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November 25, 2008

Alan Black, Owner
Kent Sidehill LLC
318 1st Avenue S, #205
Seattle, WA 98104

Re: Summary Appraisal of two vacant parcels located west & southwest of the intersection of S 208th Street & S 212th Way, Kent, WA

Dear Mr. Black:

In accordance with your request, we have employed all applicable methods of appraisal analysis required and submit this analysis within the following summary report format. This format is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Practice for a summary appraisal report, and the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Foundation.

The purpose of this appraisal is to estimate the market value of the subject property, as defined herein.

The evidence best supports a market value of the As Is fee simple interest in the subject property as of November 7, 2008, of:

PARCEL A

EIGHT HUNDRED EIGHTY THOUSAND DOLLARS

\$880,000

Parcel B

ONE HUNDRED FIFTY THOUSAND DOLLARS

\$150,000

The appraisal is subject to the General Certification, Special Assumptions, General Assumptions, and Limiting Conditions contained within this report. Thank you for the opportunity to be of service. If you have any questions regarding this appraisal, please feel free to contact us.

Sincerely,

Glenn L. Price, Appraiser
Certified General R.E. Appraiser, WA
Certification No. 1101927

James B. Price, MAI, SR/WA
Certified General R.E. Appraiser, WA
Certification No. 1100229

CERTIFICATION

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

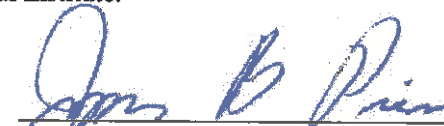
1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics, the Standards of Professional Appraisal Practice of the Appraisal Institute, and the Uniform Standards of Professional Appraisal Practice (USPAP).
8. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
9. I, Glenn L. Price, Appraiser, and I, James B. Price, MAI, SR/WA, have made a personal inspection of the property that is the subject of this report.
10. No one has provided significant real property appraisal assistance to the persons signing this certification.
11. The use of this report is subject to the requirements of the Appraisal Institute regarding review by its duly authorized representatives.
12. As of the date of this report, James B. Price, MAI, SR/WA has completed the requirements under the continuing education program of the Appraisal Institute.



Glenn L. Price, Appraiser

November 25, 2008

Date



James B. Price, MAI, SR/WA

November 25, 2008

Date

SUMMARY OF FACTS AND CONCLUSIONS

Subject Property

Parcel A is 1,208,354 square feet located southwest of the intersection of S 208th Street and S 212th Way in Kent and Parcel B is a 126,769-square-foot parcel located south of the intersection of S 208th Street and S 212th Way in unincorporated King County, across S 212th Way from Parcel A.

Improvements

The property is unimproved.

Parcel Size

The subject site has a total of 1,335,123 square feet or 30.65 acres.

Zoning

Parcel A is zoned SR-1 (Residential Agricultural) by the City of Kent and Parcel B is zoned R8 (Single-Family Residential 8 lots per acre) by King County.

Date of Appraisal

November 7, 2008

Date of Inspection

November 7, 2008

Highest and Best Use

Given our analysis of the properties we have come up with the following conclusions. Parcel A, due to the extent of wetlands, creek, landslide soil types, and steep slopes with buffers, could possibly be developed with 16 clustered lots with the remaining area as open space. Parcel B, considering steep slopes, creek, wetland, and buffer areas could be developed with one single-family residence.

Value Estimates by Each Approach

| | |
|-------------------------------------|-------------------------|
| Cost Approach | Not Applicable |
| Sales Comparison Approach: Parcel A | \$880,000 |
| Sales Comparison Approach: Parcel B | \$150,000 |
| Income Capitalization Approach | Not Applicable |
| Appraised Value: Parcel A | <u>\$880,000</u> |
| Appraised Value: Parcel B | <u>\$150,000</u> |

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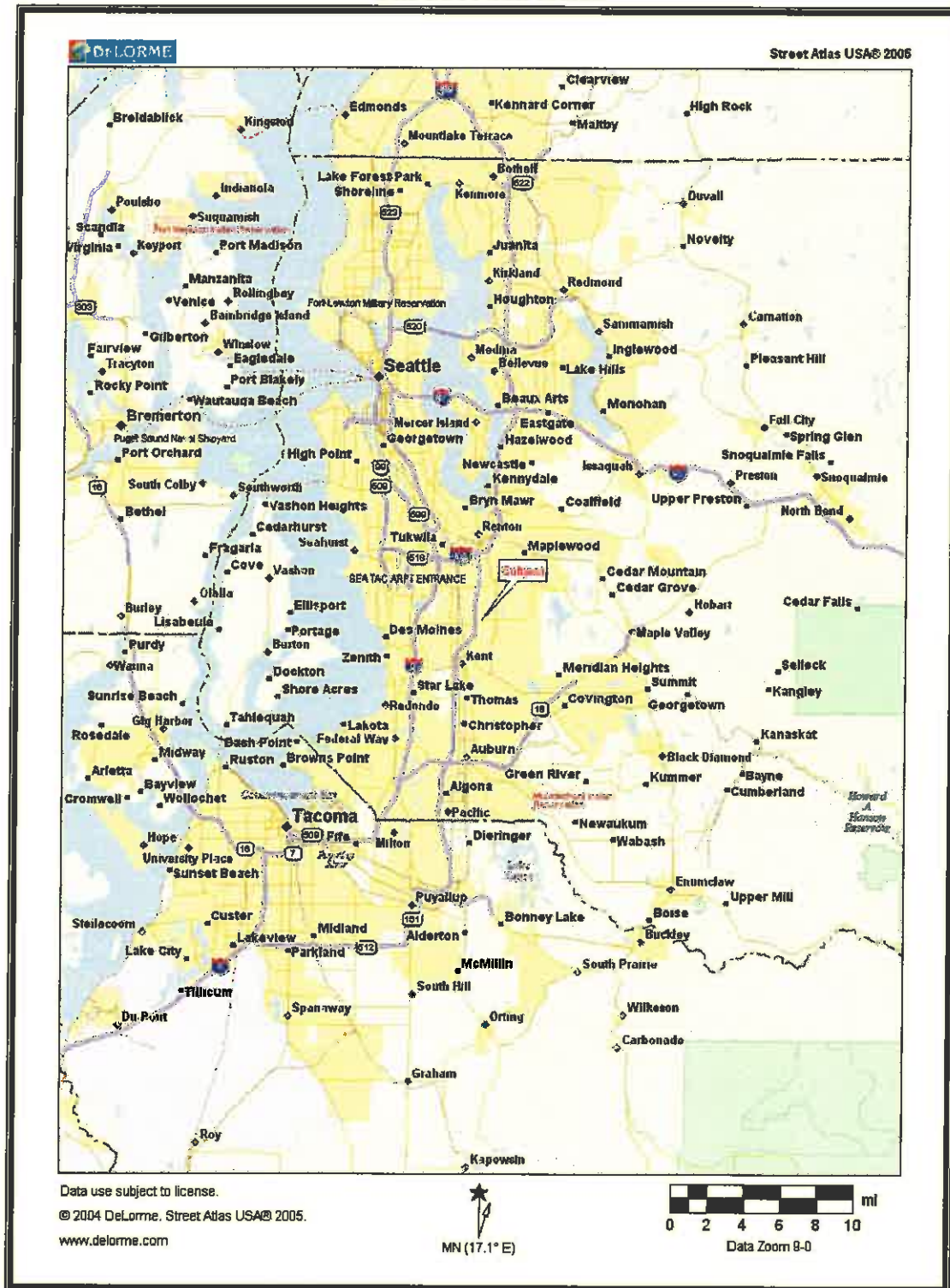
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- NEIGHBORHOOD MAP
- PARCEL MAP
- ENVIRONMENTAL MAP
- LANDSLIDE HAZARD AREA MAP
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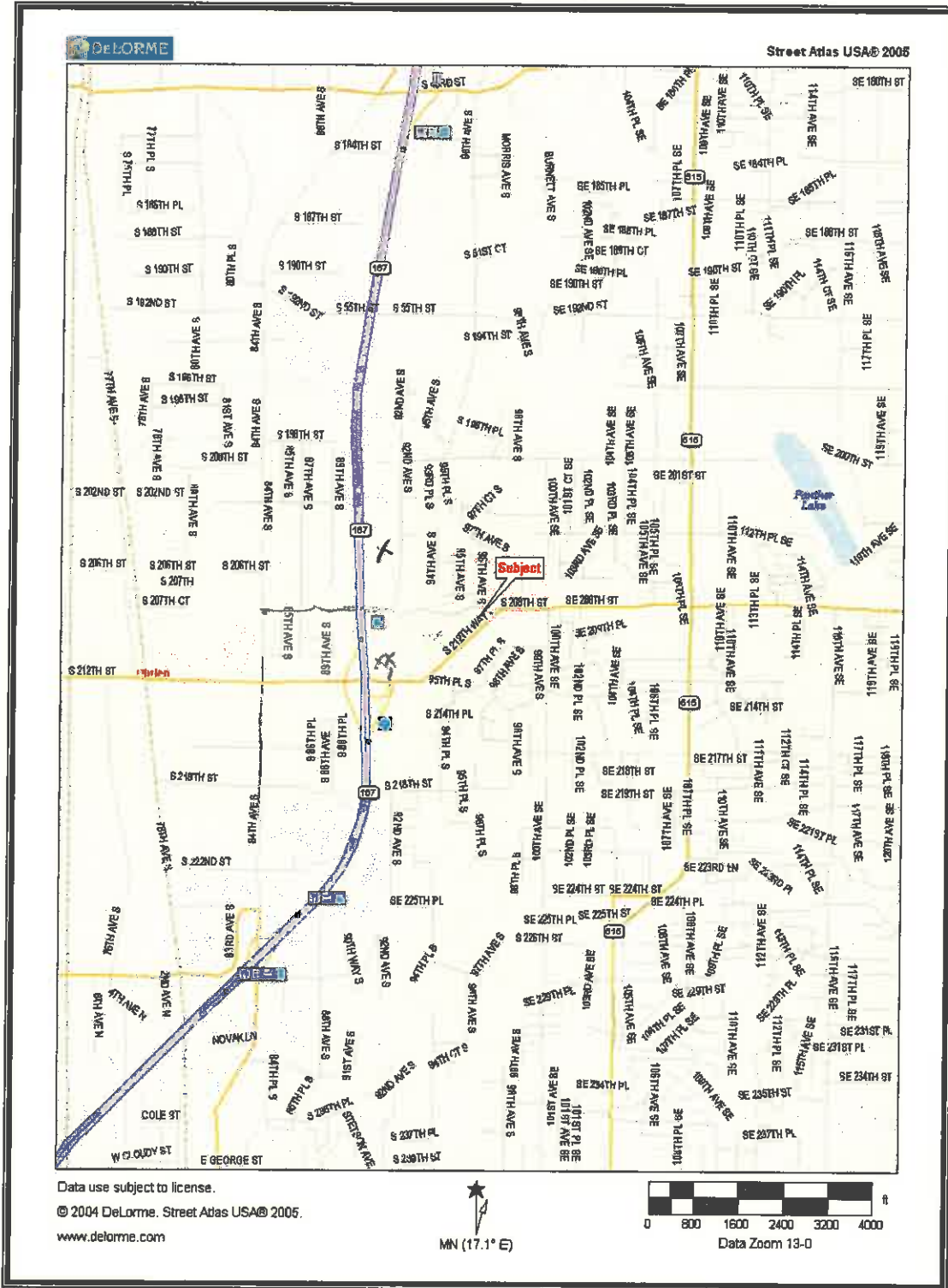
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REGIONAL MAP



