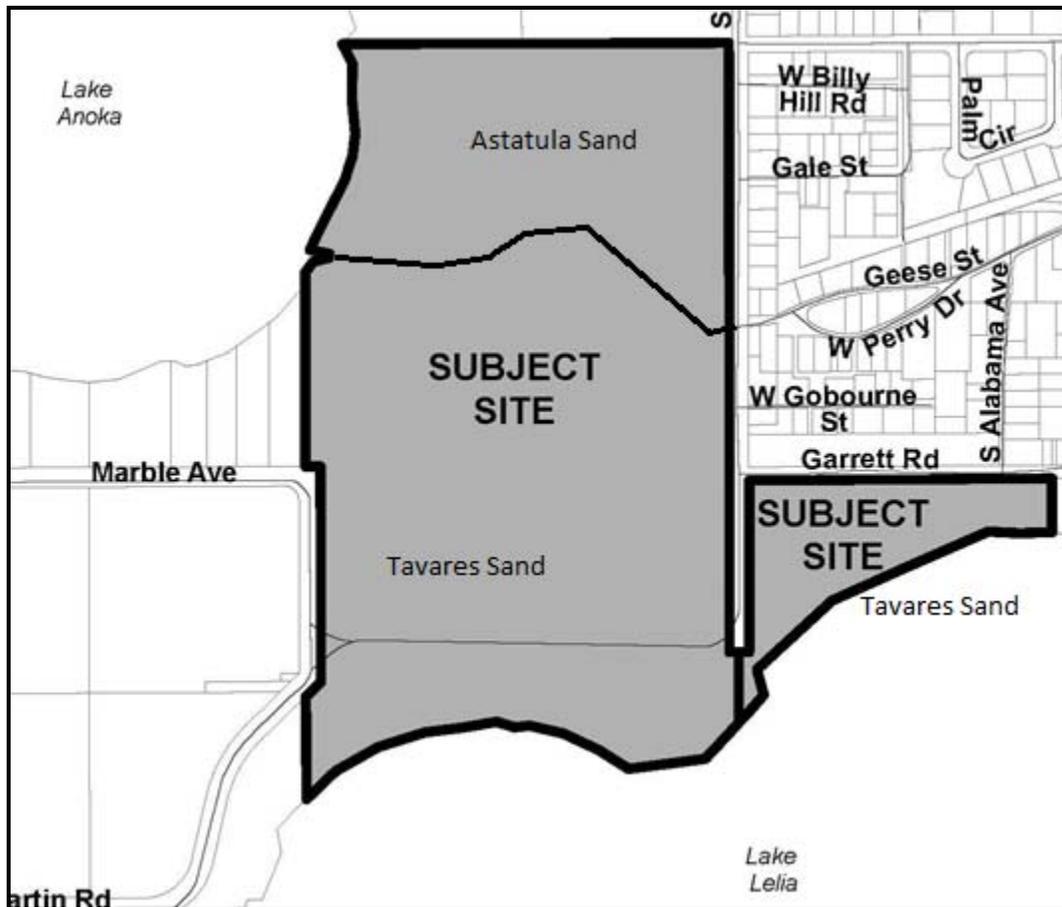
(1) Where platted lots for single family attached units abut a curved right-of-way or cul-de-sac, minimum width at road frontage shall be 20 feet, as measured along the arc of the curve.

CONCURRENCY AND COMPREHENSIVE PLAN:

The 1985 amendments to FLORIDA STATUTES Chapter 163, Part II "County and Municipal Planning and Land Development Regulation" require local governments to adopt comprehensive land use plans that must include state mandated levels of service for seven types of public services and facilities: roads, mass transit, sanitary sewer, storm water, potable water, solid waste, and parks and recreation. This chapter prohibits local governments from issuing development permits if the development's impact would cause levels of service to fall below the adopted levels. The comprehensive plan is an extremely complicated issue that can severely restrict the use of land. Due to the difficulty in determining if the property meets the comprehensive plan, this appraisal assumes the subject property meets the requirements of the concurrency standards.

SOIL TYPE:

Soil type consists of two dominant types, Tavares sand and Astatula sand. The entire South portion of the subject (approximately 48 acres) consists of Tavares sand and the North portion (approximately 21 acres) is Astatula sand



SOIL TYPE (cont):

Type 6 Tavares sand - This nearly level to gently sloping, moderately well drained soil is on moderately high sandy ridges in the ridge part of the county. The mapped areas are irregular in shape and range from about 15 to 50 acres. The slopes are smooth to convex.

Typically, the surface layer is dark grayish brown sand about 6 inches thick. The upper part of the underlying material, to a depth of about 56 inches, is yellow and very pale brown sand. The lower part to a depth of 80 inches or more is white sand.

Included with this soil in mapping are small areas of Archbold, Astatula, Orsino, Paola, St. Lucie, and Satellite soils. In most areas, the included soils make up 10 to 20 percent of the map unit.

The available water capacity of Tavares soil is very low. The permeability is rapid or very rapid. The water table is at a depth of 48 to 72 inches for 1 to 4 months during the summer rainy season. During dry periods, the water table may recede below these depths.

Most of the acreage of this soil is in citrus crops or has been left in natural vegetation. The natural vegetation consists of sand pine, slash pine, longleaf pine, south Florida slash pine, turkey oak, and sand live oak. The understory consists of scattered saw palmetto, pineland threeawn, and various other forbs.

This Tavares soil has very severe limitations for cultivated crops. Intensive management is required if the soil is cultivated. Droughtiness and rapid leaching of plant nutrients reduce the variety and potential yields of adapted crops. Irrigation is advised if adequate water is readily available.

Citrus trees are well suited to this soil. Good yields of oranges and grapefruit can be obtained in some years without irrigation. A properly designed irrigation system is needed to ensure consistent high yields.

The potential of this soil for production of pasture grasses and hay crops is moderate. Bahiagrass and bermudagrass are well adapted to this soil. Grazing should be controlled to permit plants to recover from grazing and to maintain plant vigor.

The potential of this soil for production of pine trees is moderate. Equipment use limitations and seedling mortality are the main management problems. Slash, south Florida slash, and longleaf pines are the preferred trees for planting.

The potential of this soil for production of range plants is low. The plant community consists of a dense woody understory, which is seldom grazed by livestock. The dominant forage is pineland threeawn. This soil is in the Longleaf Pine- Turkey Oak Hills range site.

SOIL TYPE (cont):

This soil has moderate limitations for most urban uses because the seasonal high water table is within 4 to 6 feet of the surface. It has slight limitations for dwellings without basements, small commercial buildings, and local streets and roads.

This Tavares soils is in capability subclass IIIs.

Type 9 - Astatula sand - This nearly level to moderately sloping, excessively drained soil is in the ridge part of the county. This soil is the dominant soil on the ridge. The mapped areas are irregular in shape and range from 50 to more than 2,500 acres. The slopes are smooth to convex.

Typically, the surface layer dark grayish brown sand about 7 inches thick, /the underlying material to a depth of 80 inches is brownish yellowish sand.

Included with this soil in mapping are small areas of Orsino, Paola, St. Lucie, and Tavares soils. In some areas is a soil that is very similar to Astatula soil, but it has thin loamy sand bands or lamellae generally at a depth of more than 70 inches. In most areas, the included soils make up to 10 to 30 percent of the map unit.

The available water capacity of this Astatula soil is very low. The permeability is very rapid. Depth to the water table is more than 80 inches.

Most of the acreage of this soil is in citrus crops. The natural vegetation consists of sand pine, longleaf pine, turkey oak, live oak, and hickory. The understory is scattered saw palmetto, sabal palmetto, bluestem, paspalum, cactus, and pineland threeawn.

This Astatula soil has very severe limitations for most cultivated crops. Intensive management is required if the soil is cultivated. Droughtiness and rapid leaching of plant nutrients reduce the variety and potential yields of adapted crops. An irrigation system is needed during dry periods.

Citrus trees are well suited to this soil. Where a high level of management and a properly designed irrigation system are used, groves can produce yields of 500 boxes per acre.

The potential of this soil for production of improved pasture grasses is moderate: however, grazing should be controlled to permit plants to recover and to maintain vigor. Bahiagrass and pangolagrass are best adapted to this soil.

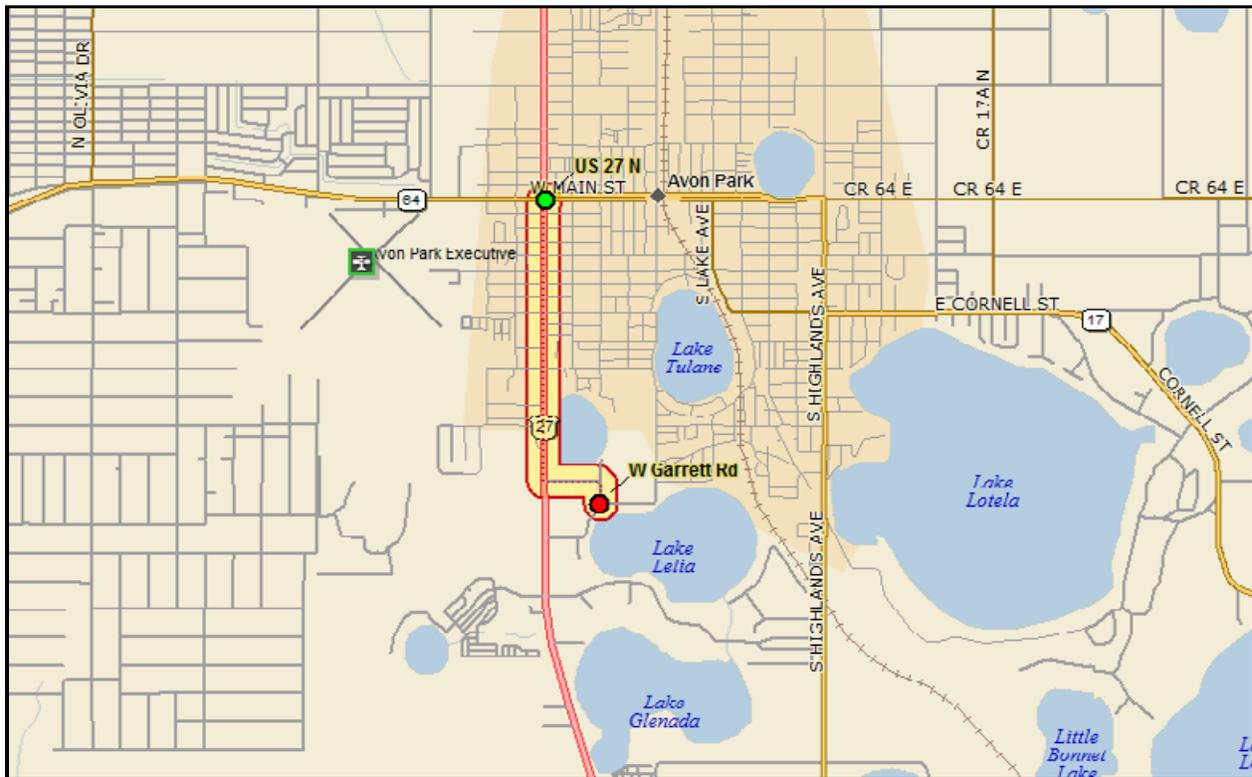
The potential of this soil for production of pine trees is moderate. Equipment use limitations and seedling mortality are the main management problems. Sand pine is the preferred tree for planting.

SOIL TYPE (cont):

The potential of this soil for production of desirable range plants is low. The plant community consists of a dense woody understory, which is seldom grazed by livestock. Under excellent conditions, the forage consists of creeping bluestem, indiangrass, and various other bluestems. As the range deteriorates, low panicum and pineland threeawn dominate. This soil is in the Longleaf Pine-Turkey Oak Hills range site.

This Astatula soil has slight limitations for most urban uses. This soil is a good source for roadfill. This soil has severe limitations for recreational development because it is too sandy, causing poor trafficability. Adding suitable topsoil or stabilizing the surface layer will reduce or overcome this limitation.

This Astatula soil is in capability of subclass VI.

ACCESS:

From the intersection of US Highway 27 and Main Street in Avon Park, proceed South on US Highway 27 about 1 ¼ miles to W Garrett Rd. Turn East on W Garrett Rd for about 1/3 mile to property.

