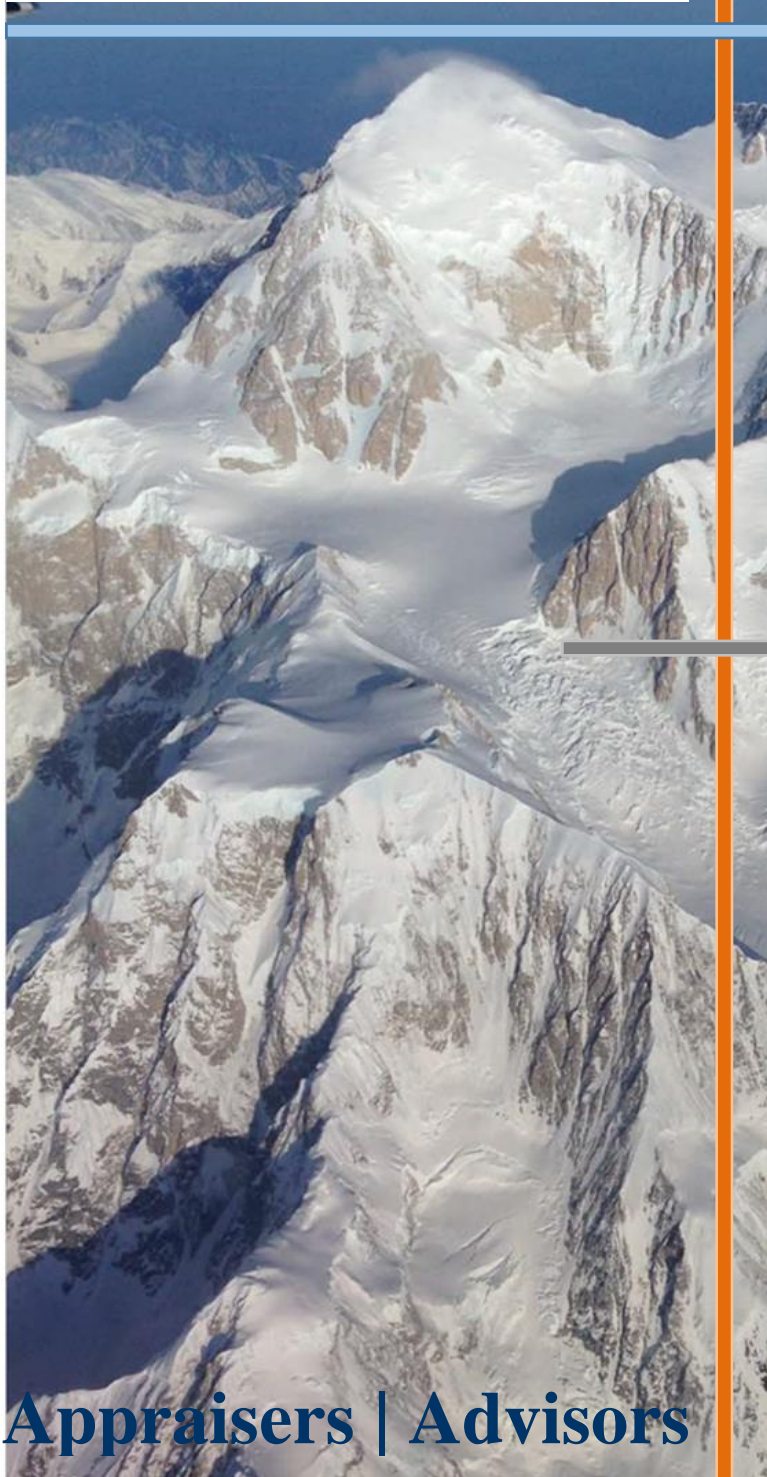


# RELIANT

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LLC



**Appraisal Assignment of:**

**6 Mile Mill Site**

**Mile 6 Zimovia Highway  
Wrangell, AK 99929**

Latitude: 56.395815, Longitude: -132.337955

Reliant Reference Number: 22-0340

**As of: March 26, 2022**

**Prepared for:  
City and Borough of Wrangell**

**Appraisers | Advisors**



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## Appraisers | Advisors



### **“reliable advice = reliable decisions”**

Reliant’s goal is to provide high-quality appraisals and consultation services to our clients that will empower them to make smart business decisions. Reliant takes pride in our ability to develop concise reports in a professional and timely manner. Reliant’s experience positions us for success in each market served.

#### **Experience**

- Alaska grown—nationally known
- Over \$2.5 billion in valuations performed
- Alaska expertise with national experience
- Three designated members of the Appraisal Institute (MAIs)
- 100+ years of combined experience

#### **Quality of Work**

- Detailed reporting: enough information to support the value estimate and understand how the appraiser arrived at that value
- Professional reporting: double-sided, full-color reports
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- Quality analysis, including use of ARGUS cash flow software
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- Buy/sell or lease analysis
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## Letter of Transmittal

April 11, 2022

Mr. Jeff Good  
Borough Manager  
City and Borough of Wrangell  
PO Box 531  
Wrangell, AK 99929

RE: **6 Mile Mill Site**  
Mile 6 Zimovia Highway  
Wrangell, AK 99929

Dear Mr. Good:

At your request, an appraisal of the above referenced property has been prepared. The results of the assignment are presented in *Appraisal Report* format. The purpose of the assignment is to estimate the market value of the real estate in its current As Is condition. The *Fee Simple* interest in the subject has been analyzed.

The client(s) of this assignment is City and Borough of Wrangell. The intended user(s) of the report is the Client, for the intended use of prospective acquisition purposes. Although other parties may in some cases obtain a copy of this report, it should not be relied upon by anyone other than the intended user(s), or for anything other than the intended use.

This assignment has been prepared and presented in conformance with the scope of work developed in consultation with the client, the current Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation, as well as the bylaws of the Appraisal Institute.

The subject consists of 11 lots comprising the former 6 Mile Mill property. A site and neighborhood observation has been made, and photographs taken by Greg Bucklin, MAI, on March 26, 2022. Mr. Wold did not visit the site for purposes of this appraisal, but is familiar with the property and the neighborhood. Market information and data regarding other similar real estate has been obtained. This data has been analyzed using appropriate techniques and methodologies necessary to develop a credible and reliable estimate of market value.



RE: **6 Mile Mill Site**

As a result of research and analysis, the value estimate(s) for the subject is/are as follows:

<u>FINAL MARKET VALUE ESTIMATE</u>	
<u>6 Mile Mill Site</u>	
<u>Property Rights</u>	<u>Fee Simple</u>
<u>Condition</u>	<u>As Is</u>
<u>Effective Date of Appraisal</u>	<u>March 26, 2022</u>
<u>Final Market Value Estimate</u>	<u>\$2,500,000</u>

The value estimates are based on a marketing period of approximately 12 months and an exposure period of approximately 12 months. The value opinion reported above is qualified by certain assumptions, limiting conditions, certifications, and definitions, which are set forth in the body of the report. This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits and Addendum. Thank you for the opportunity to be of service. If you have any questions, please feel free to call.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Kim M. Wold', is written over a light blue horizontal line.

**Kim Wold, --**  
Senior Appraiser  
Alaska Certified General – No. 52  
kim@reliantadvisory.com

# Certification

The undersigned certify that, to the best of their knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are their personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. They have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. They have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. Engagement in this assignment was not contingent upon their developing or reporting predetermined results.
6. Compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value/assignment result or direction in value/assignment result that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this assignment.
7. Analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
8. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. A personal walk-through of the subject property has not been made by Mr. Wold. Mr. Greg Bucklin, MAI, viewed the property on March 26, 2022 and took photographs. Mr. Wold is familiar with the property and the neighborhood.
11. No one provided significant real property appraisal assistance to the persons signing this certification and they are competent and qualified to perform the appraisal assignment.
12. They have not provided a previous service, as an appraiser or in any other capacity, regarding the subject within the three years prior to accepting this assignment.
13. As of the date of this report, Kim Wold has completed the requirements of the continuing education program for Candidates / Practicing Affiliates of the Appraisal Institute, and for certified appraisers in the State of Alaska.



**Kim Wold**

Alaska Certified General – No. 52

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# Assignment-Specific Premises & Special Risk Factors

## Overview

The information presented in this section is for convenience purposes only and the intended user should read and understand the report in its entirety as there may be additional highly relevant information contained within the body of the report.

General assumptions and limiting conditions, which apply to all assignments, are presented in the report Addenda. In addition, the following assumptions and limiting conditions are presented separately in this chapter because they are specific to the current assignment. All the assumptions and limiting conditions, whether general or specific and regardless of location within the report, are of equal relevance and importance, and should be carefully reviewed and understood by the intended user(s).

## Assignment-Specific Extraordinary Assumptions, Limiting Conditions

Extraordinary assumptions and extraordinary limiting conditions specific to this assignment follow. The value estimate(s) presented in this report may be amended if the extraordinary assumptions or limiting conditions are found to be false. The reader is advised that the use of these assumptions and limiting conditions might have affected the assignment results.

1. It is assumed that the site will have the benefit of waterfront ingress and egress, at the reversion of ATS 1143 to the City of Wrangell and the right of ingress and egress over ATS 1249, which is currently owned by the City and Borough of Wrangell. Both of these tideland surveys are located seaward of the subject property.
2. The improvements are considered to represent an interim use on the property and have no contributory value.
3. It is assumed that the flood zone determination used in this report is accurate.

## Assignment-Specific Hypothetical Conditions

Hypothetical conditions specific to this assignment are as follows. The reader is advised that the use of these hypothetical conditions (if any) might have affected the assignment results.

This appraisal is not predicated on any hypothetical conditions.

### Special Risk Factors

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A special risk factor is defined as a risk that is extraordinary (atypical and unusual), whose potential impacts are not easily quantifiable, that may presently, or at some point in the future, impact the subject and/or all asset classes of real estate, including the subject.

No special risk factors are present.

# Assignment Overview

## Identity of Property

<b>Name</b>	6 Mile Mill Site
<b>Brief Description</b>	The subject consists of 11 lots comprising the former 6 Mile Mill property.
<b>Address</b>	Mile 6 Zimovia Highway Wrangell, AK 99929
<b>Geo Coordinates</b>	Latitude: 56.395815, Longitude: -132.337955
<b>Physical Location</b>	The subject parcels are all located between Zimovia Highway and the Wrangell Narrows
<b>Assessor's Tax Parcel Number(s)<sup>1</sup></b>	03-011-100, 03-011-150, 03-011-152, 03-010-212, 03-010-214, 03-010-216, 03-010-218, 03-010-220, 03-010-135, 03-010-129, 03-010-999
<b>Abbreviated Legal Description</b>	<i>USS 3000; Lot 6, USS 3534, Lot 7, USS 3534, Lot 11, USS 2589, Lot PSS, USS 3534, Lot 10, USS 2589, Lot 5, USS 3534, Lot 4, USS 3534, Lot 9B, Mitchell-Buhler Replat, Plat 2015-13, Lot 6B, Mitchell-Buhler Replat, Plat 2015-13, and Lot 20, USS 2589. (Per Tax Assessor Records)</i>
<b>Current Use</b>	Industrial
<b>Appraised Use</b>	Vacant Land
<b>Highest and Best Use</b>	
<b>AS VACANT</b>	May include development as waterfront industrial use or other unidentified use once feasibility has been ascertained.

## Scope of Assignment

<b>Value Definition(s)</b>	The following definition(s) of value is/are utilized in this report:
<b>MARKET VALUE (OCC)<sup>2</sup></b>	<i>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 the buyer</i>

<sup>1</sup> Per Tax Assessor Records.

<sup>2</sup> Source: Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.43 Definitions [g].

*under conditions whereby:*

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

<b>Other Definitions</b>	Please refer to the Terms & Definitions section presented in the Addenda for additional definitions of significant terminology used in this report.
<b>Purpose</b>	To estimate the market value of the real estate in its current As Is condition.
<b>Intended Use</b>	The intended use of the assignment is for prospective acquisition purposes. It should not be relied upon for any other uses.
<b>Client(s)</b>	City and Borough of Wrangell
<b>Intended User(s)</b>	City and Borough of Wrangell (the Client)
<b>Property Interest Appraised</b>	This is an appraisal of the real property. Any intangible and personal property is specifically excluded from this valuation.
<b>Property Rights Appraised</b>	Fee Simple
<b>Report Presentation</b>	This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). This format provides a summary of the appraisal process, subject and market data, and valuation analyses. The level of detail and discussion presented varies with the significance of the information to the appraisal, within the context of the intended use and intended user(s).
<b>Walk-Through Date</b>	March 26, 2022
<b>Effective Date<sup>3</sup></b>	March 26, 2022
<b>Report Date</b>	April 11, 2022

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<sup>3</sup> The analyses and conclusions of the assignment are based upon the known market conditions as of the date of report and are valid as of that date but may not be representative of market value either before or after this date.

## Scope of Work

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<b>Overview</b>	Current USPAP requires the appraiser(s) to develop and report a scope of work that results in credible results that are appropriate for the appraisal problem, intended user(s) and intended use.
<b>Limitations to Scope of Work</b>	USPAP permits limitations to the scope of work consistent with the appraisal problem, intended user and intended use. The scope of work has been limited by the General Assumptions & Limiting Conditions, Assignment-Specific Extraordinary Assumptions and Limiting Conditions, and Assignment-Specific Hypothetical Conditions discussed throughout this report and Addenda. The Scope of Work has also been limited based on the level of information / documentation available to the appraiser. Please reference the assignment-specific extraordinary assumptions, limiting conditions and hypothetical conditions presented in the prior chapter. There are no other major limitations to the scope of work for this assignment.
<b>Compliance</b>	<p>The analysis and reporting of this assignment are compliant with the following:</p> <ul style="list-style-type: none"><li>• Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation.</li><li>• The bylaws of the Appraisal Institute.</li></ul>
<b>Special Client Instructions</b>	None
<b>Subject Walk Through</b>	A site and neighborhood observation has been made, and photographs taken by Greg Bucklin, MAI, on March 26, 2022. Mr. Wold did not visit the site for purposes of this appraisal, but is familiar with the property and the neighborhood. The scope of this walk-through is presented on the following table.
<b>Information Provided to Appraiser for Consideration</b>	<p>Primary data was obtained by the appraiser during the property walk-through. Secondary sources of property data include client, borrower, and public records. The scope of work is specific to the information on the subject provided to the appraiser by the client or property contact. A partial list of items provided follows:</p> <ul style="list-style-type: none"><li>• Plat map</li><li>• Feasibility study</li><li>• Market study</li><li>• A prior appraisal</li></ul> <p>The following information was not available to the appraiser:</p> <ul style="list-style-type: none"><li>• Three years of historic operating data</li><li>• Tax returns</li></ul>

- Architectural plans
- Building sketch
- As built
- Title report
- Preliminary commitment for title insurance
- Environmental study
- Engineering study
- Construction costs
- Renovation costs
- Purchase and sale agreement

### Market Analysis

Extensive research on macro and micro economic conditions within the subject's market has been conducted. Extensive research on current market conditions within the subject's sector of the real estate market has been conducted. The Appraisal Institute recognizes two categories of market analysis: inferred and fundamental. Inferred analyses (Level A and B) are basic methods by which future supply and demand conditions are inferred by current and general market conditions (secondary data). In fundamental analyses (Level C and D), general information is supplemented by detailed data to forecast supply and demand, as well as subject-specific absorption and capture (primary data). The market analysis performed in this assignment is based on inferred demand.

### Approaches to Value

**LAND VALUATION** This approach was developed because it is necessary to develop a credible and reliable estimate of market value for this property type or it has been requested by the client.

**COST APPROACH** This approach was not developed because it is not typically utilized by buyers and sellers in this market for this type and age of property.

**SALES COMPARISON APPROACH** This approach was developed (land valuation) because it is necessary to develop a credible and reliable estimate of market value for this property type or it has been requested by the client.

**INCOME CAPITALIZATION APPROACH** This approach was not developed because the subject is not an income producing property and this approach does not reflect typical market behavior for this property type.

### Valuation Process

The valuation process may include research and analysis performed as part of a prior assignment, as well as new research performed specifically for this assignment, and included but was not limited to the following:

1. The problem or nature of assignment was identified.
2. A scope of work was created that lead to credible results that are appropriate for the appraisal problem, intended user and intended use.

3. Information necessary to complete the assignment was requested and obtained from the client / property contact.
4. An area, city and neighborhood analysis has been performed.
5. An analysis of the subject's physical and economic characteristics has been performed.
6. Interviews have been performed with property representatives (owners, property managers or leasing agents), tenants, planners, assessors, brokers, investors, developers and other individuals with useful knowledge and insight on the subject.
7. Knowledgeable market participants have been interviewed on the market conditions for properties like the subject.
8. An examination of current zoning codes affecting the property has been performed.
9. The functional utility of the site and/or improvements has been determined.
10. A detailed examination of the subject's economic characteristics has been made to determine the property's risk profile and economic potential.
11. A highest and best use analysis for the property was performed.
12. Extensive research to identify transactions involving similar properties was performed.
13. An analysis of the subject and available data was performed using commonly accepted valuation techniques and methodologies.
14. The quantity and quality of available data was considered along with the applicability of the methodology used, and a reconciliation was performed to arrive at the final value estimate(s).

### Ownership and Sales Information

<b>Current Owner of Record</b>	According to Tax Assessor Records, the appraised interest in the subject is presently owned by DB AK Enterprises LLC.
<b>Three Year Transaction History</b>	Disclosure and analysis of the subject's transaction history (sales, agreements of sale, options, and listings) within the prior three years is required by USPAP and, if applicable, is presented below.
<b>PENDING SALE</b>	As of March 1, 2022, the subject is pending sale to City and Borough of Wrangell. The reported price is \$2,500,000, and the terms are Conventional. This is an expression of interest by the City and Borough of Wrangell to purchase the property at a price not to exceed \$2,500,000. The City has

engaged an appraisal of the property to assist in determining the sales price. The property has been listed for sale for several years and is currently listed by Anchor Properties at a price of \$2,700,000.

### **Competency of Appraiser**

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The appraisers have previously performed similar assignments and meet the Competency Rule of USPAP. Please refer to the Experience Data presented in the Addendum for further information on the appraiser's background and experience.

## Area Data

### COVID-19

The World Health Organization declared the coronavirus (COVID-19) as a global health emergency on January 30, 2020. The President declared a national emergency on March 13, 2020. The outbreak caused heightened health, economic and financial uncertainty in both local and global markets. International travel restrictions have been implemented by many countries, including the United States. Public events, meetings and assemblage were largely cancelled. Global financial markets were negatively impacted as a result of the response of governments and the public to the virus. In response, the Federal Reserve made an emergency cut to interest rates on March 16, 2020, slashing the federal funds rate by 1 percent to a range of 0-0.25 percent (effectively zero). Through various legislative acts, total COVID-19 stimulus is estimated at \$5.335 trillion dollars.<sup>4</sup> There are now multiple vaccines available that are expected to be fully distributed to the general public by the end of 2021. Most market participants believe that the COVID-19 pandemic has ended. Economic trends, including airline travel, employment data, manufacturing output, retail expenditure, stock market valuations and other data points strongly suggest that most, but not all, of the economic recovery has already occurred. Thus, at this point, the economic data indicates that there was largely a “V” shaped recession and recovery. At this point, the greatest risk is that a new vaccine resistant strain of the virus develops. The COVID-19 Delta and COVID-19 Omicron variants are two such examples, with the first causing additional lockdowns and the second posing a limited health risk without additional lockdowns. That said, the continued expectation is that 2022 will be the year that the economy approaches full recovery.

