

AN APPRAISAL ON
LOT 5, DEBARR-BRAGAW SUBDIVISION
(PROPOSED STRIP COMMERCIAL BUILDING)
ANCHORAGE, ALASKA

FOR
MRS. JUDY WEBB
MRS. CAROL MERRITT
1565 S. BRAGAW STREET
ANCHORAGE, ALASKA

VALUATION DATE
MAY 22, 1984

FILE #84-961

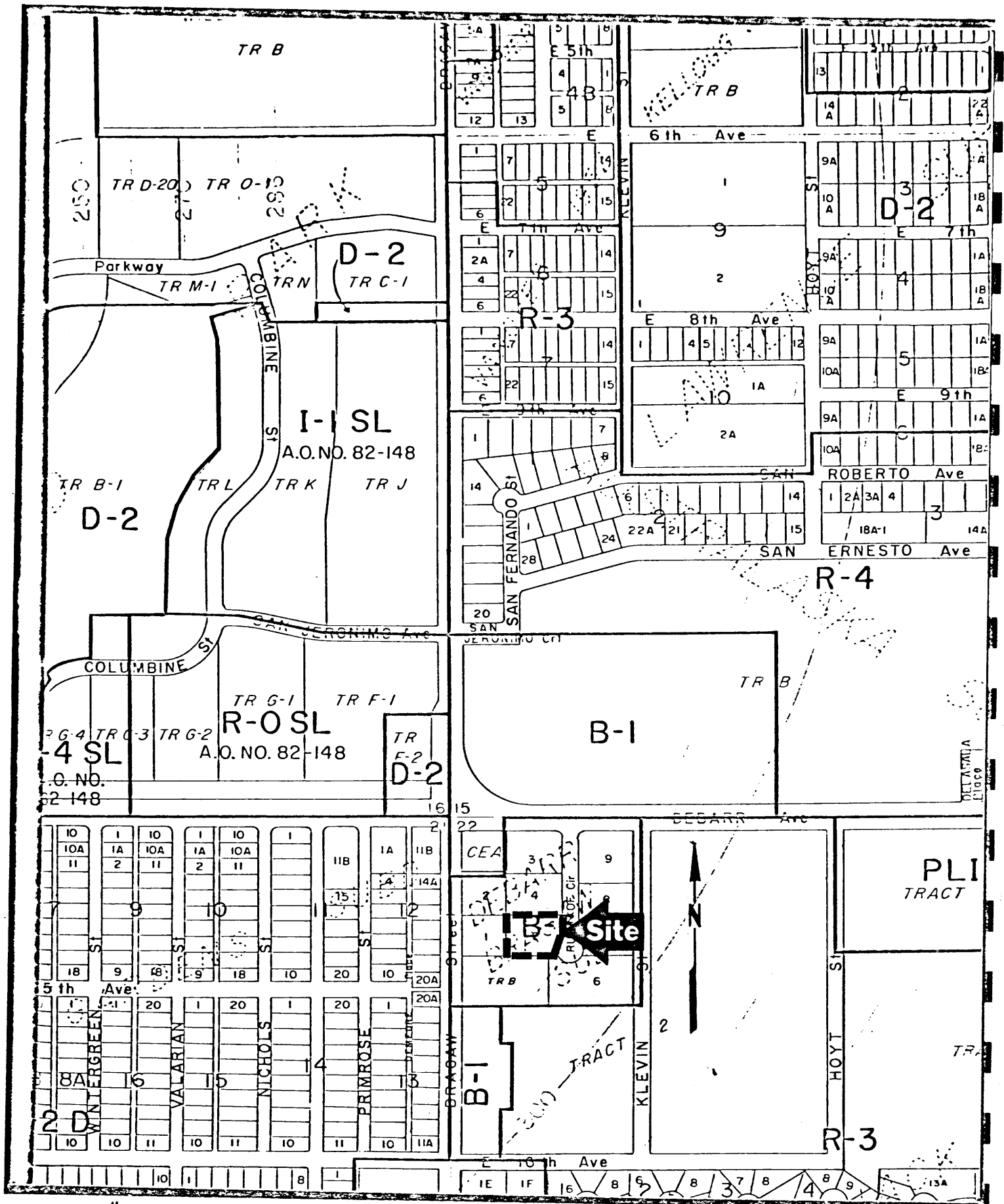
BY
GREGORY J. BROOKER

REVIEWED AND APPROVED BY
STEVEN J. MACSWAIN, M.A.I.

APPRAISAL COMPANY OF ALASKA
3900 ARCTIC BOULEVARD
SUITE 304
ANCHORAGE, ALASKA 99503

Appraisal Company of Alaska





SCALE: 1"=500'

