

MARKET VALUE APPRAISAL

of

**Various Parcels of Vacant Land in The Lakes Subdivision,
Small Lakes Subdivision, and Small Lakes Odd Lot**

Appraisal Report No. 4705-0



STATE OF ALASKA

Department of Natural Resources
Division of Mining, Land and Water
550 West 7th Avenue, Suite 650
Anchorage, AK 99501-3576

MEMORANDUM

State of Alaska

Department of Natural Resources

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Division of Mining, Land and Water

550 West 7th Avenue, Suite 650

Anchorage AK 99501-3576

DATE: February 06, 2026

TO: Kevin Hindmarch
Review Appraiser

FROM: Mike Dooley 

SUBJECT: Appraisal of 15 parcels of land located near the community of Glennallen, Alaska and Eureka, Alaska. The parcels are being appraised to establish minimum bid price for sale at auction.

As requested, I have completed an appraisal of the referenced parcels. I understand that this appraisal will be used to determine the minimum purchase price for the above referenced parcels. I am submitting this report for your review and approval.

The appraisal was completed in accordance with the "Uniform Standards of Professional Appraisal Practice" of the Appraisal foundation and in accordance with the Special Appraisal Instructions (DNR Land Disposal), DNR. This Appraisal Report is based on the General Assumptions and Limiting Conditions, Hypothetical Condition and Extraordinary Assumption (see Page 8) stated in the report, as well as the facts, analyses, and reasoning leading to the opinions of value.

I have inspected the subject parcels and most of the comparable sales used in this report. Physical descriptions of the subject parcels are based on physical inspections, soil maps, aerial photography and topographic maps. Based on my observations and analysis of all available data, I have formed an opinion of market value as of the effective date of value.

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ADDENDA

The Lakes Subdivision

Comparable Sales Forms	
Subject Parcels Survey	

The Small Lakes & Small Lake Odd Lot Subdivisions

Comparable Sales Forms	
Subject Parcels Survey	

DNR Size Adjustment Method	
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APPRAISAL SUMMARY

Subdivision Name	Location	Lot Size (acres)
The Lakes	The Lakes Subdivision is comprised of two parcels, one on Lake Dinty and one parcel on Susitna Lake. The subject parcels are located between 43.0 miles and 45.0 miles northwest of Glennallen, Alaska.	4.60-10.07
Small Lakes Odd Lot	There is one subject parcel located in Small Lakes Odd Lot. The parcel is located approximately 1.6 miles east of mile post 7.1 of Lake Louise Road.	20.00
Small Lakes Subdivision	There are 12 subject parcels in Small Lakes Subdivision. The subject is located 32 miles west of Glennallen, Alaska.	4.87-15.71

Value Summary The Lakes Parcels

ADL	Subdivision	Lot	Survey	Size (acres)	Value (RND)
232090	The Lakes	10	USS 4587	4.60	\$41,400
232118	The Lakes	3	USS 4654	10.07	\$65,300

Small Lakes Odd Lot

ADL	Subdivision	Tract	Survey	Size (acres)	Value (RND)
219189	Small Lakes Odd Lot	A	83-23	20.00	\$24,300

Small Lakes Subdivision Parcels

ADL	Subdivision	Lot	Block/ Tract	Survey	Size (acres)	Value (RND)
234493	Small Lakes	1	4	2021-02	13.23	\$19,700
234494	Small Lakes	2	4	2021-02	11.87	\$18,200
234495	Small Lakes	3	4	2021-02	4.87	\$11,600
234496	Small Lakes	4	4	2021-02	12.03	\$18,500
234497	Small Lakes	5	4	2021-02	10.60	\$17,000
234498	Small Lakes	6	4	2021-02	14.75	\$21,000
234499	Small Lakes	7	4	2021-02	5.63	\$11,800
234500	Small Lakes	8	4	2021-02	5.85	\$12,200
234501	Small Lakes	9	4	2021-02	12.67	\$19,300
234502	Small Lakes	10	4	2021-02	14.28	\$20,800
234503	Small Lakes	11	4	2021-02	10.29	\$16,500
234504	Small Lakes	12	4	2021-02	15.71	\$21,600

PREMISES OF THE APPRAISAL

Type of Appraisal and Report

This appraisal is an Appraisal Report prepared in accordance with Standards Rule 1 and 2 of the current edition of **Uniform Standards of Professional Appraisal Practice** (USPAP), and in accordance with DNR's Special Appraisal Instructions – DNR Land Disposal.

Purpose of Appraisal

The purpose of this appraisal is to estimate current market value.

User and Client Identity

This appraisal is prepared for the State of Alaska, Department of Natural Resources and the general public.

Intended Use of Appraisal

The appraisal will be used by DNR to establish the minimum price for a sealed bid auction and will be used by the general public for guidance in determining actual bid prices.

Property Rights Appraised

Rights appraised are fee simple estate less mineral rights reserved to the State of Alaska under

AS 38.05.125(a).

Fee simple estate is defined as¹:

“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.”

