February 22, 1999

Re: **Holiday Trail Plaza**, The Northwest quadrant of Highway 192 and Holiday Trail, Osceola County, Florida

Dear Mr. :

As requested, we have completed our inspection and appraisal of the above referenced property. The attached complete appraisal is presented in a self-contained report format. The appraisal provides the data and reasoning employed in formulating our value estimate. Our appraisal has been prepared in conformance with appraisal guidelines set forth within the FIRREA, and standards set forth by USPAP and the Appraisal Institute. The function of the appraisal is for use in loan underwriting.

The purpose of our appraisal was to estimate the market value of the fee simple interest (subject, however, to existing market level leases at market rent levels) in the property under current market conditions. The property is improved with a new tourist-oriented retail/restaurant center.

Our value estimate is subject to existing leases and based on those assumptions offered in the attached report. Our market value estimate includes the potential value of timeshare solicitation rights on the property which generates an additional $50,000 per year in income to the property. The analyses, opinions, and conclusions were prepared by the undersigned. The value reported is qualified by certain definitions, limiting conditions and certifications which are set forth in the attached report.

The Appraisal may be relied upon by , its successors and assigns, in determining whether to make a loan evidenced by a note ("Property Note") and secured by the Property. It may also be relied upon by any purchaser in determining whether to purchase the Property Note for this transaction from , its successors and assigns, as well as any Rating Agency in rating securities issued by , and representing an interest in the Property Note. Finally it may be included with and referred to in materials offering the Property Note or an interest in the Property Note for sale.

Value Conclusions:

Based primarily on our value indication derived from the Income Approach to value, with secondary weight given the other two approaches it is our opinion that the value of Holiday Trail Plaza under market conditions prevailing on January 22, 1999 is:

The value cited above includes per year in income associated with Timeshare solicitation rights at the property .

As requested, we have also provided an estimate of Insurable Value for the property as follows:

The values set forth above are subject to the assumptions, limiting conditions and certification statements set forth in the attached complete, self contained appraisal report. This letter must remain attached to the following appraisal report and related addendum items in order for the value set forth to be considered valid.

Thank you for this opportunity to be of service.

Respectfully submitted,

DeRango, Best & Associates

Daniel R. DeRango, MAI
St. Cert.Gen RE Appr. 0001054

99-004

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EXECUTIVE SUMMARY

PROPERTY IDENTIFICATION:

Holiday Trail Plaza Retail Center
U.S. Highway 192 & Holiday Trail
Osceola County, Florida.

CLIENT:

DATE OF APPRAISAL:

January 22, 1999

PURPOSE OF THE APPRAISAL:

Market value of fee simple interest subject to existing leases. (Leased fee interest, subject to existing market leases.)

FUNCTION OF APPRAISAL:

Loan Underwriting.

PROPERTY DESCRIPTION:

Holiday Trail Plaza is a new tourist retail center containing 25,564 gross square feet on a 2.14± acre site. The property is made up of one building with approximately 24,481 square feet of leasable space.

The center is occupied by four primary tenants and also receives income from a timeshare solicitation lease. Other improvements include common area parking, drives and signage.

HOLIDAY TRAIL PLAZA RENT ROLL

Tenant	Business	Location	Store Size	% of Total	Base Rent per Foot (All NNN)	Comments
Sports Dominator	Sportswear	Center In Line	10,600			Very Large Entry Facade. Store is part of a local Chain. Has arena style sunken floor
S.Mart (aka Bargain Kingdom)	Tourist Gift Shop	West End	1,976			Store is part of a local Chain. Nominal Finishes but has excellent exposure to the Highway.
Country Jeans	Casual Apparel	In Line	5,100			Part of a Local Chain. Average Finishes.
Bennigan's	Casual Dining	East End	6,805			Part of a National Chain. Extensive Finishes paid for in part by the tenant.
Totals/Average			24,481			
Timeshare Solicitation		Solicitation Rights to Entire Property	Booth			Gross Lease to Solicitation group for OPC leads for Timeshare tours. Gross Rental Amount. Contract is pending.

HIGHEST & BEST USE: As vacant – Tourist Retail.
As Improved – Current Use

PROPERTY RIGHTS APPROVED: Fee Simple (Subject to leases @ market)

SUMMARY OF INCOME APPROACH

OCCUPANCY: 100%

EXPENSE REIMBURSEMENT: Pro rata share of all common operating expenses including:

1. Management
2. Real Estate Taxes
3. Property Insurance
4. Common Area Maintenance

VALUE INDICATIONS:

Cost Approach:
Sales Comparison Approach:
Income Approach:

Discounted Cash Flow Valuation Parameters

Discounted Cash Flow Analysis
Forecast Term: 11 years & 12 year reversion

Year one Gross Potential Rental Income:

Year One Net Income:

Terminal Cap Rate:

Discount Rate:

Indicated Going In Cap Rate:

Direct Capitalization Rate: (Terminal Rate)

Gross Income Multiple:

Value Per Square Foot:

RECONCILED VALUE CONCLUSION
INSURABLE VALUE ESTIMATE

NOTES: The value cited above includes the value of timeshare solicitation rights at the property. The lease for these rights will generate per year in income.

SPECIAL ASSUMPTIONS

Assumption No. 1

We have assumed that the information provided by representatives of the property owner to be materially accurate. Specifically, we have relied on representations concerning:

- Lease Terms and Projected Expense Recoveries
- Tenant Bay Sizes
- Land Size for the vacant pad site
- Building Costs
- Information from similar projects under common ownership.

The owners are knowledgeable investors who have several property holdings in the tourist markets around Orlando. Where possible, we have independently verified the data and compared the information with similar data from other properties as a test of reliability. We have found no reason to question the validity of the data provided. However, should the data provided later prove to be materially inaccurate, our appraisal is subject to review and possible revision.

Assumption No. 2

We have been informed that there is a pending lease for timeshare solicitation rights at the property for per year in rent which will be executed shortly. We have assumed that this information is accurate and we have included this income in our value estimate for the property.

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

STANDARD

- The legal description furnished is assumed to be correct.

- I assume no responsibility for matters in legal character, nor do we render any opinions as to title, which is assumed to be good. This report contains a section entitled "Ownership and Sales History", which describes the recent title history of the subject property. This should not be construed to be a title search or a report of title. We render no opinion as to title, which is assumed to be good and marketable.

- All existing liens and encumbrances have been disregarded, unless otherwise offered, and the property is appraised assuming prudent and responsible ownership and competent management.

- Site plans, sketches, drawings and other exhibits in this report are included only to assist the reader in visualizing the property. We assume no liability for their accuracy.

- I have made no survey of the property and assume no responsibility in connection with such matters.

- I assume no liability for structural conditions not visible through ordinary inspection.

- Information obtained from Public Records, files, Realtors, buyers and sellers, etc. was utilized in the preparation of this appraisal report. The information obtained from these sources was assumed to be accurate and correct. A reasonable effort has been made to verify all such information; however, no responsibility for its accuracy is assumed by this office.

- The separate valuation for land and building must not be used in conjunction with any other appraisal and are invalid if so used.

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS (continued)

ENVIRONMENTAL

- Our appraisal assumes that there are no hazardous materials affecting the property. We are not aware of the existence of potentially hazardous material(s) on the property. We are not qualified to detect such substances. We urge the client to retain an expert in this field if desired.

- I am not aware of any soil or subsoil conditions which would affect the property. The discovery of soil conditions is beyond our area of expertise.

AMERICAN DISABILITY ACT

- The Americans with Disabilities Act ("ADA") became effective January 26, 1992. The appraiser has not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since there was no direct evidence relating to this issue, the appraiser did not consider possible non-compliance with the requirements of ADA in estimating the value of the property.

OTHER

- Disclosure of the contents of this appraisal report is governed by the Standards the Appraisal Institute.

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

CERTIFICATION

I, Daniel R. DeRango, 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 General Assumptions and Limiting Conditions and where applicable, the Special Assumptions, and are my personal, unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and we 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.
- My analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.
- This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I Daniel R. DeRango have completed the requirements of the continuing education program of the Appraisal Institute.
- I have made a personal inspection of the property that is the subject of the report.
- I have complied with the Uniform Standards of Professional Appraisal Practice (USPAP) in conducting the research and analysis, and in formulating the value conclusion(s) contained in this report.
- I am in compliance with the Competency Provision in the USPAP as adopted in FIRREA 1989 and have sufficient education and experience to perform the appraisal of the subject property.

Daniel R. DeRango, MAI
State Cert. Gen.RE Appraiser #0001054

Westerly view of Holiday Plaza from U.S. Highway 192 frontage.

Easterly view of Holiday Trail Plaza from U.S. Highway 192 frontage

View south along Holiday Trail.

View north along Holiday Trail.

View east along Highway 192.

View west along Highway 192.

INTRODUCTION

PROPERTY IDENTIFICATION & SCOPE OF THE ASSIGNMENT

DeRango, Best & Associates has been requested by to prepare an appraisal of the Holiday Trail Plaza tourist retail center located along the north side of Highway 192 at Holiday Trail, in Osceola County, Florida. The property contains a total leasable area of 24,481± square feet. The property will also generate income from a timeshare solicitation tenant. The purpose of this appraisal is to estimate the market value of the fee simple interest property under current market conditions.

In arriving at our value estimate, we have prepared a Cost Approach, Sales Comparison and Income Approaches to value for the improved areas of the property. We have personally inspected the property and neighborhood in preparing this report. We have researched the area for comparable land sales, costs, rental information, operating expenses and tourist retail center sales. We have also reviewed retail and hospitality industry trends in the tourist corridors of the city and have interviewed market participants to determine the appropriate value for the property.

Our market value estimate has been prepared in accordance with FIRREA appraisal guidelines. To value the subject property, we have compiled and analyzed a significant amount of data pertaining to the Orlando tourist retail market and subject area in particular. We will discuss the operation and the unique market niche of subject including a brief overview of the subject retail market niche. This information plus that gleaned from the relevant and broader marketplace provided the basis of our valuation.

LEGAL DESCRIPTION

The lengthy legal description of the property has been copied and is presented in the Addenda section to the report.

VALUE DEFINITIONS

Market Value

As defined in Chapter 12, Code of Federal Regulation, Part 34.42() is, "the most probable price which a property acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;

2. Both parties are well informed or well advised, and acting in what they consider their own best interests;

3. A reasonable time is allowed for exposure in the open market;

4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

Source: FIRREA Act, Title XI

PROPERTY RIGHTS APPRAISED

The property rights appraised herein are the Fee Simple Interest.

The property is subject to four leases, all of which are at market rent levels. Therefore, the leased fee and fee simple value are the same for this property at the date of valuation.

OWNERSHIP AND SALES HISTORY

According to Osceola County Public Records, the subject is owned by Famous Host Associates. The site was an assemblage of parcels in a complex series of transactions between 1995 and 1997. A summary of the transactions is set forth as follows:

Famous Host Site Assemblage

Transaction	Seller Name	Date	Recorded in Osceola County	Price	Comments
A	Ortex N V	Jun-95	OR 1270-935	$2,469,300	Purchase of 3.31 Acre site improved with a Motel Purchased out of a foreclosure.
B	Southland Employees Trust	Sep-97	OR 1445-2374	$275,000	Purchase of existing Convenience Store/ Service Station. FH also provided $400K to seller in order to relocate the business.
C	Southland Corp.	Sep-97	OR 1445-2377	$40,000	Purchase of small parcel to rear of Parcel B
Business Relocation				$400,000	Business Relocation paid to Seller described above.
Total Price				$3,184,300	
LESS:					
Resale of Motel	Famous Host	Oct-96	1354-1727	-$1,300,000	Resale of motel back lands to Patel Management. Left a total of 2.14 Acres in the Famous Host Site.
Net Acquisition				**$1,884,300**	Total Price equates to about $20.21/SF

The assemblage is made up of a former service station/convenience store and the front portions of an existing motel that was in foreclosure when purchased by Famous Host. The rear area of the motel were then sold, net of the highway frontage and easements for access were retained by Famous Host.

The seller of the service station also received $400,000 in relocation costs in order to move to a new location further to the east along US Highway 192.

Other factors were the costs of demolition and documents for the transactions. However, there were some vested impact fee credits which went along with the property which offset the noted costs.

Overall, the value of the property as assembled is greater than the sum of the parts for the parcels acquired. The acquired property has considerable plottage value as assembled.

No other sales of the property have been recorded during the previous 5 years researched.

MARKETING TIME

The estimated marketing time for the property reflects. Given the high exposure location of the property, the tenant mix, and the stabilized operating posture of the property, a relatively short marketing period would be expected.

Considering the aforementioned, discussions with local sources and comparable sales information pertaining to marketing periods, a 12-month or less marketing time for the subject is plausible at the value estimate cited.

Orlando Area Analysis

Introduction

The economic vitality of the surrounding area, and the immediate neighborhood encompassing the subject property, is an important consideration in estimating future retail demand and income potential. Historic social, economic, governmental, and environmental forces which reflect the quantity and quality of retail demand provide a basis from which future estimates of demand can originate.