Access is entirely by public maintained roadways. Locational amenity is good.

Photographs of Subject – Access



Marble Ave



Marble Ave



W Martin Rd



W Martin Rd



W Martin Rd



N Lake Blvd

Photographs of Subject – Access



N Lake Blvd



Garrett Rd



Garrett Rd

FLOOD HAZARD INFORMATION:

The subject property does not appear to be located in a Special Flood Hazard Area as identified by the Federal Emergency Management Agency. However, an elevation certificate would be required to verify this assumption.

Community Number: 120111 0025 B
Effective Date: February 16, 1983
Flood Zone: Rated C before annexation, no rating as incorporated city limits.

UTILITIES:

Based upon evidence from nearby properties and from utilities authorities, the subject property is appraised as if utilities are available to the site sufficient in capacity to support the existing use at costs that are typical to competing properties. There are no unusual costs known to us in providing utilities to the site. Due to typical uncertainties of engineering and supplying entities, this report is subject to confirmation of this assumption in writing from supplying agencies and by a registered engineer.

For appraisal purposes, the appraiser(s) assume the existing water supply is located on the subject site and is adequate to serve the subject property and that no corrective measures will be required. There is a large diameter deep well with diesel power. City water and sewer is also available.



Well shed



Well shed, shows wellpoint and power head

EASEMENTS, ENCROACHMENTS AND DEED RESTRICTIONS:

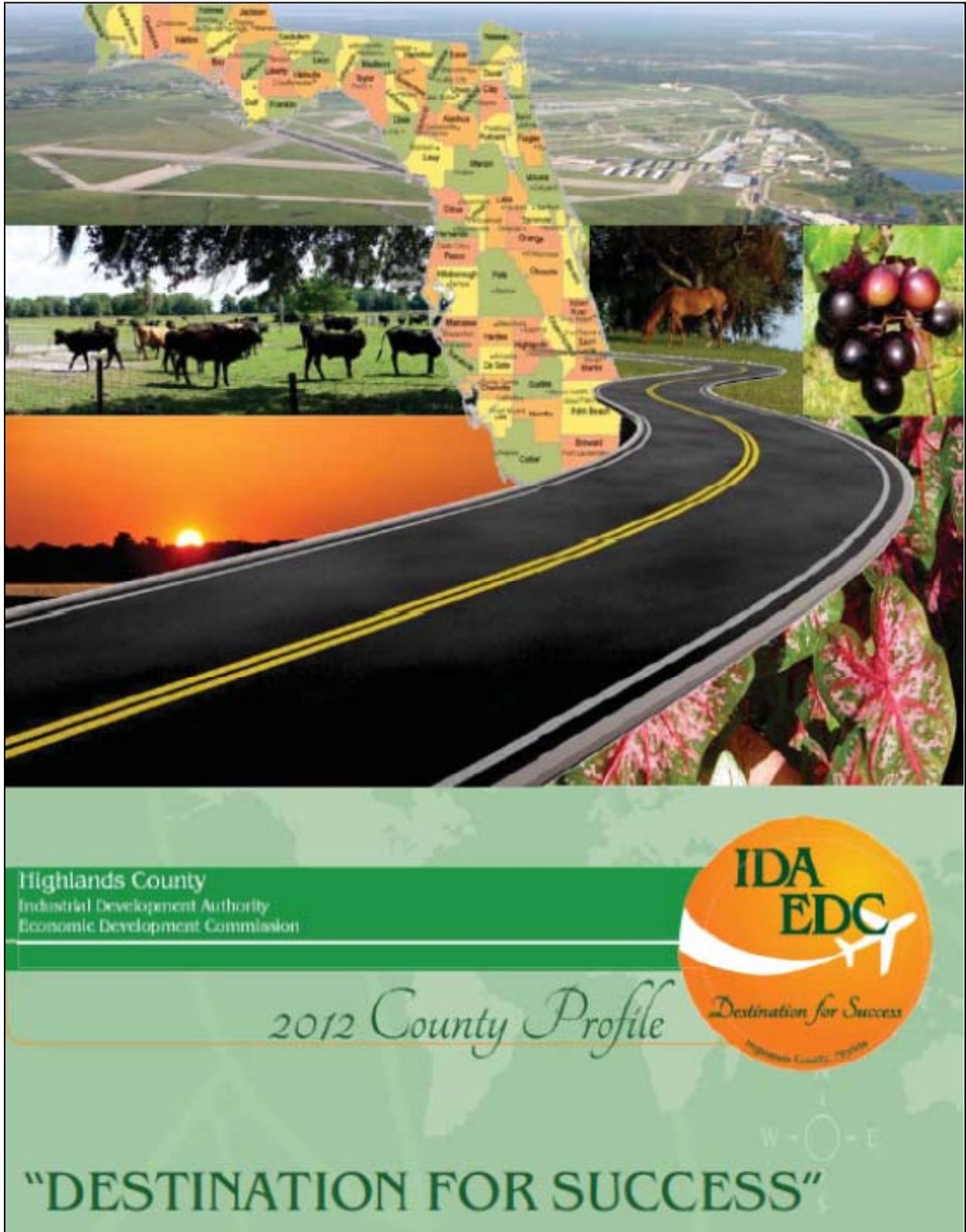
Easements may or may not be recorded or may exist by customary use or other legal means. The appraiser(s) are not qualified to search legal records about easements. A current title search and survey would be required to find any easements, restrictions, reservations or encroachments. Because rights of others can have influence on real estate values, the value reported is predicated on a qualified legal opinion that the assumption above regarding easements and the rights of others represents actual conditions.

Upon a physical inspection, no adverse easements or encroachments were noted.

CENSUS TRACT:

The subject property is located within Census Tract No. 9601.03 according to the Federal Financial Institutions Examination Council's web site.

REGIONAL AND LOCAL DATA:



REGIONAL AND LOCAL DATA (cont):

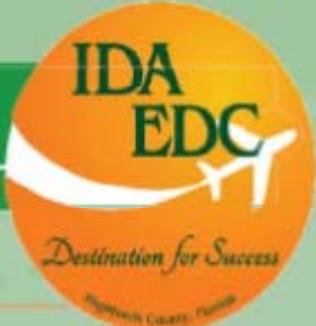


TRANSPORTATION			
Interstates	Local Commercial/Executive Airports		
I-4	1. Sebring Regional		
Florida Turnpike	Runway Length	5,250'	
I-75	Runway Surface	Asphalt	
	Lighted Runway	Yes	
Major Highways	Aircraft Tie down	Yes	
U.S. Highway 27	2. Avon Park Executive		
U.S. Highway 98	Runway Length	5,364'	
	Runway Surface	Asphalt	
	Lighted Runway	Yes	
Railroads	Aircraft Tie down	Yes	
CSX	3. Plaoid Lakes Airport		
Amtrak	Runway Length	5,000'	
	Runway Surface	Asphalt	
Major Commercial Airport	Lighted Runway	Yes	
Serving County	Aircraft Tiedown	Yes	
Orlando International	Nearest Port with Docking Facilities		
Distance from County	1. Port of Tampa		
Seat	80 miles	Distance	70 miles
Average # daily flights	790	Depth	34'
Airlines serving airport	50	Warehousing	Yes
Length of longest runway	12,000	Stevedoring	Yes
Airport Services Offered	2. Port of Palm Beach		
Charter	Yes	Distance	100 miles
Private Aircraft	Yes	Depth	12'
Maintenance	Yes	Warehousing	Yes
Customs Port of Entry	Yes	Stevedoring	Yes
Immigration	Yes		
Air Cargo	Yes		
International Air	Yes		
UTILITIES			
		Electricity	Natural Gas
		Progress Energy	Distributor
		Glades Electric Cooperative	Coker Fuel
		FL&P	TECO Peoples Gas Co.
			Sebring Gas Systems
			Gas available for new industry
		Water	Yes
		Suppliers:	
		Municipalities	Other Fuel Sources
			Number of Distributors
		Water Management District:	Serving County:
		South Florida	Fuel Oil
		Southwest Florida	Coal
		Major water source	LP Gas
		Water ava. for new industry	Wells
			Yes
		Sanitation	Industrial Support Services
		Storm Sewer	Computer Services
		Sanitary sewer	Engineering
		Sewage treatment type	Plating
		Solid waste disposal	Machine Shop
		Sewage Available for	Car and Truck Rental
		New Industry	Security Services
			Job Printing
			Bonded Warehousing
			Freight Forwarder
			Yes
INDUSTRIAL PARKS			
		Number of Industrial Parks	
		Developed	8
		Developed acreage	266
		Acreage zoned for manufacturing	2,070
MAJOR PRIVATE SECTOR EMPLOYERS			
10 Largest Employers			
1. Florida Hospital		8. Palms of Sebring	
Health Care		Assisted Living Facility	
Employees	1,500	Employees	257
2. Walmart		7. Alan Jay Auto Network	
Department Store		Automotive Dealerships	
Employees	796	Employees	250
3. Agero		8. Lake Plaoid Health Care	
Roadside Assistance		Assisted Living Facility	
Employees	600	Employees	210
4. Highlands Reg. Med. Cntr.		8. E-Stone USA Corporation	
Health Care		Manufacturing	
Employees	413	Employees	81
6. Delray Plants		10. Genpak LLC	
Ornamental Plants		Manufacturing	
Employees	350	Employees	74
		County Economic Development	
		Foreign Trade Zone	Yes
		Hub zone	No
		Champion Community	Yes
		Enterprise Zone	Yes

REGIONAL AND LOCAL DATA (cont):

Highlands County
Industrial Development Authority
Economic Development Commission

One East Main Street · Avon Park, FL 32825
Office: 863.453.2818 · Toll Free: 888.388.4233 · Fax: 863.453.2822
Email: edc@highlandsdc.com · Web: www.highlandsdc.com



MEDICAL	K-12 EDUCATION	POST SECONDARY EDUCATION	FACILITIES
Hospitals	3	Colleges/Universities	Motels
Number of Beds	33E	Serving the County	Total Rooms Available
Nursing Homes	5	12	Hotels
Number of Beds	598	160	Total Rooms Available
Assisted Living Facilities	11	University of South Florida	Food Service Establishments
Number of Beds	644	Warner University	Seating
Physicians	163	Webber International University	
Dentists	31	Technical Programs Offered	Civic Auditoriums
Optometrists	10	AI SFSC	Total Seating Capacity
Physical therapists	66	Accounting	Regional Malls
Chiropractors	21	Agriculture	Shopping Centers
Nurses - RN	946	Air Conditioning-Commer/Resid	Libraries
LPN	408	Apprenticeships	
		Automotive	CHURCHES
		Bioenergy	Catholic
		Business	Jewish
		Commercial Truck Driving	Protestant
		Computer Info Systems	Other
		Community Education Offerings	
		Construction	RECREATION
		Corrections	BMX Track
		Cosmetology	County Parks
		Criminal Justice	Golf Courses
		Culinary and Hospitality	Highlands Hammock State Park
		Dental Ass/Dental Hygiene	Lake June Scrub State Park
		Electrical Lineman	Lakes w/Public Access
		Electronic Technology	Total Lakes in County
		Emergency Medical Services	Tennis Courts
		English as Second Language	
		GED	POINTS OF INTEREST
		Industrial Manufacturing	Aian Allvater Cultural Center
		Nursing (LPN, RN)	Archbold Biological Center
		Office Administration	Avon Park Depot Museum
		Paramedic	Civilian Conservation Corps Museum
		Plumbing	Lake Placid Historical Museum
		Radiography	Lake Placid Murals
			Military Sea Services Museum
			Sebring Historical Museum
			Sebring International Raceway
			SFDC - Museum of FL Arts and Culture
			SFDC - Performing Artist Series



2012 County Statistics Pg. 3

Information Sources: Bureau of Business & Economic Research, University of Florida; Enterprise Florida; US Dept. of Labor; US Census Bureau of Economic Analysis, Florida Agency for Workforce Innovation, Labor Market Statistics

DESCRIPTION OF NEIGHBORHOOD:

A "neighborhood"² is defined as:

"A portion of a larger community, or an entire community, in which there is a homogeneous grouping of inhabitants, buildings, or business enterprises. Inhabitants of a neighborhood usually have a more than casual community of interest. Neighborhoods may consist of well-defined natural or man-made barriers or they may be more or less well-defined by a distinct change in land use or in the character of the inhabitants."

