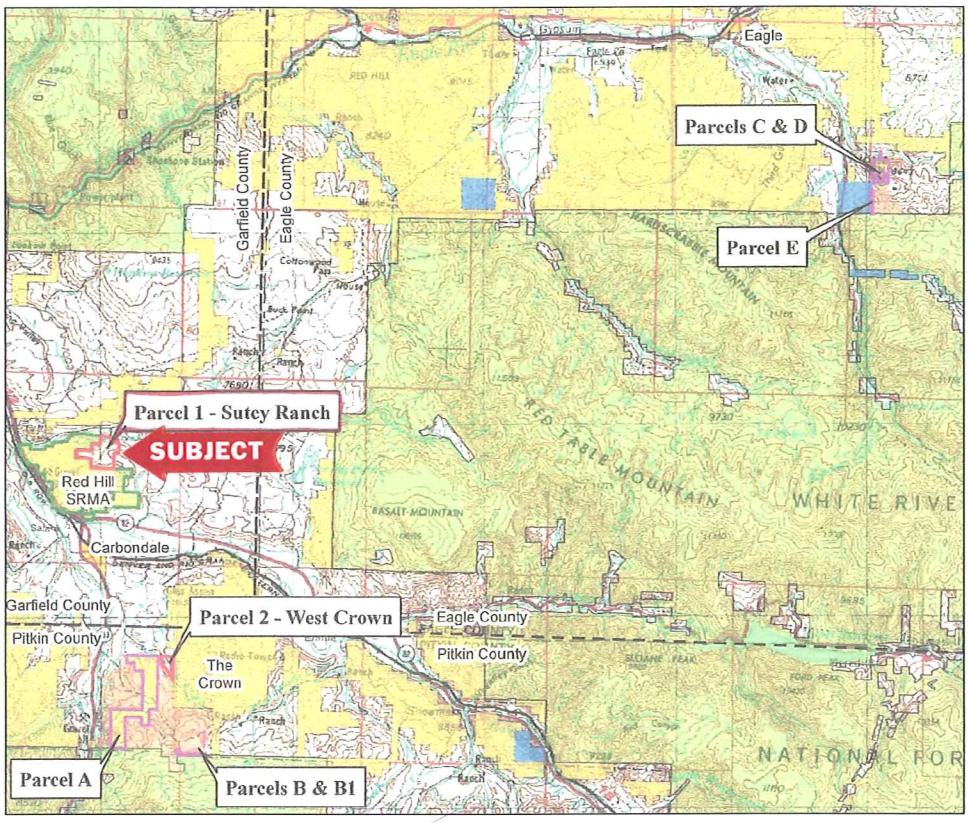
Appraisal of Real Property Conveyed in Self-Contained Narrative Report Format

SUTEY RANCH BLM LAND EXCHANGE - SUTEY RANCH PARCEL
556.63 Acres of Vacant Land in Private Ownership (Non-Federal Parcel 1)
Portion of Sections 14, 15, and 16 in Township 7 South and Range 88 West
Located in the Southwest Quadrant of Garfield County Roads 112 and 113
North of Town of Carbondale, Unincorporated Garfield County, Colorado
OVS - Agency Case #COC-74812FD and IVIS #L12214 / 0031885



As of
November 15, 2012

Prepared For
Kent Stevens, MAI - Senior Appraiser
Office of Valuation Services (DOI)
12136 West Bayaud Avenue
Lakewood, Colorado 80228

Prepared By
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January 7, 2013

Kent Stevens, MAI - Senior Appraiser, Office of Valuation Services (DOI)
12136 West Bayaud Avenue, Lakewood, Colorado 80228

Re: Appraisal of Sutey Ranch Parcel for Sutey Ranch BLM Land Exchange
556.63 Acres of Vacant Land in Private Ownership (Non-Federal Parcel 1)
Portion of Sections 14, 15, and 16 in Township 7 South and Range 88 West
Located in the Southwest Quadrant of Garfield County Roads 112 and 113
North of Town of Carbondale, Unincorporated Garfield County, Colorado

Dear Mr. Stevens:

The subject of this appraisal is the Sutey Ranch Parcel, which is identified as Non-Federal Parcel 1 for the proposed Sutey Ranch BLM Land Exchange. The case includes one other Non-Federal parcel plus six Federal parcels that are located in Eagle, Garfield, and Pitkin Counties, Colorado. The subject comprises 556.63 acres of vacant land (existing improvements are fully depreciated) that is privately owned by an entity controlled by the proponent (2343 County Road, LLC). The property is situated three miles north of the Town of Carbondale in Garfield County, and features year-round access from County Road 112 with good water rights for historic irrigation practice. The entire subject property was determined to comprise a single larger parcel of 556.63 acres.

The purpose of this appraisal is to form an opinion of the market value of the fee simple interest in the subject property. The client is the U.S. Department of the Interior, Office of Valuation Services (OVS). The only intended users are the client, the Bureau of Land Management (BLM) Colorado State Office and associated Field Office, Western Land Group, Inc., as well as owners of the Non-Federal parcels (Leslie and Abigail Wexner, as represented by Gideon Kaufman). The intended use is to assist the BLM Colorado State Office (on behalf of the United States of America) in connection with a proposed exchange of identified Federal and Non-Federal Lands. The value opinion is effective as of November 15, 2012, or the date of my recent inspection. Since the subject parcel is valued as vacant land, the Sales Comparison Approach was the only technique utilized. Based on the following analysis, it is my opinion that the market value of the fee simple interest in the subject property, effective as of November 15, 2012, is $5,290,000.

This appraisal conforms to the Uniform Standards of Professional Appraisal Practice (USPAP), the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA or "Yellow Book"), as well as requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (PL 91-646) as amended. No other supplemental standards are applicable. The valuation analysis and report also complies with a Statement of Work that was provided by the client, which describes the request for appraisal services (copy found in the addenda).

Respectfully submitted,

Kevin A. Chandler, MAI

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APPRAISER'S CERTIFICATION

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

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions, limiting conditions, and legal instructions, and are the personal, unbiased professional analysis, opinions, and conclusions of the appraiser.
- the appraiser has no present or prospective interest in the property appraised, and no personal interest or bias with respect to the parties involved.
- the compensation received by the appraiser for the appraisal is not contingent on the analyses, opinions, and conclusions reached or reported.
- the appraisal was made, and the appraisal report was prepared, in conformity with the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA).
- the appraisal was made, and the appraisal report was prepared, in conformity with the Appraisal Foundation's Uniform Standards of Professional Appraisal Practice (USPAP), except to the extent that the UASFLA required invocation of USPAP's Jurisdictional Exception Rule, as described in section D-1 of the UASFLA.
- the appraiser has made a personal inspection of the appraised property which is the subject of this report, and all comparable sales used in developing the opinion of value. The appraiser inspected the subject parcel by foot and vehicle on August 23, 2012, at which time I was accompanied by Kent Stevens, MAI (review appraiser for OVS), as well as duly authorized representatives of the intended users (including the owner). The subject property was briefly inspected again on November 15, 2012 to confirm the physical condition had not changed.
- no one provided significant professional assistance to the appraiser signing this report.
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- as of the date of this report, I have completed the continuing education program of the Appraisal Institute, and have never been charged with any ethics violations.
- I prepared Restricted Use appraisals of the subject property for the proponent with effective dates of value of July 14, 2008 as well as September 13, 2010, but I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

In my opinion, the market value of the subject property as of November 15, 2012 is **$5,290,000**

