



**RESTRICTED USE REPORT / EVALUATION
OF THE EXISTING REMOTE FISHING LODGE FACILITY
“NUSHAGAK RIVER FISHING LODGE”
NUSHAGAK RIVER, ALASKA**



FOR:
Rick Murphy
Nushagak River Fishing Lodge

VALUATION DATE:
September 29, 2018

REPORT NUMBER:
AKACG# 16-686

By:
Clint H. A. Lentfer, MBA
Alaska Appraisal & Consulting Group LLC
203 W. 15th Ave., Suite 206
Anchorage, AK 99501
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January 3, 2019

Rick Murphy
Nushagak River Fishing Lodge

RE: "As- Is" Restricted Use appraisal report of "Nushagak River Fishing Lodge", a full-service remote fishing lodge located on a 4.01 Acre Nushagak Riverfront parcel, located approx. 7 miles south of Ekwok, Alaska on the Nushagak River, just below the confluence with the Kokwok River in Southwestern Alaska. Lot 5A, Wallona Subdivision, Plat 91-12
AKACG Report Number: 16-686

Mr. Murphy:

As requested, we have completed a Restricted Use Report / Evaluation of the above-identified property that is described in the following report. This report is intended to provide a current "As-Is" market value of the subject property as of the date of the inspection on **September 29, 2018** – inspection date and date of this Restricted Use Report / Evaluation. All of the supporting data regarding the subject property was obtained from the site inspection and from discussions with the owner, Rick Murphy, with additional supporting information located within the appraisers file. The purpose of the evaluation is to estimate the market value of the **Fee Simple Interest** in the subject property as of **September 29, 2018**, in accordance with the instructions provided by the client, Rick Murphy – Nushagak River Fishing Lodge.

As requested by the client, this is a restricted use report / evaluation, and a physical inspection of the subject property was performed by the appraiser. Additional supporting documentation concerning the data, reasoning, and analysis is retained in the appraiser's file. The depth of discussion contained in this report is specific to your needs and for the intended use stated below. The appraiser is not responsible for unauthorized use of this report. Information was gathered by discussions with the owner, realtors, State of Alaska records, and real estate professionals familiar with the local remote lodge market, and the data gathered during the site inspection. We have gathered the necessary data, conducted the required investigation, and have made the analysis that has enabled us to form an opinion as to the market value of the Subject property.

The subject parcel consists of a 4.01 Acre site, Lot 5A, Wallona Subdivision, Plat 91-12 (see plat map for detailed view). The site is improved with a total of 12 buildings used in support of the owners business "Nushagak River Fishing Lodge" The buildings consist of a main lodge, three guest cabin buildings, large open storage building with two full bathrooms, bathhouse and outhouses, numerous storage buildings, generator shed with a 10KW & 20KW generator, guide cabin, processing building, numerous large fuel and oil tanks, and on site well and crib style septic systems – typical of this type of remote operation. According to on-site measurements, supported



by documents provided from the owner, the structures total approximately **5,540 SF Gross Building Area**, with **5032 SF living area** and **508 SF of storage / support structures**. The buildings were built in stages and various phases from 1989 to 2010, with the quality and condition of the improvements considered to be average for a remote lodge operation, with the interior condition of the guest bedrooms, main lodge and common areas considered to be above average. Access to the site is via the **Nushagak River** via boat or floatplane, or airplane to Ekwok then boat access downriver to the lodge. The site is currently setup as a seasonally operated, remote hunting/fishing lodge facility, with a capacity of approximately **12-16 guests + 6 staff/crew**. A full discussion of the site improvements will follow.

The accompanying report sets forth the most pertinent data gathered, the techniques used, and the reasons leading to the opinion of value. Based on the investigation, analysis, researched data and conclusions we have formed the opinion that, subject to the limiting conditions and assumptions contained herein, the **“AS IS”** market value of the Subject property, in the **fee simple interest**, as of **September 29, 2018**, is:

ONE MILLION FIFTY THOUSAND DOLLARS
(\$1,050,000)

This estimate includes F, F, & E estimated at \$40,000 associated with the existing lodge facility, with \$1,010,000 attributed to the real property. No personal property, boats, gear or equipment are included in this analysis.

To the best of our knowledge and belief, all information and estimates of value contained in this report are true and correct. No pertinent information is knowingly or willfully withheld. The Extraordinary Assumptions & Hypothetical Conditions, General Limiting Conditions and Assumptions, and Certification contained herein are integral parts of this report. At the request of the client, the scope of the report will be a brief discussion of the property, with supporting research material located in the appraisers file. This appraisal report is intended to comply with current USPAP & FIRREA regulations. I hope this appraisal proves relevant to your decisions regarding the property. If you have any questions, please contact us at this office.

Respectfully Submitted,

Clint H. A. Lentfer, AA-506
Alaska Appraisal & Consulting Group, LLC

Certification

I certify that, to the best of my knowledge and belief:

1. I have no present or prospective interest in the property that is the subject of this report. I have no personal interest or bias with respect to the parties involved with this assignment. I have no bias with respect to the property that is the subject of this report.
2. My engagement for completing this assignment is not contingent upon the development or reporting of a predetermined result. My compensation for completion of 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.
3. The reported analysis, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased, professional analysis, opinions and conclusions.
4. I have made a personal inspection of the property that is the subject of this report on September 29, 2018.
5. The appraisal assignment is not based on a requested minimum valuation or specific valuation or the approval of a loan.
6. The statements of fact contained in this report are true and correct.
7. Unless otherwise stated, this report is presented in a Restricted use / Restricted type format. This report sets forth all of the limiting conditions (imposed by the terms of the assignment or by the author) affecting the analysis, opinions, and conclusions contained in this report. Only the intended users may rely on the findings within this appraisal report.
8. This Report conforms with and is subject to the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
9. My analysis, opinions and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
10. The appraiser has the appropriate knowledge and experience required to complete the assignment competently.
11. The use of this Report is subject to the requirements of the Appraisal Institute relating to review by its authorized representatives.
12. No one provided significant professional assistance to the person signing this report, other than the undersigned, or those whose services are specifically acknowledged herein, prepared the analysis, conclusions, and opinions concerning the real estate that are set forth in this Appraisal Report.
13. Clint H. A. Lentfer is currently certified by the State of Alaska as a General Real Estate Appraiser (Certificate No. AA-506).
14. The Appraisal Institute conducts a program of continuing education, and members who meet the minimum standards of this program are awarded periodic education certification. As of the date of this Report, Clint H.A. Lentfer has completed the requirements under the continuing education program of the Appraisal Institute.
15. I have performed services as an appraiser regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.



Clint H. A. Lentfer, AA-506
Alaska Appraisal & Consulting Group, LLC

Extraordinary Assumptions and Hypothetical Conditions

1. This report is presented in a Restricted Use Type format, which is intended to comply with the reporting requirements set forth under the Uniform Standards of Professional Appraisal Practice for a Restricted Appraisal Report. As such, it does not present full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's files. The information contained in this report is specific to your needs and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
2. No value was given to any personal property fishing or hunting gear, vehicles or inventory in this analysis. All furniture, fixtures, inventory, and equipment not associated with the real property and the operation of the existing overnight lodging operation are specifically excluded from the real estate values concluded in this report. We have concluded \$40,000 as the total value of the F, F, & E attributed to the facility. There appeared to be additional personal property, art & miscellaneous items on site, which were NOT included in the analysis.
3. The subject generates income from the "business". We have valued the real property only; no income from business operations has been included in the analysis. Additionally, we are not valuing any specialty fishing / hunting licenses or permits, or "Liquor Licenses", which may be tied to the lodge and can be sold separately.
4. The site houses a numerous large fuel tanks, propane tanks, boats motors and associated equipment, and it is assumed that the facility has the necessary permits, licenses and meets all D.E.C. and code requirements, and it is assumed there are no contamination issues affecting the subject site and that the site is environmentally clean.
5. Site Lot 5A, Wallona S/D was part of a native allotment, however we were provided with a letter indicating the site is an unrestricted deed and can be sold / transferred without BIA approval. See letter in addenda.