### Regional Area Data

Although elements of Alaska’s economy are directly affected by certain national and international factors (e.g. interest rates, the value of the U.S. Dollar, etc.), Alaska’s economic cycles do not typically align with the rest of the nation for several reasons. First, is that Alaska is a “resource” state and contains some of the most abundant reserves of oil, natural gas, coal, gold, silver and other precious minerals on the planet. Alaska is also plentiful in renewable natural resources, including fish and timber. In terms of natural resources, it is not an understatement to describe Alaska as being “rich”. Thus, the respective supply of these commodities, including their financial feasibility to bring to market, and prices set by global markets, are the primary influence on the economy. Second, is the relative absence of manufacturing and technology, which in recent history have been the driving factors in U.S. economic cycles. Third is Alaska’s location, which although

<sup>4</sup> Peter G. Peterson Foundation, March 15, 2021, <https://www.pgpf.org/blog/2021/03/heres-everything-congress-has-done-to-respond-to-the-coronavirus-so-far>

central to the industrialized world by air, is remote relative to the rest of the U.S. One dramatic instance of when Alaska's economy diverged from the Nation's was during the Great Recession when employment in Alaska continued to increase, resulting in 21 years of continuous job growth in the state.

Today, the State's economy is more diverse than it ever has been. However, the tripod that continues to support the economy is made up of oil/gas, government spending (with State spending being largely dependent on oil), and the other sectors (other mining/natural resources, hospitality/tourism, manufacturing/fishing, and transportation to name a few). Most of the weight continues to be on oil.

While oil production has significantly decreased from their peak in the late 1980s, the price has been volatile, ranging from above \$100/bbl at the beginning of 2014 to a low of \$10/bbl in 2020 at the start of the COVID-19 pandemic. Currently prices are in the range of \$100/bbl, which is well above the average price for the last several years. On another positive note, reserves have recently been increasing. After a 40-year battle, in 2017, the Republican-controlled House and Senate included in tax legislation a provision that would open the 1002 area of ANWR to oil and gas drilling. Since that time up to 10 billion barrels of additional reserves have been identified at three different fields, which could yield several hundred thousand barrels per day. At the same time, political resistance to oil is increasing. Due to global warming, several lenders have indicated that they will not finance any new oil field development, however, this is viewed as largely a symbolic political position that will not ultimately impact the development of financially feasible fields. President Joe Biden has unilaterally suspended all oil and gas leases in the ANWR, which is being challenged in court.

The decline in the price of oil in recent years resulted in a decline in State revenues and significant budget shortfalls.<sup>5</sup> Thus far, the budget shortfall has been addressed by a combination of tapping into reserve accounts<sup>6</sup> (all years), eliminating 50% of the Permanent Fund dividend paid to Alaska residence (2018) or tapping into the Permanent Fund's Earnings Reserve Account (ERA) (2019). For several reasons, the budget shortfall is largely a political, rather than an economic issue. First, while politically difficult, the State continues to have opportunities to cut spending over historic levels.<sup>7</sup> Second, there are no personal taxes in place at the State level and, while also politically difficult, if necessary, these could be adopted. Finally, the State has over \$82 billion within the Permanent Fund, nearly \$17 billion of which is within the ERA and so can be used to fund the State government by a simple majority vote of the Legislature (as occurred in 2019, for example).

<sup>5</sup> According to Alaska Tax Division Director Colleen Glover, every dollar change in the price of Alaska North Slope crude equates to roughly \$42 million more, or less, to the state treasury.

<sup>6</sup> As of December 31, 2021, the State had \$1.09 billion remaining in the CBRF, roughly 10% of the original balance.

<sup>7</sup> There is consensus among nearly all Alaskan's that additional spending cuts are possible. However, to the extent that the proposed spending cuts result in an actual reduction of services they become a point of vigorous debate.

The question is not therefore whether State can pay its bills, but rather what level of services its citizens desire and how it chooses to pay for those services. The major concern moving forward is the degree to which each of these respective choices would impact the general economy, which has just returned to positive economic growth after a mild three-year recession.

Also buttressing the Alaskan economy is the level of federal spending in the state. For example, in FY 2014, the U.S. government sent a total of \$11.3 billion to Alaska and its residents<sup>8</sup>. This sum made Alaska the third highest recipient of per capita federal dollars for the year (behind Maryland and Virginia). In fact, the level of federal spending in Alaska, per capita, is approximately 50% above the national average. While details have not yet been finalized, Alaska is also expected to see a healthy share of recent federal infrastructure dollars over the next few years.

Job gains in the health care industry have been consistent and strong for most of the last decade. In 2020 the health care industry initially lost 500 jobs during the COVID-19, but this loss was offset in 2021 when 900 jobs were added to aid in combating the outbreak.

Tourism has also been a bright spot with record numbers of cruise ship berthings and visitors. However, as a result of COVID-19, nearly all cruise ship trips to Alaska were cancelled. For the 2022 forecast, major cruise lines such as Holland America Line, Princess Cruises, Royal Caribbean, Celebrity, and Norwegian Cruise Line, have reported that they plan on returning to Alaska with sailings primarily from Whittier, Seward, Vancouver and Seattle. State economists expect that the combination of a strong national economy and new cruise ship entrants to the Alaskan market will have a favorable impact on this industry and Alaska. On a positive note, lodging and car rentals performed at record levels during the pandemic, indicating significant strength in the independent traveler segment of the tourist market.

While seafood harvests, pricing and supply and demand conditions remain relatively stable and healthy for most fisheries, certain segments and regions of the Alaska seafood market are experiencing a surplus of processing capacity. As a result, several processors have discontinued operations, while others have placed their portfolio of Alaska properties on the market for sale. In general, the seafood outlook is for continued health and stability for the market overall, but with certain segments and regions experiencing softness and even potentially contraction, which could impact fishermen, suppliers, and processing employment. In 2021, salmon counts, and pricing were favorable. As the result of more consumers cooking from home to combat the spread of the COVID-19 virus, the industry experienced recovery with rising demand and pricing levels.

Precious metals, including gold, continue to perform well and the mining industry is healthy at this time. Alaska Native Corporations are one of the

<sup>8</sup> [http://www.pewtrusts.org/~media/assets/2016/03/federal\\_spending\\_in\\_the\\_states\\_20052014.pdf](http://www.pewtrusts.org/~media/assets/2016/03/federal_spending_in_the_states_20052014.pdf), accessed Jan-2017

major bright spots of the Alaska economy and continue to expand their Alaska, national and international businesses.

In summary, the Alaska economy is best described as “mixed” at this time with some lingering softness in the oil industry largely being offset by strength in other areas of the economy.

The most recently available key economic indicators are summarized on the following chart.

### Alaska: Key Economic Indicators

Item	2014	2015	2016	2017	2018	2019	2020	2021
<b>Resources</b>								
Oil Price (Avg. \$/Barrel)	\$97.74	\$52.10	\$43.04	\$54.28	\$71.44	\$65.49	\$41.72	\$70.88
Avg. Daily Oil Production (000s Barrels)	546.6	519.3	531.1	540.5	550.0	547.7	544.8	533.6
Oil Value (Billions)	\$19.5	\$9.9	\$8.3	\$10.7	\$14.3	\$13.1	\$8.3	\$13.8
Gold Price (Avg. \$/Ounce)	\$1,184	\$1,061	\$1,152	\$1,303	\$1,283	\$1,517	\$1,734	\$1,829
GDP: Mining (Millions)*	\$14,046	\$7,637	\$6,351	\$8,496	\$9,302	\$8,424	\$4,648	---
GDP: Agriculture, Forestry & Fishing (Millions)	\$495	\$461	\$405	\$391	\$407	\$409	\$331	---
Salmon & Herring Catch (000s Ibs.)	812,665	1,163,639	639,519	1,102,192	652,434	916,685	538,383	---
Salmon & Herring Exvessel Value (Millions)	\$631	\$502	\$492	\$796	\$592	\$715	\$399	---
<b>Tourism</b>								
Cruise Ship Visitors (000s)	968	1,000	1,026	1,090	1,169	1,332	0	---
Total Visitors (000s)	1,660	2,067	1,858	1,926	2,026	2,437	427	---
<b>Demographics</b>								
Population	742,404	741,123	752,680	744,733	750,876	755,517	760,206	752,044
Avg. Household Income	\$85,010	\$88,585	\$91,524	\$93,039	\$96,273	\$96,534	\$97,941	\$99,657
Per Capita Income	\$31,800	\$33,111	\$34,264	\$34,879	\$35,888	\$35,589	\$36,233	\$37,030
<b>Employment</b>								
Unemployment Rate (%)	6.9%	6.5%	6.9%	7.0%	6.6%	6.3%	8.2%	6.2%
Employment (% Chng.)	0.5%	0.3%	-1.7%	-1.3%	-0.5%	0.5%	-3.9%	2.8%
<b>Alaska Permanent Fund (PF)</b>								
PF Distribution (\$/Person)	\$1,884	\$2,072	\$1,022	\$1,100	\$1,600	\$1,606	\$992	\$1,114
PF Value (Billions)	\$51.2	\$52.8	\$52.8	\$59.8	\$64.9	\$66.3	\$65.3	65.3
<b>State Budget</b>								
State Budget (Millions) [2014=FY14]								
Revenue	\$10,665	\$9,259	\$7,063	\$6,553	\$6,972	\$10,557	\$9,925	\$9,074
Operating	\$8,569	\$11,610	\$8,520	\$8,078	\$8,039	\$8,748	\$8,504	\$8,868
Capital	\$1,972	\$1,943	\$1,478	\$1,551	\$1,414	\$1,447	\$1,276	\$1,167
Total Spending	\$10,540	\$13,553	\$9,998	\$9,629	\$9,453	\$10,195	\$9,780	\$10,035
Fiscal Gap	\$21,205	\$22,812	\$17,061	\$16,182	\$16,425	\$20,752	\$19,705	\$19,109
<b>Other</b>								
Mortgage Foreclosure & Delinquency Rates**	1.0%	0.8%	0.7%	0.7%	0.8%	0.7%	0.6%	0.4%
Alaska Building Permits (Residential 1-5 Units)	2718	2446	2198	2178	1897	1886	1669	160

Employment trends by industry are presented below on the following chart:

## AK DOL Statewide Employment Forecast

	Monthly avg, 2020 <sup>1</sup>	Monthly avg, 2021 <sup>1</sup>	Change, 2020-21	Percent change	JOBS FORECAST		
					Monthly avg, 2022	Change, 2021-22	Percent change
<b>Total Nonfarm Employment<sup>2</sup></b>	<b>302,600</b>	<b>309,700</b>	<b>7,100</b>	<b>2.3%</b>	<b>319,500</b>	<b>9,800</b>	<b>3.2%</b>
Total Private	225,800	232,600	6,800	3.0%	241,700	9,100	3.9%
Mining and Logging	11,300	10,400	-900	-8.0%	11,000	600	5.8%
Oil and Gas	7,800	6,700	-1,100	-14.1%	7,100	400	6.0%
Construction	15,800	16,000	200	1.3%	16,400	400	2.5%
Manufacturing	11,900	12,200	300	2.5%	12,800	600	4.9%
Transportation, Trade, and Utilities	58,900	61,000	2,100	3.6%	63,200	2,200	3.6%
Wholesale Trade	6,200	6,100	-100	-1.6%	6,300	200	3.3%
Retail Trade	33,400	34,400	1,000	3.0%	34,900	500	1.5%
Transportation, Warehousing, and Utilities	19,300	20,500	1,200	6.2%	22,000	1,500	7.3%
Information	4,900	4,800	-100	-2.0%	4,800	0	0%
Financial Activities	10,800	10,800	0	0%	10,900	100	0.9%
Professional and Business Services	26,100	26,300	200	0.8%	26,600	300	1.1%
Educational (private) and Health Services	49,400	50,900	1,500	3.0%	51,500	600	1.2%
Health Care	38,200	39,100	900	2.4%	39,600	500	1.3%
Leisure and Hospitality	26,600	29,700	3,100	11.7%	33,700	4,000	13.5%
Other Services	10,100	10,500	400	4.0%	10,800	300	2.9%
Total Government	76,800	77,100	300	0.4%	77,800	700	0.9%
Federal, except military	15,400	15,100	-300	-1.9%	15,100	0	0%
State, incl. University of Alaska	22,400	22,600	200	0.9%	22,200	-400	-1.8%
Local and tribal, incl. public schools	39,000	39,400	400	1.0%	40,500	1,100	2.8%

<sup>1</sup>Preliminary estimates. <sup>2</sup>Excludes the self-employed, uniformed military, most commercial fishermen, domestic workers, and unpaid family workers.

Note: May not sum because of rounding

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Due to COVID-19, unemployment spiked to 13.7% in April 2020. By 2021, this had decreased to 6.2%. AKDOL forecasts Alaska will attain 97% recovery in 2022 and forecasts employment growth of approximately 9,800 jobs, an increase of 2.8%. The January 2022 Alaska Economic Trends report showed an 8.3% loss in jobs in 2020, a 2.3% gain in 2021 and a forecasted gain of 3.2% in 2022 which would bring jobs to 96.8% of pre-pandemic levels. The implication is that Alaska is nearly fully recovered from the pandemic and high oil prices and State budgets in the black, positioned for a return to prevailing pre-pandemic levels, which – with the exception of the 2016-2018 recession – has historically reflected slow, steady growth. One economic concern is inflation and the Federal Reserve tightening monetary policy, which has resulted in mortgage rates increasing to roughly 4.75%. Higher interest rates in turn could have an adverse impact on all segments of the real estate market.

## Wrangell Area Data

### Overview

Wrangell is one of the oldest non-native settlements in Alaska. In 1811, the Russians began fur trading with area Tlingits and built a stockade named Redoubt Saint Dionysius in 1834. The island was named for Ferdinand von Wrangel, manager of the Russian-American Company around 1830. The British of Hudson Bay Company leased the fort in 1840 and named the stockade Fort

Stikine. A large Stikine village, known as Kotzlitza, was located 13 miles south of the fort. The Tlingits claimed their own ancient trade rights to the Stikine River and protested when the Hudson Bay Company began to use their trade routes, but two epidemics of smallpox, in 1836 and 1840, reduced the Tlingit population by half. The fort was abandoned in 1849 when furs were depleted. The fort remained under the British flag until Alaska's purchase by the United States in 1867. In 1868 a United States military post called Fort Wrangell was established and named for the island.

The community continued to grow as an outfitter for gold prospectors, especially in 1861, 1874-1877, and 1897. Riotous activity filled gambling halls, dance halls, and the streets. Thousands of miners traveled up the Stikine River into the Cassiar District of British Columbia during 1874 and to the Klondike in 1897. Glacier Packing Company began operating in Wrangell in 1889. The Wilson & Sylvester Sawmill provided packing boxes for canneries and lumber for construction.

The city was incorporated in 1903. By 1916, fishing and forest products had become the primary industries – four canneries and a cold storage plant were constructed by the late 1920s. In the 1930s, cold packing of crab and shrimp was occurring. Abundant spruce and hemlock resources have helped to expand the lumber and wood products industry. The Alaska Pulp sawmill, Wrangell's largest employer, closed in 1994, but was reopened on a smaller scale in 1998 by Silver Bay Logging, only to be permanently closed and subsequently dismantled by 2008.

Tourism, as well as growth in the seafood processing and marine services industries have become the economic backbone of the community. The city was dissolved and reincorporated as the City and Borough of Wrangell on June 1, 2008.

Wrangell is primarily a non-native community with a mixture of Tlingit, Russian, British, and American historical influences. Logging and fishing have supported the community.

## Geography and Climate

The City and Borough of Wrangell is located on the northwest tip of Wrangell Island, 155 miles south of Juneau and 89 miles northwest of Ketchikan. It is near the mouth of the Stikine River, a historic trade route to the Canadian Interior.

Wrangell falls within the southeast maritime climate zone, characterized by cool summers, mild winters, and heavy rain throughout the year. Fog is common in Wrangell from September through December.

## Demographics

The most recent census data (2010) shows Wrangell having a population of 2,369. The 2020 US Census population was 2,127. The Alaska Department of Labor population estimate was 2,096 as of July 2021.

The population mix is 67.5% White; 19.2% American Indian or Alaska Native; 9.3% Two or More Races; 3.5% Asian; with the remainder being "other race."

**Transportation**

The city is accessible by air and water. The state-owned, paved, lighted runway allows for jet service. A seaplane base is adjacent to the runway, with another airplane float located in the Inner Harbor. Charter air taxi services are also available. The marine facilities include a breakwater at each of the three harbors with 710 slips for recreational and commercial vessels, deep draft dock which recently completed upgrades and renovations, state ferry terminal, and three boat launches. Freight arrives by barge, ship, ferry, and cargo plane. Front Street was reconstructed as part of a larger downtown revitalization project three years ago. Several new trails have been developed, including a new loop on Volunteer Park Trail and the Paddle Craft Trail, a canoe/kayak portage.

**Education**

Wrangell has one elementary, one middle, and one high school. Many students across the state attend correspondence schools.

**Economy**

The median household income in Wrangell is \$52,986 and the median family income is \$62,188. There are 237 people below the poverty level with 364 being below 125% of the poverty level. The property tax mill rate in Wrangell is 12.75 and the sales tax rate is 7%.

The Alaska Department of Labor shows the current unemployment rate in Wrangell to be 7.7%, which is down slightly from the 8.4% unemployment rate for the year 2020. In 2019, the unemployment rate was 6.7%.

Major industries in Wrangell include fishing, marine services, timber, tourism, and seafood processing. Local government is also a major employer in Wrangell.

**Conclusion**

The COVID-19 virus had a major negative impact on the job market, with historical unemployment numbers being recorded. By year end 2020, employment trends were once again positive. Nonetheless, 2021 forecast employment is well below 2019 levels suggesting that the economic recovery, should it continue, will extend well into 2022 and perhaps beyond. In the meantime, the outlook is for stability as the ongoing structural recovery from COVID-19 progresses.

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**Immediate Neighborhood Aerial Photograph**

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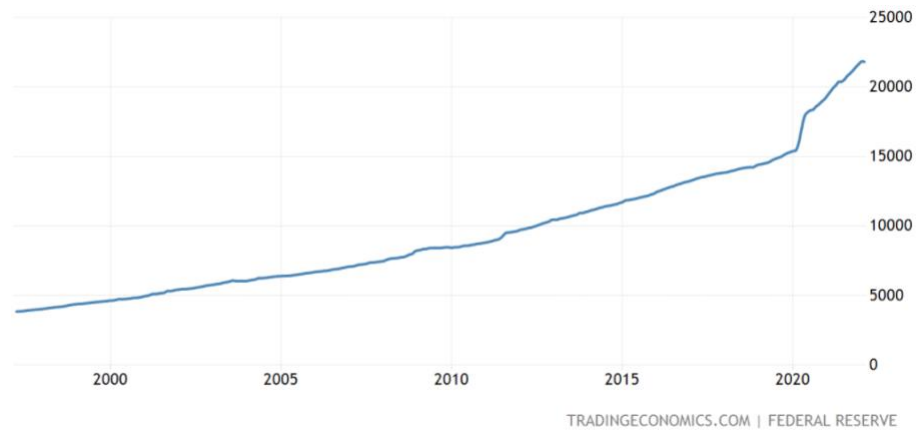
# Market Analysis

## Industrial

<b>Classification</b>	Given the subject's suitability for waterfront oriented industrial development, this market analysis considers conditions within the industrial market.
<b>Overview of Market Survey</b>	<p>The market analysis has been compiled from a variety of sources including an extensive survey of landlords, tenants, investors, users, property managers, real estate agents, appraisers, city assessor's and other market participants. Other sources of data include property tax records, newspaper articles and the Multiple Listing Service (MLS). The available data has been carefully analyzed on a qualitative and quantitative basis.</p> <p>Wrangell is a small, remote community without a particularly active real estate market. It comes as no surprise that there are no real estate market studies, surveys, inventories, or other published documents on current conditions available for review.</p>
<b>Market Supply</b>	Existing product constitutes the supply in Wrangell.
<b>Market Demand</b>	Some pent-up demand exists, but it is difficult to quantify its depth.
<b>Equilibrium Status (Current Conditions)</b>	Vacancy rates are virtually non-existent, as is the case for major communities in Southeast Alaska.
<b>Near Term Market Outlook (Forecast Conditions)</b>	The outlook over the next few years would be low vacancy rates and slowly increasing rental rates and property values.