Zoning Map

Appraisal Company of Alaska

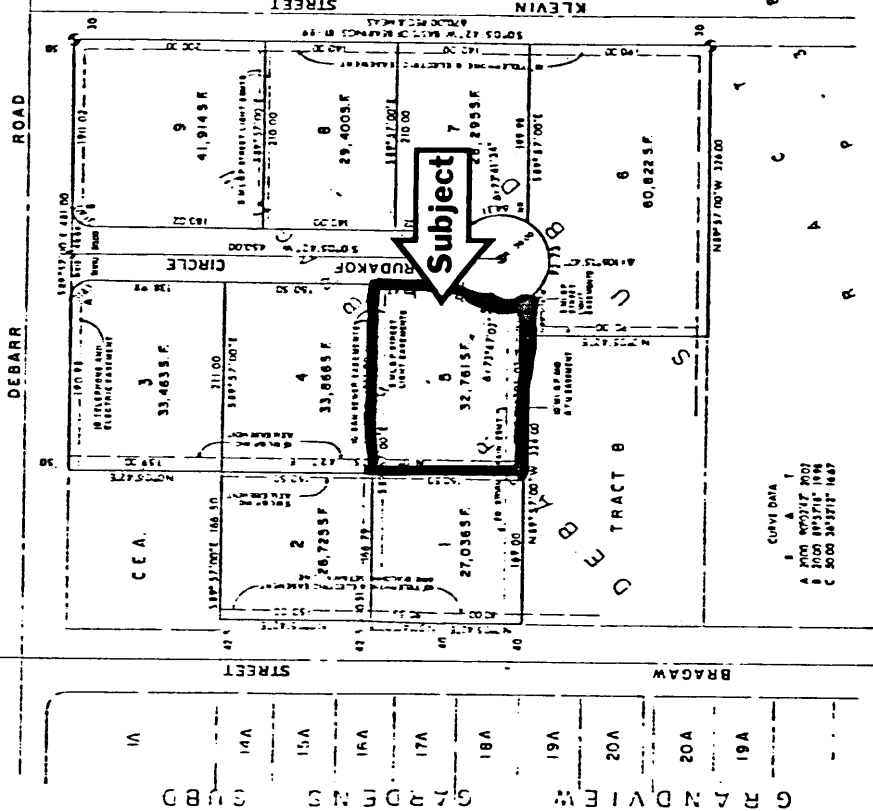
SCALE: ON PLAT

Plat Map

Appraisal Company of Alaska

AUSTRA ALASKA SUBD

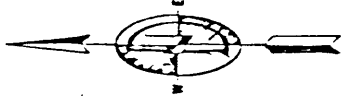
TRACT B



9-1-81 Beverly Squab
 9-1-81 Beverly Squab
 W.B.C. 10-19-81 Beverly Squab

NOTES:
 1. NO DIRECT VEHICULAR ACCESS FOR LOTS 6, 7, 8 AND 9 ON KLEVIN STREET
 2. LOTS 3 AND 9 ARE ALLOWED ONE EACH DIRECT VEHICULAR ACCESS POINT ON DEBARR ROAD
 3. DIRECT VEHICULAR ACCESS POINTS ON BRAGAW STREET FOR LOTS 1 AND 2 TO BE RESOLVED WITH THE MUNICIPAL TRAFFIC ENGINEERING DEPT.

81-284
 RECORDED - FILED 10-1-81
 Anchorage, Alaska
 BY: [Signature]
 TITLE: [Signature]



LEGEND
 FOUND 2.5" ALUMINUM MONUMENT CAP ON 2" ALUM PIPE
 1.5" GAL CAP ON 3/8" 15' REBAR, FLUSH W/PVMT, SET BEFORE 11/10/83 PER S/A
 REMAINING CORNERS 5/8" 30' REBAR, SET BEFORE 11/10/83 PER S/A
 BOUNDARY IS RECORD B MEASURED (B) 89

ACCEPTANCE OF DEDICATION
 ANCHORAGE HEREBY ACCEPTS FOR PUBLIC USES AND FOR PUBLIC PURPOSES THE REAL PROPERTY DEDICATED ON THIS PLAT, INCLUDING BUT NOT LIMITED TO THE EASEMENTS, RIGHTS-OF-WAY, ROADS, THROUGHFARES AND PARKS SHOWN HEREON, DATED AT ANCHORAGE, ALASKA, THIS 10th DAY OF November 1981

ATTEST:
 [Signature]



CERTIFICATE
 I, OSWALD, PROFESSIONAL ENGINEER, HEREBY CERTIFY THAT THE PLAT AND HEREON IS A TRUE REPRESENTATION OF LANDS ACTUALLY SURVEYED AND THAT ALL PERMANENT EXISTING MONUMENTS AND LOT CORNERS HAVE BEEN STAKED, OR IF FINAL COMPLETION IS DEFERRED IN SAID SUBDIVISION AGREEMENT,