AS 38.05.125(a) states²:

Reservation. (a) Each contract for the sale, lease or grant of state land...is subject to the following reservations: “[sic] the party of the first part, Alaska, hereby expressly saves, excepts and reserves... 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 with may be in or upon said land...[and the right] to occupy as much of said land as may be necessary or convenient... to render beneficial and efficient the complete enjoyment of the property and rights hereby expressly reserved.”

Definition of Market Value³

“The most probable price, as of a specified date, in cash, or 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.”

¹ The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, 2015, p.90

² Alaska Statutes Title 38, Public Land Article 5, <http://www.legis.state.ak.us/basis/folio.asp>, Accessed 2/1/2024.

³ The Appraisal of Real Estate, Fourteenth Edition, Appraisal Institute, 2013, p.58

Effective Date of Value

July 31, 2025.

Date of Report

February 06, 2026

Exposure Time

Exposure time is defined as "...the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market. Exposure time is different for various types of property and under various market conditions. It is noted that the overall concept of reasonable exposure encompasses not only adequate, sufficient, and reasonable time but also adequate, sufficient, and reasonable effort."⁴

The parcels are recreational lots located near the communities of Lake Louise and Glennallen. An exposure time for the subject parcels of up to one to two years is reasonable.

Sale History

There are no known sales or deed transfers of any of the subject parcels within the past three years.

Prior Appraisal History

I appraised ADL #232090 on March 07, 2023. I have not previously appraised any of the other subject parcels in the preceding three years.

SCOPE OF WORK

Property and Comparable Sales Inspection

The subject parcels were inspected by fixed wing aircraft on July 31, 2025. The comparable sales that have not previously been inspected were inspected during this period.

Research and Analysis Conducted

Interviews were conducted with local real estate agents, appraisers, and other individuals familiar with the area who provided information about trends in values, supply and demand. DNR records were searched for recent comparable sales and information about parcels currently available. Previous appraisals of the subject parcels were utilized to help identify pertinent physical characteristics and neighborhood characteristics. Current listings were also searched. The recorder's office was searched to identify any recent sales. Sellers and buyers or other knowledgeable market participants were contacted to verify recent sale prices and other transaction details.

After analysis of all available data, appropriate comparable sales were selected. The market value estimate was derived from this process and is based on the following assumptions and limiting conditions.

⁴ Uniform Standards of Professional Appraisal Practice 2024, Appraisal Foundation, p. 4

Assumptions and Limiting Conditions

1. The property is appraised as vacant land without structural or site improvements.
2. All engineering studies are assumed to be accurate. Plats and illustrative material included in the report are intended to help the reader visualize the properties.
3. Information furnished by others and included in the report is believed to be reliable, but the appraiser does not warrant the accuracy of such information.
4. Unless otherwise noted in the report, the appraiser did not find any evidence that hazardous materials exist on these properties. The estimate of value is based on the assumption that there are no such materials on the property. The appraiser is not qualified to detect these substances. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge that is required to discover these substances.
5. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony, or be in attendance in court with reference to the property in question unless arrangements have been made in advance.
6. The data and conclusions in this report are a part of the whole valuation. Each part of this report is only part of the evidence upon which the final judgment is based. Therefore, no part should be used out of context and by itself alone.
7. It is assumed that there are no hidden or apparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for any such conditions, or for arranging engineering studies to discover them.
8. The estimate of value in this report is not based in whole or in part upon the race, color, or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.
9. Some parcels may contain saw timber, but not necessarily in commercial quantities. The estimated market value does not include the value of commercial timber, if any.
10. Unless noted, the existence of personal property or improvements, if any, could not be confirmed. The properties are appraised "as vacant".
11. In this valuation, various mathematical calculations were used to formulate the opinion of value. These calculations are only aids for the formulation of the opinion of value by the appraiser. Therefore, in the application of these calculations, certain arithmetical figures are rounded to the nearest significant amount.
12. The appraiser assumes no responsibility for legal matters. The subject lots are assumed to be free and clear of encumbrances, except as otherwise noted, and title is assumed to be marketable.

PRESENTATION OF DATA

Market Area

The subject parcels are located near the communities of Glennallen and Lake Louise. The Glenn Highway and Lake Louise Road provide road access to these communities. The subject parcels are recreational parcels that have various access means. Below is a description of the individual subdivisions and nearby communities.

The Matanuska Susitna Borough⁵

Location:

The Matanuska-Susitna (Mat-Su) Borough is located in the middle of south-central Alaska, including the Matanuska and Susitna River Drainages, portions of the Chugach Mountains as well as the Alaska, Talkeetna, and Clearwater Ranges. The Municipality of Anchorage, Upper Cook Inlet, and Knik Arm delineate the Borough's southern border. The average temperatures in January range from 6°F to 14°F; in July, 47°F to 67°F. Annual precipitation is 16.5 inches.

Local Government:

The Mat-Su Borough is a second-class Borough incorporated in 1964 with an elected Mayor and Assembly. The Borough's area-wide powers include assessment and collection of taxes, education, planning and zoning, parks and recreation, ports, harbors and wharves, ambulance service, transportation systems, air pollution control, day care facilities, historic preservation, and transient accommodations taxation. The Borough's non-area-wide powers include fireworks, motor vehicles and operators, snow vehicles, solid waste, libraries, septic tank waste disposal, economic development, limited health and social service, natural gas, electric, and road local improvement districts, animal control, and water pollution control.