Certified by,

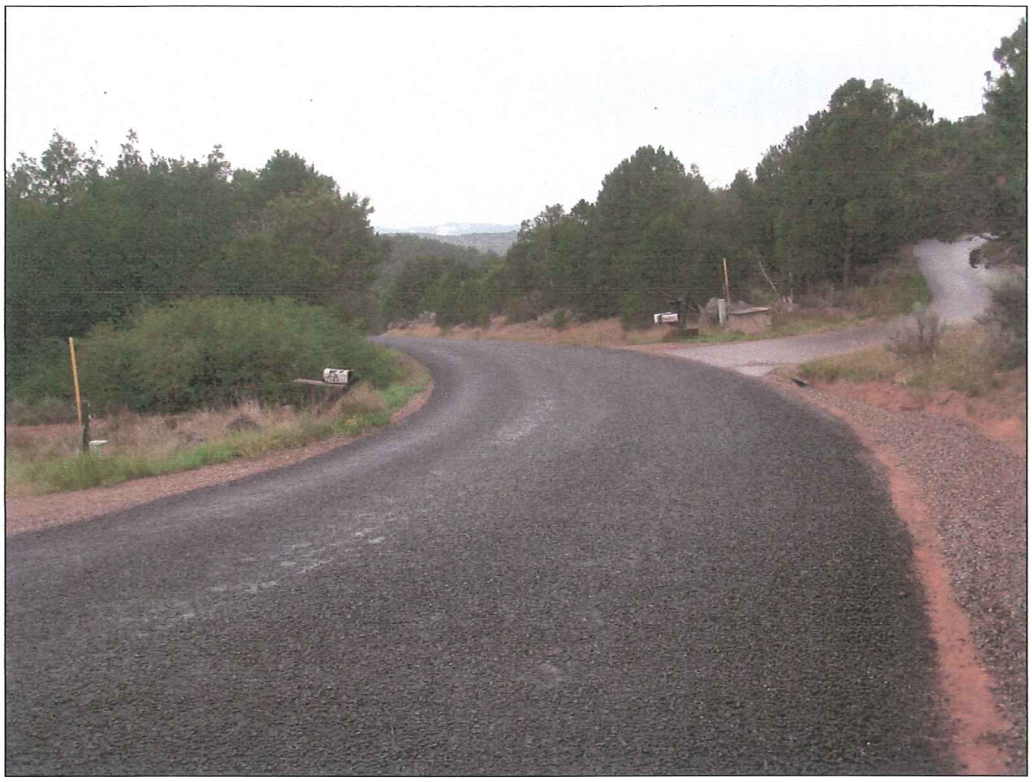
Kevin A. Chandler, MAI
Certified General Appraiser
State of Colorado, #CG40022860

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Property Ownership:	Privately owned by 2343 County Road, LLC (an entity that is controlled by the proponent of the BLM land exchange)
Location and Access:	The subject is located about three air miles north of the State Highway 82 corridor and Town of Carbondale, in the Missouri Heights neighborhood of unincorporated Garfield County, Colorado. The property has year-round vehicular access from County Road 112, a paved arterial that traverses the northeast corner of the holding. Private roads provide seasonal ingress/egress to the interior of the ranch.
Property Description:	The subject property comprises 556.63 deeded acres in two contiguous tax parcels, which was determined to be the larger parcel for the valuation analysis. This working cattle ranch features varied terrain at elevations of 6,500 to 7,100 feet, and is mostly grazing pasture with some irrigated land. It has average views and lacks a live water amenity, but the property does adjoin public (BLM) land on two sides.
Improvements/Utilities:	The subject property is appraised as vacant land, as existing building improvements at the ranch headquarters are fully depreciated, and thus have zero contributory value. There is no municipal water or sewer service in the neighborhood, but the existing home uses a private well and septic system, with electric and telephone service extended to the interior.
Legal Description:	Unplatted tracts of land located in Sections 14, 15, and 16, of Township 7 South and Range 88 West, 6th P.M. Garfield County, Colorado (plus appurtenant water rights)
Estate Appraised:	Fee simple title subject to encumbrances listed in the title insurance commitment for the property (copy in addenda)
Zoning/Land Use:	Rural, by Garfield County (current zoning for the parcel)
Highest and Best Use:	Rural residential development (i.e. year-round homesites) with complimentary agriculture and/or recreation
Larger Parcel:	Entire 556.63-acre subject property (based on market data)
Effective Date of Value:	November 15, 2012 (date of my recent physical inspection)
Opinion of Market Value:	**$5,290,000** ($9,500 per acre as rounded for the holding)

PHOTOGRAPHS OF SUBJECT PROPERTY

Taken by Kevin A. Chandler, MAI on August 23, 2012

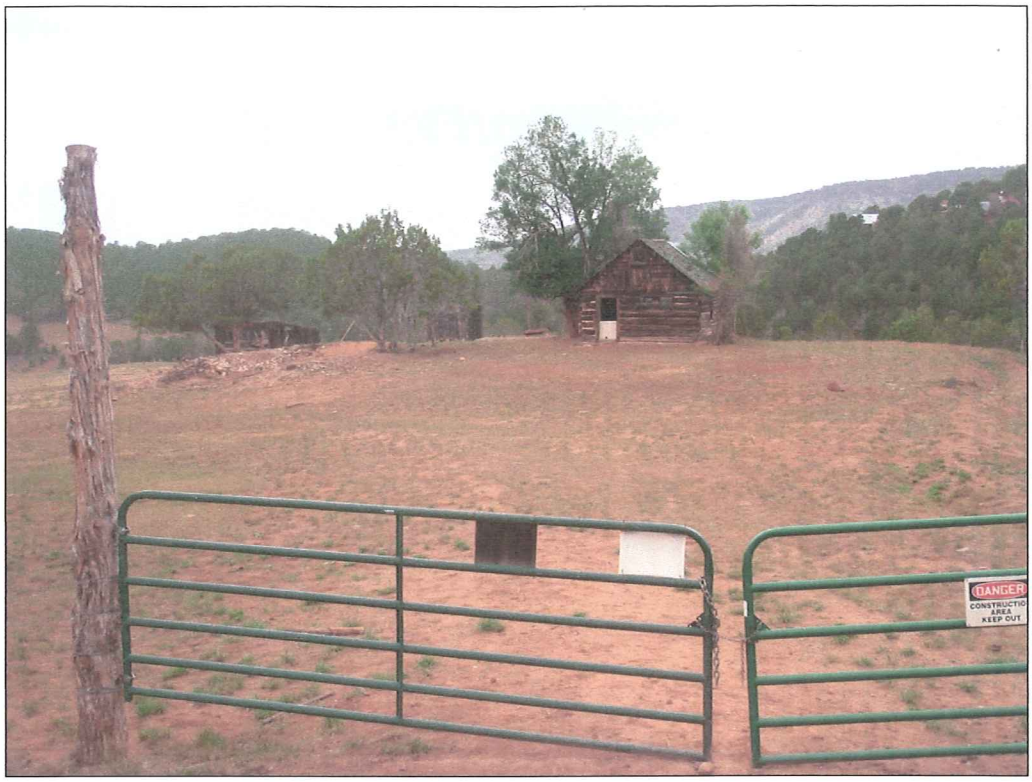


Street Scene of County Road 112 Looking Northwest from Subject Driveway

Private Gravel Driveway at Subject Looking Southwest from County Road 112

PHOTOGRAPHS OF SUBJECT PROPERTY

Taken by Kevin A. Chandler, MAI on August 23, 2012



Homestead Buildings near County Road 112 (zero contributory value)

Ranch Headquarters (at center) Looking North from Central Portion of Subject

PHOTOGRAPHS OF SUBJECT PROPERTY

Taken by Kevin A. Chandler, MAI on August 23, 2012

Single-Family Residence at Ranch Headquarters (zero contributory value)

Agricultural Outbuildings at Ranch Headquarters (zero contributory value)

PHOTOGRAPHS OF SUBJECT PROPERTY

Taken by Kevin A. Chandler, MAI on August 23, 2012

Irrigated Pasture at Northern Portion of Subject Looking West from Private Road

Grazing Land at Southern Portion of Subject Looking East from Two-Track Road

PHOTOGRAPHS OF SUBJECT PROPERTY

Taken by Kevin A. Chandler, MAI on August 23, 2012

Views from Upper Elevation of Subject Looking North (towards Fisher Creek)

Views from Upper Elevation of Subject Looking Southwest (towards Red Hill)

ASSUMPTIONS AND LIMITING CONDITIONS

The appraisal report is made pursuant to the following assumptions and limiting conditions:

1. This appraisal analysis is not pursuant to any hypothetical conditions or extraordinary assumptions, which would have been instructed by the client in the appraisal instructions.