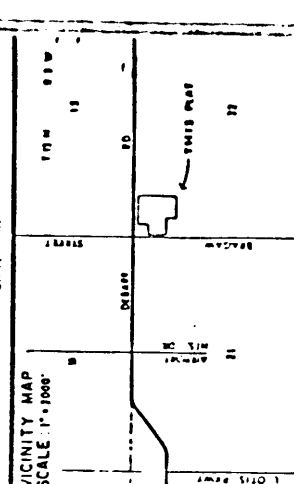
I HEREBY DEDICATE TO THE MUNICIPALITY OF ANCHORAGE ALL AREAS DEPICTED FOR USE AS PUBLIC UTILITY EASEMENT STREETS, ALLEYS, THROUGHFARES, PARKS AND OTHER PUBLIC AREAS SHOWN HEREON. THESE SHALL BE REVERSED ADJACENT TO THE DEDICATED STREETS SHOWN HEREON A SLOPE RESERVATION EASEMENT SUFFICIENT TO CONTAIN CUT AND FILL SLOPE (15 FEET) HORIZONTAL FOR EACH 1 FOOT VERTICAL (15 TO 1) OF CUT OR FILL FOR THE PURPOSE OF PROVIDING AND MAINTAINING THE LATERAL SUPPORT OF THE CONSTRUCTED STREETS. THERE IS RESERVED TO THE GRANTORS, THEIR HEIRS, SUCCESSORS AND ASSIGNS, THE RIGHT TO USE SUCH AREAS AT ANY TIME UPON PROVIDING AND MAINTAINING OTHER ADEQUATE LATERAL SUPPORT, AS APPROVED BY THE MUNICIPALITY. I HEREBY AGREE TO THIS PLAT AND TO ANY RESTRICTION OR COVENANT APPEARING HEREON AND ANY SUCH RESTRICTION OR COVENANT SHALL BE BINDING AND ENFORCEABLE AGAINST PRESENT AND SUCCESSIVE OWNERS OF THIS SUBDIVIDED PROPERTY.

VESTED OWNER
 [Signature]
 UNITED STATES OF ALASKA
 BY: [Signature]
 NOTARY'S ACKNOWLEDGMENT

SUBSCRIBED AND SWORN TO BEFORE ME THIS 27th DAY OF August 1981
 MY COMMISSION EXPIRES: 5-14-84

SUBSCRIBED AND SWORN TO BEFORE ME THIS 27th DAY OF August 1981
 MY COMMISSION EXPIRES: 4-15-85

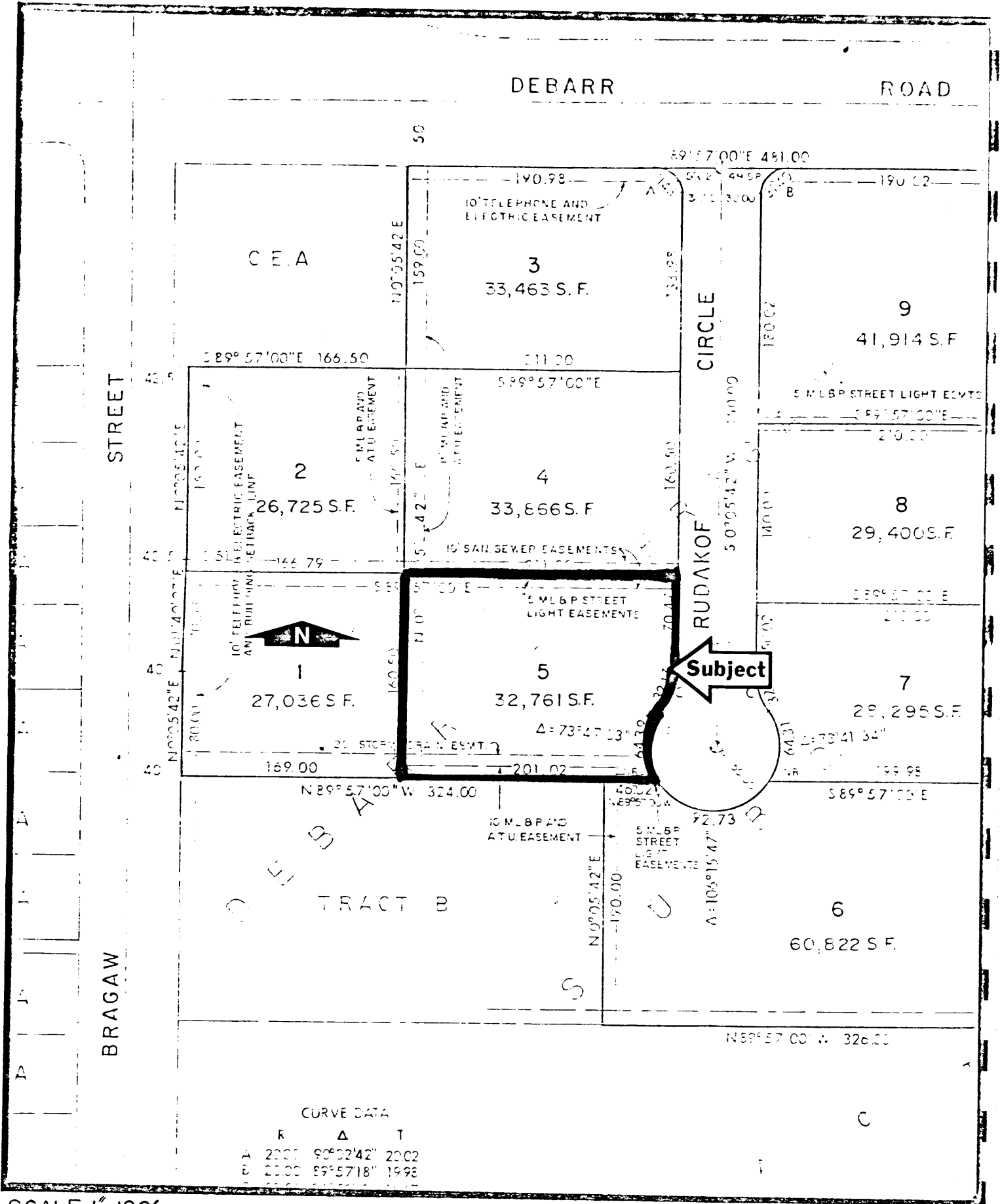
PLAT APPROVAL
 PLAT APPROVED BY THE PLATTING BOARD ON THE 25th DAY OF November 1981.
 [Signature]
 CHAIRMAN