RESTRICTED USE REPORT / EVALUATION

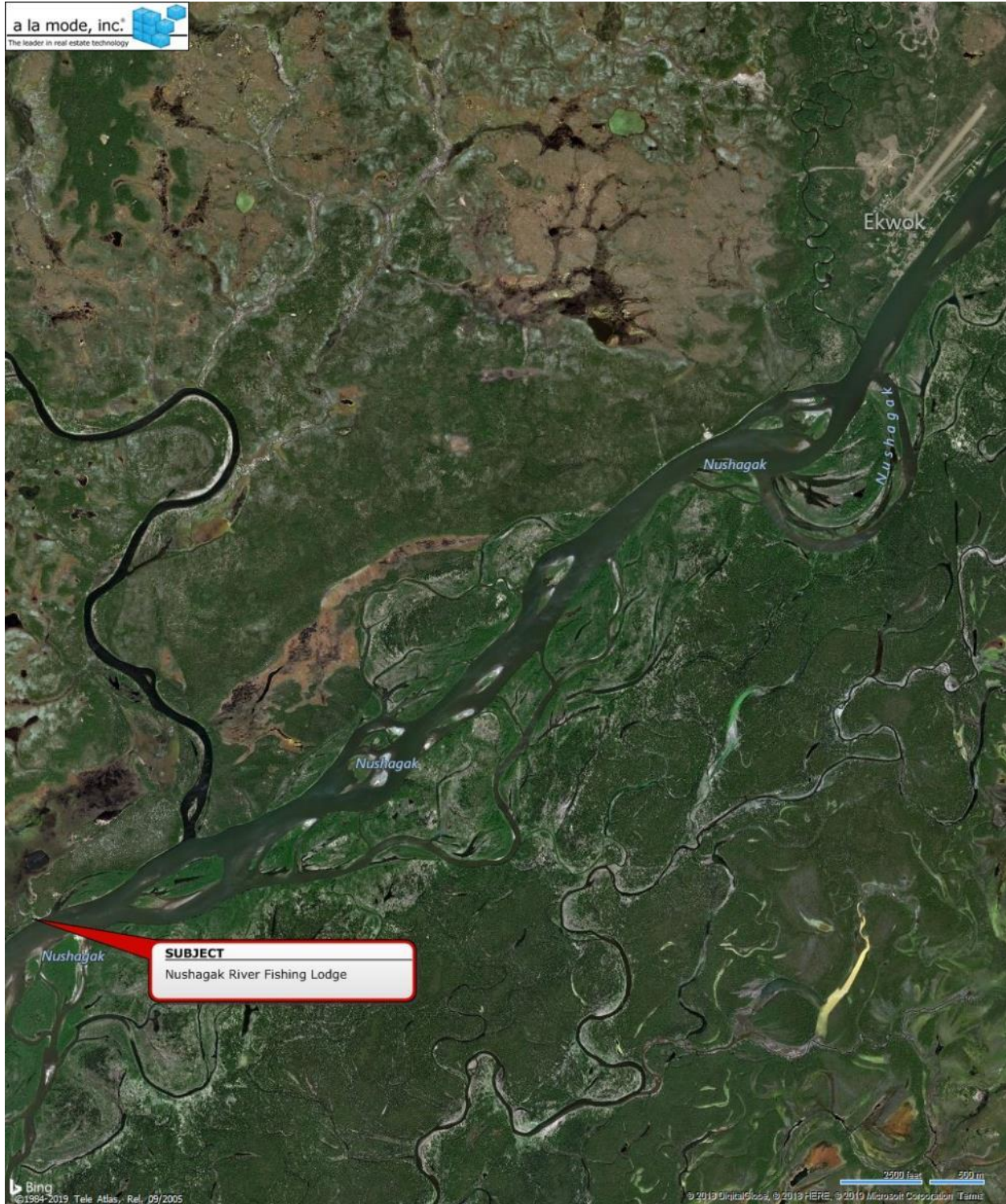
STATE LOCATION MAP



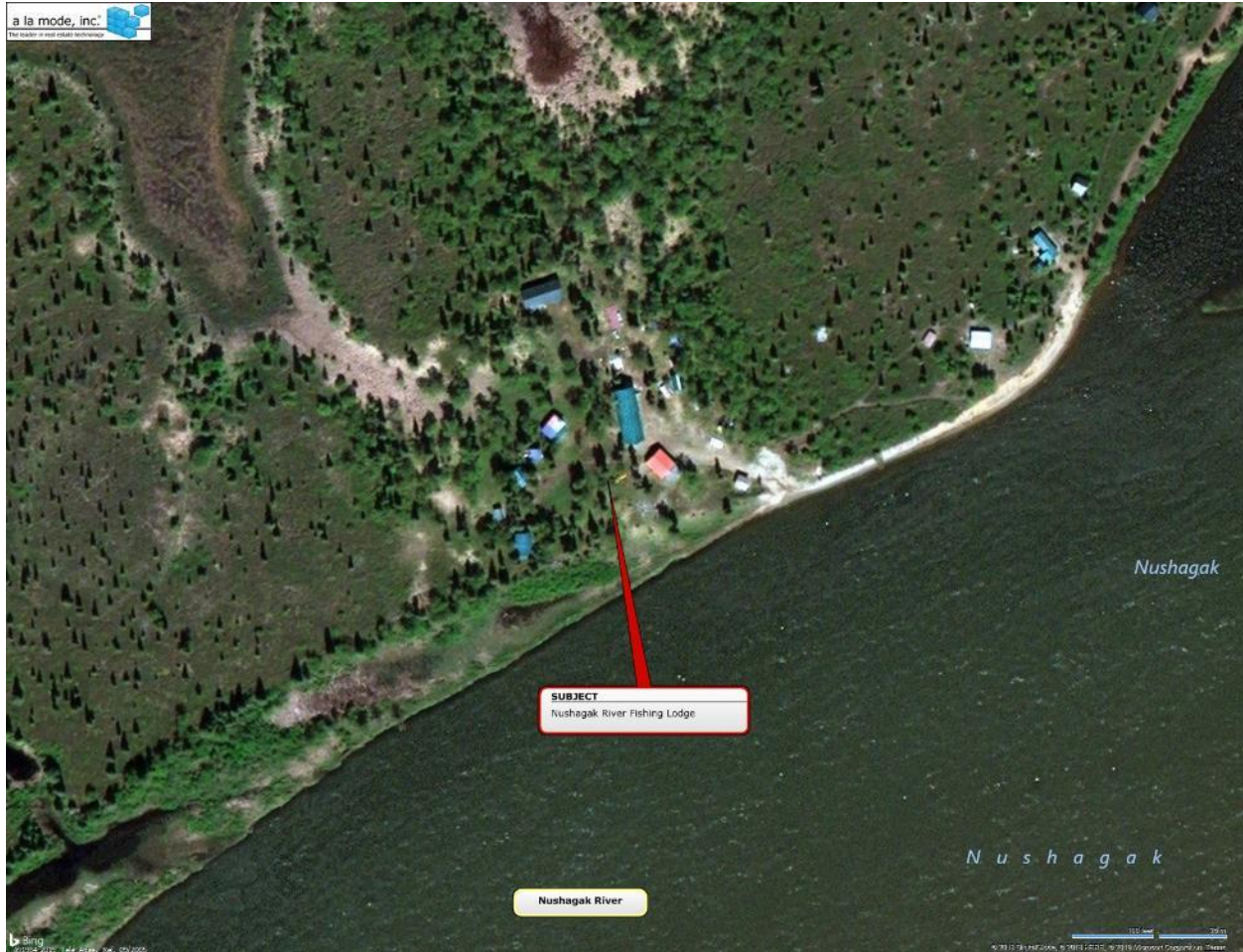
REGIONAL LOCATION MAP



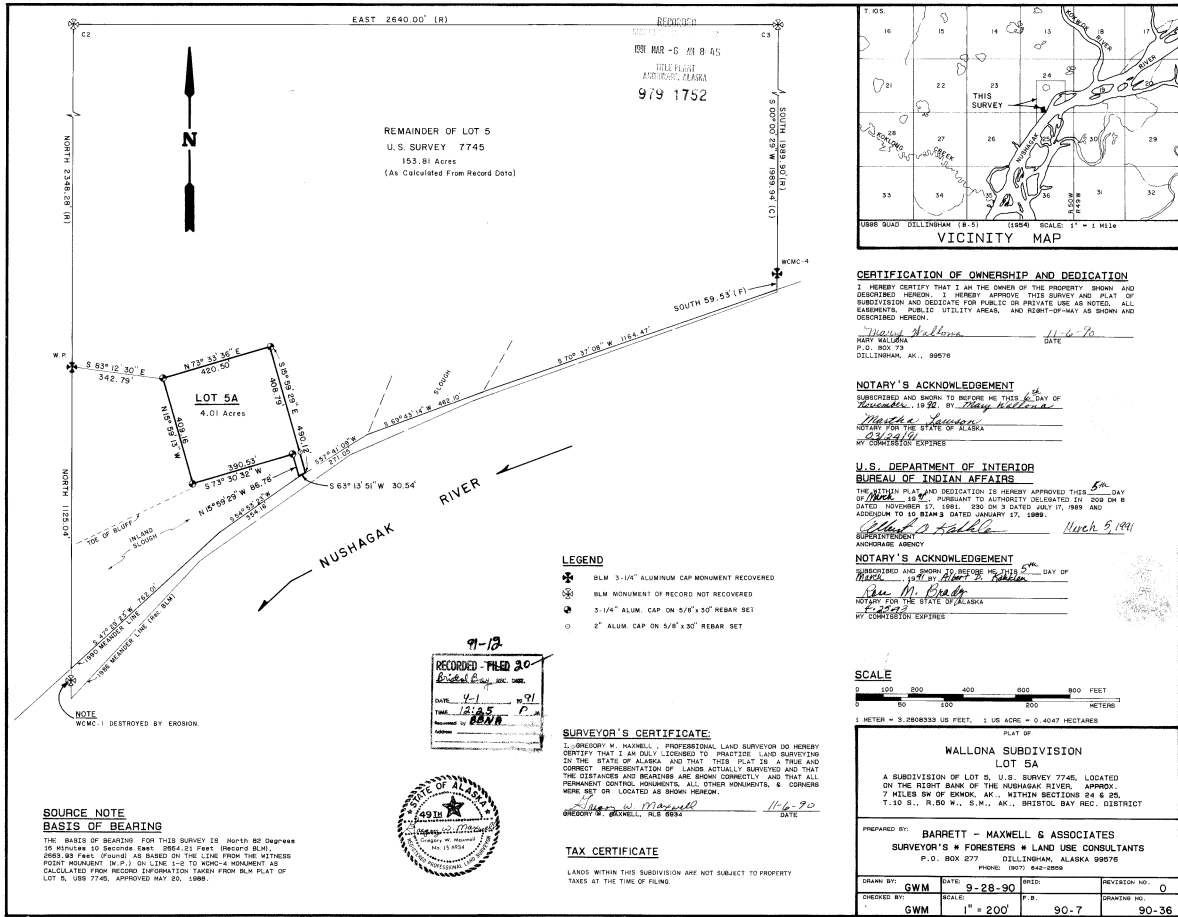
NEIGHBORHOOD LOCATION MAP



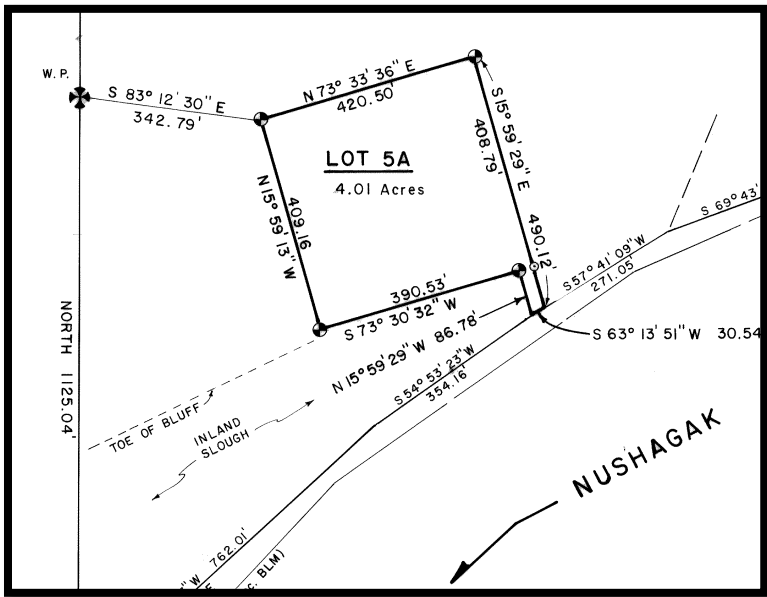
CLOSE UP LOCATION MAP



Plat Map - Lot 5A, Wallona Subdivision, Plat 91-12



Close - up



Subject Photographs – Taken by Clint Lentfer September 29, 2018



Lodge viewed from Nushagak River



Guide Shack



Honeymoon Suite



Fire Pit & Storage Buildings



Main Lodge



Lawn / Yard Area

Subject Photographs – Taken by Clint Lentfer September 29, 2018



Lawn / Yard Area



Main Lodge - Interior



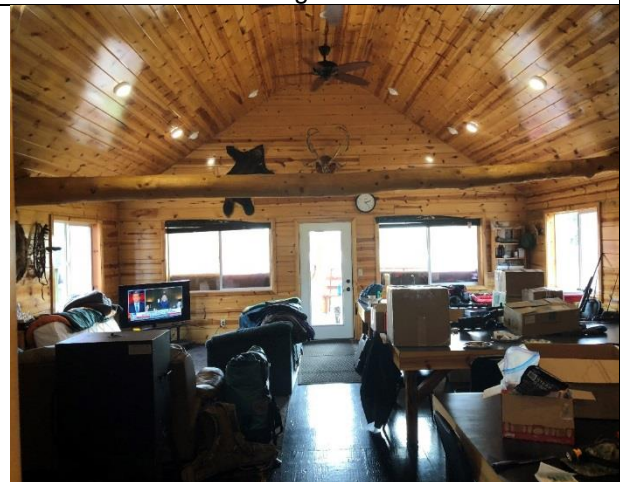
Main Lodge - Interior



Main Lodge - Interior



Main Lodge - Interior



Main Lodge - Interior

Subject Photographs – Taken by Clint Lentfer September 29, 2018



Main Lodge – Interior – upper level



Main Lodge – Interior – upper level



Honeymoon Suite - Rear



Main Lodge – Rear



Shed



New Processing Shed

Subject Photographs – Taken by Clint Lentfer September 29, 2018



New Processing Shed



Well / Filter system



Shed



Yard Area – Nushagak River



Yard Area – Nushagak River



Honeymoon Suite - Front

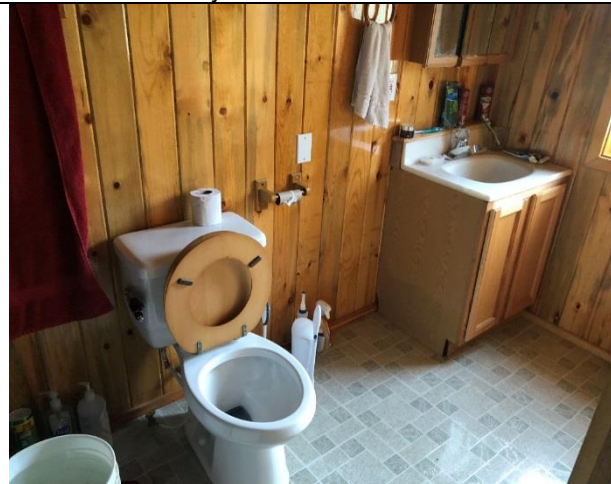
Subject Photographs – Taken by Clint Lentfer September 29, 2018



Honeymoon Suite - Interior



Honeymoon Suite - Interior



Honeymoon Suite - Interior



Honeymoon Suite - Interior



Honeymoon Suite - Rear



Duplex

Subject Photographs – Taken by Clint Lentfer September 29, 2018



Duplex - Interior



Generator Shed



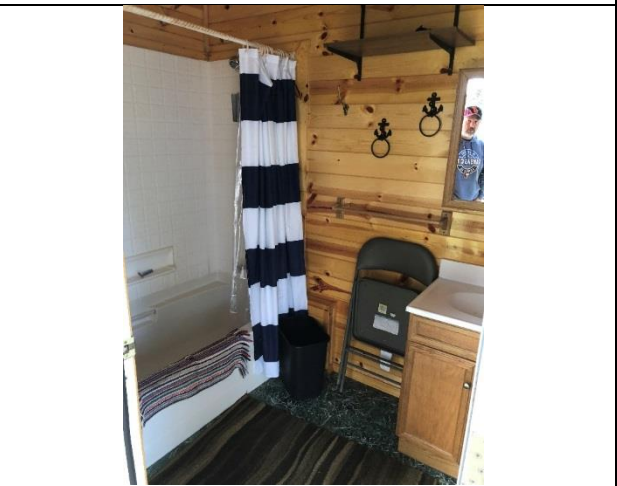
Generator Shed



Bathhouse

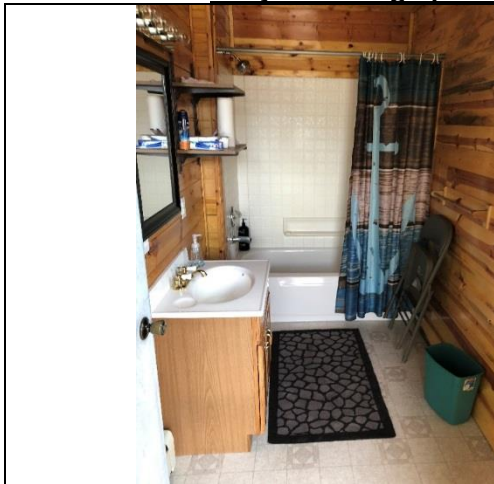


Generator Shed - Rear



Bathhouse - Interior

Subject Photographs – Taken by Clint Lentfer September 29, 2018



Bathroom - Interior



Bathroom - Rear



Outhouse Building



Washer / Dryer area



Four Bedroom Cabin



Four Bedroom Cabin

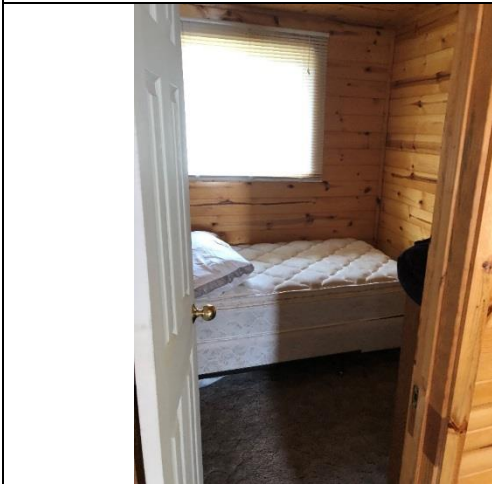
Subject Photographs – Taken by Clint Lentfer September 29, 2018



Four Bedroom Cabin



Four Bedroom Cabin



Four Bedroom Cabin



New Building / Bunkhouse



New Building / Bunkhouse



New Building / Bunkhouse - Interior

Subject Photographs – Taken by Clint Lentfer September 29, 2018



New Building / Bunkhouse - Interior



New Building / Bunkhouse - Interior



New Building / Bunkhouse - Interior



New Building / Bunkhouse



Yard Area



Rear Main Lodge – Cov. Deck area

Purpose of the Restricted Use Report / Evaluation

The purpose of this Restricted Use Report / Evaluation is to estimate the current market value of the subject property as of **September 29, 2018**, in accordance with the instructions provided by the client, Rick Murphy – Nushagak River Fishing Lodge. All of the supporting data regarding the subject property was obtained from a physical inspection as well as discussions with the owner.

Intended User:

The intended user is Rick Murphy – Nushagak River Fishing Lodge. There are no other intended users, and no one else may rely on the data or findings in this Restricted Use Report / Evaluation.

Intended Use of Report:

This report is intended to assist the client in determining the subject's market value for estate valuation purposes, internal accounting purposes or potential marketing purposes only. No other users may rely on the findings or conclusions of this restricted use report.

Effective Date of Value: September 9, 2018

Legal Description:

Lot 5A, Wallona Subdivision, According to plat 91-12, recorded in the Bristol Bay Recording District, Third Judicial District, State of Alaska.

Interest Valued:

The property rights appraised are the unencumbered **Fee Simple Interest**. We are appraising the subject property in its current, "As-Is" condition. This value reflects the "As-Is" Value as of the date of inspection, September 9, 2018.

