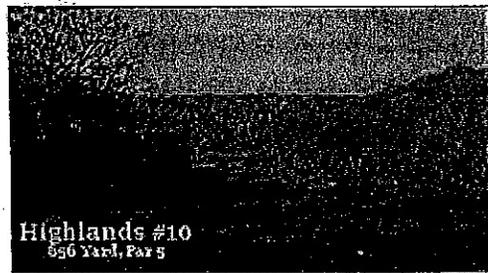
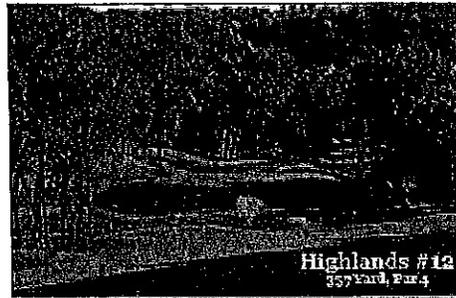


**APPRAISAL REPORT ON
MISSISSIPPI NATIONAL GOLF LINKS
409 GOLF LINKS DRIVE
RED WING, MINNESOTA**



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October 11, 2010

Associated Banc-Corp
Attn: Mr. Curt R. Kolell, MAI
N64 W23710 Main Street
Suite 200
Sussex, WI 53089

*RE: Mississippi National Golf Links Property Appraisal
409 Golf Links Drive
Red Wing, Minnesota*

Dear Mr. Kolell:

At your request, I have completed an appraisal intended to comply with Standard 1 of the Uniform Standards of Professional Appraisal Practice (USPAP) and FIRREA requirements. This is a summary type report prepared under Standards Rule 2-2(b). The legal description is included in the enclosed report.

I have observed all of the building improvements on the property and met with Gerald Wendel, manager. I have also researched data, and considered matters pertinent to the valuation of the property as a golf course.

In my opinion, the Market Value of the leasehold interest in the subject property, as of October 8, 2010, is as follows:

Leasehold Value	\$785,000
Fee Simple Value	\$2,000,000

The facility is owned by the City of Red Wing. It is leased to Mississippi National Golf Link, Inc. (Wendell Pittenger).

Associated Banc-Corp
Attn: Mr. Curt R. Kolell

re: Mississippi National Golf Links Property Appraisal

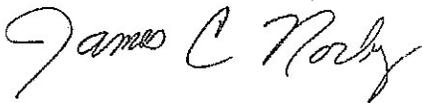
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October 11, 2010

This summary appraisal report presents brief discussions of the data, reasoning and analyses that are used in the appraisal process to develop the opinions of value. Supporting documentation concerning the data, reasoning and analyses is retained in the appraisal file. The depth of discussion is specific to the needs of the client and for the intended use stated in this report. I am not responsible for unauthorized use of this report.

In March, 2007, I worked on the valuation of the Mississippi National Golf Links property. The appraisal was cancelled prior to completion. No other work-valuation was completed on the property.

Respectfully submitted,



James C. Norby, MAI, SRA
MN Certified General Appraiser #125
J. C. NORBY & ASSOCIATES, INC.

JCN/seg

Enclosure

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SUMMARY OF SALIENT FACTS:

PROPERTY ADDRESS: 409 Golf Links Drive
Red Wing, Minnesota

OWNER OF RECORD: City of Red Wing

PURPOSE OF APPRAISAL: Estimate the Leasehold Interest & Fee Simple Interest

TYPE OF PROPERTY: 36-hole, public golf club. There are two, 18-hole full length courses. The tournament course measures 6,484 yards, being a par 71. The Highlands' course measures 6,282 yards, being a par 71. One clubhouse serves both courses

LAND SIZE: 425 acres +/-

DATE OF VALUE: October 8, 2010

VALUATION PREMISES:

LAND:	\$1,315,000
COST APPROACH:	\$3,550,000
MARKET APPROACH:	\$3,200,000
INCOME APPROACH:	<u>\$1,600,000</u>
FEE SIMPLE VALUE:	\$2,000,000

LEASEHOLD INTEREST:

FURNITURE, FIXTURES & EQUIPMENT:	\$465,000
GOING CONCERN (BUSINESS) VALUE:	<u>\$320,000</u>
TOTAL LEASEHOLD INTEREST VALUE:	\$785,000

DEVELOPMENT OF GOLF AND GOLF COURSES

Background and History of Golf Courses:

A golf course is a unique challenge, whether one is a player, developer, lender, or appraiser. The game of golf and the appraisal of golf course facilities can be difficult and vexing. Golf was designed to provide relaxation and opportunity for social interaction and exercise, but for some it represents a complete lifestyle. Golf is an extremely popular sport and tremendous growth is taking place in the industry.