DEBARR BRAGAW SUBDIVISION
 LOTS 1-9, A 7.96 ACRE SUBDIVISION OF TR. A, DEBARR BRAGAW SUBDIVISION, PLAT 81-89, LOCATED WITHIN T. 13N, R. 3W, S. 4N
 N W 1/4 SEC 22, T. 13N, R. 3W, S. 4N

DICKINSON OSWALD ENGINEERS
 ANCHORAGE, ALASKA

GRID 1436 SCALE 1"=100' DATE MAY 91 BOARD 13
 DRAWN BLM TYPING B.S. REF BY [Signature]



Subject

CURVE DATA

R	Δ	T
A 2000	90°02'42"	2002
B 2000	89°57'18"	1998

SCALE: 1"=100'

Site Map

Appraisal Company of Alaska

SUBJECT PROPERTY PHOTOGRAPHS

Date Taken: 5-22-84

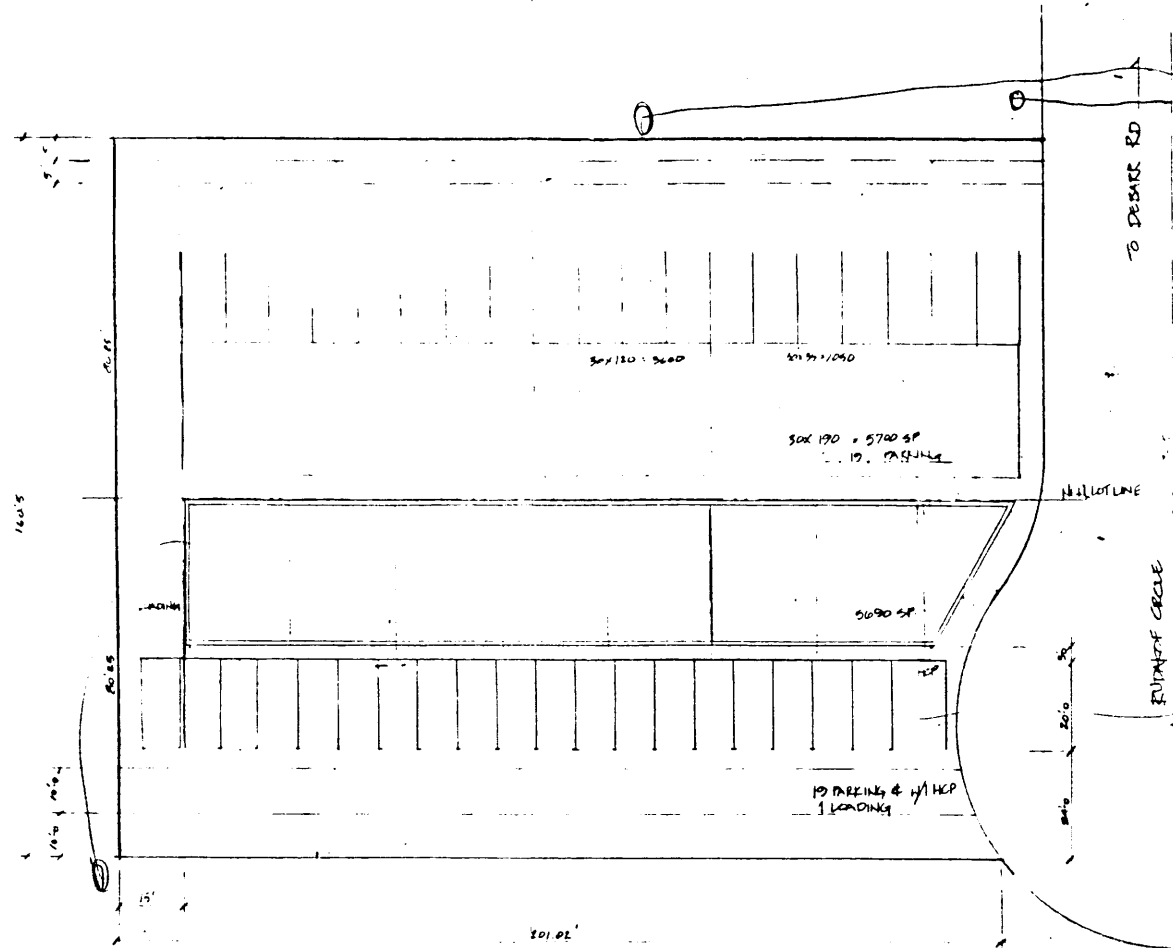
Taken By: GJB



View of subject site looking westerly across Rudakof Circle.