The subject property is located within the incorporated area of Avon Park comprised of residential and commercial properties. Generally speaking it is in the Southwest area of Avon Park.

DESCRIPTION OF IMPROVEMENTS:

Size: 69.15 Acres
Variety: Valencia
Tree Setting: 30' row, 10' spacing and 26' row, 10' spacing
Trees Per Planted Acre: 150 (approximate)
Age: varying, 1 to 30 years
Irrigation: 1 deep large format well with diesel power

² Definition from **REAL ESTATE APPRAISAL TERMINOLOGY**, published jointly by the American Institute of Real Estate Appraisers and the Society of Real Estate Appraisers.

PHOTOGRAPHS OF SUBJECT



PHOTOGRAPHS OF SUBJECT



PHOTOGRAPHS OF SUBJECT



TREND ANALYSIS:

Real estate prices for single family homes throughout Highlands County have declined significantly over the past number of years, but while the local economy is still sluggish values have stabilized. Property values declined in this market due to a number of factors including but not limited to an oversupply of available homes for sale, a depressed local economy, and a high percentage of foreclosures/short sales/distressed sales. Commercial sales held up better, but the panic buying at almost any price of 2005 is clearly over. Prices for improved property are not as affected as vacant land. Although most agricultural land has experienced some signs of stress in this recent difficult market, Citrus land has increased somewhat in value due in part to the increase in price for fruit. Five years ago the mindset was purchase for future development. Since development has fallen to a near standstill, the focus is returning to Citrus Production. In my opinion, it is unlikely that this trend will change in the near future. Having said that, the general trend is for increased fruit prices and decreased yield. One of the current reasons for this trend is citrus greening which is very prevalent in Florida.

This disease is distinguished by the common symptoms of yellowing of the veins and adjacent tissues; followed by yellowing or mottling of the entire leaf; followed by premature defoliation, dieback of twigs, decay of feeder rootlets and lateral roots, and decline in vigor; and followed by, ultimately, the death of the entire plant. Affected trees have stunted growth, bear multiple off-season flowers (most of which fall off), and produce small, irregularly-shaped fruit with a thick, pale peel that remains green at the bottom. Fruit from these trees tastes bitter.

Note that the risk is elevated for all groves, if it should be discovered that the subject grove suffers from this malady, then the value could rapidly decrease.

DEPRECIATION:

All types of accrued depreciation affecting the subject improvements were considered. Accrued depreciation is:

"the difference between reproduction cost new as of the date of the appraisal and the present contributory value of the improvements."

Accrued depreciation is divided into three basic categories:

- 1. Physical Deterioration (Curable and Incurable)
- 2. Functional Obsolescence (Curable and Incurable)
- 3. External Obsolescence (Always Incurable)

DEPRECIATION (continued)

The following is a discussion of each type of deterioration and the observed depreciation applicable to the subject property:

Physical Deterioration - Curable: This type of deterioration is:
"that loss in value from costs new which can be recovered or offset through correction, repair or reproduction of the affective items causing a loss, providing the resultant value increase approximates the cost of the work."

The subject consists of 69.15 acres of Valencia of varying ages. The irrigation system was observed and is assumed to be in good working condition and that no repairs are necessary.

NO CURABLE PHYSICAL DETERIORATION IS INDICATED.

Physical Deterioration - Incurable: This type of deterioration is:
"that loss from cost new which is impossible to offset, or which would involve an expenditure substantially in excess of the value increase resulting therefrom."

The subject consists of a citrus grove. Citrus groves typically increase in value with age, up to a point.

The irrigation system, which has an estimated useful life of approximately 15 years, would typically be considered a form of incurable physical deterioration. However, grove irrigation systems are typically repaired or replaced one part at a time as they wear out or are damaged by grove equipment. This expense is usually covered in grove maintenance costs. Therefore, no incurable physical deterioration is indicated.

Functional Obsolescence: Functional Obsolescence is:
"that loss from cost new as of the date of the appraisal, which is caused by superadequacy, inadequacy, unattractive style, poor or inefficient layout or design."
Items causing functional obsolescence are contained within the property boundaries. Functional obsolescence can be either curable or incurable; it is curable only when it is profitable to cure the item.

The subject is consistent with other citrus groves in design and appeal for the subject's neighborhood. It is my opinion that no inadequacies or super adequacies are noted.

External Obsolescence: External Obsolescence is:
"that loss from cost new as of the date of the appraisal due to causes external to the property boundaries."

There are no influences indicated within the immediate neighborhood of the subject that would adversely affect the value. It is my opinion that the subject does not suffer from any measurable external obsolescence.

ENVIRONMENTAL CONDITIONS:

The value estimated in this report assumes the property is not negatively affected by the existence of hazardous substances or detrimental environmental conditions.

APPARENT³ Hazardous Substances/Detrimental Environmental Conditions:

The appraiser(s), are not expert environmental inspectors and therefore might be unaware of existing hazardous substances and detrimental environmental conditions that may have a negative affect on the safety and value of the property. It is possible that tests and inspections made by a qualified environmental inspector would reveal the existence of hazardous materials or detrimental environmental conditions on or around the property that would negatively affect its safety and value. The client is urged to retain an expert in this field.

HIGHEST AND BEST USE:

The American Institute of Real Estate Appraisers defines Highest and Best Use as follows:

"that reasonable and probable use that supports the highest present value, as defined, as of the effective date of the appraisal."

In estimating the highest and best use, there are essentially four items that are analyzed:

1. **Physically Possible:** What uses of the site in question are physically and reasonably possible?
2. **Legally Permissible:** What uses are permitted by zoning or deed restrictions on the subject being appraised?
3. **Financially Feasible:** Which possible and permissible uses will produce a net return to the owner of the subject site?
4. **Maximally Productive:** Of the feasible uses, which use will produce the highest net return or the highest present worth?

The definition immediately preceding applies specifically to the Highest and Best Use of land. It is to be recognized that in cases where a site has existing improvements on it, the Highest and Best Use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until development land in its Highest and Best Use exceeds the total value of the property in its existing use.

³Apparent is defined as that which is obvious, evident or manifest to the appraiser.

HIGHEST AND BEST USE (continued)

Also implied is that the determination of Highest and Best Use results from the Appraiser's judgment and analytical skill, i.e., the use determined from analysis represents an opinion, not a fact to be found. In appraisal practice, the concept of Highest and Best Use represents the premise upon which value is based. In the context of most probable selling price (market value) another appropriate term to reflect Highest and Best Use would be most probable use.

The following tests must be met in estimating the highest and best use:

1. The use must be legal.
2. The use must be probable, not speculative or conjectural.
3. There must be a profitable demand for such use and it must return to the land the highest net return for the longest period.

These tests have been applied to the subject property. In arriving at the estimated highest and best use, the subject was analyzed as follows:

HIGHEST AND BEST USE "AS IF VACANT":

Physical Possible: The first constraint imposed on the possible use of the property is dictated by the physical aspects of the site itself. The subject site has a total area of approximately 69.15 acres and is irregular in shape. There is multifamily residential zoning on the property, and even though there is little development potential due to demand right now, due to its extensive lake frontage there is a higher than normal development potential use. In all likelihood, the property will remain grove for an interim period, and then as the market improves it will begin to develop, especially around the lake frontage.

Legally Permissible: Legal restrictions, as they apply to the subject property, are private restrictions, public restrictions of zoning, building codes, historic district controls, and environmental regulations. As noted earlier, the subject is zoned R3 residential. This zoning classification is consistent with other zoning classifications within the immediate neighborhood of the subject. The use appraised is agriculture. There are no known private restrictions. The only legal restrictions that prohibit the highest and best use of the subject site are the regulations outlined under the zoning classification.

Financially Feasible: In determining if a use is financially feasible, a study is made to analyze possible uses to decide if they are likely to produce income sufficient to satisfy operating expenses, financial expenses, and capital amortization. Uses that are expected to produce a positive return are considered financially feasible. Of the alternatives that are physically and legally acceptable for the subject, only agricultural development is financially feasible at this time. Commercial development is not financially feasible at this time.

Maximally Productive: Finally, a determination must be made on which feasible use is the highest and best use. Considering the physical, legal and neighborhood characteristics, and current economic conditions, it is my opinion that the highest and best use for the subject parcel is some type of agricultural use.

HIGHEST AND BEST USE "AS IS":

The current development of the subject site represents the highest and best use of the subject. However, development potential is almost the same as the value of the grove which would indicate the as is use of grove will be an interim use for a relatively short period of time until the benefit of development exceeds the value of the grove.

THE APPRAISAL PROCESS:

The appraisal is an unbiased supportable opinion of value. The appraisal process is a systematic analysis of the factors that bear upon the value of real estate. It can also be described as an orderly program by which the problem is defined, the work necessary to solve the problem is planned and the data involved is acquired, classified, analyzed, and interpreted into an estimate of value. There are three approaches to value typically used by the appraisers in estimating market value. These are the Cost Approach, Direct Sales Comparison Approach, and Income Capitalization Approach. Each approach draws upon market data for its support and yet each approach provides a separate and distinct method by which to estimate value.

The Cost Approach represents a more theoretical alternative to the prospective purchaser. The premise is that the buyer will not be willing to spend more for the subject property than the cost of constructing one of equal utility. The actual process involves a separate valuation of the site, an estimate as to the replacement cost new of the subject improvements and an estimate of diminished utility or depreciation accrued to the subject improvements. The depreciated cost of the subject improvements and contributory worth of the subject's site improvements are added to the land value as established in the Site Valuation section concluding a total cost for the subject property. To this total cost must be added a reasonable estimate for entrepreneurial profit. The total cost plus entrepreneurial profit equates to a value estimate by the Cost Approach.

As the subject contains a fairly mature citrus grove, it cannot be reproduced in its present state, therefore a cost analysis is not considered applicable and was not included in this report.

The Direct Sales Comparison Approach involves the comparison of the subject property with the sale of other properties, properties that are similar and compete with it on the open market. The premise is that the informed investor will pay no more for the subject property than for one of equal utility. The application of this approach requires an active market in which comparable properties are being traded.

The Income Capitalization Approach requires an analysis of the direct income a property will produce and how the quality and quantity are evaluated by the market. Anticipated future benefits are converted to an estimate of present worth through a process known as capitalization. A banded capitalization rate, which takes into consideration the safe rate, risk of ownership, lack of liquidity, and management associated with the subject property yields an estimate of market value. An income and expense analysis was made on the citrus grove using past performance and projected future performance to arrive at a net operation income. Fruit processors were surveyed to estimate the current price per pound solids. The estimated production times the current price per pound solids normally equal the gross income, but in this case, the market for the subject crop is fresh fruit. Estimated per acre production costs which include real estate taxes were deducted from the gross income to arrive at a net operating income. Picking and hauling is included in the fruit sale contract, contract reproduced at the end of this report. Net operating income is converted to a market value estimate by a process known as capitalization. Net operation income is divided by the projected overall rate equating to a market value estimate for the subject.

Correlation

After applying the two approaches, the appraiser will have obtained two separate indications of value. The indicated values obtained from each approach must be correlated into one final conclusion of value. Usually one approach will be considered more significant than the rest, either because of the reliability of the data, or because of the type of property involved. Correlation is the process by which the appraiser objectively weighs each approach according to its importance.

DIRECT SALES COMPARISON APPROACH:

The Principle of Substitution affirms an informed buyer should pay no more for a given property than an amount for which a substitute property with equal or similar amenities could be obtained. By gathering and analyzing sales of similar properties, a confirmed record of prices paid by informed buyers is obtained. From this record, adjustments can be made for differences in property characteristics that would have an effect on value, and an indication of the value of the subject by common units of measurement can be made (i.e., price per square foot or price per unit).