## Inflationary Trends

Construction cost inflation results from two primary sources: short-term supply chain disruptions due to COVID-19 and mid-to-longer-term inflation resulting from a combination of government spending levels and Federal Reserve monetary policy. Due to COVID-19 a shortage of labor and subcontractors is reported, which has led to increases in sub costs and delays in project delivery. The US M2 Money Supply is critical in understanding and forecasting inflation and interest rates in the U.S. and is shown on the following table.



Since 2004, the money supply has gone up nearly 500%. As shown, however, it sharply increased during COVID-19 and increased from \$15,000 billion to nearly \$22,000 billion in roughly two years. Most market participants, including the Federal Reserve itself, are now anticipating a period of inflation and higher interest rates to combat it.

Regardless of the causes, inflation has had a significant influence on replacement costs and general contractors and subcontractors are carefully factoring in anticipated cost increases into their bids. Due to market inefficiencies, it is not possible to say for certain what recent construction specific inflation trends have been, but it has been reported by market participants that projects have experienced increasing costs ranging from as little as 10% to as much as 50%.

Inflation trends will increase the competitive position of existing product, reduce the feasibility of new construction and, to the extent that they impact interest rates, make borrowing more expensive. Given that much of the private real estate market is leveraged, it may become more difficult to obtain new loans and, given unchanged equity returns, result in downward pressure on asset prices. As to the degree to which interest rates increase and whether other factors will offset their influence remains to be seen but market participants are watching the issue closely.

## COVID-19

### Transaction Data

Below, properties are ranked from least to most affected by COVID-19:

- Distribution Warehouse
- Industrial
- Office
- Multifamily
- Retail
- Public Gathering Places (Universities, Churches, etc.)
- Lodging
- Retail - Restaurant

- Retail - Tourist / Cruise Ship Dependent

Property types least impacted by COVID-19 have continued to transact throughout the pandemic at prices similar to pre-pandemic levels. For those property types that are most impacted, there is limited transaction data available at this time that reflects the impact of the COVID-19. Local market participants report that a relatively small number of sales and new leases were finalized during the worst part of the virus situation in Alaska, but these were generally deals that were initiated prior to the virus taking hold. A number of other deals that were in progress when the state closure began were temporarily put-on hold as participants took a “wait and see” approach, but as the state has reopened most of these deals have begun moving again (or have already completed). The general consensus is that the pricing and terms of these latter deals did not change materially as a result of the virus or temporarily lower oil prices. For example, of a price change, however, a local hotel sale known to have closed this year was adjusted down by approximately 3% in recognition of the COVID situation, although at that point the pandemic had only been going a few months.

On a national level, a recent CoStar article (*Commercial Property Prices Hold Steady Amid Slower Trading*) reported that their U.S. Composite Index, which reflects secondary and smaller markets, was down 1.8% from its April peak. However, the article also acknowledged that transaction volume remains depressed, and it is widely agreed that most sellers are better off waiting for the market to improve rather than selling today – provided they are not in a distressed or unusually motivated situation.

Limited transactional activity – particularly for certain property types and asset classes – is anticipated to continue for the time being, which can complicate the appraisal problem and require the use of a combination of other appraisal techniques and data sources. Speaking broadly, property owners in the softest segments are not selling at this time unless under duress (as they are instead waiting until the market recovers), while those in the stronger segments remain willing to sell but typically not at a discount.

### Interviews with Market Participants

The views of market participants are widely divergent, and no broad consensus can be extracted with respect to changes in market value. However, reading between the lines, some more narrow areas of consensus can be established. For leased credit assets, the market participants report that the impacts may range from no impact to a discount of up to 10%, with the most common responses indicating a value discount between 0% and 3-5%. For most type of fee simple assets, while there are widely divergent perspectives on the degree, in the short-term (meaning currently and for the next three to six months) downward pressure on market values are implied followed by a longer-term (meaning within the marketing time) recovery and stabilization. In general, market participants tend to indicate that medical office, multifamily and industrial will be the least impacted and retail (in particular cruise ship dependent retail), restaurant and lodging will be the most impacted.

**Influence of Inflation**

While there is disagreement as to the severity, as the result of the significant COVID-19 related stimulus, market participants are anticipating increased inflationary pressures moving forward. At the same time, treasury yields remain very low and do not yet fully reflect inflationary pressures. In combination, this in turn, has increased demand for tangible assets, including real estate. Thus, for certain asset classes, post peak COVID-19 demand for real estate has arguably increased.

**Subject's Competitive Position****Competitive Strengths / Downward Risk Influences**

- Interest rates remain near all-time lows.
- No local competition
- Extensive water frontage with platted tidelands off-shore
- Utility services
- There are limited other property specific downward influences on risk.

**Competitive Weaknesses / Upward Risk Influences**

- COVID-19 continues to add uncertainty to the market.
- Limited financially capable buyers in the market
- Absorption uncertainty
- There are limited other property specific upward influences on risk.

**Application to Subject**

The subject is unencumbered by tenants and current market conditions have a direct impact on the property. Overall, current market conditions have a neutral influence on the market value of the subject.

# Description of Site

## 6 Mile Mill Site

<b>Name</b>	6 Mile Mill Site
<b>Address</b>	Mile 6 Zimovia Highway Wrangell, AK 99929
<b>Geo Coordinates</b>	Latitude: 56.395815, Longitude: -132.337955
<b>Physical Location</b>	The subject parcels are all located between Zimovia Highway and the Wrangell Narrows
<b>Assessor's Tax Parcel Number(s)<sup>9</sup></b>	03-011-100, 03-011-150, 03-011-152, 03-010-212, 03-010-214, 03-010-216, 03-010-218, 03-010-220, 03-010-135, 03-010-129, 03-010-999
<b>Abbreviated Legal Description</b>	<i>USS 3000; Lot 6, USS 3534, Lot 7, USS 3534, Lot 11, USS 2589, Lot PSS, USS 3534, Lot 10, USS 2589, Lot 5, USS 3534, Lot 4, USS 3534, Lot 9B, Mitchell-Buhler Replat, Plat 2015-13, Lot 6B, Mitchell-Buhler Replat, Plat 2015-13, and Lot 20, USS 2589. (Per Tax Assessor Records)</i>

### Gross Site Area

Summary of Site Area				
Parcel ID	Gross Land Area (Acres)	Gross Land Area (Sq Ft)	Usable Land Area (Acres)	Usable Land Area (Sq Ft)
03-011-100	1.84	80,150	1.84	80,150
03-011-150	5.58	243,065	5.58	243,065
03-011-152	3.35	145,926	3.35	145,926
03-010-212	2.62	114,127	2.62	114,127
03-010-214	2.62	114,127	2.62	114,127
03-010-216	3.00	130,680	3.00	130,680
03-010-218	8.92	388,555	8.92	388,555
03-010-220	7.05	307,098	7.05	307,098
03-010-135	0.10	4,403	0.10	4,403
03-010-129	1.00	43,560	1.00	43,560
03-010-999	2.45	106,722	2.45	106,722
Totals	38.53	1,678,413	38.53	1,678,413

### SOURCE Tax Assessor Records

Upon review of the site's physical and economic characteristics, there do not appear to be any factors that would reduce the usable area. Nonetheless, a survey of the site indicating usable area was not provided to the appraiser. The market value of this report assumes that all of the site's gross land area

<sup>9</sup> Per Tax Assessor Records.

is usable. In the event that a portion of the site were found to be un-usable, the market value of the subject could be less than the current estimate.

**Excess Land /  
Surplus Land**

A review of the subject's land-to-building ratio and comparison with typical market parameters suggests the subject does not have excess or surplus land. Therefore, after careful consideration, the subject is concluded to not include any excess land

**Shape**

The subject has an irregular configuration

**Street Frontage**

The subject has approximately 754' of frontage on Zimovi Highway.

**Access**

Access to and from the subject is considered average relative to competing properties.

**Exposure**

Exposure of the subject is considered average relative to competing properties.

**Topography**

The property has a generally level topography, at grade with surrounding properties.

**Soil Conditions**

Soils conditions in the subject's market are not uniform and can vary widely from one site to another. No soils report has been provided but soils conditions are reported to be good. It is an ordinary assumption of this report that the soil conditions are typical of the neighborhood and generally similar to those found at the land sale comparables utilized in this report.

**Wetlands**

No surface water was noted during the walk-through and the subject does not appear to contain any wetlands.

**Drainage /  
Hydrology**

The adequacy of site drainage requires detailed information on rainfall, soil conditions, topography and wetlands and can only be fully ascertained by a professional engineer that specializes on hydrology. A hydrology study was not available to the appraiser. In absence of a formal hydrology study, the adequacy of drainage can only be ascertained by site observation over an extended period of time. For this reason, many drainage issues are not identified until the time of actual development. Drainage issues will also most commonly manifest during peak spring break up, when the combination of new moisture and snow melt maximize runoff. Absence of storm drain systems, low lying locations that are below grade the presence of water bodies and highways increase the risk of drainage issues. Any statement with respect to the adequacy of drainage is based on the perspective of a "typical" market participant and is not a formal conclusion that hydrology issues are not present, rather that they would not be apparent to a typical market participant. No obvious drainage issues were apparent during the site visit and no significant standing bodies of water were present. Given the previously described physical characteristics, a typical market participant with typical levels of market knowledge and expertise would

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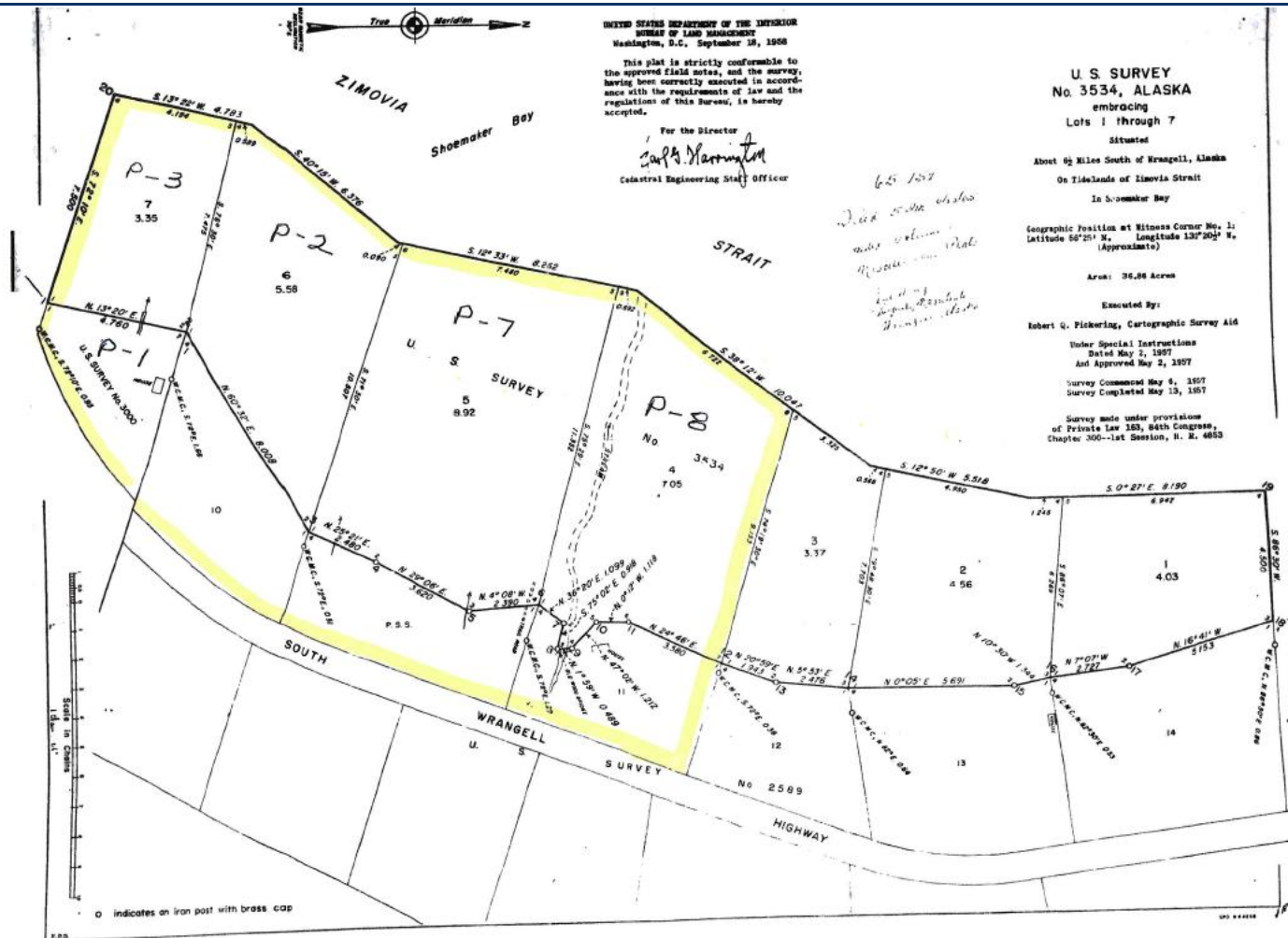
	most probably conclude that site drainage is typical of the market and adequate.
<b>Hazardous Conditions</b>	<p>A complete environmental site assessment was not available to the appraiser. There are no known or disclosed environmental issues, or hazardous conditions, impacting the subject. The detection of hazardous materials or conditions is beyond the scope of expertise and competency of an appraiser, however, and it is recommended that any concerns relating to hazardous conditions be addressed by a qualified environmental specialist. Furthermore, it is an assumption of this report that there are no hazardous conditions present at the subject. A Phase One environmental assessment is highly recommended.</p>
<b>Flood Zone</b>	<p>The Flood Emergency Management Agency or FEMA has prepared flood insurance rate maps for various communities in the State. According to the flood insurance map, community panel number 0200980040B, issued by the Federal Emergency Management Agency and last updated June 15, 1982, the subject is located within zone "C", described as follows:</p>
<b>ZONE C / X (UNSHADED)</b>	<p>Minimal risk areas outside the 1-percent and .2-percent-annual-chance floodplains. No BFEs or base flood depths are shown within these zones. (Zone X (unshaded) is used on new and revised maps in place of Zone C.)</p>
<b>Utilities</b>	<p>All utilities are present at the site.</p>
<b>Site Improvements</b>	<p>Portions of the site have asphalt paving.</p>

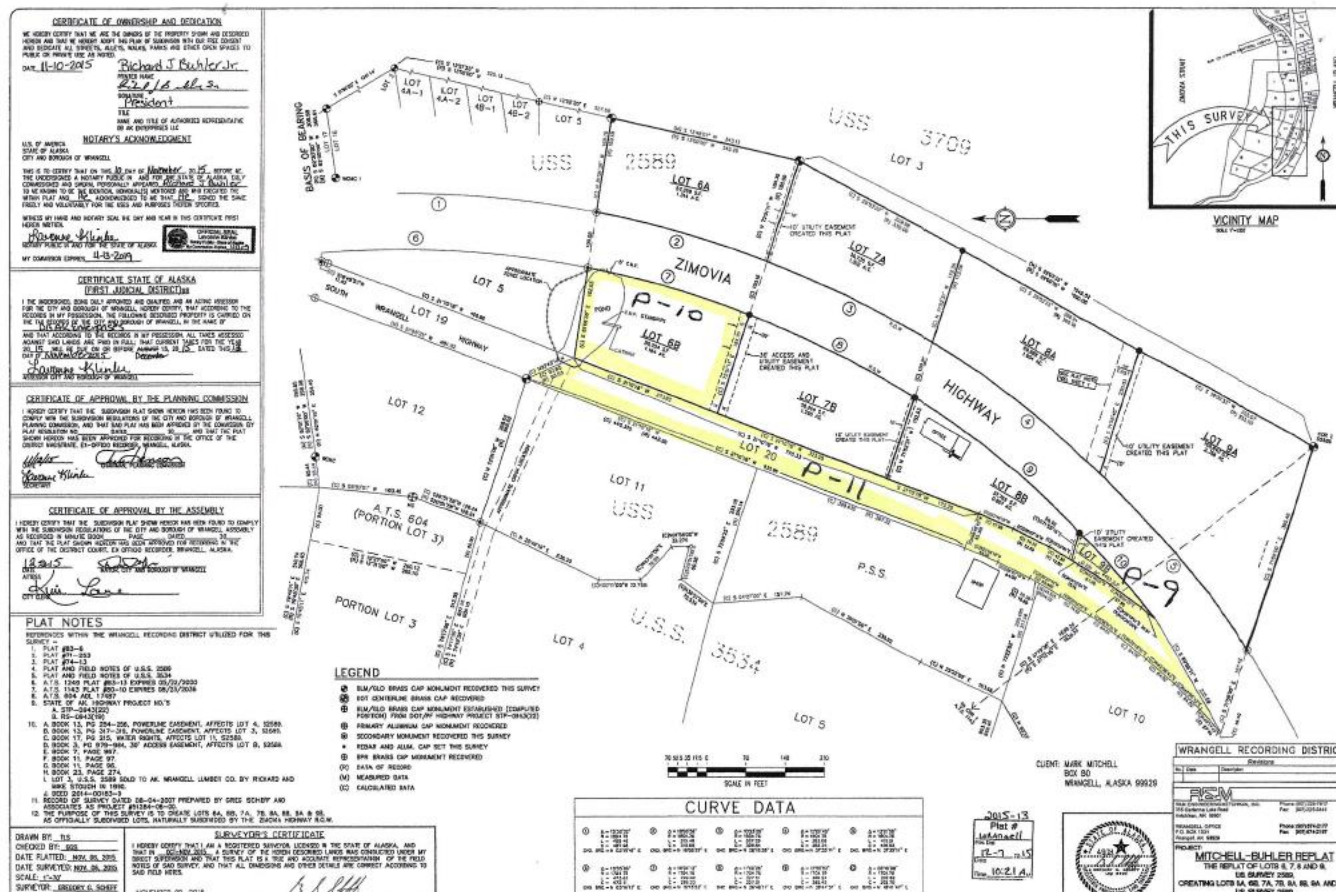
## Aerial Photograph Exhibit



Map Exhibit







**Zoning****Waterfront Development****LIGHT  
INDUSTRIAL (LI),  
FAIRBANKS**

**Intent:** The waterfront development district is intended to provide an area specifically for water-related uses and activities that are dependent upon access to water. This district is intended to accommodate light industrial, heavy industrial, and commercial activity which is water-dependent or water-related.

