

MARKET VALUE APPRAISAL

**67 PARCELS OF LAND LOCATED IN AND AROUND THE TOK AND CRAIG LAKE
AREA**

DNR CONTRACT 2007-02



PREPARED FOR

**STATE OF ALASKA
DIVISION OF MINING LAND AND WATER
DEPARTMENT OF NATURAL RESOURCES
550 WEST SEVENTH AVENUE, SUITE 650
ANCHORAGE, ALASKA 99501-3576**

APPRAISED BY

**HANS AXELSSON, ALASKA CERTIFIED GENERAL APPRAISER LICENSE #432
&
PAUL MAYO, ALASKA CERTIFIED GENERAL APPRAISER LICENSE #428
AXELSSON, MAYO & ASSOCIATES, INC
P.O. BOX 75332
FAIRBANKS, ALASKA 99707**

Subject						Value	Effective Date of Value
ADL	Subdivision Name	Survey	Lot	Block	Acres		
417749	Glenn	ASLS 81-205	11	4	5.000	\$6,250	October 2, 2006
417750	Glenn	ASLS 81-205	12	4	5.000	\$6,250	October 2, 2006
417751	Glenn	ASLS 81-205	13	4	5.000	\$6,500	October 2, 2006
417752	Glenn	ASLS 81-205	14	4	5.000	\$6,750	October 2, 2006
417753	Glenn	ASLS 81-205	1	5	4.990	\$6,750	October 2, 2006
417754	Glenn	ASLS 81-205	2	5	4.990	\$6,500	October 2, 2006
417755	Glenn	ASLS 81-205	3	5	4.990	\$6,250	October 2, 2006
417756	Glenn	ASLS 81-205	4	5	4.990	\$6,250	October 2, 2006
417757	Glenn	ASLS 81-205	5	5	5.000	\$6,250	October 2, 2006
417758	Glenn	ASLS 81-205	1	8	5.000	\$11,000	October 2, 2006
417759	Glenn	ASLS 81-205	2	8	5.000	\$10,500	October 2, 2006
417760	Glenn	ASLS 81-205	3	8	5.000	\$10,500	October 2, 2006
417761	Glenn	ASLS 81-205	4	8	5.000	\$10,500	October 2, 2006
417762	Glenn	ASLS 81-205	5	8	5.000	\$10,500	October 2, 2006
417763	Glenn	ASLS 81-205	6	8	5.000	\$10,500	October 2, 2006
417764	Glenn	ASLS 81-205	18	8	5.000	\$7,500	October 2, 2006
417765	Glenn	ASLS 81-205	19	8	5.000	\$7,500	October 2, 2006
417766	Glenn	ASLS 81-205	20	8	5.000	\$8,000	October 2, 2006
417767	Glenn	ASLS 81-205	21	8	5.000	\$8,000	October 2, 2006
417768	Glenn	ASLS 81-205	22	8	5.000	\$8,500	October 2, 2006
417769	Glenn	ASLS 81-205	9	9	5.000	\$8,500	October 2, 2006
417770	Glenn	ASLS 81-205	10	9	5.000	\$8,500	October 2, 2006
417771	Glenn	ASLS 81-205	11	9	5.000	\$7,500	October 2, 2006
417772	Glenn	ASLS 81-205	12	9	5.000	\$7,500	October 2, 2006
417773	Glenn	ASLS 81-205	5	10	5.000	\$11,500	October 2, 2006
417774	Glenn	ASLS 81-205	6	10	5.000	\$12,000	October 2, 2006
417775	Glenn	ASLS 81-205	1	11	5.000	\$12,000	October 2, 2006
417776	Glenn	ASLS 81-205	2	11	5.000	\$11,500	October 2, 2006
417777	Glenn	ASLS 81-205	3	11	5.000	\$11,500	October 2, 2006
417778	Glenn	ASLS 81-205	4	11	5.000	\$11,500	October 2, 2006
417779	Glenn	ASLS 81-205	5	11	5.000	\$11,500	October 2, 2006
417780	Glenn	ASLS 81-205	6	11	5.000	\$12,000	October 2, 2006

Subject						Value	Effective Date of Value
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417782	Tok Triangle	ASLS 2004-16	1	1	14.280	\$19,300	October 3, 2006
417783	Tok Triangle	ASLS 2004-16	2	1	20.370	\$26,500	October 3, 2006
417784	Tok Triangle	ASLS 2004-16	3	1	9.230	\$16,600	October 3, 2006
417785	Tok Triangle	ASLS 2004-16	4	1	8.530	\$16,200	October 3, 2006
417786	Tok Triangle	ASLS 2004-16	5	1	19.220	\$24,000	October 3, 2006
417787	Tok Triangle	ASLS 2004-16	6	1	17.750	\$22,200	October 3, 2006
417788	Tok Triangle	ASLS 2004-16	7	1	9.840	\$13,300	October 3, 2006
417789	Tok Triangle	ASLS 2004-16	8	1	13.200	\$15,800	October 3, 2006
417790	Tok Triangle	ASLS 2004-16	9	1	17.750	\$18,600	October 3, 2006
417791	Tok Triangle	ASLS 2004-16	1	2	9.100	\$11,800	October 3, 2006
417792	Tok Triangle	ASLS 2004-16	2	2	9.540	\$12,400	October 3, 2006
417793	Tok Triangle	ASLS 2004-16	3	2	9.540	\$11,400	October 3, 2006
417794	Tok Triangle	ASLS 2004-16	4	2	8.810	\$15,000	October 3, 2006
417795	Tok Triangle	ASLS 2004-16	5	2	19.230	\$22,100	October 3, 2006
417796	Tok Triangle	ASLS 2004-16	6	2	36.990	\$31,400	October 3, 2006
417797	Tok Triangle	ASLS 2004-16	7	2	37.570	\$31,900	October 3, 2006
417798	Tok Triangle	ASLS 2004-16	8	2	19.530	\$18,600	October 3, 2006
417799	Tok Triangle	ASLS 2004-16	1	3	8.810	\$11,900	October 3, 2006
417800	Tok Triangle	ASLS 2004-16	2	3	9.550	\$12,400	October 3, 2006
417801	Tok Triangle	ASLS 2004-16	3	3	9.550	\$12,400	October 3, 2006
417802	Tok Triangle	ASLS 2004-16	4	3	9.100	\$11,800	October 3, 2006
417803	Tok Triangle	ASLS 2004-16	5	3	19.550	\$18,600	October 3, 2006
417804	Tok Triangle	ASLS 2004-16	6	3	37.600	\$32,000	October 3, 2006
417805	Tok Triangle	ASLS 2004-16	7	3	37.020	\$31,500	October 3, 2006
417806	Tok Triangle	ASLS 2004-16	8	3	19.240	\$18,300	October 3, 2006
417807	Tok Triangle	ASLS 2004-16	1	4	12.630	\$17,100	October 3, 2006
417808	Tok Triangle	ASLS 2004-16	2	4	14.920	\$16,400	October 3, 2006
417809	Tok Triangle	ASLS 2004-16	3	4	19.550	\$18,600	October 3, 2006
417810	Tok Triangle	ASLS 2004-16	4	4	18.650	\$17,700	October 3, 2006
417811	Tok Triangle	ASLS 2004-16	5	4	37.610	\$32,000	October 3, 2006
417812	Tok Triangle	ASLS 2004-16	6	4	19.250	\$18,800	October 3, 2006
417813	Tok Triangle	ASLS 2004-16	7	4	14.310	\$19,300	October 3, 2006
417958	Craig Lake	ASLS 2005-57	1		4.210	\$7,600	October 4, 2006
417957	Craig Lake	ASLS 2005-57	2		18.720	\$20,600	October 4, 2006
417956	Craig Lake	T14S R16E FM Sec. 5	Tract 'O'		40.000	\$24,000	October 4, 2006