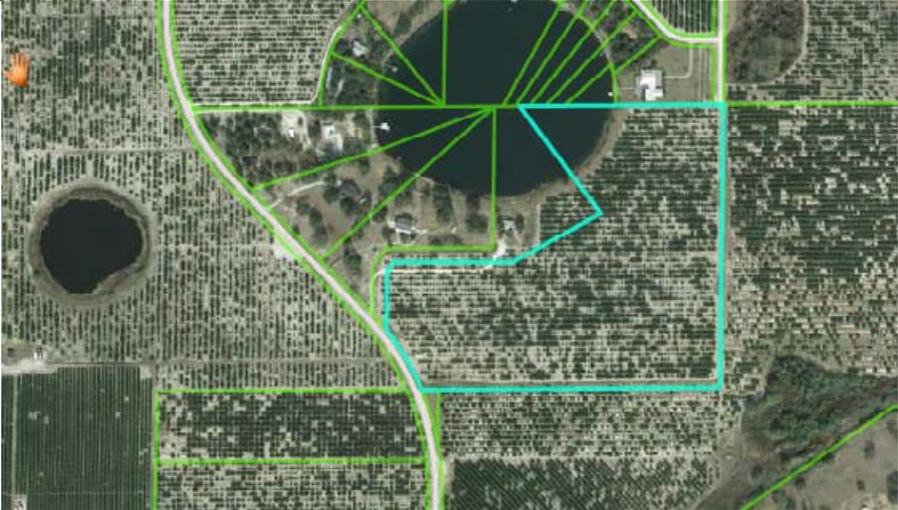
The valuation analysis for this property requires the consideration and analysis of sales of other similar properties and relating that data to the subject. All properties have their own features that relate to location, site size and shape, zoning, available amenities, date of sale, deed restrictions, financing, building size and design, age, etc. In order to accurately isolate most of these differences to determine their relative importance in a sale would require the use of what is known as a "paired sale" technique. In that process, two properties that are identical except for one feature (say time, for example) are compared. The difference in unit value of comparison selected for analysis would then indicate if a property's value had increased or decreased over the time period between the sales. It is obvious that as two, three, four, or more different features are added, the ability to accurately isolate differences and compare sales is diminished. The appraiser is required, in those instances, to use the training and experience that has been acquired to input subjective analysis to relate the sale property to the property being appraised. This overall process is known as **The Direct Sales Comparison Approach**.

In arriving at an estimated Value for the subject by this valuation method, consideration was given to sales of both citrus groves and vacant pasture land that have occurred in the subject's competing market areas. These data are considered adequate for an analysis of improved values and represent pertinent information currently available in the area of the subject property. No other more recent or more comparable verifiable sales were found.

IMPROVED SALES DATA ANALYSIS

SALE ONE	
ADDRESS:	Popash Road
LOCATION:	Wauchula 33873
LEGAL DESCR:	45 AC E1/2 OF NW1/4 LESS: COM SE COR OF SW1/4 OF SE1/4 OF NW1/4 RUN E 67.23 FT TO POBN 00 DEG 28M 51S W 1250.15 FT N 39 DEG 51M 24S W 127.72 FT N15 DEG 51M 01S W 86.25 FT N 31DEG 39M 35S E 196.65 FT N 10 DEG 07M 04S E 163.25 FT N 55 DEG 54M 02S E 209.28 FT N 18 DEG 39M 45S E 135.44 FT N 21 DEG 00M 21S W 129.63 FT N 39 DEG 06M 30S W 435.68 FT N 56 DEG 28M 43S W 257.92 FT N 45 DEG 30M 51S W 60.97 FT TO PT ON N SEC LINE N 89 DEG 56M 29SE 917.74 FT TO NE COR OF NW1/4S TO SE COR OF NW1/4 W 592.77 FT MOL TO POB 18 34S 26E
STRAP ID:	18-34-26-0000-02260-0000
SALES PRICE:	\$552,500
DATE:	7/9/2013
PREVIOUS SALE:	6/21/2011 \$540,000 2011-2500-3877
ZONING:	Agriculture
GRANTEE:	Farr to L & J Citrus and Cattle
RECORDED:	2013-2500-3880
FINANCING:	Cash to seller, \$400,000 loan from Florida Federal Land Bank
SITE/VIEW:	45 acres
IMPROVEMENT:	About 4 acres of Valencia, the rest Hamlin
QUALITY:	About average, a few skips and re-sets, average 270 boxes per acre
UNIT OF COMPARISON:	\$12,278
SITE MAP:	
COMMENTS:	This is an above average quality mostly Hamlin grove located about 16 miles Southwest of the subject. Road is good, location is inferior. Overall this sale would be considered similar or slightly inferior to the subject.

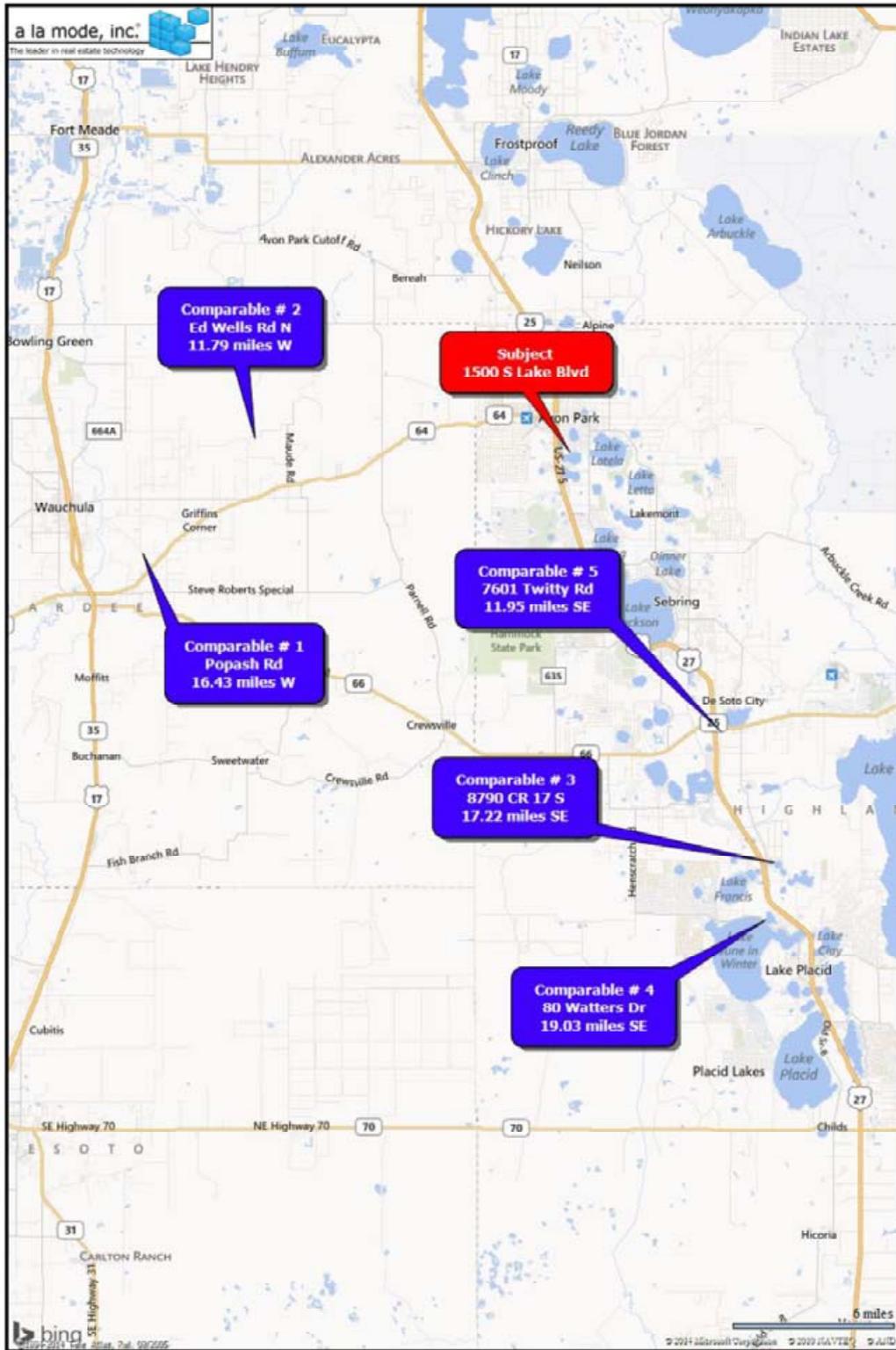
SALE TWO	
ADDRESS:	Ed Wells Rd N
LOCATION:	Zolfo Springs 33890
LEGAL DESCR:	20 AC W1/2 OF NW1/4 OF NE1/4 26 33S 26E
STRAP ID:	26-33-26-0000-05020-0000
SALES PRICE:	\$210,000
DATE:	10/15/2013
PREVIOUS SALE:	None
ZONING:	Agriculture
GRANTEE:	Rafter C to H & H Citrus and Cattle
RECORDED:	2013-2500-5813
FINANCING:	Cash to seller, Heartland National mortgage for \$157,500
SITE/VIEW:	20 acre grove, 6" well, electric pump
IMPROVEMENT:	7.5 acre Valencia, rest Hamlin
QUALITY:	Above average, 370 boxes per acre
UNIT OF COMPARISON:	\$10,500
SITE MAP:	
COMMENTS:	This is an average quality grove split between varieties, smaller in size. It is located about 11 miles West of the subject. Road is inferior. Production is higher but location is inferior so overall this sale would be considered similar or slightly inferior to the subject.

SALE THREE	
ADDRESS:	8790 CR 17 S, Sebring, FL 33870
LOCATION:	South of Sebring East of US Highway 27
LEGAL DESCR:	An irreg 34.46 acre TR in S ½ of NW ¼ of Sec 35 llying E of CR 17 + less Sub 35-35-29/10.1 34.46 acres
STRAP ID:	C-35-35-29-A00-0101-0000
SALES PRICE:	\$444,400
DATE:	2/12/2014
PREVIOUS SALE:	None
ZONING:	Agriculture
GRANTEE:	Rogers to Price
RECORDED:	OR 2416-1011
FINANCING:	Cash to seller
SITE/VIEW:	34.46 however according to tax map about 2 ½ acres is under water, so net grove is approximately 32 acres.
IMPROVEMENT:	10" well w/diesel power
QUALITY:	About 300 boxes per acre
UNIT OF COMPARISON:	Sale included the fruit at approximately \$125,000 net sale price is \$319,400 price per acre is \$9,981
SITE MAP:	
COMMENTS:	This is an above average quality Valencia grove, larger in size. It is located about 18 miles Southeast of the subject. Road is inferior. Production is higher but location is inferior so overall this sale would be considered similar or slightly inferior to the subject.

SALE FOUR	
ADDRESS:	80 Watters Dr, Lake Placid, FL 33852
LOCATION:	Lake Placid
LEGAL DESCR:	SW 1/4 OF SW 1/4 OF SE 1/4 + E 1/2 OF SE 1/4 OF SW 1/4 OF SEC 23 23-36-29/4.1 15 ACRES and SW 1/4 OF SE 1/4 OF SW 1/4 + W 1/2 OF SE 1/4 OF SE 1/4 OF SW 1/4 OF SEC 23 23-36-29/4.2 15 ACRES and W 1/2 OF SE 1/4 OF SW 1/4 OF SE 1/4 OF SEC 23 23-36-29/4 5 ACRES
STRAP ID:	C-23-36-29-A00-0041-0000 and C-23-36-29-A00-0042-0000 and C-23-36-29-A00-0040-0000
SALES PRICE:	\$455,000
DATE:	1/27/2014
PREVIOUS SALE:	None
ZONING:	Agriculture
GRANTEE:	Taylor to Perry Cattle
RECORDED:	OR 2413-1168/MLS 228824
FINANCING:	Cash to seller, 39 DOM
SITE/VIEW:	35 acres
IMPROVEMENT:	Valencia
QUALITY:	About average, picked 7,000 boxes this year, 9,000 boxes last year, average 8,000 boxes or 230 boxes per acre
UNIT OF COMPARISON:	\$13,000
SITE MAP:	
COMMENTS:	This is an average Valencia grove in a market area. It is located about 20 miles Southeast of the subject. Road is good, Irrigation is deep well with diesel powerhead. Overall this sale would be considered similar to the subject.