Demographics:

Low housing costs, the rural lifestyle, and a reasonable commute to Anchorage for employment and services has made the Mat-Su Borough one of the fastest growing areas of Alaska in recent years.

According to the 2010 Census, the population was 88,995. There were 41,329 housing units in the community and 31,824 were occupied.

Economy:

The economy is diverse, and residents are employed in a variety of retail, professional services, city, borough, state and federal occupations. Top employers are Mat-Su Schools, Valley Hospital, Wal-Mart, Carrs/Safeway and Fred Meyer. About one-third of the Borough's labor force commutes to Anchorage for employment. In 2010, 300 borough residents held commercial fish permits.

The 2005-2009 American Community Survey (ACS) estimated 35,540 residents as employed. The public sector employed 17.9% of all workers. The local unemployment rate was 11.8%. The percentage of workers not in labor force was 34.3%. The ACS surveys established that average median household income (in 2009 inflation-adjusted dollars) was \$66,052 (MOE +/- \$1,869).

⁵ All information regarding market area and neighborhood information derived from <http://www.commerce.state.ak.us/dca/commdb/CIS.cfm>

The per capita income (in 2009 inflation-adjusted dollars) was \$24,906 (MOE +/- \$707). About 10.3% of all residents had incomes below the poverty level.

Facilities:

There are three incorporated cities within the Borough: Houston, Palmer, and Wasilla. Additionally, there are several unincorporated communities and twenty-five (25) Borough recognized community councils. The majority of the Borough population resides in the “core area” surrounding the cities of Palmer and Wasilla, and within the cities themselves. The remaining population is spread out among the various unincorporated communities, as well as some remote sites. There are 44 schools located in the borough, attended by 17,079 students.

Transportation:

The area accesses both the Glenn and George Parks Highways. Commercial airlines serve the nearby Anchorage International Airport, but a local municipal airport supports private and chartered services. The Alaska Railroad provides for delivery of ocean freight.

Glennallen⁶

Current Population:	514 (2013 Alaska Department of Labor Estimate)
Incorporation Type:	Unincorporated
Located In:	Valdez-Cordova Census Area
School District:	Copper River School District

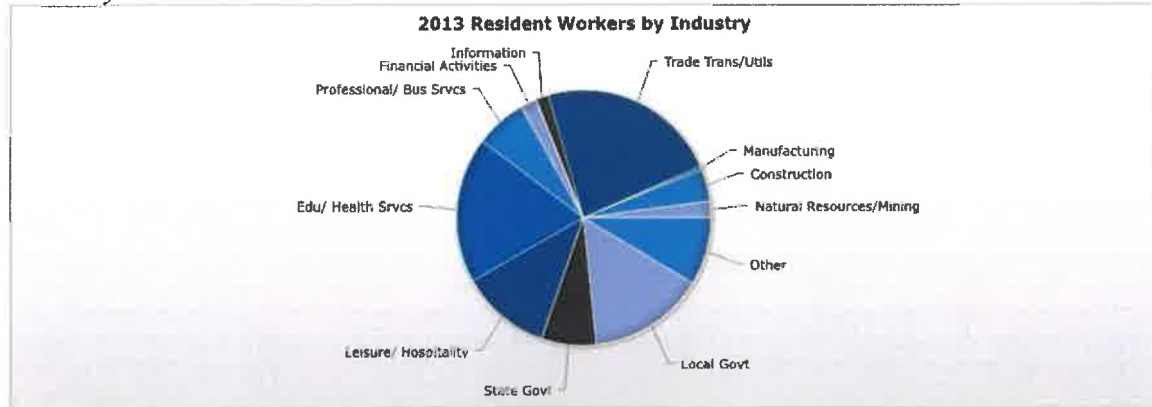
Location The community of Glennallen lies along the Glenn Highway at its junction with the Richardson Highway, 189 road miles east of Anchorage. It is located just outside the western boundary of Wrangell-St. Elias National Park.

Climate Glennallen lies in the continental climate zone, characterized by about 20 inches of average annual precipitation and an average temperature of about 22 °F. Temperature extremes are greater in the Continental zone than in the other climatic zones. The coldest month in 2013 was December, with a mean minimum temperature of -13.2 °F. The warmest month was June, with a mean maximum temperature of 74.2 °F.

Transportation Glennallen is located at milepost 187 on the Glenn Highway, northeast of Anchorage and just west of the junction with the Richardson Highway. It is the supply hub of the Copper River region. The Gulkana Airport, five miles northeast of Glennallen, provides scheduled flights to Anchorage and McGarthy.