Sales History:

The current owner has been in title to the subject property for over ten years. No known sales or listings of the subject parcels discovered by the appraiser.

Current Lease:

The "Nushagak River Fishing Lodge" facility is currently and has historically been an owner operated / owner managed facility with no arms-length lease in place. The current owner has run the existing facility for over ten years.

Personal Property, Fixtures, And Intangible Items:

The Subject is an existing remote tourism / fishing lodge / hunting lodge facility, specializing in overnight full service lodging & extended stay overnight fishing trips during the summer fishing season. No personal property, inventory, artwork or intangible items are included in the analysis, and any such items are specifically excluded from the values concluded in this report. The necessary items required to run a full service overnight remote lodge facility are included as a separate item, discussed in the improvement

section of the appraisal report. Additionally, no value has been given to any specialty licenses – if applicable. Total F, F, & E estimates includes F, F, & E associated with the “Nushagak River Fishing Lodge” operation, is estimated at \$40,000. This includes all necessary furniture, kitchen equipment, soft goods, and associated infrastructure necessary to operate a seasonal remote fishing lodge facility.

Present Use:

The subject is currently operated as the “Nushagak River Fishing Lodge”, a seasonally operated remote tourism / fishing / hunting adventure lodge providing independent travelers with overnight accommodations in guest cabins and the main lodge overlooking the Nushagak River in southwestern Alaska at the head of Bristol Bay, the world’s largest salmon fishery. The facility has been in operation for over 10 years, however has been only seasonally operated – not operating in 2018, and is well known for providing a good operation for full service fishing adventures in the Nushagak River drainage.

Limiting Conditions and Assumptions

For those limiting conditions and assumptions that apply in this appraisal report, please refer to the Addenda.

Statement of Competency

The appraiser, Clinton H. A. Lentfer, has completed numerous appraisals of remote fishing, hunting & adventure lodges and multi-room overnight lodging facilities throughout central & southwest Alaska, the Matanuska Susitna & Kenai Peninsula Boroughs, and South-central Alaska, and is, therefore, competent to prepare this appraisal.

Neighborhood Characteristics & Data:

The Subject is located in a very remote area with all supplies and materials having to be barged or boated up the Nushagak River from Dillingham, Alaska, approximately 40 air miles and 60 river miles, or flown in with a float equipped airplane, which is very costly. The subject’s remote location offers very good recreational opportunities, with good hunting, fishing and eco-tour opportunities, with the seasonal salmon fishery being the biggest draw in the area, with good fishing from the banks of the lodge during July, July and August. The subject has a favorable location with good southern exposure and a large, generally level site that allows for a virtually full use of the site, with substantial Nushagak River Frontage and a gently sloping sandy beach down to the river. There are very few neighbors, with most parcels in the area being larger tracts of state owned and native corporation owned vacant land, surrounded by smaller tract of 2 - 10+/- acre sites, with limited access and river frontage, similar to the subject. Ekwok is the nearest native village / community, located approximately 7 miles north along the Nushagak River. Dillingham is the largest community in the area and serves as a hub for the area with most services available.