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Glenn	ASLS 81-205	4	11	5.000	\$11,500	October 2, 2006
Glenn	ASLS 81-205	5	11	5.000	\$11,500	October 2, 2006
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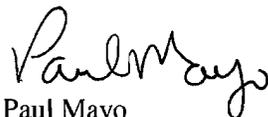
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Craig Lake	ASLS-2005-57	1		4.210	\$7,600.00	October 4, 2006
Craig Lake	ASLS-2005-57	2		18.720	\$20,600.00	October 4, 2006
Craig Lake	Tr. "O"			40.000	\$24,000.00	October 4, 2006

If we can be of further assistance to you regarding this appraisal, please let us know.

Respectfully submitted,



Hans Axelsson
Alaska Certified General Appraiser Lic. #432



Paul Mayo
Alaska Certified General Appraiser Lic. #428

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Glenn

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Tok Triangle

Maps
Satellite Photos
Subject Photos and
Comparable Sales Data with Satellite Photos of Comparables

Craig Lake

Maps
Satellite Photos
Subject and Comparable Sales Photos
Comparable Sales Data

CERTIFICATION

The appraisers certify that, to the best of our knowledge and belief:

1. that 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 our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the properties that are the subjects of this report, and no personal interest with the respect to the parties involved.
4. We have no bias with respect to the properties that are the subjects of this report or to the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value 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 appraisal.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
8. Paul Mayo has made a personal inspection of the properties that are the subjects of this report.
9. No one provided significant professional assistance to the persons signing this report.

11/14/06

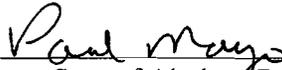
Date

11/14/06

Date



Hans Axelsson, State of Alaska - General Appraiser # AA432



Paul Mayo, State of Alaska - General Appraiser # AA428

Part I – Introduction

SUMMARY

Location: The subject properties are located in and around Tok and Craig Lake, Alaska.

Glenn Subdivision, ASLS 81-205, Tok, Alaska

Tok Triangle Subdivision, ASLS 2004-16, Tok, Alaska

Craig Lake Subdivision, ASLS 2005-57, Craig Lake near Johnson River, Alaska Highway, Alaska

Owner: State of Alaska

Legal Description and Size: See Below

Inspection Date and Effective Date of Value:

Glenn Subdivision, ASLS 81-205, Tok, Alaska, October 2, 2006

Tok Triangle Subdivision, ASLS 2004-16, Tok, Alaska, October 3, 2006

Craig Lake Subdivision, ASLS 2005-57, Craig Lake, October 4, 2006

Date of Report: November 14, 2006

Improvements: None

Client: State of Alaska, Department of Natural Resources

Intended Users of Appraisal: The Client and the general public.

Purpose of the Appraisal: The purpose is to estimate the current market value of the properties described in this report.

Intended Use of the Appraisal: This appraisal will be used to determine the minimum price for the subject properties to be made available in a DNR land disposal program.

Property Rights: Fee Simple, less mineral rights.

Zoning and Restrictions:

Glenn Subdivision, ASLS 81-205, Tok, Unorganized Borough, no zoning restrictions

Tok Triangle Subdivision, ASLS 2004-16, Tok, Unorganized Borough, no zoning restrictions

Craig Lake Subdivision, ASLS 2005-57, Unorganized Borough, no zoning restrictions

The subdivisions noted above are subject to platted easements and reservations of record for access and public utilities; water supply and sewage disposal subject to requirements of the Alaska Department of Environmental Conservation.

Potential Hazardous Waste/Toxic Material: No adverse environmental conditions were noticed on the subject's site but the appraiser is not an expert in environmental matters.

Highest and Best Use:

Glenn Subdivision, ASLS 81-205, Tok: Residential
Tok Triangle Subdivision, ASLS 2004-16, Tok: Residential
Craig Lake Subdivision, ASLS 2005-57: Recreational

Estimated Market Value:

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Glenn	ASLS 81-205	11	4	5.000	\$6,250	October 2, 2006
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Tok Triangle	ASLS 2004-16	8	1	13.200	\$15,800	October 3, 2006
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Craig Lake	Tr. "O"			40.000	\$24,000.00	October 4, 2006

Part II – Premises of the Appraisal

Type of Appraisal and Report

This report is performed under USPAP Standards Rules 1 and 2, and in accordance with General Appraisal Instructions – DNR Calendar year 2006 (see copy in addendum). It is prepared under the summary reporting option, Standard Rule 2-2 (b).

Purpose of the Appraisal

The purpose of the appraisal is to form an opinion of the market values of the subject properties.

Intended Use of the Appraisal

The appraisal will be used to determine the minimum price for the subject properties to be made available in a DNR land disposal program.

Property Rights Appraised

The subjects' property rights appraised consists of the fee simple estate, less mineral rights reserved to the State of Alaska under AS 38.05.125 (a). The fee simple estate is defined as: "Absolute ownership unencumbered by any other interest or estate; subject only to the limitations imposed by the government powers of taxation, eminent domain, police power, or escheat. (Appraisal Institute, The Dictionary of Real Estate Appraisal, 4th ed. (Chicago: 2002), p. 113.