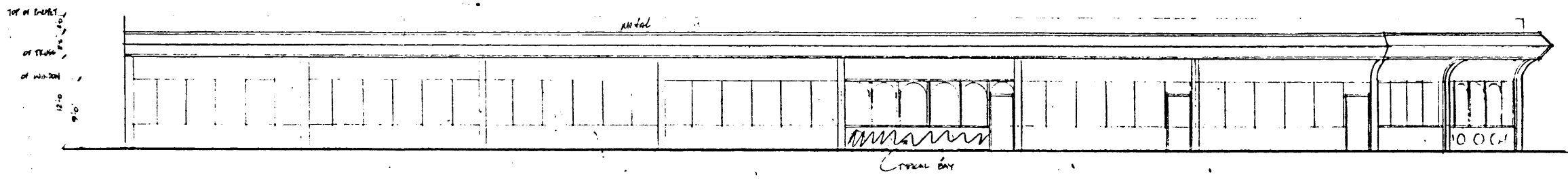
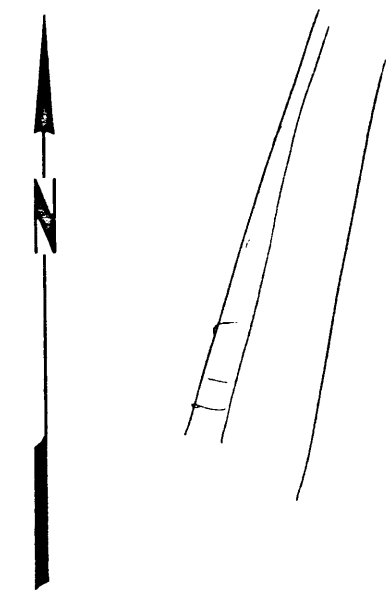
Street scene Rudakof Circle, looking north.



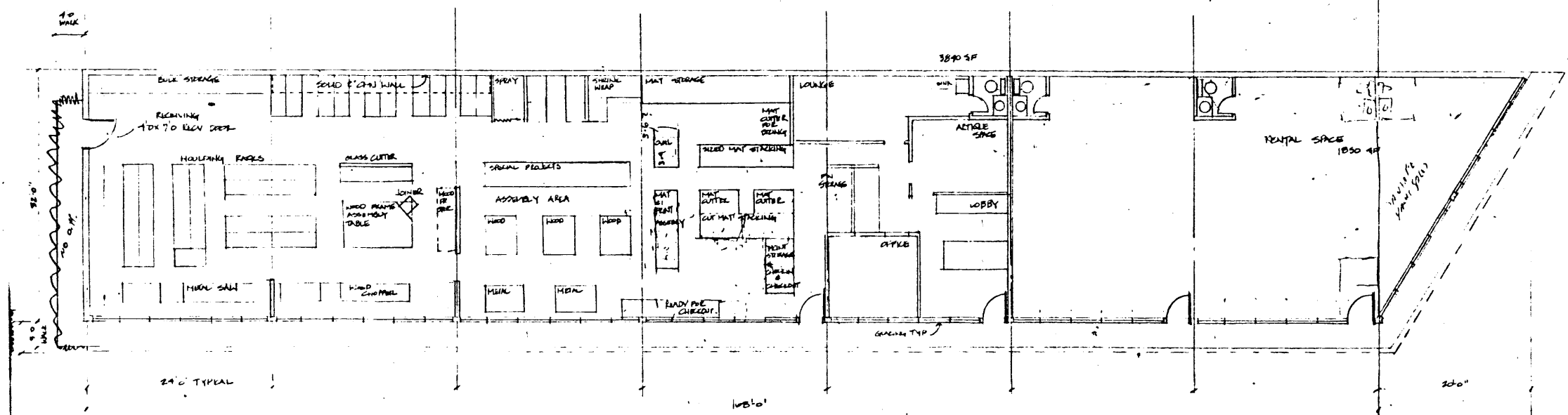
Site Development Plan

NORTH
 SITE PLAN 1"=20'
 LOT 5A, DEANER/DKAGAN - BUSINESS PARK

- FOUNDATION -
12" MIN CONC FOOTING
8" CMU FOUNDATION WALL
- FLOOR -
4" CONG
- STRUCTURE -
8" CMU NORTH & WEST WALL
TYPE V N-R WOOD FRAME
TRUSS ROOF SUPP'D TO DRAIN
- STEEL FRONT
WOOD FRAME W/ STRIPPED GLASS - SOLAR COOL
METAL FRAM W/ WOOD OR METAL SIDING
GUTTER
- FINISHES
FLOOR - CONG
WALLS - 7/8" GYP PAINTED
CEILING - ACOUSTIC CEILING BRON
GYP BO ON TRUSSES
- MECHANICAL -
THREE - SEPARATE ROOF TOP GAS
FREQ. HEATING/COOLING UNITS
- ELECTRICAL -
FLUORESCENT LIGHTS THROUGHOUT



SOUTH ELEVATION 1/8"=1'0"



Building Plan

FLOOR PLAN 1/8"=1'0"

FRAMEWORKS SHOP - RETAIL/OFFICE
 MECO INC. - CONTRACTOR
 JAF MASA CORP. - GRAND L. WILKINSON, ANAHEIM
 PRELIMINARY 1/21/84

APPRAISAL REPORT

Purpose and Objective of the Appraisal

The purpose of the appraisal report is to communicate the data and reasoning leading to the formulation of an opinion of value. The objective of the appraisal report is to estimate the market value of the fee simple estate of the subject property as proposed. Market value is defined by the American Institute of Real Estate Appraisers in their Eighth Edition of The Appraisal of Real Estate as follows:

"The most probable price in cash, terms equivalent to cash, or in other precisely revealed terms, for which the appraised property will sell in a competitive market under all conditions requisite to fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.