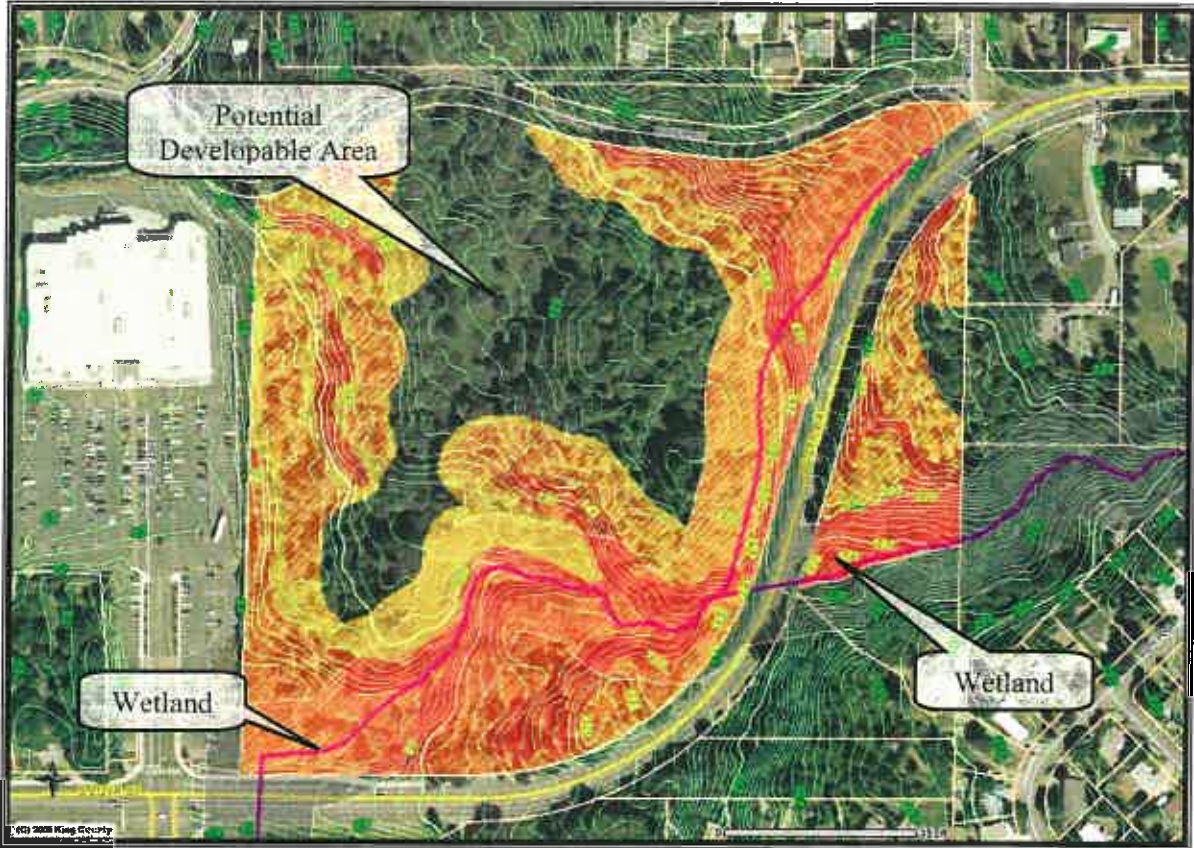
NEIGHBORHOOD MAP






PARCEL MAP



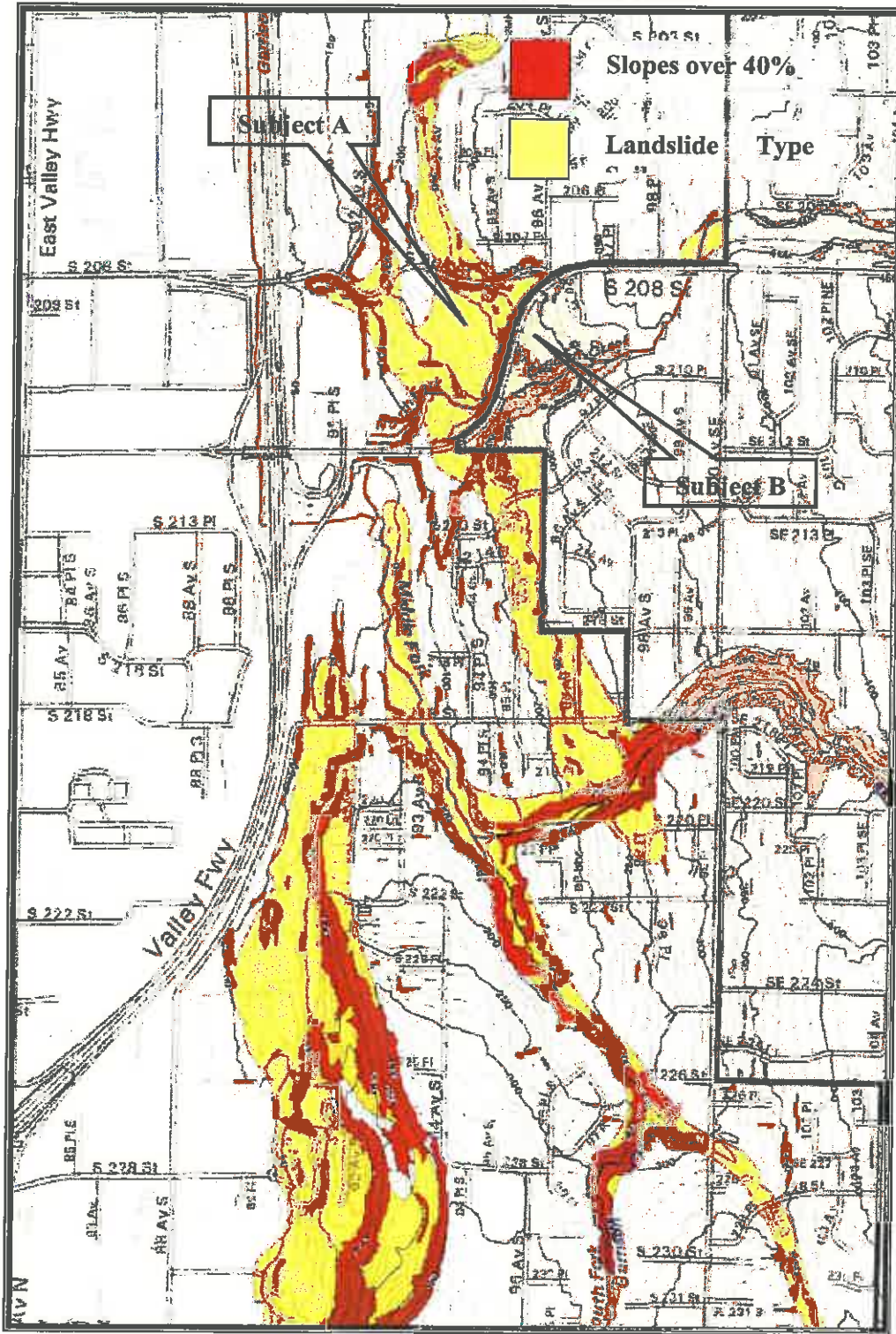
ENVIRONMENTAL MAP



This map has been prepared based on the City of Kent Landslide Hazard Area Map, City of Kent Critical Areas Map, and conversations with the City of Kent. This map is provided for illustrative purposes and is not completely to scale or guaranteed to be completely accurate.

-  Steep Slopes
-  Slope Buffer (can be 50 to 125 feet from the toe or the head of the slope, shown with 100 feet)
-  Garrison Creek (surrounded by 100 foot buffer)

LANDSLIDE HAZARD AREA MAP



WETLAND MAP



SUBJECT PHOTOGRAPHS



Looking SW on S. 212th Way From the NW Edge of Parcel B (Left)
with Parcel A to Right Across Road



Middle of Parcel B, Looking West

SUBJECT PHOTOGRAPHS



Looking Northeast From the East Boundary of Parcel B Towards the NE Corner



Looking East on S 208th Street From the North Border of Parcel A

SUBJECT PHOTOGRAPHS



Looking West From the North Edge of Parcel A Towards the NW Corner



Looking South From the Northern Border of Parcel A

SUBJECT PHOTOGRAPHS



Looking NE at Southwest Corner of Parcel A (Across Intersection in the Middle)

PROPERTY IDENTIFICATION - DESCRIPTIVE DATA

IDENTIFICATION

Property Identification

Parcel A is 1,208,354 square feet located southwest of the intersection of S 208th Street and S 212th Way in Kent and Parcel B is a 126,769-square-foot parcel located south of the intersection of S 208th Street and S 212th Way in unincorporated King County, across S 212th Way from Parcel A.

Ostensible Owner

According to public records, title to the subject property is currently held by Kent Sidehill LLC.

Legal Description

Parcel A: A portion of the northwest $\frac{1}{4}$ of the northeast $\frac{1}{4}$ of Section 07, Township 22, Range 05 lying northwesterly of South 212th Way except for that portion within South 208th Street.

Parcel B: Lot 4, King County Short Plat 776037 Recording Affidavit No. 7701210612 of said plat defined as follows: The portion of the northwest $\frac{1}{4}$ of the northeast $\frac{1}{4}$ lying easterly of South 212th Way.

Date of the Inspection

November 7, 2008

Effective Date of the Appraisal

November 7, 2008

Function of the Appraisal Report

The function of the appraisal is to provide Kent Sidehill LLC with the As Is market value of the specified subject real property to use as an aid for acquisition analysis.

Disclosure of Client and Intended User(s)

The term **client** is defined in *Uniform Standards of Professional Appraisal Practice*, 2008 edition as: "The party or parties who engage an appraiser (by employment or contract) in a specific assignment."

The term **Intended User(s)** is defined in *Uniform Standards of Professional Appraisal Practice*, 2008 edition as: "The client and any other party as identified, by name or

type, as users of the appraisal, appraisal review, or appraisal consulting report, by the appraiser on the basis of communication with the client at the time of the assignment."

This report is intended for use only by Kent Sidehill LLC. Use of this report by others is not intended by the appraisers.