AS 38.05.125 (a) states:

Reservation. (a) Each contract for the sale, lease, or grant of state land, and each deed to state land, properties, or interest in state land, made under AS 38.05.045 - 38.05.120, 38.05.321, 38.05.810 - 38.05.825, AS 38.08, or AS 38.50 except as provided in AS 38.50.050 is subject to the following reservations: "The party of the first part, Alaska, hereby expressly saves, excepts and reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, all oils, gases, coal, ores, minerals, fissionable materials, geothermal resources, and fossils of every name, kind or description, and which may be in or upon said land above described, or any part thereof, and the right to explore the same for such oils, gases, coal, ores, minerals, fissionable materials, geothermal resources, and fossils, and it also hereby expressly saves and reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, the right to enter by itself, its or their agents, attorneys, and servants upon said land, or any part or parts thereof, at any and all times for the purpose of opening, developing, drilling, and working mines or wells on these or other land and taking out and removing there from all such oils, gases, coal, ores, minerals, fissionable materials, geothermal resources, and fossils, and to that end it further expressly reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, the right by its or their agents, servants and attorneys at any and all times to erect, construct, maintain, and use all such buildings, machinery, roads, pipelines, powerlines, and railroads, sink such shafts, drill such wells, remove such soil, and to remain on said land or any part thereof for the foregoing purposes and to occupy as much of said land as may be necessary or convenient for such purposes hereby expressly reserving to itself, its lessees, successors, and assigns, as aforesaid, generally all rights and power in, to, and over said land, whether herein expressed or not, reasonably necessary or convenient to render beneficial and efficient the complete enjoyment of the property and rights hereby expressly reserved." (Alaska Statutes Title 38, Public Land Article 5, State of Alaska, 2005.)

Extraordinary Assumption

In accordance with General Appraisal Instructions – DNR Calendar year 2006 (see copy in addendum). It is an extraordinary assumption that the subject properties are free and clear from hazardous materials.

Definition of Market Value

Market value is, according to the Uniform Standards of Professional Appraisal Practice (USPAP) 2006 Edition, “a type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal.

Comment: Forming an opinion of market value is the purpose of many real property appraisal assignments, particularly when the client’s intended use includes more than one intended user. The conditions included in market value definitions establish market perspectives for development of the opinion. These conditions may vary from definition to definition but generally fall into three categories:

1. the relationship, knowledge, and motivation of the parties (i.e., seller and buyer);
2. the terms of sale (e.g., cash, cash equivalent, or other terms); and
3. the conditions of sale (e.g. exposure in a competitive market for a reasonable time prior to sale)

In accordance with instructions from the State of Alaska, market value for the appraised properties are estimated in terms of seller financing typical for the property type as of the date of appraisal.

Appraisal Institute, The Appraisal of Real Estate, 12th Edition describes the definition of market value as “The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.”

Inspection Date and Effective Date of Value Estimate

Glenn Subdivision, ASLS 81-205, Tok, Alaska, October 2, 2006
Tok Triangle Subdivision, ASLS 2004-16, Tok, Alaska, October 3, 2006
Craig Lake Subdivision, ASLS 2005-57, Craig Lake, October 4, 2006

Scope of Appraisal

The scope of this appraisal encompasses research and analysis to prepare a report in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Standards Board of the Appraisal Foundation.

The scope of the appraisal includes the necessary steps to prepare a report according to the valuation process. The term "scope of work" refers to the amount and type of information researched and the analysis applied in the assignment. The appraisal process is divided into four basic tasks: 1) gathering of information, 2) analyzing data collected, 3) drawing conclusions, and 4) reporting the conclusions.

This report is performed under USPAP Standards Rules 1 and 2. It is prepared under the summary reporting option, Standard Rule 2-2 (b).

Three subdivisions were inspected, two in Tok, and 3 parcels in a subdivision at Craig Lake. Each lot was physically inspected, photographed and noted for physical features, access and utilities for differences as perceived by the market. Research of subject and market area included public records, topographic maps, survey and status plats and aerial photographs. Public records included the recorder's office, State of Alaska Department of Natural Resources (DNR) and the Bureau of Land Management (BLM).

Investigation included interviews with local real agents, appraisers, local land advertisements, major newspapers, the Fairbanks Multiple Listing Service and the DNR appraisal records. Sellers and buyers were contacted to verify sales prices and other transaction details.

The Sales Comparison Approach to value was used to compare sales of vacant land parcels that could be considered competitive to the subject in the same market area. The Cost Approach was not applicable since the properties are vacant land. The Income Approach was not applicable, since the subjects, nor the market produced rental income, also, typically recreational and residential properties are not purchased for their income production.

ASSUMPTIONS AND LIMITING CONDITIONS

1. No responsibility is assumed for the legal description or for the matters including legal or title considerations. Title is assumed to be good and marketable unless stated otherwise. Title information was given to the appraiser prior the engagement of this assignment.
 2. The property is appraised free and clear of any liens or encumbrances unless otherwise stated.
 3. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy. The appraiser reserves the right to modify the conclusions reached if errors are found.
 4. It is assumed that there are no hidden or unapparent conditions of the property or subsoil that render it more or less valuable. I assume no responsibility for such conditions, or for any engineering studies required to discover such conditions.
 5. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws, as well as applicable zoning, building and use regulations and restrictions, unless noncompliance is stated, defined, and considered in the appraisal report.
 6. It is assumed that all required licenses, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate in this report is based.
 7. It is assumed that the utilization of the land is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
 8. While various approaches to value and various mathematical calculations may have been used in estimating value, these are only aides to the formulation of the value estimate expressed by the appraiser in this report. In these calculations certain mathematical figures are rounded off to the nearest significant amount.
 9. All assessments for taxes, water, and sewer (if any) are assumed paid to date.
 10. The estate being valued is the fee simple estate, less mineral rights.
 11. The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of potentially hazardous materials may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there are no such materials on or in the property that would cause a loss in the value unless otherwise stated in this report. No responsibility is assumed for any adverse environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.
 12. Possession of this report, or a copy thereof, does not carry with it the right of publication.
 13. The appraiser, by employment to make this appraisal report, is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.
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14. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval of the appraiser. The report may not be used for any other purpose other than the one stated in the Purpose of the Appraisal, without the express, written consent of the appraiser and client.
 15. Any value estimates provided in the report apply to the entire property, and any prorating or division of the total into fractional interests will invalidate the value estimate, unless such prorating or division of interests has been set forth in the report.
 16. The date of value for the opinions expressed in this report is as stated in the letter of transmittal. The appraiser assumes no responsibility for economic or physical factors occurring at some later date which may affect those opinions.
 17. The appraisal report is to be used only in its entirety and no part is to be used without the entire report, or in conjunction with any other appraisal. Use of a portion of the report invalidates the analysis and valuation conclusions contained herein.
 18. No opinion is intended to be expressed for legal matters or for opinions that require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, although such matters may be discussed in the report.
 19. The liability of Axelsson, Mayo & Associates, Inc. and its employees and the individual appraisers is limited to the client of the appraisal of the subject properties only, and only up to the amount of the fee actually received for the assignment. No third parties may rely upon this appraisal for any purpose whatsoever, including financing for the acquisition or improvements of the subject property. This appraisal was prepared specifically for our client, to whom this proposal or report was addressed.
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Part III – Presentation of Data

The following section describes legal descriptions and size for each subject, the neighborhoods, and property descriptions.