2. The appraiser assumes no responsibility for legal matters affecting title to the subject parcel, which is assumed to be good and marketable and held by the owner of record. The subject property is appraised as if free and clear of all liens and encumbrances, except those listed in the title insurance commitment provided (copy in the addenda).

3. The legal description and parcel size provided to the appraiser by the client are assumed to be correct, with the subject property comprising 556.63 total deeded acres (per survey). The appraiser made no boundary survey of the subject property, and is not responsible for discrepancies in regards to title, survey, easements, encroachments, and/or boundaries.

4. The maps and sketches included in this report are meant to assist the reader in visualizing the property, with no responsibility assumed for their accuracy. This information was provided by the intended users, various governmental entities, and my visual inspection.

5. Opinions, estimates and other data furnished by third parties are assumed to be correct, and the appraiser professes no legal expertise in regards to access to the subject parcel.

6. Possession of this report or any copy does not carry with it the right of publication, nor may it be used for any other purpose than the stated intended use. I acknowledge that all appraisal reports submitted to the client (OVS/DOI) for review become the property of the United States of America, and may be used for any legal and proper purpose.

7. During the inspection of the appraised property, the appraiser noted no indications of hazardous material or wastes, pollutants, leaking underground storage tanks, or other toxic/hazardous conditions. The detection of hazardous material is not part of the scope of this appraisal, and the appraiser is not qualified to detect such substances or conditions. The presence of hazardous substances, or other potentially hazardous materials, may adversely affect the market value of the property. The value opinion reported herein is predicated on the assumption that there are no such materials, substances, or conditions on the subject parcel, or in proximity thereto, that would cause a loss in market value.

8. The appraiser reserves the right to alter statements, analysis, conclusions, or any value opinion in the appraisal if facts become known to the undersigned that are pertinent to the appraisal process, and were unknown at the time of report preparation.

9. Upon the request of the United States Attorney or the Department of Justice, the contract appraiser agrees to testify regarding the appraisal. However, a supplemental contract will be negotiated as necessary, with no liability assumed by the appraiser for legal matters.

SCOPE OF THE APPRAISAL

The **scope of work** identifies the appraisal problem to be solved, determines the necessary work to develop a credible assignment result, and discloses this process adequately in a written report. Effective July 1, 2006, changes to the Uniform Standards of Professional Appraisal Practice (USPAP) have been finalized in regards to scope of work. They give the appraiser flexibility to tailor each assignment so the work product is customized to meet specific needs of the client.

The **purpose** of this appraisal is to form an opinion of the market value of the fee simple interest in the **subject property**, which is identified as the Sutey Ranch Parcel (Non-Federal Parcel 1) for the proposed Sutey Ranch BLM Land Exchange. The case includes another Non-Federal parcel plus six Federal parcels that are located in Eagle, Garfield, and Pitkin Counties, Colorado.

The **client** is the U.S. Department of the Interior, Office of Valuation Services (OVS). The only **intended users** are the client, the Bureau of Land Management (BLM) Colorado State Office and associated Field Office, Western Land Group, Inc., as well as the current owners of the Non-Federal parcels (Leslie and Abigail Wexner, as represented by Gideon Kaufman, Esquire).

The **intended use** is to assist the BLM Colorado State Office (on behalf of the United States of America) in connection with a proposed exchange of identified Federal and Non-Federal Lands.

The **date of value** is November 15, 2012, which is the date of my most recent inspection of the appraised property. The subject was initially inspected by foot and vehicle on August 23, 2012, at which time the appraiser was accompanied by the review appraiser (Kent Stevens, MAI) and representatives of the intended users (including the BLM, Western Land Group, and proponent). A brief re-inspection of the subject on November 15, 2012 (with the review appraiser) confirmed that the physical condition of the property had not changed materially since August 23, 2012.

The **appraisal process** reflects the existing zoning and physical characteristics at the property, and has a highest and best use of rural residential development with agriculture and/or recreation. The **larger parcel** was determined by the appraiser to be the entire 556.63-acre subject property. The Cost Approach is not necessary for this analysis since existing building improvements at the parcel are dilapidated with zero contributory value, and the subject is appraised as vacant land. The Income Capitalization (Development) Approach is also not applicable since the property does not generate major income, and subdivision is neither imminent nor maximally productive. Only the Sales Comparison Approach was employed, with comparable property sales in the local market researched through local offices for the County Assessor as well as the Clerk/Recorder. The most similar sales in proximity to the subject were selected, which were inspected by the appraiser as indicated on the Market Data Record sheets. Each was compared to the subject and adjusted for various factors to establish the market value of the property on a price per acre basis. Sales of other parcels in the area that I conducted varying amount of research on before deciding that they were not comparable enough to include as primary comparables are also discussed.

This narrative appraisal is written in **self-contained format**, and the **date of report** preparation and transmittal to the client is January 7, 2013. It conforms with the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA a/k/a "Yellow Book"), as well as the Uniform Standards of Professional Appraisal Practice (USPAP). The report was also prepared in compliance with a Statement of Work that was provided by the client (copy in the addenda).

DEFINITION OF MARKET VALUE

The Statement of Work provided by the client directs the appraiser to utilize this definition of market value for BLM Land Exchanges:

> "The most probable price in cash, or terms equivalent to cash, that lands or interests in lands should bring in a competitive and open market under all conditions requisite to a fair sale, where the buyer and seller each acts prudently and knowledgeably, and the price is not affected by undue influence." [43 CFR 2200 0-5(n)]

The Uniform Appraisal Standards for Federal Land Acquisitions provide that the appraiser shall not link an opinion of market value to a specific exposure time. This is contrary to Standards Rule 1-2(c) of the Uniform Standards of Professional Appraisal Practice, and is considered a Jurisdictional Exception (which has been invoked regarding exposure time and marketing time).

PROPERTY RIGHTS APPRAISED

The property rights appraised is the fee simple interest in the subject parcel, which is defined as:

> "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." [*The Dictionary of Real Estate Appraisal,* Fifth Edition (Chicago: Appraisal Institute, 2010), Page 140]

The Statement of Work states that the property interest to be appraised is the fee simple interest, subject to exceptions indicated in the title insurance commitment and legal description provided (prepared by Land Title Guarantee Company on November 28, 2011 as Order #GW63006588-5). Permitted title exceptions for the subject property and their impact on value are discussed below:

- Exceptions 1 thru 8 are standard for this property type, would be administratively acceptable to the United States of America, and thus do not have an adverse impact on market value.
- Exceptions 9 and 10 reference right-of-way for ditches or canals constructed by the authority of the United States, as well as the right of a proprietor of a vein or lode to extract and remove his ore if found to penetrate or intersect the premises. These reservations by various United States Patents are typical for this property type, and have no effect on market value.
- Exceptions 11, 12, 13, and 14 are easements for power lines at the subject property that were granted to Public Service Company of Colorado or Holy Cross Electric Association. Public utility easements are common for this property type, and have no effect on market value.
- Exception 15 references a driveway and utility easement agreement for the 36.66-acre parcel at the subject property, which was granted prior to assemblage with the 519.97-acre parcel. Since this exception will be deleted upon closing, it has no adverse impact on market value.
- Exception 16 references any facts, rights, interests, or claims which may exist or arise due to overhead utility lines, as well as fence lines that do not correspond with property boundary lines, as shown on the improvements survey. This condition is typical for rural properties and administratively acceptable to the United States of America, with no impact on value.
- Although not listed as a permitted exception in the title insurance commitment, the property will be conveyed subject to County Road 112 as it traverses the northern edge of the parcel.