**Permitted Uses:** Piers, wharfs and docks; Transportation and transshipment facilities; Marinas and small boat harbors; Any water-dependent or water-related manufacturing, processing, fabricating, assembling, research, wholesale or storage uses; Facilities for construction, maintenance, repair and storage of vessels; Public parks and playgrounds; Boat sales, services and supply establishments; Fish and seafood processing plants and cold storage plants; Bait shops; Vessel charter offices; Marine warehouses; Freight storage and freight equipment operations centers; Facilities for loading and unloading ships and barges, including cranes and ramps; Water-dependent or water-related retail commercial establishments dealing primarily in bulk materials delivered by ship; Harbormaster's offices; Timber processing facilities, provided that such facilities rely primarily upon water transportation for obtaining and shipping timber or timber products; Temporary dwellings to include modular dwellings or manufactured housing for guards or caretakers employed on site; Boat launching facilities; Float plane facilities.

**Accessory Uses:** Uses and structures which are clearly incidental and subordinate to permitted principal uses and which will not create a nuisance or hazard are permitted as accessory uses in this district, subject to shoreline setback requirements and other applicable standards.

**Conditional Uses:** Water-related uses not mentioned above and their accessory uses; Other uses if there is no suitable upland alternative for a nonwater-related or nonwater-dependent use; Retail and wholesale businesses; Laundries and consumer services; Animal establishments other than establishments for livestock; Licensed marijuana establishment facilities as follows: retail store, testing, standard cultivation (500 or more square feet under cultivation), limited cultivation (fewer than 500 square feet under cultivation), and product manufacturing with the exception of solvent based manufacturing processes, which are not allowed.

The subject's zoning is not unduly restrictive, permits a wide variety of uses that are consistent with its highest and best use as vacant, and does not appear to materially limit the economic potential or functional utility of the property.

**Easements,  
Covenants,  
Encroachments &  
Restrictions**

No title report was provided for the appraiser's review.

Normal easements along property boundaries for streets or utilities are assumed. It is understood that there are no legal restrictions that would adversely affect use or marketability of the property. Title and land use, however are legal issues and an attorney should be consulted relating to questions on these matters. It is an assumption of this report that there are no restrictions that would adversely affect use or marketability of the property.

**Functional Utility**

There are no known physical or economic characteristics that limit the site's development potential and level of functional utility. The subject is generally physically and economically similar to other sites within the market segment that it competes. Overall, the site is concluded to provide good functional utility.

# Property Assessment & Taxes

## Summary of Property Assessment & Taxes

### Real Property

Properties located within the subject's market are assessed by the assessor every year. By statute, each property must be assessed at 100% of market value. The millage rate (on which property taxes are based) is determined annually based on spending and assessment levels. Millage rates vary constantly and are influenced by state law and services provided in each individual district. The assessed value of all properties located within a district is divided by a particular year's budget requirements to arrive at a millage rate. Thus, actual spending determines the amount of tax, and assessment allocates the tax among property owners. Therefore, an increase or decrease in total assessment will not, by itself, result in a change in the total property tax collected.

The property's current assessment and taxes are shown on the table that follows.

## Property Assessment & Tax Summary Exhibit

### MOST RECENT PROPERTY ASSESSMENT & TAXES

Tax Parcel Number	Assessment			Mill Rate	Taxes
	Land	Improvements	Total		
Year					2021
03-011-100	\$88,200	\$0	\$88,200	1.275%	\$1,125
03-011-150	\$267,400	\$0	\$267,400	1.275%	\$3,409
03-011-152	\$160,500	\$0	\$160,500	1.275%	\$2,046
03-010212	\$125,500	\$0	\$125,500	1.275%	\$1,600
03-010-214	\$125,500	\$0	\$125,500	1.275%	\$1,600
03-010-216	\$143,700	\$0	\$143,700	1.275%	\$1,832
03-010-218	\$427,400	\$0	\$427,400	1.275%	\$5,449
03-010-220	\$371,600	\$0	\$371,600	1.275%	\$4,738
03-010-135	\$4,400	\$0	\$4,400	1.275%	\$56
03-010-129	\$41,800	\$0	\$41,800	1.275%	\$533
03-010-999	\$88,000	\$0	\$88,000	1.275%	\$1,122
Total	\$1,844,000	\$0	\$1,844,000	1275.000%	\$23,511

## Subject Photographs

Subject site



Subject site



Subject site



Subject site



Subject site



Subject site



# Highest & Best Use

## Definition & Methodology

“Highest & Best Use” is defined as:

*“The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.”<sup>10</sup>*

### Scope of Highest & Best Use

A specific determination of highest and best use would require specific cost estimates, which were not available to the appraiser, and is beyond the scope of this assignment. Unless otherwise indicated, the highest and best use as vacant analysis should not be construed as a feasibility study, which is beyond the scope of the current assignment. Rather, the analysis is meant to provide a general indication of highest and best use based on a qualitative review of the available evidence. Furthermore, unless otherwise indicated, the assignment is not a feasibility study of potential conversion or renovation of the property and continued use “as is” or “as proposed” is implicit in the current value estimate.

## As Vacant

### Legally Permissible

Private restrictions, zoning, building codes, historic district controls and environmental regulations determine those uses legally permissible on a site. No private restrictions or historical district controls encumber the subject site. In addition, there are no known environmental regulations that inhibit development of the site.

### Physically Possible

Size, shape, area, terrain, accessibility and availability of utilities affect the uses under which a property can be developed.

### Financially Feasible

Feasibility is indicated by construction trends in the vicinity and current market conditions. All uses that are expected to produce a positive return are regarded as financially feasible.

### Maximally Productive

When development options are available, a determination must be made as to which feasible use is the maximally profitable use.

Within this market, the presence of developer’s margin is highly specific to the individual project. Nonetheless, it is noted that developers’ margins have been attained within the subject’s geographic area for a wide variety of property types. The majority of new construction, however, has been by owner-users whose needs were not met by the existing inventory and there has been less speculative development. Based on a review of the subject’s

<sup>10</sup> Source: The Dictionary of Real Estate Appraisal, 7<sup>th</sup> Edition. Chicago: Appraisal Institute, 2022.

zoning, land use trends, neighborhood characteristics and trends, shape, size, functional utility as well as market vacancy rates, rental rates and other factors, the subject's highest and best use as vacant may include waterfront industrial use, or other unidentified use that provides the highest return to the underlying land once feasibility has been ascertained.

**Probable Buyer**

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The subject is suitable for owner or tenant occupancy. Similar properties within the subject's market are both owner-user and investor owned. Therefore, the most probable buyer is either an owner-user or an investor.

# Land Valuation

## Introduction

<b>Methodology</b>	Land is customarily valued as though unimproved and available for development to the use, which would justify the highest price and the greatest net return. Sales of unimproved land most similar to the subject are investigated and the most appropriate transactions are analyzed. The land value estimate traditionally reflects the fee simple value of raw land with good soils, available access, available utilities, minimal site work completed, generally level and at grade, with no site improvements (paving, landscaping, lighting, fencing, etc.).
<b>Units of Comparison</b>	Units of comparison, components into which properties may be divided for purposes of comparison, are derived from comparable sales data. Brokers, developers and other market participants indicated a common unit of comparison for properties in this market is the price per land unit.

## Comparable Data

<b>Sources of Data</b>	The following transactions were obtained from various sources including web sites (Alaska Multiple Listing Service, Loopnet and Craigslist), brokers, assessors, appraisers, other individuals and most notably the Reliant, LLC internal database.
<b>Availability of Data</b>	The availability of comparable data is a function of the subject’s location, property type, property size, market size and market activity. There are a limited number of properties with similar physical and economic characteristics to the subject, and these are traded infrequently. Therefore, market research identified limited transactions involving properties that are directly similar to the subject, and all of the comparables required substantial upward or downward adjustment. No sales were found in Wrangell. Therefore, the sales search was expanded to include Sitka, Ketchikan, and Juneau. Nonetheless, the comparable transactions bracket the subject physically and economically, and after adjustment (indicating the lower and upper value indications) provide a reasonable basis for estimating market value.
<b>Presentation of Data</b>	The most relevant data for these transactions is presented on the following summary table. The following map highlights the location of the comparables relative to the subject. Photographs and relevant discussion on each comparable are also presented. Detailed sheets containing additional documentation on the physical and economic characteristics of the transactions are presented in the Addenda.

## Summary of Comparable Land Sales Exhibit

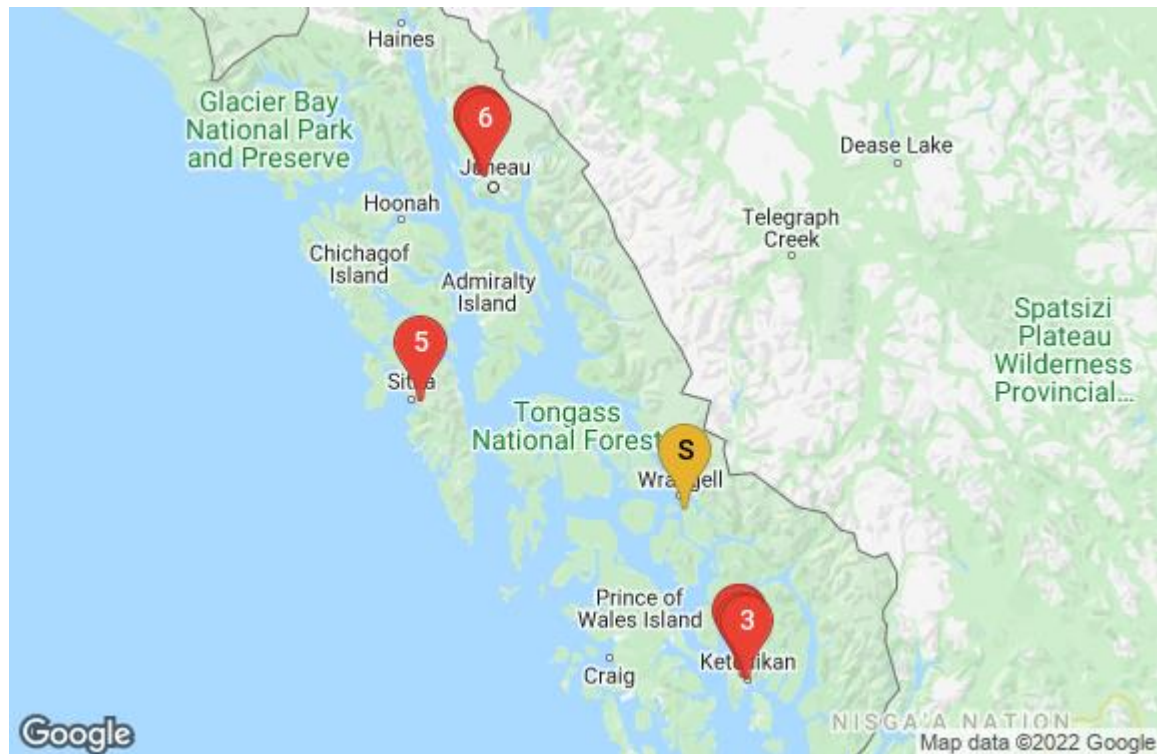
No.	Name	Usable Land SF	Utilities	Soil Conditions	Current Use	Access / Exposure	Shape	Date	Actual Price	Price
	Legal Description	Acres		Zoning	Proposed Use	Road Frontage	Topography	Transaction Type		
<b>L-1</b>	Seley Industrial Site - 10761 Ptn Lot N, Ptn Lot R, USS 2606, ATS 386, Lot M USS	522,720 12.00	T & E	Average Ih	Industrial	Below Average 0'	Irregular Level	Jun-05 Closed Sale	\$1,300,000	\$890,150 \$1.70 /SF
<b>L-2</b>	SOA Ferry Acquisition - 321 Lot 3A, Tract 3005	413,820 9.50	All Available	Good Ih, Heavy Industrial	Industrial Industrial	Average 930'	Irregular Generally Level	Jun-10 Closed Sale	\$2,640,000	\$1,470,000 \$2.30 /SF
<b>L-3</b>	Lots 4 & 8, Copper Ridge Ln. - 2280 Lots 4, 7A. & 8, Lybrand 2006 Subd. & Lot 7A	516,483 11.86	All Available	Average Cg - General	Vacant Land Commercial	Average 410'	Irregular Level	Feb-12 Closed Sale	\$1,288,000	\$1,288,000 \$2.30 /SF
<b>L-4</b>	4300 Tongass Ave. - 2265 Tract A-1, USS 1083	455,507 10.46	All Available	Average Ih - Heavy Industrial	Industrial Industrial	Average / 1250'	Rectangular Generally Level	Apr-14 Closed Sale	\$1,700,000	\$1,700,000 \$3.73 /SF
<b>L-5</b>	4600 Sawmill Creek Rd - 2424 Lots 12A & 13, Block 4, Sawmill Cove Ind. Park	321,494 7.38	All Utilities	Average I	Vacant Land Industrial	Average 490'	Irregular Generally Level	Feb-15 Closed Sale	\$643,000	\$643,000 \$2.00 /SF
<b>L-6</b>	7400 Glacier Hwy - 7708 USS 1568 TR B1	858,568 19.71	All Utilities	Average D18		Average 750'	Rectangular Sloping	May-16 Closed Sale	\$750,000	\$750,000 \$0.87 /SF
<b>L-7</b>	Mendenhall Loop Condos - 3641 Tr A-2, plat of Tr A-1 & A-2, subd. Tr A, USS 1053,	892,445 20.49	All Available	Average D-15, Multifamily	Vacant Land Multifamily,	Average / 200'	Irregular Generally Level	Oct-18 Closed Sale	\$2,500,000	\$2,500,000 \$2.80 /SF
<b>Subj.</b>	6 Mile Mill Site USS 3000; Lot 6, USS 3534, Lot 7, USS 3534, Lot 11,	1,678,413 38.53	All Utilities	Average Waterfront	Industrial Industrial	Average / 0'	Irregular Level	Appraisal	- - -	\$2,520,000 \$1.50 /SF

(1) "Price" shown for analysis purposes may reflect adjustments for conditions of sale, soil conditions, utility extensions or other items. Please refer to the individual comparable's comments.

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**Map of Comparable Land Sales Exhibit**

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## Description of Data

### Sale No. L-1



The sale price was adjusted upward \$90,150 based on capitalization of the contract rent for the leased tidelands. A downward adjustment of \$500,000 was made for the contribution value of two warehouse/shop structures located on the property. The purchaser subsequently subdivided the property and has constructed additional residential improvements and watchman's quarters. The property had an extended marketing time prior to the purchase. The price per square foot for the uplands was allocated at \$1.70 and the tidelands at \$0.44.

### Sale No. L-2



This is a waterfront industrial site consisting of uplands and submerged lands. The site has level access off North Tongass Highway. The tidelands lie within Ward Cove and are considered to be well protected. The loading

capacity of the soils is considered to be good. The property was improved with a Class S industrial building originally constructed in 2000 to house a veneer plant. The veneer plant failed and the property was repossessed by Ketchikan Gateway Borough. The building was essentially a shell with several raised concrete foundations, which impaired its utility. The improvements were allocated a value of \$1,170,000. The upland area (9.5 acres or 413,820 sq. ft.) was allocated a value of \$2.30/ sq. ft. and the tidelands area (20.5 acres or 892,980 sq. ft.) was allocated a value of \$0.58/ sq. ft.

**Sale No. L-3**

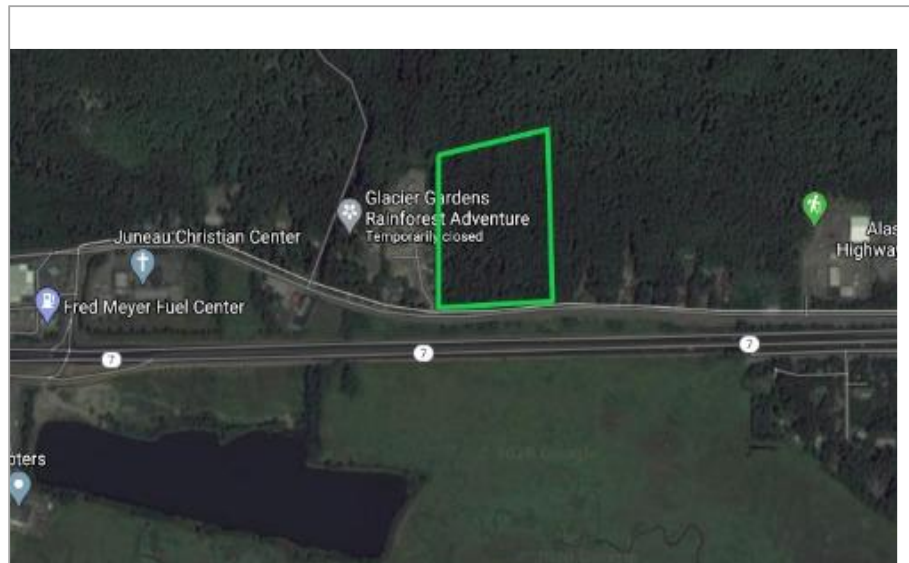
The property consists of three platted lots located at the northwest end of Copper Ridge Lane. There was approximately 385,800 sq. ft. of cleared, level land, of which 155,000 sq. ft. has substandard load bearing capacity. There was approximately 4 acres of land that has a US Army Corps of Engineers fill permit for clean fill material. The land was purchased for development of a commercial subdivision. Portions of Copper Ridge Lane were subsequently vacated; however, this was not intended at the time of sale.

**Sale No. L-4**

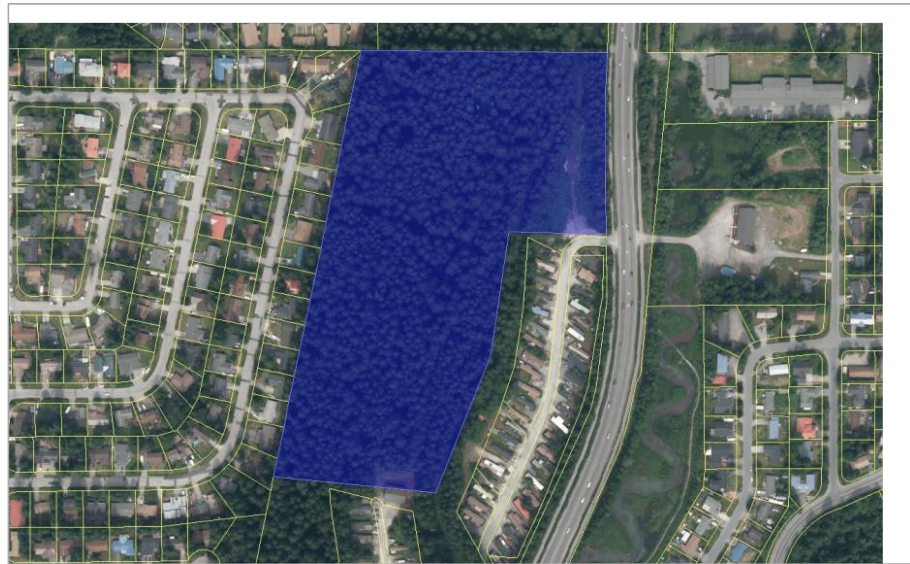
This is the sale of vacant land at the west end of Ketchikan's commercial district. The site was partially quarried with shot rock and bedrock to be quarried in the future. There were approximately 4.8 acres of level land or stockpiled shot rock, 5.7 acres of undulating land with rock in place, and the remaining 1.5 acres were unusable. The property sold after an extended marketing time.