Legal Description and Size

Glenn Subdivision at Tok

ADL	Subdivision Name	Survey	Lot	Block	Acres
417749	Glenn	ASLS 81-205	11	4	5.000
417750	Glenn	ASLS 81-205	12	4	5.000
417751	Glenn	ASLS 81-205	13	4	5.000
417752	Glenn	ASLS 81-205	14	4	5.000
417753	Glenn	ASLS 81-205	1	5	4.990
417754	Glenn	ASLS 81-205	2	5	4.990
417755	Glenn	ASLS 81-205	3	5	4.990
417756	Glenn	ASLS 81-205	4	5	4.990
417757	Glenn	ASLS 81-205	5	5	5.000
417758	Glenn	ASLS 81-205	1	8	5.000
417759	Glenn	ASLS 81-205	2	8	5.000
417760	Glenn	ASLS 81-205	3	8	5.000
417761	Glenn	ASLS 81-205	4	8	5.000
417762	Glenn	ASLS 81-205	5	8	5.000
417763	Glenn	ASLS 81-205	6	8	5.000
417764	Glenn	ASLS 81-205	18	8	5.000
417765	Glenn	ASLS 81-205	19	8	5.000
417766	Glenn	ASLS 81-205	20	8	5.000
417767	Glenn	ASLS 81-205	21	8	5.000
417768	Glenn	ASLS 81-205	22	8	5.000
417769	Glenn	ASLS 81-205	9	9	5.000
417770	Glenn	ASLS 81-205	10	9	5.000
417771	Glenn	ASLS 81-205	11	9	5.000
417772	Glenn	ASLS 81-205	12	9	5.000
417773	Glenn	ASLS 81-205	5	10	5.000
417774	Glenn	ASLS 81-205	6	10	5.000
417775	Glenn	ASLS 81-205	1	11	5.000
417776	Glenn	ASLS 81-205	2	11	5.000
417777	Glenn	ASLS 81-205	3	11	5.000
417778	Glenn	ASLS 81-205	4	11	5.000
417779	Glenn	ASLS 81-205	5	11	5.000
417780	Glenn	ASLS 81-205	6	11	5.000

Tok Triangle Subdivision

ADL	Subdivision Name	Survey	Lot	Block	Acres
417782	Tok Triangle	ASLS 2004-16	1	1	14.280
417783	Tok Triangle	ASLS 2004-16	2	1	20.370
417784	Tok Triangle	ASLS 2004-16	3	1	9.230
417785	Tok Triangle	ASLS 2004-16	4	1	8.530
417786	Tok Triangle	ASLS 2004-16	5	1	19.220
417787	Tok Triangle	ASLS 2004-16	6	1	17.750
417788	Tok Triangle	ASLS 2004-16	7	1	9.840
417789	Tok Triangle	ASLS 2004-16	8	1	13.200
417790	Tok Triangle	ASLS 2004-16	9	1	17.750
417791	Tok Triangle	ASLS 2004-16	1	2	9.100
417792	Tok Triangle	ASLS 2004-16	2	2	9.540
417793	Tok Triangle	ASLS 2004-16	3	2	9.540
417794	Tok Triangle	ASLS 2004-16	4	2	8.810
417795	Tok Triangle	ASLS 2004-16	5	2	19.230
417796	Tok Triangle	ASLS 2004-16	6	2	36.990
417797	Tok Triangle	ASLS 2004-16	7	2	37.570
417798	Tok Triangle	ASLS 2004-16	8	2	19.530
417799	Tok Triangle	ASLS 2004-16	1	3	8.810
417800	Tok Triangle	ASLS 2004-16	2	3	9.550
417801	Tok Triangle	ASLS 2004-16	3	3	9.550
417802	Tok Triangle	ASLS 2004-16	4	3	9.100
417803	Tok Triangle	ASLS 2004-16	5	3	19.550
417804	Tok Triangle	ASLS 2004-16	6	3	37.600
417805	Tok Triangle	ASLS 2004-16	7	3	37.020
417806	Tok Triangle	ASLS 2004-16	8	3	19.240
417807	Tok Triangle	ASLS 2004-16	1	4	12.630
417808	Tok Triangle	ASLS 2004-16	2	4	14.920
417809	Tok Triangle	ASLS 2004-16	3	4	19.550
417810	Tok Triangle	ASLS 2004-16	4	4	18.650
417811	Tok Triangle	ASLS 2004-16	5	4	37.610
417812	Tok Triangle	ASLS 2004-16	6	4	19.250
417813	Tok Triangle	ASLS 2004-16	7	4	14.310

Craig Lake

ADL	Subdivision Name	Survey	Lot	Block	Acres
417958	Craig Lake	ASLS-2005-57	1		4.210
417957	Craig Lake	ASLS-2005-57	2		18.720
417856	Craig Lake	Tr. "O"			40.000

Inspection

All the subject properties were physically inspected by Paul Mayo by means of an on the ground inspection. In addition to the physical inspection, topographic, survey maps and aerial photos were inspected. Thirty Two lots were inspected in the Glenn Subdivision on October 2, 2006; the entire Tok Triangle Subdivision, which includes 32 lots in total, was inspected on October 3, 2006. Craig Lake was inspected on October 4, 2006.

Neighborhood Descriptions

Tok Neighborhood: Tok is located 200 miles southeast of Fairbanks and 100 miles northwest from the Canadian Border on the Alaska Highway. Anchorage lies 328 miles southwest of Tok via the Glenn Highway.

Tok is a community of approximately 1,500 people, the town is unincorporated and in the unorganized borough; there is no taxing authority, nor land zoning in the area. It is the transportation, business, service and government center of this region. Highway traffic in the summer supports several businesses. Tok is the first community upon entering Alaska from the Alaska Highway. According the State of Alaska Community database from the Department of Community and Economic Development, the following information is available about Tok. During the 2000 Census, there were approximately 750 housing units with 214 vacant where 66 of those were seasonal use. The same Census indicated over 518 residents as employed and approximately 18% were unemployed.

Homes in the area are individual septic and well water; water is reported to be of good quality with depths of 50 to 125 feet. Electricity and telephone are available to most developed subdivisions including internet service. Despite dated information about housing, review of the market indicates an active real estate market with an adequate number of sales of vacant land available for analysis in various subdivisions. In addition to local retail, government and service spending, Tok is located along the route for the proposed gas line where the gas contract is currently in lengthy negotiations. Analysis of market data will include the number of comparable sales and how current the data is for land. Inspection of various subdivisions indicated mature neighborhoods, developing areas, and undeveloped land.

Glenn Subdivision: This subdivision is located on the west side of the Glenn Highway approximately 2 miles south of Tok intersection where the Glenn Highway ends at the Alaska Highway (Tok Cutoff). The general neighborhood is the Tok area with a radius of 20 miles from the Tok intersection. The immediate neighborhood of the subject is 2 miles south of Tok where a small community of residential homes defines the market area within the subject subdivision; there are also developed properties surrounding the subject subdivision of Glenn. In this appraisal, 32 lots are analyzed out of a total of 200 same size lots within this surveyed subdivision; the 32 lots that are the subject of this appraisal are clustered groups in the northeast, the middle west and along the south boundary. Larger tracts along the Alaska Highway are reserved for non-residential uses; the Glenn Subdivision is now in various stages of development where the east section near the Alaska Highway is most developed.