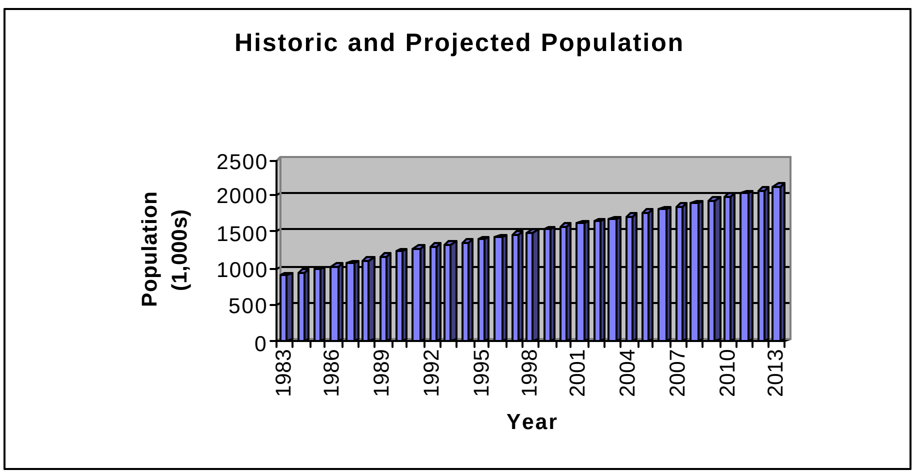
The subject property is located in Orlando, Florida. Our evaluation of historical, current and projected trends for this area will focus on a comparison to Florida.

A detailed demographic analysis of Orlando and Florida was conducted using information provided by the *National Planning Association*, a recognized industry source. Information supplied includes employment, population and income data.

Population

Historic and projected population trends for Orlando are depicted in the following chart.

Orlando



The population of Orlando, as seen in the accompanying table, increased at a compounded annual rate of 2.40% from 1993 to 1997. For the same time frame, Florida experienced a compounded annual growth rate of approximately 1.65%. Over the last fifteen years Orlando's average annual compound change was 3.42%, as compared to 2.24% for Florida. During the next 15 years, 1999 to 2012, both Orlando and Florida are expected to increase in population. It is anticipated that Orlando will experience increases at an average annual compound rate of 2.33%, while Florida's population is expected to grow at an average annual compound rate of 1.80% for this period. The short term projections reflect growth rates that are higher than the 15 year estimates. Orlando's population is expected to increase at an average compound annual rate of 2.37% from 1998 to 2002 while the population of Florida is expected to increase at an average annual compound rate of 1.79% over the same five years.

The increase in population for Orlando and Florida appears consistent with recent trends for other geographic region. Both Orlando and Florida are anticipated to experience continued growth, with future estimates mirroring growth rates similar to those experienced in the past.

Population Trends Comparison

		Florida		Orlando	
	Year	Population (000's)	% Annual Change	Population (000's)	% Annual Change
Historical	1983	10,749.9		916.2	
	1988	12,306.4	2.7%	1,120.0	4.1%
	1992	13,500.5	2.3%	1,302.9	3.9%
	1993	13,711.6	1.6%	1,333.9	2.4%
	1994	13,955.7	1.8%	1,363.8	2.2%
	1995	14,181.2	1.6%	1,391.6	2.0%
	1996	14,418.9	1.7%	1,426.4	2.5%
	1997	14,654.0	1.6%	1,467.1	2.8%
Projected	1998	14,876.9	1.5%	1,494.8	1.9%
	1999	15,094.2	1.5%	1,524.2	2.0%
	2000	15,401.8	2.0%	1,566.2	2.8%
	2001	15,710.6	2.0%	1,608.1	2.7%
	2002	16,017.2	2.0%	1,649.7	2.6%
	2007	17,560.3	9.6%	1,858.5	12.7%
	2012	19,151.1	9.1%	2,072.4	11.5%
Average Annual Compound Change	Historical				
		Past 5 years	1.65%		2.40%
		Past 15 years	2.24%		3.42%
	Projected				
		Next 5 years	1.79%		2.37%
		Next 15 years	1.80%		2.33%

Source: NPA Data Services, Inc.; compiled by VIL

Employment

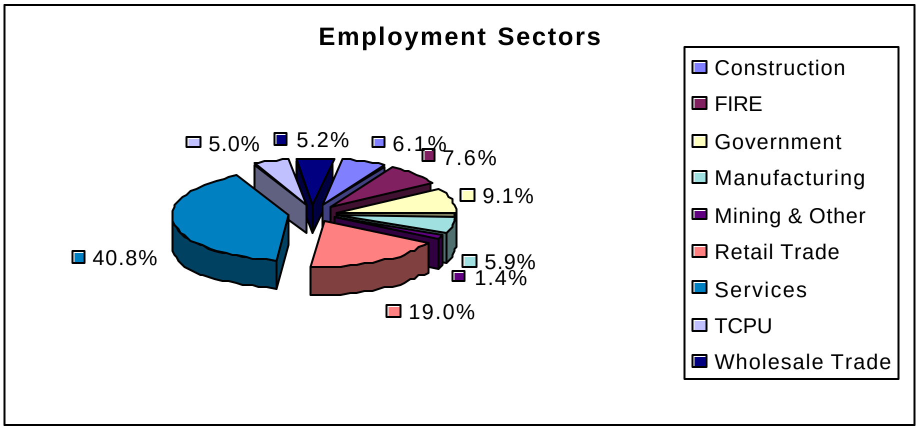
Employment trends for both Orlando and Florida is anticipated to follow a pattern similar to the population trends for these areas, although at slightly higher rates of increase. Employment trends for Orlando and Florida are presented in the accompanying chart. From 1993 to 1997, Orlando realized employment growth at an average annual compound rate of 4.03%. For the same time period, the average annual compound rate of growth for Florida was 3.25%. Similarly, these statistics indicate Florida surpassed Orlando in employment growth over the last fifteen years. Employment for Orlando grew at an average annual compound rate of 4.70% during this time frame, while Florida experienced 3.21% average annual growth. Estimates for the next five and fifteen year periods reflect rates of employment growth for Florida to be higher than the anticipated gains in employment for Orlando as a whole. From 1998 to 2002, Orlando is anticipated to experience a 3.99% average annual growth rate, while the long term projection, 1998 to 2012, indicates a 3.35% average annual compound increase. For the same time frames, Florida is expected to grow at average annual compound rates of 2.83% and 2.47%, respectively. While employment gains do not correlate directly to retail demand, they do depict the underlying health of the economy. Historical and projected trends for Orlando indicate growth rates which exceed Florida's rate suggesting a competitive position within Florida.

Non-Farm Employment Trends Comparison

		Florida		Orlando	
	Year	Employment (000's)	% Annual Change	Employment (000's)	% Annual Change
Historical	1983	5,077.1		484.0	
	1988	6,352.2	4.6%	670.6	6.7%
	1992	6,736.8	1.5%	755.6	3.0%
	1993	6,977.7	3.6%	788.6	4.4%
	1994	7,219.0	3.5%	814.8	3.3%
	1995	7,455.6	3.3%	838.8	3.0%
	1996	7,674.2	2.9%	882.3	5.2%
	1997	7,906.0	3.0%	920.8	4.4%
Projected	1998	8,153.2	3.1%	960.7	4.3%
	1999	8,387.1	2.9%	1,001.0	4.2%
	2000	8,620.3	2.8%	1,040.6	3.9%
	2001	8,859.6	2.8%	1,080.7	3.9%
	2002	9,089.3	2.6%	1,119.7	3.6%
	2007	10,276.9	13.1%	1,318.6	17.8%
	2012	11,404.6	11.0%	1,509.0	14.4%
Average Annual Compound Change	Historical				
		Past 5 years	3.25%		4.03%
		Past 15 years	3.21%		4.70%
	Projected				
		Next 5 years	2.83%		3.99%
		Next 15 years	2.47%		3.35%

Source: NPA Data Services, Inc.; compiled by VIL

An analysis of the employment mix will further establish an understanding of the economies of Orlando and Florida, and how they relate to future real estate demand. The following pie chart depicts the current distribution of employment by industry.



The preceding chart and accompanying tables show that in 1997, the largest employment sectors in the Orlando were Services (40.76%), Retail Trade (19.01%), Government (9.11%), and FIRE (7.58%). In 1997, Florida's largest employment sectors were Services (35.75%), Retail Trade (18.94%), Government (13.11%), and FIRE (8.30%).

As shown in the following table, historical trends for Orlando indicate the largest percentage gains in employment over the past fifteen years occurred within the Services and Retail Trade sectors with annual average compound growth rates of 7.07% and 5.22% respectively. Over the past five years significant activity has occurred in the Services and Construction sectors with annual average compound growth rates of 6.19% and 5.42%.

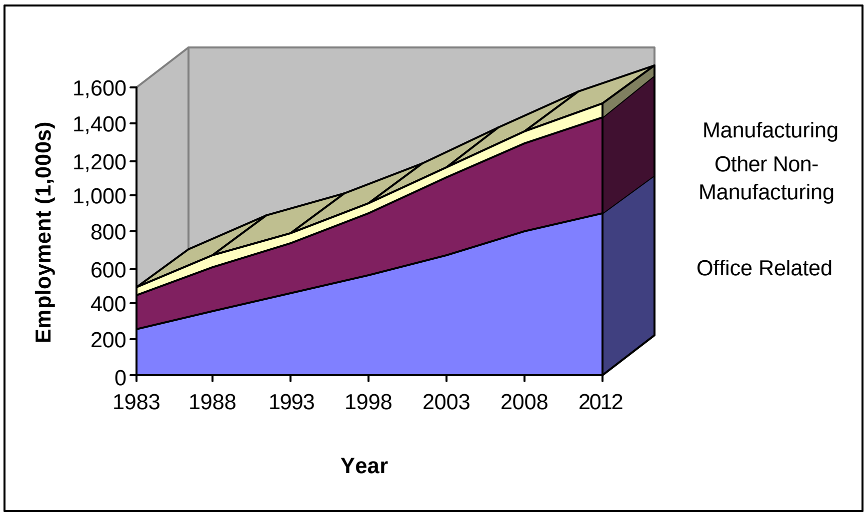
Non-Farm Employment Trends - Historical
Orlando

(in thousands)	1983	% of Total	1988	1992	1993	1994	1995	1996	1997	% of Total	Long Term	Short Term
Total Employment	484.0	100%	670.6	755.6	788.6	814.8	838.8	882.3	920.8	100%	4.7%	4.0%
Construction	35.7	7.4%	51.4	42.9	45.2	47.4	49.2	53.2	55.9	6.1%	3.2%	5.4%
FIRE	45.0	9.3%	59.7	58.9	61.3	63.4	65.5	68.0	69.8	7.6%	3.2%	3.5%
Government	65.3	13.5%	82.2	94.9	94.1	92.8	86.8	88.2	83.9	9.1%	1.8%	-2.4%
Manufacturing	46.3	9.6%	63.6	53.4	53.9	52.4	52.1	54.0	54.3	5.9%	1.2%	0.3%
Mining & Other	10.0	2.1%	10.6	11.3	12.4	12.7	12.6	13.1	12.7	1.4%	1.7%	2.5%
Retail Trade	85.9	17.7%	122.7	139.9	144.6	151.6	158.0	166.2	175.0	19.0%	5.2%	4.6%
Services	144.2	29.8%	214.7	277.9	298.0	312.1	329.8	350.7	375.3	40.8%	7.1%	6.2%
TCPU	23.9	4.9%	31.0	39.2	41.7	43.1	42.9	44.2	46.2	5.0%	4.8%	3.3%
Wholesale Trade	27.7	5.7%	34.8	37.3	37.5	39.4	42.0	44.8	47.6	5.2%	4.0%	5.0%
Ttl Non-Manftng.	437.7	90.4%	607.0	702.2	734.7	762.4	786.8	828.4	866.4	94.1%	5.0%	4.3%
Ttl Office-Related*	254.5	52.6%	356.5	431.7	453.4	468.3	482.1	506.9	529.0	57.5%	5.4%	4.2%

*Includes FIRE, Services and Government

These trends are further identified in the following chart which depicts growth in the broad-based categories of manufacturing, office related and other non-manufacturing employment. For purposes of this analysis, office related employment is defined as total employment in the FIRE, Services and Government sectors. While not all employment from these sectors is office related, office employment trends tend to mirror the trends from these categories. As seen in these charts, office-related employment has captured an increasing share of total employment, indicating a shift toward a more service-based economy. This is a common trend on a national basis.

Orlando
Historic and Projected Non-Agricultural Employment



Historical trends for Florida are summarized in the following chart and indicate the largest gains in employment over the past fifteen years occurred within the Services and Retail Trade sectors with annual average compound growth rates of 5.2% and 3.3% respectively. Over the past five years significant activity has occurred in the Services and TCPU sectors with annual average compound growth rates of 4.9% and 3.8%.

Non-Farm Employment Trends - Historical
Florida

(in thousands)	1983	% of Total	1988	1992	1993	1994	1995	1996	1997	% of Total	Long Term	Short Term
Total Employment	5077.1	100%	6352.2	6736.8	6977.7	7219.0	7455.6	7674.2	7906.0	100%	3.2%	3.3%
Construction	351.5	6.9%	457.8	380.6	403.4	412.8	429.2	454.7	457.1	5.8%	1.9%	3.7%
FIRE	522.0	10.3%	592.6	562.4	576.0	604.1	620.8	640.8	656.0	8.3%	1.6%	3.1%
Government	758.4	14.9%	905.9	1003.5	1004.9	1018.3	1019.9	1032.1	1036.6	13.1%	2.3%	0.7%
Manufacturing	479.2	9.4%	557.2	502.0	506.2	508.6	506.6	514.3	509.6	6.4%	0.4%	0.3%
Mining & Other	109.5	2.2%	127.9	137.2	147.0	152.9	154.7	162.5	164.5	2.1%	2.9%	3.7%
Retail Trade	956.4	18.8%	1226.8	1287.3	1325.2	1373.9	1410.6	1461.7	1497.2	18.9%	3.3%	3.1%
Services	1387.4	27.3%	1888.0	2222.2	2357.0	2466.5	2609.8	2678.1	2826.5	35.8%	5.2%	4.9%
TCPU	263.0	5.2%	294.5	316.9	334.1	346.9	354.7	366.2	380.9	4.8%	2.7%	3.8%
Wholesale Trade	249.8	4.9%	301.6	324.7	324.1	335.0	349.2	363.8	377.7	4.8%	3.0%	3.1%
Ttl Non-Manftng.	4597.9	90.6%	5795.1	6234.8	6471.5	6710.4	6949.0	7159.9	7396.4	93.6%	3.5%	3.5%
Ttl Office-Related*	2668	52.5%	3386.5	3788.0	3937.8	4088.9	4250.6	4350.9	4519.1	57.2%	3.8%	3.6%

*Includes FIRE, Services and Government

Future projections are summarized in the following tables. Projections for Florida show Services related employment leading all other sectors with Retail Trade as the next leading sector. The Orlando forecast has Services related employment leading all other sectors with Retail Trade as the next leading sector.