⁶ All information regarding market area and neighborhood information derived from <http://www.commerce.state.ak.us/dca/commdb/CIS.cfm>

Economy



Lake Louise⁷

Lake Louise is located approximately 32 miles northwest of Glennallen, Alaska near the western border of the Matanuska-Susitna Borough. Lake Louise Road is 19.3 miles long and extends from mile 159.8 of the Glenn Highway to Lake Louise. Annual precipitation is 16.5 inches with over 50 inches of snowfall. Snow machining, fishing, and hunting are popular recreational activities in the area. A Borough operated refuse transfer station is located at Dinty Bush Services at Mile 15.5 of Lake Louise Road. There is a 700' long by 18' wide State-owned gravel airstrip and a floatplane site is located along the south end of Lake Louise.

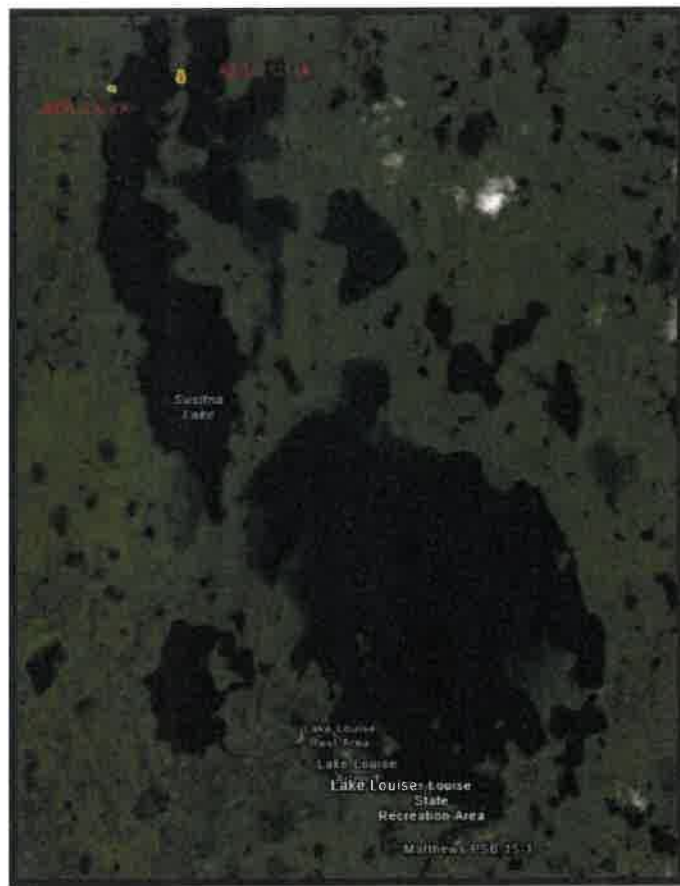
⁷ All information regarding market area and neighborhood information derived from <http://www.commerce.state.ak.us/dca/commdb/CIS.cfm>

Parcel Descriptions
Property Descriptions for The Lakes Subdivision

ADL	Lot/ Tract	Survey	Size (acres)	MTRS
232090	10	USS 4587	4.60	C008N008W27
232118	3	USS 5654	10.07	C008N008W26

Location

The Lakes parcels are located between 40.0 to 45.0 miles northwest of Glennallen.



Access

Both of The Lakes parcels have lake frontage on Susitna Lake. Susitna Lake is adjoined to Lake Louise by a narrow and shallow channel. Both parcels are accessible by float plane, by boat via a boat launch at the south side of Lake Louise, or by snow machine in the winter.

Size & Shape

The subject parcels range from 4.60 to 10.07-acres in size and are irregular in shape.

Topography

The subdivision is characterized by a generally level topography with minimal variation in elevation. The parcels are located approximately 2,300 feet to 2,400 feet above sea level.

Soils/Vegetation

The parcels contain primarily mature spruce trees with some areas of wetlands. Soils are typical of the surrounding area.

Utilities, Water & Sewer

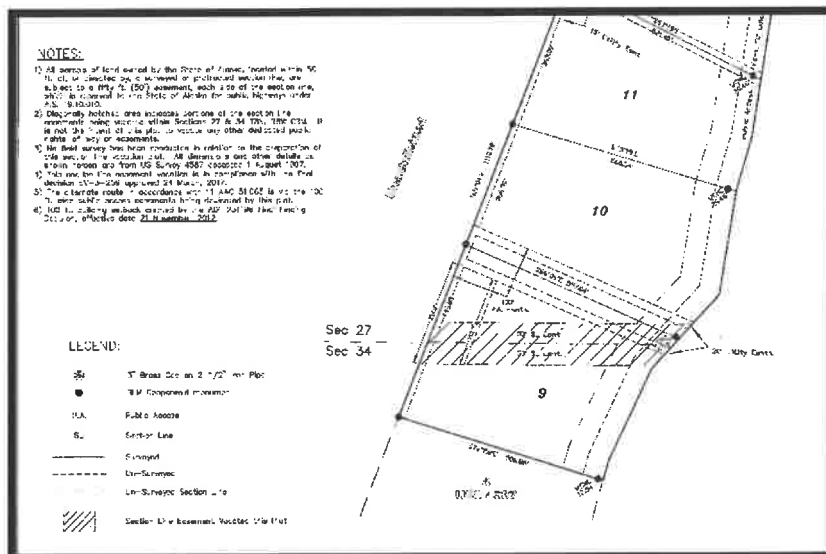
Electricity is not available to any of the lots within the subdivision. No public water or sewer system is available. Water supply or sewage disposal systems must be located, constructed, and equipped in accordance with the requirements, standards, and recommendations of the Alaska Department of Environmental Conservation.