Tok Triangle: Tok Triangle, an undeveloped subdivision, is situated about 2 ¼ road miles southwest from Tok intersection. This subdivision is a square mile in shape and entirely situated within Section 26 of Township 18 North, Range 12 East, Copper River Meridian. It is bordered to the north by a paved road (Borealis Avenue) and the east by a gravel road (Midnight Sun Drive). Scoby Way on the west and Mukluk Avenue on the south side are by trail access only. The subdivision north of Tok Triangle (across Borealis Avenue) is developed and with electric; the subdivision to the east of Tok Triangle is developed along Borealis Avenue. In the one mile square sections to the west and south of Tok Triangle there is no development.

Craig Lake: This subdivision is located about 36 miles southeast of Delta Junction, 23 miles north of Dot Lake Community, and 2 miles north of Johnson River on the Alaska Highway. The subdivision is located ½ mile west of the Alaska Highway and accessible by the old Alaska Highway alignment. Craig Lake is rural and used primarily as a recreational use area; however, one resident reportedly lives at Craig Lake subdivision year-round; the remainder of lots in the subdivision are used as recreational cabin sites. There are also scattered homesteads north and south of the Craig Lake area on the Alaska Highway, the majority of which are closer to Delta or Dot Lake because of electricity.

Personal Property

There is no personal property involved with the appraisal of these properties.

Property Data

Glenn Subdivision:

Location: Two miles south of Tok intersection on the west side of the Glenn Highway between Warbelow Avenue (a surveyed trail) on the north boundary and Butch Kuth Avenue on the south (a gravel road).

Access: Lots 1-6 of Block 11 and Lots 5 and 6 of Block 10 have gravel road access by Jack Wade Avenue and Knut Peterson Road. Lots 11-14 of Block 4 and Lots 1-5 of Block 5 have undeveloped access only by dirt survey line trails via Jack Wade (gravel road) and Bill Seaton Road (trail). Lots 1-6 of Block 8 have gravel road frontage on Butch Kuth Avenue. Lots 18-22 of Block 8 and Lots 9-12 of Block 9 have trail only access from Butch Kuth Avenue.

Size: All lots are 5 acres in size except for 4 lots in Block 5 (4.99 acres), all lots shapes are nearly square or adequate for residential development.

Topography, Soils, and Vegetation: all lots are on level ground and adequate to well drained soils with shallow topsoil over gravel base. Vegetation is small to medium spruce and birch.

Utilities: All lots are by individual well water and septic, no piped water and sewer service available in Tok. Electricity is available near to: Lots 5 and 6 of Block 10; Lots 1-6 of Block 11; and Lots 1-6 of Block 8 within one to several additional electric poles; Lots 18-22, Block 8 and Lots 9-12 of Block 9 is within a reasonable distance of electricity, but will require several poles to reach this area from the Alaska Highway or Butch Kuth Avenue. Lots 11-14 of Block 4 and Lots 1-5 of Block 5 is the farthest from electricity and will require additional poles from the Alaska Highway to reach this area.

Zoning and Taxes: None.

Hazardous Waste & Toxic Materials: None observed.

Improvements: None.

Ownership History: All lots owned by the State of Alaska without prior sales in the last 3 years.

Tok Triangle:

Location: Approximately two miles southwest of Tok intersection by paved road (Borealis on north boundary) and gravel road by Midnight Sun on the east boundary. The west and south boundaries are defined by undeveloped trails (Mukluk on south and Scoby Way on west boundary).

Access: The west and south boundaries are bordered by trails (Mukluk on south and Scoby Way on west boundary). Except for the north and east boundaries with developed road access, the majority of lots have no developed access, but the entire subdivision is surveyed. Survey trails define the entire west and south boundary; however, little or no survey trails are brushed out in the interior of the subdivision as of the inspection date. Tetlin Trail offers trail access only through the north section of the subdivision.

Size: Lots sizes vary from 8.53 to 37.61 acres in size, most lots are square to rectangular in shape.

Topography, Soils, and Vegetation: all lots are on level ground and adequate to well drained soils; shallow topsoil over gravel base. Vegetation is small to medium spruce and birch.

Utilities: All lots are by individual well water and septic, no piped water and sewer service available in Tok. Electricity is available near lots located along Borealis Avenue. Lots along Midnight Sun Drive will require additional poles at cost to the owner. The remainder of the subdivision will require an increasing number of power poles south of Borealis. Electric is available in a subdivision located directly southwest of Tok Triangle and lines may be extended from this neighborhood if feasible.

Zoning and Taxes: None.

Hazardous Waste & Toxic Materials: None observed.

Improvements: None.

Ownership History: All lots owned by the State of Alaska without prior sales in the last 3 years.

Craig Lake:

Location: Craig Lake Subdivision is located at milepost 1383.8 on the Alaska Highway, about 36 miles southeast of Delta Junction, 23 miles north of Dot Lake Community, and 2 miles north of Johnson River.

Access: Subdivision access with highway vehicle by way of old Alaska Highway alignment from the west side of Alaska Highway. Lots 1 and 2 have road side access from the old highway and also by way of Craig Lake trail (25 feet wide). Legal and feasible access to Tract O is by a 50 foot interior lot line easement between Tracts K and L. Inspection of the subject indicated foot trails and all-terrain vehicle use.

Size: Lot 1 is 4.21 acres in size; Lot 2 is 18.72 acres; and Tract O is 40 acres.

Topography, Soils, and Vegetation: Features are rolling small and steep moraine hills with low areas of ponds and bogs; hilltops are rock and gravel with well-drained, buildable cabin sites on all lots and tracts. Vegetation is a mixture of white and black spruce (low areas) with birch and alder. Lot 1, from the old alignment (east boundary) follows a ridge and then drops in elevation on the west survey line where a pond is located. Lot 2 (from the east boundary) drops in elevation to its own kettle pond where the lot is "L" shaped to encompass a small lake. Tract O is larger in size, with small rolling ridges with stable soils to low muskeg areas with black spruce. Higher elevations on this tract have white spruce and birch trees that

encircle the low areas in the center of the tract.

Utilities: No electric available, individual water and septic only, unknown water quality or well depth.

Zoning and Taxes: None.

Hazardous Waste & Toxic Materials: None observed.

Improvements: None.

Ownership History: All lots owned by the State of Alaska without prior sales in the last 3 years.

Part IV – Analysis of Data and Conclusions

Highest and Best Use Analysis

Highest and Best use is a determination of the most profitable and competitive use to which a parcel of land can be utilized. According to The Appraisal of Real Estate 12th Edition highest and best use is defined as follows:

“The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, and financially feasible and that results in the highest value.”