SALE FIVE	
ADDRESS:	7601 Twitty Rd
LOCATION:	Sebring 33870
LEGAL DESCR:	Down of Desoto City all Blk D 10 acres
STRAP ID:	C-22-35-29-010-00D0-0010
SALES PRICE:	\$100,000
DATE:	6/20/2013
PREVIOUS SALE:	None
ZONING:	Agriculture
GRANTEE:	Lubear to Mann
RECORDED:	OR 2385-1479/MLS 226005
FINANCING:	Cash to seller, 10 DOM
SITE/VIEW:	10 acres platted but exact acreage by survey was 8.27 acres
IMPROVEMENT:	Valencia
QUALITY:	About average, 276 boxes per acre. Listing says fruit crop was a concession, but there wouldn't have been any fruit on the trees in June.
UNIT OF COMPARISON:	\$12,091
SITE MAP:	
COMMENTS:	This is an about average Valencia grove in a similar area. It is located about 12 miles Southeast of the subject. Road is good, Irrigation is deep well with electric powerhead. Zoning was commercial conditional use, but highest and best use is clearly citrus. Production is a little higher, so overall this sale would be considered slightly superior to the subject.

Location Map – Improved Sales



DIRECT SALES COMPARISON APPROACH (CONT):

These data are considered about average for an analysis of improved values and represent pertinent information currently available for properties similar to the subject property.

Location	\$ per acre	Valencia	Hamlin	Production	Rating
Popash Rd	\$12,278	10%	90%	270	Similar or slightly inferior
Ed Wells Rd	\$10,500	48%	52%	370	Similar or slightly inferior
8790 CR 17 S	\$9,981	100%	0%	300	Similar or slightly inferior
80 Watters Dr	\$13,000	100%	0%	230	Similar
7601 Twitty Rd	\$12,091	100%	0%	276	Similar or slightly superior

The mean of the above dataset is \$11,570. If the high and low were removed, the mean would be \$11,623. Comp 4 is the most similar. A price near the upper end of the indicated value range is considered credible considering location and condition which are obviously important considerations.

69.15 acres @ \$12,500 = \$864,375

This amount does not consider any contributory value from the residential zoning or the lakefront. From the standpoint of a producing grove, zoning or lakefront would be considered over improvement and would not contribute to the value of the grove. It is possible that the land as if vacant would be priced higher than the value of the producing Valencia grove. That will be addressed later in this report. The value of the grove by income is addressed next.

INDICATED VALUE BY SALES COMPARISON APPROACH - (Rounded):

\$864,000

EIGHT HUNDRED SIXTY FOUR THOUSAND DOLLARS

INCOME CAPITALIZATION APPROACH:

The Income Capitalization Approach reflects the theory that a property's value is the present worth of its anticipated economic benefits - the net operating income, plus any gains or losses - that accrue during the time the purchaser intends to hold the property. These economic benefits are discounted under the time value of money concept at the rate of return that the market requires to attract capital to the specific class of investment. That rate of return is known as the Overall Capitalization Rate, and is alternately referred to as the Overall Rate (OAR or R).

The Gross Potential Income for the property is estimated by analysis of typical market rents of competitive properties within the market area and the past rental experience of the subject property. From this most probable gross rental income, deductions are made for probable vacancy and collection loss, appropriate expenses and reserves for replacement of items that will be replaced during the remaining economic life of the property. This Net Operating Income (NOI) is then capitalized by an Overall Rate into an indication of value.

Whenever possible, the preferred method to develop an Overall Rate is by analysis of market transactions, where data on Net Operating Income from sold properties can be ascertained.

When meaningful and credible data is not available, it is possible to use other methods to develop an Overall Rate. The most common method for mature citrus groves is the summation method. It takes into account the safe investment rate, risk of ownership, lack of liquidity and management to develop an overall capitalization rate. The summation method is recommended by the Realtors Land Institute in their citrus appraising seminars.

Production costs have been verified with local caretaking services and includes real estate taxes.

Capitalization (Summation method):

The capitalization rate is a rate that reflects the return necessary to attract investment capital.
Summation Method:

Safe Rate or Non-Risk Rate **2%**
(C.D.'S, pass book savings rate, etc.)

Risk of Ownership **5%**
(Uncertain weather, disease, unstable
prices and tree recapture)

Lack of Liquidity **2%**
(Slowness of converting into money)

Management **2%**
(Cost of managing money)

TOTAL CAPITALIZATION RATE: **11%**

An alternative method to deriving capitalization rate is described on the pages following:

BAND OF INVESTMENT METHOD:

Because most properties are purchased with debt and equity capital, the overall capitalization rate must satisfy the market return requirements of both investment positions. Lenders must anticipate receiving a competitive interest rate commensurate with the perceived risk of the investment or they will not make funds available. Lenders also require the principal amount of the loan be repaid through periodic amortization payments. Similarly, equity investors must anticipate receiving a competitive equity cash return commensurate with the perceived risk or they will invest their funds elsewhere.

The capitalization rate for debt is called the mortgage constant. It is the ratio of the annual debt service to the principal amount of the mortgage loan. The mortgage constant is a function of the interest rate, the frequency of amortization, and the term of the loan.

The equity investor also seeks a systematic cash return. The rate used to capitalize equity income is called the equity capitalization rate. It is the ratio of annual pre-tax cash flow to the amount of equity investment. This rate is not simply a rate of return on capital, rather it is a rate of return both *on* and *of* capital. The equity capitalization rate may be more or less than the eventual equity yield rate. For appraisal purposes, a property's equity capitalization rate is the anticipated return to the investor, usually for the first year of the holding period.

The overall capitalization rate must satisfy both the mortgage constant requirement of the lender and the pre-tax cash flow requirement of the equity investor. It is a composite rate, weighted in proportion to the total property investment represented by debt and equity.

By using Band of Investment Method, the overall capitalization rate can be estimated. Typical financing preferred rate for a grove loan might be 75% loan to value, 20 year amortization with 5 year balloon, 6% interest rate. The mortgage constant for a 20 year loan with a 6% interest paid monthly is .086. In consulting with investors, reviewing the current economic conditions and alternate investments, I have concluded that an equity dividend of 12% is necessary. Keystrokes on a programmable calculator would be: 6gi for interest, 20gn for term, 1 for present value and 0 for future value, solve for payment which is monthly, times 12 for annual. Therefore, the following steps show the mathematics involved in the Band of Investment Method.

Loan to Value Ratio:		x	Rate:	=
Mortgage Position:	75%	x	8.6%	6.45
Equity Position:	25%	x	12%	3.00
Capitalization Rate (Rounded):				9.45%

Summation method indicates 11%, and band of investment indicates 9.45%. The most likely capitalization rate lies somewhere within this range. With no particular reason as to why one method would be better than another method, I have elected to place equal weight on both methods, thereby concluding that 10% (rounded) is in the middle of the indicated range and the most likely capitalization to be realized.

BAND OF INVESTMENT METHOD (cont):

It is understood that the grove business experiences highs and lows, periods of great demand and low demand, cold, disease, draught, and other obstacles. When everything lines up, profits can be great. When there are problems, NOT so great.

I have considered estimated income and expense figures compared with industry standards compiled by Citrus Mutual.

Production and expense spreadsheet, estimated based on 250 box per acre yield:

1500 S Lake Blvd + 325 Garrett Road, Avon Park, FL	Price per Pound	Pound solid	Gross Income	Pick & Haul	Advertising Tax	Net per box	Estimated Boxes	Income before Caretaking/Debt Service	# of Acres of grove	Cost per Acre Caretaking	Net Income
Valenias (Estimated - 250 boxes per acre)	\$ 2.25	6.80	\$ 15.30	\$ 2.50	\$ 0.25	\$ 12.55	15,678	\$ 196,752.63	62.71	\$ 1,400.00	\$ 108,958.63
							Cap Rate				10.0%
							Value Indicated by Income Approach				\$ 1,089,586.25

NET INCOME: \$ 108,958.63

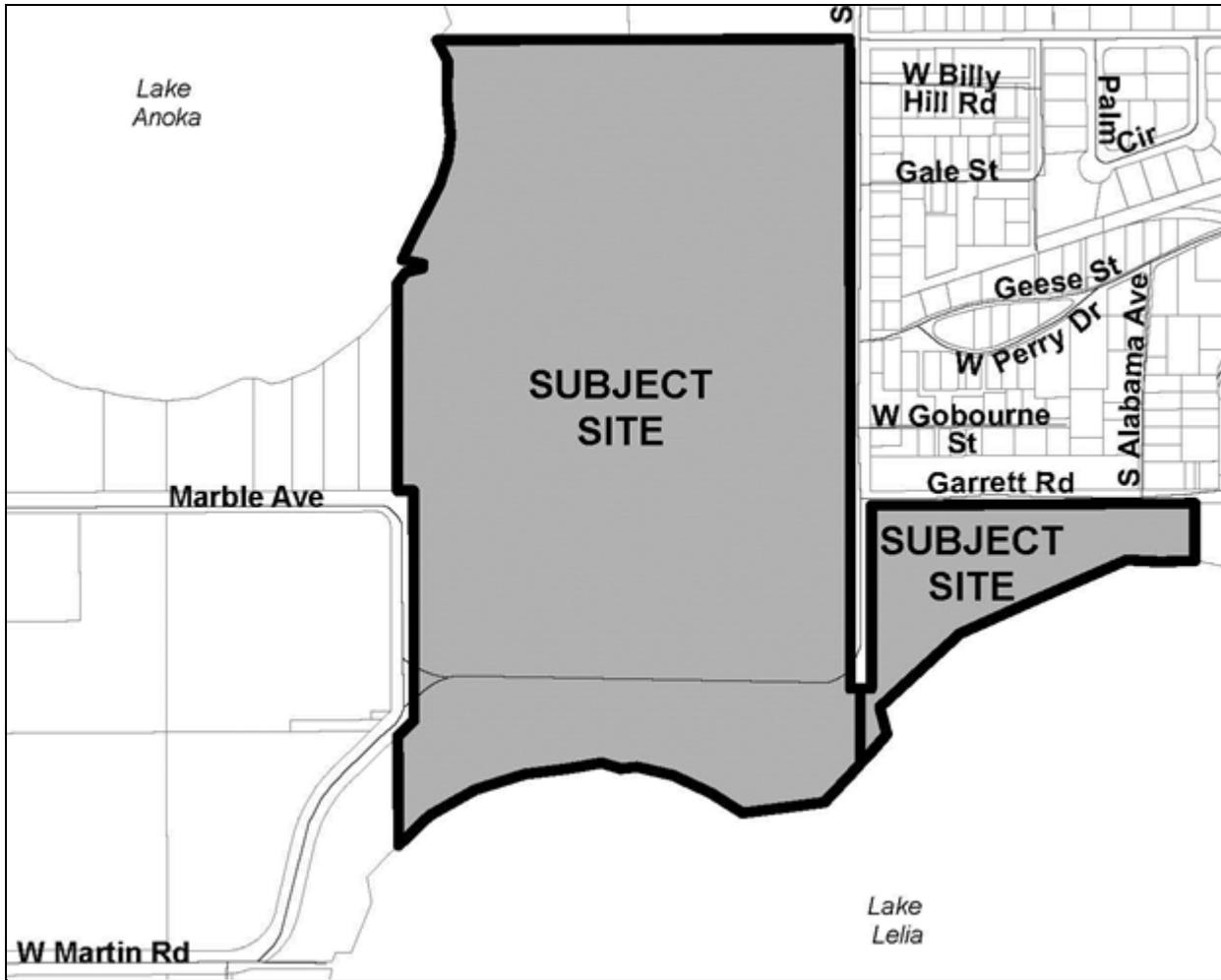
CAPITALIZATION:
 108,958.63 capitalized @ .10 \$ 1,089,586

INDICATED VALUE BY INCOME APPROACH: \$1,090,000 (R)

DEVELOPMENT POTENTIAL OF SUBJECT SITE:

The subject site consists of 69.15 acres of land with high density residential zoning, with frontage on two lakes. The question of whether the existing grove is in fact the highest and best use of the subject site must be addressed.

There is approximately 850 feet of frontage on Lake Anoka and 2,700 feet of frontage on Lake Leila.