Fundamental assumptions and conditions presumed in this definition are:

1. Buyer and seller are motivated by self-interest.
2. Buyer and seller are well informed and are acting prudently.
3. The property is exposed for a reasonable time on the open market.
4. Payment is made in cash, its equivalent or in specified financing terms.
5. Specified financing, if any, may be the financing actually in place or on terms generally available for the property type in its locale on the effective appraisal date.
6. The effect, if any, on the amount of market value of atypical financing, services, or fees shall be clearly and precisely revealed in the appraisal report."

Identification of the Property

The property under appraisal is a one-story strip commercial building of concrete block and wood frame construction, suitable for strip retail, office, or light fabrication, or a combination of these uses. The building will have a gross floor area of 5696 square feet, with a net rentable area of 5454 square feet. The subject site has an area of 32,761 square feet, or .752 acres. The site is located on the west side of Rudakof Circle south of DeBarr Road in Anchorage, Alaska. The legal description of the site is Lot 5, DeBarr-Bragaw Subdivision. The site is currently vacant.

Owner of Record

According to the assessor for the Municipality of Anchorage, and information supplied by the client, the owner of record as of the date of the appraisal is:

Carr-Gottstein Properties
1341 Fairbanks Street
Anchorage, Alaska 99501

Property Rights Appraised

The property rights appraised are the unencumbered fee simple estate. Fee simple is defined as follows:

"An absolute fee; a fee without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power, and taxation. An inheritable estate."¹

Date of Appraisal

The date of the subject appraisal is May 22, 1984, with the physical inspection of the property conducted on that date. This date is important as valuation can be affected by a variety of economic, financial, and political factors which can vary over time.

¹ Boyce, Byill N. Ph.D. AIREA, SREA, (Massachusetts)
Real Estate Appraisal Terminology
Ballinger Publishing Company, 1981, Page 102

NEIGHBORHOOD ANALYSIS

The subject neighborhood is primarily residential, with commercial enterprise and vacant land zoned for commercial uses along arterial routes. The residential uses in the area include multi-family rental and condominium units, mobile homes, and single family housing. The commercial uses in the neighborhood include a variety of uses, including offices, both leased and condominium, retail, automotive repair, food service and other businesses. The commercial uses are generally confined to the land along the major traffic routes.

The boundaries of the subject neighborhood are, generally, the Glenn Highway to the north, Boniface Parkway to the east Northern Lights Boulevard to the south, and Lake Otis Parkway and Airport Heights Road to the west.

Access to the Rudakof Circle cul-de-sac is via DeBarr Road. DeBarr Road is a major east-west arterial route with a daily traffic flow exceeding 22,000 vehicles. DeBarr Road extends from Muldoon Road in east Anchorage west to near Lake Otis Parkway where it becomes 15th Avenue. 15th Avenue extends to "L" Street/Minnesota Drive. DeBarr Road intersects Bragaw Street just west of Rudakof Circle. Bragaw Street is a north-south arterial connector route extending from Northern Lights Boulevard to the Ship Creek industrial area. Daily traffic along Bragaw Street exceeds 12,000 vehicles. The subject has no visible exposure to DeBarr Road, but is visible (with no direct access) from Bragaw Street.

The neighborhood is judged to be of good quality. Commercial development along Bragaw Street includes fast food restaurants, automobile service stations, commercial buildings containing both offices and retail shops. The buildings are of average quality and well maintained. There is little development along DeBarr Road as it is a major arterial route to which access is somewhat restricted. The residential uses in the area include all types of low rise construction, including, according to the proximity to the subject, mobile homes, multi-family rental housing, single family homes, and multi-family condominium units. The residential units are generally low-middle to middle income housing units in good repair.

Access to downtown Anchorage, the Ship Creek industrial area and ship yard, and Midtown and South Anchorage is over paved, well maintained roads.

The neighborhood is currently experiencing a minimal growth and is expected to continue as a stable to growing area into the future. Over time, the central location of the subject in a predominantly residential area is expected to continue to be a positive attribute.

REAL ESTATE TAXES

The Municipality of Anchorage is divided into 32 geographical "service areas", which contain all types of properties. All properties within a given service area are taxed at the same rate; in so doing, there is no discrimination between various property types. The area mill rates are set each year and are formulated based on the requirements of the public sector. The continuing fluctuations in millage rates have been caused by the varying level of wealth flowing into the state from various sources, primarily oil, and the fiscal requirements of the public sector.

While it is the intent, mandated by the State Legislature, that the Assessor value, or re-value, properties at 100% of market value each year, this figure is rarely attained. Typically, the assessor's estimate of value ranges between 60% to 90% of market value. Since the subject improvements are proposed, there is no tax or assessment history. An estimated assessment of 80% of the value indicated by the Cost Approach of this report is assumed appropriate, and is used here to estimate the potential annual taxes upon completion of the project.