Non-Farm Employment Trends - Projected
Orlando

(in thousands)	1998	% of Total	2003	2007	2008	2009	2010	2011	2012	% of Total	Long Term	Short Term
Total Employment	960.7	100%	1158.7	1318.6	1357.4	1396.7	1435.6	1475.2	1509.0	100%	3.3%	2.7%
Construction	59.8	6.2%	68.4	75.6	77.3	79.1	80.9	82.4	83.6	5.5%	2.4%	2.0%
FIRE	73.0	7.6%	88.0	100.3	103.3	106.3	109.3	112.4	115.1	7.6%	3.3%	2.8%
Government	85.9	8.9%	97.1	107.8	110.5	113.2	115.8	118.6	121.0	8.0%	2.5%	2.3%
Manufacturing	54.9	5.7%	61.4	66.6	67.8	68.9	70.0	71.2	72.1	4.8%	2.0%	1.6%
Mining & Other	12.5	1.3%	13.8	14.9	15.3	15.6	15.9	16.2	16.4	1.1%	2.0%	1.9%
Retail Trade	181.2	18.9%	219.2	249.0	256.1	263.3	270.4	277.9	284.3	18.8%	3.3%	2.7%
Services	396.1	41.2%	492.1	568.5	587.1	606.0	624.7	644.0	660.7	43.8%	3.7%	3.1%
TCPU	47.6	5.0%	58.4	67.0	69.1	71.2	73.3	75.1	76.7	5.1%	3.5%	2.7%
Wholesale Trade	49.7	5.2%	60.3	69.0	71.0	73.2	75.3	77.4	79.1	5.2%	3.4%	2.8%
Ttl Non-Manftng.	905.8	94.3%	1097.2	1252.0	1289.7	1327.8	1365.6	1404.0	1436.9	95.2%	3.4%	2.8%
Ttl Office-Related*	555.1	57.8%	677.3	776.6	800.8	825.4	849.8	875.0	896.8	59.4%	3.5%	2.9%

*Includes FIRE, Services and Government

Non-Farm Employment Trends – Projected

Florida	1998	% of Total	2003	2007	2008	2009	2010	2011	2012	% of Total	Long Term	Short Term
Total Employment	8153.2	100%	9319.5		10507.9	10742.4	10974.0	11210.9	11404.6	100%	2.4%	2.1%
Construction	470.2	5.8%	530.5	584.3	597.4	610.8	624.1	634.8	643.0	5.6%	2.3%	1.9%
FIRE	676.1	8.3%	777.7	861.0	881.0	901.2	921.1	942.8	960.5	8.4%	2.5%	2.2%
Governmen	1046.3	12.8%	1125.0	1217.4	1240.4	1263.8	1287.3	1311.1	1332.5	11.7%	1.7%	1.8%
Manufacturing	505.9	6.2%	541.9	567.9	573.6	579.1	584.2	590.0	593.2	5.2%	1.1%	0.9%
Mining & Other	165.5	2.0%	188.4	209.1	215.0	221.1	227.2	232.5	236.9	2.1%	2.6%	2.5%
Retail Trade	1532.8	18.8%	1758.3	1931.4	1972.0	2013.0	2053.2	2096.8	2131.6	18.7%	2.4%	2.0%
Services	2977.7	36.5%	3496.7	3906.6	4006.0	4107.2	4207.4	4311.4	4398.0	38.6%	2.8%	2.4%
TCPU	390.2	4.8%	444.8	488.2	498.4	508.8	518.9	527.7	534.3	4.7%	2.3%	1.8%
Wholesale	388.6	4.8%	456.1	511.1	524.2	537.5	550.7	563.8	574.7	5.0%	2.8%	2.4%
Total Non-	7647.3	93.8%	8777.6	9709.0	9934.3	10163.3	10389.8	10620.9	10811.5	94.8%	2.5%	2.2%
	4700.1	57.6%	5399.4	5985.0	6127.4	6272.1	6415.8	6565.3	6691.0	58.7%	2.6%	2.3%
Ttl Office-												
*Includes FIRE, Services and												

Employment trends for Orlando and Florida are presented as a point of comparison. Our analysis reveals that Orlando accounted for approximately 9.53% of Florida's employment in 1983. By 1997, this ratio changed to 11.65% and it is projected at 13.23% through 2012. In effect, Orlando will grow at a rate parallel to that of Florida.

Income

Personal income is also a significant factor in determining the retail demand in a given market. As illustrated in the accompanying charts, Orlando's per capita income has historically achieved per capita income growth below that of Florida.

From 1993 to 1997, Orlando achieved per capita income growth at an average annual compound rate of 1.82%. For the same time period, the average annual compound rate of growth for Florida was 2.24%. The two market areas recorded similar divergence in per capita income growth over the last fifteen years with Orlando's growth being at an average annual compound rate of 1.17% while Florida’s growth recorded an average annual compound rate of 1.50%. Estimates for the next five and fifteen year periods reflect rates of per capita income growth for Orlando parallel to the anticipated gains in income for Florida. For the two time frames, 1998 to 2002 and 1998 to 2012, Orlando is anticipated to experience a 1.80% and a 1.66% average annual growth rate respectively. For the same time frames, Florida is expected to grow at average annual compound rates of 1.58% and 1.52%, respectively. Orlando personal income per capita has historically been above that of Florida, partially explaining the higher rates of income growth.

Personal Income per Capita Comparison

	Year	Florida Income/Capita	% Annual Change	Orlando Income/Capita	% Annual Change
Historical	1983	$17,771.58		$17,243.29	
	1988	$20,321.59	2.2%	$19,591.36	2.1%
	1992	$20,060.02	-0.2%	$18,920.42	-0.7%
	1993	$20,786.79	3.6%	$19,318.93	0.0%
	1994	$20,902.31	0.6%	$19,452.89	0.7%
	1995	$21,446.69	2.6%	$19,869.35	2.1%
	1996	$21,904.33	2.1%	$20,299.72	2.2%
	1997	$22,406.77	2.3%	$20,708.54	2.0%
Projected	1998	$22,807.97	1.8%	$21,102.39	1.9%
	1999	$23,304.42	2.2%	$21,638.44	2.5%
	2000	$23,694.93	1.7%	$22,017.56	1.8%
	2001	$23,894.68	0.8%	$22,299.54	1.3%
	2002	$24,237.21	1.4%	$22,640.68	1.5%
	2007	$26,081.01	7.6%	$24,485.31	8.1%
	2012	$28,106.72	7.8%	$26,522.75	8.3%
Average Annual Compound Change	Historical				
		Past 5 years	2.24%		1.82%
		Past 15 years	1.50%		1.17%
	Projected				
		Next 5 years	1.58%		1.80%
		Next 15 years	1.52%		1.66%

Source: NPA Data Services, Inc.; compiled by VIL

Income per Household Comparison

	Year	Florida Income/Household	% Annual Change	Orlando Income/Household	% Annual Change
Historical	1983	$45,868.65		$46,593.61	
	1988	$51,184.22	2.2%	$51,716.78	2.1%
	1992	$50,717.19	-0.2%	$50,240.97	-0.7%
	1993	$52,985.66	4.5%	$51,730.42	0.0%
	1994	$53,516.07	1.0%	$52,312.15	1.1%
	1995	$54,786.04	2.4%	$53,301.39	1.9%
	1996	$55,918.03	2.1%	$54,405.68	2.1%
	1997	$56,915.75	1.8%	$55,237.03	1.5%
Projected	1998	$57,615.01	1.2%	$56,062.36	1.5%
	1999	$58,640.82	1.8%	$57,282.66	2.2%
	2000	$59,435.56	1.4%	$58,121.12	1.5%
	2001	$59,740.28	0.5%	$58,690.19	1.0%
	2002	$60,393.24	1.1%	$59,405.34	1.2%
	2007	$63,846.11	5.7%	$63,195.65	6.4%
	2012	$67,793.98	6.2%	$67,512.44	6.8%
Average Annual Compound Change	Historical				
		Past 5 years	2.33%		1.91%
		Past 15 years	1.43%		1.11%
	Projected				
		Next 5 years	1.19%		1.47%
		Next 15 years	1.17%		1.35%

Source: NPA Data Services, Inc.; compiled by VIL

Conclusion

Overall, the economic outlook for Orlando and Florida is positive. Total population for both areas is projected to increase slightly. More importantly, both areas are projected to experience increasing employment growth. Both Orlando and Florida are projected to persist in the shift from manufacturing employment to other forms of employment, such as services. The outcome of this shift should result in a more diversified and stable economy.

NEIGHBORHOOD DATA

Overview

The rationale of the neighborhood analysis is based upon the premise that what occurs in the surrounding neighborhood has a direct and immediate impact on the value of the property.

The Holiday Trail Plaza is located along the north side of US highway 192 about 1.5 miles east of Interstate 4 and just northeast of the Disney Celebration City project. This places the property just east of the vast Walt Disney World holdings and west of the City of Kissimmee.

The immediate neighborhood made up by tourist service oriented properties that lie on either side of U.S. Highway 192, east of Interstate 4, and west of State Road 535. The driving force on development patterns is the neighborhood's proximity to the major tourist attractions, particularly Walt Disney World properties.

Access

East-west access within the subject neighborhood is provided by U.S. Highway 192. This road constitutes a major highway that has been developed with a tourist commercial strip from Interstate 4, east to Kissimmee. U.S. Highway 192 also extends further west to the entrance of Walt Disney World and junctions with U.S. Highway 27 in Polk County. Primary north-south access within the subject neighborhood is provided by Interstate 4 and State Road 535. Traffic Counts in the neighborhood along Highway 192 are as follows:

<u>US 192 – 7/10 Mile East of I –4</u>

US Highway 192 Eastbound	32,000 Vehicles
US Highway 192 Westbound	29,500 Vehicles
Total	61,500 Vehicles

Osceola County officials have started a $23 million project designed to make the busy tourist corridor safer and more appealing to pedestrians.

The plan includes installing 10-foot-wide sidewalks, street lights, crosswalks, landscaping, bus stops and shaded rest areas with benches, trash cans and bike racks. The project will be completed while the state Department of Transportation is widening the road to six lanes.

The roadwork is the second step in what county officials are calling the "BeautiVacation" project. The first phase, completed in 1997, cost about $4 million and included the installation of colorful, 25-foot-high mile markers and Washingtonian palms along the corridor.

The second phase includes road widening and sidewalks and will be done in three parts. The subject property frontage is within the phase of the project which runs from State Road 535 to Bonnet Creek. This phase is scheduled to be completed in December 2000. The second phase, from Bonnet Creek to near the entrance of Splendid China, is scheduled for construction in 2001. The last section, from S.R. 535 to Hoagland Boulevard in Kissimmee is scheduled for construction in 2003.

Tourism officials said the project is crucial to keeping Osceola competitive with Orange County when it comes to luring tourists. The roadwork will disrupt the county's busiest road but officials think it will be worth it. Some of the roadwork will be done at night and temporary pavement will be put in place to maintain four lanes of traffic.

Regional Highways

The most important regional traffic arteries in the immediate neighborhood are Interstate 4 and the Southern Beltway. Interstate 4 is the primary interstate access road through Central Florida and extends northeast from Tampa through the Orlando area to Daytona Beach. The Southern Beltway (also known as State Road 417) encircles the eastern half of Orange County and the northern tip of Osceola County. The Southern Beltway junctions with U.S. Highway 192, continues through Celebration, and currently terminates at Interstate 4 south of the U.S. Highway 192.

Development Patterns in the Immediate Neighborhood

The most recent influence on activity in the U.S. 192 corridor is the nearby development of Disney's Celebration City. Celebration City is a planned, mixed-use development by Walt Disney World Development Company, and consists of approximately 5,150 gross acres. The project is just west of the Holiday Trails property along U.S. 192, in the southeast quadrant of Interstate 4 and U.S. Highway 192.

The Celebration City master plan includes several different phases of development. The total project will include 8,065 single-family and multifamily residential units, three million square feet of office space, and over two million square feet of retail space.

The retail space will include a Celebration Center, containing specialty shops, which in turn link a collection of world-renowned retailers, thus giving the area an international flavor. There is also a town center that has uses that cater to the community residents and guests. The town center includes banks, boutiques, churches, grocery stores, movie theater, post office, and other miscellaneous retail shops that will maximize self sufficiency and minimize the need for external travel.

The total development program also includes a recreation facility containing three golf courses and an institute which offers a broad educational programs to satisfy the residents who would like on going enrichment.