There is a high voltage utility easement running approximately from Garrett Rd across the subject property to Marble Avenue which will have a negative effect on the development of the subject property as a whole, but there is enough total acreage that will allow the utility easement to co-exist with some other type of development to keep the negative impact to a minimal amount.

DEVELOPMENT POTENTIAL OF SUBJECT SITE (cont):

The Direct Sales Comparison Procedure has again been used to estimate the market value of the subject site, from the standpoint of residential development, NOT agricultural grove. The **Direct Sales Comparison Procedure** is the preferred method to estimate the value of land. The Principle of Substitution affirms an informed buyer should pay no more for a given property than an amount for which a substitute property with equal similar amenities could be obtained. By gathering and analyzing land sales of similar properties, a confirmed record of prices paid by informed buyers is obtained. From this record, adjustments can be made for differences in property characteristics that would have an effect on value, and an indication of the value of the subject by common units of measurement can be made (i.e., price per square foot or price per unit).

If sales of both lake front and non-lake front parcels are considered, the developmental impact of the waterfront can be estimated.

The valuation analysis for this property requires the consideration and analysis of sales of other vacant land parcels and relating that data to the subject site. All properties have their own features that relate to location, size, shape, zoning, available amenities, date of sale, deed restrictions, financing, etc. In order to accurately isolate most of these differences to determine their relative importance in a sale would require the use of what is known as a "paired sale" technique. In that process, two properties that are identical except for one feature (say time, for example) are compared. The difference in unit value of comparison selected for analysis would then indicate if a property's value had increased or decreased over the time period between the sales. It is obvious that as two, three, four, or more different features are added, the ability to accurately isolate differences and compare sales is diminished. The appraiser is required, in those instances, to use the training and experience that has been acquired to input subjective analysis to relate the sale property to the property being appraised. This overall process is known as **The Direct Sales Comparison Procedure**.

In arriving at an estimated Market Value for the subject site in this valuation method, consideration was given to recent comparable land sales that have occurred in the subject property's market area for commercial usage. These data are considered adequate for an analysis of land values and represent pertinent information currently available in the area of the subject property. In analyzing the sales, percentage adjustments based on paired sales were not found provable in the local market place.

Due to the difficulty in finding sufficient data to provide paired sales value differences, logical adjustments for individual characteristics are made based on my experience and knowledge in the local market.

The sale properties will be described in detail on the following pages and will be located on a land sales map. The final analysis of these sales and the indication of the estimated value of the subject site is then presented.

Land Sales Comparable #1

<u>LOCATION:</u>	217 – 247 E Shockley Rd, Avon Park FL 33825
<u>LEGAL:</u>	Lake Pythias Estates PB 16 Pg 99 Lots 1-10
<u>DESCRIPTION:</u>	
<u>STRAP ID:</u>	C-11-33-28-050-0000-0010 to 0100
<u>SALES PRICE:</u>	\$165,000
<u>DATE:</u>	4/29/2011
<u>SITE SIZE</u>	20.47 acres
<u>IMPROVEMENT:</u>	Vacant lakefront, has some poor condition grove on it
<u>PRICE PER UNIT:</u>	\$8,061 per acre
<u>ZONING:</u>	EU estate residential
<u>GRANTEE:</u>	GSP to Pritchett
<u>RECORDED:</u>	OR 2281-208/property records
<u>FINANCING:</u>	Cash to seller
<u>PREVIOUS SALE:</u>	No previous sale
<u>SITE VIEW:</u>	
<u>COMMENTS:</u>	This sale is located on Lake Pythias. It consists of 10 separately described lakefront tracts of 20.47 acres total. It is located about 3 ½ miles North of the subject. Zoning is low density residential. This tract is inferior to the lakefront portion of the subject due to location, amenity and zoning.

Land Sales Comparable #2

<u>LOCATION:</u>	6500-6532 Rajol Dr. Sebring FL 33875
<u>LEGAL:</u>	Heron Point Sub PB 15 Pg 92 Lots 1 - 7
<u>DESCRIPTION:</u>	
<u>STRAP ID:</u>	C-19-35-29-030-0000-0010 to 0070
<u>SALES PRICE:</u>	\$105,000
<u>DATE:</u>	2/14/2014
<u>SITE SIZE</u>	3.88 acres
<u>IMPROVEMENT:</u>	Vacant residential lake front
<u>PRICE PER UNIT:</u>	\$27,062 per acre, \$15,000 per unit
<u>ZONING:</u>	R1A single family residential
<u>GRANTEE:</u>	Heartland National Bank to Hall
<u>RECORDED:</u>	OR 2417-12/MLS 228485
<u>FINANCING:</u>	Cash to seller 34 DOM
<u>PREVIOUS SALE:</u>	12/14/2013 \$117,800 OR 2409-670 certificate of title
<u>SITE VIEW:</u>	
<u>COMMENTS:</u>	This sale is located in Sebring with lake front on Lake Charlotte. It is located about 10 miles SE of the subject. It is much smaller than the subject. It consists of 7 individually described residential home sites (#6 and #7 are combined on one property card).

Land Sales Comparable #3

<u>LOCATION:</u>	1300 S Lake Blvd., Avon Park FL 33825
<u>LEGAL:</u>	Lot 16 Blk 2 or SE ¼ of Gov Lot 5 less Rd R/W 27-33-28/4 9.77
<u>DESCRIPTION:</u>	acres
<u>STRAP ID:</u>	A-27-33-28-A00-0040-0000
<u>SALES PRICE:</u>	\$100,000
<u>DATE:</u>	6/20/2013
<u>SITE SIZE</u>	9.77 acres
<u>IMPROVEMENT:</u>	Vacant residential non lake front, has grove on it, no verifiable production records
<u>ZONING:</u>	R-3 residential, high density
<u>PRICE PER UNIT:</u>	\$10,235 per acre
<u>GRANTEE:</u>	Zamin to Boston Mining
<u>RECORDED:</u>	OR 2385-1657/property records
<u>FINANCING:</u>	Cash to seller DOM unk
<u>PREVIOUS SALE:</u>	None
<u>SITE VIEW:</u>	
<u>COMMENTS:</u>	This sale is located in Avon Park immediately North of the subject. It has no lake frontage, but is very similar in location, zoning and present use. It is extremely similar to the subject portion that is NOT lake front.

Land Sales Comparable #4

<u>LOCATION:</u>	321 E Main Street, Avon Park FL 33825
<u>LEGAL:</u>	Tract 23 in 23-33-28
<u>DESCRIPTION:</u>	
<u>STRAP ID:</u>	A-23-33-28-010-0230-0000
<u>SALES PRICE:</u>	\$40,000
<u>DATE:</u>	9/28/2012
<u>SITE SIZE</u>	1.37 acres (legal description designates 1 acre, county record map scales 1.37 acres)
<u>IMPROVEMENT:</u>	Vacant residential lake front, low density multi family zoning
<u>ZONING:</u>	R2
<u>PRICE PER UNIT:</u>	\$29,197 per acre
<u>GRANTEE:</u>	Blackman to DeLeon
<u>RECORDED:</u>	OR 2345-1787/MLS 222847
<u>FINANCING:</u>	Cash to seller 44 DOM
<u>PREVIOUS SALE:</u>	None
<u>SITE VIEW:</u>	
<u>COMMENTS:</u>	This sale is located in Avon Park on Lake Verona. It is much smaller than the subject, but is quite similar to the lakefront portion as a per unit comparison. It is located about 1 ½ miles NE of the subject.

Comparable Listings:

		1201 S FLORIDA AVE	
		List Price: 400,000	Acreage
		MIs#: 230249 Active	Avon Park / Highlands 33825
		Zone: Avon Park	33825
Neighborhood code: 3025	Taxes: 4,083 Tax Yr: 2013	Property SqFt: 399,445	Frontage Feet: 393
Acreage: (+/-) 9.17	Zoning: R3	Community:	
Special District: No Fee:	Map ID: 24A	Lot Size: (+/-) 399445	
Land Ty: Tracts		POA: No Fee: 0	HOA: No Fee: 0
Utilities: Electric, Telephone	Water: Central		
Electric: Duke Energy	Sewer: No		
Frontag: Lake	Road: Paved		
Water Front Ft: 393	Location: Inside, Cul-De-Sac/Dead End		
Closing: Possession At Closing	Sp Cond: None		
Finan: Cash	Pres. Use: Vacant		
LkFront: Anoka			
Schools:(Subject to Change)			
Improve:			
<p>PRISTINE waterfront property zoned R-3 over 9 acres ready for a possible development. Beautiful private entrance with stunning sunrise and sunset views over gorgeous Lake Anoka. White sandy beaches with sprawling hill top. Truly a unique property just minutes from shopping, restaurants and more. This is a must see developer's dream!</p>			
<p>Intersection Hammock Rd and US 27 S to US 27 N to Avon Park, west on Hal Macrae Blvd, right onto S Florida Road Dr to end on left side</p>			
<p>Owner: HUMPHREY MARY E + STALLARD STEFANIE Strap Number: C-27-33-28-A00-0060-0000 List Date: 5/30/2014</p>			
<p>Show: Go to Property DOR: 07-MISCELLANEOUS Condition Report: No</p>			
<p>Legal: FRAC LOT 15 BLK 2 OR SW 1/4 OF GOV LOT 5 LESS RD R/W 27-33-28/6 9.17 ACRES</p>			
List Agent: Laura Higgins, P.A.		Ph: 863-214-4425	Co Lister:
List Office: ERA ADVANTAGE REALTY		Ph: 863-386-1111	Agency: Exclusive Right of Sale
List Agent E mail: laurawhiggins@gmail.com			
FSRC: Yes	Buyer Broker: 3	Transact: 3	Non Rep: 3
		Office Fax #: 863-386-1112	



This listing consists of 9.17 acres of high density residentially zoned land with lake frontage on Lake Anoka. It is immediately North of the subject. List price per sq.ft. is \$43,621 per acre. This site is similar to the subject in location and amenity.

Comparable Listings:

		813 E MAIN ST	
List Price: 70,000		MIs#: 230180 Pending	
Zone: Avon Park		Acreage Avon Park / Highlands 33825	
Neighborhood code: 1036	Taxes: 237	Tax Yr: 2013	Property SqFt: 390,297 Frontage Feet: 0
Acreage: (+/-) 8.96	Zoning:	Map ID: 44C	Community:
Special District: No Fee:	Land Ty: Other-See Remarks, Wooded / Mixed		Lot Size: (+/-) 644 x 612
Utilities: None	Water: Private Well		POA: No Fee: 0 HOA: No Fee: 0
Electric: Duke Energy	Sewer: No		
Frontage:	Water Front Ft:	Road: Paved	Location: Corner, County
Closing: Possession At Closing	Sp Cond: None		Pres. Use: Vacant
Finan: Cash, Conventional			
LkFront:			
Schools: (Subject to Change) Avon Park High			
Improve:			
This property is a corner piece of acreage on the main road. Was originally a grove. Perfect place to build a home and have the extra room, and still be close to town.			
<small>Seller will pay title search, buyer to pay title insurance</small>			
US 27 and Main St Avon Park, East on Main St (SR64), to property on the left just past Avon Park High School			
Owner: JNLENTERPRISES LLC		Strap Number: C-23-33-28-A00-0150-0000 List Date: 5/21/2014	
Show: Go to Property		DOR: 66-GROVES Condition Report: No	
Legal: LOT 15 BLK 1 LESS RD R/W/S 23-33-28/15 8.96 ACRES			
List Agent: Debbie Kay Hamm	Ph: 863-443-1693	Co Lister:	
List Office: PRITCHETT REAL ESTATE GROUP	Ph: 863-386-4555	Agency: Exclusive Right of Sale	
List Agent Email: debbiekhamm@yahoo.com			
FSRC: Yes Buyer Broker: 3.5	Transact: 3.5	Non Rep: 3.5	Office Fax#: 863-385-5147
Sale Office: PRITCHETT REAL ESTATE GROUP		Sale Price:	Financing:
Sale Agent: Debbie Kay Hamm		Est. Close: 7/21/2014	Eff Date: 7/3/2014
Closing Office:		Concessions:	



This listing consists of 8.96 acres of agriculturally zoned land with no lake frontage. It is near the incorporated area of Avon Park, but not inside the incorporated area of Avon Park. It is located about 2 miles NE of the subject. List price per sq.ft. is \$7,813 per acre. This site is similar to the subject in location, but significantly inferior in amenity and zoning. It is most comparable to the non-lakefront part of the subject.