**Sale No. L-5**

This is an industrial subdivision consisting of three lots that were purchased as an assemblage. The parcels are part of the Sawmill Cove industrial complex that was originally the Alaska Pulp Company site, southeast of Sitka. There are paved roads and utility services to the property's edge. There is water access to the property.

**Sale No. L-6**

This is a parcel lying north of Glacier Highway. It is rectangular in configuration. The slopes are moderate to steep. The upper elevations have views of the Mendenhall wetlands. Utilities are available along the Glacier Highway right-of-way. The property was rezoned to D-18, which was a contingency of the purchase. The site was purchased for a future subdivision.

**Sale No. L-7**

This is the sale of vacant land in Juneau. The parcel is zoned for multifamily properties with a minimum lot size of 5,000 sq ft and 15 units per acre.

## Overview of Adjustments

### Nature of Adjustments

Adjustments to the comparables are necessary to reflect advantages and disadvantages relative to the subject. Ideally, quantitative adjustments are determined through paired sale analysis or other definitive data. However, when quantitative adjustments cannot be reliably ascertained - as is typically the case in Alaskan markets due to data limitations - qualitative adjustments may be applied through a weighted analysis of each comparable based on its relative merits. These adjustments may be supported by available market data, discussions with local market participants, and/or supplementary information contained within the appraiser's files.

Note that qualitative adjustments - based on the above as well as on appraiser judgment - are applied on a numeric (percentage) basis in this appraisal. Ultimately, the adjustment grid presented further in this chapter is not intended to imply that all of the adjustments were performed on a strictly quantitative basis. Rather, the adjustment grid is presented to more precisely communicate the appraiser's opinion on the direction and degree of adjustment required to a given comparable. Moreover, it should be recognized that the elements of comparison shown in the adjustment grid are those considered most significant and relevant. While they help explain the appraiser's reasoning and support for the reconciled value estimate, they are not the only elements of comparison considered. Other differences where adjustments have not been made explicitly are not deemed material and are therefore implicitly considered in the appraiser's analysis of the comparables and the reconciled value estimate. Finally, certain adjustments to the transaction prices may have already been made and reflected in the initial "Analysis Prices" shown in the table, as described in the preceding comments for the individual comparables.

### Usable Land Area

Non-usable areas due to topography, wetlands, overhead utilities or other issues are subtracted from gross site area.

### Property Rights Conveyed

When real property rights are sold, the contract may include rights that are less than or more than all the real property rights. Examples include the inclusion of another property, personal property, or the sale of a property subject to a below market or above market lease. Therefore, the sale price of the comparable property must be adjusted to reflect the property rights that are similar to those being appraised. In this analysis, the comparables are adjusted to reflect the fee simple sale price of the real property. Adjustments to the comparables are required in cases where the property interest sold was less than or greater than the fee simple value.

### Financing Terms

Seller-provided financing can play an important role in the sale of a project. Low down payments and terms that are significantly less stringent than those available in the market at the time of sale contribute to sale prices in excess of that obtainable by an all-cash or typically financed (by a disinterested third party) buyer. In order to analyze all properties on a comparable basis, those sales with financing not typically available for the property at the time

of sale must be converted to typical terms and cash equivalency.

**Conditions of Sale**

Adjustments for conditions of sale are intended to reflect the motivations of the buyer and the seller. Conditions of sale that are outside the definition of market value must be adjusted to reflect a fully marketed property with adequate exposure and an arms-length transaction where neither the buyer nor the seller is unduly motivated. Adjustments may be required to properties where one party was unusually motivated, foreclosure sales, properties that were not fully exposed to the market, and active listings that have not closed.

**Market Conditions**

In the process of completing this assignment, or as part of previously completed assignments for similar properties in this segment, consideration was given to available paired sales, rent trends, assessment trends, MLS trends, economic studies, published articles and discussions with market participants. Based on the available data, market values have generally been increasing in recent years as the available supply of substitute properties has decreased and the number of buyers actively seeking properties has increased. A 0.0% annual adjustment is made through December 31, 2015; then a subsequent 3.0% adjustment is made through March 26, 2022.

**Location**

Location is a broad term that includes non-property specific factors such as neighborhood and surrounding demographics and property specific factors such as surrounding streets, street frontage, access, exposure, number of corners, traffic counts, adjacent properties and other factors. Where appropriate adjustments for certain components of location may be performed individually.

**Size**

If an adequate supply of larger sites exists then generally smaller parcels tend to sell for higher prices per sq ft. If supply of larger parcels is limited then they occasionally sell for a premium.

A review of data indicates that within the subject's market smaller parcels tend to sell for higher prices per sq ft than larger parcels. Larger parcels than the subject are adjusted upward while smaller parcels are adjusted downward.

**Use / Zoning**

Differences in the current use or the highest and best use of a potential comparable and the subject must be analyzed. Site development potential depends heavily on zoning requirements. Zoning determines how large a structure and for what type of use a site can be developed. Adjustments are required to comparables with zoning designations that provide a lower or higher level of overall functional utility relative to the subject's zoning.

**Topography**

Topography refers to whether a site is level or sloping and at, above, or below the grade of surrounding streets. Adjustment is required to those comparables that have dissimilar topography relative to the subject. In certain cases, the slope of the topography is so severe that the impacted area is not usable and is therefore excluded from usable site area. In other cases, the sloping area is still usable but is not desirable because it increases

development costs and requires mitigation prior to development.

**Other**

The adjustments listed above are not inclusive of all the adjustments considered by the appraiser. Physical and economic differences where adjustments have not been explicitly made are implicitly considered in the appraiser's analysis of the comparable and value estimate.

## Adjustment Grid Exhibit

Land Analysis Grid			L-1		L-2		L-3		L-4		L-5		L-6		L-7	
Name	6 Mile Mill Site		Seley Industrial Site -		SOA Ferry Acquisition		Lots 4 & 8, Copper		4300 Tongass Ave. -		4600 Sawmill Creek Rd -		7400 Glacier Hwy -		Mendenhall Loop	
City	Wrangell		Ketchikan		Ketchikan		Ketchikan		Ketchikan		Sitka		Juneau		Juneau	
Date	3/26/2022		6/16/2005		6/18/2010		2/29/2012		4/11/2014		2/24/2015		5/4/2016		10/19/2018	
Price	Appraisal		\$890,150		\$1,470,000		\$1,288,000		\$1,700,000		\$643,000		\$750,000		\$2,500,000	
Usable Land SF	1,678,413		522,720		413,820		516,483		455,507		321,494		858,568		892,445	
\$/Sq Ft	- - -		\$1.70		\$2.30		\$2.49		\$3.73		\$2.00		\$0.87		\$2.80	
Transaction Adjustments																
Property Rights	Fee Simple		Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%
Financing	Conventional		Cash	0.0%	Conventional	0.0%	Conventional	0.0%	Conventional	0.0%	Conventional	0.0%	Cash	0.0%	Cash	0.0%
Conditions of Sale	Arms Length		Arm's Length	0.0%	Arms Length	0.0%	Arms Length	0.0%	Arms Length	0.0%	Arms Length	0.0%	Arms Length	0.0%	Arms Length	0.0%
Adjusted Usable Land SF Unit Price			\$1.70		\$2.30		\$2.49		\$3.73		\$2.00		\$0.87		\$2.80	
Market Cond. Thru	12/31/15	0.0%	0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%	
Adjusted Usable Land SF Unit Price			\$1.70		\$2.30		\$2.49		\$3.73		\$2.00		\$0.87		\$2.80	
Market Cond. Thru	3/26/22	3.0%	20.2%		20.2%		20.2%		20.2%		20.2%		19.0%		10.7%	
Adjusted Usable Land SF Unit Price			\$2.05		\$2.77		\$3.00		\$4.49		\$2.41		\$1.04		\$3.10	
Location	Average		Good		Good		Good		Good		Good		Good		Good	
% Adjustment			-50%		-50%		-50%		-50%		-25%		-50%		-50%	
\$ Adjustment			-\$1.02		-\$1.38		-\$1.50		-\$2.24		-\$0.60		-\$0.52		-\$1.55	
Usable Land SF (Size)	1,678,413		522,720		413,820		516,483		455,507		321,494		858,568		892,445	
% Adjustment			-8%		-11%		-8%		-9%		-15%		-3%		-3%	
\$ Adjustment			-\$0.16		-\$0.30		-\$0.24		-\$0.42		-\$0.36		-\$0.03		-\$0.10	
Topography	Level		Level		Generally Level		Level		Generally Level		Generally Level		Sloping		Generally Level	
% Adjustment			0%		0%		0%		0%		0%		20%		0%	
\$ Adjustment			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.21		\$0.00	
Shape	Irregular		Irregular		Irregular		Irregular		Rectangular		Irregular		Rectangular		Irregular	
% Adjustment			0%		0%		0%		0%		0%		0%		0%	
\$ Adjustment			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	
Utilities	All utilities		T & E		All Available		All Available		All Available		All Utilities		All Utilities		All Available	
% Adjustment			25%		0%		0%		0%		0%		0%		0%	
\$ Adjustment			\$0.51		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	
Zoning	Waterfront Development		Ih		Ih, Heavy Industrial		Cg - General		Ih - Heavy Industrial		I		D18		D-15, Multifamily	
% Adjustment			0%		0%		0%		0%		0%		20%		20%	
\$ Adjustment			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.21		\$0.62	
Water Frontage	Yes		Yes		Yes		No		No		Yes		No		No	
% Adjustment			0%		0%		50%		50%		0%		50%		50%	
\$ Adjustment			\$0.00		\$0.00		\$1.50		\$2.24		\$0.00		\$0.52		\$1.55	
Adjusted Usable Land SF Unit Price			\$1.38		\$1.09		\$2.76		\$4.07		\$1.45		\$1.42		\$3.63	
Net Adjustments			-19.1%		-52.7%		10.8%		9.0%		-27.6%		62.7%		29.4%	
Gross Adjustments			119.7%		93.2%		150.0%		151.8%		68.1%		189.7%		146.9%	

## Discussion & Analysis After Adjustment

The comparables bracket the physical and economic characteristics of the subject. They bracket the market value of the subject on an unadjusted basis, and inferior comparables were adjusted upward while superior comparables were adjusted downward. Prior to adjustments, the sale prices fall within a wide range. After adjustments this range is narrowed substantially, supporting the overall reasonableness of the adjustments made. A review of the gross adjustments made to the comparables indicates large physical differences between many of the comparables and the subject. Comparables requiring a lower degree of gross adjustment are generally the most reliable indicators of value. Comparables requiring higher degrees of gross adjustment are generally less reliable indicators of value, but may still be meaningful and given weight if the adjustments made were strongly supported.

Prior to adjustment, the comparables range from \$0.87 to \$3.73/sq ft, with an average of \$2.27/sq ft. After adjustment, they range from \$1.0909 to \$4.07/sq ft, with an average of \$2.266/sq ft. Thus, the range before adjustment is \$2.86/sq ft, and this increases to \$2.9898/sq ft after adjustment.

Considering the degree of gross adjustments, the most meaningful data overall (L-1, L-2, L-3, L-5, L-6) range from \$1.0909 to \$2.76/sq ft with an average of \$1.623/sq ft. Sales L-4 and L-7 were considered outliers, with superior development potential; however, these transactions are considered supportive.

After careful consideration, based on analysis of the data presented previously as well as data contained within the appraiser's work file the market value of the subject is estimated at \$1.50/sq ft.

## Land Value Calculation

LAND VALUE CALCULATION		
Usable Land Area		1678413 Sq Ft
Land Value / Sq Ft	x	\$1.50
Estimated Land Value		\$2,517,620
<b>Rounded</b>		<b>\$2,520,000</b>

## Exposure Period

**DEFINITION<sup>11</sup>** *The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market.*

<sup>11</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

Investor surveys indicate exposure periods for properties within the subject's market classification ranging from 3 to 12 months and averaging 7 months. Local sales comparable data indicated exposure periods ranging from 3 to 12 months, assuming appropriate pricing and marketing efforts. In particular, smaller, single-tenant properties have tended to sell more quickly in the face of strong demand and limited availability. At the reconciled market value, an exposure period of 12 months is concluded.

## Marketing Time

**DEFINITION<sup>12</sup>** *An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.*

Implicit within the concept of market value is that the property is fully exposed to the market. Within the Alaska market this includes retaining a knowledgeable and qualified commercial broker that prepares a marketing package, lists the property on Alaska Multiple Listing Service as well as other local and national web sites used to market real estate. In the event that a knowledgeable and qualified broker is not retained, the property is not receiving full exposure to the market and the price that a seller will be able to attain may be impacted. Based on the market analysis performed and the subject being fully exposed to the market, the anticipated marketing time is based on the following relationships:

Pre-COVID-19 Exposure Period + (COVID-19 Shutdown + COVID-19 Recovery) = Marketing Time

While the precise impact on valuations is uncertain, based on the current prevailing consensus by experts that the virus will largely be managed (but not necessarily eliminated) in as little as two months but in less than six months. An economic recovery period between six months and twelve months is anticipated. Therefore, based upon prevailing exposure periods, marketing times are anticipated to increase to eighteen months for most property types. This projected increase in marketing times is consistent with historical evidence, including the 2000 dot.com bubble, September 11, 2001 terrorist attacks and 2008 financial crisis. In all of these prior periods of economic crisis, short term values were negatively impacted immediately followed by a dramatic decrease transaction volume, followed by a strong recovery and return to prior prevailing valuations and transaction volumes. While there are divergent opinions, the general consensus is that the COVID-19 will follow a similar pattern. Therefore, for a property of this type and size, in this neighborhood, and given expected market conditions, the most probable marketing time would be up to 12 months. Note that it may be inappropriate for the Client to assume value remains stable during the estimated marketing period and that the marketing period may change

<sup>12</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

over time.

# Reconciliation & Final Value Estimate

## Summary of Value Estimates

The approaches to value utilized in this report have indicated the following values for the subject:

### VALUATION SUMMARY

<b>6 Mile Mill Site</b>	
<b>Property Rights</b>	<b>Fee Simple</b>
<b>Condition</b>	<b>As Is</b>
<b>Effective Date of Appraisal</b>	<b>March 26, 2022</b>
Land Valuation	\$2,520,000
Cost Approach	Not Developed
Sales Comparison Approach	Land Value
Income Capitalization Approach	Not Developed
Proposed Sales Price	\$2,500,000
<b>Final Market Value Estimate</b>	<b>\$2,500,000</b>

## Reconciliation

### Overview

Reconciliation is the final phase in the assignment and is where two or more value indications derived from market data are resolved into a final value estimate. USPAP requires that the appraiser reconcile the quality and quantity of data available and analyzed within the approaches used. Furthermore, the applicability and relevance of the approaches, methods and techniques must also be reconciled. A discussion of the applicability of the various approaches is presented below.

### Cost Approach

This approach is normally a strong indicator of value when there is reliable data from which to estimate replacement cost and accrued depreciation. This approach is highly applicable for special purpose properties, new construction and when there are limited sales or rental activity (resulting in less reliable value indications by sales comparison and income capitalization). It is less applicable for older properties that exhibit significant amounts of depreciation. For non-special purpose properties, this approach is often considered by market participants but not given primary weight. Investors primarily use this approach to determine the feasibility of a proposed development. Owner-users often consider this approach when making decisions on whether to buy an existing building or pursue new construction.

**EXCLUSION** The Cost Approach was not performed for the following reasons.

- This appraisal seeks to value vacant land only; therefore, the Cost Approach is not applicable.

**Sales Comparison Approach**

This approach is normally a strong indicator of value when adequate current sales data are available. Like the Income Capitalization Approach, this approach responds quickly to changes in the marketplace. In user markets, the Sales Comparison Approach is given primary weight. Investors use this approach primarily as an indicator of current rates of return and subsequently give this approach secondary weight.

The Sales Comparison Approach is the method utilized when valuing vacant land.

**Income Capitalization Approach**

The Income Capitalization Approach is generally considered a strong indicator of value for income-producing properties. The primary strength of the Income Capitalization Approach is income and operating levels respond quickly, if not immediately, to conditions in the market and changes in the property. This approach is given primary weight by investors and secondary weight by owner-users. Direct capitalization is the most common method of income capitalization used within the market and is highly applicable when a property is physically or economically stabilized. Discounted cash flow analysis is used by market participants for investment grade properties and is highly applicable when there are changing market conditions, a property is not physically or economically stabilized, the timing of cash flows is irregular, or the income pattern is different than what is typical of the market.

**EXCLUSION** The Income Capitalization Approach was not performed for the following reasons.

- This appraisal seeks to value vacant land only. Therefore, the Income Capitalization Approach is not applicable.

**Final Value Estimate**

The subject is pending sale between a knowledgeable buyer and a knowledgeable seller in an arm's length transaction with full exposure to the market, where both parties were represented by brokers. Based on the data and analysis performed in the body of this report, the transaction meets the definition of market value. In the final reconciliation, after careful consideration, significant weight is placed on this transaction, which is good indicator of market value.

**FINAL MARKET VALUE ESTIMATE**


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**6 Mile Mill Site**


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**Property Rights****Fee Simple****Condition****As Is****Effective Date of Appraisal****March 26, 2022****Final Market Value Estimate****\$2,500,000**

# General Assumptions & Limiting Conditions

1. **Applicable to All Assignments:** Unless explicitly stated to the contrary, the following General Assumptions & Limiting Conditions apply to all assignments:
2. **Acceptance of Report/Limit of Liability:** Any use of or reliance on the appraisal by any party, regardless of whether the use or reliance is authorized or known by Appraiser, constitutes acceptance of, and is subject to, all appraisal statements, limiting conditions and assumptions stated in the appraisal report. The client is responsible to become familiar with these statements, assumptions and limiting conditions.
3. **Responsibility of Client/Intended User to Accurately Communicate Appraisal Results:** If placed in the possession of anyone other than the client or intended user, they shall make such party aware of these assumptions and limiting conditions. The appraiser(s) assume no liability for the client or third party's lack of familiarization and comprehension of the same. The appraiser(s) has no responsibility or liability to correct any deficiencies of any type in the property, or any costs incurred to correct such deficiencies whether legal, physical, or financial.
4. **Post Appraisal Services:** The contract for appraisal, consultation, or other service is fulfilled upon completion of the assignment. The appraiser(s) or others assisting in this report will not be required to provide testimony in court or other hearing and will not participate in post appraisal services other than routine questions with the client or third parties so designated by the client without a separate engagement and for an additional fee. If testimony or deposition is required due to subpoena, the client shall become responsible for the incursion of fees and charges for any additional time, regardless of the party.
5. **Duplication and Dissemination of Report or Report Contents:** This appraisal has been completed for the client's specific use as well as any other intended user(s) specifically identified in the report. The appraiser(s) has no liability, accountability, or obligation to any other third party. The appraiser(s) retain ownership and copyright of the data, discussions, and conclusions contained herein. Possession of this report does not constitute the right of publication or dissemination either in whole or in part. The client may only disseminate complete final copies to third parties engaged in the course of underwriting and loan securitization, as well as to any other intended user(s) identified in the report, or in the case of litigation or negotiations, the other party, their counsel and any court, including master or arbitrator. Duplication and dissemination of selected sections of this report to third parties without express written consent of the signatories of the report are prohibited and may be misleading. This report in whole or in part may not be distributed to the general public by use of advertising media, public relations, new outlets, etc. without the written consent of the signatories. Exemptions from this restriction include duplication for the client's internal use, dissemination to accountants, attorneys, or advisors of the client. The exemption also extends to any court, governmental authority, or regulatory agency that has jurisdiction or subpoena power over the individuals or parties for whom the appraisal has been prepared or for ethics enforcement, provided that the report will not be published in whole or in part in any public document or medium. This report shall not be advertised to the public to make a "sale" or any "security" as defined by the Securities Act of 1933.
6. **Appraisal Institute Use Restrictions:** Disclosure of the contents of this appraisal report is governed by the By-Laws & Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers or the

firm with which they are connected, or any reference to the Appraisal Institute or to the MAI 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 written consent and approval of the undersigned. No part of this report or any of the conclusions may be included in any offering statement, memorandum, prospectus or registration without the prior written consent of the appraisers.