LEGAL DESCRIPTION

The Statement of Work provided to the appraiser by the client includes a lengthy metes and bounds legal description for the subject property (Sutey Ranch Parcel or Non-Federal Parcel 1). While a complete legal description is found in the title insurance commitment (addenda of the report), the subject property is unplatted tracts of land that are generally described as follows:

Portion of Sections 14, 15, and 16 (comprising 556.63 acres) plus appurtenant water rights
Township 7 South, Range 88 West, 6th Principal Meridian, Garfield County, Colorado

SUMMARY OF APPRAISAL PROBLEMS

The subject is one of eight properties for the proposed Sutey Ranch BLM Land Exchange, which comprises six Federal parcels totaling 1,470.01 acres in size, as well as six Non-Federal parcels totaling 668.41 acres in size. Each parcel is located within Garfield, Eagle, or Pitkin Counties. Identified as the Sutey Ranch Parcel (a/k/a Non-Federal Parcel 1), the subject is privately owned by an entity that is controlled by the proponent (Leslie and Abigail Wexner), who also own the nearby Two Shoes Ranch in Pitkin County (4,300 deeded acres with extensive improvements). The proposed land exchange has been generally well received by the local public, although the proponents had been unable to gain the full support of Pitkin County for a variety of reasons that are beyond the scope of this assignment. While some controversy exists, the project is being processed as an administrative exchange (not legislated), and facilitated by Western Land Group. However, Pitkin County announced their support of the land exchange on December 14, 2012 after continued negotiations with the proponent, which includes other consideration besides land. The subject property is situated north of Carbondale in the Missouri Heights neighborhood, and adjoins a large block of public land (Red Hill) that is managed by BLM for intensive recreation. This historic working ranch features year-round access from a county road, favorable terrain, public dry utilities, irrigated land, water rights, and prime wildlife habitat. The subject is zoned Rural by Garfield County, which allows subdivision at a minimum lot size of only two acres. However, the concluded highest and best use is much less intensive rural residential development with complimentary agriculture/recreation. The appraisal problem to be solved requires locating the best comparable sales which occurred during the past few years for my valuation analysis, namely larger holdings of rural land in the area with potential for a similar highest and best use. While adequate sales are available, only a few of these transactions are truly comparable and some warranted downward adjustments to account for declining market conditions since closing.

AREA AND MARKET DATA

While the subject parcel is located north of the Town of Carbondale in unincorporated Garfield County, the area surveyed also includes western Pitkin County due to its close proximity. The scenic Roaring Fork Valley is situated south of Interstate-70 on the Western Slope of Colorado, and extends for about fifty miles to the southeast. The City of Glenwood Springs is the Garfield County seat, while the City of Aspen is the Pitkin County seat and anchors the south end of the valley. The area is traversed by State Highway 82, which follows the Roaring Fork River to its confluence with the Colorado River in the picturesque Glenwood Canyon at Glenwood Springs.

Demographic Profile

Demographic data from the 2010 U.S. Census for Garfield and Pitkin Counties is summarized below. Garfield County has about three times more permanent residents than Pitkin County, but registers a generally similar median age, average household size, and per capita income as the State of Colorado. Pitkin County reports a higher median age and lower household size than the state, but is much more affluent in terms of per capita income (twice as high as Garfield County). While the combined 2010 population for both counties of 73,537 people is less than 2% of the total for Colorado, both counties outpaced the statewide average in regards to growth since 2000. Municipalities in the Roaring Fork Valley (and their 2010 population) include Glenwood Springs (9,614), Carbondale (6,427), Basalt (3,857), Snowmass Village (2,826), and Aspen (6,658).

Area Surveyed	Population	2000 % Change	Households	Median Age	Average HH Size	Per Capita Income
Garfield County	56,389	+28.8%	20,359	34.5 years	2.73 people	$36,019
Pitkin County	17,148	+15.3%	8,152	42.0 years	2.09 people	$74,414
State of Colorado	5,029,196	+16.9%	1,972,868	36.1 years	2.49 people	$42,107

Economic Conditions

The local economy was traditionally based on agriculture, primarily cattle ranching and mining. However, tourism has emerged as the primary industry, with over two-thirds of the labor force employed in the retail and service sectors. Aspen Skiing Company operates four resorts in Pitkin County (i.e., Aspen Mountain, Aspen Highlands, Buttermilk, and Snowmass), and reports 1.33 million skier visits during the 2011/2012 ski season (11% of the total for the State of Colorado). Natural resource extraction (mostly oil and gas) remains prevalent in western Garfield County. As of October 2012, Garfield County reports an unemployment rate of 7.3%, with Pitkin County at 9.0%. These rates are similar to the statewide average for the same time period of 7.5%, but are much higher than 2008 averages of 3.1% for Garfield County and 3.3% for Pitkin County.

Transportation and Services

State Highway 82 is the only major arterial in the region, which originates at Interstate-70 in Glenwood Springs and travels southeast for about 42 miles to Aspen. The road continues east for another forty miles to its terminus at U.S. Highway 24, but must traverse Independence Pass via a narrow route that is closed during the winter season. A network of paved and gravel county roads provide secondary access, but the highway corridor is heavily traveled and very congested. The Aspen Regional Airport can accommodate commercial jet service, and offers direct flights from major national cities during the winter and summer seasons. Glenwood Springs features regional shopping centers, including several national big-box stores, with mostly neighborhood services down-valley in Carbondale, El Jebel, Basalt, Snowmass, and Aspen. The area has two daily newspapers, state-of-the-art hospitals, and satellite campus for Colorado Mountain College.

AREA AND MARKET ANALYSIS

Land Use and Development Trends

Pitkin County has the most stringent zoning and land use regulations for the State of Colorado, with a Growth Management Quota System (GMQS) that limits the amount and timing of new residential housing. Since less than 10% of the total acreage within Pitkin County is privately owned, the supply of land that is available for residential development is extremely limited. These factors combine to make Aspen and Pitkin County one of the most expensive real estate markets in the country, which primarily caters to wealthy individuals and international buyers. Garfield County offers much more affordable housing prices and caters to the working class, with flexible land use regulations that generally allow much higher densities than Pitkin County. Private property is concentrated along the highway corridor between Glenwood and Aspen, with the narrow valley floor surrounded by mountain ranges in the White River National Forest. Most residential housing and commercial facilities are located within incorporated areas, and the highest density is found at ski area base villages (such as condominium and timeshare projects). The remainder of the valley is rural in nature, and features working ranches, rural homesites, large-lot subdivisions, and ample public land (most of which is managed by the BLM or USFS). While Pitkin County has an established public open space/trails/parks program, a tax proposal to create a similar program in Garfield County was not approved by local voters in November 2012.