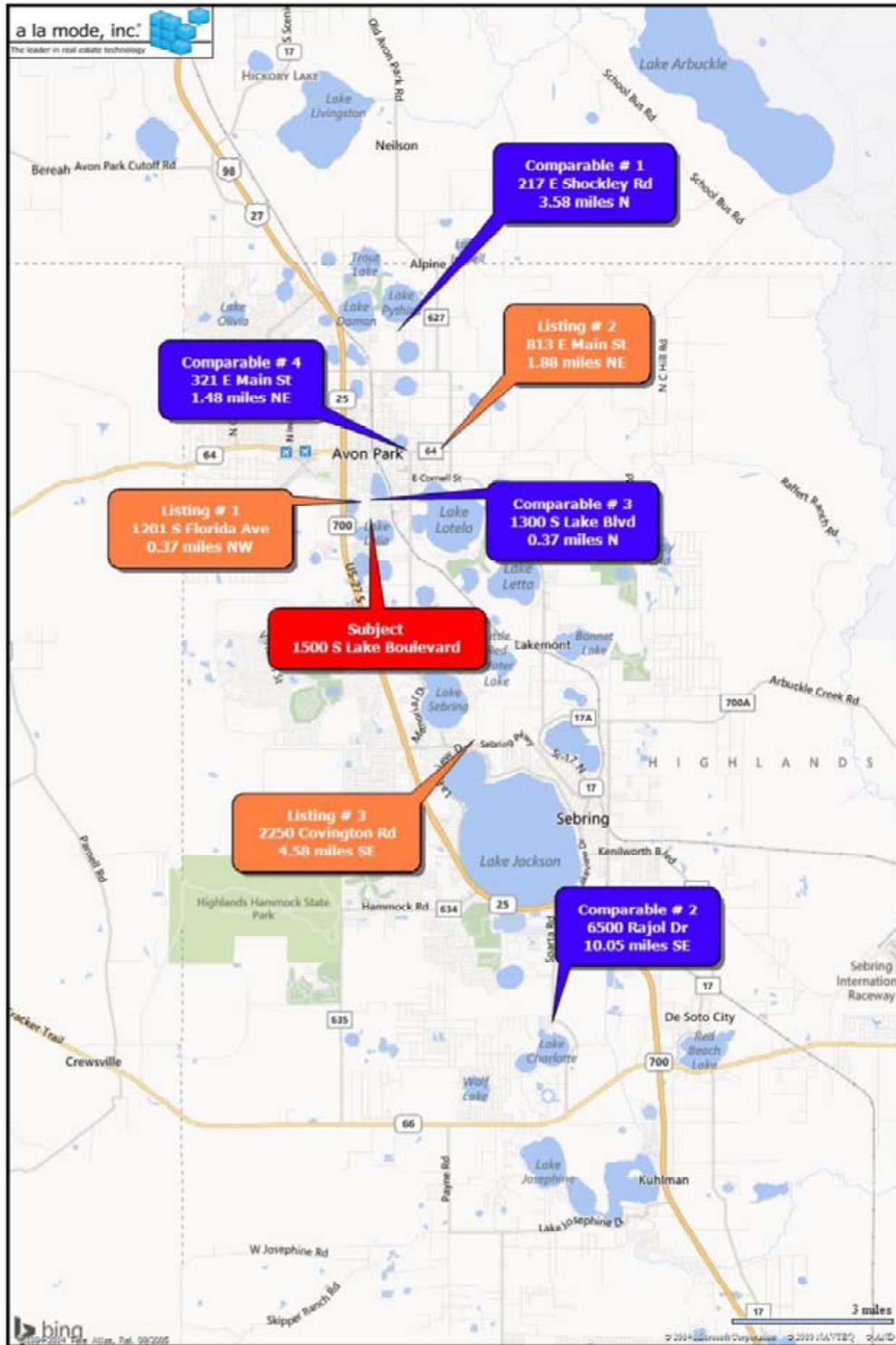
Comparable Listings:

		2250 COVINGTON RD	
List Price: 251,900		MIs#: 230001 Active	Acreage
Zone: Sebring		Sebring /	33870
Neighborhood code: 340	Taxes: 5,747 Tax Yr: 2013	Property SqFt: 634,233	Frontage Feet: 0
Acreage: (+/-) 14.56	Zoning: R3	Community:	
Special District: No Fee:	Map ID: 47A	Lot Size: (+/-) 15 +/- Acres	
Land Ty.Tracts		POA: No Fee: 0	HOA: No Fee: 0
Utilities: E lectric, Telephone	Water: Central		
Electric: Duke Energy	Sewer: Yes		
Frontag: Water Front Ft:	Road: Paved		
Closing: Possession At Closing	Location: Corner, Inside		
Finan: Cash	Sp Cond: Foreclosure		
LkFront:	Pres. Use: Vacant		
Schools:(Subject to Change)			
Improve: None			
Large 14+ Acre Bank Owned Parcel. Property sale includes 3 strap numbers, (2200, 2034 & 2250 Covington Rd) please include in contract.			
US 27 & Sebring Parkway to East on Sebring Parkway. Parcel is located on the corner's of Covington Rd & Scenic Highway.			
Owner: CADENCE BANK	Strap Number: S-13-34-28-090-0010-0000	List Date: 5/6/2014	
Show: Go to Property	DOR: 99-NON-AG ACRE AGE	Condition Report: No	
Legal: KAHN S REPLAT PB 4-PG 2 ALL-LESS S 125 FT PKWY 14.56 AC			
List Agent: C D Boring III	Ph: 863-381-1298	Co Lister:	
List Office: RE/MAX REALTY PLUS	Ph: 863-385-0077	Agency: Exclusive Right of Sale	
List Agent Email: cboring@strato.net			
FSRC: Yes	Buyer Broker: 3	Transact: 3	Non Rep: 3
		Office Fax#: 863-385-5897	



This listing consists of 14.56 acres of high density zoned land with no lake frontage. It is near the incorporated area of Sebring, but not inside the incorporated area of Sebring. It is located about 4 1/2 miles SE of the subject. List price per sq.ft. is \$17,301 per acre. This site is similar to the subject in locational amenity but not proximity. It is similar in amenity and zoning. It is most comparable to the non-lakefront part of the subject.

Location Map



COMMENTS ON MARKET DATA, LAND AS IF VACANT FOR DEVELOPMENT:

The range of indicated values is about average, ranging from \$8,061 to \$29,197 per sq.ft.

Comparable sale	Price per acre	Property Rating
217-247 E Shockley Rd, Avon Park	\$8,061	Inferior, most comparable to lake portion
6500-6532 Rajol Dr., Sebring	\$27,062	Similar, most comparable to lake portion
1300 S Lake Blvd, Avon Park	\$10,235	Similar, very similar to non-lakefront portion
321 E Main St, Avon Park	\$29,197	Superior, most comparable to lake portion

Comparable listing	Price per acre	Property Rating
1201 S Florida Ave, Avon Park	\$43,621	Similar, most comparable to lake portion
813 E Main St, Avon Park	\$7,813	Inferior, most comparable to non-lakefront portion
2250 Covington Rd, Sebring	\$17,301	Similar, most comparable to non-lakefront portion

There were 19 sales of acreage in two years in the Avon Park market area with sold/list ratio 76.82%. Applying this ratio to the list prices per acre would result in \$33,510; \$6,002; and \$13,290 per acre respectively. It should be noted that while there were only 4 sales in the last year, the ratio is higher at 85.72%.

Listings are only considered significant as a limiting factor. One listing is lower, two are higher than the sales data. Little or no weight was placed on them.

COMMENTS ON MARKET DATA, LAND AS IF VACANT FOR DEVELOPMENT (CONT):

A portion of the subject would be greatly affected by the lake frontage, and a portion would not. It is necessary to subjectively consider how much land will directly benefit from the subject, and how much will not. The part South of Martin Road on Lake Leila consists of about 9.4 acres. The separately described part South of Garrett Road is noted to be 6.89 acres on its separate property record card. This totals 16.29 acres, round to 16.3. The Lake Anoka frontage is much harder to separate, as there is no road reference to use. There is about 850 feet of frontage. If you were to consider an average depth requirement of 200 feet, total area would be about 3.9 acres which is 20.2 acres. Considering that the shorefront is irregular, a total acreage of 20 which is affected by the lake is considered credible. That leaves 49.15 acres left over that is NOT directly affected by the lakes.

In looking at which sales are better or worse than the subject, it is clear that the value of the land affected by the lake should be higher than comps 1 and 3, near comp 2, and lower than comp 4. The value of the portion NOT affected by the lake is almost perfectly indicated by comp 3. The listings indicate possible competition, but make little sense due to the great range of prices. Nevertheless, Listing 1 is most comparable to the lake front part, while listings 2 and 3 are most comparable to the non-lakefront part. Most likely selling price of the subject site lakefront appears to be about \$24,000 per acre, and the non-lakefront about \$10,000 per acre.

20 acres	@	\$24,000	=	\$480,000
49.15 acres	@	\$10,000	=	\$491,500
69.15 acres	@		=	\$971,500

SUBJECT SITE BASED ON DEVELOPMENT POTENTIAL

\$972,000

NINE HUNDRED SEVENTY TWO THOUSAND DOLLARS

ESTIMATED MARKETING PERIOD FOR THE SUBJECT PROPERTY:

Normal Marketing Period is defined as:

"The most probable amount of time necessary to expose a property, in its entirety, to the open market in order to achieve a sale. Implicit in this definition are the following characteristics:

- The property will be actively exposed and aggressively marketed to potential purchasers through marketing channels commonly used by sellers of similar type properties.
- The property will be offered at a price reflecting the most probable markup over market value used by sellers of similar type properties.
- A sale will be consummated under the terms and conditions of the definition of market value set forth in this appraisal report.
- The elapsed time period needed to expose a property on the open market to achieve a specific market value estimate occurred prior to the date of the value estimate.
- The most probable amount of time is the average time period needed to expose a property on the open market to consummate a transaction on a specific date.

Normal marketing period refers to the time period during which the property is aggressively marketed in order to bring about a sale of the entire property to a single third party purchaser. Exposure time is defined as the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market. Exposure time is always presumed to precede the effective date of the appraisal. Considering the subject neighborhood, the site improvements, and current local and national economic condition, I estimate the marketing time and the exposure time for the subject property at 12 months. This estimate is based on overall sales volume of real properties in the area, conversation with local real estate brokers, and past experience. The marketing time for the subject property is estimated to be 12 months or less. The exposure time for the subject property is estimated to be 12 months or less.

FINAL SUMMATION AND RECONCILIATION OF ESTIMATED MARKET VALUE:

In our opinion, the highest and best use of the subject would be its existing use. Development potential is low.

The indications of value contained in this report are:

Cost Approach not applicable	\$ N/A
Direct Sales Comparison Approach – grove	\$ 864,000
Income Approach - grove	\$ 1,090,000
Direct Sales Comparison – development potential	\$ 972,000

The market data approach is based on actual sales of similar groves with comparable yield. The income approach is based on industry standards and personal inspection since no direct production records were available.

Currently residential development of any kind is not financially feasible due to reduced prices and oversupply of vacant lots. Development is beginning to show signs of life, but at the present prices are still depressed, there is significantly more supply than demand. Therefore, an investor that would be considered a customer for the subject site that had development in mind would be thinking of future benefit, probably fairly far into the future at least a couple of years if not five to ten years. Therefore development land is considered to trend stable with future increases possible but not predictable.

Grove however is tending to trend downward. Reasons for this include fear of diseases including greening, and fruit competition from outside areas. Also, pound solid prices are at a peak right now, it is unknown if prices will continue at this level.

For the purpose of this market value appraisal assignment, equal emphasis is placed on the Direct Sales Comparison Approach – grove with the income approach which results in an indicated value of \$977,000.

The Cost Approach is not applicable.