Disclosure of Client's Intended Use

The term **Intended Use** is defined in *Uniform Standards of Professional Appraisal Practice*, 2008 edition as:

"The use or uses of an appraiser's reported appraisal, appraisal review, or appraisal consulting assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment."

The intended use of this appraisal is to establish the market value of the subject real property for possible donation to a non-profit agency.

Property Rights Appraised

The subject consists of vacant land. The subject property is valued assuming that it is available for sale on the open market on a fee simple interest basis.

Scope of the Appraisal

The scope of the appraisal assignment included the following tasks:

- An inspection of the subject property and comparable sales data considered,
- An analysis of the subject property's physical, locational, and investment characteristics,
- An investigation and evaluation of market characteristics and trends,
- The collection and analysis of pertinent data,
- The development of a conclusion as to the market value of the property through the application of all three approaches to value.

The value conclusions contained in this report are based upon review and analysis of market conditions affecting real property value, with primary consideration of physical and site characteristics influencing the subject property, and with emphasis on recent sales and listings of generally similar property type, and the attributes of competitive properties. This information has been obtained from CoStar Comps, MetroScan, public records, real estate brokers, property managers, buyers and sellers, County Assessor's records, the Appraisal Group of the Northwest Seattle market database, personal inspections, and interviews with owners and various market participants. The subject and comparable properties have been inspected and photographed.

This is a summary appraisal report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a summary appraisal report. As such, it presents only summary discussions of the data, reasoning and analyses that were used in the appraisal process to develop the appraisers' opinion of value. Supporting documentation concerning the data, reasoning and analyses is retained in the appraisers' file. The depth of discussion contained in this report is specific to the needs of the client and to the intended function stated previously. The appraisers are not responsible for unauthorized use of this report.

Purpose of the Appraisal

The purpose of this appraisal is to estimate the fee simple market value in the subject real property. This market value conclusion is based upon the assumption that the property is available for sale on the open market for a reasonable amount of time as defined in final reconciliation.

Definitions

Market Value:

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

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

Fee Simple Interest

Fee simple estate is 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.

¹ 12 CFR 323, Federal Register, Volume 55, No. 161, August 20, 1990

Disclosure of Competency

The appraisers' qualifications in the Addenda provide evidence that we are well-qualified for this assignment. We have completed appraisal assignments for valuing properties similar to the subject in and around the State of Washington.

GENERAL ASSUMPTIONS

This appraisal is contingent upon the following assumptions:

1. The legal description is correct, and title to the property is good and marketable.
2. The title to the property is free and clear of liens or encumbrances.
3. The property has responsible owner(s) and competent property manager(s).
4. The information furnished by others is reliable, but no warranty is given for its accuracy.
5. All engineering is correct. (The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.)
6. There are no hidden, unapparent conditions of the property, subsoil, or structures that render it more or less valuable. This includes any toxic waste or asbestos insulation that may be present. We take no responsibility for such conditions or for arranging for engineering studies that may be required to discover them.
7. There is full compliance with all applicable federal, state, and local environmental regulations and laws.
8. The property conforms to all applicable zoning and use regulations and restrictions.
9. All required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value contained in this report is based.
10. The use of the land and improvements is within the boundaries or property lines of the property described and there is no encroachment or trespass.
11. We did not observe any hazardous materials, which may or may not be present, on the property. We have no knowledge of the existence of such materials on or in the property, but are not qualified to detect such substances. The presence of such substances as asbestos, urea-formaldehyde foam insulation, and other potentially hazardous materials may affect the value of the property. The opinion of value is formulated under the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them.

Extraordinary Assumption

The valuation of Parcel A is based on the extraordinary assumption that 16 lots are possible on the site, taking into consideration the development issues due to wetlands, steep slopes, creek and buffer areas.

LIMITING CONDITIONS

This appraisal report is subject to the following conditions:

1. Any allocation of the total value estimated in this report between the land and the improvements, if any, applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used. Any value estimates provided in the report apply to the entire property, and any proration or division of the total into fractional interests will invalidate the value estimate, unless the proration or division of interests has been set forth in the report.
2. Possession of this report, or a copy thereof, does not carry with it the right of publication.
3. No appraiser, by reason of this appraisal, is required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless prior arrangements have been made.
4. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of any appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.
5. Appraisal Group of the Northwest and its associate appraisers and employees assume liability only to the client and only up to the amount of the fee actually received for this assignment.
6. Appraisal Group of the Northwest and its associate appraisers and employees are not responsible for any costs incurred to discover or correct any deficiency in the property. If a lawsuit is instigated by a lender, partner, part owner in any form of ownership, tenant, or any other party wherein this report is used in evidence; in the disposition of any and all awards, settlements, or cost, regardless of outcome, Appraisal Group of the Northwest and its associate appraisers and employees will be held completely harmless.
7. The map provided by the client was used to ascertain the physical dimensions and area of the property. Should a survey prove this information to be inaccurate, it may be necessary for this appraisal to be adjusted.
8. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply-and-demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.

REGIONAL DATA

The Central Puget Sound Region consists of four counties located in Western Washington from the Kitsap peninsula west of Puget Sound to the western slopes of the Cascade Range. This strip varies in width from 30 to 50 miles, with the length approximately 100 miles. The four counties in this region - Snohomish, King, Pierce and Kitsap - contain approximately 9% of Washington State's land area and 55% of its population.

Population

The population of the central Puget Sound region grew to an estimated 3,633,000 by April 2008, an increase of 50,100 persons or 1.4% over the previous year. King County has the greatest concentration of population in Washington State with an estimated 2008 population of 1,884,200. This county's largest city, Seattle, has approximately 592,800 residents. Snohomish County, to the immediate north of King County, has a population of 696,600 with its largest city, Everett, at 102,300 residents. Pierce County, adjoining King County on the south, has a population of 805,400. The largest city in this county, Tacoma, has 202,700 residents. Kitsap County, which is located across Puget Sound from Seattle, has a population of 246,800. Bremerton's current population is close to 36,860, and is home to Puget Sound Naval Shipyard, and Bremerton Shipyard and Bremerton Annex of Naval Base Kitsap. The other cities in the county, Port Orchard, Poulsbo, and Bainbridge Island, have continued to grow as more people move to the Kitsap peninsula. The Washington State Ferries, as part of the state highway system, provide commuters from Kitsap County access to the employment markets of the greater Seattle Metropolitan Area.

The trend in population growth from urban centers to suburban and outer areas has been reversing in recent years. Legislative attempts to deal with problems associated with growth and sprawl resulted in the Growth Management Act passed in 1990. Urban areas are providing attractive urban multi-family living and, as traffic worsens and fuel costs continue to rise, more people want to take advantage of shorter commute times. A greater emphasis on exercise for general health has also sent many residents back to cities with more pedestrian-friendly neighborhoods. The City of Seattle has recently passed new zoning laws to encourage higher density in the downtown area. Reducing growth in non-urban areas has been addressed recently in King County by the Critical Areas Ordinance recently passed, which has been hotly debated among rural residents.

Topography and Climate

The Cascade Mountains divide the western part of Washington State from the colder winters and hotter summers of Eastern Washington. The Olympic Mountains to the west protect the Puget Sound basin from the heavy rainfall and high winds along the coast. Consequently, the area has a relatively mild climate year-round with average daytime temperatures between 46° and 75° Fahrenheit, and an average annual rainfall of 41 inches.

Economy and Employment

Washington State continues to have the highest minimum wage in the United States. While the Puget Sound region has been affected by the downturn in the economy, the local economy is still growing, although at a much slower rate. More than 1.879 million wage and salary jobs were reported in May 2008. This represents a 1.62% increase from the 1.849 million wage and salary jobs reported in May 2007. This shows a slight moderation in the pace of job growth from the increase of 2.7% from May 2006 to May 2007.

| Area | May-07 | May-08 | Job Growth |
|----------------------------------|-----------|-----------|------------|
| Snohomish County | 348,523 | 354,070 | 1.59% |
| King County | 1,022,818 | 1,036,275 | 1.32% |
| Tacoma MSA (Pierce County) | 360,124 | 371,696 | 3.21% |
| Bremerton MSA (Kitsap County) | 117,700 | 117,000 | -0.59% |
| Puget Sound Region | 1,849,165 | 1,879,041 | 1.62% |
| Washington State | 3,216,200 | 3,283,620 | 2.10% |

King County gained almost 13,500 jobs, which was a 1.32% increase from 2007 to 2008, and accounted for a 45% share of the regional jobs increase. The Tacoma MSA added over 11,500 jobs to the region, and employment grew the most in percentage in the region due to investment in economic revitalization, transportation, port facilities, and tourism. The growth in Snohomish County's employment rate mirrored that of the more populated King County. Snohomish County benefits from Boeing's new 787 Dreamliner program in Everett. Due to the closure of military bases around the country, and the consolidation of resources and troops, Puget Sound has benefited due to the Naval Base Bangor in Kitsap County, McChord Air Force Base and Fort Lewis in Pierce County, and Naval Station Everett in Snohomish County, the Navy's most modern facility.

The aerospace industry continues to provide the greatest number of the area's jobs, with the Boeing Company, the world's largest aircraft manufacturer, employing over 76,600 in the Puget Sound region. Although Boeing did move their headquarters out of Washington State, the commercial manufacturing division is still located in the Puget Sound area. Everett was chosen as the final assembly point of the new 787 Dreamliner. Plus, with new orders for the 737 which is manufactured in Renton, Washington, more hiring was required at that site. Boeing has logged more than twice the number of airplane orders of Airbus, and also continues to add employees to the aerospace industry. There has been a recent pattern established of adding 1,000 workers quarterly. Although Boeing's dominance in the economy has declined as growth has increased in such sectors as international trade, computer and medical technology, tourism, and natural resources, its size and influence on the Puget Sound Region is still significant.

The following table illustrates the top 20 employers in Washington State, the majority of which are in the Puget Sound region:

| Top Employers (full-time only) | | | |
|--------------------------------|----------------|-----------------------------|----------------|
| Company | # of Employees | Company | # of Employees |
| The Boeing Company | 76,659 | Costco Wholesale Corp. | 7,416 |
| Microsoft Corporation | 33,223 | Washington State University | 7,118 |
| University of Washington | 24,442 | Weyerhaeuser Company | 7,077 |
| Wal-Mart Stores, Inc. | 16,597 | Washington Mutual Inc. | 7,000 |
| Naval Base Kitsap | 15,268 | Group Health Cooperative | 5,731 |
| Providence Health & Services | 14,838 | Bank of America | 5,537 |
| King County Government | 12,678 | Macy's Northwest | 5,448 |
| Fred Meyer Stores | 11,800 | Nordstrom Inc. | 5,437 |
| City of Seattle | 9,798 | Quality Food Centers (QFC) | 5,400 |
| Alaska Air Group, Inc. | 8,030 | Home Depot, Inc. | 5,200 |

*Puget Sound Business Journal Book of Lists 2008; www.boeing.com

Since companies here sell into national markets, the state of the national economy has a bearing on the local economy. Due to the subprime lending defaults, the national economy appears headed for a recession. The economy of the Puget Sound region is also slowing, but not at the same rate. The recent sale of Safeco Insurance, considered one of the dominant public companies in the nation, may be a sign of further economic contraction. Yet according to John Markoff of the New York Times, Seattle Bureau (Seattle Taps its Inner Silicon Valley; 02/08/08), the Seattle area is one of the prime areas for start-up companies, and in the past 12 years, venture capital investment has more than tripled, to about \$1 billion annually. This, as well as the established companies such as Boeing and Microsoft, have and will continue to insulate this region from some of the financial troubles that are occurring in other areas of the country.