7. **Unauthorized User:** The report has been prepared for the client and any other intended user(s) specifically identified in the report, for the stated intended use only. The appraiser(s) has no liability to any other third party. Any authorized user of this document who provides a copy of this document to, or permits reliance thereon by, any person or entity not authorized by Reliant, LLC in writing to use or rely thereon, hereby agrees to indemnify and hold Reliant, LLC, its affiliates and their respective shareholders, directors, officers, and employee's harmless from and against all damages, expenses, claims and costs, including attorney's fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the document by any such unauthorized person or entity. Such unauthorized distributor accepts all liability to the unauthorized user whom they distribute a copy of the report to. Any unauthorized distributor of this report is cautioned that they may incur liabilities to the unauthorized user that they are providing a copy of the report to as well as to Reliant LLC.
8. **Reliability of Information Used:** Through the course of this assignment the appraiser(s) collected data from numerous sources deemed reliable, but not guaranteed. No liability is assumed for the inaccuracies of data supplied by the various sources either public or private. Data relied upon in this report has been confirmed with primary or secondary sources considered reliable and/or reasonable, and appropriate for inclusion in the analysis. Although there were no reasons to doubt the general accuracy of such data, unimpeachable verification or affidavits of all data is an impractical and an uneconomic expenditure of time and resources and/or may involve legal or confidentiality issues.
9. **Right to Amend Report:** The appraiser(s) reserves the right to amend, modify, alter, or correct any and all statements, analyses, and conclusions of the value indications in the event that incorrect data was supplied, withheld, altered, or that any other pertinent data unknown, not disclosed, or revealed to the appraiser(s), whether intentionally or unintentionally, during the course of this assignment subsequently becomes available. Examples of such data that could impact the opinions of market value include but are not limited to: street addresses, Assessor's Parcel Numbers, site area, site dimensions, gross building area, net rentable area, usable area, common area, number of units, number of rooms, rent rolls, historical operating statements and budgets, sales data, etc.
10. **Purchase and Sale Agreement:** In the event of a pending sale, as of the report date, any purchase and sale agreement (PSA, EMA, etc.) provided has been represented as being the final agreed upon document reflecting the final price and terms negotiated between the parties. This information reflects the perspective of a buyer and seller, and so may have been given significant weight in the final conclusion of market value. In the event that the sale information provided subsequently turns out not to represent the final agreed upon price and/or terms, or in the event that the price and/or terms are amended post-delivery of this report, the market value estimate contained herein may be invalidated. The intended user(s) of this report is advised not to rely upon it in this situation until the appraiser is provided the final/amended sale information for their full consideration and possible amendment to the opinions and conclusions originally stated in this report.
11. **Obligation of User to Report Errors:** Any authorized intended user is required immediately contact the appraiser(s) and report errors, discrepancies, or alterations to determine the impact on the

opinion(s) of market value.

12. **Integrated Analysis.** The individual components of the analysis contained herein are highly interrelated and subject and assignment-specific. As such, individual items such as rent, vacancy allowance, expenses, and rate of return cannot be viewed individually without the context of the whole analysis. Moreover, conclusions or individual components from this specific analysis cannot and should not be extracted for application to other properties and/or situations.
13. **Market Dynamic and Valuation Fluctuations:** The opinions of market value expressed within the report are subject to change over time as a result of market dynamics. Market values are highly susceptible to both macro and micro economic forces that influence the property. Such forces include but are not limited to: exposure on the market, length of time, marketing efforts, motivations and preferences of market participants, productivity of the property, the property's market appeal, changes in investor requirements regarding income and yields, etc. The opinions of market value are made as of the report date and subject to fluctuations over time as a result of natural market forces.
14. **Date of Value, Dollar Values, and Purchasing Power:** The date of the report and the effective date of the market value opinions are stated in the letter of transmittal or with the appropriate sections of the report. All dollar amounts are based on the purchasing power of the United States Dollar (USD). The analyses and conclusions of the assignment are based upon the known market conditions as of the date of report and are valid as of that date but may not be representative of market value either before or after this date. Changes in market conditions or purchasing power may warrant a new appraisal assignment. The appraiser(s) is available for consultations regarding changes in the economic conditions.
15. **Fixtures, Furniture, and Equipment (FF&E) and Business Concerns:** Personal property, FF&E, intangibles, going concerns, etc., unless specifically stated as a component of the real estate, are excluded from the market value estimates.
16. **Walk Through May Not Include Non-Relevant Space(s):** In the case where a "complete" walk through has been performed, a physical observation has been performed to assist in identifying relevant property characteristics in a valuation service to identify features that may affect a property's value or marketability such as legal, economic or physical characteristics. The physical observation will be of all relevant space(s) required to arrive at a reliable and credible opinion of market value, but may not include certain space(s) that are not deemed relevant or material to the appraisal problem. If the lack of physical observation of certain space(s) does not impact the reliability or credibility of the appraisal, it may not be disclosed within the report. In the event that the lack of physical observation of certain space(s) may have an impact on the reliability or credibility of the opinion of market value it will be disclosed within the report.
17. **Non-Viewed Units/Spaces:** In certain instances, due to current occupancy or lack of access, portions of the subject's units/spaces are not available to be viewed during the walk through. Unless otherwise stated in the report, in these cases the person accompanying the appraiser on the walk through has represented that the condition and quality of these units/spaces are similar to that of the property (viewed areas) as a whole. It is a general assumption of this assignment that the units/spaces that were not viewed are commensurate condition and quality with those viewed by the appraiser during the walk through.
18. **Proposed Improvements, Renovations, and Repairs:** For the purposes of this analysis, the proposed improvements, renovations, and/or repairs are assumed to be completed in a workman-like

manner, and according to the detail, plans, and specifications supplied to the appraiser(s). The market value opinions for such construction, renovations, and repairs are subject to an onsite walk-through of the improvements to determine completion as per plans and specifications.

19. **Date of Completion Value:** The actual delivery date of proposed product may vary widely from the anticipated date of delivery due to weather and other variables. If proposed or under construction, it is an ordinary assumption of this assignment that the subject is completed as of the at completion date, which has been developed based on discussions with ownership, contractors, architects and typical market derived construction deliveries.
20. **Limitations of Competency:** The appraiser is competent in the valuation of real estate, which is a subset of the field of economics. The appraiser is not competent in the fields of law, engineering, construction, architecture, surveying or other areas of expertise. Clients bear the responsibility of consulting and retaining experts outside the appraisal profession as required by the situation.
21. **Lease Verification / Validation:** Where applicable, the scope of lease verification was generally limited to their economic characteristics and legal aspects of the leases were not reviewed or analyzed. It is assumed that all of the leases are valid, legally binding documents.
22. **Divisions or Fractional Interests:** The opinions of market value apply to the entire property unless specifically identified and established within the conclusions and analyses of the report. Division of fractional interests by the client or third party will render this report invalid.
23. **Component Values:** The distribution of total valuation between the land and the building improvements in this report are applicable only under the existing program or utilization of the property. The component values between land and building are not intended, nor are they to be used in conjunction with any other appraisal assignment, and are rendered invalid if used.
24. **Survey:** Site plans, sketches, or other illustrations are not surveys unless specifically identified as an exhibit from a licensed survey. Surveys of the site boundaries were not completed, nor do the appraiser(s) claim such expertise. Dimensions and areas of the site were obtained from sources deemed reliable but not guaranteed. Additionally, it is further assumed that no encroachments exist.
25. **Exhibits:** Maps, plats, sketches, photographs, and other exhibits are intended for illustration, visualization, and assistance in describing and analyzing the property in full context. Such exhibits may not be removed, reproduced, or separately used beyond this report.
26. **Building Area:** Reliant, LLC makes no warranty or certification relating to building area. In instances when building area is not provided and is either partially or entirely unknown the appraiser may be required to measure the property to provide an indication of building area. Measurements by the appraiser may be made onsite or be made from property drawings, sketches, or actual architectural plans. The user(s) of this assignment are cautioned not to view the appraisers building area estimate as having the same degree of accuracy as a building area study performed by an appropriately qualified/certified individual such as an architect or engineer and are recommended to engage such individuals for this type of information.
27. **Clear Title:** It is specifically assumed, unless otherwise indicated, that the title to the property is clear and marketable, that there are no recorded, unrecorded, or potential liens, defaults, encumbrances, etc. that would adversely affect the marketability and transfer of ownership. Unless otherwise stated, all applicable property taxes are assumed to be paid current. The appraiser(s) does not imply expertise in determining defects in the title, nor has the appraiser(s) been informed of such

adversities. Specific questions regarding the title, including title insurance should be directed to a well qualified real estate title company. The legal description provided by title report, surveyor, government records, etc. is assumed to be correct.

28. **Subsurface Rights, Avigation Easements, and Transferable Development Rights (TDR's):** The market value opinion(s) specifically assume that there are no mineral deposit rights or other subsurface rights, avigation easements, or transferable development rights associated with the property unless explicitly stated within the report.
29. **Private Deed Restrictions:** The appraiser(s) makes the explicit assumption that there are no private deed restrictions that in any way limit the use of the subject property.
30. **Extent of Title Search:** Unless otherwise stated, the scope of work does not include a search of Department of Natural Resource recorded documents. Such a search should be performed by a qualified title specialist, such as a title insurance agency. It is the responsibility of the Client(s) and Intended User(s) to provide any documents or information related to title to Reliant LLC for consideration.
31. **Americans with Disabilities Act (ADA):** The ADA became effective on January 26, 1992. The appraiser(s) does not imply expertise in the interpretation of the ADA, nor has a compliance survey been completed. The potential exists that if a compliance survey is completed combined with a detailed analysis of the ADA requirements, deficiencies may be revealed that could adversely impact the market value conclusion(s). No specific information regarding any non-compliance issues have been provided to the appraiser(s) and the possibility of non-compliance was not considered in the developing the opinions of value contained herein. Specific compliance questions should be directed to the appropriate governing jurisdictional agency.
32. **Zoning Ordinances:** It is assumed that no changes to the current zoning code/ordinances or other regulations regarding the use of the property, density of development, construction components and/or quality of components, etc. are imminent or under consideration by the jurisdictional governing body, unless otherwise noted in the report. The property is appraised under the assumption that the improvements are approved, that certificates of occupancy or permits have been or will be issued, and that all other applicable national, state, local, or other administrative requirements have successfully been, or will be obtained or renewed for any use considered in the opinion(s) of market value.
33. **Adverse Governmental Controls:** Unless otherwise stated, the appraiser(s) is unaware of any governmental controls on the property, public initiative issues, rent or price controls, or any other adverse governmental or public controls contemplated regarding the legal use of the property.
34. **Property Compliance:** The appraiser(s) expresses no opinions or warranties that may require legal expertise or specialized investigations beyond the methods and investigations typically employed by real estate appraisers. Market value opinion(s) and conclusions contained within the report assume that the property is compliant with all environmental and government regulations such as building permits, fire department approvals, occupancy permits, building codes, licenses, etc. If the appraiser(s) has not been supplied with expert reports or documentation on inadequacies or non-compliance, no responsibility or representation is assumed for identification or costs to cure. The appraiser(s) assumes no responsibility for costs incurred to obtain flood hazard determination, flood hazard insurance, or consequences arising for failure to obtain flood hazard insurance. Although the appraiser(s) has searched publicly available FEMA maps, a flood certification should be obtained

from a qualified agent for the Federal Flood Insurance Program.

35. **Structural Integrity and System Components:** No advice or warranty of any kind are expressed or implied regarding the condition or adequacy of the mechanical systems, structural integrity of the improvements, soils, settlements, drainage, or other factors regarding the integrity and adequacy of the component systems of the improvements. The appraiser(s) is not a qualified engineer, nor is expertise implied with respect to engineering matters. Client may desire to retain the services of a qualified licensed contractor, civil engineer, structural engineer, architect, or other expert in determining the quality, condition, and adequacy of the improvements prior to the disbursement of funds. It is assumed that the existing improvements are structurally sound and constructed to the applicable federal, state, and local building codes and ordinances. That assumption includes, but is not limited to: the superstructure, roofing, electrical, plumbing, mechanical, HVAC, elevator, etc. The opinion(s) of market value are based upon no hidden or unapparent adverse conditions of the improvements, the site, or the subsoil, which would cause a loss in value. No responsibility or liability is assumed for any adverse conditions or for the expertise and retention of experts in discovery, detection, and cost to cure. In the event that professional consultations or reports reveal negative factors that would create a loss in value, the appraiser(s) reserves the right to amend the opinion(s) of market value and other conclusions contained herein.
36. **Environmental Hazards:** Unless specifically stated, the appraiser(s) has no knowledge regarding the presence or absence of toxic materials including but not limited to: asbestos, urea-formaldehyde insulation, leaking underground storage tanks, contaminated groundwater, or other potentially hazardous materials and substances that would adversely affect the market value and marketability of the property. The appraiser(s) does not imply expertise and no liability is assumed for the detection or remediation of such materials or substances, whether above or below the ground surface. Although a perfunctory observation was made during the walk-through, the client is referred to an environmental expert for further details, if so desired. If environmental hazards are discovered, the market value opinion(s) may be negatively affected, requiring a re-appraisal of the property for an additional fee.
37. **Environmental Compliance:** Unless otherwise noted, the appraiser(s) makes the assumption that the property is in compliance with all applicable national, state, or local environmental regulations.
38. **Competent Property Management:** It is assumed that the subject property analyzed currently is, or will be under efficient and competent management and that said management is not, or will not be, inefficient or super-efficient.
39. **Ongoing Operations.** In the event that the subject is a special purpose property or going concern, ongoing business operations are assumed unless otherwise stated in the body of the report.
40. **Financial Documentation:** Historic income and expenses may have been provided by ownership, a lender, property manager, real estate agent or other third party. The financial information is assumed to reflect actual income and expenses at the subject using Generally Accepted Accounting Principles (GAAP). This information is assumed to be accurate and it has not been audited in any way.
41. **Cash Flow Projections:** The cash flow projections presented in this report are forecasts of future performance characteristics based upon the macro and micro economic data detailed in the analysis. The income, vacancy, expenses, and general economic conditions presented are not to be construed as predictions of the future, but rather reasonable expectations of future performance based on market modeling practices. Unless otherwise stated, the cash flow modeling is intended to reflect the

opinions and practices of market participants and is not the analyst's forecast of what will actually occur. Actual results will vary, and are affected by fluctuating economic conditions and efficiency of management. The appraiser makes no warranty, express or implied, that the forecasts will occur as outlined. Additionally, future economic projections may be adversely affected by unforeseen circumstances and economic repercussions beyond the realm of knowledge or control, such as the events of September 11, 2001.

42. **Asset Recommendations and Consultations:** No statements contained within the report shall constitute recommendations with regard to any decision by the client(s) or intended user(s) with respect to prospective underwriting, financing, acquisition, disposition, holding of the asset, or any other subsequent event, at the stated market value indication(s) or otherwise. If the client requests a recommendation with respect to such a decision, it should be requested in writing, be explicitly listed in the scope of work and explicitly addressed in the appraisal report. Such decisions warrant significant research and strategy, with specific investment questions requiring additional consultations and financial analysis. Any client or intended user should consider this document as only one factor together with its independent investment considerations and underwriting criteria, in its overall investment decision. The assignment is not intended to be either a positive or a negative indication, nor endorsement, of the soundness of an investment or underwriting decision.
43. **Agreement to Mediation and Binding Arbitration:** If a dispute arises out of or relates to this assignment and if the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its applicable procedures. Any controversy or claim arising out of or relating to this assignment that cannot be resolved through said mediation shall be settled by binding arbitration administered by the American Arbitration Association under its applicable rules and binding judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.
44. **Property Specific Assumptions, Limiting Conditions and Hypothetical Conditions:** The user is directed to the Assignment Overview section of this report for a listing of Extraordinary Assumptions and Hypothetical Conditions specific to this assignment. The user is specifically cautioned to understand each of the items listed and their impact on the property and scope of this assignment.
45. **Dissemination to Assessor:** The user(s) of this report may not provide a copy of this appraisal to any assessment office or agency without the prior written consent of Reliant LLC, as redaction of certain market and/or property level information may be required prior to submission for confidentiality reasons.
46. **No Guarantee of Adoption by Taxing Agency:** In the event that Client utilizes or submits the report in connection with a tax return or other tax matter, Client understands and agrees that Reliant LLC, the assignment signatories and its employees, provide no warranty, representation or prediction as to the outcome of the tax matter. Client understands and acknowledges that the taxing authority (whether it is the Internal Revenue Service or any state or local tax authority) may disagree with or reject the appraisal(s) or otherwise disagree with Client's tax position, and further understands and acknowledges that the taxing authority may seek to collect from Client additional taxes, interest, penalties or fees. Client agrees that Reliant LLC, the assignment signatories and its employees shall have no responsibility or liability to Client or any other party for any such taxes, interest, penalties or fees, and Client will not seek damages or other compensation from Reliant LLC, the assignment signatories and its employees relating to any taxes, interest, penalties or fees imposed on Client or

for any attorneys' fees, costs or other expenses relating to Client's tax matter. These limitations of liability and damages restrictions shall be in addition to any other limitations and restrictions stated in this Agreement. Reliant LLC assignment signatories, appraiser's and employees are intended third-party beneficiaries of this section.

47. **No Guarantee of Adoption by Court or Jury:** In the event that Client utilizes or submits the report to any Local, State or Federal Court in connection with a litigation matter, Client understands and agrees that Reliant LLC, the assignment signatories and its employees, provide no warranty, representation or prediction as to the outcome. Client understands and acknowledges that the Courts (whether Local, State or Federal) and/or Jury may disagree with or reject the appraisal(s) or otherwise disagree with Client's legal positions. Client agrees that Reliant LLC, the assignment signatories and its employees shall have no responsibility or liability to Client or any other party for any Judgement or legal outcome. Client will not seek damages or other compensation from Reliant LLC, the assignment signatories and its employees relating to any Judgement imposed on Client for any value, taking, attorneys' fees, costs or other expenses relating to Client's litigation matter. These limitations of liability and damages restrictions shall be in addition to any other limitations and restrictions stated in this Agreement. Reliant LLC assignment signatories, appraiser's and employees are intended third-party beneficiaries of this section.
48. **Advanced Notification Required of Regulatory or Statutory Requirements:** In the event that the report is relied upon by a third party, such as the Internal Revenue Service, Assessor, Courts or anyone else other than the Client, it is the responsibility of the Client to advise Reliant LLC in writing and in advance of engagement as to any regulatory or statutory requirements imposed on the scope of assignment and scope of work by that third party. Client agrees that Reliant LLC, the assignment signatories and its employees shall have no responsibility or liability to Client or any other party for non-disclosed scope of work and scope of assignment requirements of the third party.
49. **Maximum Time Frame for Legal Action:** Unless the time frame is shorter under applicable law, any legal action or claim relating to the assignment or services performed shall be filed in court (or in the applicable arbitration tribunal, as applicable and noted above under Agreement to Mediation and Binding Arbitration) within two (2) years from the date of delivery to Client of the appraisal report to which the claims or causes of action relate or, in the case of acts or conduct after delivery of the report, two (2) years from the date of the alleged acts or conduct. The time frame stated in this section shall not be extended by any delay in the discovery or accrual of the underlying claims, causes of action or damages. The time frame stated in this section shall apply to all non-criminal claims or causes of action of any type.
50. **Duration (Term) of Assignment Reliance:** The period of time that an assignment remains applicable and appropriate for the Client and Intended User(s) intended use, including the factual conditions that form the premise of the assignment, the research, data, analysis and conclusions, are dependent on a variety of factors including the intended users, intended use, changes in market conditions, legal/regulatory/statutory requirements, property specific conditions and other factors. While the time period that an assignment may remain applicable and appropriate to the intended use may be significantly less than thirty-six (36) months, this assignment shall not be relied upon by the Client or intended user(s) after thirty-six (36) months from the earlier date of either A) assignment delivery, which is most commonly the date of report, or B) an invoice is submitted to the Client.
51. **No Assignment of Claims:** Legal claims or causes of action relating to the appraisal are not transferable or assignable to a third party, except: (i) as the result of a merger, consolidation, sale or purchase of a legal entity, (ii) with regard to the collection of a bona fide existing debt for services

but then only to the extent of the total compensation for the appraisal plus reasonable interest, or (iii) in the case of an appraisal performed in connection with the origination of a mortgage loan, as part of the transfer or sale of the mortgage before an event of default on the mortgage or note or its legal equivalent.