Market Participant Interviews:

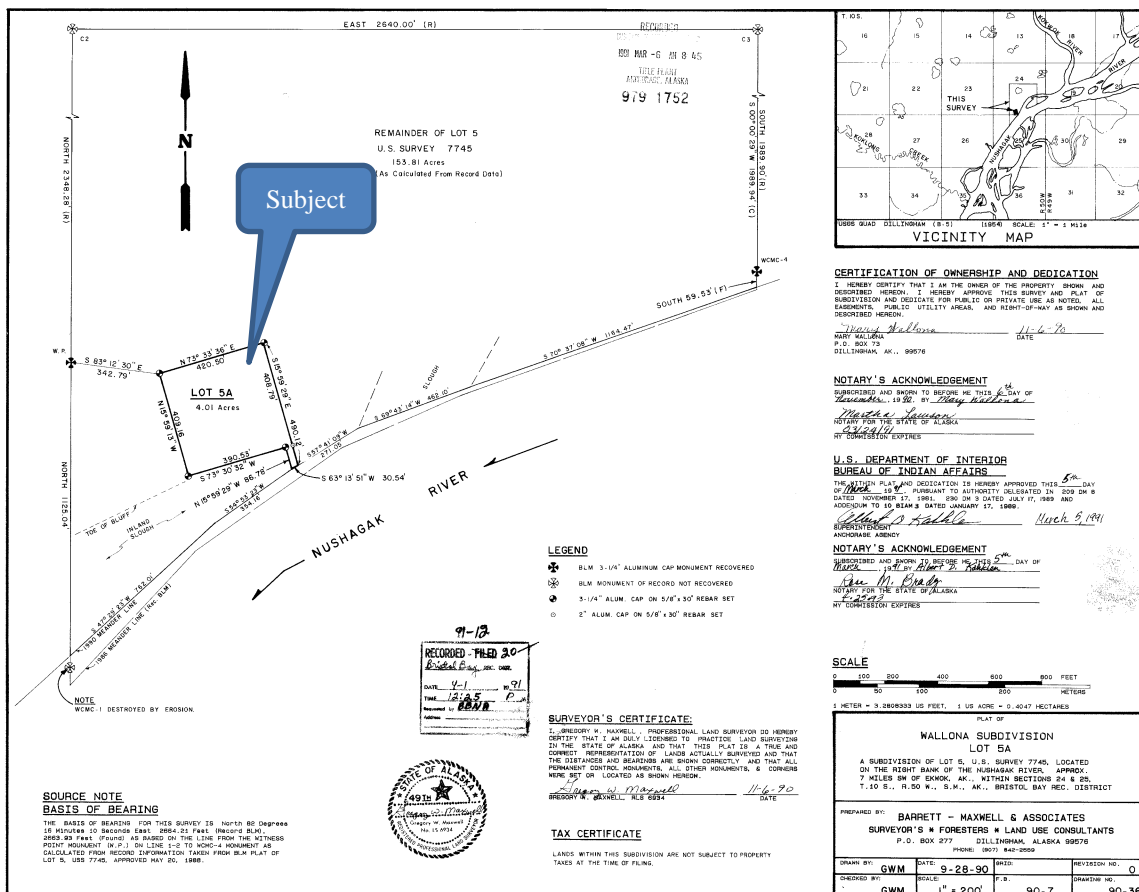
We have conducted interviews with locals familiar with the current economy and condition of the remote lodging real estate market to better understand the market factors that affect

the real estate prices, marketing times, vacancy rates and the overall health of the rural / remote lodging / hospitality market. Market participants we have spoken with include: appraisers familiar with lodges, realtors familiar with these types of special use properties, lodge owners, buyers and sellers of remote lodging properties statewide. We have also spoken with local business owners and investors; whose comments and conclusions are generally supportive.

The general perception of market participants are the general stability of the market, with very few transactions having occurred in the past 2-3 years of similar size, similar utility properties, due in part to potential sellers of these types of properties concentrating on their customers and the sustainability of the business, as the economic downturn has impacted these remote lodging operators as well. Additionally, some of the owners / operators have unrealistic expectations as to what market participants (buyers) are willing and able to afford (pay debt service on), as many of them have highest and best uses similar to the subject as a seasonal adventure / eco-tourism / hunting and fishing lodges. Furthermore, as is the case for many of these types of remote, special use properties, the cost to build far exceeds "market value" and what typical buyers and sellers are willing and able to pay for these types of properties. There are very few new construction projects occurring, with the older facilities being renovated to meet the clients particular need.

In general, the remote adventure lodge market is considered generally stable, with waterfront properties and existing / established facilities holding value the best, and business owners remaining relatively optimistic of the health of their businesses. Other market participants mirrored these comments and went on to say that there is stable market demand for niche market in overnight lodging, especially during the summer months, and those with superior attributes (similar to the subject), should continue to hold occupancy and the most demand.

Plat Map



Site Description

The subject property consists of a 4.01 acre parcel located approximately 300 miles southwest of Anchorage, Alaska on the north side of the Nushagak River just downriver from the Kokwok River and the community of Ekwok, Alaska. The Subject is located in a very remote area with all supplies and materials having to be barged or boated up the Nushagak River from Dillingham, Alaska, approximately 40 air miles and 60 river miles. The site is rectangular shaped measuring approximately 409' x 390' x 490' x 420', with approximately 30' of frontage on the Nushagak River via a small access portion of the site – see plat map. It appears that the majority of the northern portion of the site is useable and has good quality soils, with the improvements located around the site with adequate spacing. See plat map and photographs for full details.

General topography in the area is relatively flat along the river, with some rolling hills, adequate for development, and functional, with ground cover consisting of low-lying native vegetation, which is considered typical for the area. The site slopes down to the Nushagak River near the SE corner of the site, with the improvements located around the site, being generally well spaced. Improvements discussed in the following section. The site has all private utilities, with an on-site septic system and leach field, on-site well providing water, and it is assumed the water and septic systems meet all applicable DEC requirements and codes. Electricity is provided from the on-site generators, oil used for heat via space heaters, with wood stoves in some of the buildings, with propane used for cooking. Photographs and detailed description of the improvements and site are located in the report for review.

Aerial View of Site & Improvements



Aerial View – looking SW toward Dillingham – Nushagak River



Easements and Restrictions

No title report was provided with this assignment, and it does not appear that there are any adverse easements or restrictions affecting the property. No as-built survey was provided for review; however, review of the Plat Map 92-12 does not indicate any adverse easements or restrictions. See plat map on previous page.

Encroachments

There was no as built survey provided, and there does not appear that there are any adverse encroachments, nor were any disclosed to the appraiser during our inspection. Visually there do not appear to be any encroachment issues affecting the subject property. The buildings all appear to be located on the subject's 4.01 acre site as per the site layout provided by the owner.

On-Site Improvements

The subject site is currently improved with 12 buildings used in support structures of the “**Nushagak River Fishing Lodge**” facility. The existing lodge has a capacity of up to **12 – 16 guests and 6 staff / crew**, with a total of **5,540 SF Gross Building Area**. A full analysis of the improvements is described in the following section.

Improvement Descriptions

The Subject site is improved with 8 main buildings that make up the living area which totals approx. **5,032 SF Gross Living Area**, with the 4 remaining buildings consisting of storage / **support structures totaling 508 SF**, not included in the Gross Living Area. The buildings have been well positioned to maximize their location on site, spacing and views of the Nushagak River, and are within short walking distance of one another and the extensive grass lawn areas, with a total of **5,540 SF Gross Building Area**. The exact construction dates of the buildings range from 1989 which is the original structure on site – Honeymoon Suite – closest building to the river, with the other buildings / structures built various dates from 2001 to 2010. Each building will be described separately, however share some building components (unless otherwise noted) are as follows:

- Metal roofing
- Painted T1-11 / Plywood / ½ Log Siding
- Post & Pad or Treated piling foundation
- Electricity / lighting from the generator
- Individual heat sources oil space & electric
- Plumbing in main lodge & guest cabins with toilet/sink/shower-tub
- Bathhouse and separate toilet facilities
- 1 well with water filtration, 1 crib style septic
- Vinyl windows / wood casement doors
- Covered deck areas
- Satellite / Dish TV and Internet
- Painted Plywood / Carpet / Vinyl Floors
- Good views of the surrounding area and Nushagak River
- Wood Paneling or Tongue & Groove interior walls & ceilings
- Access to the Nushagak River and cleared/lawn areas around the lodge and good access to all buildings

We will briefly summarize / discuss each of the buildings on site, with detailed photographs near the beginning of the report.



The **main lodge building** consists of a 2x6 construction, two-story stick frame building with ½ log siding built in 2008 measuring approx. 24' x 44' on the main level, and 26' x 28' second level, for a total GLA of 1,784 SF. The overall condition is considered to be above average considering its remote location, with all necessary utilities including electric (provided via generator), stainless steel appliances including newer commercial propane ranges, s/s three compartment sink, s/s freezer / cooler. A Toyo oil miser heater heats the building and provides hot water. The upper level has 6 small rooms used for crew / staff housing accessed via an exterior staircase that also houses addition covered storage. The interior consists of painted plywood floors – main level, carpet floors – upper level, with T&G walls and ceilings, a full kitchen, large living / dining area, large covered front entry deck with good views overlooking the Nushagak River.



The **Honeymoon Suite** was one of the first buildings on site built in 1989 and consists of a 24' x 30' one-story stick frame building with ½ log siding, T&G interior walls and ceiling and a 8' enclosed deck / entry area, with approximately 720 SF living area, and a capacity of 4 guests with two bedroom and two full bathrooms, fish processing / kitchen area, and an open living area with electric heat and a Toyo monitor stove. The overall condition is considered to be average considering its remote location.



The **Newest Building – Bunkhouse**, built in 2010, is nearing completion and consist of a large open room, smaller bedroom area, two full bathrooms, consisting of a 20' x 48' one-story stick frame building with painted plywood siding and a covered deck / entry area, with approximately 960 SF living area, and a current capacity of 2 guests, however once completed could house up to 8 guests based on double occupancy. There are two full bathrooms and an open living area with oil fired baseboard heat and a monitor stove. The overall condition is considered to be above average considering its remote location and more recent construction with good quality interior finish items – T&G walls.



The **Duplex Suite** was constructed circa 2001 and consists of a 24' x 16' one-story stick frame two-unit building with ½ log siding, 6' covered front entry deck, T&G interior walls and ceilings, with approximately 384 SF living area, and a capacity of 4 guests and monitor stoves for heat. The overall condition is considered to be above average considering its remote location. This building does not have interior plumbing.



The **Bathhouse** was constructed circa 2008 and consists of a 12' x 20' one-story stick frame building with ½ log siding consisting of three bathroom areas each having a shower and sink area and storage room in the rear, with interior T&G interior walls and ceilings, with approximately 240 SF. The overall condition is considered to be above average considering its remote location.



The **Four Bedroom Cabin** was constructed circa 2001 and consists of a 24' x 16' two-story stick frame four-unit building with ½ log siding, front entry deck, T&G interior walls and ceilings, carpet floors, a 10' x 16' upper level, with approximately 544 SF living area, and a capacity of 4 guests and monitor stoves for heat. The interior layout consists of a small kitchen area near the entrance and four small bedrooms – two on the upper level with a steep ladder used for access. The overall condition is considered to be above average considering its remote location. This building does not have interior plumbing.

Additional buildings onsite are shown in the following photos, however are not considered in the living area and area considered to provide additional storage area – typical of this type of remote operation.



Outhouse with three flush toilets



Generator Building
(1) 10KW & (1) 20KW



New Processing Building



Storage Shed



Storage Buildings & Firepit



Guide Shack

The **generator / tool room** consists of a 12' x 12' one-story stick frame building with a total GBA of 144 SF. The overall condition is considered to be average considering its remote location. This building houses (1) 10KW generator with approx. 30,700 hours and (1) 20 KW generator with approx. 8,500 hours that provide electric to the facility, and all of the necessary tools and equipment need to keep this type of remote facility in good working order.