Recreational Opportunities

The scenic Roaring Fork Valley offers four seasons of recreational opportunities, including golf, fishing, boating, camping, hunting, hiking, cycling, alpine and Nordic skiing, and snowshoeing. The Crystal River and Fryingpan River are major tributaries of the Roaring Fork River, and Reudi Reservoir (located upstream of Basalt on the Fryingpan River) is a popular recreation area. Glenwood Springs features natural hot springs, commercial cavern tours, and whitewater rafting. The White River National Forest mostly surrounds Aspen, including the Hunter Fryingpan, Collegiate Peaks, and Maroon Bells Snowmass Wilderness Areas. Glenwood Springs is situated south of the Flat Tops Wilderness Area, with large blocks of BLM land found near the city limits and at Carbondale. The Rio Grande Trail is a former railroad corridor that was acquired by local government, and this mostly paved and public hiking/biking path links Glenwood with Aspen.

Carbondale and Crystal River Valley

The subject neighborhood is considered to be the area surrounding the Town of Carbondale, which is located along the Roaring Fork River at State Highways 82 and 133. Carbondale has about 6,400 residents and is a bedroom community for nearby Glenwood Springs (located twelve miles northwest) and the wealthy up-valley community of Aspen (about thirty miles southeast). Mount Sopris provides a prominent natural landmark, as it is a few miles south of Carbondale. Most rural residential housing is concentrated in the Missouri Heights area, which is located north of the highway along the drainage of Cattle Creek. Single-family subdivisions with two to ten acre homesites include Callicotte Ranch, Hawk Ridge, Ten Peaks Mesa, Aspen Mesa Estates, Red Table Acres, High Aspen Ranch, Spring Park Ranch, Spring Park Meadows, and Spring Park Mesa. The Crystal River Valley is located south of Carbondale, along the Crystal River and Highway 133 corridor, and extends for about thirty miles to the towns of Redstone and Marble. The neighborhood is transitioning from agriculture to a bedroom community for local residents, and many historic working cattle ranches have been acquired by developers for rural subdivision. Rogers, Bailey, Wexner, Considine, Nieslanik, Fales, and Turnbull operate large ranches in the neighborhood, with much of their land protected into perpetuity from future development via conservation easements that are held by Aspen Valley Land Trust (AVLT) and/or Pitkin County.

Real Estate Market Conditions

The local real estate market comprises both Garfield and Pitkin Counties, with recent sale price and volume trends summarized as follows (the data source is Land Title Guarantee Company):

Garfield County	2007	2008	2009	2010	2011	Jan - Sep 2012
Total Dollar Volume Sold	$1,222,625,600	$723,167,700	$236,164,550	$248,877,800	$279,072,600	$272,336,988
Number of Transactions	2,805	1,560	631	699	921	884
Average Overall Sale Price	$435,874	$463,569	$374,270	$356,048	$303,010	$308,074
Average Single-Family Price	$455,769	$448,167	$414,627	$387,630	$311,271	$336,429
Median Single-Family Price	$362,000	$372,000	$339,900	$297,500	$225,000	$225,000
Carbondale Average SF Price	$820,949	$879,579	$730,390	$766,851	$644,376	$565,146

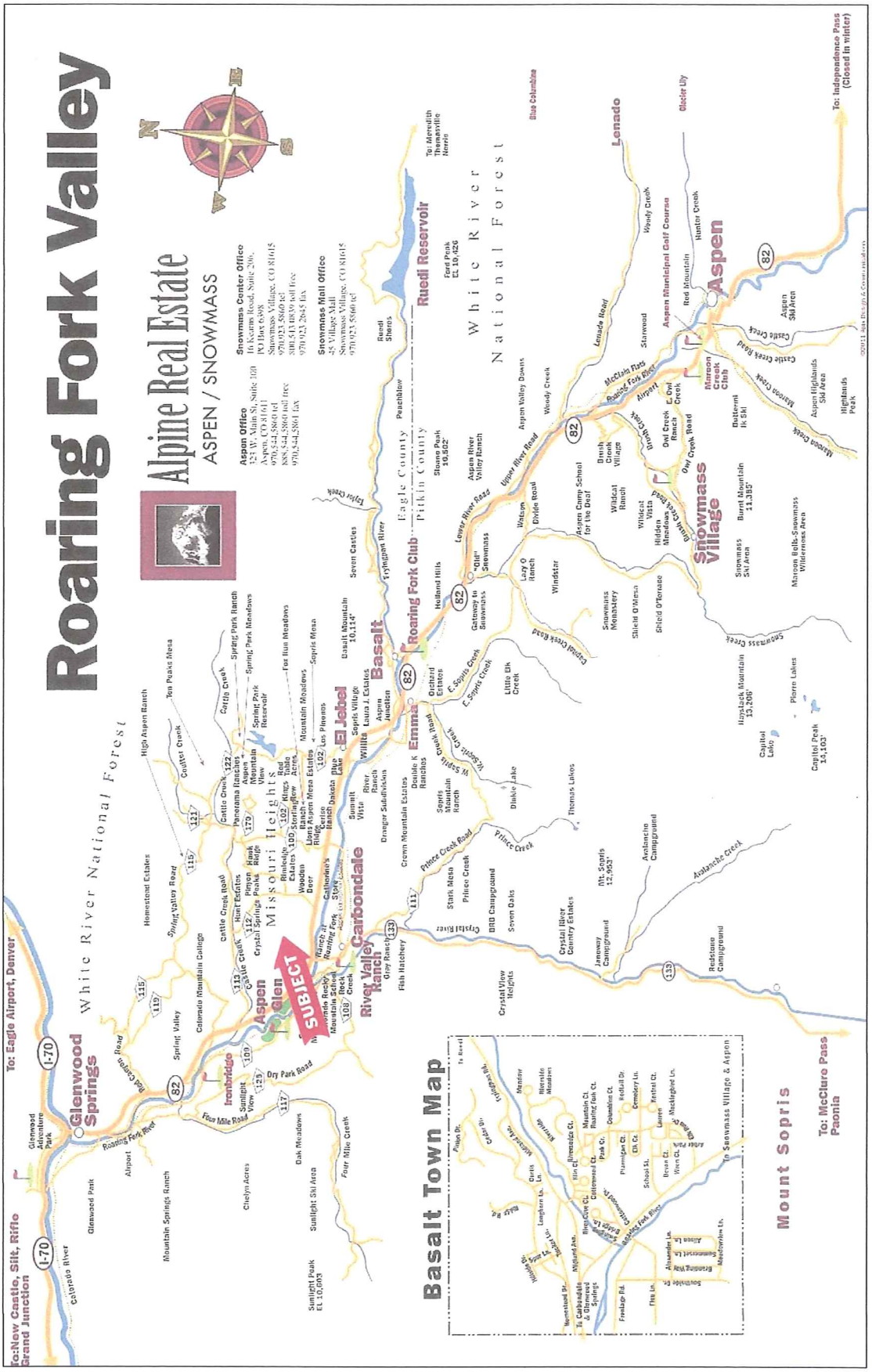
Pitkin County	2007	2008	2009	2010	2011	Jan - Sep 2012
Total Dollar Volume	$2,515,295,672	$1,365,742,938	$1,072,548,228	$1,262,919,589	$1,269,446,586	$1,010,257,240
Number Transactions	1,379	828	702	689	756	517
Average Overall Price	$1,824,000	$1,649,448	$1,527,846	$1,832,975	$1,679,162	$1,954,076
Average SF Price	$4,648,584	$5,118,572	$4,902,989	$4,341,199	$4,108,658	$4,052,664
Median SF Price	$3,551,000	$4,100,000	$3,153,088	$3,175,000	$2,787,500	$2,675,000