Easements & Zoning Regulations

The subject parcels are subject to a 50' public access easement and 100' building setback upland from the ordinary high-water line.

ADL #232090 is also subject to a 50' public access easement and a 20' utility easement along the south lot line.

ADL #232090



Environmental Hazards, Hazardous Waste & Toxic Materials

No toxic materials, waste, or hazards were observed during the field inspection.

Tax Assessments

The subject parcels fall within Tax Zone 21 of the Matanuska-Susitna Borough. The subject parcels will be subject to property taxes when sold. In 2025, parcels within Tax Zone 21 were assessed at 8.856 mils.

Ownership History

The Department of Natural Resources is the current owner of record for all of the subject parcels within the Lakes subdivision. There are no known sales or deed transfers of the subject property within the past three years.

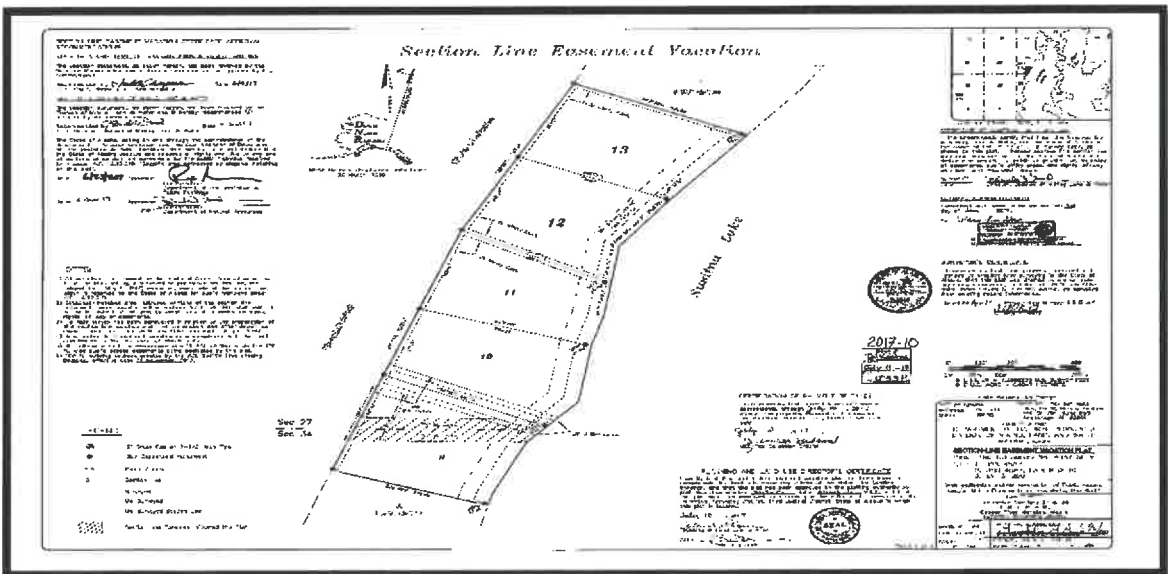
Personal Property

There is no personal property involved with the appraisal of this property.

**The Lakes
ADL #232090**



The red arrow is the approximate location of the parcel.