Some of the later phases of Celebration are located to the west of Interstate four on lands below the Disney theme parks.

Another major development planned for the neighborhood is the Opryland Convention Resort to be located to the northwest of the property. This project will include a 1,400-room Opryland Hotel and will begin construction in May. Several conventions are booked already. The developers of the Opryland Hotel inked a deal with Osceola County that gives the developer more than $90 million in tax incentives and the go-ahead to build the hotel with nearly a half-million square feet of meeting space. The world's second Opryland Hotel will be the biggest non-Disney hotel in the county and will spur additional activity in the neighborhood.

The development of the resort will take place within the Xentury City Development (which now includes a Walgreens, a Roadhouse Grill restaurant under construction and a Publix supermarket). The property is just across Holiday Trail from the subject and as part of the development Holiday Trail is to be extended to these back lands which will open the area for additional hotel and timeshare uses providing added demand for the retail uses along the highway.

The U.S. Highway 192 corridor was one of the first areas developed after Disney began operating in the 1970's. Since that time numerous hotels and timeshare projects have been developed which have spawned demand for tourist oriented retail centers, restaurants, and minor tourist attractions. Tourist oriented attractions along the corridor include:

- Fort Liberty (Wild West Dinner Theater)
- Arabian Nights Equestrian Dinner Theater
- Fun and Wheels Amusement Center
- Water Mania water park
- Medieval Times Attraction/Dinner Theater

Also, golf resorts and other recreational facilities have been developed. The commercial strip along the highway is backed up by a variety of uses that include single-family residential and apartments, and timeshare projects.

The remaining lands along the highway corridor in the immediate neighborhood are tourist commercial oriented. Much of this tourist commercial activity consists of:

- Hotels and motels
- Gift shops
- Restaurants (of both a full service and fast-food character)
- Convenience stores
- Minor attractions
- Ticket sales kiosks
- Tourist shopping centers
- Lounges and nightclubs
- Entertainment facilities

With the level of activity in the neighborhood, land values and rent levels are some of the highest found in the metro area. Newer retail and restaurant rental rates now are in the $25.00 to $30.00 per square foot on a net basis. This is nearly double the typical suburban rates found in non tourist areas. At these rent levels the nearby centers have maintained 100% nearly occupancy historically. None of the centers in proximity to the subject have available space for leasing. Further to the east, (about one mile) approaching the SR 535 intersection, the retail centers have rent levels in the $20 to $25 per square foot range and do have a few vacancies.

Hotel occupancy tends to run in the 75% to 80% range. However, the US 192 market is a second tier market with respect to hotel room rates, lagging behind the more expensive Lake Buena Vista and International hotel markets. This factor is beginning to change with the recent announcement of the Opryland Resort, further redevelopment of hotels in the areas surrounding the property have caused an increase in overall ADR and occupancy.

Most of the developable land along the US 192 has been improved, with the notable exception of the Fallschase tract (a mile or so west of the property), which is a large planned development parcel currently being marketed for sale. Demand for land is demonstrated by the recent purchase of improved properties which have been demolished to make way for additional retail and restaurant space like the subject site.

OTHER PLANNED DEVELOPMENT

The following projects are representative approved developments in the area. Most of these projects have been approved for several years but have yet to begin development. The history of the market is such that many projects seek and obtain approvals; some projects are actually developed as planned, some are not, and others are modified many times between inception and development.

Osceola Trace is a proposed, planned development on 1,028+ acres at the intersection of US 192 and CR 535 to the east of the neighborhood. Approved plans call for 950,303 SF of commercial development, a 963,547 SF retail mall, 3,996 hotel rooms and 4,571 residential units. This development will be marketed to the tourist/commercial and retirement market. Recently, Osceola Trace has been short listed as a possible site for the proposed Osceola County Convention Center.

World Gateway (fka The Greene Project) an 865-acre approved DRI/PD contains 6,500 hotel and timeshare units, 1,200 multi-family units and 565,000 SF of office and commercial space. The project is directly across interstate 4 to the nortwest of the subject neighborhood. The owners of the project have started to develop the project after holding and marketing the property for many years. The owners have developed a "spine" road through part of the property and have marketed some hotel and timeshare sites to users. Holiday Inn recently acquired a 25 acre site in the project for the development of an 800 suite hotel.

However, the bulk of the project may be delayed because of problems with the future extension of International Drive. The "link" just east of SR 535 is mired in litigation and this section of the road is important to the future development of the Green Project. This project is currently being marketed for sale and further details are presented in valuation section of the report.

Bonnet Creek is a recently approved 500 acre DRI which is located in the southwest Quadrant of Epcot Center Boulevard and Interstate 4. The project is approved for mixed use tourist development including several thousand hotel rooms, retailing and 50,000 square feet of meeting space.

Xentel International USA is a 320-acre mixed use development to include high-rise and upscale resort development. The master plan includes about 5,000 hotel rooms, 1.25 million SF of office space, 440,000 SF of commercial space and 520 timeshare/condominium units.

Seralago is just east of the subject and is A 584-acre approved DRI, the master plan calls for three hotels (2,187 rooms), 540 timeshare/multi-family units, and 338,000 SF of mixed-use commercial space.

Fallchase (formerly known as Veda Land) is a 450-acre proposed development located on the south side of US Highway 192, two miles east of Interstate 4. Approximately 142 acres will be dedicated to a theme park, 100,000 SF of commercial retail and restaurant space and 1,000 hotel/timeshare units.

The projects cited above are the major land holdings with development approvals in the market area and as these projects are developed, additional activity is expected for retailing in the area which will benefit the Holiday Trail property.

SUMMARY

The Holiday Trail property is situated within an intensely developed tourist-commercial strip. While there are other tourist commercial neighborhoods in the south Orlando area, the subject area is situated within a five-mile radius of the main entrance to Walt Disney World. Furthermore, Celebration City is having an impact on the immediate neighborhood, as well as continually expanding WDW properties. The recent announcement of the Opryland facility and the potential development of a large convention center to the west are both harbingers of increased development and activity along the highway.

The transportation system is good and exposure and visibility of the subject property along U.S. Highway 192 is also good. It is our opinion that the subject property is well located in the neighborhood and enjoys a favorable infrastructure and good transportation network.

Occupancy rates and rent levels at surrounding retail centers have consistently stayed above 95% at rents from $20 to $30 per square foot (on an absolute net basis). These exceptional performance levels are demonstrative of the level of activity and sales volumes in the area. The new activity and development in the area will further spur retail performance over the foreseeable future in the neighborhood.

Tourist Market Retail Overview

General Overview

The property is located in a tourist commercial corridor characterized by a mix of retail, hotel, and tourist amusement uses. The market node in which the property is located would be referred to as US Highway 192/Interstate 4 area. This tourist commercial district is but among several market nodes which service the enormous tourist population visiting the Orlando Metropolitan Area annually. At present, there are over 40 million tourists a year visiting the Disney attractions and surrounding areas. This base of consumers provides enormous opportunities for retailers serving these market areas. For this reason, well located retail properties within the tourist service market nodes command some of the highest retail rents found in the Metropolitan Area.

The major market nodes serving tourism are as follows:

- Lake Buena Vista area
- International Drive
- US Highway 192

The Lake Buena Vista area surrounds the original entrances to the Magic Kingdom and primary holdings of Walt Disney World and is located to the north of this subject. This area is approximately three miles to the north of the immediate neighborhood and surrounds the intersection of Interstate 4 with SR 535. To the north and east the International Drive corridor runs from the Epcot Center entrance to Disney World northward through an area of about 8 miles to the intersection of Interstate 4 with Kirkman Rd. International Drive is broken into several distinct sub-markets including the area surrounding Sea World, the Convention Center market area north of the Beeline Expressway and the oldest sections of International Drive are north of Sand Lake Road and the areas approaching the Universal Studios complex.

Highway 192 where the subject is located is also broken into several segments. The original focus of development in the early 70's and 80's when Walt Disney World first opened included a large concentration of retail space at the main gate entrance which is about 4 miles to the west of the immediate neighborhood. This area was initially developed with motels and tourist service retail uses back in the 70's and have recently have begun to see redevelopment and further expansion of uses with the advent of the Disney Sports Complex and Animal Kingdom attraction, both of which are located west of Interstate 4. This market area is separated from the subject by approximately 3 miles of Disney owned property which is undeveloped and serves as a buffer between public lands and the resort complex proper. There is two in the northwest quadrant of Interstate 4 and US 192 make up the immediate subject market area and include the subject property. These areas include a mix of older hotels, some newer resort properties, and some minor tourist attractions. As mentioned earlier, the entire southeast quadrant of Interstate 4 and US 192 is also part of Disney holdings and is the area of development for the Celebration Project. The immediate market node covers the mile or so east of the interchange with I-4. Several large developments and regional impact tracts and othere lands separate the immediate neighborhood from the next market node at the intersection of US 192 and SR535. The areas closer to SR 535 to the east in a previously mentioned " main gate" area both have a concentration of retail uses but tend to have rents below those found in the immediate neighborhood. The main reason for this is that the subject property is immediately accessible to the interstate and is also reflective of the newer and higher quality of retail space found in the immediate neighborhood relative to these two sub markets that are located to the east and west of the immediate area.

As discussed earlier the main generator for tourist retailing activity is the many hotels and timeshare units in the subject location. The Kissimmee sub market contains several thousand rooms concentrated around the interchange with Interstate 4. The two largest hotels in the immediate area are the Hyatt Orlando and Ramada Inn with surrounding interchange which collectively can house over 1500 rooms. Scattered along the US Highway 192 are other medium and small hotels with room rates ranging from about $50 to $100 per night and the overall occupancy historically has run from about 75% to 80% in these facilities.

The retail market is made up of a mix of free standing single user building which generally specialize in tourist merchandise or have a particular consumer market niche such as electronics, apparel, specialty gifts, etc. The retailers in the main segments of the tourist market have sales volumes which greatly exceed similar uses in more suburban or typical outlying locations. A major reason for these high sales volumes is the fact that there is a large international trade in tourism and these shops tend to have larger than average ticket sales as international tourist stock up on items which are not readily available in there home countries. Items such as denim clothing, shoes, cosmetics, and other personal care items are particularly in demand in these areas.

Several of the major retail operators have small chains of stores selling similar goods and having similar restaurants. For example the Denim Country within the subject is one of a small chain as is the Sports Dominator and Bargain Kingdom chains.

The table set forth below sets forth the occupancy and rent levels in the properties in the surrounding neighborhood.

Additional information about these properties and there locations are found in the Income Approach section.

Neighborhood Retail Centers

Name	Primary Tenants	Total SF	Available SF	Occupancy	Base Rent
Grand Oaks Plaza	Ponderosa,	40,517	None	100%	$25.00 - $30.00
Visitor's Plaza	Western Sizzlin,Bargain World, Denim USA, Polo Jeans.	40,000	None	100%	$25.00 - $32.00
Fortune Park	Bargain Factory, AmSouth Bank, TCBY Yogurt	33,572	9,472	72%	$22.25
Caribbean Village	Captain Nemos Seafood Restaurant, Dominos Pizza	21,000	1,575	93%	$20.00
Nike Outlet	Nike Factory Outlet, also an undisclosed restaurant and retail tenants	12,000-15,000	None	100%	$25.00
Gift City	Ruby Tuesday's, Bargain Zone Gift's, Las Vegas Buffet	29,400	1,600	95%	$25.00-$30.00
Totals		164,489	12,647	7.69%	
Totals (Net of Fortune Park)		130,917	3,175	2.43%	

The Grand Oaks Plaza and Visitors Plaza are the closest in proximity to the subject and have rents in the $25 to $30 SF range. Another center not cited is the Parkway Center which is located to the west of the property near to I-4 and this center also has rent levels reported to be similar to those cited above. This property is removed from the immediate area by the Beltway overpass to the immediate west of the property which forms a natural boundary to the market area.

Fortune Park and Caribbean Village are both located outside the immediate subject market node closer to SR 535 where rent levels tend to be lower. Fortune Park has the only notable vacancy in the area which is a 9,500 SF space formerly occupied by a American Gladiators dinner theater attraction which vacated in mid 1998.

The Nike Outlet and Gift City properties are also located in the neighborhood. The Nike Outlet in particular is in a location similar to that of the subject and is one of the few remaining sites available for retail development on the north side of 192 in the subject neighborhood.

As shown by the information, with the exception of the mentioned 9,500 SF vacancy occupancy levels are high at over 98%. Rent levels in the $20 to $30 SF range are in line with the tourist market in general for retail space in other market nodes described. In fact, the Lake Buena Vista area and some of the prime locations within the International Drive area actually generate rent levels higher than those cited above but these areas are deemed to be superior to the subject market as they have a much higher level of pedestrian traffic than found in the immediate US Highway 192 market area.

The segment of the market included in the freestanding buildings is also about 100% occupied and most of these properties are owner occupied facilities. When rented these free standing building also tend to generate income in the $20 to $25 SF range but tend to be larger in size, averaging 5,000 to 10,000 SF. As with the rents cited above these rentals are an absolute net basis with the tenants responsible for all operating expenses associated with the property.

The current and immediate future outlook for retailing in the tourist service markets is good. Tourist populations year to year have stabilized at the high levels noted earlier and continued growth in new segments of the market such as the convention business and revisitation of the area by families who have not been to the newer attractions in the area are expected to keep these tourist levels high over time. The Orlando attractions area has become one of the premier tourist destinations in the world and this trend is expected to be maintained which bodes well for retailing opportunities in the immediate area.