Additional infrastructure includes numerous fuel oil tanks, (1) 2,000 gallon gas tank, (5) 100lb propane tanks, (1) 750 gal. diesel tank, (2) 500 gal. fuel tanks, assumed all having approved containment systems and assumed there is no contamination on site. The on-site well is located near the main lodge and new processing building and has a water filtration system – assumed DEC compliant. The crib style septic system is located near the rear / northwest edge of the site near the new buildings / bunkhouse and its assumed it is operational and sufficient to support the buildings. Assumed all systems provide adequate water to the facility and wastewater services. All of the foundations reportedly consist of treated wood & piling, with adequate insulation, and assumed adequate considering its remote nature. All of the buildings have a mix of vinyl and some wood windows and have a functional layout, with an approximate capacity of 12 – 16 guests and 6 staff / crew.

The site is currently setup as a seasonal, remote fishing lodge facility, considered to be in overall average to above average condition, with a good location directly on the Nushagak River, with boat / river access and float plane access. The utility of use of the facility is considered good, with all necessary amenities and good location for fishing, hunting, and tourism.

Deferred Maintenance:

All of the buildings appear to be relatively well maintained; having typical wear and tear for buildings being their age in a harsh remote Alaskan environment. The majority of comparables analyzed have similar qualities and condition, or otherwise noted, therefore no adjustment is necessary.

Utility of Use:

The overall utility of use of the subject as a remote fishing / hunting lodge is considered above average. The subject has all necessary amenities with a good layout and seasonal access, with a good location on the Nushagak River seven miles south of Ekwok, Ak. There is one commercial kitchen, individual bedrooms, bath / shower-house and support structures, and sufficient support structures, all features of a quality facility. There are also multiple covered deck areas with good views of the river, large lawn yard areas, with individual guest cabins that have additional appeal in the market. The interior appointment of the guest rooms is considered above average. The overall existing land to building ratio are very low, with a total site coverage of about 3%. This is a good / low density of development for a remote lodge facility, and the site layout is considered positive, with favorable access to/from the lodge building and guest cabins via the low bank on the river. On-site staff housing for up to 6 is considered adequate. The design of the complex is typical for a smaller capacity remote lodging facility, with numerous buildings, guestrooms, and some common areas, with on-site dining facilities. Overall the utility of use is judged to be above average.

Marketing Period

The marketing period is the estimate of time it might take to sell the property at its market value immediately subsequent to the date of appraisal, the typical length of time it would

take to sell the subject considering current market conditions. In this case, the Subject is remote lodge property located approximately 40 miles northeast of Dillingham, Alaska along the shores of the Nushagak River, with direct access and frontage via boat and float equipped aircraft. The locational attributes are considered above average, with good access to fishing and hunting in the area, and good views of the surrounding mountains in the area. There is a limited supply of similar properties available, with demand for good quality and condition facilities in the market. The facility has a main lodge, numerous smaller guest cabins, and numerous support structures and is setup to operate seasonally, considered to be in overall average to above average condition. In our opinion, the Subject is located in a stable market, with limited appreciation. Considering all factors, we believe that a reasonable marketing time for the Subject is 12 to 16 months, assuming it is marketed in the early spring / summer and available during the busy summer season, allowing two seasons of exposure.

Summary of the F, F, & E

As of the effective date of the value estimate, Furniture, Fixtures, & Equipment (F,F, & E) included all necessary equipment to run a full service seasonal fishing & hunting lodge facility. All of the guest rooms have beds, dressers, desks, and lamps, linens, and artwork estimated at \$1,200/room for the 12-16 guest bedrooms, which totals about \$17,000. The dining rooms and kitchens include tables and chairs for about 20 people (including staff), which appeared to be in reasonably good condition, and additional kitchen equipment, the total of which is estimated at \$15,000. Other F,F, & E for the lodge includes washers and dryers, walk in freezers, refrigerators, portable freezer, linens, flat ware, and miscellaneous items typical to seasonal sport fishing and hunting lodge operations. An estimate of \$8,000 is made for these items, which is consistent with information from analysis of similar sized fishing lodge properties. **Total F,F, & E** associated with the subject facility is **estimated at \$40,000**.

No other F, F, & E is included in our analysis, as all of the remaining structures' non-realty items are considered personal property, and non-essential to the operation of the lodge, this includes any fishing or hunting related items, tackle, vehicles, boats, motors etc. No value has been given any liquor licenses, permits, or specialty business licenses – if applicable. The value of these specialty licenses are specifically excluded from the values concluded in this report, as is any business value.

Overall, the utility of use of the entire complex is judged to be above average. Photographs of the buildings and descriptions are included in the beginning of the report for clarification and analysis.

HIGHEST AND BEST USE: In common appraisal practice, the concept of highest and best use represents the premise upon which a value estimate is based. *The Dictionary of Real Estate Appraisal* defines Highest and Best Use as follows:

"The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the Highest and Best Use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability."

There are four essential elements to consider in analyzing the Highest and Best Use:

- 1) Physical Possibility - Those uses that can physically be constructed on the site.
- 2) Legal Permissibility - Those uses of the site that are permitted by law, zoning, codes and ordinances, and deed restrictions.
- 3) Financial Feasibility - Those physical and legal uses that will produce a net positive return to the land.
- 4) Maximum Productivity - Among the feasible uses, the use that will produce the highest rate of return or the highest value.

The highest and best use of the land if vacant and available for use may be different from the highest and best use of the improved property. This is true when the improvement is not an appropriate use but, nonetheless, it makes a contribution to the total property value in excess of the value of the land. The appraiser is to decide what uses of the physically possible, legally permissible, and financially feasible would be most productive to the site and to produce the greatest return. Based on the remote location, good access to the Nushagak River, lack of zoning and the surrounding trends of land usage, residential & commercial uses within the Subject's general area are most probable and legally permissible. Our analysis has shown that economic obsolescence exists in the market and construction of most improvements on the sites is not feasible at this time in that the cost of construction would exceed the improvements' market value.

Highest And Best Use – As Vacant

The subject consists of a 4.01 acre site located in a very remote area on the Nushagak River about 40 miles northeast of Dillingham, Alaska and 7 miles downriver from Ekwok, Alaska in southwest Alaska. The size of the parcel is typical of the area and adequate size for development, and its shape does not restrict potential development being generally rectangular. The majority of vacant land in the area is public land or private native land, and small fee simple parcels with river frontage are sought after due to scarcity. Potentially feasible economic uses at this time would include a special-purpose owner/user commercial structure, a small cabin / house use, or alternatively to hold as vacant. There is no zoning in the area, therefore any uses are possible.

Considering all of the subject's attributes, the highest and best use of the Subject sites at this time, **as if vacant and unimproved** would be to hold until such time that the development of a special purpose facility would be financially feasible, or develop with a residential/recreational or lodge property, or alternately to hold the property as vacant and unimproved until such time that improved commercial property values increase to a level where market value exceeds replacement cost new.

Highest And Best Use – “As Improved”

The "As Improved" highest and best use of the site must also be considered in terms of the four essential elements. A seasonally operated fishing / hunting lodge operation currently exists on the site. This is a permitted use of the site, and the neighborhood characteristics lend themselves well to this use, with good access via the frontage along the Nushagak River. The quality, layout and design of the buildings are considered to be average to above average, with a majority of their useful and economic life remaining. The total Gross Building Area is 5,540 SF, with a guest capacity of 12-16 and a crew capacity of 6, with all necessary amenities on site and good access to fishing and hunting areas along the river.

The overall land-to-building ratio and site coverage ratios are very low at about 3%, which is considered good. The buildings are constructed with above average spacing and are of average to above average quality and condition, with a favorable layout around the site, with access on the Nushagak River via a low sandy bank, also providing good views of the surrounding area. No detailed site plan was provided, however, the owner did provide a hand-sketched layout which indicates adequate spacing and layout.

In summary, a seasonally operated, full service fishing / hunting lodge operation currently exists on the site. The use assumed to be permitted, and there are above average utility of use characteristics. The improvement has the majority of its' useful life remaining, and provides a return to the site over and above the return to the vacant land. In conclusion, the highest and best use **as improved** of the Subject sites at this time would be the continued use as a full service remote adventure / fishing / hunting lodge facility.

Report Development and Reporting Process

We have gathered the necessary data, conducted the required investigation, and made the analysis to help us form an opinion of market value for the Subject property. We have relied on the information gathered by third parties for the physical characteristics of the property. We have also gathered data from discussions with local real estate professionals familiar with similar types of facilities in the area, and to the best of our knowledge and belief, all information and estimates of value contained in this report are true and correct. From the data gathered, we were able to extract various units of comparison and indicators that were used to analyze the property and to develop a market value for the subject. This Restricted Use Report sets forth only the appraiser's conclusions. Supporting documentation is retained in the appraiser's file.

Scope of the Report

To develop an opinion of value, the appraiser considered all applicable approaches to value, and the most relevant approaches were completed. The necessary research and analyses were completed to prepare the report in accordance with its intended use and the specific instructions from the client. The Subject was appraised in consideration of its highest and best use. Our analysis is presented in a restricted format with a summary of the data presented, with the scope of work limited to the one, best approach.

We have considered competing remote / rural full-service overnight lodge facilities throughout Alaska, concentrating our search on Southwest Alaska Lodges and those located on rivers and lakes with good fishing and hunting opportunities directly from the lodge, areas that have numerous similar overnight lodges that have similar potential highest and best uses. As part of the analysis process, we have made a number of independent investigations and analyses. We have relied on data retained in our office files that has been compiled over time and updated regularly. We have also relied on data obtained from other sources, such as local area boroughs, property owners, realty professionals, lodge owners, and businessmen familiar with the area to determine ownership and other regulations affecting the subject property. Comparable sales data, rental data, inventory levels, and absorption rates were obtained from interviews with these market participants.

This restricted use report has been prepared *considering* all three approaches to value. The indicated values are reconciled, and a final estimate of market value is developed. Adequate market data was developed to enable the appraiser to complete the assignment in accordance with the appraisal instructions and in conformance with the FIRREA & USPAP requirements. No pertinent data has been knowingly omitted. At the request of the client, our analysis is presented in a restricted format, with a summary of the data presented, and the scope of work limited to the one, best approach.

We have formatted our analyses in the following order: the Sales Comparison Approach, and the Reconciliation and Final Value Estimate. We have omitted the Income Approach,

and the Cost Approaches as these approaches were determined NOT to provide realistic indicators, and their completion may provide misleading information or data, and the scope of this appraisal assignment indicated that the best approach / approaches to value be utilized. Land sales in this region are very sparse and difficult to obtain and confirm, and most owners do most of the building themselves with no good, credible cost to build information for these types of facilities, therefore the Cost Approach is considered but does not provide a realistic indicator.

Most lodge operations do not consider the income approach when valuing these types of properties, as the guiding operations are often intertwined with the lodge, and there are typically not arm's length leases between the real estate owners and lodge operators, they are usually one and the same, making it difficult to allocate income to the real estate versus lodging operations and the lodge business / guiding operations. Additionally, in most remote fishing / hunting / lodging operations, the income can be attributed to the owner/operator and not necessarily the real estate, therefore we have considered the income approach; however, it was concluded that its completion would not meaningfully contribute to a supportable value indicator, therefore it was not completed.

The Sales Comparison Approach was concluded to provide the best, most credible result for support of the value conclusion, as adequate sales of similar style and type properties were identified, and in the subject's market, the typical purchaser relies heavily on the sales comparison approach. This restricted use report is a brief recapitulation of the data, analyses, and conclusions, with supporting information contained in the appraisers file.