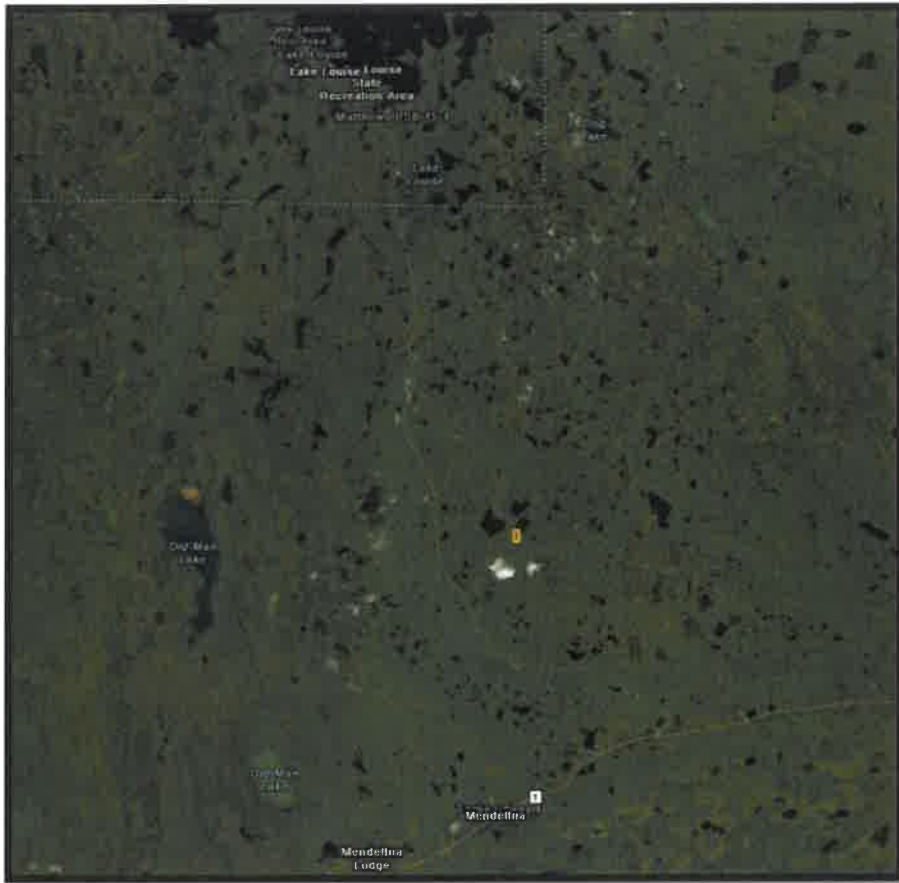


Property Description for Small Lakes Odd Lot Parcel

ADL	Tract	Survey	Size (acres)	MTRS
219189	A	93-23	20.00	C004N007W14

Location

The Small Lakes Odd Lot parcel is located on approximately 1.6 miles east of milepost 7.1 of Lake Louise Road.



Access

The parcel is accessed by ATV trail in the summer, or by ski plane or snow machine in the winter.

Size & Shape

The parcel is 20.00-acres in size and is rectangular in shape.

Topography

The parcel is characterized by a generally level to rolling topography with minimal variation in elevation. The parcel is located approximately 3,100 feet above sea level.

Soils/Vegetation

The Subject parcel contains primarily mature spruce with some areas of wetlands. Soils are typical of the surrounding area.

Utilities, Water & Sewer

Electricity is not available to any of the lots within the subdivision. No public water or sewer system is available. Water supply or sewage disposal systems must be located, constructed, and equipped in accordance with the requirements, standards, and recommendations of the Alaska Department of Environmental Conservation.

Easements & Zoning Regulations

The subject parcel is bisected by a 30' trail easement the runs east to west along the southern portion of the parcel.

Environmental Hazards, Hazardous Waste & Toxic Materials

No toxic materials, waste, or hazards were observed during the field inspection.

Tax Assessments

The subject parcel is located in the unorganized borough. As such, there no property taxes levied on the subject parcel. The subject parcels will be subject to property taxes when sold.

Ownership History

The Department of Natural Resources is the current owner of record for the subject parcel within the Small Lakes Odd Lot. There are no known sales or deed transfers of the subject property within the past three years.

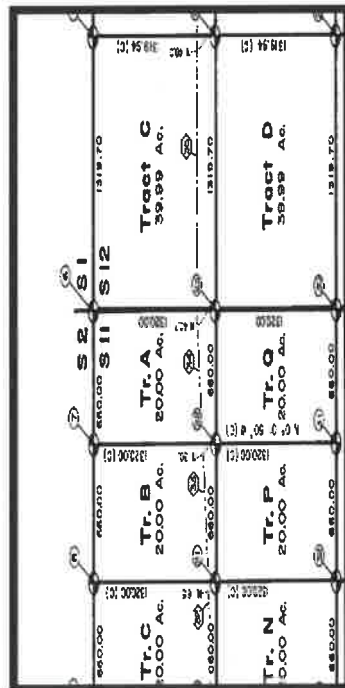
Personal Property

There is no personal property involved with the appraisal of this property.

Small Lakes Odd Lot Parcel ADL #219189



The red arrow is the approximate location of the parcel.



Small Lakes Subdivision Parcels

ADL	Subdivision	Lot	Block/ Tract	Survey	Size (Acres)	Access	Lake or pond
234493	Small Lakes	1	4	2021-02	13.23	Trail	-
234494	Small Lakes	2	4	2021-02	11.87	Trail	-
234495	Small Lakes	3	4	2021-02	4.87	Trail	Pond
234496	Small Lakes	4	4	2021-02	12.03	Trail	-
234497	Small Lakes	5	4	2021-02	10.60	Trail	-
234498	Small Lakes	6	4	2021-02	14.75	Trail	-
234499	Small Lakes	7	4	2021-02	5.63	Trail	-
234500	Small Lakes	8	4	2021-02	5.85	Trail	-
234501	Small Lakes	9	4	2021-02	12.67	Trail	-
234502	Small Lakes	10	4	2021-02	14.28	Trail	-
234503	Small Lakes	11	4	2021-02	10.29	Trail	-
234504	Small Lakes	12	4	2021-02	15.71	Trail	-

Location

The Small Lakes Subdivision parcels are located approximately 2.0 miles east of mile post 7.1 of Lake Louise Road and 2.25 miles north of milepost 3.25 of Lake Louise Road.

Access

There are several access points into the subdivision, but the primary access to Block 4 of the subdivision is a surveyed trail at approximately mile 7.1 of Lake Louise Road that extends eastward and runs along the north side of Lot 7 and runs between Lot 5 and Lot 6.

Size & Shape

The subject parcels range from 5.63-acres to 15.71-acres in size and are rectangular to irregular in shape.