The previously discussed Celebration project will also continue to bring an influx of residents to the area in addition to the tourist population. However Celebration will include its own retail services which will be targeted more for these residents than toward the transient tourist populations who are the target market for the existing retail along US 192. Nonetheless, the added population base and employment that goes along with this new population should also be a significant segment of demand for retail services and restaurants in the neighborhood for the foreseeable future. Additionally, the recently announced Opryland project immediately to the rear of the property is expected to generate a large amount of new business in the area as well as provide pedestrian traffic to the site and adjoining parcels.

PROPERTY DESCRIPTION

SITE DESCRIPTION

Location

The northwest quadrant of U.S. Highway 192 and Holiday Trail within Osceola County. This location is approximately 1 mile east of Interstate 4 and about 2.5 miles east of the main entrance to Walt Disney World.

Size/Configuration

The site is irregular in shape containing a total of 2.14± acres. The site benefits from extensive frontage along the north side of U.S. Highway 192 and Holiday Trail. The property has 258 feet of frontage along the highway with an average depth of about 275 feet. (The rear property line is irregular.)

Easements and Encumbrances

The site does not appear to be encumbered by any easements which would adversely affect its development potential. The property includes cross easements for access and parking with the Denny's restaurant parcel. There are also cross easements for access to the motel property to the rear of the subject. This easement provides added access to Holiday Trail.

Site Plan

The site layout and improvements consists of one retail type building of approximately 25,564 gross square feet and extensive signage along U.S. Highway 192. The site coverage ratio of the building is about 27% which is a good exploitation of the sites' development potential.

Topography

The site is generally level and slightly above road grade. There is a grass drainage swale along the highway frontage which is typical to properties along the roadside in the neighborhood.

Access and Exposure

The site has excellent access and exposure to the major tourist arteries serving the neighborhood. US 192 in front of the property is a four lane median divided highway with turn lanes at the signalized intersection with Holiday Trail. The property has two curb cut access points along the north side of the U.S. Highway 192 frontage at either end of the site.

The access is superior to that of some of the nearby properties because the subject has direct access to the highway whereas the competitors are located along frontage roads with common access points to the highway shared among several properties.

The property also has two access points to Holiday Trail through the Denny's parking lot and the Motel to the rear.

Flood Hazard

According to the Flood Hazard Map for Osceola County Florida, Community Panel No. 120189-0025, revised February 3, 1982 the property is located within Flood Zone "C", which is defined as an area of minimal flooding. Areas within Zone C do not require flood insurance according to Federal Regulations. (A copy of the flood plain map is in the Addenda.)

Zoning

The property was recently re-zoned PD, Planned Development within the C-T, Commercial Tourist District, by Osceola County. Permitted uses under the C-T zoning include a broad variety of retail, restaurants, hotel/motel, amusement and recreational facilities. The future land use plan calls for continued commercial and tourist oriented uses for lands in the district. The property as developed conforms with the planning and zoning regulations of the district. The performance standards for the district are as set forth as follows.

Performance Standards

Maximum Density	0.30 Floor Area Ratio
Minimum Lot Size	6,000 SF
Minimum Lot Width	80 feet
Minimum Front Yard	25 feet
Minimum Side Yard	0 feet
Minimum Rear Yard	20 feet
Minimum Floor Area	500 SF
Maximum Building Height	50 feet

DESCRIPTION OF IMPROVEMENTS

Overview

The Holiday Trail Plaza building was recently completed (constructed in 1998) and contains a total of 25,564 gross square feet of retail/restaurant space. The tenant mix and the corresponding leasable areas are listed below:

HOLIDAY TRAIL PLAZA RENT ROLL

Tenant	Business	Location	Store Size	% of Total	Base Rent per Foot (All NNN)	Comments
Sports Dominator	Sportswear	Center In Line	10,600	43.3%		Very Large Entry Facade. Store is part of a local Chain. Has arena style sunken floor
S.Mart (aka Bargain Kingdom)	Tourist Gift Shop	West End	1,976	8.1%		Store is part of a local Chain. Nominal Finishes but has excellent exposure to the Highway.
Country Jeans	Casual Apparel	In Line	5,100	20.8%		Part of a Local Chain. Average Finishes.
Bennigan's	Casual Dining	East End	6,805	27.8%		Part of a National Chain. Extensive Finishes paid for in part by the tenant.
Totals/Average			24,481	100.0%		
Timeshare Solicitation		Solicitation Rights to Entire Property	Booth			Gross Lease to Solicitation group for OPC leads for Timeshare tours. Gross Rental Amount. Contract is pending.

General Construction Characteristics

The building is of good quality construction and finishes. The building is of concrete block construction with a flat built-up roof. The storefronts are glass panels in aluminum frames of a quality typical to this type of development. As with most tourist themed centers, the property has an extensive and dramatic facade to lure passing traffic on the highway. The property has a functional layout. Site improvements include asphalt paved parking and drives, good landscaping, and good signage along the U.S. Highway 192 frontage.

The Bennigan's restaurant includes extensive interior and exterior finishes. Much of the interior finishes were provided at tenant expense. The Sports Dominator has a "sunken" area to the center of the store for display of goods. The Country Jeans and Bargain Kingdom Stores have average levels of tenant finish.

Comments, Condition and Functional Utility

The improvements are well designed and are consistent with the tourist nature of the surrounding market. The improvements are in excellent condition (they are new). The retail improvements are a good exploitation of the site potential. Parking and signage are at good levels and there appear to be no functional or physical problems with the property. The building is new and has a remaining economic life of 45 to 50 years.

UTILITIES AND SERVICES

All utilities are available to the subject site. The respective providers are listed below:

Water	Osceola County
Sewer	Osceola County
Electricity	Florida Power Corporation
Telephone	Southern Bell
Police Protection	Osceola County
Fire Protection	Osceola County

PROJECTED REAL ESTATE TAXES

The property has not yet been re-assessed as redeveloped in the Osceola County Tax Rolls. A re-assessment will not occur until later in 1999. Therefore, we have projected stabilized taxes based on the actual land assessment and by using the improvement assessments of nearby retail properties as a guide.

In estimating the taxes for the Holiday Trail Plaza property, we used the actual Osceola County Assessment for the land and added land features. The estimated the assessment for the building based on actual assessments for comparable properties nearby.

The data is summarized in the following table:

Improvements Assessements

Comparable Assessment:	*Assessment/SF*
Visitors Plaza 04-25-28-5519-0001-0020 - just east of property	$29.85
Grand Oaks Plaza 04-25-28-4230-0001-1020 - East of Property	$33.83
Carribean Village 03-25-28-0000-0063-0000 - 1 Mile East	$41.22
Celebration Gifts 09-25-28-4240-0001-0111 - Across US 192	$29.75
Subject - Holiday Trail	

The Estimated Building Assessment for the property should be higher than the comparables because the property is new and of superior finishes than the comparables. The taxes were further escalated by 3% to reflect the trend of increasing taxes in the area.

The total actual taxes per square foot shown by the comparable cited above range from $1.11 per square foot to $1.75 per square foot. The taxes projected for the subject in our appraisal is about $1.25 per square foot. While at the low end of the range, the taxes reflect an assessment that is based on actual land assessment and an improvement assessment based on other county assessments.

In any event, real estate taxes in the area are customarily paid by the tenants as a recoverable income item as is the case with all of the subject leases. Therefore, if the taxes in fact deviate from the estimates cited herein, there is no material impact on the income approach or the value estimate cited in the appraisal.

Our estimates for 1999 are as follows:

Real Estate Tax Projections ***Parcel # 04-2528-0000-0115-0000***	
Land Assessment (Actual)	
Actual Extra Features (infrastructure)	
Building Assessment (Based on Comparables*) **Total Assessment** **Millage Rate**	
Estimated Taxes	
Estimated Growth Rate **Taxes Estimated for Year 1 of Projection (Rounded)**	

* Visitors Plaza, Celebration Gifts and Grand Oaks Plaza.
See Rent Comparables

HIGHEST AND BEST USE

In estimating the highest and best use of the property, we have considered those uses that are legally permissible, physically possible, economically feasible, and which would result in the highest return to the land. We also considered the individual features of the land such as zoning, size, shape, location, access to roadways, and the availability of utilities. Further, we have evaluated the surrounding land uses and the demand for property in the current real estate market.

The highest and best use concept also recognizes the contribution of the use to the community development and environmental goals, as well as the individual property owner's wealth maximization. Our estimate of the highest and best use for the property takes into account the legal, physical and economic factors which affect the site. In the appraisal practice, the Highest and Best Use Analysis is the foundation upon which the valuation of a property is based.

There are two highest and best use estimates which must be estimated in the valuation of the property. The first analysis represents the highest and best use of a the property as vacant and available for development. The second estimate of highest and best use pertains to the improved use of the property with the existing tourist retail uses. In our discussion of the highest and best use as if improved, we will analyze the contribution of the improvements to the overall property value.

HIGHEST AND BEST USE AS VACANT

Legal Considerations

The legal considerations pertain mainly to the zoning which dictates the type and intensity of allowable development for the site. The subject is zoned C-T, Commercial Tourist District, by Osceola County. Permitted uses under the C-T zoning include retail, restaurants, hotel/motel and amusement and recreational facilities. The zoning on the property does not hinder the development potential of the site.

Physical Considerations

The physical considerations affecting a site generally address the type and size of development that particular site will support. The site contains 2.14± acres and is generally rectangular in shape. The topography is generally level and above road grade. The site is located on the north side of U.S. Highway 192 at Holiday Trail. This area of U.S. Highway 192 experiences a large volume of drive-by and pedestrian traffic from tourists staying in nearby hotels. This location increases both the exposure and access characteristics of the site.

Economic Considerations

The economic factors affecting a site relate to the supply/demand factors found in the neighborhood or submarket. The neighborhood consists of several desirable tourist-service segments on U.S. Highway 192. The neighborhood is in close proximity to Disney World and Disney Celebration. The previously cited strong occupancy and rent levels for well-located retail projects reflect the potential for retail and restaurant development on U.S. Highway 192.

Existing tourist-destination attractions on U.S. Highway 192 with similar Interstate 4 exposure include attractions and themed restaurants such as Fort Liberty and Arabian Nights, and amusement/recreational facilities such as Water Mania, Congo Golf and Fun & Wheels. The unique demographics of this tourist market with the large number of hotel rooms and attractions within the immediate area cause the neighborhood to have a strong tourist-service market.

Conclusion

Based on the above analysis, the highest and best use of the property, as if vacant, would be for retail and restaurant and/or hotel/motel uses consistent with zoning of the site.

HIGHEST AND BEST USE AS IMPROVED

The property is improved with tourist retail and restaurant uses consistent with the highest and best use of the site.

APPRAISAL PROCESS

We have used three separate approaches to value the Holiday Trail Plaza: the Cost Approach, the Sales Comparison (Market Data) Approach, and the Income Approach. We then reconciled our value estimates from each of the three approaches.

The **Cost Approach** is defined as, "That approach in appraisal analysis which is based on the proposition that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility as the subject shopping center". This approach provides a good indication of value when the property being appraised involves relatively new improvements or improvements, which represent the highest and best use of the land.

The **Sales Comparison Approach** is a procedure in which the market value estimate is predicted upon prices paid in actual market transactions. The process involves analyzing sales of similar recently sold properties in order to derive an indication of the most probable sales prices of the property being appraised. The reliability of this technique is dependent upon the availability of comparable sales data and the degree of comparability of the data.

The **Income Approach** is defined as, "the procedure in appraisal analysis which converts anticipated income to be derived from the leases at the property into a value estimate. Considering the stability and terms of the four leases at the property, for our analysis, we have used the simple direct capitalization method in evaluating Holiday Trail. In this method, an overall capitalization rate is applied to a stabilized net operating income. This method has validity where rents reflect current market parameters and the property is operating under a stabilized basis as is the case with this property. The property is 100% leased and occupied with long-term leases.

<u>NOTES:</u>

The owner of the property has reported that a contract for rights to solicit for Time Share sales prospects has been negotiated with an area operator. The lease calls for minimum payments of per year. This income source is typical to Tourist Retail Centers in the market area. We have included the value associated with this income within our value estimate.

COST APPROACH

LAND VALUATION

The first step of this approach is to estimate the value of the land as if vacant and available for development. We have researched and analyzed several land sales in the area to determine a value of the site. There are few recent sales of sites truly similar to the property because the U.S. 192 neighborhood has been developed over the last 25 years and there are few remaining sites available for development. (The fact that the subject is the redevelopment of a former motel and gas station demonstrates this point.) Therefore, we have included sales of retail oriented properties in the area that were acquired in the early to mid 1990s (including the recent purchase of the subject site).

Overall Site Value

The primary comparable land sales used in our analysis are summarized on the facing page and are individually compared to the subject parcel below. In the local market, land transactions are typically analyzed on a price per square foot basis.

The primary comparable sales unadjusted unit prices reveal a range from $19.50 to $23.00 for neighborhood sites. The high prices for land are indicative of the activity in the Plaza International neighborhood which is a prime tourist commercial district.

Land Sale No. 1 is the purchase of the Holiday Trail (subject) site in between 1995 and 1997 for a unit price equal to **$20.21** per square foot. At the time, the property was improved with a motel and service station which were razed prior to development of the subject improvements.

The assemblage site would set the low end of the value range for the property and the value of the land as assembled is greater than the costs of acquisition. Therefore sale should be adjusted upward for improving market conditions since the date of sale and the plottage value gained through assembling the site.