Import/Export Trade

Washington State is the most trade-dependent state in the nation - one out of three jobs is related to international trade. The 2007 budget proposed operating revenues of \$442.7 million and total operating expenses of \$249.7 million. The Capital Budget was \$684.1 million and represented the first year of the Port's 2007-2011 Capital Improvement Plan, which totals \$2.2 billion.

About 70 percent of the Port of Seattle's containerized cargo originates in or is destined for regions of the country outside the Pacific Northwest, making Seattle a

trade gateway of regional, national and international significance. The Port is a municipal corporation originally created in 1911, by the voters of King County. It is a public enterprise with unique authority operating in an international, market-driven environment. The Port of Seattle's vision "is to be the most effective and respected provider of transportation facilities and services to promote international trade and commerce, and to be the best publicly-owned catalyst for sustained regional prosperity in the nation. Our services and facilities accommodate transportation of cargo and passengers by air, water, and land, provide a home for the fishing industry; and foster regional economic vitality and a quality life for King County citizens."²

Maritime Industry

The Ports of Seattle and Tacoma have developed modern containerized cargo facilities and have become world-class facilities that are responsible for 85.45% of total vessel trade in Washington State, combined, moving the 2nd largest container load center in the Western Hemisphere and the eleventh largest in the world. This area is ideally positioned to connect the northern half of the United States with Alaska and the Pacific Rim countries. Puget Sound is a full day closer in sailing time to most Asian ports than Los Angeles and Long Beach. The top five trading partners with the Port of Seattle in 2007 were China, Japan, South Korea, Taiwan, and Indonesia, with a combined value of imports and exports of over \$31 billion.

In 2007, 1,973,504 TEUs (twenty-foot equivalent units) crossed the Port's docks. Year-to-date in 2008, the international TEUs amount of 1,025,579 (as of July 2008) reflects an 8% decrease over July 2007. However, the Port has invested nearly \$1 billion in its maritime facilities and infrastructure over the past 12 years. Facilities at Terminal 46 in Seattle recently underwent a \$12.5 million upgrade, and now have state-of-the-art electronic cargo-handling equipment to move freight from Hanjin's worldwide shipping operations. Hanjin Shipping recently signed a lease keeping them at their present location through 2015, with options for an additional 10 years. China Shipping announced in April 2008 that they will be expanding their Seattle container service, moving to the new Terminal 30 from Terminal 18 in Spring 2009. The Port of Seattle recently completed a major \$20 million modernization project of the 35-acre Terminal 25 for Matson Navigation. Charlie Sheldon, Seaport Managing Director recently acknowledged the challenges facing seaports in the current economy, but in the Port of Seattle newsletter, Cargo News, he pointed out that the city, county and state have joined the Port in making improvements to road connections, creating what is the best interstate access of any West Coast port. When the SR 519 project is completed in late 2010 to early 2011, it will eliminate at-grade rail crossings, increase freight capacity on Atlantic Street and improve access between the Port's marine terminals and Interstates 5 and 90. The East Marginal Way grade separation project, with an estimated completion date in mid-2010, will separate road and rail traffic south of the Port's cargo terminals and improve access to the warehouse district in south Seattle and the

² www.maritimeheritage.net

Kent Valley, where more than half of all of the warehouse and distribution space in King, Pierce and Snohomish counties is located.

To the south in Pierce County, the Port of Tacoma approved a five-year capital improvement plan implemented between 2003 and 2007. The Port of Tacoma is spending up to \$341 million on new projects and investments to meet the needs of its existing customers and to attract additional new customers. More than 28,400 jobs in Pierce County are related to Port of Tacoma activities. The Port invested \$95 million in capital projects in 2005, highlighted by the grand opening of three new and renovated container terminals – Pierce County Terminal (Evergreen Marine, Hatsu Marine and Lloyd Triestino), Husky Terminal ("K" Line) and Olympic Container Terminal (Yang Ming Line). Between the years 2005 and 2009, the Port is spending up to \$404 million on new projects and investments to meet the needs of its existing customers and to attract additional new customers.

Air Freight

Sea-Tac International Airport is the country's 19th busiest cargo airport and offers almost 900,000 square feet (280,000 square meters) of cargo warehouse, airmail, and office space for the dynamic mix of domestic and international air cargo activity, totaling 319,013 metric tons in 2007. The airport also has more than 1.5 million square feet of aircraft parking apron. Due to a downturn in the national economy, the amount of air cargo decreased 6.7% from 2006. The two existing runways are parallel and are 11,500 feet (3,505 meters) and 9,425 feet (2,875 meters) in length. The new third runway is scheduled to begin operations in November 2008. It will be 8,500 feet long and is spaced farther away from the other two runways allowing for more use during times of poor visibility.

Transportation

Transportation in the area is facilitated by several local and interstate highways. Interstate Highway 5 connects the Seattle Metropolitan Area with most of the other regional economic centers along the West Coast. Interstate Highway 90, which connects with Interstates 5 and 405, provides access to markets in the East. Interstate Highway 405 and State Highways 167, 509, and 99 provide alternate routes. In 2006, the Puget Sound Regional Council awarded \$502.4 million in federal funding to 122 projects that address high priority transportation needs throughout the region. For the first time, the project election process included criteria to support the regional economic strategy.

The Seattle-Tacoma International Airport is located west of Interstate Highway 5, midway between Seattle and Tacoma. SeaTac Airport is the 25th busiest U.S. commercial-service airport. In 2007, passenger levels increased 4.3% over 2006. For business or pleasure, Sea-Tac Airport serves over 31 million passengers annually, almost one in 10 of them on an international flight to such destinations as Europe, Central America, and Asia, totaling 2,710,809 passengers. Seattle is equidistant between Tokyo and London at approximately 9 hours each way.

**International Cities Served Non-Stop
Via Sea-Tac Airport 2007**

Amsterdam, Netherlands
Calgary, Alberta, Canada
Cancun, Mexico
Copenhagen, Denmark
Edmonton, Alberta, Canada
Kamloops, British Columbia, Canada
Kelowna, British Columbia, Canada
London, United Kingdom
Mazatlan, Mexico
Mexico City, Mexico
Paris, France
Puerto Vallarta, Mexico
San Jose Del Cabo, Mexico
Seoul, South Korea
Taipei, Taiwan
Tokyo, Japan
Toronto, Ontario, Canada
Vancouver, British Columbia, Canada
Victoria, British Columbia, Canada

Source: Official Airline Guide (OAG); 2007 Seattle-Tacoma International Activity Report

Note: Mexico destinations are winter season only.

The Port is completing a \$4.1 billion airport expansion program, including: the new airport subway system; completion of the third runway, scheduled to be fully completed in November 2008; and the Central Terminal, which opened May 2, 2005, featuring the Pacific Marketplace, a dining and shopping mall with 20 restaurants and cafés, bookstores, museum shops, and other retail stores. The train station on Concourse B has reopened on the Satellite Transit Loop between the Main Terminal and the South Satellite. The new stop enables passengers making connections between South Satellite and Concourse B airlines to take the train directly to the satellite or concourse, cutting transit and walking time. The new Seattle light rail system will be connected to the airport from downtown Seattle by December 2009.

Railroads/Heavy Commuter Rail/Light Rail

There are three major rail lines running through the region: Amtrak, Burlington Northern, and Union Pacific. Rail lines extend north to Canada, south to Oregon and California, and east over the Cascade Mountains to the East Coast.

Commuter transportation in the area is predominantly highway travel. However, with the recent emphasis on such problems as traffic congestion and cost of fuel, a regional rapid transit system (Sound Transit) connecting various population centers was proposed and funded by popular vote. This system is designed to be a

combination of buses, light rail, and commuter rail linking the region together. The construction is currently underway for the 14-mile segment of the light-rail system between downtown Seattle and Sea-Tac Airport. Tacoma's light rail system, the Link, opened in August 2003 at a cost of \$80.4 million. It provides free shuttle service across the downtown area, over a 1.6-mile route. The Link has connections with Sound Transit weekday rail service to Seattle at Tacoma Dome Station. The combined construction efforts of Sound Transit and Port of Seattle include the Port's roadway improvement projects and Sound Transit's Airport Link project. Opening in July 2009, the Link light rail will start in downtown Seattle with stations in the communities of SODO, Beacon Hill, the Rainier Valley, and Tukwila. Trains will run to and from the airport every 6-10 minutes with an estimated 33-minute ride to and from downtown Seattle. The 1.7-mile extension of Sound Transit's light rail initial segment to a new Sea-Tac Airport Station linked to the Airport parking garage by a pedestrian bridge is scheduled to be running December 2009. The Sounder heavy-rail commuter train operates a train service from Tacoma to Seattle, stopping at stations in Puyallup, Sumner, Auburn, Kent, and Tukwila. A service from Everett in Snohomish County to Seattle is also available, stopping at stations in Mukilteo and Edmonds and then continuing on to Seattle. In November 2008, voters approved a \$17.9 billion plan to expand mass transit in the greater Seattle area, including across Lake Washington.

Education

In the Puget Sound region, there is the University of Washington in Seattle and its branch campuses in Bothell and Tacoma, eight private colleges and universities, and 17 community and technical colleges. Of residents 25 years and older, nearly 90% have completed high school, and the percentage of those who have received bachelor's degrees or higher is 35%, although in King County, it is 40%. In November 2005, Seattle received the No. 1 ranking of "America's Most Literate Cities" from Central Connecticut State University's annual survey based on six factors: a city's number of bookstores per population, educational attainment, newspaper circulation, the number of journals and magazines published there, library holdings and usage, and an Internet category, which measures the number of Internet book orders per capita and the percentage of adults who've read a newspaper online, plus the number of library Internet connections and public wireless access.

Tourism

With the Puget Sound's picturesque setting, easy access to both the water and the mountains, and diversity of recreational amenities, the tourist and convention industries have grown rapidly. Tourism is the fourth largest industry in the state. The multi-billion dollar travel industry in Washington is a vital part of the state and local economies.