Summary of the Sales Comparison Approach

Lack of sufficient market data necessitated a larger geographical and time survey. We have analyzed the available sales of similar remote lodging properties/facilities throughout the entire state of Alaska, concentrating our search on southwest & south-central Alaska areas, including the Matanuska-Susitna Valley, Kenai Peninsula communities & central regions of Alaska, as similar remote / rural adventure / hospitality overnight lodging facilities can operate out of various Alaskan locations. We have attempted to select those comparables that are most similar to the Subject, being similar size and having similar bedroom capacity, thus requiring fewer adjustments and increasing the reliability of the conclusions drawn. Elements of comparison that were considered include property rights conveyed, financing terms, condition of sales, date of sale, location, access, and physical characteristics. Other dissimilarities that were noted were analyzed in terms of the market and appropriate adjustments made where applicable.

Typically, the value of special-use properties must be analyzed in the market approach by considering other types of properties with similar characteristics. In this case, we have analyzed the sales of properties involving remote / rural operating overnight lodging facilities on sites with water frontage in competing areas throughout Alaska, concentrating our search on more remote areas in Southwestern Alaska with similar

access and size. We have also considered similar size, similar utility of use cabins / buildings in similar rural / remote areas that could compete with the subject in some fashion, in order to develop an indication of market value.

Our research located sales of improved commercial properties that, while not identical in size shape and utility to the Subject, provide some insight into market transactions for this type of special use property, and the attitudes investors have for this type of property. Given the absence of comparables that are completely similar to the Subject, many adjustments are necessary and the reliability of the conclusions drawn from the market approach are limited. Nevertheless, we can extract some investor parameters for these transactions. These transactions offer an overall indication of market activity in the area.

In that operating overnight lodging facilities are normally sold as part of an ongoing business operation, without a true allocation between real property, personal property and intangibles / business value, we have tried to select comparable transactions that primarily involved real property, and have attempted to adjust for the non-realty items. The sales analyzed provide us with the best indicators from which to derive value indications for the subject.

We have considered and selected the most applicable comparables in the market for comparison, along with historical (older) sales and current listings of similar size and utility remote / rural lodging & hospitality properties having similar highest and best uses. The comparables analyzed included seven sales and three current listings or overnight lodges throughout the state of Alaska, with a percentage of list price (LP) to sales price (SP) range (LP / SP) of 5% to 25%, with an average of about 15%. For the purposes of our analysis, we have adjusted the active listings prices down 15% to reflect the average LP to SP percentage, in order to more accurately reflect their potential sales price.

Of note is that we have appraised numerous lodges and larger homes / cabins in Western Alaska / Bristol Bay area including numerous lodges within King Salmon, Iliamna, Dillingham and local area rivers and streams over the years, having good data for analysis and have used these to provide supporting information. Lodges we have recently appraised in the area include: Bear Trail Lodge, Rapids Camp Lodge, King Ko Inn, Crystal Creek Lodge, Alaskan Adventures Lodge, Riversong Lodge, Kodiak Sportsman's Lodge, Alpine Creek Lodge, Majestic Valley Lodge, Sheep Mountain Lodge and numerous other overnight lodging properties throughout the state of Alaska, concentrating our search on Western Alaska, all providing good indicators and good data for analysis.

Analysis Of Market Data

The summary of comparable sale transactions and listings includes varying size, style, age and condition water / oceanfront lodging / hospitality properties throughout Alaska that have generally similar overall characteristics to the subject, concentrating our search on Southwest Alaska / Kuskokwim Basin region and those with water / river

frontage. We have adjusted the sales for the cost of the any business value, F, F, & E inventory, and personal property to arrive at the adjusted sales prices for the real estate. In that this report is presented in a restricted format, only a discussion / summary of the sales will ensue. We have reviewed all available sales having similar potential utility of use statewide, and due to the limited sales discovered in the past few years of these types of lodges / properties, the limited market data has required the use of non-waterfront locations with similar overall attributes, sizes and potential utilities of use. The comparables analyzed are considered to be the most applicable, with those analyzed being generally similar in size or having a similar oceanfront locations.

From these sales, units of comparison have been extracted and a range established for the indicators. Of note is that other listings and expired listings of similar type properties in the general market were analyzed, however not included due to market characteristics and overall dissimilarities, as their inclusion might misrepresent the subject and our conclusion to value. We have performed an extensive search, and determined that the sales considered in the analysis are the best available of similar style and type properties in the rural / remote adventure / fishing & hunting lodge market, that offer similar full service operations with overnight lodging opportunities as the subject. In that we are only valuing the real property, all of the comparables have been adjusted accordingly to reflect their personal property, FF&E, business value, and specialty licenses, if applicable.

Our search utilized MLS, realty websites specializing in fishing, hunting, and eco-tour lodge type properties, and local area realtors specializing in commercial lodging / tourism properties and larger custom homes and cabins with similar remote locations, and have used these sources to familiarize ourselves with the most relative comparables. Although some of the sales were not operating lodges at their time of sale, they have had a history of lodge uses or are felt to have future potential to operate as a lodging facility, and are overall similar in utility to the subject; therefore, they have been included in the analysis.

The Subject is an above average quality and condition seasonally operated remote lodge facility with an established operating history, with an above average location on the Nushagak River, with seasonal access via boat and float equipped aircraft, and snow-machines in the winter. The overall quality and condition, size, utility and appeal to the market will warrant per unit values above the middle of the range of the market and the comparables analyzed due to the overall quality and condition, positive site attributes, and continued upkeep / good maintenance. The cross section of the comparables analyzed provide us with adequate data from which to make value conclusions, with additional support from historical sales and listings.

Units Of Comparison - Discussion & Analysis

From the data gathered in the Sales Comparison Approach analysis, a number of units of comparison are developed including the price per square foot including land, the price per square foot excluding land, and the price per guest bed. Applying these units of measurement results in value indications for the subject. All of these methods are considered equally reliable depending on the availability of market data. Land values were determined based upon similar sized vacant land transactions in the respective areas. Typically, they ranged from \$50,000 to \$250,000 per site, with the sites ranging in size from approximately 1 acres to 10 acres. In that there is very little private land available in the area, with the majority of land being federally, state, or native owned. We have discovered / analyzed sales and listings of very remote parcels with similar attributes to the subject, with all considered adequate size for remote recreational and commercial properties, and comparable to the subject's 4.0 acre parcel. Of note is that we discovered a one acre, Fee Simple parcel with some depreciated improvements on the lower Nushagak River that reportedly sold for \$275,000. According to the owner, some of the buildings were not in good condition and the buyer did not allocate much value to the buildings. If we make a nominal adjustment for the buildings and site improvements, this 2015 sale provides indicators for analysis.

Sales of the most similar size, more remote parcels with similar boat / plane access and good fishing and hunting opportunities, coupled with the lack of similar fee simple land in the area tend to put upward pressure on the concluded indicators, while the larger parcels located on larger lakes, or inferior rivers tend to set the lower end of the range. The values for the subject site are based on assumptions made based on its location, access, overall amenities, and site attributes. The site value analysis provides the best support, as most buyers are looking for a building site, and can work with many different sizes sites as long as it is adequate size to operate a commercial facility.

Considering all of the site attributes, we have concluded a value toward the upper end of the range, with the positive site characteristics, lack of available / competing land (supply) somewhat offset by the very remote location of the site, limiting the number of potential buyers. We have concluded a value range of \$200,000 to \$275,000 for the subject's 4.0 acre site, with a concluded site value of **\$250,000**. This does not consider any site improvements.

We will be weighing the sales of the improved properties analyzed (comparables) considering the above analysis, with more weight given to those that are most similar to the subject, providing the best per unit indicators. The sales and listings analyzed represent the current state of the remote overnight lodging / hospitality / lodge market, and provide good data for analysis. Less weight in the analysis was given to the listings due to their high indicators. The remaining comparables are felt to provide good indicators and support for our final value conclusion. We will discuss the comparables relationship to the subject in the following section. We have appraised three recent sales of waterfront fishing lodges on with similar overall attributes and characteristics

over the past 12 months, and coupled with the slightly older sales data we have analyzed, the data constitute good data for analysis.

The most applicable sales which provide us with a range of indicators and values are discussed below. The most recent, most similar sale is a full-service lodge we appraised in 2014 on the banks of the Holitna River – “Alaska Adventure Lodge”. The sale occurred fall 2018 with a sales price of \$955,000, owner financing, indicating \$196/SF. The lodge facility consists of a main lodge, six guest cabins and numerous support buildings with a total of 4,868 SF, located on a 25-acre site with a 2,300’ gravel runway providing good access. Overall this is a very good indicator, and although a larger site with a runway, the locational attributes are considered inferior, as well as the overall quality and condition / amenities of the buildings, however provides a very good overall indicator for our analysis.

Another good market indicator is a 2015 sale of a 5-acre site with 3,300 SF of buildings on Lake Clark to the north, with additional access via a 1,500’ airstrip, that sold for \$450,000, indicating \$136/SF. The buildings were overall similar in quality and condition, and the site has access and frontage on Lake Clark and via the airstrip, considered overall superior, however the buildings were similar in quality and condition, providing a good indicator. Another sale discovered was smaller 1,625 SF lodge / home located on the Aniak River near the mouth of the Kuskokwim River on 2-acre site, north of the subject that sold for \$185,000, indicating \$114/SF, smaller and considered inferior location, quality and condition, setting the low end of the range. Another sale discovered was smaller 1,500 SF lodge / home located on the Mulchatna River on a larger 30-acre site, north of the subject that sold for \$330,000, indicating \$220/SF, considered inferior location, quality and condition, however includes a larger site, setting the upper end of the range. Of note is that this property is also currently listed for sale for \$595,000, and since the sale the owner has added an additional building. The adjusted indicators for this current listing are \$170/SF, and better reflect a comparable facility, however it is still considered inferior to the subject.

Another good indicator was a current listing of a home / potential lodge facility totaling approximately 1,800 SF on a 160-acre site on Lake Iliamna in Lonesome Bay, with access and frontage on Lake Iliamna. This is a current listing for \$675,000, and after adjusting downward 15% for the list price ratio, indicates approximately \$320/SF, considered a high indicator as the site is significantly larger than the subject and building is smaller, however is a current listing comparable in close proximity. Another good indicator was a current listing of a home / potential lodge facility totaling approximately 3,000 SF on a 2.02-acre site on Lake Clark, west of Port Alsworth – north of the subject, with access and frontage on Lake Clark. This is a current listing for \$350,000 with almost 4 years on the market, and after adjusting downward 15% for the list price ratio, indicates approximately \$100/SF, considered a slightly low indicator, as quality and condition are overall inferior. The overall per unit indicators range from about \$93/SF to \$220/SF (excluding the extreme outlier), with an average of \$150/SF, providing a reasonable range of comparable price per SF, including land.