52. **Resolution of Violations & Deficiencies:** Any violations or deficiencies resolved under the terms of this agreement shall remain confidential between Reliant LLC and the Client, intended user(s) and reviewers. Except as provided under this agreement, the Client, Intended User(s) or reviewers agree not to submit the assignment to any applicable private or governmental body with jurisdiction over the matter. If any aspect of the assignment is determined by the Client, intended user(s) or their reviewers, to not meet the minimum standards of any applicable Local, State or Federal laws, including the Uniform Standards of Professional Appraisal Practice (USPAP) the Client or intended user(s) agree to not submit the assignment or individuals performing the assignment to any governing Local, State or Federal authorities or any private entity with jurisdiction without first 1) notifying Reliant LLC of the violations and 2) providing Reliant LLC an opportunity to correct and address any deficiencies that may exist. In the event that Reliant LLC fully addresses any deficiencies to the satisfaction of the Client, intended user(s) or their reviewers, these Parties agree that no further action shall be taken. If, however, the Client, intended user(s) or their reviewers do not believe that the issues have been fully resolved, Reliant LLC shall engage a third party expert of their choice to perform a professional review of the assignment. If that third party reviewer determines that the alleged issues have been resolved, the Client, intended user(s) or reviewers shall be responsible for the fee to that third party reviewer. If, however, the third party reviewer determines that the alleged issues have not been resolved, Reliant LLC shall have the opportunity to correct and address any deficiencies that may exist and is responsible for the fee to the third party reviewer. If, however, such issues are not fully addressed by Reliant LLC to the satisfaction of the third party reviewer, the Client, intended user(s) or their reviewers are released from the confidentiality requirement of this agreement and may submit the assignment to any applicable private or governmental body with jurisdiction over the matter.
53. **Unauthorized Third Party Liability to Reliant LLC for False Accusation:** The assignment is a private contract between Reliant LLC and the Client and intended user(s). Subject to the terms of this agreement, only the Client or intended user are permitted to submit this document to any applicable private or governmental body with jurisdiction over the matter without incurring any liability to Reliant LLC and the signatories of the assignment for false accusation, misrepresentation, slander or libel. In the event that the signatories of this assignment are found not to be in violation of any applicable governing regulations, any unauthorized third party that makes false accusations or submits this assignment to any applicable private or governmental body with jurisdiction over the matter accepts liability to Reliant LLC for attorney's fees incurred in their defense, lost income, damages to reputation of the signatories and firm and any and all other sources of economic damage that may result directly or indirectly from their said actions.
54. **Data Utilization:** The market and comparable data developed by the appraiser and presented in this report is being provided to the Client and Intended User(s) only within the context of this specific assignment. The Client and Intended User(s) are prohibited from distributing, disseminating, selling or otherwise profiting from this data outside the context of this assignment. The Client and Intended User(s) are, however, permitted to utilize this data strictly for their own internal purposes.
55. **Government Use:** This report contains sensitive information that may potentially cause harm to Reliant LLC if disseminated beyond the client(s) and intended user(s) described in the engagement documents and report. Therefore, subject to applicable law, any client(s) or intended user(s) that are

local, state or federal government entities agree to use their good faith efforts to maintain the confidentiality of the comparable data presented within the report. Notwithstanding other provisions of the engagement documents and report to the contrary, any client(s) or intended user(s) that are local, state or federal government entities may distribute this report as required or compelled to by law, but prior to release agree to redact all text, exhibits, photographs, maps or any other reference that identifies any comparable data used in the report where a party to the transaction (grantor, grantee, lessor or lessee) is not a government entity. The client(s) or intended user(s) and their agents are authorized to perform this redaction without consulting with, or obtaining any additional direction from Reliant LLC. The client(s) or intended user(s) may seek a written release from the above redaction requirement from Reliant LLC, who may provide such written release at its discretion. Furthermore, unless the client(s) or intended user(s) is expressly identified within the engagement documents and report as an assessment or taxation agency, and the intended use is to assist said agency in assessment or taxation matters, then unless otherwise required or compelled by law or court order to the contrary, any client(s) or intended user(s) that are local, state or federal government entities are not permitted to disseminate any contents of this report to any internal or affiliated assessment or taxation agency of the client(s) or intended user(s). If dissemination to such an assessment or taxation agency is required or compelled by law or court order, then the client(s) or intended user(s) agrees to perform the aforementioned redaction prior to distribution. Any internal or affiliated assessment or taxation agency that does obtain a copy of this report may not rely upon the report or disclose its contents. Release of this report to a local, state or federal government entity is not authorization to use the report or its contents for assessment or taxation purposes.

56. **Signatory Opinions Only:** The opinions and conclusions contained herein are developed and reported by the signatory(ies) and are exclusively those of the signatory(ies) only. This report does not necessarily reflect the opinions of Reliant LLC as a firm, or of any other Managing Members or employees.

# Terms & Definitions

<b>As Is Market Value<sup>13</sup></b>	<i>The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Interagency Appraisal and Evaluation Guidelines) Note that the use of the “as is” phrase is specific to appraisal regulations pursuant to FIRREA applying to appraisals prepared for regulated lenders in the United States. The concept of an “as is” value is not included in the Standards of Valuation Practice of the Appraisal Institute, Uniform Standards of Professional Appraisal Practice, or International Valuation Standards.</i>
<b>Prospective Opinion of Value<sup>14</sup></b>	<i>A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.</i>
<b>Retrospective Value Opinion<sup>15</sup></b>	<i>A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., “retrospective market value opinion.”</i>
<b>At Completion Value<sup>16</sup></b>	<i>The market value at the effective date construction is completed or the certificate of occupancy is issued.</i>
<b>At Stabilization Value<sup>17</sup></b>	<i>The concept of value at stabilization is based on stabilized occupancy. Stabilized occupancy is defined as occupancy at that point in time when abnormalities in supply and demand or any additional transitory conditions cease to exist and the existing conditions are those expected to continue over the economic life of the property.</i>
<b>Aggregate of Retail Values / Sum of Retail Values<sup>18</sup></b>	<i>The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions. An appraisal has an effective date, but summing the sale prices of multiple units over an extended period of time will not be the value on that one day unless the</i>

<sup>13</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>14</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>15</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>16</sup> Source: The Appraisal of Real Estate, Fourteenth Edition, Chicago: Appraisal Institute, 2013.

<sup>17</sup> Source: The Appraisal of Real Estate, Fourteenth Edition, Chicago: Appraisal Institute, 2013.

<sup>18</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

*prices are discounted to make the value equivalent to what another developer or investor would pay for the bulk purchase of the units. Also called the aggregate of the retail values or aggregate retail selling price.*

**Value in Use (Use Value)<sup>19</sup>**

*The value of a specific property for a specific use.*

**Use Value<sup>20</sup>**

*The value of a property based on a specific use, which may or may not be the property's highest and best use. If the specified use is the property's highest and best use, use value will be equivalent to market value. If the specified use is not the property's highest and best use, use value will be equivalent to the property's market value based on the hypothetical condition that the only possible use is the specified use.*

**Business Value<sup>21</sup>**

*The market value of a going concern, including real estate, personal property, and the intangible assets of the business.*

**Market Value of the Going Concern<sup>22</sup>**

*The market value of an established and operating business including the real property, personal property, financial assets, and the intangible assets of the business.*

**Client<sup>23</sup>**

*The party or parties (i.e. individual, group or entity) who engage an appraiser by employment or contract in a specific assignment, whether directly or through an agent.*

**Intended Use<sup>24</sup>**

*The use(s) of an appraiser's reported appraisal or appraisal review assignment results, as identified by the appraiser based on communication with the client at the time of the assignment.*

**Intended User<sup>25</sup>**

*The client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser, based on communication with the client at the time of the assignment.*

**Fee Simple Estate<sup>26</sup>**

*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.*

**Leased Fee Interest<sup>27</sup>**

*The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.*

<sup>19</sup> Source: Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions [f].

<sup>20</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>21</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>22</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>23</sup> Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.

<sup>24</sup> Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.

<sup>25</sup> Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.

<sup>26</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>27</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<b>Leasehold Interest (or Estate)<sup>28</sup></b>	<i>The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.</i>
<b>Real Estate<sup>29</sup></b>	<i>real estate. An identified parcel or tract of land, including improvements, if any. (USPAP, 2020-2021 ed.) See also real property.</i>
<b>Real Property<sup>30</sup></b>	<i>1. An interest or interests in real estate. 2. The interests, benefits, and rights inherent in the ownership of real estate. (USPAP, 2020-2021 ed.)</i>
<b>FF&amp;E<sup>31</sup></b>	<i>Business trade fixtures and personal property, exclusive of inventory.</i>
<b>Personal Property<sup>32</sup></b>	<i>1. Tangible or intangible objects that are considered personal, as opposed to real property. Examples of tangible personal property include furniture, vehicles, jewelry, collectibles, machinery and equipment, and computer hardware. Examples of intangible personal property include contracts, patents, licenses, computer software, and intellectual property. See also trade fixtures. 2. Any tangible or intangible article that is subject to ownership and classified as real property, including identifiable tangible objects that are considered by the general public as being “personal,” such as furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment, and intangible property that is created and stored electronically such as plans for installation art, choreography, emails, or designs for digital tokens. (USPAP, 2020-2021 ed.)</i>
<b>Fixture<sup>33</sup></b>	<i>An article that was once personal property but has since been installed or attached to the land or building in a rather permanent manner so that it is regarded in law as part of the real estate.</i>
<b>Trade Fixtures<sup>34</sup></b>	<i>Articles placed in or attached to rented buildings by a tenant to help carry out the trade or business of the tenant are generally regarded as trade fixtures. For example, a tenant’s shelves used to display merchandise are trade fixtures and retain the character of personal property, as opposed to all other fixtures that were, but are no longer, personal property when they are attached to and become part of the real estate. Despite the consensus on the concept of trade fixtures in general, applicable law and custom govern when a specific item is a trade fixture in a particular assignment. Also called chattel fixture.</i>
<b>Intangible Property<sup>35</sup></b>	<i>Nonphysical assets, including but not limited to franchises, trademarks, patents, copyrights, goodwill, equities, securities, and contracts as distinguished from physical assets such as facilities and equipment. (USPAP,</i>

<sup>28</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>29</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>30</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>31</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>32</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>33</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>34</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>35</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

2020-2021 ed.)

**Extraordinary Assumption<sup>36</sup>**

*An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.*

**Hypothetical Condition<sup>37</sup>**

*A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.*

**Gross Building Area (GBA)<sup>38</sup>**

*1. Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved. 2. Gross leasable area plus all common areas. 3. For residential space, the total area of all floor levels measured from the exterior of the walls and including the superstructure and substructure basement; typically does not include garage space.*

**Rentable Area<sup>39</sup>**

*For office or retail buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice.*

**Usable Area<sup>40</sup>**

*1. For office buildings, the actual occupiable area of a floor or an office space; computed by measuring from the finished surface of the office side of the corridor and other permanent walls, to the center of partitions that separate the office from adjoining usable areas, and to the inside finished surface of the dominant portion of the permanent outer building walls. Sometimes called net building area or net floor area. See also floor area. 2. The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas.*

**Gross Leasable Area<sup>41</sup>**

*Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces.*

**Tidelands**

*Lands that lie below the mean high watermark. These include lands that are awash by normal tidal flows and submerged lands below the mean low*

<sup>36</sup> Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.

<sup>37</sup> Source: Uniform Standards of Professional Appraisal Practice 2020-2021 Edition, The Appraisal Foundation.

<sup>38</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>39</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>40</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>41</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

watermark.

<b>Upland</b> <sup>42</sup>	<i>A piece of land that abuts a parcel with riparian rights; describes an owner once removed from a water right by a riparian owner.</i>
<b>Special Purpose Property</b> <sup>43</sup>	<i>An improved property with a unique physical design, special construction materials, or a layout that particularly adapts its utility to the use for which it was built and may be costly to modify to another use; also called a special-design property.</i>
<b>Excess Land</b> <sup>44</sup>	<i>Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately.</i>
<b>Surplus Land</b> <sup>45</sup>	<i>Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel.</i>
<b>Depreciation</b> <sup>46</sup>	<i>1. In appraisal, a loss in the value of improvements from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the value of the improvement on the same date. See also external obsolescence; functional obsolescence; physical deterioration. 2. In accounting, an allocation of the original cost of an asset, amortizing the cost over the asset's life; calculated using a variety of standard techniques.</i>
<b>Entrepreneurial Profit (Developer's Margin)</b> <sup>47</sup>	<i>1. A market-derived figure that represents the amount an entrepreneur received for his or her contribution to a past project to compensate for his or her time, effort, knowledge, and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses. 2. In economics, the actual return on successful management practices, often identified as coordination, the fourth factor of production following land, labor, and capital; also called entrepreneurial return or entrepreneurial reward.</i>

<sup>42</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>43</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>44</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>45</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>46</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>47</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

**Market Rent<sup>48</sup>**

*The most probable rent that a property should bring in a competitive and open market under all conditions requisite to a fair lease transaction, the lessee and lessor each acting prudently and knowledgeably, and assuming the rent is not affected by undue stimulus. Implicit in this definition is the execution of a lease as of a specified date under conditions whereby • Lessee and lessor are typically motivated;*

*• Both parties are well informed or well advised, and acting in what they consider their best interests;*

*• Payment is made in terms of cash or in terms of financial arrangements comparable thereto; and*

*• The rent reflects specified terms and conditions typically found in that market, such as permitted uses, use restrictions, expense obligations, duration, concessions, rental adjustments and revaluations, renewal and purchase options, frequency of payments (annual, monthly, etc.), and tenant improvements (TIs).*

**Exposure Time<sup>49</sup>**

*1. The time a property remains on the market. 2. An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. (USPAP, 2020-2021 ed.)*

**Marketing Time<sup>50</sup>**

*An opinion of the amount of time to sell a property interest at the concluded market value or at a benchmark price during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which precedes the effective date of an appraisal. (Advisory Opinion 7 and Advisory Opinion 35 of the Appraisal Standards Board of The Appraisal Foundation address the determination of reasonable exposure and marketing time.)*

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<sup>48</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>49</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

<sup>50</sup> Source: The Dictionary of Real Estate Appraisal, 7th Edition, Chicago: Appraisal Institute, 2022.

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# Addendum: Letter of Engagement

**Modification to the Professional  
Service Agreement and Scope of Work  
Between City and Borough of Wrangell  
and Reliant LLC**

The City and Borough of Wrangell (CBW) invited quotes from firms or individuals to provide Appraisal Services for real estate consisting of 11 lots comprising the former 6 mile mill property. The Appraiser will be required to provide professional services in performing a complete independent appraisal in accordance with the Uniform Standards of Professional Appraisal Practice (USPP).

The overall intended use of the Appraisal Report is to aid the CBW in determining fair market value for the site as part of the CBW's due diligence for purchasing the property. The appraisal shall include a visual inspection and evaluate and verify the appraisal to current markets using appropriate approaches to determine value.

This Modification amends the Professional Service Agreement for Appraisal Services signed between the CBW and Reliant LLC on March 5, 2022 to include appraisal services for the former 6 mile mill site for \$19,500 (Appendix C).

Site should be appraised as a single site. There are 11 lots that comprise the former mill site with legal descriptions following:

- 1) Parcel # 03-011-100: USS 3000
- 2) Parcel # 03-011-150: Lot 6, USS 3534
- 3) Parcel # 03-011-152: Lot 7, USS 3534
- 4) Parcel # 03-010-212: Lot 11, USS 2589
- 5) Parcel # 03-010-214: Lot PSS, USS 3534
- 6) Parcel # 03-010-216: Lot 10, USS 2589
- 7) Parcel # 03-010-218: Lot 5, USS 3534
- 8) Parcel # 03-010-220: Lot 4, USS 3534
- 9) Parcel # 03-010-135: Lot 9B, Mitchell- Buhler Replat
- 10) Parcel # 03-010-129: Lot 6B, Mitchell-Buhler Replat
- 11) Parcel # 03-010-999: Lot 20, USS 2589

All documents of the Borough pertinent to the properties will be provided to the Appraiser.

**A. Deliverable**

The appraiser agrees to provide a final appraisal report of property values, using all appropriate approaches to determining value, by April 30, 2022. This appraisal is the higher priority of the two appraisals.

1 of 2

WHEREFORE the parties have entered into this agreement the date and year first above written.

ATTEST:

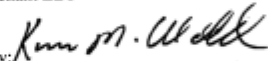
  
Kim Lase, CMC, Borough Clerk  
MLC

OWNER:  
City and Borough of Wrangell

By:   
Jeff Good, Borough Manager

Date: 3/14/22

CONTRACTOR:  
Reliant LLC

By:   
Principal

Date: March 14, 2022

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## Addendum: Land Sale Comparables



## LAND COMPARABLE L-1

RELIANT COMP ID: 10761

**Seley Industrial Site -  
9737 Mud Bay Rd  
Ketchikan**
**Location Description****Tax ID****Legal Description**

Ptn Lot N, Ptn Lot R, USS 2606,  
ATS 386, Lot M USS 2606.

**Sale Information**

<b>Actual Price</b>	\$1,300,000	<b>Date</b>	6/16/2005
<b>Price</b>	\$890,150	<b>Transaction Type</b>	Closed Sale
<b>Price Per Land SF</b>	\$1.52	<b>Property Rights</b>	Fee Simple
<b>Price Per Usable Land SF</b>	\$1.70	<b>Financing</b>	Cash
<b>Price Per Acre</b>	\$66,083.89	<b>Conditions of Sale</b>	Arm's Length
<b>Grantor</b>	Wells Fargo Bank NA	<b>Sale Verification Source</b>	Buyer
<b>Grantee</b>	Seley Properties Ltd.		