Value from						
Cost Approach	x	80%/1000	x	Mill Rate	=	Estimated Taxes
\$705,000	x	80%/1000	x	9.91	=	\$5,589
						say \$5,600

ZONING

The subject site is zoned B-3, General and Strip Commercial Business District.

According to the Anchorage Municipal Code, Title 21, April 1, 1983:

"The B-3 district includes those areas which are heavily exposed to automobile traffic and which have been developed with general commercial uses. The district is intended specifically for those areas surrounding major arterial intersections where personal services, convenience goods, and auto-related service facilities are desirable and appropriate land uses."

Supplementary parking regulations for the subject's district indicate a parking requirement of one space for every 300 square feet of building area.

The subject's proposed use conforms to the requirements of the zoning ordinance.

SITE DESCRIPTION

The subject site is located in Eastern Anchorage on Rudakof Circle, a cul-de-sac with access off of DeBarr Road. The site is legally described as Lot 5, DeBarr-Bragaw Subdivision.

Size and Configuration

The site has an irregular shape which is roughly rectangular with approximately 161 feet of frontage on Rudakof Circle and a depth of approximately 210 feet. The total site area is 32,761 square feet (approximately .752 acres).

Accessibility and Visibility

The site is located on the west side of Rudakof Circle cul-de-sac, south of DeBarr Road. Rudakof Circle is asphalt paved with curbs and gutters. The subject has access to DeBarr Road via Rudakof Circle, but will have minimal visibility from DeBarr Road upon completion of neighboring improvements. The subject is visible from Bragaw Street, but has no direct access to Bragaw Street. Both DeBarr and Bragaw are arterial routes which provide the subject ready access to all of the Anchorage basin.

Topography and Soils

The site is level near street grade. No soils report has been furnished the appraiser, but it is our understanding that the soils are gravel and silty sand with a bearing gravel base at one to four feet below the surface.

Utilities and Easements

All utilities including water, sewer, storm drains, natural gas, electric and telephone are to the site. There are a number of easements affecting the site, they include Municipal Light and Power easements of five feet along the north boundary, ten and five feet along the south boundary, and fifteen feet along the west boundary, a storm drain easement of twenty feet along the south boundary (includes ten foot MLP easement), and a ten foot sanitary sewer easement along the north boundary (includes five foot MLP easement).

Site Improvements

The site area not covered by building area will be graded, paved and striped for parking.

Excess Land Area

The land-to-building ratio of the proposed project is 5.75:1. The zoning ordinance requires 19 parking spaces for the subject's proposed use. It can be seen on the site plan that the 19 spaces with one handicap space and a loading area and the proposed building are provided for on approximately 1/2 of the site area. The remainder of the site area, also indicated with striped paving, is judged to be land area which is not required by the proposed project. Therefore, this area is judged to be excess land which is divisible from the total site area without detriment to the proposed plan. The excess land area is estimated to be the entire northern rectangular section of the site with the dimensions 80.25 x 211 feet or 16,933 square feet. The land-to-building ratio for the site less the excess land area is approximately 2.8:1. This ratio is within the typical range for similar projects.

DESCRIPTION OF IMPROVEMENTS

A preliminary blueprint of the proposed building improvements has been furnished to the appraiser. It is my understanding that no architectural drawings will be made. Therefore, we have used the preliminary drawing, along with the basic building specifications listed thereon to form my estimate of replacement cost. An improvement description and component detail based on the plan follows. Some basic assumptions have been made regarding basic structural and finish items not noted on the plan.

The building is to be a one-story, 5,696 square foot gross, strip commercial building of concrete block and wood frame construction. Interior clearance to bottom of truss is 12 feet. Exterior clearance to top of parapet will be 16.5 feet.

Footings and Foundation: Including excavation for concrete spread footings under eight inch concrete block foundation walls under exterior walls.

Frame: Load bearing exterior walls.

Exterior Walls: North and west walls are to 8 inch concrete block assumed to have pilasters or steel columns at 24 foot bays, unfinished interior and exterior covers. East and west walls are to be wood framed with wood sash, metal fascia, wood siding exterior and gypsum board, taped and painted, interior. Wood framed east and south walls are assumed to have wood or steel bearing columns at 24 foot bays.

Floor Structure/Cover: 4 inch reinforced concrete on prepared grade. Cover is assumed to be commercial grade carpet or vinyl in office areas, vinyl tile in the restrooms, unfinished in other areas.

Roof Structure/Cover: Wood truss joist structure, 32 foot span with wood deck. Built up insulated cover.

Interior Construction: Wood framed gypsum board, taped and painted. Ceilings are to be suspended acoustical fiber panels.

Electrical: Fluorescent lighting, wiring in conduit. Adequate outlets assumed.

Plumbing: Preliminary plans indicate 4 lavatories, 4 toilets, 1 utility sink, assumed 1 water heater.

H.V.A.C.: 3 roof mounted, gas fired, packaged heating and cooling units.

Fire Protection: Not indicated.

Yard Improvements: The site area not covered by building improvements is to be asphalt paved and striped for parking, with a 3 foot wide concrete walkway along the building's south and east perimeter.

Quality: The proposed improvements are of average quality construction.

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 determination of Highest and Best Use is the result of the appraiser's judgment and analytical skill. The use determining from analysis represents an opinion, not a fact to be found.