While the local market experienced major growth during the boom period of 2006 through 2008, both counties have been adversely impacted during the past four years by the Great Recession. Total dollar volume for all types of real estate sold in Garfield County averaged $255 million during 2009, 2010, and 2011. While annualized volume for the first nine months of 2012 is 42% higher at $363 million, this is only 50% of the total from 2008 and 30% of the 2007 volume. The total number of transactions for 2011 is 67% less than 2007. Single-family home prices in Garfield County decreased by 26% (average) and 38% (median) from 2007 to year-to-date 2012. In regards to Pitkin County, total volume averaged $1.30 billion during 2009, 2010, and 2011, with 2012 on a similar pace at an annualized volume of $1.35 billion (but only at 54% of 2007). The total number of transactions for 2011 is 45% less than 2007. Single-family home prices in Pitkin County decreased by 13% (average) and 25% (median) from 2007 to year-to-date 2012. In regards to the Carbondale submarket of Garfield County, the average single-family home price as of September 2012 is 67% higher than the countywide average, but 31% less than 2007. The lack of affordable housing is a major issue for the region, as most of the labor force in Pitkin County commutes from Garfield County due to much higher (but more stable) residential prices. According to a local expert, portions of Eagle, Garfield, and Pitkin Counties that comprise the Roaring Fork Valley witnessed 475 total foreclosure filings during 2010, which is 16% higher than 408 filings in 2010. While the pace is slowing, with 288 filings through September 2012, the prevalence of foreclosure activity since the boom continues to adversely impact sale prices. Residential construction is slowly rebounding at levels that are much lower than 2007 or 2008.

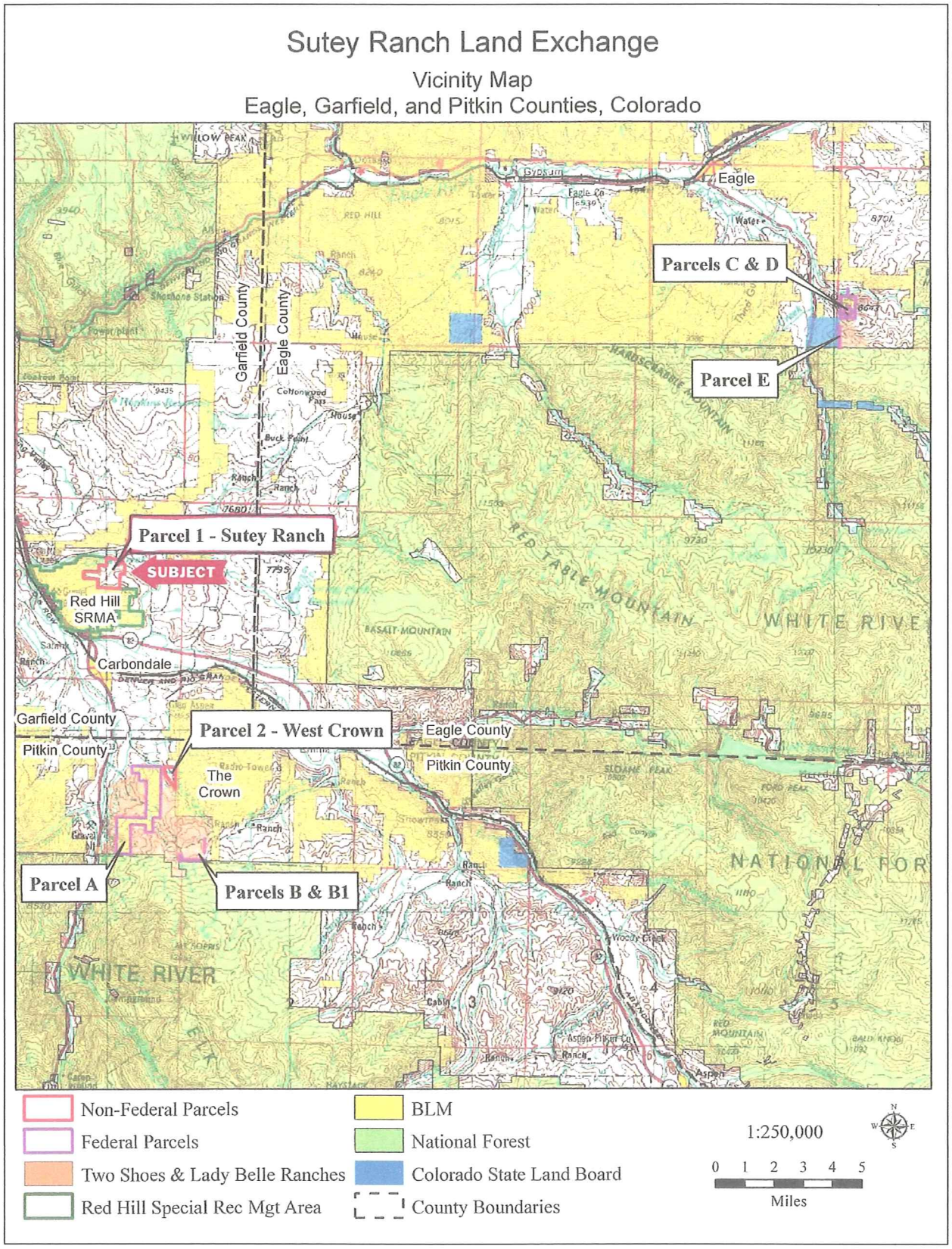
Regional Summary

In conclusion, the subject is located in the Roaring Fork Valley of Garfield and Pitkin Counties. State Highway 82 traverses the Roaring Fork Valley as it links Glenwood Springs with Aspen, and Carbondale has become a down-valley community that generally caters to the working class. Local real estate market conditions are stabilizing, but still much weaker than the boom period, with much higher overall and residential prices in Pitkin County than Garfield County.

AREA MAP


Roaring Fork Valley
Alpine Real Estate
ASPEN / SNOWMASS
Aspen Office
Snowmass Center Office
Snowmass Mall Office
To: Eagle Airport, Denver
To: New Castle, Silt, Rifle
Grand Junction
Glenwood Springs
Aspen
Snowmass Village
Basalt
Carbondale
Emma
El Jebel
SUBJECT
Roaring Fork Club
Ruedi Reservoir
White River National Forest
Eagle County
Pitkin County
Basalt Town Map
Mount Sopris
To: McClure Pass
Paonia
To: Independence Pass
(Closed in winter)

LOCATION MAP



PROPERTY DATA

The Sutey Ranch Parcel is a 556.63-acre holding of private land that is situated three air miles north of the State Highway 82 corridor and town limits of Carbondale, in the southeast portion of unincorporated Garfield County, Colorado. The subject property is appraised as vacant land, as the existing building improvements are fully depreciated, and thus have zero contributory value.

Size and Description

The subject is an assemblage of two contiguous parcels that comprise the historic Sutey Ranch. According to the recent survey, this irregular holding comprises 556.63 deeded acres, namely the 519.97-acre main ranch as well as a 36.66-acre homesite at the northeast corner. The subject is legally described as tracts in Sections 14, 15, and 16, of Township 7 South and Range 88 West. The topography is generally rolling, with some steep ridges at the eastern and southern portions, and characterized as mountain pasture at an elevation of 6,500 to 7,100 feet above sea level. Views are of the area rated as average, as Mount Sopris is not visible from the subject property. According to county assessor records, range sites are classified as about 91 acres of irrigated hay meadows with approximately 466 acres of dry (non-irrigated) grazing land. Vegetation includes native grasses in the pastures and meadows, hillsides mostly covered with sagebrush and juniper, and very little dark timber. The ranch provides valuable wildlife habitat, as it is both winter and summer range for elk and mule deer, and supports turkeys as well as a resident mountain lion. The subject is utilized for seasonal cattle grazing, and is well suited for big-game hunting (but no commercial leases). It adjoins 3,100 acres of public land (managed by BLM) to the south and west that was designated as the Red Hill Special Recreation Management Area (SRMA) in 1999. Private property is adjacent to the east and north, primarily rural homesites and small ranches.