To the uninitiated, a golf course is a large piece of land lightly populated by brightly dressed people riding in golf cars or hauling bags of clubs. To those involved in its operation, development, design, or analysis, a golf course is a complicated enterprise representing an investment in real estate, personal property, inventory, people, and good will.

For valuation purposes, a golf course (daily fee, municipal, private country club) must be considered a business, not an assemblage of physical assets. The analyzer of such a property must possess unique skills; a knowledge of statistics, economics, design, and management and the ability to value real estate, personal property, and a business operation. These qualifications may appear overwhelming, but they can be satisfied through the cooperation of two or more specialists. Knowledge of the sport is a prerequisite, but extensive golfing skill is not.

Golf History, An Ancient Sport:

Golf is native to Scotland, where it probably originated in the 15th century. A major role-player of the day was King James II of Scotland, whom we can thank for our first reference to the game, as he decreed in 1457 that "citizens should desist from playing golf."

The popularity of the game gradually increased as courses were built and equipment was improved. A golf course at St. Andrews, Scotland, is known as the cradle of the royal game.

Early Development in the United States:

Golf spread through the world as Scots emigrated from their native land and brought the game with them. The game had an early impact on the United States, where courses for the leisure class were founded along the Atlantic seaboard beginning in 1780. A pamphlet written in 1772 provides an early description of the sport. "Golf is an exercise which is much used by the Gentlemen in Scotland. A large common in which there are several little holes is chosen for the purpose. It is played with little leather balls fluffed with feathers; and sticks made somewhat in the form of Handywicket. He who puts a ball into a given number of holes, with the fewest strokes, gets the game."

In 1887 the first permanent golf club and course was established at Foxburg, Pennsylvania. In the following year the first golf association was formed. In 1894 the Amateur Golf Association was created to establish uniform rules and conduct tournaments. Golf courses were developed by private clubs, colleges, and universities, mostly in the Northeast. By the end of the nineteenth century, approximately 950 golf courses existed in the United States, with at least one in each state.

Golf Course Construction:

Golf course construction in the United States has gone through distinct phases. There were approximately 1,000 courses in the early years of the twentieth century, but the number declined during World War I to about 800. In the Roaring Twenties, there was unparalleled growth, with approximately 550 new courses built each year between 1923 and 1931 totaling close to 6,000. A great golfer named Bobby Jones epitomized this period, which is sometimes referred to as the Golden Age of Sport.

Beginning in the 1950's televised golf made stars of Arnold Palmer, Ben Hogan Billy Casper, Sam Snead, Jack Nicklaus, and others. Residential development with golf courses as the key amenity created explosive popularity for golf between 1959 and 1971. During this period a large number of nine hole courses were developed, and the total golf course count was close to 10,500,

From the mid-1970's through the mid-1980's, between 100 and 150 new courses opened each year. By 1983 the number of golf courses totaled nearly 12,000. The popularity of golf continued to grow, despite two recessions, unprecedented high interest rates and tight money.

Golf had entered a new phase of strong demand fueled by demographics and the recreational needs of a growing and aging population.

Since 1985, the number of people who play golf has increased by more than eight million; in 1989 and 1990 almost 300 new courses opened annually. The increase in the number of golfers reflects both the increasing population and a rising participation rate. In 1986 one out of every 11 adult Americans played some golf; in 1990, the figure was closer to one in eight.

Most areas had a serious shortage of golf facilities. Some experts had estimated that a new course would have to be added to the national inventory every day during the 1990's to meet existing demand. The outlook continued to be positive even though commercial mortgage money was tight. In early 1991, 560 courses were under construction and 781 were being planned. At the end of 1995 there were 15,390 total golf courses in the United States. In 1996, 808 courses in the United States were being planned, 850 were under construction and 442 were completed. In 2001, that decreased to 377 new courses under construction. Ten of these were located in Wisconsin.

In 2004, the total number of golf courses reached just over 16,000. However, new golf course openings decreased each year since 2000. In 2000, 150.5 (18-hole equivalents) opened and 62.5 closed. This would indicate an increase of approximately .5% in the number of golf courses. Conversely, in 2000, 400 golf courses opened.

The number of rounds played through September of 2005 decreased approximately 1% from 2005 to 2006. The number of core golfers has decreased slightly. A core golfer is designated as one that plays eight or more rounds per year.

From 2000 to the present, I am not aware of any new courses built in the general area. In fact, a few courses have closed and changed to alternative uses.

Investors and Lenders:

According to Golf Financing and Investment Survey, Fall 2001 Edition, published by Price Waterhouse Coopers, "while the gap between seller expectation and buyer ability narrows, the spread remains." They are referring to prices that sellers were getting for golf course and what buyers were realistically offering for them. Price Waterhouse Coopers had indicated that golf course prices declined somewhat.

From the lenders standpoint, some removed themselves from golf course financing. However, traditional lenders such as the SBA, Golf Financing Communities, and local lenders were typical bets. Interest rates increased somewhat and loan to value ratios decreased.