Land Sale No. 2 is the purchase of the 1.6-acre site now improved with a Denim Place retail store. The sale occurred in March of 1997 for a price of **$21.52** per square foot. The site is similar in size to the subject and has a similar location when compared to the Holiday Trail but has inferior access. Overall, the value of the subject would exceed the indication for the Denim Place site.

Land Sale No. 3 is the purchase of the 1.6 acre site (next door to sale 2), now improved with a Boardwalk Surf Shop. The sale occurred in April of 1998 for a price of **$22.96** per square foot. The site is smaller in size to the subject which would indicate an upward adjustment. The sale property also has a slightly superior location when compared to the Holiday Trail.

<u>Land Sale No. 4</u> is the purchase of a 5.44 acre site located just east of the subject at the opposite corner of Holiday Trail. The property has been improved with the Visitors Plaza retail center which has similar rent levels to the subject and has maintained 100% occupancy since development.

The sale took place on July of 1994 and should be adjusted upward for improving market conditions. The site is larger than the subject which would also indicate the need for upward adjustment. Finally, the access of the subject site is better than that of this comparable. The price of **$22.79** per square foot for this tract is below the expected value for the subject.

<u>Land Value Analysis and Conclusions</u>

The unadjusted sales data shows a tight value range from about $21.00 to $23.00 per square foot. All are higher than the $20 per square foot price for the subject as assembled and all are in our opinion inferior to the subject in access.

The sales are indicative of recent historical and current pricing in the neighborhood but lag somewhat behind the current market. The anticipation concerning the ongoing expansion of the Disney World and Disney Celebration projects to the west of the property and the massive Universal Studios expansion to the north have enhanced the exposure and activity in the neighborhood since these sales occurred.

As requested, we have prepared the following adjustment grid which quantifies the comparison process. After adjustments, the sales data shows a range between $23.00 and $31.00 per square foot, averaging around $26.00

Comparison Summary

Sale #	Sale 1 (Subject)	2	3	4
	$20.21			
Terms of Sale	0%	0%	0%	0%
Market Conditions	15%	10%	0%	15%
Location	0%	0%	0%	0%
Access/Exposure	0%	10%	10%	20%
Size	0%	-5%	-5%	5%
Configuration/Utility	0%	0%	0%	0%
Utilities	0%	0%	0%	0%
	15%			
Adjusted Indication	**$23.24**	**$24.75**	**$24.11**	**$31.91**
	Average Indication		**$26.00**	

We have given about equal weight to each of the four indications. After weighing the factors described above, we estimate the value of the overall site under current market conditions to be above the upper end of the unadjusted range or per square foot. This estimate is at the top of the reflected range but, for the reasons noted, we believe the value to be justified. Calculations are as follows:

IMPROVEMENT COST ESTIMATE

The next step of the approach is to estimate the replacement cost new for improvements. Data used to arrive at a cost estimate for subject was obtained from (1) actual cost analysis from the developer (2) actual costs reported for similar projects in the tourist corridor of Orlando and, (3) Marshall Valuation Service, a nationally recognized cost service that permits refinements where necessary. Each of these sources for cost estimates are discussed individually.

Actual Costs

The reported development costs for the subject improvements in 1998 were about $85.00 per square foot for the main improvements. However, the developer reported costs include only a portion of the tenant improvement costs within the Bennigan's restaurant. Some of the tenant build-out in this store was paid for by the tenant. Also, the added facade for the Sports Dominator tenant cost an additional $150,000 to the construction cost for the facility.

Though some of the tenant improvement costs were not originally paid by the owners, they are none the less now part of the property and the costs associated with these improvements have been included in our analysis.

Comparable Costs

The table below summarizes the costs of other retail projects in the area, including other projects built by the owners of the subject property.

COMPARABLE BUILDING COSTS

Project/Location	Year Built	Center Size	Construction Quality & Finishes	Direct Costs	Indirect Costs	Total Costs	Comments
Gala Center - West side of I-Drive	1995/96	18,500	Inferior / Inferior	$ 65.32	$ 21.86	$ 87.18	Single Building by owner. Includes restaurants and retail.
Universal Plaza - East side of Kirkman Rd. across from Universal Studios	1995	67,082	Similar / Similar	$ 55.98	$ 39.67	$ 95.65	Multi buildings. Tenants provided significant Tenant improvements above costs cited. Developed by owners of subject
Eckerds/Cool Waves Center -W. side International at Carrier.	1992/95	51,326	Similar / Similar	$ 51.06	$ 28.64	$ 79.70	Two Buildings. Developed by owners of subject.

Independent Cost Analysis

Using Marshall Valuation Service (MVS), a recognized national cost estimating service, the direct costs for the subject were estimated. Cost estimates provided by MVS include typical site preparation, utility connections, and soft costs such as architectural/engineering fees, professional fees, construction interest on building funds, and contractor's overhead. However, these costs do not include items such as entrepreneurial profit, land acquisition costs, special assessments, impact fees, on and off-site costs associated with the development and site improvement costs and costs to create first occupancy.

Based on MVS definitions and general descriptions, the subject improvements were classified according to class and quality of construction. The retail building is considered a Class "C" good to very good store building. The base costs provided have been refined to reflect the sprinklers in the building and the size, configuration and height of the structures. Finally refinements for current and local market conditions have been made.

We have also utilized MVS to estimate the costs of the site improvements. Please note that the MVS estimates do not include provisions for indirect costs such as impact fees and financing costs and leasing commissions. A summary of the MVS cost analysis is provided in the following table.

Marshall Valuation Service Estimate		
Section 13, Pages 30 & 31, Feb. 1998		
Building	Neighborhood Shopping Center	Community Shopping Center
Quality	Good	Good
Category	Retail	Retail
Construction Class	Class C	Class C
Base Costs	$48.27	$64.17
Add: Sprinklers	$2.00	$2.00
Total Base Costs	$50.27	$66.17
Cost Refinements		
Building/Story Height	1.06	1.06
Building Perimeter Ratio	1.00	1.00
Current Cost	1.03	1.03
Local Costs	0.98	0.98
Total Adjustment	1.07	1.07
Adjusted Costs	**$53.79**	**$70.80**

CONCLUSIONS

The actual costs provided by the owner are consistent with the comparable data offered. We have given about equal emphasis to the sources of cost data used in this analysis in arriving at our total replacement cost estimate.

The comparable data reflects a range from about $80.00 to $95.00 per square foot in costs. The MVS estimates are at the high end of the range but do not include indirect costs.

Accrued Depreciation

The building is new and is functional in design. Our analysis revealed no negative external obsolescence. Therefore, no deduction for depreciation was warranted for this analysis.

Entrepreneurial Profit

The above construction costs estimates include contractor's profit and overhead, but not entrepreneurial profit. Entrepreneurial profit is the compensation for the acquisition of the land and the coordination, construction and leasing the property to a stabilized occupancy. This profit allocation compensates the developer for the risks associated in bringing the property to a completed project and stabilized occupancy.

Retail centers are generally perceived as higher risk developments than many other real estate investments because of the risk of tenant turnover and releasing costs. Typically, it would be expected that properties of this type would return an entrepreneurial profit of 15% to 25% of cost to an investor in order to be feasible.

Based on current conditions in the property's market area, which is considered to be a very defined and a stronger segment within the overall Orlando retail market, the lack of available competing sites for development, we have estimated a profit allocation of 25% for this analysis.

The final step of the approach is to add the estimated value associated with the timeshare solicitation rights on the property. (See Income Approach).

A summary of our Cost Approach is presented on the following page.

Holiday Trail Plaza *COST APPROACH SUMMARY*			
Replacement Costs	**Size**	**$/SF**	**Total**
Direct Building Costs	25,564	$72.00	
Indirect Costs		$12.50	
Total Building Costs		$84.50	
Site Improvements		$5.00	
Additional Tenant Finishes		$5.87	
Total Replacement Costs		$95.37	
Physical Deterioration			
Functional Obsolescence			
Economic Obsolescence			
Total Depreciation			
Depreciated Costs (Rounded)			
Land Value Estimate - 2.14 Acres @	$24.50	/SF	
Total Value before Profit			
Profit Allocation @	25%		
Total Value Indication (Rounded)			
Add: Value of Timeshare Rights (See Income Analysis)			
Total Value Indication Via the Cost Approach			

Insurable Value

Requested we have prepared an Insurable Value Estimate for the Holiday Trail property. According to the tenth addition of the Appraisal of Real Estate, Insurable Value is defined as:

“ the replacement and/or reproduction cost of physical items that are subject to loss from hazards. Insurable Value is that portion of the value of an asset group that is acknowledged or recognized under the provisions of an applicable loss insurance policy.”

In the case of a property such as the Holiday Trail Retail Center would include the costs new of the destructible portions of the improvements. The Insurable Value estimate would specifically exclude indestructible items such as the building foundation, infrastructure, site work, parking lots, and the value of the land itself. Also, some of the indirect costs such as vested impact fee credits will also be excluded from the insurable value.

Our estimate is based on 100% the replacement cost new for the improvements, except site costs and indirect costs. The site costs and indirect costs have been allocated at 20% of replacement cost new as follows:

	Total Cost	**Insurable Allocation %**	**Insurable Allocation**
Direct Building Costs		100%	
Indirect Costs		20%	
Site Improvements		20%	
Tenant Improvements		100%	
Totals		**85%**	

Based on the information presented in the Cost Approach above, we estimate Insurable Value to be:

SALES COMPARISON APPROACH

OVERVIEW

We have researched the tourist commercial corridors surrounding the attractions for sales of similar properties for comparison to the subject. Few sales of such properties have occurred in the recent past. The lack of sales reflects the fact that few properties in this area trade since owners tend to have extended holding periods because of owner occupancy and/or the high levels of cash flow generated from leases at these prime properties.

The sales located do provide some indication of value for Holiday Trail Plaza, but the overall indication is less compelling than the other two approaches to value.

The primary elements of comparison between the sales and the subject are:

- Date of sale/market conditions.
- Terms of Sale.
- Location within the tourist corridor.
- Access and exposure.
- Tenant mix.
- Rent levels.
- Age and Condition of the property.

Each sale and comparison is discussed below. A map showing the location of these properties is located in the exhibits section of this report.

Sale No. 1 is *Celebration Gifts* which is a freestanding retail shop directly across from the property. The sale took place in January 1997, at a price equal to $199.65. Since the sale is well over a year old it should be adjusted for time. This center has similar location and exposure to the subject. However, the highway access to the sale parcel is inferior due to a lack of curb cuts and restrictive traffic circulation (no U-turns, etc.). Also, the site has tight on-site parking. This property is a smaller property than the subject, and is presently owner occupied. Further, the property is of inferior quality construction, was in only fair condition and is about 10 years old. Also, since the property is a freestanding single user site, the property has limited potential for timeshare solicitation leasing.

Overall, this sale is considered inferior to subject property, and the unit price below what could be expected under current market conditions. The property is older than the subject and does not conform to the current standards of tourist development (eye appeal). The condition of the center is inferior to the subject. While the location of the property is good, the site is inferior to the location of the subject. The subject would be expected to have a much higher value under current conditions than this older transaction reflects at $200/SF.

Celebration Gift's $200/SF

Sale No. 2 is *International Plaza*, which is located at the intersection of the International Drive Extension and State Road 535, northwest of the subject area. This property was purchased in September, 1996 for $7,000,000, or $207/SF. The property has good exposure, but immediate access is less desirable than subject for similar reasons as Sale No. 1. This center is anchored with an Eckerds Drugs and a 7-11 convenience store. The center was completed in 1992 and has generally been 100% occupied. The smaller space has somewhat lower rent levels overall, but also has some higher credit tenancies.
This property is in generally good condition but does not have he eye appeal of the subject. Though the property is in a good location at the corner of two major tourist thoroughfares, the location has virtually no pedestrian traffic as the surrounding lands does not have the density of development found in the immediate subject.

This sale too would set the lower end of the range when compared to Holiday Trail Plaza.

INTERNATIONAL PLAZA (VIEW EAST TO WEST) - $207/SF

Sale No. 3 is the sale of a tourist retail center located in the Lake Buena Vista tourist activity area which is north of the subject. This sale took place in May, 1997 for about $208/SF. The sale center contains about 29,440 square feet and is therefore similar in size to the subject. This property has a prime retail location similar to the subject. However, the sales price *excluded* the timeshare solicitation rights on the property reported to be leased at $100,000 per year. Additionally, the seller retained a below market tenancy in a large tourist gift shop within the center. Also, the older leases at the property lag behind current rent levels. Finally, the exposure of the center is impaired by a service station and the Hojos restaurants found on outparcels at the corner. (The service station is not part of the sale.) These factors negatively influenced the selling price of the property when compared to the subject. The property is inferior in configuration and overall condition when compared to the subject. Overall, it is our opinion that the unit sale price of this property is below expected price for the subject.

12444 STATE ROAD 535 $208/SF

Conclusion

These comparable improved transactions cited reflect a price range from about $200/SF to $208/SF. None of the sale properties is as valuable as the subject in our opinion. In weighing the data, we have again considered the attributes of the subject including:

- The building is new and of good quality construction and finishes.
- The property is 100% leased to good quality tenants that are experienced operators in the tourist retail industry.
- The rent levels at the property are at $25.00 to $28.00, absolute net.
- The site has a high exposure location and excellent access to U.S. Highway 192.
- Expansion of the Celebration project and Walt Disney World will continue to expand demand for retail and restaurant uses in the neighborhood.
- There are no sites with similar highway exposure and access available for development in the immediate neighborhood.