The Port of Seattle is focusing on three overseas tourism markets with the most potential for the region: Japan, the United Kingdom and France. In 2004, 8.73 million visitors to King County spent nearly \$4 billion. Also, in 2008, the new cruise ship industry in Seattle will welcome 211 cruise-ship visits with 835,000 in total passenger

volume for a 6.9% increase in cruise-ship traffic from 2007. Five cruise ship companies are served at the Seattle waterfront: Celebrity, Norwegian, Holland America, Princess and Royal Caribbean Cruises. According to the Port, about \$1.4 million in economic impact on Seattle is generated by each cruise ship visit.

High Technology

The high technology industry has been a fast-growing employment base in the regional economy. There are many companies dealing in computers, software, biotechnology, and medical technology, including Microsoft which has added 2,000 employees annually over the last five years, and has plans to increase its work force even further. The area provides a favorable environment for these companies because of its well-educated work force; a quality of life that is attractive to out-of-state workers; a major research university, the University of Washington, which ranks fourth in the nation in corporate grants for scientific research; and the technical training grounds that such companies as Microsoft and Boeing provide. One in 4.5 jobs in the State is dependent on technology-based industries. There has been a major emphasis on attracting biotechnology companies to the region, especially at facilities on Lake Union owned by Paul Allen, as well as at the University of Washington.

Economic Summary

The Puget Sound area has seen some weakening in its economy, but not to the degree that many areas in the country have. With companies like Microsoft, Boeing and Weyerhaeuser, the state's economy is geared more toward business investment than the nation as a whole. This means the expected slow-down in consumer spending will have less effect on the state's economy.

Washington is the nation's most export-dependent state. The state exported almost \$47 billion worth of goods in the first three quarters of 2007, an increase of 23.4 percent over the same period last year. Airplanes and parts made up nearly two-thirds of the state's exports, and nearly 80 percent of Boeing's 2007 orders through November were from outside the U.S. The growth of the overseas economy, particularly emerging markets such as China and India, have fueled exports, and the weakened U.S. dollar makes export goods more affordable.

The Puget Sound region is connected more with the international economy due to its export sector. The economy nationwide and around the world has taken a sharp turn downward in the last few months. The Puget Sound region has the diversity and strength in some markets that are less susceptible to what appears to be a coming recession. The commercial real estate market in this area has maintained a reasonable growth, regardless of the economic conditions; however, the market cannot be expected to be unaffected. Buying and selling of commercial real estate is still occurring in this region at a rate that still results in a reasonably stable market.

NEIGHBORHOOD DESCRIPTION

The subject parcels are located in the northeast corner of Kent just east of the Kent border in unincorporated King County. Kent is the ninth largest city in Washington State with a population as of the 2008 census of 86,980 people and has one of the largest industrial areas in the U.S. with such corporate residents as REI, Oberto Sausage, and a Boeing plant. The neighborhood is bounded by the cities of SeaTac to the west, Renton to the north, Covington to the east, and Auburn to the south. Access north and south is provided by I-5 to the west, and SR 167 in the east while east/west access is provided by several arterials, including the subject frontage street. The subject is in a transitional area on the eastern edge of industrial development in a region that is characterized by single-family development.

MARKET OVERVIEW

Marketing Time

The term "marketing period" is defined by the Office of the Comptroller of the Currency as: "the term in which an owner of a property is actively attempting to sell that property in a competitive and open market."

For purposes of this report, reasonable marketing time may be defined as an estimate of the amount of time it would likely take to sell an interest in real property at its estimated market value during the period immediately after the effective date of an appraisal. Alternatively, marketing time is the anticipated time required to expose a property to a pool of prospective purchasers and to allow appropriate time for negotiation, the exercise of due diligence, and the consummation of a sale at a price supportable by market conditions. Implicit in this definition are the following conditions:

- The property will be actively exposed and aggressively marketed to potential purchasers through marketing channels commonly used by sellers of similar types of properties.
- The property will be offered at a price reflecting the most probable mark-up over market value used by sellers of similar properties.
- A sale will be consummated under the terms and conditions of the definition of market value stated in this report.

Marketing times for properties with characteristics similar to the subject's may vary due to location and a realistic listing price. It is anticipated that the subject, offered at a reasonable listing price and considering current market conditions, would have a marketing period of 6 months to 1½ years.

Exposure Time

The term "exposure time" is defined by the *Uniform Standards of Professional Appraisal Practice*, 2008 Edition, as: "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 upon an analysis of past events assuming a competitive and open market."

Exposure time differs from marketing time, in that exposure time is always presumed to precede the effective date of the appraisal. Based on the supply and demand conditions as of the effective date of this appraisal, the exposure time for a property with characteristics similar to the subject, if placed on the open market at a reasonable list price, is estimated at 6 months to 1½ years.

Prior Sales

The subject has not sold in the last five years.

SITE DESCRIPTION

Location and Access

Parcel A is accessible off S 208th Street, a two-way, two-lane road with gravel turnouts for parking. Parcel B is accessible from S 212th Way, a two-way, four-lane street with a paved turnout for parking. The access is moderately sloping, along with all the potential interior roads, making access difficult.

Topography/Area

Parcel A is moderately sloping to very steep and is 1,208,354 square feet, or 27.74 acres according to public records and has a partial territorial view

Parcel B is a 126,759-square-foot site (2.91 acres) that is moderately to very steeply sloping.

Soils and Drainage

Both parcels have a section of Garrison Creek running through them. Parcel A has the creek through the south and east of the site while Parcel B has the creek in the south.

Identification of Possible Flood Hazard

The Federal Emergency Management Agency (FEMA) map shows the property to be located in zone X, an area not prone to flooding. The corresponding flood map number for the subject is 53033C0987F, dated May 16, 2995.

Easements and Restrictions

Parcel A has a variety of topographical features that constrain development. Garrison Creek runs through the south and east of the property that has a 100-foot buffer for development. In addition to the creek and buffer area, there are a number of areas with slopes over 40% on which the City of Kent does not allow construction. There are setbacks from the toe and head of these slopes that can range from a 50-foot minimum to 125 feet based on the vertical change in elevation while slopes continue to be over

40%. A large portion of the developable area is listed as being in an area with landslide type soils, showing that slides have occurred here in the past, and will probably occur again in the future unless the slopes are stabilized. These buffers and features make the majority of the site unsuitable for development.

Parcel B has Garrison Creek in the south with the same 100-foot setback, but the real limiting factor for development is the steep slopes in the south and west of the property with buffer areas.

Utilities

All utilities are available in the area.

Site Improvements

The subject parcels are both unimproved.

Assessed Valuation and Taxes

According to the Assessor's records:

| Assessed Value | P/N Parcel A: 072205 9004 | P/N Parcel B: 072205 9114 |
|----------------|------------------------------|------------------------------|
| Land | \$360,000 | \$66,000 |
| Improvements | \$0 | \$0 |
| Total | \$360,000 | \$66,000 |
| Taxes Assessed | \$4,242.01 | \$836.53 |

Zoning

Parcel A is zoned SR-1 (Residential Agricultural) by the City of Kent that allows for one unit per acre. However, this area also qualified as an urban separator which makes clustered development mandatory. The minimum lot area is potentially 2,500 square feet and buildings must be in clusters no larger than 8 units, although multiple clusters are possible. Each cluster must be 120 feet from each other with open space between. Half of all developable land (excluding buffer and wetland areas) must be devoted to open space.

Parcel B is zoned R-8 (Residential) by King County that allows for eight buildable units per acre.

HIGHEST AND BEST USE ANALYSIS

The highest and best use of a property is defined in The Appraisal of Real Estate (Thirteenth Edition; Chicago: Appraisal Institute, 2008; pp. 277-78), as “the reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value.”

Highest and best use analysis is a method of inquiry in which the optimum use of a property, in light of market conditions, is determined. Because the price that potential purchasers consider feasible to pay for a property tends to be based on the use they plan for it, the highest and best use of the property is a major factor affecting its market value. This concept aids in determining what improvements should be constructed on a site if it were vacant, and how any present improvements can best be utilized.

Land may be analyzed “as though vacant” and “as improved” to determine its highest and best use. The highest and best use of a site as though vacant may be different from the highest and best use of the same property as presently improved. For example, although a site may have a particular highest and best use if it were vacant and available for new development, the current use may be retained so long as the existing improvements continue to contribute to the overall value of the property.

To determine the highest and best use of a property, four significant factors are analyzed. These are the possible uses that are: (1) legally permissible, (2) physically possible, (3) economically feasible, and (4) maximally productive.

HIGHEST AND BEST USE AS VACANT LAND

For the analysis of highest and best use of land or a site as though vacant, it is assumed that a parcel of land is vacant or that it can be made vacant through the demolition of any improvements.

Parcel A is a moderately to steeply sloping site with a wetland in the southwest, and Garrison Creek running through the south and east sides. All of these would prevent construction, but the area towards the center of the site seems capable of supporting structures, although they might all have to have slope stabilization measures implemented to ensure that there are no land slides in the future. As many trees should be retained as possible on the site, and any open space should not be cleared, but left vegetated by plants with deep roots.

Since the site is zoned SR-1, there could potentially be 28 units developed, except most of the subject is encumbered by setbacks for the creek, wetland, and slopes over a 40% grade. We have estimated that of the 1,208,354 square feet, only 261,000 square feet (about 6 acres) are suitable for development. Since the subject is considered an urban separator, developable units must be clustered. Theoretically, the smallest allowable lot size is 2,500 square feet, and homes can be clustered with a maximum of 8 units each, although multiple clusters are possible, and each cluster must be 120 feet from each other. Fifty percent of the developable space, not including buffer or critical areas, must be retained as open space,

leaving approximately 3 acres of developable land. Based on the layout of the site, and the difficulty of not only building an access road, but getting everything approved through the City of Kent, which has strict standards for development, a two-way road with an emergency turn-around at the end seems the most practical for the site. Access could potentially be from S 208th Street in the north, although without more study, the City of Kent was unable to determine where they would legally grant access and exactly where a road could be built on the site. Utilities are available close by. Water is in the street to the east, and sewer is available on the west of the subject at the bottom of the slope. If a sewer line was constructed, gravity would feed it down the pipe and no lift would be required. It is possible that two clusters of eight homes each could potentially be allowed and we have made the extraordinary assumption that 16 lots would be possible. After subtracting from the usable area such things as roads, sidewalks, and room for utilities, the remaining lot area for 16 lots would allow for 6,000 square feet per lot.

Development in the area is primarily single-family homes, and the subject would most likely be suited to this purpose from an economic standpoint. Land with this amount of open space would also be attractive to purchasers.

The highest and best use of Parcel A as though vacant is for development of 16 residential units with the rest retained as common open space for the enjoyment of those living in the development.

Parcel B is moderately to steeply sloping and 126,759 square feet in size. The south of the property is encumbered with steep slopes and Garrison Creek, while much of the west side of the property is also steep. The middle and east portions of the property are the most practical areas for development.