Highest and Best use is further defined in the 12th Edition as to apply to land alone since the value of improvements contributes to the value of the land. Land is said to have value and improvements contribute to value. Highest and Best Use analysis is the analysis on the potential uses of the land as though vacant. However, existing improvements contribute to the value of land and any alteration of those improvements must be recognized. “In the development of an appraisal, the appraiser must distinguish between the highest and best use of the land as though vacant and highest and best use of the property as improved.”

The next question asked in highest and best use analysis is: “should the land be developed or left vacant? If development is an option, the question then becomes; “what kind of improvements should be built?” If the property were improved already, the question becomes: “Should the existing improvements on the property be maintained in their current state or should they be altered in some manner to make them more valuable?”

Highest and Best Use as though vacant and the property as improved must meet four criteria in sequential order, the highest and best use must be:

1. Physically Possible
2. Legally Permissible
3. Financially Feasible
4. Maximally Productive

Because the subjects are appraised as vacant land and because market forces determine highest and best use, the subjects are analyzed in the context of the market that determines the highest and best use.

The market indicates four possible uses for the parcels including rural residential, commercial, industrial, and recreational use. The uses are analyzed according the four criteria described above as though vacant since the subjects sites are appraised as vacant land.

Four Tests of Highest and Best Use

Legally Permissible:

Typically land is subject to governmental and private controls such zoning, building codes, environment, or deed, lease restrictions and covenants. State of Alaska platting regulations may apply if the property is subdivided, or the Department of Environmental Conservation and the Army Corps of Engineers may regulate certain uses as to the environment. The Glenn lots are not subject to zoning, however, these lots are subject to well and septic system requirements of the Department of Environmental Conservation. The lots are usable for a variety of purposes. The Tok Triangle Subdivision and Craig Lake lots are similar in legally permissible uses as Glenn Subdivision.

Physical Possibility

Glenn Subdivision parcels are 5 acre lots and large enough to support reasonable and probable uses; Tok Triangle lots, ranging in size from 8.53 to 37.60 acres could support a wider variety of uses because of larger size-larger tracts may include further subdivision. Craig Lake lots have more challenging topography and therefore more limited uses because certain areas of the site are low and wet, other parts steep hillsides, but hilltops are solid ground for building.

Financially Feasible

Because of the location of Glenn Subdivision and Tok Triangle, financially feasible uses are more limited because of the distance from main highways and business district areas; the areas are used as residential neighborhoods. Craig Lake is also situated in a rural off road area away from main commercial areas; therefore, fewer use options under financial feasibility.

Maximally Productive

Analysis of comparable sales indicates residential use for the Glenn and Tok Triangle Subdivisions. Uses in the Craig Lake area indicate recreational use.

Considering all the above factors, the current **highest and best use** of the subject properties are:

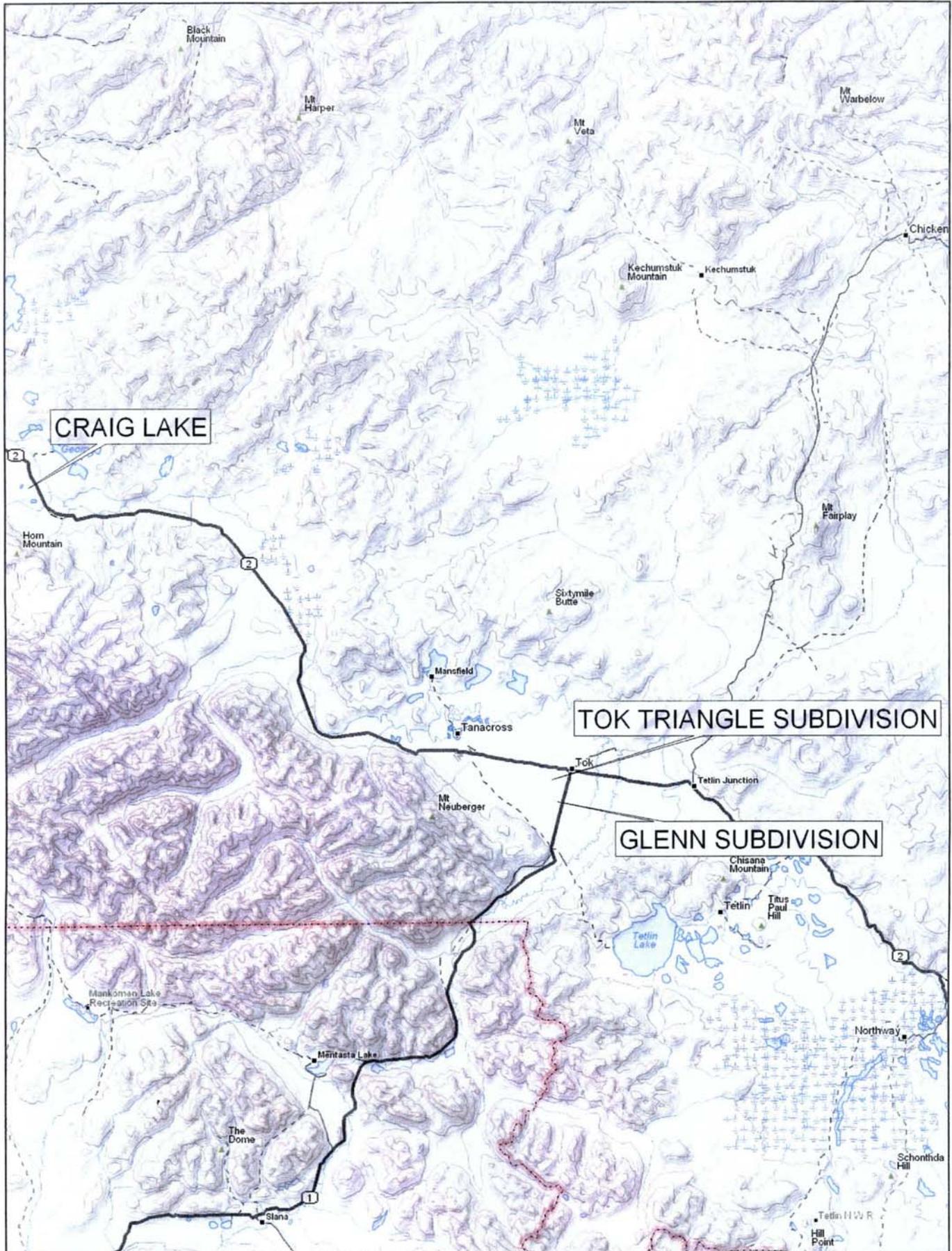
Glenn: Residential Use

Tok Triangle: Residential Use

Craig Lake: Recreational Use

PART IV

ADDENDUM



CRAIG LAKE

TOK TRIANGLE SUBDIVISION

GLENN SUBDIVISION



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www.delorme.com

Scale 1 : 800,000
1" = 12.6 mi



Subject

Subject

tok, ak

Image © 2006 DigitalGlobe
Image © 2006 TerraMetrics



GLENN SUBDIVISION

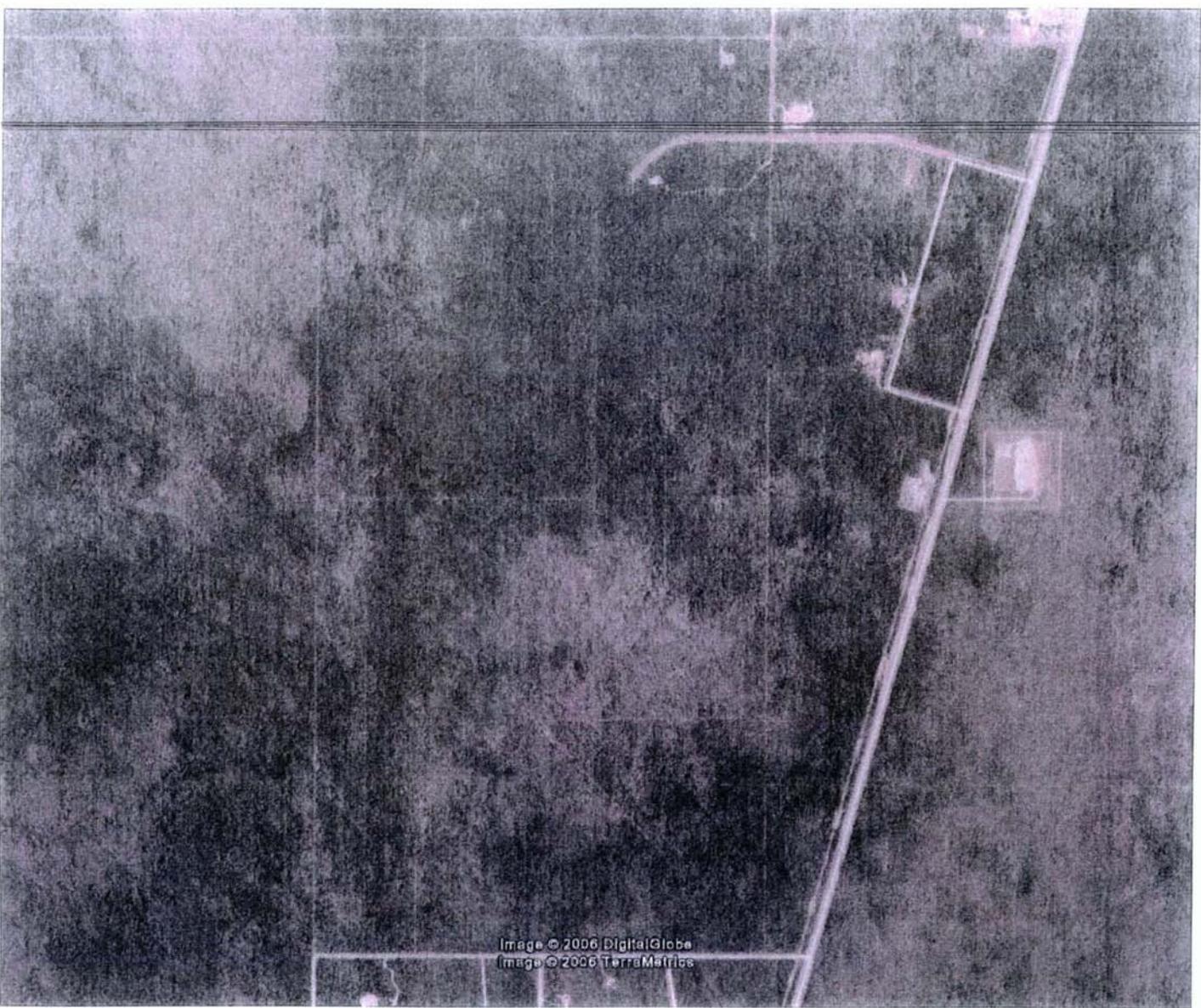
An aerial photograph showing a large, dark, textured field, possibly a forest or dense vegetation. A road or path runs diagonally from the top right towards the bottom right. A small, light-colored rectangular building is visible near the road. The image has a grainy, high-contrast appearance.

Image © 2006 DigitalGlobe
Image © 2006 TerraMetrics

Glenn Subdivision, ASLS 81-205
Subject Photos



Facing SE down Wontorski Way, Lots 11 and 12, Block 9 on left; Lots 18 and 19, Block 8 on right.



Facing East down Wontorski Way, Lots 9, 10, 11, Block 9, on left;
Lots 20, 21, 22, Block 8 on right.

Glenn Subdivision, ASLS 81-205
Subject Photos



Lots 1, 2, 3, Block 8 on right, facing West down Butch Kuth Avenue.



Facing East down Butch Kuth, Lots 4, 5, 6, Block 8 on left, this road ends At Glenn Highway.

Glenn Subdivision, ASLS 81-205
Subject Photos



Facing north up Knut Peterson Road from Tony Conrad III Avenue: Lots 1, 2, 3, 4, 5, and 6, Block 11, (in foreground). Note Electric line in Photo.



Facing West down Jack Wade Avenue from Near Glenn Highway, Lots 5 and 6, Block 10 on right. Comparable No. 5, Lot 2, Block 10, upper center of photo.

Glenn Subdivision, ASLS 81-205
Subject Photos



Lots 13, 14, Block 4 on left; Lots 1, 2, 3, Block 5 on right, facing East down Bill Seaton Road from Yukon Ben Street.



Lots 12, 11, Block 4 on left; Lots 4 and 5, Block 5 on right, facing NE up Bill Seaton Road.

Subject Photos: Tok Triangle Subdivision, ASLS 2004-16



Facing South from corner of Borealis and Scoby, facing South down Scoby Way, Lot 7.



Facing East down Borealis Ave., subjects on right of photo, frontage for lots 7, 1, Block 4; Lots 1 and 2, Block 1.

Subject Photos: Tok Triangle Subdivision, ASLS 2004-16



Facing West down Borealis, Lot 4, 3, 2, 1, Block 1 from Midnight Sun Drive.



Facing south down Midnight Sun from Borealis, Lots 4, 5, 6, Block 1.

Subject Photos: Tok Triangle Subdivision, ASLS 2004-16



Lots 4, 5, 6, Block 2 on right facing south on Midnight Sun from Tetlin Trail intersection.



Facing West down Mukluk Avenue from Midnight Sun Drive, Lot 6, 7, Block 2
On right of photo.

Subject Photos: Tok Triangle Subdivision, ASLS 2004-16



Facing West down Mukluk Avenue from southeast corner of Lot 6, Block 3. Subject on right.



Interior of Subdivision: Lot 7 on right, 8 on left, Block 2 facing east. From northwest corner of Lot 7, Block 2.

Subject Photos: Tok Triangle Subdivision, ASLS 2004-16



From northwest corner of Lot 7, Block 3 facing south down Scoby, subject on left.