We have adjusted the value range upward to reflect the above cited considerations and the sale factors including:

- The most recent transaction reviewed occurred over a year ago and does not reflect the upward pressure on property values in the strong market that has prevailed since that time.
- All of the sales were inferior in age, condition and construction quality to the new subject improvements.
- All of the sales have some tenancies with lower rent levels than the subject.

In our estimation, the range should be adjusted upward from 23% to 25% for the factors described which yields a revised value range of $250 to $256 per square foot. As requested, a comparison grid quantifying our comparative process is presented as follows:

Improve Sales Comparison Grid

Sale #	1	2	3
Price/SF	**$199.65**	**$207.41**	**$208.26**
Terms of Sale	0%	0%	0%
Market Conditions	10%	10%	8%
Location	0%	0%	-10%
Access/Exposure	5%	5%	5%
Size	-5%	0%	0%
Quality & Condition	10%	10%	10%
Other	5%	0%	10%
Overall Comparison	25%	25%	23%
Adjusted Indication	**$250**	**$259**	**$256**

Although the above sales are somewhat limited, based on our research, they offer the best indications of value available for the subject given the low degree of retail market sales. The range after adjustments is between $250 and $259 per square foot. Least emphasis has been given to Sale 1 at the lower end of the range. Though in the subject neighborhood the single user nature and inferior quality and condition of this property is such that the subject would be expected to command a greater value. Sales 2 & 3 from $256 to $259 are to be better suited for direct comparison and we have selected a value in the middle of the range reflected by these sales. We have selected a value per square foot for comparison. Therefore, our market value estimate for the subject via this approach is as shown below.

<u>Market Approach Conclusion</u>

24,481 SF @ $ = [redacted]

In addition, it is necessary to add the value associated with the timeshare solicitation rights at the property. Sales 1 had limited or no real potential for Timeshare solicitation value since it is a freestanding store and sale three sold *exclusive* of timeshare leases. As discussed in the Income Approach, we have estimated the value of the timeshare rights at $460,000 which is added to our market approach as follows:

Market Approach Value Indication:
Timeshare Solicitation Rights:

Total Value Indication

INCOME APPROACH

The Income Approach is based on investors rational with regard to the income a property can generate as an investment. As noted, for the purpose of our analysis, we have used the Discounted Cash Flow Method. We have supplemented this approach with a Direct Capitalization Analysis. Since the property is fully leased and has long and stable lease terms both approaches yield a good measure of the property's value. Both methods yield similar results.

Within this approach, we researched rental rates from similar projects in the areas to determine the market rent levels for the property. We then made deductions for operating expenses and reserves, providing an estimate for net income

We have used the discounted cash flow (DCF) method in preparing the Income Approach. As requested, we have used the Argus Software Modeling Program to prepare the analysis.

The steps used in preparing this cash flow analysis are summarized as follows:

- Project the potential gross income from all sources.
- Determine an allowance for vacancy and credit loss.
- Estimate and deduct operating expenses, land lease payments, and capital costs over the projected holding period. (we have discounted annual cash flows over a ten-year holding period.)
- Estimate a net reversion value for property at the end of the holding period.
- Discount the cash flows and the reversion value estimate to an indication of present value.

The Argus program used for this analysis allows very detailed and specific projections on both a property and individual lease level. We have outlined the main assumptions here in the text and the details of the analysis are presented in the exhibits section.

RENT ESTIMATES

Comparable Rental Data

We have surveyed several rental properties in the surrounding area for comparative purposes. Those properties emphasized in our survey are summarized in the facing table. The comparables are located in the immediate neighborhood.

As the data shows, well located retail centers in the market surrounding the subject generally command very high rental rates and maintain virtually 100% occupancy levels. Rents are generally cited on an absolute net basis with tenants paying for all operating costs. The predominant rental rate range is from about $25 to $30 per square foot with the tenants paying all operating costs in addition to their base rent levels.

The best indications of value are the nearby Visitors Plaza and Grand Oaks Plaza which are immediately east of the property and have consistently maintained 100% occupancy levels. The Nike center to the west is under construction but has inferior access when compared to the subject and has rent levels in the $25.00/SF range. The other centers are further to the east of the neighborhood and tend to have inferior locations and/or are older properties with somewhat lower rent levels than would be expected at the subject. A summary of our comparison process is presented on the following table.

Rental Comparison Summary

Number	**1**	**2**	**3**	**4**	**5**	**6**
Name	*Grand Oaks Plaza*	*Visitor's Plaza*	*Fortune Park*	*Caribbean Village*	*Nike Outlet*	*Gift City*
Location	North side of US 192, at Florida Plaza Boulevard just east of the subject	Northeast corner of Holiday Trail and US 192, just east of the subject.	North side of US 192, west of Polynesian Boulevard, about 1 mile east of the subject.	North side of US 192, west of Polynesian Blvd, about 1 mile east of the subject.	North side of US 192 about 500 Ft. east of Parkway Boulevard	North side of US 192, about 1 mile west of Highway 535.
Base Rent	$25.00 - $30.00	$25.00 - $32.00	$22.25	$20.00	$25.00	$25.00-$30.00
Total Expense Recoveries	$3.00 - $4.00	$3.00 - $4.00	$3.00	$4.00	$4.00 Estimate	$3.00-$4.00
Location	0%	0%	5%	10%	0%	10%
Access/Exposure	5%	0%	5%	5%	5%	5%
Age/Condition	5%	5%	10%	15%	0%	10%
Overall Design/Appeal	5%	5%	5%	10%	5%	5%
Overall Comparison	*15%*	*10%*	*25%*	*40%*	*10%*	*30%*
Adjusted Comparison From:	$28.75	$27.50	$27.81	$28.00	$27.50	$32.50
Adjusted Comparison To:	$34.50	$35.20	NA	NA	NA	$39.00

After a review of the market information, the following factors have been weighed in our analysis of base rent.

- The subject has a strong location and excellent exposure and access along a highly desirable segment of U.S. Highway 192 from a retailing standpoint. The property enjoys good vehicular and pedestrian traffic.
- Retail occupancy levels in the area have consistently been at or near 100%±.
- There are virtually no remaining sites with the retail potential available in the immediate neighborhood (as demonstrated by the redevelopment of this site).
- The activity in the area is expected to increase with the Celebration and Disney World expansion.

After weighing the above factors, we have concluded that the market rent for the retail space at the property in the current market would be from $25.00 to $30.00/SF on a triple net basis. The larger tenant bays would be expected to have rent levels at the lower end of the range and smaller bays at a higher rate. This rent is supported by the comparable rent data. Our rent conclusion assumes all operating expenses paid by tenants and minimum tenant finish allowances being offered.

Tenant Profile

The Holiday Trail Plaza has only four tenants (excluding the timeshare solicitation lease which is discussed later). The tenants are established local tourist retailers which are stable but are not of the same level of credit as the national tenants. The specifics of the rent roll are presented on the facing page. In general, base rents stable with 3% annual escalations during the initial lease terms. Terms or absolute net with tenants paying all operating expenses including management and administrative costs.

Overage Rent (Bennigan's & Sports Dominator)

Overage rent is income based on "percentage rent" clauses in lease agreements. This additional rent is derived from tenants, who over time, exceed their pre-determined sales volume breakpoint for any given year. When attained, a stipulated percentage is applied to the achieved sales volume figure above the pre-established breakpoint. Consequently, the minimal rent and overage rent represent the combined effective rent for a particular retail tenant. Since the tenants are all within their first year of operation, the volumes have not approached break points. The sales volume required to reach break points are high relative to typical operations which reduces the likelihood of additional income to the center from overage rent in the near term. Therefore, we have not included a projection of any anticipated income from percentage rentals. We have however considered this "upside" potential in our projection of discount rates, etc.

Expense Recoveries

This income source pertains to those expenses (or portions thereof) which are recoverable in the form of additional rent within net leases like those at the subject. The recoverable income is based on the following expense categories.

1. Management Fees
2. Real Estate Taxes
3. Property Insurance
4. Building and Common Area Maintenance

The operating expense expectation at the center is presented on the Income Approach summary.

For the Argus analysis, we have relied on the actual existing leases for the tenants within the cash flow model and have made rollover projections based on the market history, condition and quality of the property at the date of valuation. The recoveries and other lease terms for each tenant have also been incorporated into the Argus analysis.

Note: *See Addendum for lease details and income forecasts and expense recovery schedules for the tenants in our Argus projections.*

Time Share Solicitation Lease Estimate

Overview

The Orlando area is the most active time share market in the world. The rights to solicit potential buyers at retail and restaurant locations have become a common marketing tactic. These Off Premises Contacts (OPC) make up a large part of prospecting for potential buyers. Timeshare developers either solicit directly at locations for specific timeshare projects or purchase OPC leads from companies specializing in solicitation. Given the enormous market for timeshare sales[1], prime solicitation sites like the subject have been able to command high lease rates for the rights to solicit prospects on the premises.

The solicitation rights are usually utilized in the form of "tourist information/discount attraction ticket" kiosks, in front of establishments in tourist-service areas.

Reportedly, the owners have a negotiated lease with a local solicitation group which will pay a minimum rent of per year for the right to solicit tourists for time share tours on the subject site. (This is reported to be part of a multiple location deal.)

The lease rate is average for these types of tenants as shown by the data on the facing page. However, we note that several other leases we are aware of are believed to have rates higher than those cited as comparables, but owners are reluctant to disclose the rental rates for these highly lucrative leases.

Because of the unusual nature of these leases, being a very high rental rate relative to the size and scope of the operation, it is difficult to quantify the risk associated with the income with respect to long term potential income. However, these locations have continually been actively sought after by the timeshare solicitors in the greater Orlando tourist markets and we have incorporated this market unique income and associated value into our analysis. This factor is and has been pervasive in the retail and tourist service market and is not expected to diminish in the foreseeable future. In fact, the activity around the property (Celebration, Opryland Resort, US 192 beatification) would indicate that increases in the value of this lease could be expected over time. However, since it is difficult to predict the market for these leases over time, for our analysis we have left the payment at a flat rate over the projection period.

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[1] Over $600 million per year in the Orlando Market Area.

Base Rent Escalations

At both the subject and the comparables in the neighborhood there are provisions for annual escalations in base rental rates. In the market these bumps are on a fixed amount basis, or premised on the CPI index. A review of the comparable data offered suggests annual increases, premised on the CPI or fixed rent steps to be applicable going forward unless otherwise stated in the existing leases. All of the leases written at the property incorporate annual increase in rent at 3% per year. Based on a review of recent history, these increases are in line with the CPI growth over the last few years. Therefore, we have increased annually the base market rent by the projected CPI, estimated at 3% which coincides with the stated lease rate growth. These increases have also been incorporated into our rollover projections and for new leases.

Expense Recoveries

Full expense recoveries are typical in retail centers within the tourist market areas. In most instances these charges are based on a pro-rata share of leasable area occupied. Common area maintenance (CAM) reimbursements include maintenance repairs, common utilities, real estate taxes, property insurance, and administration/management. All of the tenant leases at the property incorporate 100% recovery of all operating expenses. We have reflected these provisions in our analysis.

Further, since these provisions have been pervasive in the market historically we have also used these provisions in our rollover scenarios at renewal for the leases.

NOTE: All of the leases have 10 or 15 year base terms with renewal options from 10 to 20 years. The terms at renewal are similar to the current lease terms with respect to expense recoveries and rent escalations.

Overage Rent (Percentage Rent)

The Bennigan's Restaurant tenant has an overage rent provision within their lease. The lease calls for a 5% overage over a natural sales break point of $3.81 million annual sales. However, since the center is new there is no history of collection or sales volume for this tenant. We have therefore not speculated on the amount or timing of future overage rental income for this analysis.

VACANCY AND CREDIT LOSS

In estimating an appropriate vacancy and credit loss factor, we have analyzed the component factors of this adjustment. First, because of the high exposure of the property and the limited available retail space in the immediate area, market vacancy will likely be minimal over time. The second part of this adjustment is credit loss. While the goal of management is to maintain 100% occupancy and collect all income from each tenant, credit loss does occur. Therefore, an allocation is necessary to cover periodic shortfalls.

Each of the tenants is an experienced operator of tourist retail locations and each has a history of success in their various locations in the market areas. The relative credit worthiness of the regional tenants is such that nominal risk is expected relative to the typical single location “mom and pop” enterprise at more traditional in-line locations. Though the leases have a moderately strong guarantors, the somewhat volatile nature of the restaurant and tourist retail business is such that some credit risk should be recognized for these tenants. After weighing these factors, we have allocated a vacancy and collection rate of 5% to reflect the risk of rollover or collection losses for all tenants.

As for the timeshare lease, we have applied a greater risk level to the income by application of a 10% vacancy and collection rate.

Note: One of the weaknesses of the Argus program is the inability to split vacancy and collection losses by class of tenant. As described above, we have allocated a lower rate of risk to the in line tenants than the Timeshare lease income. This factor has been weighed in the selection of the vacancy and collection allowance levels. The blended vacancy rate for the analysis is around 6% which reflects the 5% for in line tenants and 10% for the Timeshare lease income. The 6% input has split between vacancy and the collection line inputs within the software. These inputs are also weighed in our discount rate selection for this analysis.

Tenant Turnover

Additional vacancy allowance results from projected tenant turnover risk during the holding period. In projecting costs related to potential tenant turnover, we have considered the following elements:

- The relative credit and expected sales strength of each of the tenants and the length of occupancy in the leases. There are several very long-term tenants at the property.
- The anticipated continued strength of neighborhood market over time.
- The property has 100% occupancy for 10+ years based on the leases.