Access and Roadways

Direct and year-round vehicular access is provided to the northeast corner of the subject property by Garfield County Road 112, a paved arterial that receives full winter maintenance. This road originates about one mile north at County Road 113 (a/k/a Cattle Creek Road), and joins County Road 103 about one mile to the southeast. Both of these year-round roads originate at State Highway 82, and the subject is within a ten-minute drive of this major arterial. A private gravel road (which is in good condition) leads to the ranch headquarters, but the interior of the holding is traversed by a network of two-track roads that may not be passable during inclement weather (seasonal use only). The subject property enjoys good access from a year-round public road.

Soil Conditions

I was not provided with a soil report or geotechnical study for the subject property, but my analysis assumes underlying soils are typical for the area. While I did not observe any adverse conditions at the subject parcel during my physical inspection, steep slopes and/or unstable soils that may be prone to erosion may exist at portions of the site. However, I cannot warranty the soil or geotechnical conditions, and further certification by an expert in this field is advised.

Environmental Hazards

I was not provided with an environmental study (Phase I or II) for the subject property. Adjacent land uses do not appear to have the potential to cause soil or groundwater contamination, and my physical inspection did not reveal any unusual signs of environmentally hazardous materials or conditions. My analysis assumes the subject site is free and clear of any environmental issues that would have an adverse impact on value, but further certification by an expert is advised.

Utilities and Drainage

The subject is located outside of municipal water and sewer service boundaries for incorporated communities in the area. However, rural homesites in the neighborhood often utilize individual septic disposal systems for sanitary sewer and domestic wells for potable water. This is a viable option at the subject, as the existing home has utilized a domestic well and private septic system. Electric service in the neighborhood is provided by Holy Cross Electrical Association, telephone by Century Link, and natural gas by Atmos Energy. Electric/telephone service has been extended from the county road to the headquarters, and an overhead powerline also traverses the eastern portion of the ranch. Garfield County provides police and fire protection for the area. The property receives moderate snowfall, with some runoff during spring snowmelt. However, the subject appears to have adequate surface drainage and ample uplands for rural homesites.

Reservations and Encumbrances

The property is appraised subject to reservations and outstanding rights that were discussed in a preceding section of this report, which were listed in the recent title insurance commitment. While several permitted title exceptions have been identified, my analysis assumes there are no reservations or encumbrances at the subject property that would adversely impact market value.

Water and Mineral Rights

The subject has good adjudicated water rights, namely 13.33 shares (2.26 cfs) in the Park Ditch and Reservoir Company, as well as 51 acre-feet of storage in Consolidated Reservoir. Since all water rights will be included in the conveyance, they were considered in the valuation analysis. A mineral report was not prepared for the Non-Federal parcels in the Sutey Ranch BLM Land Exchange, but there is no indication of past or present mining activity at the subject property. While the surface owner reportedly controls 100% of the mineral rights, knowledgeable parties indicate there are no active oil/gas leases or known mineral resources having commercial value.

Zoning and Land Use

The subject property is currently zoned Rural (R) by Garfield County, a relatively new district that replaced the former Agricultural/Residential/Rural Density (A/R/RD) designation in 2008. This district comprises rural residential, agricultural production, and natural resource areas of the county, and provides for the use of natural resources, recreational development, rural residences, and other uses. Standards of the Rural zone district are intended to protect the existing character of these areas from uncontrolled and unmitigated residential, commercial, and industrial uses. Permitted uses by right include agriculture, single-family dwellings, accessory structures, riding stable, veterinary clinic, child care center, parks, trails, nursery/greenhouse, oil/gas drilling and production, as well as utility distribution lines/facilities. While compatible uses are allowed with various levels of review, identified commercial (office/retail) and industrial uses are prohibited. A minimum lot size of only two acres is allowed if the property is officially subdivided, but the minimum buildable lot size that can be created by survey only is 35 acres (per state statute). However, the subject property is designated as Residential Medium (RM) by the Garfield County Comprehensive Plan 2030, with a maximum density of six to ten acres per dwelling unit (or 55 to 92 total lots), primarily due to the lack of public water and sewer service in the neighborhood. There are no floor area limits in the Rural zone district, but the maximum lot coverage is 15%, with minimum yard setbacks of 25 to fifty feet for front, 25 feet for side, and ten feet for rear. The maximum building height is 25 feet for residential use, and forty feet for non-residential use.

PROPERTY DATA

Existing Improvements

Existing improvements include a single-family home, homestead dwellings, and outbuildings of early 1900's vintage, which are in poor physical condition and beyond the end of their economic lives. Since the building improvements are fully depreciated, they have zero contributory value. Site improvements include roads, trails, ponds, irrigation ditches, fencing, and corrals, which are functional for the ongoing agricultural operation. The current owners have replaced most of the fencing and aggressively controlled noxious weeds since they acquired the subject property.

Assessment and Taxes

The subject is identified by the assessor as Parcel #2393-151-00-083 and Account #R111342 (519.97 acres), as well as Parcel #2393-142-00-383 and Account #R082585 (36.66 acres). The holding is assessed as agricultural land with nominal building improvements, and the combined 2012 actual value of $81,060 is allocated as $32,970 for land and $48,090 for the improvements. The corresponding assessed value is $13,860, with combined 2012 real estate taxes of $950.16 (no delinquent taxes/liens). While the total actual value for the underlying land equates to only $59.23 per acre, it is based on a statewide formula for agricultural use (as opposed to comparable sales). The land value would be much higher if the property was exposed to the open market.