King County has zoned the subject R8, which allows for eight residential units per acre. However, the majority of the site is taken up by the steep slopes, Garrison Creek, and the setbacks required for these features. Access will be granted from S 212th Way, as confirmed by the City of Kent, although they are unaware of exactly where on the western side access would be granted. Since the subject is within unincorporated King County, they would likely allow septic on the site, and water is available nearby. Based on the difficulty in obtaining access, the limited area available for development, and the size of adjacent parcels of land, development of one residential lot is all that might be allowed.

Sites that are zoned for residential development would be most profitably sold for residential development or as open space for adjacent property owners. The subject is small enough that either use would be possible. The most common use would be for residential development.

The highest and best use as vacant of Parcel B is for development of a single-family home.

APPROACHES TO VALUE

There are three accepted methods of evaluating all types of real property: the cost approach, the sales comparison approach, and the income capitalization approach. All three approaches are used when applicable. When sufficient information is not available, only those approaches or that approach containing the most information is used and/or relied upon.

COST APPROACH

The cost approach to value arises from the economic concept of objective value. This concept implies that the value of anything is the cost incurred to create it. This approach is based upon the estimated reproduction or replacement cost new of the improvements. The cost new is then reduced in value by the accrued depreciation, if any. The depreciated value of site improvements, if any, and estimated land value are then added to the depreciated reproduction cost of the improvements to develop an indication of value by the cost approach.

SALES COMPARISON APPROACH

The sales comparison approach method of valuation reflects the opinion of buyers and sellers of comparable property about the value of the subject property. The sales comparison approach is based on the principle of substitution: no well-informed, prudent buyer is going to pay more for any property than is necessary to buy another equally desirable substitute property. The sales comparison approach requires the appraiser to assume the role of a typical buyer; gather sufficient data; and analyze, weigh, and adjust the data in such a manner as to properly apply this information to the property being appraised.

INCOME CAPITALIZATION APPROACH

The income capitalization approach method of valuation is used primarily in the appraisal of investment property. Therefore, the appraisers must analyze the rental value of the comparable properties and, in addition, obtain background information on what a prudent investor in this type of property expects as a return on investment. From this information, a return on the invested capital can be ascertained, and then applied to the subject property's market rent to develop a reliable indication of value based on income. The rent paid or income received, commonly known as contract rent, is not always market rent for a given property. In other words, a survey of comparable properties must be made for the purpose of obtaining rental information to ascertain the going or market rent for comparable properties and the subject property. This information must then be related to the subject property being appraised. The income capitalization approach is the primary approach used in arriving at the indicated market value for income-producing property.

APPROACHES TO VALUE USED

The sales comparison approach will be the only method used in the final analysis since the subject does not produce income or have structures that would be estimated by the cost approach.

SALES COMPARISON APPROACH

In the Sales Comparison Approach, the value of a property is estimated by comparing it with similar properties in its market area that have been sold recently. This approach is based on the premise that the value of a property is indicated by the prices of equally desirable substitute properties in the same or similar areas.

Procedure

Properties that are similar to the subject and have been sold or listed recently are selected for comparison with the subject property. An appropriate unit of comparison is determined (e.g. entire property, price per square foot, etc.), and adjustments are made to each comparable sale to account for value differences between the sold property and the subject. Adjustments are made for transaction characteristics such as financing, terms, conditions of sale, date of sale, and for property characteristics such as physical characteristics and location. The result of appropriate adjustments applied to sales of comparable properties should be a relatively narrow indicated value range. From within this range, a specific estimate of the subject property's value is often selected. The two subject parcels will be valued separately using different comparable sales.

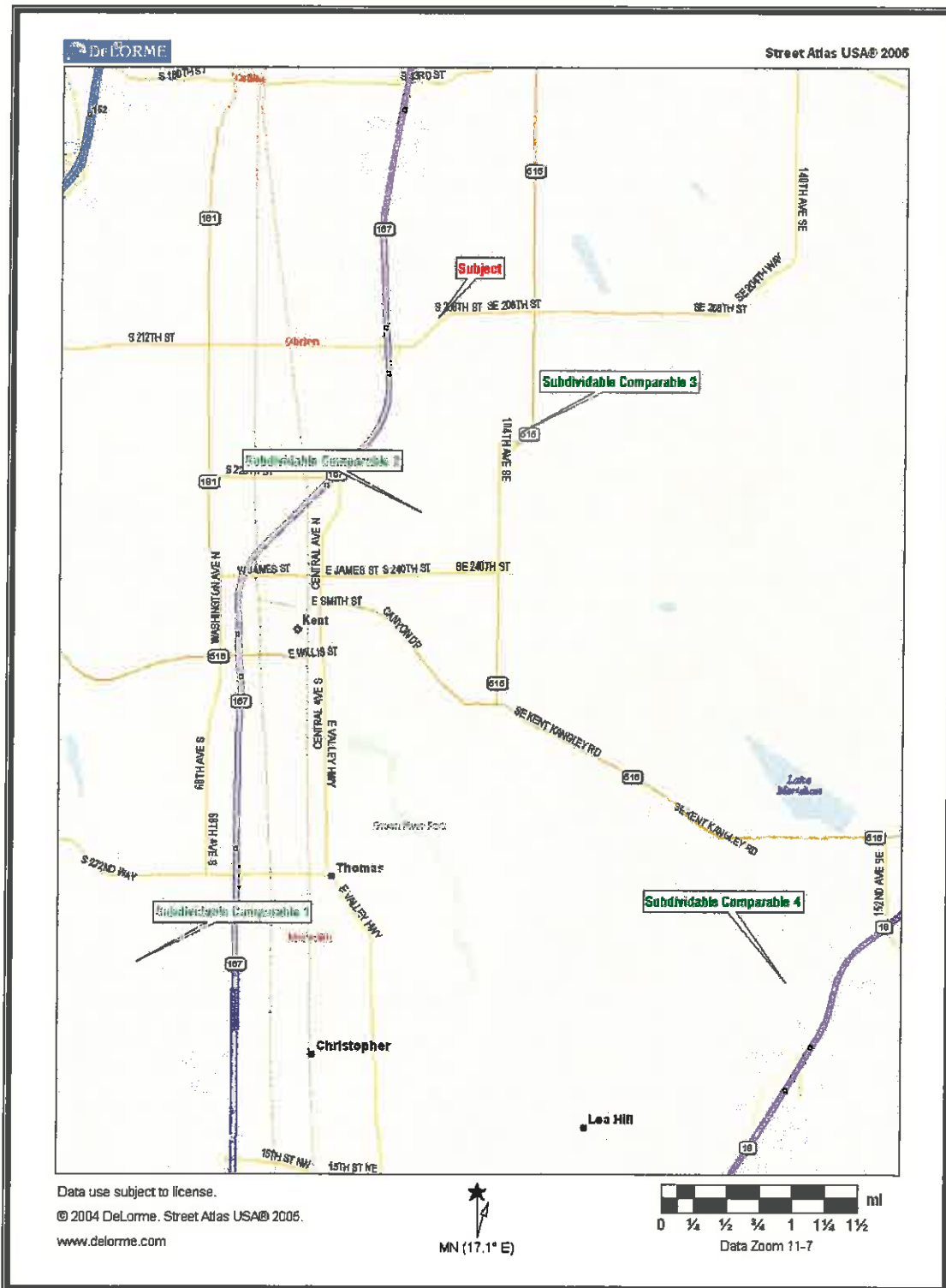
Valuation of Parcel A

The subject property is zoned SR-1 (Agricultural Residential) and has a site area of 1,208,354 square feet or 27.74 acres. This property will be valued on a lot basis, and sales of properties were located that are able to be subdivided, but have not undergone the pre-plat process. Due to the slow residential market of the past 1½ years, few transactions have closed that are exactly similar to the subject; therefore, one listing was used in the analysis. During our current depressed market, listings might be a stronger indicator than usual of how properties are being priced by the open market. The comparable sales/listings are summarized in the following table, with more information provided on the following pages, and then the land value conclusion is derived.

Comparable Subdividable Residential Land Sales Summary – Parcel A

| No. | Address | Sale Date | Possible Lots | Sale Price | \$/Lot |
|-----------------|--|-----------|---------------|------------|----------|
| Parcel A | NE of the Corner of S 212 th Way and the SR-167 North On-ramp, Kent | N/A | 16 | N/A | N/A |
| 1 | 287xx 59 th Ave S Auburn | 7/25/2008 | 4 | \$200,000 | \$50,000 |
| 2 | 22506 94 th Ave S Kent | Listing | 7 | \$439,900 | \$62,843 |
| 3 | 22315 108 th Ave SE Kent | 5/25/2006 | 6 | \$300,000 | \$50,000 |
| 4 | 289xx 140 th Ave SE Kent | 3/27/2007 | 4 | \$425,000 | \$95,625 |

SUBDIVIDABLE LAND SALES LOCATION MAP



Comparable Land Sale Analysis



Comparable Subdividable Residential Land Sale No. 1 is the July 2008 sale of a rectangular property of 411,206 square feet located 5.4 miles southwest of the subject at 287 59th Avenue S in Auburn. The property slopes steeply in the center of the property while the northeast and southwest corners are gently to moderately sloping. The steep slopes would prevent much of the property from being developed. The comparable is zoned R1, which allows for one unit per acre, and of the 9.44 acres, the owner estimates that possibly four acres are developable, for a total of four buildable lots. This lot is not in an urban separator, like the subject, so clustering of lots is not available. The owners live on the lot to the south and purchased the comparable for future investment, and for open space adjacent to their property. Utilities are all available except for sewer, and the lots would need to be on septic like the rest of the homes in the area. This area was recently incorporated by the City of Auburn, which means that sewer might be available in the foreseeable future.

Analysis: This comparable is similar to the subject in terms of view potential and topography. No adjustment was made for the availability of sewer because the market does not show a preference when either waste solution is available. Upward adjustment was made for location, since the comparable has inferior access to amenities, is further from the Seattle core, and for less common area per lot. The subject has significantly more open space than the comparable. Downward adjustment was made for market conditions, average lot area, and access, since the comparable has roads very near to where the homes would be built, while the subject will require a new access road to all potential lots. The adjusted price for the comparable is \$54,614/Lot.





Comparable Subdividable Residential Land Listing No. 2 is the current listing of a residential property of 98,881 square feet (2.27 acres) located 1.49 miles south of the subject at 22506 94th Avenue South in Kent. This property could possibly be subdivided into 7 lots with minimum lot areas of 3,000 square feet. The land to the north has already undergone the pre-plat process and is set for construction to begin soon. There is a stream running through the eastern portion of the site, making about a third of the property unbuildable. All utilities are available close by. The home will be demolished by the buyer and has no value.

Analysis: This comparable is considered superior to the subject in terms of location. Upward adjustment was made for view potential and significantly less open space. Downward adjustment was made for lot size, access, slope, and availability of utilities, since the sewer line to this sale will be significantly shorter. The adjusted price for the comparable is \$58,787/Lot.