Price Per Square Foot Method

In this analysis, a Price Per Square Foot of gross building area is concluded by two methods. In the Price Per Square Foot Excluding Land method, the estimated value of the land at the time of sale is subtracted from the sales price to obtain an adjusted sales price attributable to the building, which is divided by the gross square foot size of the building, then the estimated value of the land is added back in. In the Price Per Square Foot Including Land method, the total sales price derived by the gross square foot size of the building to arrive at a total overall price per square foot. Of note is that all of the per unit indicators for the active listings have been adjusted downward 15% to reflect sales data for these remote lodge properties often being overpriced and the adjustment reflects the average reduction in the sale price vs. the list price of around 15%.

Price Per Square Foot Method – Excluding Land

The most applicable comparable data indicate a range of about \$100 to \$200 per square foot of the improvements, excluding land, with an average of about \$145/SF. The overall average price per square foot is low due to the inferior quality and condition of the majority of the facilities, and considering the subject's size, the concluded indicator will be above the mid-range. The smallest buildings provide the highest per unit indicators, with the subject being a typical size facility, with a similar guest capacity to the comparables, which does NOT include the subject's outbuildings / deck areas, which are overall inferior condition to the main lodge and not included in the GLA. We have attempted to extrapolate the land values from each of the comparables analyzed, leaving us with a good range of per unit values, excluding land – a good indicator.

The comparables range in quality, condition, and utility of use, the majority of which have a similar layout consisting of a main building, with multiple smaller support buildings, and some smaller guest cabin structures, all having comparable remote / rural locations with airplane and boat access only. The subject consists of a main building, numerous smaller guest cabins & numerous support buildings (not included in the GLA), with a favorable location and views overlooking the Nushagak River and surrounding mountains with good southern exposure, with access along a low beach providing good overall access, considered a positive attribute. The buildings have an above average layout on site, considered to be average to above average overall quality and condition.

We have concentrated our search on remote properties with similar guest capacity, similar utility and access, located similar sized sites (adjusted). Other comparables considered include older sales of properties with lake & river front locations located in more remote areas providing additional support, concentrating on those with similar remote locations. Four of the sales analyzed are located in the Lake Clark / Lake Iliamna area of southwestern Alaska, with the remaining comparables located in surrounding remote areas, considered to have similar locational attributes and similar remote / rural locations with similar hunting and fishing opportunities as the subject. We have also reviewed additional sales and recent appraisals we have performed on very similar properties and homes / cabins in regions throughout remote / rural Alaska having similar characteristics, and they provide additional support for the per unit indicators.

The overall age, utility, size and quality / condition of the improvements warrant per unit values above the mid-range of the market and comparables analyzed, with additional positive features being the locational attributes on the Nushagak River, site infrastructure, with offsetting factors consisting of a lower guest capacity / overall size of the subject. The concluded per unit indicators will fall above the mid-range to upper end of the range considering all of the subject's attributes. Our reasoning is supported by the building characteristics, overall site characteristics infrastructure, quality and condition, and smaller building sizes, with views of the surrounding rivers and mountains, with a total capacity of 12-16 guests. We will use the gross living area in our analysis, which does not include the square footage of the sheds and outbuildings.

Therefore, considering the overall quality, condition, layout & design of the subject improvements, and overall characteristics, a per unit value above the mid-range of approximately **\$150 to \$160/SF** of gross living area, excluding land, is considered appropriate. The value of the improvements is calculated as follows.

Overall building area – 5,032 SF X \$150 =	\$754,800
Overall building area – 5,032 SF X \$160 =	\$805,120

The value of the land is based upon site values in similar remote areas in western and southwestern Alaska, considered generally reliable and representative of the site value of the subject site. Considering all of the site attributes and lack of available fee simple land in the Nushagak drainage, we have concluded a value toward the upper end of the range, with the positive site characteristics somewhat offset by the remote location of the site, topography and difficult access limiting the number of potential buyers. We have concluded a value of **\$250,000** for the subjects 4-acre site which is used in our analysis.

Value of the Improvements - (excluding land)	\$ 780,000
Site Value (Incl. site work, etc. + \$25,000)	\$ 275,000
Total Indicated Value	\$1,054,000
	(RD) <u>\$1,055,000</u>

PRICE PER SQUARE FOOT METHOD – INCLUDING LAND

Similarly, the comparable data for comparable sales analyzed indicate a range of \$120 to \$220 per square foot of gross building area, including the land, with an average overall price per square foot of about \$175, again excluding the extreme outliers which were listings of smaller properties on larger lots that indicate very high on a per unit basis. The highest indicators consist of a current listing and the smaller facilities, with the most similar sized, similar condition facilities indicating slightly near the mid-range, with the most similar, most similar size / utility, most applicable comparable – Alaskan Adventures Lodge indicating \$196/SF, providing a very good indicator of value. As discussed throughout the report, the Subject has favorable attributes, with above average quality and condition, favorable location for fishing and hunting, and good views of the surrounding mountains and Nushagak River. The subject has seasonal float & ski plane and boat access only, located about 60 miles northeast of Dillingham, creating

logistical considerations as moving supplies, fuel and people to the site boats and small general aviation airplanes to cabins / homes in summer is often very expensive.

The concluded per unit indicator considers all of these factors, and will be above the mid-range, with similar methodology from the previous section, and considering all of the subject's attributes and offsetting factors. Applying similar rationale used in the previous analysis, and considering all factors, we have concluded an overall price per square foot for the Subject above the middle of the range, due primarily to its building size / utility, quality & condition, and considering the favorable location on the Nushagak River, with a concluded value range of **\$200/SF to \$215/SF, including the land.**

The value calculation is as follows:

Overall building area – 5,032 SF X \$200 =	\$1,006,420
Overall building area – 5,032 SF X \$215 =	<u>\$1,081,880</u>
AVERAGE	(RD) <u>\$1,045,000</u>

Total Indicated Value (RD) \$1,045,000

PRICE PER GUEST CAPACITY METHOD

An additional value indicator for remote cabins / lodges is the price per guest bed. Most lodging operations with the subject's attributes providing similar services are based on either single or double occupancy depending on the size and utility of the guest rooms, some of which share baths, and some with individual baths. The comparables analyzed indicate a range of approximately \$37,500 to \$85,000 per guest bed, with an average of about \$50,000, with all figures based on double occupancy. The subject's capacity is estimated at 12-16 guests based on an occupancy of 2 guests per room, the majority of the guest cabins bathroom facilities, a desired feature in the remote market, putting upward pressure on this indicator. Of note is that we have not considered any potential additional capacity from the newly constructed bunkhouse, which would increase the guest bed capacity, therefore the concluded indicator received additional upward pressure to consider the future potential occupancy in this building.

The majority of comparables analyzed have individual bathrooms, with some of the rooms sharing bath facilities – which is the case for the subject. The comparables guest bed capacity bracket the subject's, with the subject price per guest bed concluded to be above the mid-range considering all of the positive attributes. We have used the actual number of guest beds available, although in most upper end lodges, the capacity is limited to 2 per room. Therefore, the concluded value will be slightly above the mid-range considering all of the subject's attributes. The comparables provide overall support for this indicator, and is consistent with the other approaches.

Based on our analysis of the data discussed above, we have concluded the facility is has an overall good capacity for the market, with private guest rooms and bathrooms, and sufficient support buildings, being in overall average to above average overall condition for the market, therefore the per unit indicators will fall above the mid-range,

and a market supportable value indication of the Subject at **\$60,000 - \$65,000 per guest bed** is deemed appropriate. The indicated value by this method is calculated as follows:

16 guest beds X \$60,000 =	\$ 960,000
16 guest beds X \$65,000 =	\$1,040,000
AVERAGE	(RD) <u>\$ 1,000,000</u>

Total Indicated Value (RD) \$1,000,000

CORRELATION OF THE SALES COMPARISON APPROACH

The three methods used in the Sales Comparison Approach are summarized below:

Price Per Square Foot, <u>Excluding Land</u>	\$1,055,000
Price Per Square Foot, <u>Including Land</u>	\$1,045,000
Price Per Guest Bed Capacity	\$1,000,000

The three methods establish a range of value, and in this case the conclusions of value involved a low spread of indicators of about 5%, with an overall average of about \$1,035,000. All three are generally supportive of one another, and provide a good estimate of value range for the subject, with more weight given to the Price Per SF Excluding Land and Price Per Guest Bed Capacity techniques. The above figures include the depreciated value of the F, F, & E (Furniture, Fixtures & Equipment) on site included in our analysis – estimated at \$40,000, which includes all furniture, beds, kitchen items, and all items necessary to live on site, however does not include specialty personal items, boats, motors, fishing equipment, artwork and any vehicles or specialty tools on site. Additionally, the above values include the depreciated values of the support buildings sheds/shops, and decks on-site. The listing comparables and extreme outliers were not given much weight in the analysis, and the Price Per SF Including Land is given less weight as this includes significant differences in site values, accounted for in the Price Per SF Excluding Land technique which is given most weight.

Of the three techniques utilized in this approach, all are considered generally supportive and provide a reasonable range of values for the subject. The price per square foot Excluding Land allows for the differences in the site and quality of the improvements, as well as the differences among the improvements, which is typically a better indicator of value, therefore given most weight. The price per guest bed provides an additional indicator, however due to the variances in guest bed counts, shared bath vs. private bath, occupancy differences of the comparables, this indicator has more variables, therefore it is given slightly less weight. The Price Per Square Foot, Including Land, is often considered the weakest indicator in valuing remote lodge properties in that there are frequently significant differences between the underlying site values that are not reflected in this technique, and in this case it is overall supportive however a low indicator, as the sites have varying underlying land values.

A reliable value for the subject is concluded to be between \$1,045,000 - \$1,055,000, with an overall average of \$1,050,000. The final value range is considered to be well supported and falls within the range of the methods, and considering the overall condition of the buildings, the most probable value is near the mid-range, with offsetting positive factors of the location and site attributes offset by the softening state of the remote lodging market, which has seen increased marketing times, lower list price to sales price ratios, and less demand in the market for this type of product. Based on our analysis of the current market data, we conclude market value range by the Sales Comparison Approach for the Subject, "As-Is" follows:

**Concluded Value Sales Comparison Approach
\$1,050,000**

This estimate includes F, F, & E estimated at \$40,000 associated with the existing lodge facility, with \$1,010,000 attributed to the real property. No personal property, boats, gear or equipment are included in this analysis.