**Site**

<b>Acres</b>	13.47	<b>Zoning</b>	IH
<b>Land SF</b>	586,753	<b>Topography</b>	Level
		<b>Soil Conditions</b>	Average
<b>Shape</b>	irregular	<b>Encumbrance or Easement</b>	Typical
<b>Utilities</b>	T & E	<b>Environmental Issues</b>	None

**Sale Comments**

The sale price was adjusted upward \$90,150 based on capitalization of the contract rent for the leased tidelands. A downward adjustment of \$500,000 was made for the contribution value of two warehouse/shop structures located on the property. The purchaser subsequently subdivided the property and has constructed additional residential improvements and watchman's quarters. The property had an extended marketing time prior to the purchase. The price per square foot for the uplands was allocated at \$1.70 and the tidelands at \$0.44.

## LAND COMPARABLE L-2

RELIANT COMP ID: 321

**SOA Ferry Acquisition -  
7599 N Tongass Highway  
Ketchikan****Location Description**

SS N. Tongass Hwy.; at Revilla Rd.

**Tax ID**

3.1334E+11

**Legal Description**

Lot 3A, Tract 3005



Transaction			
Actual Price	\$2,640,000	Date	6/18/2010
Price	\$1,470,000	Transaction Type	Closed Sale
Price Per Land SF	\$1.12	Property Rights	Fee Simple
Price Per Usable Land SF	\$3.55	Financing	Conventional
Price Per Acre	\$49,000.00	Conditions of Sale	Arms Length
Grantor	Ketchikan Gateway Borough		
Grantee	State of Alaska	Sale Verification Source	Seller, Appraiser, Jonathan Lapin
Document No	WD2010-002006	Sale Verification Date	12/7/17

Site			
Acres	30.00	Zoning	IH, Heavy Industrial
Land SF	1,306,800	Topography	Generally Level
Road Frontage	930	Soil Conditions	Good
Shape	Irregular	Encumbrance or Easement	Typical, perimeter
Utilities	All Available	Environmental Issues	Known Contamination

**Sale Comments**

This is a waterfront industrial site consisting of uplands and submerged lands. The site has level access off North Tongass Highway. The tidelands lie within Ward Cove and are considered to be well protected. The loading capacity of the soils is considered to be good. The property was improved with a Class S industrial building originally constructed in 2000 to house a veneer plant. The veneer plant failed and the property was repossessed by Ketchikan Gateway Borough. The building was essentially a shell with several raised concrete foundations, which impaired its utility. The improvements were allocated a value of \$1,170,000. The upland area (9.5 acres or 413,820 sq. ft.) was allocated a value of \$2.30/ sq. ft. and the tidelands area (20.5 acres or 892,980 sq. ft.) was allocated

## LAND COMPARABLE L-3

RELIANT COMP ID: 2280

**Lots 4 & 8, Copper Ridge  
NHN Copper Ridge Ln.  
Ketchikan**
**Location Description**

WS Copper Ridge Ln.; N of  
Schoenbar Rd.

**Tax ID**

11314004510

**Legal Description**

Lots 4, 7A. & 8, Lybrand 2006 Subd.  
& Lot 7A Ketchikan Mech. Replat

**Transaction**

<b>Actual Price</b>	\$1,288,000	<b>Date</b>	2/29/2012
<b>Price</b>	\$1,288,000	<b>Transaction Type</b>	Closed Sale
<b>Price Per Land SF</b>	\$2.30	<b>Property Rights</b>	Fee Simple
<b>Price Per Usable Land SF</b>	\$2.49	<b>Financing</b>	Conventional
<b>Price Per Acre</b>	\$100,180.29	<b>Conditions of Sale</b>	Arms Length
<b>Grantor</b>	George E. Lybrand	<b>Sale Verification Source</b>	Broker/Agent, Kim Wold
<b>Grantee</b>	Crescent Key, Inc.	<b>Sale Verification Date</b>	2/29/12
<b>Document No</b>	WD2012-000704-0		

**Site**

<b>Acres</b>	12.86	<b>Zoning</b>	CG - General Commercial
<b>Land SF</b>	560,043	<b>Topography</b>	Level
<b>Road Frontage</b>	410'	<b>Soil Conditions</b>	Average
<b>Shape</b>	Irregular	<b>Encumbrance or Easement</b>	Typical, perimeter
<b>Utilities</b>	All Available	<b>Environmental Issues</b>	None Noted

**Sale Comments**

The property consists of three platted lots located at the northwest end of Copper Ridge Lane. There was approximately 385,800 sq. ft. of cleared, level land, of which 155,000 sq. ft. has substandard load bearing capacity. There was approximately 4 acres of land that has a US Army Corps of Engineers fill permit for clean fill material. The land was purchased for development of a commercial subdivision. Portions of Copper Ridge Lane were subsequently vacated; however, this was not intended at the time of sale.

## LAND COMPARABLE L-4

RELIANT COMP ID: 2265

**4300 Tongass Ave. - 2265**  
**4300 Tongass Ave.**  
**Ketchikan**

**Location Description**

NS Tongass Ave.; W of Cambria Dr.

**Tax ID**

11120000350

**Legal Description**

Tract A-1, USS 1083



Transaction			
Actual Price	\$1,700,000	Date	4/11/2014
Price	\$1,700,000	Transaction Type	Closed Sale
Price Per Land SF	\$3.73	Property Rights	Fee Simple
Price Per Usable Land SF	\$3.73	Financing	Conventional
Price Per Acre	\$162,523.90	Conditions of Sale	Arms Length
Grantor	Carlanna Construction, Inc.		
Grantee	BAM, LLC	Sale Verification Source	Appraiser, Kim Wold
Document No	WD2014-000830-0	Sale Verification Date	2/26/15

Site			
Acres	10.46	Zoning	IH - Heavy Industrial
Land SF	455,507	Topography	Generally Level
Road Frontage	1250'	Soil Conditions	Average
Shape	Rectangular	Encumbrance or Easement	Typical, perimeter
Utilities	All Available	Environmental Issues	None Noted

**Sale Comments**

This is the sale of vacant land at the west end of Ketchikan's commercial district. The site was partially quarried with shot rock and bedrock to be quarried in the future. There were approximately 4.8 acres of level land or stockpiled shot rock, 5.7 acres of undulating land with rock in place, and the remaining 1.5 acres were unusable. The property sold after an extended marketing time.

## LAND COMPARABLE L-5

RELIANT COMP ID: 2424

**4600 Sawmill Creek Rd -  
4600 Sawmill Creek Rd.  
Sitka****Location Description**ES Sawmill Creek Rd.; NWS Sawmill  
Cove**Tax ID**

NA

**Legal Description**Lots 12A & 13, Block 4, Sawmill  
Cove Ind. Park

Transaction			
Actual Price	\$643,000	Date	2/24/2015
Price	\$643,000	Transaction Type	Closed Sale
Price Per Land SF	\$2.00	Property Rights	Fee Simple
Price Per Usable Land SF	\$2.00	Financing	Conventional
Price Per Acre	\$87,121.59	Conditions of Sale	Arms Length
Grantor	City and Borough of Sitka		
Grantee	Silver Bay Seafoods, LLC	Sale Verification Source	Appraiser, Kidder Matthews
Document No	QCD2015-000180-0	Sale Verification Date	12/30/15

Site			
Acres	7.38	Zoning	I
Land SF	321,494	Topography	Generally Level
Road Frontage	490'	Soil Conditions	Average
Shape	Irregular	Encumbrance or Easement	Typical, perimeter
Utilities	All utilities	Environmental Issues	None Noted

**Sale Comments**

This is an industrial subdivision consisting of three lots that were purchased as an assemblage. The parcels are part of the Sawmill Cove industrial complex that was originally the Alaska Pulp Company site, southeast of Sitka. There are paved roads and utility services to the property's edge. There is water access to the property.

## LAND COMPARABLE L-6

RELIANT COMP ID: 7708

**7400 Glacier Hwy - 7708**  
**7400 Glacier Hwy**  
**Juneau**

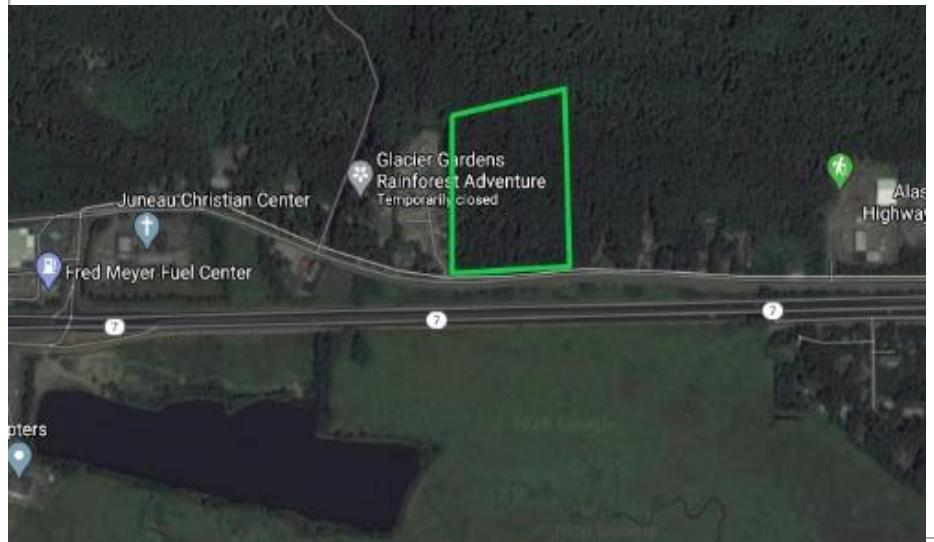
## Location Description

## Tax ID

5B1401010010

## Legal Description

USS 1568 TR B1



## Transaction

<b>Price</b>	\$750,000	<b>Date</b>	5/4/2016
<b>Price Per Land SF</b>	\$0.87	<b>Transaction Type</b>	Closed Sale
<b>Price Per Usable Land SF</b>	\$0.87	<b>Property Rights</b>	Fee Simple
<b>Price Per Acre</b>	\$38,051.75	<b>Financing</b>	Cash
<b>Grantor</b>	HONSINGER FAMILY LIMITED	<b>Conditions of Sale</b>	Arms Length
<b>Grantee</b>	Rainforest Properties LLC		
<b>Document No</b>	2016-001961	<b>Sale Verification Date</b>	7/1/20

## Site

<b>Acres</b>	19.71	<b>Zoning</b>	D18
<b>Land SF</b>	858,568	<b>Topography</b>	sloping
<b>Road Frontage</b>	750	<b>Soil Conditions</b>	Average
<b>Shape</b>	rectangular	<b>Encumbrance or Easement</b>	typical
<b>Utilities</b>	All utilities	<b>Environmental Issues</b>	none known

## Sale Comments

This is a parcel lying north of Glacier Highway. It is rectangular in configuration. The slopes are moderate to steep. The upper elevations have views of the Mendenhall wetlands. Utilities are available along the Glacier Highway right-of-way. The property was rezoned to D-18, which was a contingency of the purchase. The site was purchased for a future subdivision.

## LAND COMPARABLE L-7

RELIANT COMP ID: 3641

**Mendenhall Loop Condos  
Multiple  
Juneau**
**Location Description**

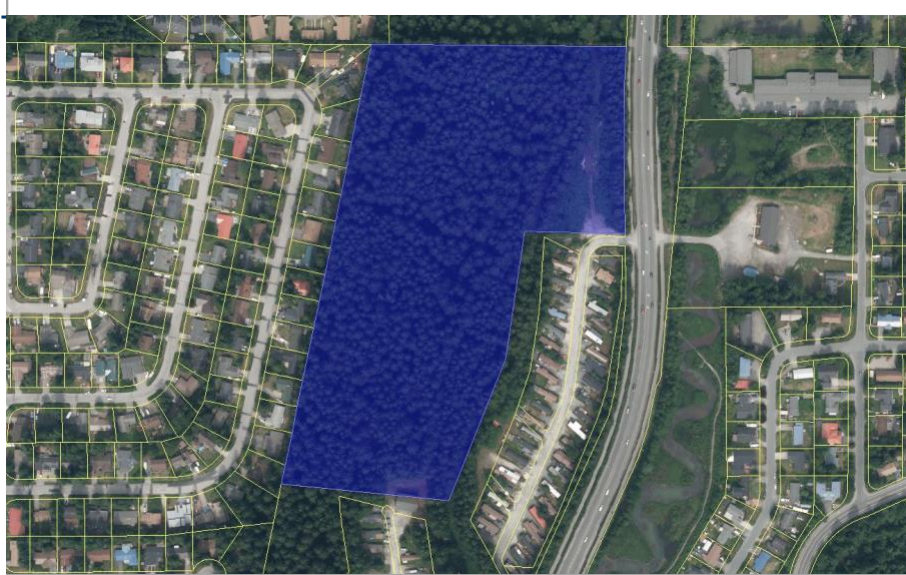
WS Mendenhall Loop Rd., SS Cinema Dr.

**Tax ID**

5B2101030001

**Legal Description**

Tr A-2, plat of Tr A-1 & A-2, subd.  
Tr A, USS 1053, Plat 96-106

**Transaction**

<b>Actual Price</b>	\$2,500,000	<b>Date</b>	10/19/2018
<b>Price</b>	\$2,500,000	<b>Transaction Type</b>	Closed Sale
<b>Price Per Land SF</b>	\$2.80	<b>Property Rights</b>	Fee Simple
<b>Price Per Usable Land SF</b>	\$2.80	<b>Financing</b>	Cash
<b>Price Per Acre</b>	\$122,024.32	<b>Conditions of Sale</b>	Arms Length
<b>Grantor</b>	JKZ, LLC		
<b>Grantee</b>	Juneau Condos, LLC		
<b>Document No</b>	SWD2018-004503		

**Site**

<b>Acres</b>	20.49	<b>Zoning</b>	D-15, Multifamily
<b>Land SF</b>	892,445	<b>Topography</b>	Generally Level
<b>Road Frontage</b>	200	<b>Soil Conditions</b>	Average
<b>Shape</b>	Irregular	<b>Encumbrance or Easement</b>	Typical, perimeter
<b>Utilities</b>	All Available	<b>Environmental Issues</b>	None Noted

**Sale Comments**

This is the sale of vacant land in Juneau. The parcel is zoned for multifamily properties with a minimum lot size of 5,000 sq ft and 15 units per acre.



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## Addendum: Experience Data

# Kim M. Wold

## Background

Mr. Wold's background includes over 40 years in the real estate appraisal sector. Mr. Wold has extensive experience in appraising properties such as single and multi-family residential, income-producing properties, special purpose properties (sawmills, fish processing plants, etc.), tidelands, logging camps, grocery stores, shopping centers, and aviation facilities. He also has extensive experience appraising urban and remote acreage of varying highest and best uses, such as residential, commercial, industrial, agricultural, forestry, mining claims, tidelands, recreational, etc. He has performed appraisals for mortgage underwriting, eminent domain, easement valuation, lease renewals, establishing market lease rates, and estate purposes.

Mr. Wold has appraised properties throughout Alaska, including Bristol Bay, Bethel, Anchorage, Haines, Hoonah, Juneau, Yakutat, Sitka, Wrangell, Petersburg, Craig, Klawock, Hydaburg, Metlakatla, Thorne Bay, Hollis, Ketchikan, Unalaska, Chignik, St. Paul Island, Kodiak Island, and numerous remote locations throughout Southeast Alaska.

## Education

### Real Estate Education

Mr. Wold has attended numerous appraisal-related courses presented by the American Institute of Real Estate Appraisers, Northwest Center for Professional Education, Marshall Valuation Service, University of Alaska, and the International Right-of-Way Association. Mr. Wold has also completed courses sponsored by the American Institute of Real Estate Appraisers and the Appraisal Institute in conjunction with the University of Portland, University of Colorado, University of San Diego, and Arizona State University. Specific courses completed include:

- Law and Value; Communication Corridors, Tower Sites & Property Rights, 2001
- Attacking and Defending an Appraisal in Litigation, 2001
- Valuation of Detrimental Conditions in Real Estate, 2002
- Appraisal Litigation Practice & Courtroom Management, 2003
- The Road Less Traveled: Special Purpose Properties, 2004
- Hospitality Properties, 2004
- Condominiums, Co-Ops, and PUDs, 2006
- Current Issues and Misconceptions in the Appraisal Practice, 2007
- Business Practices and Ethics, 2009

- Highest and Best Use and Market Analysis, 2009
- Self-Storage: Emerging Core Asset, 2011
- Fundamentals of Separating Real Property, Personal Property, & Intangible Business Assets, 2012
- Litigation Appraising – Specialized Topics, 2014
- Forecasting Revenue, 2015
- Review Theory, 2015
- Uniform Standards of Professional Appraisal Practice, 2018
- The Appraiser as an Expert Witness: Preparation and Testimony, 2019
- USFLA, 2021
- Evaluations & Other Report Alternatives, 2021

### Employment History

<b>Reliant, LLC</b>	Appraiser, March 2019 to Present
<b>Integra Realty Resources – Seattle</b>	Appraiser, April 2017 to March 2019
<b>Alaska Appraisal Associates, Inc.</b>	President and Chief Appraiser, October 1978 to April 2017
<b>Ketchikan Gateway Borough</b>	Appraiser, January 1976 to October 1978

### Designations, Certifications and Awards

<b>State License's / Certifications</b>	<ul style="list-style-type: none"> <li>▪ State of Alaska, Certified General Real Estate Appraiser, License No. 52 (expires June 30, 2023).</li> </ul>
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### Organization Affiliations, Offices & Memberships

<b>Qualified Before Courts &amp; Administrative Bodies</b>	<ul style="list-style-type: none"> <li>▪ Senior Member – National Association of Review Appraisers and Mortgage Underwriters</li> <li>▪ Associate Member – Appraisal Institute</li> <li>▪ Fee Appraiser – Federal Housing Authority (FHA/HUD #2218)</li> <li>▪ US Bankruptcy Court</li> <li>▪ Superior Court of the State of Alaska</li> <li>▪ Superior Court of the State of Washington</li> <li>▪ Board of Equalization for Ketchikan Gateway Borough and the City of Craig</li> <li>▪ Testified in Internal Revenue Service tax appeal hearings</li> </ul>
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**Partial List of Clients**

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**Clients include:**

Government Agencies (FDIC, State of Alaska, Federal, and Local)  
Financial Institutions  
Fisheries  
Forestry  
Native Corporations  
Tourism

A more detailed list of clients and professional references is available upon request.

### A Foundation to Build On:

- Vision
- Integrity
- Commitment
- Performance

### A Commitment to Client Service:

- Quality Research & Analysis
- Quality Presentation
- Fast Turn Around Times
- Competitive Fees
- On Time Delivery
- Solid Confidentiality

### Extensive Valuation & Consulting Services:

- Mortgage Financing
- Market & Feasibility Analysis
- Litigation & Arbitration Support
- Sale & Lease Negotiation
- Property Tax Consulting
- Estate Planning / Documentation
- Settlement Trusts
- Site Selection
- Due Diligence
- Investment Analysis
- Market Research
- Eminent Domain
- Partial Interest Valuations
- Forensic & Historic Valuations

### Extensive Market Knowledge:

- Institutional
- Hotels
- Apartment & Condominiums
- Health Care / Medical
- Affordable Housing / LIHTC
- Senior Housing / Assisted Living
- Lumber & Sawmills
- Shipyards & Marinas
- Truck Stops & Travel Centers
- Seafood Processing Plants
- Right-of-Way / Condemnation
- Remote Properties
- Industrial
- Ground Leases
- Office
- Retail
- Athletic Clubs
- High-Tech
- Vacant Land
- Parking Garages
- Movie Theatres
- Wetland Banking/Mitigation
- Residential Litigation Support
- Multifamily



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