Comparable Located Beyond Public Walkway

Comparable Subdividable Residential Land Sale No. 3 is the May 2006 sale of a 148,104-square-foot (3.4 acres), irregularly shaped parcel located 1.2 miles southeast of the subject at 22315 108th Avenue SE in Kent. The site continues to be vacant, but could potentially be developed with six lots based on the amount of usable area. A canyon with a creek running through it with the appropriate setbacks makes the majority of the site unbuildable. All utilities are available nearby.

Analysis: Upward adjustment was made for location, view potential, and less common area. Downward adjustment was made for lot size, access, topography, and availability of utilities. The adjusted price for the comparable is \$50,445/Lot.





Comparable Subdividable Residential Land Sale No. 4 is the March 2007 sale of a residential property of 204,296 square feet located 5.73 miles southeast of the subject at 289xx 140th Ave. SE in Kent. The area to be developed in the northeast portion of the site has been cleared, while the remainder of the comparable is uncleared. The parcel is level and will be subdivided into 4 lots with large lots based on the R1 zoning. The western portion of the lot has a stream and wetland area that prevents development in and around this area.

Analysis: Upward adjustment was made for view potential and less common area per lot. Downward adjustment was made for market conditions, location, lot size, access, topography, and superior access to utilities. The adjusted price for the comparable is \$54,339/Lot.



Comparable Subdividable Land Sale Adjustment Grid – Parcel A

| | Subject | Comparable Sale 1 | | Comparable Sale 2 | | Comparable Sale 3 | | Comparable Sale 4 | |
|---------------------|---------------------------|----------------------------|------|--------------------------|------|----------------------------|------|----------------------------|------|
| Adj. Land Price | | \$200,000 | | \$439,900 | | \$300,000 | | \$425,000 | |
| Date of Sale | | 7/25/2008 | -2% | Listing | 0% | 5/25/2008 | -15% | 3/27/2007 | -10% |
| Adj. \$/Lot | | \$49,087 | | \$53,827 | | \$42,500 | | \$95,625 | |
| Location | 208xx S 212th Way Kent | 287xx 59th Ave S Auburn | 10% | 22506 94th Ave S Kent | -5% | 22315 108th Ave SE Kent | 10% | 289xx 140th Ave SE Kent | -25% |
| # of Lots | 16 | 4 | | 7 | | 8 | | 4 | |
| Avg Lot Area (SF) | 6,000 | 43,560 | -29% | 7,260 | -6% | 7,400 | -6% | 38,306 | -28% |
| Access | Fair | Average | -10% | Average | -10% | Average- | -5% | Average | -10% |
| View | Limited Territorial | Similar | | None | 5% | None | 5% | None Noted | 5% |
| Topography | Moderate Slope | Similar | | Less Slope | -15% | Level | -20% | Level | -20% |
| Utilities | Available | No Sewer | | Available+ | -5% | Available+ | -5% | Available + | -5% |
| Other | Steep Common Area | Less Step Cmmn Area | 40% | Less Step Cmmn Area | 45% | Less Step Cmmn Area | 40% | Less Common Area | 40% |
| Adj Lot Value / Adj | | \$54,814 | 11% | \$58,787 | 9% | \$50,445 | 19% | \$54,399 | -43% |

Land Value Conclusion

Each sale has been compared with the subject by making adjustments for variations in such property and transaction features as site size, zoning, date of sale, location, and various physical characteristics. These adjustments are applied to a unit of comparison, which, in this case, is the sale price per lot. This unit of comparison is the preferred pricing method in this area and for this property type. The subject has a large amount of open space per buildable lot, and none of the comparable sales had nearly as much. Since this is a residential property that sells on a lot basis, the common area was valued as a benefit to each lot. Much of this estimate of value is based on our sizable amount of experience appraising open space.

As adjusted, the land sales indicate a range of values for the subject of \$50,445 to \$58,787 per lot. The data best support a value for the subject lot of \$55,000 per lot, giving most weight to Sale 1 due to its recent sale date and relatively few adjustments, with support from listing 2 and Sales 3 and 4. This figure includes a 6,000-square-foot lot with a portion of common buffer space that is shared among other owners. When this estimate is applied to the subject's overall land area, the value of the subject site is as follows:

$$16 \text{ Lots @ } \$55,000 \text{ per Lot} = \$880,000$$

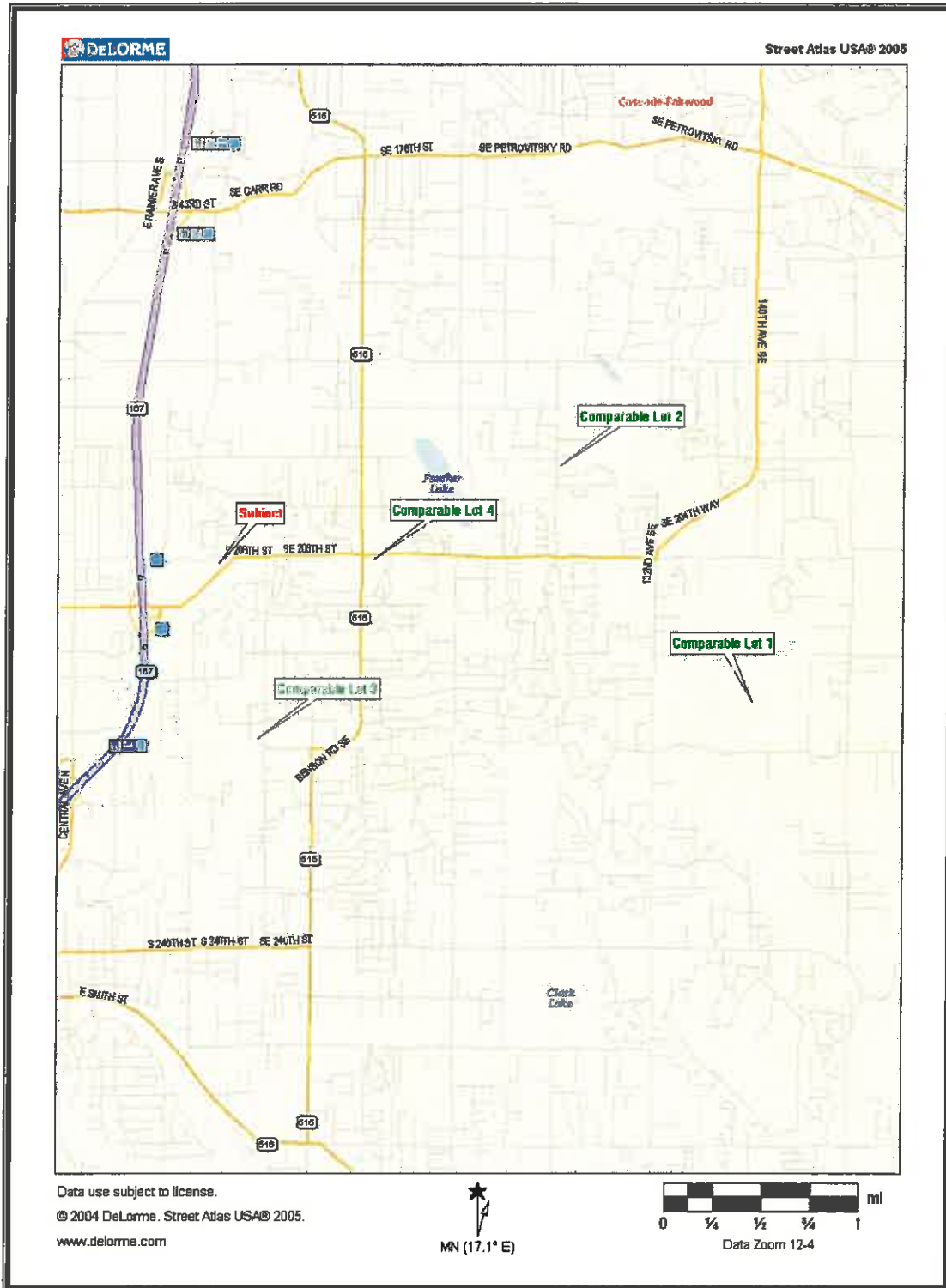
Valuation of Parcel B

The subject property is zoned R8 (Residential) and has a site area of 126,759 square feet or 2.91 acres. This property will be valued on a lot basis and sales of properties with excess land were located. Due to the slow residential market of the past 1½ years, few transactions have closed that are exactly similar to the subject; therefore, one listing was used in the analysis. The comparable sales/listings are summarized in the following table, with more information provided on the following pages, and then the land value conclusion is derived.

Comparable Residential Lot Sales Summary

| No. | Address | Sale Date | Lot Area (SF) | Sale Price |
|-----------------|---|------------|---------------|------------|
| Parcel B | SW of the Corner of S 208 th St and S 212 th Way, Kent (Unincorporated King County) | N/A | 126,759 | N/A |
| 1 | 217xx 139 th St Kent | 12/07/2005 | 247,387 | \$255,000 |
| 2 | 20024 124 th Ave SE Kent | 7/14/2008 | 20,043 | \$120,000 |
| 3 | 22241 100 th Ave SE Kent | Listing | 39,640 | \$105,000 |
| 4 | 19606 108 th Ave SE Kent | 2/6/2008 | 48,787 | \$175,000 |

LOT SALES LOCATION MAP



Comparable Land Sale Analysis



Comparable Residential Lot Sale No. 1 is the December 2005 sale of a 247,387 square-foot, irregularly shaped lot located 2.9 miles east of the subject at 217xx 139th Avenue SE in Kent. The property is moderately sloping down to the southwest. The southwest portion of the lot is a wetland area with a fifty-foot buffer from the edge, still leaving two thirds of the property able to be developed with the current new home and a tennis court. Only septic is available on the site, and all other utilities are available.

Analysis: This comparable is similar to the subject in terms of view potential. No adjustment was made for the availability of sewer because the market does not show a preference when either waste solution is available. Upward adjustment was made for location. Downward adjustment was made for market conditions, lot area, access, and topography. The adjusted price for the comparable is \$159,107/Lot.





Comparable Residential Lot No. 2 is the July 2008 sale of a level residential lot of 20,043 square feet (.46 acres) located 1.92 miles northeast of the subject at 20024 124th Avenue SE in Kent. This property is currently being improved with a single-family home with access to all utilities.

Analysis: This comparable is considered similar to the subject in terms of view potential and utilities. Upward adjustment was made for location, lot size, and less open space. Downward adjustment was made for access, topography, and lack of buffer area. The adjusted price for the comparable is \$140,652/Lot.





Comparable Residential Lot No. 3 is a current listing of a moderately sloping lot of 39,640 square feet located .91 mile southeast of the subject at 22241 100th Avenue SE in Kent. Only septic is available in the area, and all other utilities are available in the street.

Analysis: The comparable is similar to the subject in terms of view potential and no adjustment was made for utilities. Upward adjustment was made for location and lot area. Downward adjustment was made for access, topography, and since none of the comparable is buffer area. The adjusted price for the comparable is \$135,832/Lot.