GENERAL LIMITING CONDITIONS AND ASSUMPTIONS

This Report is subject to the following general limiting conditions and assumptions:

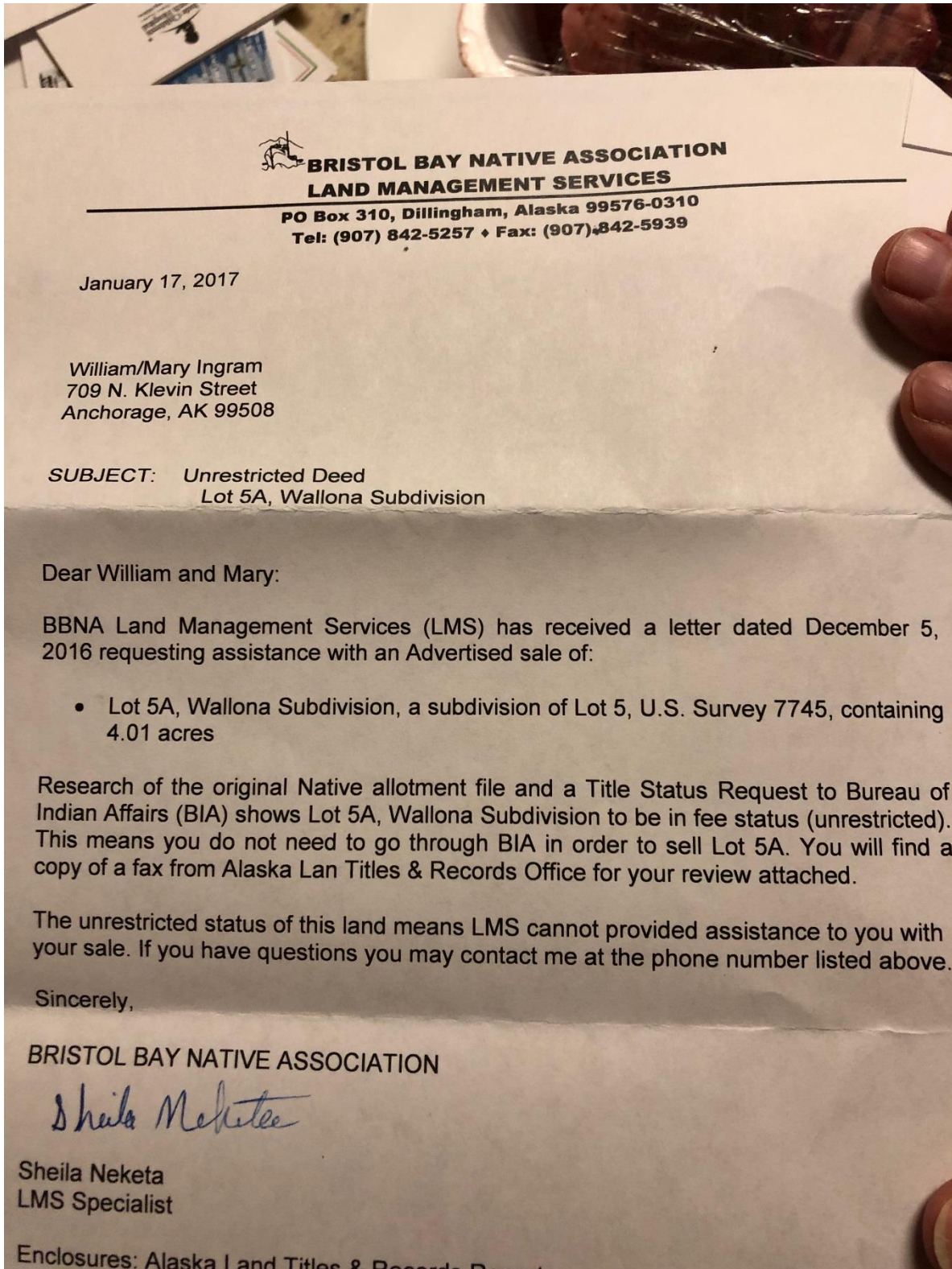
1. This Appraisal Report sets forth all the limiting conditions affecting the analysis, opinions and conclusions contained in this Report.
2. Unless otherwise stated in this Report, the property is appraised as though owned in fee simple estate and the property is appraised free and clear of any or all liens and encumbrances. No responsibility is assumed for legal or title considerations.
3. All dimensions and legal descriptions are assumed to be correct as found through provided records. No engineering survey has been made by the appraiser(s). Except as specifically stated, data relative to size and area was taken from sources considered reliable. No encroachment of real property improvements is assumed to exist.
4. The information used and the data furnished in this Report is believed to be reliable, but no warranty is given or implied. If any errors in the data are found, the right is reserved to modify the conclusions reached.
5. Various approaches to value, various techniques, and various mathematical calculations may have been used in estimating value. These are only aids to the formulation of the final value estimate expressed by the appraiser(s).
6. The data and conclusions contained in this Report are a part of the whole valuation, and no part of this appraisal is to be used out of context. The allocation of total value to land, buildings, or any fractional part or interest as shown in this Report, is invalidated if used separately.
7. Disclosure of the contents of this Appraisal Report is governed by the By-Laws and Regulations of the Appraisal Institute. Possession of this Report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser(s) and, in any event, only with proper written qualification and only in its entirety.
8. Neither all nor any part of the contents of this Report (especially any conclusions as to value, the identity of the appraiser(s) or the firm with which he is connected, or any reference to the Appraisal Institute) shall be disseminated to the public through advertising, public relations, news, sales, or any other public means of communication without the prior written consent of the author.
9. The date of value for the opinions expressed in this Report is the date of valuation as stated in the Report. The appraiser(s) assumes no responsibility for economic


or physical factors occurring at some later date which may affect those opinions.

10. No opinion is intended to be expressed for legal matters or matters that require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers.
11. The maps, plats and exhibits included are for illustration only, as an aid in visualizing matters discussed in the Report. They should not be considered as official surveys or relied on for any other purpose.
12. No opinion is expressed as to the value of subsurface oil, gas, or mineral rights.
13. Unless otherwise stated, no detailed soil studies covering the subject property were available to the appraiser(s). It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
14. Employment to make this appraisal does not require testimony in court unless mutually satisfactory arrangements are made in advance. In the event of litigation, the client agrees to compensate the appraiser(s) for the court preparation, testimony and appearances.
15. This Appraisal, or any information contained herein, is not to be used in a syndication or limited partnership.
16. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in this Report.
17. It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this Report are based.
18. Unless otherwise stated in this Report, the Subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability or utility.

19. Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.
20. Responsible ownership and competent management are assumed unless otherwise stated in this Report.
21. No personal property is included in the valuation of the subject property. All personal property present in the operation of the subject facility is specifically excluded from the valuation conclusions.
22. Unless otherwise stated in this Report, the existence of hazardous materials (which may or may not be present on the property) was not observed by the appraiser(s). The appraiser(s) has no knowledge of the existence of such materials on or in the property. The appraiser(s), however, is not qualified to detect such substances. The presence of potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such hazardous material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
23. In general, property in Alaska is within a geographic area prone to earthquakes and other seismic disturbances. Except as specifically indicated in the report, no seismic or geologic studies have been provided to the appraiser(s) concerning the geologic and/or seismic condition of the property. The appraiser(s) assume no responsibility for the possible effect on the subject property of seismic activity and/or earthquakes.
24. Acceptance and use of this Report implies that the client has read the Report and agrees with all the limiting conditions and assumptions. It is further understood and agreed that any controversy or claim arising out of or relating to this assignment, including but not limited to a claim based upon or arising from an alleged tort, will, at the request of any party, be determined by arbitration. The arbitration shall be conducted in accordance with the United States Arbitration Act (Title 9, U.S. Code, Section 1, et seq.), notwithstanding any governing law provision in this Agreement, and under the Commercial Rules of the American Arbitration Association. The institution and maintenance of an action for judicial relief or pursuit of a provisional or ancillary remedy shall not constitute a waiver of the right of any party to submit the controversy or claim to arbitration.

Unrestricted Deed Letter



 **BRISTOL BAY NATIVE ASSOCIATION
LAND MANAGEMENT SERVICES**

**PO Box 310, Dillingham, Alaska 99576-0310
Tel: (907) 842-5257 ♦ Fax: (907) 842-5939**

January 17, 2017

William/Mary Ingram
709 N. Klevin Street
Anchorage, AK 99508

**SUBJECT: Unrestricted Deed
Lot 5A, Wallona Subdivision**

Dear William and Mary:

BBNA Land Management Services (LMS) has received a letter dated December 5, 2016 requesting assistance with an Advertised sale of:

- Lot 5A, Wallona Subdivision, a subdivision of Lot 5, U.S. Survey 7745, containing 4.01 acres

Research of the original Native allotment file and a Title Status Request to Bureau of Indian Affairs (BIA) shows Lot 5A, Wallona Subdivision to be in fee status (unrestricted). This means you do not need to go through BIA in order to sell Lot 5A. You will find a copy of a fax from Alaska Land Titles & Records Office for your review attached.

The unrestricted status of this land means LMS cannot provide assistance to you with your sale. If you have questions you may contact me at the phone number listed above.

Sincerely,

BRISTOL BAY NATIVE ASSOCIATION

Sheila Neketa

Sheila Neketa
LMS Specialist

Enclosures: Alaska Land Titles & Records Department

QUALIFICATIONS OF APPRAISER
CLINT H.A. LENTFER, MBA

EDUCATION:

University of Wyoming
University of Alaska Anchorage

- BA Business Management (1995)
- MBA Business Administration (2000)

EXPERIENCE:

1997 to
2010: Certified General Real Estate Appraiser / Consultant, Appraisal Company of Alaska

2010 to Present: Partner / Owner, Alaska Appraisal & Consulting Group, LLC

QUALIFICATIONS:

21 years' experience in real estate appraisal work for local and national mortgage lending institutions. Residential properties include single-family residences, multi-family income properties, remote properties. Commercial properties including: remote fishing & hunting lodges, apartment buildings, warehouses, large and small retail and office complexes, and commercially zoned vacant land. Qualified expert witness in State of Alaska Supreme Court. Board of Directors & Treasurer Alaska Chapter Appraisal Institute. Appointed Board Member of Certified Real Estate Appraisers for the State of Alaska. Commercial Contract tax assessment work for Various State of Alaska Municipalities.

ACCREDITATIONS, COURSES AND LICENSES:

- State of Alaska - Certified General Real Estate Appraiser Certificate, AA-506
- FHA/HUD Approved Appraiser
- Course 311 - Residential Modeling Concepts
- Course 101 - Fundamentals of Real Property Appraisal
- Course 151 - Standards of Practice and Professional Ethics
- Course 112 - Income Approach to Valuation II
- Course 520 – Highest & Best Use and Market Analysis
- Course 530 – Advanced Sales Comparison
- Course 540 – Narrative Report Writing & Valuation Analysis
- Course 550 – Advanced Applications
- FEMA Floodplain Management Workshop 2000
- The Technical Inspection of Real Estate, The Beckman Company
- Land Valuation Assignments, Adjustment & Procedures
- Effective Banker – Appraiser Communication
- Subdivision Valuation - Seminar
- Appraisal of Local Retail Properties – Seminar
- Advanced Income Capitalization

License #: APRG506
Effective: 05/17/2017
Expires: 06/30/2019

STATE OF ALASKA
Department of Commerce, Community, and Economic Development
Division of Corporations, Business, and Professional Licensing
Real Estate Appraisers

Licensee: **CLINT HERMAN LENTFER**

License Type: **Certified General Real Estate Appraiser**

Status: **Active**

Commissioner: Chris Hladick

Relationships

RelationType	License #	LicenseType	Owners/Entities	Names/DBA
No relationships found.				

Designations

Type	Group
No designations found.	