In the fall of 2002 publication of Golf Financing and Investment Survey, published by Price Waterhouse Coopers, "Liquidations/auctions of assets no longer dominate the acquisition market. However, the market continues to experience a void of acquisition activity that historically was filled by traditional consolidation firms..." They further indicate that, "the consensus shows that 2002 was more active, especially compared to 2001 in acquisitions and sales". As the economy continued to sputter in 2002, lending terms continued to be favorable and lending rates were dropping. Golf course construction is now at a 20 year low.

Price Waterhouse Coopers publication of Korpacz indicates that some markets are showing some signs of recovery with overall capitalization rates declining slightly and incomes increasing. However, they indicate that the pace of transaction activity remains a function of the speed and duration of the economic recovery.

According to National Golf Foundation, the number of golf rounds played in 2005 was relatively flat to slightly up from 2004. However, the number of core golfers actually dropped 4.7%. From 2004 to the present, core golfers has showed a slight decline.

The most recent data found is 2008 statistics (changes) provided by PerformanceTrac, a publication of PGA of America. The information is as follows:

• Number of rounds played:	-14.9%
• Number of 9-hole rounds:	+15.4%
• Peak season golf & cart fee:	0.0%
• Total facilities revenue:	-16.1%
• Total golf only revenues:	-13.6%
• Other golf services revenue: (Tournament, bag storage, etc.)	12.1%
• Food and beverage revenue:	58.9%
• Total facility-wide net operating income:	-41.2%

**APPRAISAL REPORT ON
MISSISSIPPI NATIONAL GOLF LINKS
409 GOLF LINKS DRIVE
RED WING, MINNESOTA**

PURPOSE OF THE APPRAISAL:

The purpose of this appraisal is to provide an opinion as to the Leasehold and Fee Simple Interest Value of the property.

DEFINITION OF MARKET VALUE:

The purpose of this appraisal is to provide the appraiser's best estimate of the market value of the subject real property as of the effective date. *Market value* is defined by the federal financial institutions regulatory agencies as follows:

Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) buyer and seller are typically motivated;
- (2) both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) a reasonable time is allowed for exposure in the open market;
- (4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Source: Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions [f].)

DEFINITION OF LEASEHOLD INTEREST:

“The interest held by the lessee (the tenant or renter) through a lease conveying the rights of use and occupancy for a stated term under certain conditions.”

(Source: Dictionary of Real Estate Appraisal, 4th Edition, Appraisal Institute)

DEFINITION OF FEE SIMPLE:

“Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”

(Source: The Dictionary of Real Estate Appraisal, 5th Edition, Appraisal Institute)

FUNCTION OF APPRAISAL:

The function of this report is to present the data and reasoning employed to form a professional opinion of the nature, quality, value or utility of specified interests in, or aspects of, identified real estate to facilitate a decision. The objective of this report is to communicate the conclusions to the client.

INTEREST VALUED: Leasehold and Fee Simple Interest

SCOPE OF WORK:

The scope of work includes a number of independent investigations and analysis including an observation of the golf course and of the interior and exterior of the building improvements on October 8, 2010. I met with Gerald Wendell during my inspection. Information was provided by Steve Wollock at Wendall Pittenger Golf and several individuals from the City of Red Wing.

In completing the appraisal on the property, the following took place:

1. Viewed the property, drove most of both courses;
2. Researched local information;
3. Contacted governmental agencies including the City of Red Wing and Goodhue County;
4. Researched sales of vacant land and improved golf courses;
5. Confirmed sales data;
6. Valued the fee simple interests of the golf course and land;
7. Valued the Leased Fee Interest of the property based on the current lease in place;

8. Estimated the Leasehold Interest Value of the property which includes the Furniture, Fixtures & Equipment (FF&E), as well as, the Going Concern of the business;
9. Completed the appraisal report.

In my opinion, the research sources used are sufficient for the discovery of comparable market data and the sales recited and analyzed are sufficient to provide a reliable value opinion for the property being appraised.

APPRAISAL PROCESS:

An appraisal is defined as "A definite, written, detailed opinion of a qualified appraiser as to the market value of property." The appraisal is designed to assist in decision making regarding a particular property.

In professional appraisals, three approaches to value are considered and usually applied: (1) Cost Approach, (2) Sales Comparison Approach, (3) Income Approach. All approaches apply data that are derived from the market.

In the Cost Approach, the component parts of the subject property are analyzed and an estimate of what it would cost in the market to replace them with property of like utility and value is made. Land is broken into use classes, each evaluated on its value in the market. The value of the improvements is estimated based on cost new, less depreciation. Depreciation is defined as loss in value from any cause and may be physical wear, functional and/or economic obsolescence.