The Direct Sales Comparison Approach had sales information available from five grove sales and four vacant sales. This approach is generally considered to be the most reliable indicator of value when the data available closely corresponds to the location, age, size, and quality of the subject, since it reflects the interaction of buyers and sellers in the market place. The comparability of the data for this approach, as a whole, is considered to be about average.

The Income Approach is usually relied on by the knowledgeable investor when purchasing an income producing property for investment purposes. An investor in a property with many variables that influence the ultimate "bottom line", i.e., Net Operating Income, will rely more on the analysis that fully explores the items that affect the NOI. The income approach is based on industry standard data consistent with other similar properties. The quality (credibility) of this data is below average due to the production records NOT being made available.

FINAL SUMMATION AND RECONCILIATION
OF ESTIMATED MARKET VALUE (CONT):

Equal emphasis is placed on the Market Data Approaches with some emphasis from the Income Approach. That amount is consistent with the amount established for development purposes. After analysis of the data contained in this report and based upon our education and general experience in the real estate field, it is my opinion that the **Estimated Market Value (Appraiser's opinion of value) of the Fee Simple Interest of the subject property, subject to definitions, assumptions and limiting conditions, as of June 26, 2014 is:**

\$975,000

NINE HUNDRED SEVENTY FIVE THOUSAND DOLLARS

I should point out to the reader that as I reported under highest and best use, development potential for the subject is almost the same as the value of the grove. While the grove use is still considered the highest and best use, the value of the development potential is very close, and will likely soon overtake the value of the grove. This is due to current market conditions as well as the location of the grove. Development potential, while low as I said, is higher than any of the other comparables due to zoning and location. It is not appropriate for me to predict when if ever the development potential will exceed the value of the grove. All I can do at this time under scope of work is note that the subject has a better potential for development than any of the other grove comparables, and note that development is trending stable while grove is trending downward.

****ADDENDA****

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS:

Please see Certificate of Appraisal for additional assumptions, which apply directly to the subject property.

1. Acceptance of and/or use of this report constitutes acceptance of the foregoing General Assumptions and General Limiting Conditions.
2. The appraiser will not be required to give deposition, testimony or appear in court because of having made this analysis, with reference to the property in question, unless arrangements have been previously made thereof. Appraiser will charge an hourly rate for these services plus usual and customary expenses.
3. Possession of the report, or copy thereof, does not carry within the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event only with proper written qualifications and only in its entirety. Neither all nor any part of the contents of this report, or copy thereof, shall be conveyed to the public through advertising, public relations, news, sales or any other media without written consent and approval of the consultant. Nor shall the appraiser, firm or professional organization of which the appraiser is a member be identified without written consent of the appraiser.
4. The distribution of the total valuation in this report between land and improvements, if any applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
5. No environmental impact studies were either requested or made in conjunction with this analysis, and the consultant hereby reserves the right to alter, amend, revise or rescind any of the value opinions based upon any subsequent environmental impact studies, research or investigation.
6. The Estimated Market Value is based upon no changes in the existing Federal Tax Laws that are in effect on the date of the appraisal.
7. The value in this report is based upon the subject property being free of termites, any other type of vermin, and any damage resulting from same. A licensed exterminator should make an inspection to determine this matter, and in the event that such presence of damage is found, this report would be subject to review and change.
8. It is assumed that the legal descriptions as given are correct, that the improvements are entirely and correctly located on the property described and that there are no encroachments or overlapping boundaries.

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS (continued)

9. We have not made a survey of the property and no responsibility is assumed in connection with such matters. Should a current survey indicate a discrepancy in the subject site size, this report would be subject to review and change. Sketches in this report are not to scale and are included only to assist the reader in visualizing the property.
10. No responsibility is assumed for matters of legal nature affecting title to the property nor is an opinion of title rendered. The title is assumed to be good and merchantable.
11. Information and data furnished by others is usually assumed to be true, correct and reliable. When such information and data appears to be dubious and when it is critical to the analysis, a reasonable effort has been made to verify all such information; however, no responsibility for its accuracy is assumed by the appraiser.
12. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless so specified within the report. The property is analyzed as though under responsible ownership and competent management.
13. It is assumed that there are no hidden or unapparent conditions of the property or structures which would render it more or less valuable. It is also assumed that a roofing inspection has been made by a licensed roofing contractor and that unless otherwise noted in this report, the roof is in average condition and is water tight. No responsibility is assumed for such conditions or for engineering which may be required to discover them.
14. 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 this report.
15. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined and considered in this report. This appraisal is dependent upon written verification of said zoning classification.
16. 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.
17. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted within the report.
18. It is assumed that the subject property conforms with the 1985 Growth Management Act's "concurrency" requirements.

19. Improvements proposed, if any, on or off-site, as well as any repairs required, are considered, for the purpose of this appraisal, to be completed in a good and workmanlike manner according to information submitted and/or considered by us. In cases of proposed construction, the report is subject to change upon inspection of the property after construction is complete. This estimate of value is as of the date shown, as proposed, as if completed and operating at levels shown and projected.
20. The estimated value is subject to change with market changes over time. Value is highly related to interest rates, exposure, time, promotional effort, supply and demand, terms of sale, motivation, and conditions surrounding the offering. The value estimate considers the productivity and relative attractiveness of the property physically and economically in the market place. The estimate of value in the report is not based in whole or in part upon race, color, or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.
21. In the event this appraisal includes the capitalization of income, the estimate of value is a reflection of such benefits and our interpretations of income and yields and other factors which were derived from general and specific market information. Such estimates are made, as of the date of the estimate of value. As a result, they are thus subject to change over time. The date as of which the value estimate applies is only as of the date of valuation as stated in the letter of transmittal. I assumed no responsibility for economic or physical factors occurring at some later date which may affect the opinion stated herein.
22. An appraisal is the product of a professionally trained person but nevertheless is an opinion only, and not a provable fact. As a personal opinion, a valuation may vary between appraisers based upon the same facts. Thus, I warrant only that the value conclusions are our best estimate as of the date of value. There are no guarantees, either written or implied, that the property would sell for the expressed estimate of value.
23. We have not reviewed an abstract of title relating to the subject property unless otherwise stated. No title search has been made and the reader should consult an attorney or title company for information and data relative to the property ownership and legal description. It is assumed that the subject title is marketable but the title should be reviewed by legal counsel. Any sales history information given has been researched and to the best of our knowledge is accurate, but not warranted.
24. It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management over the entire life of the property. If prudent and competent management and ownership are not provided, this would have an adverse effect upon the value of the property appraised.
25. Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to the attention of nor did the appraisers become aware of such during the appraisers' inspection. The appraiser has no knowledge of the existence

of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test such substances or conditions. If the presence of such substances, such as asbestos, urea formaldehyde foam insulation, or other hazardous substances or environmental conditions, may affect the value of the property, the value estimated is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them.

26. Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from the county public health unit.
27. The appraised value is subject to documentation being provided that there are no in-ground or above ground fuel/storage tanks existing on the subject site. In the event that such fuel/storage tanks are found, it is assumed that they comply with all local, state and federal regulations regarding fuel or storage tanks. If they are not in compliance, this report would be subject to review and change.
28. As appraisers, I am not a licensed exterminator, licensed roofer, hazardous substance and environmental expert or structural engineer. Inspections by qualified experts in these fields would be required to determine any adverse conditions. If any adverse conditions are found, this report would be subject to review and changes.
29. This appraisal assignment was not made, nor was the appraisal rendered on the basis of a requested minimum valuation, specific valuation, or an amount which would result in approval of a loan.
30. I have performed no other services, as an appraiser or in any other capacity, regarding the property that is the subject of the work under review within the three-year period immediately preceding acceptance of this assignment.

PROFESSIONAL QUALIFICATIONS

TRAINING AND EXPERIENCE

OF

ROBERT M. ALEXANDER**STATE CERTIFIED GENERAL APPRAISER #RZ 0001500**

My family has owned and operated a real estate and construction business in Highlands County continuously since 1956. I have been personally involved with this Real Estate and construction business full time since 1973. This involvement has provided me with hands on training in such areas as marketing, land development, and property management as well as an extensive background in construction, both residential and commercial.

This actual building experience is supplemented by the Florida and National building costs furnished by Marshall and Swift Company who has been compiling and furnishing this information since 1932. Marshall is recognized as competent authority by appraisers and financial interests throughout the country.

Licenses:

First state registered as salesman in 1973
 DPR "Broker" #0131497
 State Certified General Contractor #GCG005430 (inactive)
 State Certified Residential Appraiser #RD 0000110 in March, 1990 (upgraded 10/92)
 State Certified General Appraiser #RZ 0001500 in October, 1992

Special Education:

1. AIREA "Real Estate Principles" 06/24/81
2. AIREA "Residential Valuation" 07/03/81
3. AIREA "Standards of Professional Practice and Ethics" 09/26/86
4. Bert Rodgers "CA1" preparation course 1/19/90
5. Bert Rodgers "CA2" 60 hour course, June, 1992
6. Bert Rodgers "USPAP" 15 hour course, July, 1992
7. Bert Rodgers "CA2" preparation course, 9/19/92
8. AIREA "The Appraiser as an Expert Witness, 5/6/94
9. Hondros Career Centers "Appraisal Continuing Education" 6/9/94
10. AIREA "Understanding Limited Appraisals" 8/26/94
11. AIREA Fair Lending and the Appraiser 9/28/95
12. AIREA Alternative Residential Reporting Forms 7/19/96
13. Continuing Education Course "Specialty", "USPAP/Law Update", "Case Studies in Uniform Standards" 07/26/98
14. FHA Appraisal Guidelines & Exam Preparation 11/16/99
15. FHA Appraisal Examination 12/09/99
16. Building Codes & Plan Interpretation 4/7/01
17. Continuing Education USPAP/Law Update 09/27/02
18. Continuing Education Art of the Review 09/27/02
19. Continuing Education Case Studies 09/27/02
20. Continuing Education Land Valuation course 11/04
21. Continuing Education Law/Standards update 11/04
22. Continuing Education National USPAP Course 11/04
23. Continuing Education USPAP, Law/Standards update, FNMA update, and Fraud Awareness 30 hours 9/06
24. Continuing Education USPAP, Law/Standards update, Land Valuation course 7/08
25. FNMA Form 1004MC HVCC and more 1/13/2010
26. Florida Supervisor/Trainee Roles and Relationships 1/13/2010
27. Florida Appraisal Laws and Regulations 1/13/2010
28. Disclosures and Disclaimers 1/14/2010
29. Appraising FHA today 1/24/2010
30. 2010-2011 National USPAP Update 3/15/2010
31. Florida Appraisal Laws and Regularions 5/20/2012
32. REO and Foreclosures 6/17/2012
33. Private Appraisal Assignments 7/4/2012
34. The Dirty Dozen 7/4/2012
35. 2012-2013 7 hour National USPAP Update Course 7/7/2012
36. Risky Business: Ways to Minimize your Liability 7/8/2012

Appraisals made for:

Highlands County	Federal Agencies
City of Sebring	Attorneys
City of Avon Park	Sellers
Federal Aviation Administration	Buyers
ERC Relocation Companies	Owners
Commercial Lenders	Developers
Private Lenders	Holding Companies
HUD/FHA Panel Fee Appraiser	Mortgage Companies

I have served as expert witness in Court several times.

Affiliations and Memberships:

State Certified General Appraiser #RZ 0001500
 1990 First Vice President, Sebring Board of Realtors
 1990 Multiple Listing Committee Chairman
 Florida Association of Realtors
 National Association of Realtors
 Marshall Valuation Service

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AC#6289523 STATE OF FLORIDA

DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION
FLORIDA REAL ESTATE APPRAISAL BD SEQ# L12082104349

DATE	BATCH NUMBER	LICENSE NBR
08/21/2012	128047614	RZ1500

The CERTIFIED GENERAL APPRAISER
Named below IS CERTIFIED
Under the provisions of Chapter 475 FS.
Expiration date: NOV 30, 2014

ALEXANDER, ROBERT M
29041/2 SOUTHGATE SHOPPING CEN
SEBRING FL 33870

RICK SCOTT GOVERNOR

KEN LAWSON SECRETARY

DISPLAY AS REQUIRED BY LAW