In recognition of the foregoing factors, our analysis includes provisions for classes of tenancy. Each class is assigned a projection for:

- Probability of renewal at the end of the lease term.
- Average expected lag vacancy period between tenants if vacated.
- Tenant Improvement cost allocation for releasing if renewed or vacated.

- Leasing commission expectation at re-leasing of the space – 3% forbotta
- Average market rent estimate at releasing – assumes 3% annual growth.
- Future Lease Terms – duration 5 year renewals.
- Future Lease Expense basis (Net).

The Argus program allows for separate assumptions concerning these items for new leases and rollover of existing leases. The Argus program blends the quantified assumptions with the renewal probability projection to arrive at leasing costs based on the scheduled lease termination dates and option terms for each tenant. We have included schedules which show the assumptions for each tenant among the Argus reports found in the Addenda.

The details of our rollover inputs are set forth in the addendum. Since all of the tenants have a minimum lease term of 10 years or greater, the assumptions concerning the rollover of leases does not have an impact until the end of the analysis which minimizes the overall influence of these factors on the final value indication via the Income Approach.

Note: At rollover we have made an allocation of $5.00 per square foot for tenant improvements. In fact, space in the tourist market areas is typically re-leased in "as-is" condition with tenants providing finishes. However, given that rollovers occur 10 years out we have allocated some funds as a conservative measure to reflect uncertainty relative to the 10 year projection prior to tenant rollover. The $5.00/SF tenant improvement allowance would be adequate to rehabilitate the space to a ready state for releasing to a normal or typical retailer. We would expect that any additional T.I. costs would be paid by the tenant either directly or through capitalization in the new lease via an added rent charge.

Likewise, renewal leasing commissions at 3% are reflective of the fact that most owners in this market do their own leasing. A procuring outside broker would typically expect about a 3% commission and we have reflected this possibility in our renewal scenarios. However, it is possible that the spaces could be leased without a broker in which case no commissions would be paid.

OPERATING EXPENSES

Since the property is new, very limited actual data is available for review. In estimating the operating expenses, we have reviewed projected expenses and have compared them to actual operating expenses from other area centers. Additionally, we have reviewed expense data from national survey information with input from the local market. Since the leases call for 100% expense recoveries, all expenses flow through to the tenants which minimizes the impact of these estimates in the cash flow projections. Expenses have been grown based on estimated CPI growth over the projection period (with the exception of management which is a function of collected income.)

Our stabilized estimate of the individual major expense categories during the first year follows:

Management and Administration Fees

Management fees, typically range from 3% to 5% of rental income, excluding recoveries. Considering the high rent levels and few tenants at subject, a low management fee as a percent of income is deemed appropriate.

We have adopted an estimate totaling about 3.5% of effective gross income for this analysis. (As with most centers this size, the property is in fact owner managed.) However, we note that the leases call for recoveries of up to 5% of rental income for this expense. We have however recovered only the 3.5% assessed on the expense side of our analysis.

Real Estate Taxes

The projected real estate tax expense for 1999 described earlier has been used in this analysis. Please refer to our earlier discussion for the support of this information.

Property Insurance

The insurance premium for the property is based on the actual premium amount. (The actual premium is in line with market expectations.)

Building Maintenance & Common Area Maintenance (CAM)

The building maintenance expense pertains to the exterior and miscellaneous maintenance items. The CAM expense relates to the maintenance of the common facilities, including the parking lot, walkways, landscaping, etc. CAM also includes utilities expenses. We have utilized a combined expense figure equal to about $1.75 per square foot, based on the actual operating figures at similar facilities.

The CAM expense is broken down as follows:

CAM Allocation Breakdown

	Gross	$/SF
Common Utilities	$7,344	$ 0.30
Landscaping Maintenance	$6,120	$ 0.25
Parking Lot Sweeping	$6,120	$ 0.25
Trash Removal	$11,016	$ 0.45
Administrative and Professional	$2,448	$ 0.10
Repairs	$4,896	$ 0.20
General Maintenance	$4,896	$ 0.20
Total CAM Allocation	**$42,842**	**$ 1.75**

Capital Reserves

Other items that are periodically replaced and may not be easily isolated during any one year, but for which an allowance is necessary, are included in this expense category. These expense are estimated at $0.10 to $0.15 per square foot of total building area. We have estimated this expense at $0.15 per square foot. Capital reserves are not a recovered item. (also refer to tenant improvement allocation for rollovers which would also reflect future capital cost expectations, see earlier note.)

GROWTH RATES AND OTHER CASH FLOW ASSUMPTIONS

ANNUAL GROWTH RATE ASSUMPTIONS

Category	Annual Increase
Market Rent	3% annually
Operating Expenses	3% annually
Capital Reserves	3% annually

The projected cash flows based on the inputs outlined for the property are cited on the facing page. The cash flows are cited using a fiscal year beginning January 1999. The 11th year net income less average annual leasing costs over the projection period has been used to estimate the resale value of the property at the end of the holding period.

REVERSION VALUE & DISCOUNT RATE ESTIMATES

After determining the cash flows during the holding period using the inputs above, the next step of the analysis is to project a future selling price. In order to project a resale value of the property at the end of the holding period, we have capitalized the forecast net operating income (after land lease payments) at an appropriate terminal rate. The net income used in our reversion estimate was based on the projected 11th year as described above.

We have reviewed current and historical Investor surveys for retail properties in determining an appropriate terminal capitalization rate for the property**.** The Korpacz Investor Survey information for retail centers indicated a range in residual rates for Strip Retail Centers between and with the average at about which is a slight downward change from the prior quarter results.

National Strip Shopping Center Market Third Quarter 1998			
Key Indicators	**Current Quarter**	**Last Quarter**	**Year Ago**
Discount Rate (a) Range Average	10.0% - 14.0% 11.63%	10.0% - 14.0% 11.61%	10.0% - 14.0% 11.51%
Change (Basis Points)	-	+2	+12
Overall Cap Rate Range Average	8.0% - 12.0% 9.72%	8.0% - 12.0% 9.71%	8.0% - 13.0% 9.76%
Change (Basis Points)	-	+1	-4
Market Rent (b) Change Rate Range Average	0.0% - 7.0% 3.22%	0.0% - 7.0% 3.24%	0.0% - 6.0% 2.93%
Change (Basis Points)	-	-2	+29
Expense Change Rate (b) Range Average	2.5% - 5.0% 3.53%	2.5% - 5.0% 3.53%	0.0% - 5.0% 3.45%
Change (Basis Points)	-	-11	-3
Residual Cap Rate Range Average	8.5% - 12.0% 9.95%	8.5% - 12.0% 9.98%	8.25% 12.0% 9.88%
Change (Basis Points)	-	-3	+7

a. Rate on unleveraged, all-cash transactions

b. Initial rate of change

Source: Korpacz Real Estate Investor Survey

The final step of the analysis is to discount the expected cash flows and reversion into a present value indication. According to referenced investor surveys, expected rates of return (IRR) by investors for "strip" shopping centers are between and , averaging

In estimating an appropriate Terminal Capitalization Rate and Discount Rate within the cited ranges for subject, we have weighed the following factors:

- The excellent location of the property and stability in the neighborhood.
- The mix of credit levels in tenancy of the project.
- Low inflation and general economic stability.
- The uncertainty with respect to percentage payments in the future.
- The building will be about 11 years old at the end of the projection period.
- The below average risk of turnover associated with the below market .
- The property has excellent access and exposure of the property within the primary tourist corridor.
- There are virtually no available sites for further retail development in the immediate neighborhood and land values remain very high. Therefore the risk of large amounts of new competing product in the immediate area is limited.
- The property is at 100% occupancy with minimum of ten-year leases.
- The leases incorporate annual CPI increases
- The tenants are all experienced, multi-location retailers and restaurateurs.

Risk factors considered include the potential for general economic downturn impacting the tourist trade, competition from other tourist corridors in the Orlando market and the general vacancy and collection risks described earlier.

Rate Conclusions

Most of the factors affecting the value of the property in the current market are very favorable and the general and local market favor continued growth in the tourist retail and restaurant sales in this area the cap rates shown by the investor surveys would tend to set the low end of the range for the property since this information is based on investor grade properties with a more traditional tenant mix than are found in tourist markets.

Mindful of the income of the property itself and the influences cited above, we have selected a terminal capitalization rate near the middle of the range, or After estimating a gross reversion value estimate, we then deducted a cost of sale expense to arrive the net reversion value estimate.

Likewise, we have selected a discount rate range toward the middle of this range recognizing the same factors noted for the terminal capitalization rate analysis. Based on the foregoing, we have concluded to an discount rate range from to for the projection in this approach.

Income Approach Conclusion

Using the selected discount rate range and reversion assumptions, a value range from to is shown by the model as set forth on the facing page. We have selected a value near the middle of the range or:

Detailed supporting schedules for the Argus model used in this appraisal are presented in the exhibits section of this report.

As a test of our value using the cash flow analysis we have prepared a direct capitalization using a single overall capitalization rate for the center. We have reviewed comparable data offered in the Sales Comparison Approach other area cap rates and information regarding investor criteria in estimating the appropriate overall capitalization rate for this analysis.

The limited comparable sales data offered current capitalization rates in the range of about to However, the indications from those sales are difficult to compare directly to the subject. The capitalization rate from both sales would require adjustment because they excluded Timeshare Solicitation income and were both older properties. Published investor criteria data surveys[2] provide an overall capitalization rate range of say to with an average of about Included in these surveys are neighborhood, power and community centers which are difficult to directly compare with the specialty tourist oriented subject market and project.

To supplement the very limited capitalization rates from the market approach we have included a sampling of other cap rates from retail centers in the metro Orlando area. These sales are more reflective of current expectations than the anomalous sales data from sales 2 and 3 of our appraisal. The rates are contained in the table on the facing page.

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[2] Published surveys by Peter Korkacz, CB Commercial, and Cushman & Wakefield.

The rates range from about to The low end of the range is set by single user higher credit transactions at below cap rates. The higher end is the sale of a small property with little credit tenancy at The remaining sales at are indicative of community centers with a mix of credit and non credit tenancy.

Our value indication reflects a capitalization rate of which is in line with this current market information. A summary of our Direct Capitalization is presented on the following facing page. The results of the analysis are in line with the DCF methodology (slightly higher than the projection). Therefore the two methods both appear to be in line with market expectations.

Note: The value of the timeshare rights allocated for the Cost and Market Approach has been estimated using the projections set forth above and is calculated as follows:

Annual Income Estimate	
Vacancy & Collection Allowance @ 10%	( )
Effective Income Estimate	
Capitalization Rate	
Allocated Timeshare Rights Value Indication	

RECONCILIATION

The three approaches to value have yielded the following value estimates for Phase I of the property.

Cost Approach
Sales Comparison Approach
Income Approach

The Cost Approach to value is considered to be a good indication of value for properties which are new like the subject where accrued depreciation is very limited. In this analysis, we were able to review the actual construction costs for the center. These costs were compared to actual costs at other area centers and with estimates via Marshall Valuation Service.

The only material subjective allocation in this analysis was for entrepreneurial profit. Entrepreneurial profit tends to be specific to the type and magnitude of the proposal. We have added to this improvements value the estimated market value of the land which was based on good comparable data in the neighborhood. However, when comparing the costs and land value to the Income potential and market approach the Cost Approach sets the low end of the range. This reflects the locational benefits of the property, the limited availability of sites or alternative available retail space in neighborhood (virtually 100% occupancy) and the good tenant mix and rent rates acquired by the property owner for the project.

The Market Approach is usually considered to be a reasonable indicator of value when there is good comparable data for review. In the case of this appraisal, the market approach was the weakest indication of value. Only a few sales were available for review. Tourist retail centers do not trade often in the market as prime properties tend to be very lucrative and owners have longer than average holding periods. Further, many of the centers are in whole or part owner occupied which also limits the number of sales in the market. The indication provided by the approach falls between the other two value indications but has been given only secondary weight in this appraisal.

The Income Approach is considered the best indication of value for income producing properties like the subject. This approach most closely approximates the actual decision making process of investors with regard to a property's earning capacity. The income analysis provides the best means to reflect the risks and the positive negative uncertainties associated with a property of subject nature. The Income Approach best reflects the risks associated with the tenancy of the property and the potential associated with the timeshare solicitation lease which are not readily quantified in the other approaches to value.

In this case, the center is 100% leased to regional tenants of good credit strength (relative to local users, not national credit) and has a very good location in an established tourist commercial corridor. The rent levels in the center are at or slightly above market rent levels and demand for space and services in the neighborhood is stable and increasing over time. Of the three approaches presented the Income Approach best reflects these attributes of the property.

Therefore, our analysis via the Income Approach was given primary consideration in our value conclusion.

<u>Value Conclusions:</u>

Therefore, based primarily on our value indication derived from the Income Approach to value, with secondary weight given the other two approaches it is our opinion that the value of Holiday Trail Plaza under current market conditions is:

The value cited above includes per year in income associated with Timeshare solicitation rights at the property.

ADDENDUM

LEGAL DESCRIPTION

FLOOD MAP

COMPARABLE LAND SALES MAP

COMPARABLE IMPROVED SALES MAP

COMPARABLE RENTAL MAPS AND PHOTOGRAPHS

ARGUS SUMMARIES

APPRAISER QUALIFICATIONS

Rent Comp 1. - Grand Oaks Plaza

Rent Comp 1. - Visitors Plaza

Rent Comp 3. - Fortune Park

Rent Comp 4. - Caribbean Village

Rent Comp 5. - Nike Center

Rent Comp 6. - Gift City