Comparable Residential Lot No. 4 is the February 2008 sale of a mostly level lot of 48,787 square feet located .79 mile to the east of the subject at 19606 108th Avenue SE in Kent. There is a preexisting home on the site with no value. All utilities are currently stubbed into the site including water and sewer. The eastern section of the lot has a stream running through it, and only approximately 40% of the site is considered buildable, leaving a lot of 19,514 square feet.

Analysis: The comparable is similar to the subject in terms of location, view potential, and buffer areas. Upward adjustment was made for lot area. Downward adjustment was made for market conditions, access, topography, and utilities since the comparable already has utilities stubbed into the building site. The adjusted price for the comparable is \$151,026/Lot.



Comparable Lot Sales Adjustment Grid – Parcel B

| | Subject | Comparable Sale 1 | | Comparable Sale 2 | | Comparable Sale 3 | | Comparable Sale 4 | |
|---------------------|----------------------------|----------------------------|------|----------------------------|------|--------------------------|-----|----------------------------|------|
| Adj. Land Price | | \$255,000 | | \$120,000 | | \$105,000 | | \$175,000 | |
| Date of Sale | | 12/7/2005 | -2% | 7/14/2008 | -4% | Listing | | 2/6/2008 | -5% |
| Adj. \$/Lot | | \$242,468 | | \$115,200 | | \$105,000 | | \$149,893 | |
| Location | 208xx S 212th Way Kent | 217xx 139th Ave SE Kent | 5% | 20024 124th Ave SE Kent | 5% | 22241 100 Ave SE Kent | 10% | 19606 108th Ave SE Kent | |
| Lot Area (SF) | 126,759 | 247,387 | -24% | 20,043 | 42% | 39,840 | 34% | 48,787 | 31% |
| Access | Fair | Average | -5% | Average | -5% | Average | -5% | Average | -5% |
| View | None | None | | None | | None | | None | |
| Topography | Moderate to Steep Slope | Mild to Mod. Slope | -10% | Mostly Level | -15% | Moderate Slope | -5% | Mostly Level | -15% |
| Utilities | Available | Private Sewer | | Similar | | Private Sewer | | Installed | -10% |
| Other | Buffer Area | Similar | | None | -5% | None | -5% | Similar | |
| Adj Lot Value / Adj | | \$159,107 | -34% | \$140,652 | 22% | \$135,832 | 29% | \$151,026 | 1% |

Land Value Conclusion

Each sale/listing has been compared with the subject by making adjustments for variations in such property and transaction features as site size, zoning, date of sale, location, and various physical characteristics. These adjustments are applied to a unit of comparison, which, in this case, is the sale price per lot. This unit of comparison is the preferred pricing method in this area and for this property type. The subject has an abundance of open space in the lot and large lot sales were chosen as comparable properties, though finding a property with the same size proved problematic, and those sales chosen are deemed to be the most comparable available.

As adjusted, the land sales indicate a range of values for the subject of \$135,832 to \$159,107 per lot. The data best supports a value for the subject lot of \$150,000, giving most weight to sale 4 given the close proximity to the subject and recent sale date with support from sales 1 and 2. The comparable listing 3 is given least emphasis because it is not a closed transaction.

RECONCILIATION AND FINAL VALUE ESTIMATE

RECONCILIATION

Reconciliation is the process of assigning, or placing various levels of emphasis on each of the different approaches used in the appraisal report. Typically, this process considers the quality and quantity of information available in the various approaches to determine which approach or combination of approaches is the most relevant to the final value of the subject. Considerations include the reliability of data and the acceptability of the various valuation approaches within the particular industry, market area, or property type.

The sales comparison approach is presented in previous sections of this report. Individual findings of each approach indicated the following estimates of value for the subject:

| | |
|--|-----------------------|
| Cost Approach | Not Applicable |
| Sales Comparison Approach – Land Parcel A | \$880,000 |
| Sales Comparison Approach – Land Parcel B | \$150,000 |
| Income Capitalization Approach | Not Applicable |

FINAL VALUE ESTIMATE

As a result of our investigation and analysis, it is concluded that the As Is market value of the fee simple interest in the subject real property, as of November 7, 2008 is:

PARCEL A

EIGHT HUNDRED EIGHTY THOUSAND DOLLARS

\$880,000

Parcel B

ONE HUNDRED FIFTY THOUSAND DOLLARS

\$150,000

ADDENDA

**QUALIFICATIONS
OF
APPRAISERS**

QUALIFICATIONS OF APPRAISER

GLENN L. PRICE

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PHONE NO. (425) 453-9292; FAX NO. (425) 455-9740

1980 112TH AVENUE NE, STE. 270, BELLEVUE, WA 98004-2940

EDUCATION

Bachelor of Science from University of Washington, Geology major, Architecture minor

CONTINUING EDUCATION

Appraisal Principals, Appraisal Institute, 2005

USPAP & Ethics, Standards of Professional Practice, Appraisal Institute, 2005

Basic Income Capitalization, Appraisal Institute, 2005

Appraisal Procedures, Appraisal Institute, 2006

Right of Way: 100, IRWA, 2007

General Applications, 2007, Appraisal Institute, 2007

Advanced Income Capitalization, Appraisal Institute, 2007

General Market Analysis & Highest and Best Use 2008

EXPERIENCE:

Currently: Appraiser, Appraisal Group of the Northwest LLP

2003 - Current

AFFILIATIONS:

Member of the Appraisal Institute

Member of the International Right of Way Association

Washington State General Certified Real Estate Appraiser (Certification No. 1101927)

CLIENTS SERVED

| | | |
|----------------------------|------------------------------------|-------------------------------|
| Abeyta & Associates | Evangelical Christian Credit Union | King County Water District #1 |
| Bellevue Community College | Evergreen Bank | O.R. Colan Associates, Inc. |
| Brandt Law Group | Financial Advantage | Michael Brandt, Attorney |
| Bullivant, Houser, Bailey | HDR, Inc. | Port of Seattle |
| Catherine Janicki, Atty. | Howe, Cunningham & Lowe, PLC | Ronald Wastewater District |
| Certified Land Services | H.W. Lochner, Inc. | Schwartz, Kales, Accountants |
| Charter Bank | Joseph DePalma | Sound Transit |
| City of Arlington | Administrative Trust | Suburban North Wealth Mgmt. |
| City of Auburn | Innovative Bank | Terry Brink, Atty. |
| City of Redmond | Kent Schools | Union Bank of California |
| City of Sammamish | Keller Williams Real Estate | United Commercial Bank |
| City of Shoreline | KeyBank National Association | Universal Field Services |
| Cascade Land Conservancy | Pacific Christian Center | US Bank |
| City of Tacoma | Pharos Corporation | Wilshire State Bank |
| Citywide Mortgage | King County Library System | Weichert Relocation Company |
| Davis & Jonas, CAP | | |
| Dynasty Mortgage | | |

QUALIFICATIONS OF APPRAISER
JAMES B. PRICE, MAI, SR/WA
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PHONE NO.: (425) 453-9292; FAX NO. (425) 455-9740
1980 112TH AVENUE NE, STE 270, BELLEVUE, WA 98004-2940

EDUCATION

Bachelor of Science in Finance, Real Estate Emphasis: Northern Illinois University/
University of Illinois.

Appraisal Institute courses include Capitalization Theory, Residential Valuation, Easement
Valuation, and Standards of Professional Practice.

Seminars and Classes include Real Estate Feasibility, Business Valuation, Valuation of
Easements and Litigation Skills, Appraising for Pension Funds, and Appraisal of Partial
Acquisitions.

PROFESSIONAL MEMBERSHIPS

Appraisal Institute

Membership: MAI Designated Member of the Appraisal Institute since 1979
Formerly: President, Director, and Vice President, Seattle Chapter and Alaska
Chapter

International Right of Way Association

Designation: SR/WA (Senior Right of Way Agent)
Position: Region Chair, Region 7, International Right of Way Association
Formerly: International Right of Way Association Director, President, and Vice
President; Seattle, Washington and Fairbanks, Alaska Chapters

EXPERIENCE: Over 35 years

Currently: General Partner, APPRAISAL GROUP OF THE NORTHWEST LLP
Developer of subdivision, office building, and residences
Owner of office buildings and apartments

Formerly: Proprietor, APPRAISAL GROUP OF THE NORTHWEST
Appraiser, Schueler, McKown & Keenan
Partner, Price & Associates, Alaska
Senior Appraiser, First State Bank of Oregon
Appraiser, Pacific First Federal Savings Bank
Appraiser, U.S. Small Business Administration
Appraiser, Washington State Dept. of Transportation

Qualified as an expert witness in Superior Court, Federal Court Master's Hearings, and
Federal Bankruptcy Court. Served as an arbitrator in property valuation and lease
renewals.

Fee reviewer; Washington Dept. of Transportation, major banks, and governmental clients.

Qualified as a Master; held Master's Hearings in Alaska.

Currently certified under the continuing education program of the Appraisal Institute.

Currently certified in Washington State as a General Appraiser (Certificate No. 1100229)

CLIENTS SERVED

Abeyta & Associates, R/W Company
Benson & McLaughlin, Accountants
Bullivant, Houser, Bailey, Pendergrass &
Hoffman; Robert Riede, Attorneys
Bureau of Indian Affairs
Bureau of Land Management
Center Bank
Certified Land Services
Charter Bank
Chevron Products Company
Church of God, Western Washington
City of Auburn
City of Des Moines
City of Issaquah
City of Newcastle
City of Port Angeles
City of Redmond
City of SeaTac
City of Seattle
City of Tacoma
Coldwell Banker Relocation
Columbia Bank
Corr Cronin LLP, Joshua Preece, Atty.
Costco
Eastman, Scott, Attorney, Bellevue
El Centro De La Raza; Felicia Gonzales
Enumclaw Public Schools
First Sound Bank
Huling Brothers; Steve Huling
Johns Monroe Mitsunaga, Attorneys;
Michael Monroe, Darrell Mitsunaga
Kent Schools
KeyBank of Washington
Keating Bucklin & McCormack, Attorneys
King County Library System
Korea Exchange Bank
Lane & Associates, Inc., R/W Company
John Lynch, CPA, Bellevue
Ogden Murphy Wallace, Attorneys
O. R. Colan Associates, Inc.
(Acquisition Specialists)
Pacific Union Bank
Pharos Corporation (R/W Company)
Port of Friday Harbor
Port of Orcas
Port of Seattle
Puget Sound Energy
Reid Middleton, Engineers
Saehan Bank
Seattle City Light
Seattle School District
Sound Transit
Tacoma Utilities
Union Bank of California
U.S. Bank
U.S. Fidelity & Guarantee
U.S. Postal Service
Universal Field Services, Mitch Legal
Washington Dept. of Transportation-
Approved Appraiser & Reviewer
Washington State Dept. of Natural
Resources
Washington State Parks & Recreation
Commission
Waste Management
Williams Northwest Pipeline
Wilshire State Bank