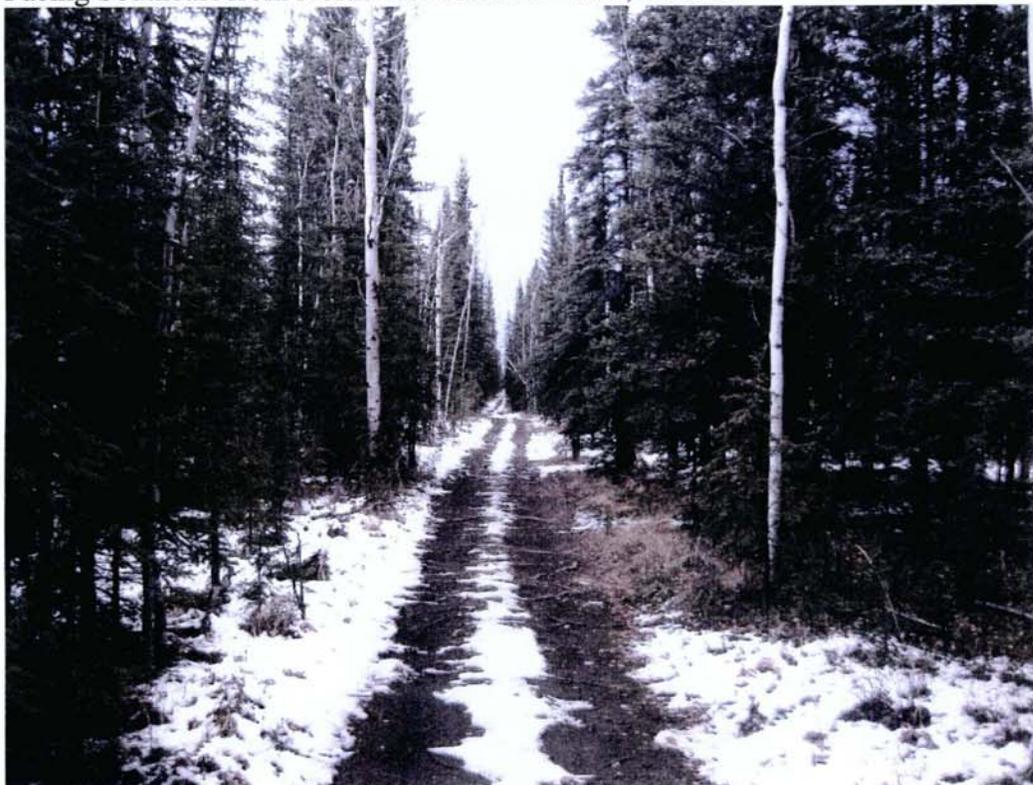


From Southwest corner of Lot 8, Block 3, facing north up Scoby, Lot 1, Block 3 in Background.

Subject Photos: Tok Triangle Subdivision, ASLS 2004-16



Facing Southeast from Northwest corner of Lot 3, Block 2.



Facing Northwest up Tetlin Trail, Lot 2, Block 1, on right, Lot 8, Block 2 on left.

Subject Photos: Tok Triangle Subdivision, ASLS 2004-16



Typical Interior shot, facing SW into Lot 2, Block 3 from NE corner of Lot 2, Block 3.



Photo of Key Lot: Lot 6, Block 4, facing north, subject on right.

Craig Lake Subdivision, ASLS 2005-57
Subject and comparable photos



Old Alaska Highway frontage for Subject: Lot 1, ASLS 2005-57



Old Alaska Highway frontage for Lot 2, ASLS 2005-57, east boundary of Lot 2, facing south.

Craig Lake Subdivision, ASLS 2005-57
Subject and comparable photos



Lot 2, ASLS 2005-57, facing southwest into subject from northern boundary Defined by Craig Lake Trail; kettle pond in photo is within lot 2 boundaries.



Lot 1, ASLS 2005-57, facing Northeast into subject from near southwest corner Of Lot 1, buildable sites likely on top of hill.

Craig Lake Subdivision, ASLS 2005-57
Subject and comparable photos



Lot 1, ASLS 2005-57, view from Southwest corner (at Craig Lake Trail)
Facing North into subject.



View from southwest corner facing north along west boundary of Lot 1,
ASLS 2005-57, boundary line intersects right side of lake (approximately).

Craig Lake Subdivision, ASLS 2005-57
Subject and comparable photos



Lot 1, ASLS 2005-57, facing west into subject from east boundary at road frontage.



Lot 2, ASLS 2005-57, view from northern boundary (Craig Lake Trail) facing South into subject, kettle lake within boundaries of Lot 2.

Craig Lake Subdivision, ASLS 2005-57
Subject and comparable photos



Lot 2, ASLS 2005-57 facing northeast from quarter section monument into Lot 2.



Lot 2, ASLS 2005-57, view from lower section of subject, southern part of lake, Facing northerly, Lot 2 surrounds the lake.

Craig Lake Subdivision, ASLS 2005-57
Subject and comparable photos



Lot 2, ASLS 2005-57, view of subject near southern boundary, facing east.



Tract "0" the northwest corner, a 40 acre tract within the southwest corner of the southwest corner of section 5, township 14 south, range 16 east Fairbanks Meridian.

Craig Lake Subdivision, ASLS 2005-57
Subject and comparable photos



Tract "O" facing Southeast into subject from Northwest corner, a lower portion of the tract.



Tract "O" facing east into subject from west boundary, an all-terrain four wheeler trail passes through the subject. The terrain is rolling with both low and high areas.

Craig Lake Subdivision, ASLS 2005-57
Subject and comparable photos



Tract "0" midpoint of west boundary facing ridge where SW corner is located.



View from near Southwest corner, facing north up west boundary into subject on right.

Craig Lake Subdivision, ASLS 2005-57
Subject and comparable photos



Tract "O" terrain near southwest corner looking NorthEast.



Tract "O" south boundary cut line, subject to the left of photo.

Due to the confidentiality of sales information in the State of Alaska, the valuation section of the report is unavailable online. The entire report can be reviewed at the DNR Public Information Center:

In Anchorage

(in the Atwood Building)
550 W. 7th Ave. Suite 1200, Anchorage AK, 99501
Phone (907) 269-8400
Fax (907) 269-8901
TDD for hearing impaired (907) 269-8411
e-mail: dnr.pic@alaska.gov
Business hours 10:00 am to 5:00 pm M-F.

In Fairbanks

(Corner of University & Airport Way)
3700 Airport Way, Fairbanks, AK 99709
Phone (907) 451-2705
Fax (907) 451-2706
TDD for hearing impaired (907) 451-2770
e-mail: fbx-pic@alaska.gov
Business hours 10:00 am to 5:00 pm M-F.

In Juneau

(Southeast Div. of Land)
400 Willoughby Ave., 4th Floor, Juneau AK 99801
Phone (907) 465-3400
Fax (907) 586-2954
e-mail: southeast_land@dnr.state.ak.us
Business hours 10:00 am to 5:00 pm M-F.