Highest and Best Use may be defined as:

That reasonable and probable use that will support the highest present value, as defined, as of the effective date of the appraisal.

Alternately, that use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in the highest land value.

The definition immediately above applies specifically to the Highest and Best Use of the land. It is to be recognized that in cases where a site has existing improvements on it, the Highest and Best Use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its Highest and Best Use exceeds the total value of the property in its existing use.

Implied within these definitions is recognition of the contribution of that specific use (parks, greenbelt areas, etc.) to community environment or to community development goals in addition to wealth maximization of individual property owners.

The following is our opinion of the Highest and Best Use of the property under appraisement.

Highest and Best Use "As Vacant"

The subject is a level 3/4 acre, rectangular site with an interior location on a cul-de-sac in an area zoned for general and strip commercial uses. The site's size and shape, (rectangular, almost square), and level topography impose virtually no physical limitations on potential development. The subject's zoning allows the widest range of possible uses of any of the urban commercial zones, and the fewest restrictions on the physical development of the site.

While the physical developmental potential and permitted uses of the site are almost unlimited, the the subject's location on a cul-de-sac severely limits the feasibility of many projects. The subject will definitely have limited visibility from DeBarr Road, the site's primary access arterial. The subject's visibility from Bragaw Street will be marginally positive. The lack of direct access from Bragaw Street and the fact that the neighboring property owner may, at any time, block visibility by developing his land, makes the current positive visibility an unreliable amenity of the future. These considerations tend to render infeasible those allowable uses which rely on high visibility and traffic flow. The remaining uses to consider include commercial uses not reliant on traffic flow or visibility and multi-family residential use.

The land uses, both existing and proposed, along Rudakof Circle are commercial in nature, as are the uses abutting the subject site on the west along Bragaw Street. A commercial use of the subject site would be homogeneous with the character of the immediate neighborhood. A residential development, however, while legally permissible, would be out of keeping with the character of the immediate neighborhood. The noise and traffic associated with the nearby commercial operations would tend to limit the quality and quantity of a residential building's rental return.

Based on the above analysis, it is our opinion that a commercial development represents the Highest and Best Use of the subject site. And as rents in the area are at the same levels for both retail and office space, a commercial development capable of supporting either and/or both of the two types of tenant is indicated as being most feasible, as it would have a wider potential tenant pool.

Highest and Best Use "as Improved"

The proposed building improvements to the subject site fall into the category of commercial development put forth as the Highest and Best Use of the vacant land. The building improvements are considered for slightly less than half of the total site area, leaving the remaining site area (16,933 square feet) to be developed in the future. The appraiser has been informed that a subdivision of the site into two approximate halves is pending approval by the Municipality. It is my opinion that, should the subdivision of the site be approved, the Highest and Best Use of the subdivided parcels will not change and the subject proposed improvements will then be a highly likely and probable Highest and Best Use of the portion of the site on which they are constructed. Should the subdivision of the site not take place, then the proposed improvements would represent an underutilization of the site and not be the Highest and Best Use of the site.

COST APPROACH TO VALUE

This approach basically provides for an estimate of the depreciated reproduction of replacement cost new of the building improvements, plus the value of the land. The basic five steps of this valuation method are as follows:

1. Estimate Land Value
2. Estimate reproduction or replacement cost new of the existing or proposed improvements.
3. Estimate any accrued depreciation caused by:
 - A. Physical Depreciation
 - B. Functional Obsolescence
 - C. External Obsolescence
4. Deduction of depreciation from estimated reproduction or replacement cost new to arrive at a depreciated value of improvements.
5. Add land value to depreciated value of improvements for total value indication.

The cost factors can be estimated by utilizing a national cost service book for the subject area, reference to cost data in office files by a variety of contractors, consultation with professional cost estimators, or by actual or proposed building costs of the subject property. These costs generally include architect fees, legal and appraisal fees, financing charges, real estate commissions, building permits, and other miscellaneous costs incurred in constructing the buildings and developing the site. The costs estimated herein are not necessarily the actual building costs of the subject improvements unless stated. The costs estimated are potentially representative of what a "typical" contractor could construct the improvements for without penalizing a contractor who is more knowledgeable in his profession than one who is not.

LAND VALUATION

There are a number of valuation techniques that may be used in valuing land. The available approaches are the Market Comparison Approach, the Land Residual Technique, the Land Abstraction Procedure, and the Anticipated Use for Development Procedure. Of these procedures, the Market Comparison is the preferred method when there is an active real estate market that involves vacant land sales of similar type properties.

In the Market Comparison Approach, land is generally valued as if vacant and available for development. The value estimate is based upon the land's Highest and Best Use. Sales are sought of unimproved properties which can be directly compared to the subject, the adjustments being made for various inequalities between them on an item-by-item basis. Location, size, time of sale, zoning, topography and soil conditions are some of the major land characteristics which may require adjustment.

A site under appraisal may be valued on any number of measurement basis depending on the market. The price per square foot, per front foot, per acre, or per unit buildable on the site, and site basis are typical. Although a front foot basis is utilized at various times when discussing commercial properties, this method of comparison overlooks the fact that these land parcels have varying depths which tends to distort any meaningful comparison on a front foot basis. Properties have, therefore, been compared on a square foot basis.

The following pages contain details of the available representative transactions.