Topography

The subdivision is characterized by a generally level to sloping topography with minimal variation in elevation, and as mentioned above, Lot 3 effectively has pond frontage due to its proximity to the pond on Tract B1. The parcels are located approximately 2,500 feet to 2,600 feet above sea level.

Soils/Vegetation

The subject parcels contain a mix of tundra brush and black spruce trees, with areas of wetlands in low laying areas. Soils are typical of the surrounding area. According to the surveyor notes there was a nominal amount of wetlands on the majority of the lots.

Utilities, Water & Sewer

Electricity is not available to any of the lots within the subdivision. No public water or sewer system is available. Water supply or sewage disposal systems must be located, constructed, and equipped in accordance with the requirements, standards, and recommendations of the Alaska Department of Environmental Conservation.

Easements & Zoning Regulations

Easements & Zoning Regulations

Parcels located along section lines are subject to 50' section line easements along each side of the section line. Surveyed and dedicated trails are subject to a 30' easement along each side of the centerline. Easements located along lot lines are typical and usually do not affect value. There is a 100' public access easement that runs north to south. It runs along the east side of Lot 2, Lot 3 Lot 7, Lot 8, and Lot 12. It runs along the west side of Lot 1, Lot 4, Lot 5, Lot 6, Lot 9, and Lot 11. The subject parcels are not encumbered by zoning restrictions.

Environmental Hazards, Hazardous Waste & Toxic Materials

No toxic materials, waste, or hazards were observed during the field inspection.

Tax Assessments

The subject parcels are within the Unorganized Borough and are not subject to property taxes.

Ownership History

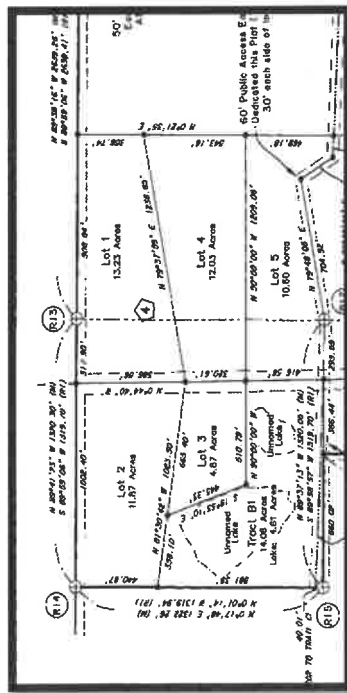
The Department of Natural Resources is the current owner of record for all of the subject parcels within the Small Lakes Subdivision. There are no other known sales or deed transfers within the past three years.

Personal Property

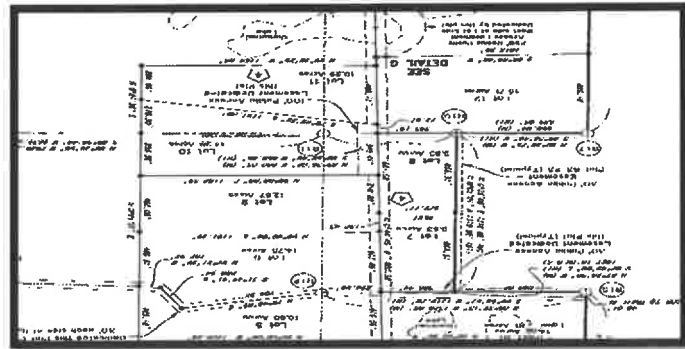
There is no personal property involved with the appraisal of this property.

**Small Lakes Subdivision
Photos**

Back 3 arrows from leftt, Lot 1, Lot 4, and Lot 5. Front two from lect, Lot 2 and Lot 3.



Left side front to back, Lot 6, Lot 9, Lot 10, Lot 11. Right side front to back, Lot 7, Lot 8, Lot 12.



Data Analysis and Value Conclusions

The subject parcels in this analysis have been grouped into two groups based on market area and access. The two groups are identified as The Lakes parcels and the Small Lakes/Small Lakes Odd Lot parcels. A Key Parcel will be identified for each group containing more than one parcel.

The Lakes

Highest and Best Use

Analysis of highest and best use for the subject property is necessary to accurately estimate the value of the land. Highest and best use analysis ensures that the value estimate is derived with the use in mind that maximizes the utility for a given property. The appropriate highest and best use for a given property is determined by the conditions of the market. Highest and best use can be defined as:

“The reasonably probable and legal use of vacant land or an improved property, that is physically possible, legally permissible, appropriately supported, financially feasible, and that results in the highest value.”⁸

The land to be valued is considered vacant and thus valued with the highest and best potential use for the property. Value for improvements (when present on the site) is then based on their contribution to this use. The appraised parcels are vacant and unimproved.

Legally Permissible

The Subject Key Parcel is not encumbered by any known zoning requirements that would restrict potential development. Development of well and septic systems must comply with the requirements of the Department of Environmental Conservation. Almost any legal use of the site would be possible.

Physically Possible

The size and physical characteristics of the Subject Key Parcel are adequate to support all reasonable and probable uses.

Financially Feasible

The Subject Key Parcel lacks developed road access and utilities. As a result, development as a residential home site is not financially feasible.