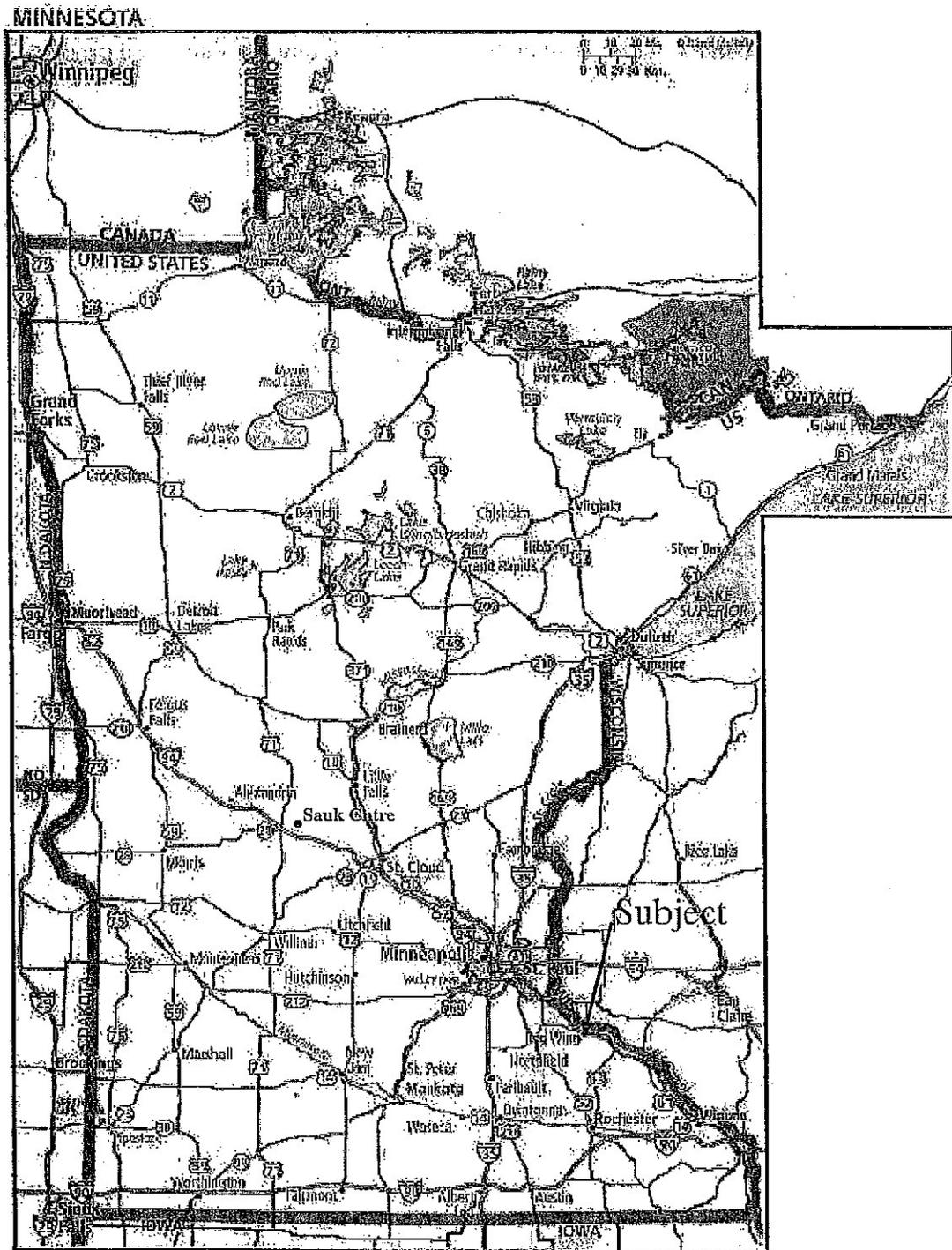
The Sales Comparison Approach involves market analysis of properties that have been sold. Each property is compared with the subject property (the property being appraised) on numerous factors; some being time of sale, size, location, quality and improvements. Since no two properties are alike, each factor is given a dollar or point value in comparison to the subject. This is the concept of "comparable sales," which is based on the economic principle of substitution and states: "One will not pay more for an item than for another item of equal utility."

The Income Approach usually involves the capitalization of net income. The appraiser outlines annual income under typical use and management using market income and expenses. The capitalization rate is derived from the market, using actual data from similar properties and similar investment criteria.

The final process is correlation of the approaches and selection of the approach or approaches that most accurately represent market value.

The land and all of the buildings of the subject property are owned by the City of Red Wing and are leased to the operator of the business. In my opinion, the most appropriate way to estimate the Leasehold Interest Market Value is to first estimate the Fee Simple Market Value of the property and then deduct the Leased Fee Interest Value of the property based on appropriate market data.

STATE MAP



REGIONAL MAP