Maximally Productive

Maximally productive use is the use that produces the maximum return from the proceeds of a sale or lease. The immediate vicinity of the Lakes Key Parcel is characterized predominantly by private recreational activities.

Highest and Best Use of Land as Vacant

Based on the foregoing analysis, the highest and best use for The Lakes Key Parcel is for recreational use.

⁸ The Appraisal of Real Estate, Fourteenth Edition, Appraisal Institute, 2013, p.333

Valuation Analysis

Three approaches to value are considered to determine the market value estimate.

Income Approach

The income approach for valuation is used primarily for income producing properties. It utilizes the capitalization process to discount future anticipated net income to a present value. It is not common to lease vacant land for residential use, therefore data that supports this approach is not available.

Cost Approach

The cost approach is based on the assumption that an informed buyer would pay no more than the cost of producing a substitute property with the same utility as the subject property. This approach will separate the value of the land from the value of the improvements to determine the cost of reproducing the improvements. The cost approach is most effective for appraising properties that have newer improvements. As such, the cost approach will not be used.

Sales Comparison Approach

The sales comparison approach considers actual sales or prices asked for properties that have similar characteristics of the subject properties. Adjustments are made to the comparison properties so as to determine a price at which they would have sold if they had identical characteristics as the subject properties. This derived price then indicates a value for the subject properties. Some of the characteristics considered include general market conditions, sales terms, location, highest and best use and physical features. Of the three approaches to value, only the sales comparison approach is applicable.

Key Parcel Method

When appraising more than one similar parcel, it is an accepted practice to appraise a key parcel that is most representative of the other parcels being appraised. The key parcel may be a hypothetical parcel or an actual parcel. The value of the remaining parcels is then based on a comparison to the key parcel. This methodology replicates typical developer thinking and will be used for valuing The Lakes parcels.

Explanation of Adjustments

DNR appraisal instructions state that the appraiser may develop and use quantitative or qualitative adjustments. Ideally, the value differences for any price adjustment are measured by comparing prices of paired sales that are very similar except for the feature of comparison to be measured. When market sales do not support quantifiable adjustments for differences in the comparable sales, the appraiser must use personal knowledge of overall trends, opinion surveys, and/or judgment in making adjustments. The conventional sequence of adjustments is property rights conveyed, financing terms, conditions of sale, time, location, and physical features.

An adjustment of less than 1.00 (or -) means the sale feature is superior to that appraised property and requires a downward adjustment to match the quality of the key parcel's feature, thus indicating the value of the key parcel. An adjustment greater than 1.00 (or +) means that the sale feature is inferior to the subject's feature which requires an upward adjustment to match, thus indicating the value of the key parcel. An adjustment of 1.00 (or =) means the sale feature is similar to the key parcel, and no adjustment is necessary. The adjustments are multiplied to obtain a total adjustment, which is then multiplied by the sale price to indicate the value of a key parcel.

The same adjustments and procedures are applied to the key parcel value to indicate the market value of a parcel being appraised, except the direction of adjustment is reversed when comparing the remaining appraised parcels to the key parcel. Superior features require a positive adjustment compared with the appraised parcel; inferior features require a negative adjustment. Detailed information about the comparable sales and the adjustments is contained in this report and addenda.

Unit of Comparison

Generally, the buyers and sellers in the marketplace determine the unit of comparison, e.g., price per acre, square foot, site, front foot, etc. The subject parcels will be valued on a per acre basis.

Rights Conveyed

Fee simple less mineral rights as per Alaska Statute 38.05.125(a). Retention and exclusion of the mineral estate does not tend to affect property values, because most buyers are interested in the surface estate.

Financing Terms

In accordance with DNR instructions, market value is estimated in terms of seller financing typical for the market. Cash transactions sometimes are afforded a discount from typical financing. Sales used in this analysis do not offer quantifiable differences in price as a result of terms. In general, a cash transaction would tend to be at the lower end of the price range with listings or sales with favorable financing usually setting the upper limit.

Conditions of Sale

Unless otherwise noted, the market transactions used in this appraisal do not reflect any unusual seller-buyer motivations that affected value.

Market Conditions (Time)

Analysis of real estate sales in the subject area indicates that prices of vacant land have been stable in recent years. Comparable sales used in this valuation are the most recent transactions available and do not need to be adjusted for time.

Location

The Subject Key Parcel and the comparable sales are located in the same market area. No location adjustment is necessary.

Size & Topography

The Subject Key Parcel and the comparable sales are of similar size. No size adjustment was warranted.

Access

The Subject Key Parcel and comparable sales have similar access and no adjustments for access were required.

Site Quality

Site Quality describes the physical attributes of the parcel. All of the comparable sales have similar physical characteristics as the Subject Key Parcel. No site quality adjustments were warranted.

Utilities

The Lakes Key Parcel and the comparable sales lack utilities, no adjustment is necessary.

Amenities

Exceptional features of a given parcel may increase value. Features such as type of water frontage, proximity to bodies of water, exceptional views are examples of amenities that may warrant adjustments. Parcels that have pond or small lake frontage may warrant a nominal upward adjustment of 10%.

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:

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