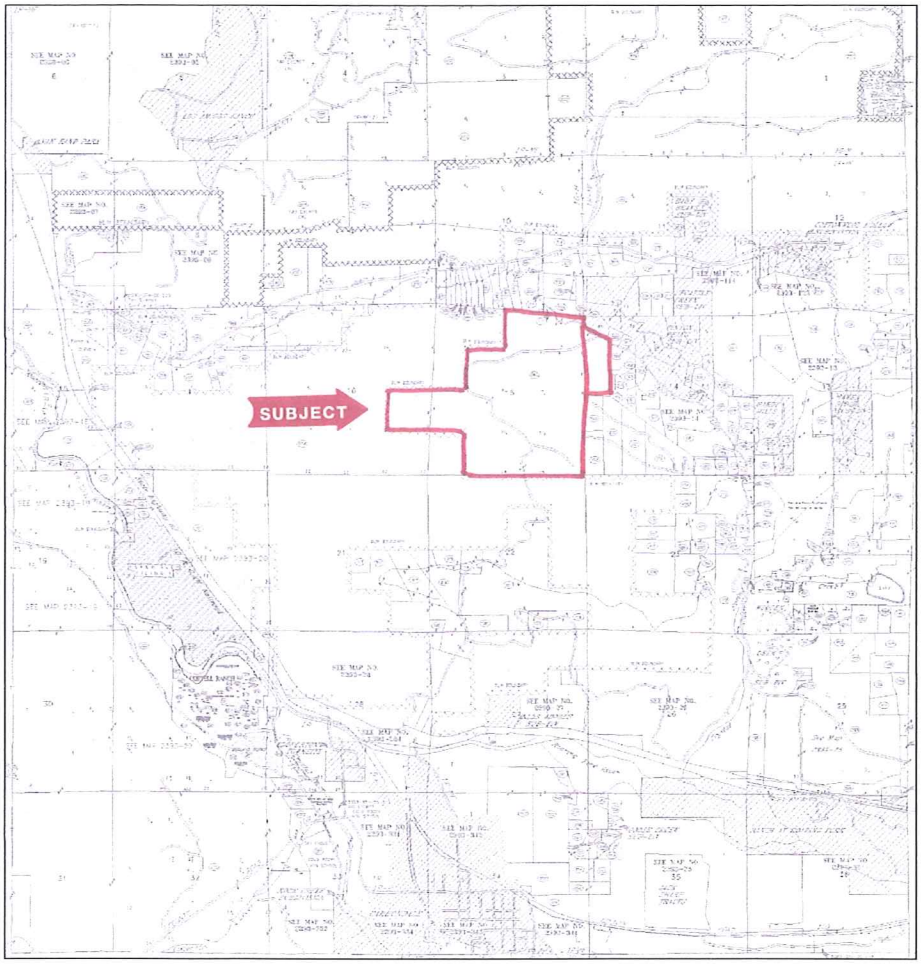
Sales, Rental, and Use History

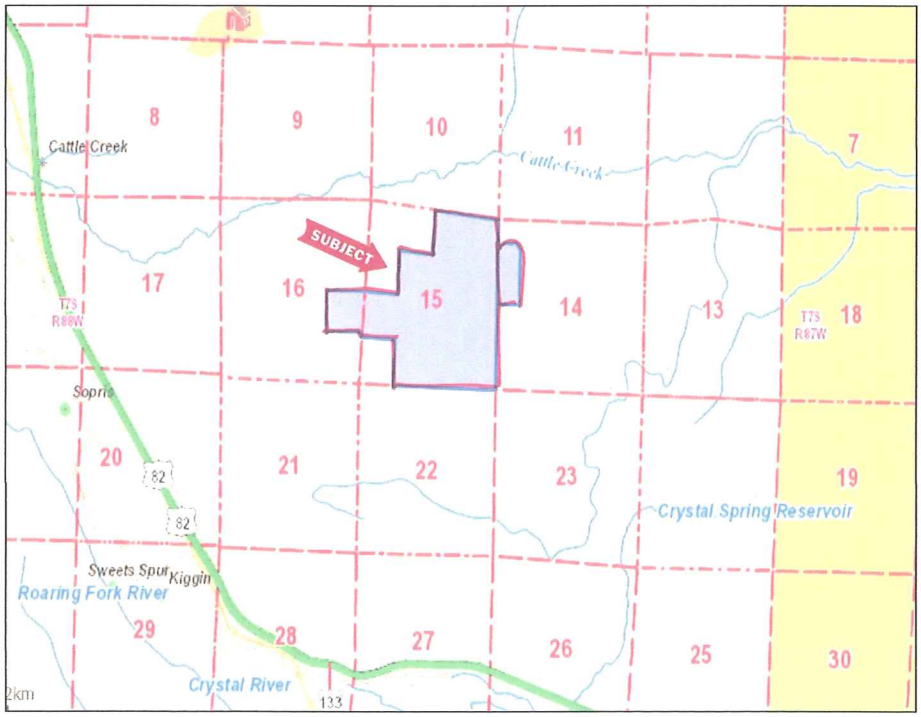
The subject property had been owned by members of the Sutey Family since the 1930's. However, the current owner of record is 2343 County Road, LLC, an entity that is controlled by Leslie and Abigail Wexner (owners of Two Shoes Ranch and proponent of the land exchange). They purchased 519.97 acres of the Sutey Ranch on September 17, 2008 for an arms-length price of $6,500,000 (Reception #756089). This portion of the holding was listed for sale in February 2008 at an asking price of $7,350,000. The Estate of Anthony J. Sutey retained a 36.66-acre homesite at the northeast corner of the ranch, which was subsequently listed at an asking price of $450,000. This parcel was subsequently acquired by the current owner on October 15, 2010 for consideration of $335,000 (Reception #793104), but the seller paid no brokerage commission and was also motivated to sell the homesite to the buyer so the original ranch could be reunited. There have been no other arms-length transfers of ownership of the subject property during the past three years, and it is neither listed for sale nor under contract to purchase at the present time. It has historically been used for private recreation and cattle grazing during the past ten years.

Property Data Summary

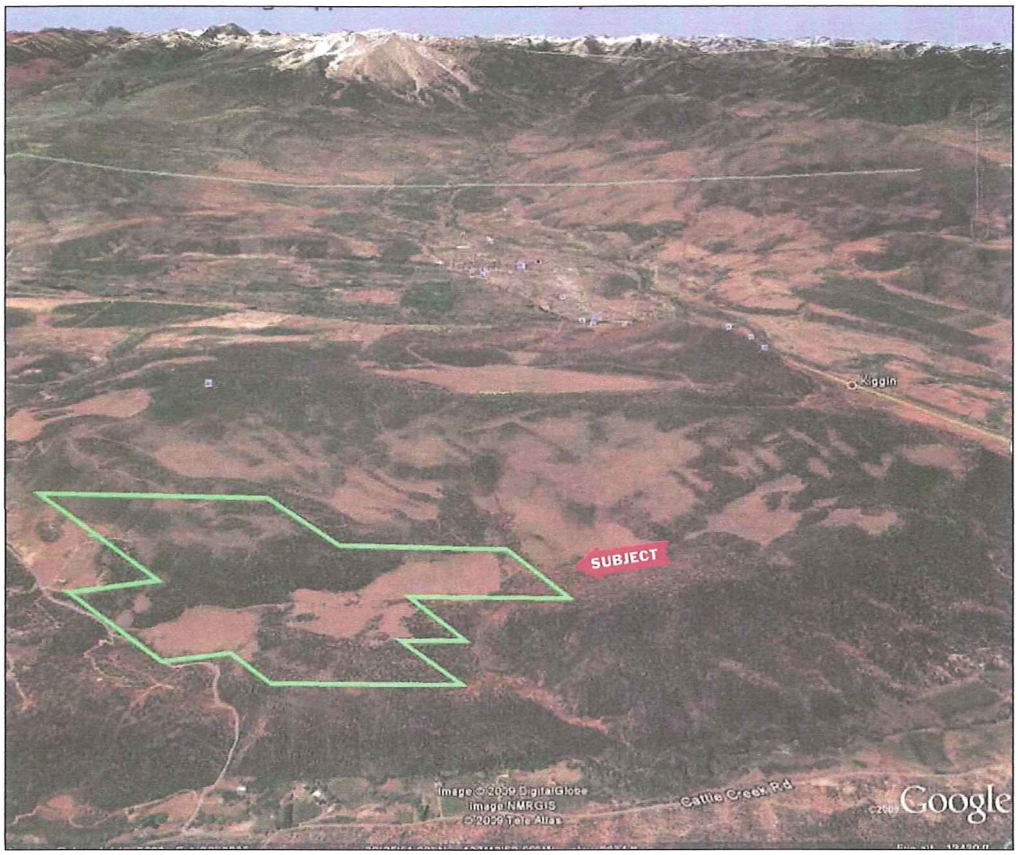
The subject of this appraisal is the Sutey Ranch Parcel, which is also identified as Non-Federal Parcel 1 for the proposed Sutey Ranch BLM Land Exchange. It comprises 556.63 acres in two parcels that are owned by an entity controlled by the proponent, and is appraised as vacant land. The property is situated three air miles north of State Highway 82 and the Town of Carbondale, within the jurisdiction of Garfield County, Colorado. The subject enjoys year-round access from a county road, has adequate utilities and services for rural residential development, borders public land (managed by BLM) on two sides, and has ample water rights to irrigate ninety acres. The property is zoned Rural by Garfield County, which allows rural residential development (the minimum lot size is only two acres) with complimentary agricultural and/or recreational uses. Please refer to the Assessor Parcel Maps, Aerial Maps, Topographic Map, Improvement Survey, and Zoning Map on the following pages for visual edification.

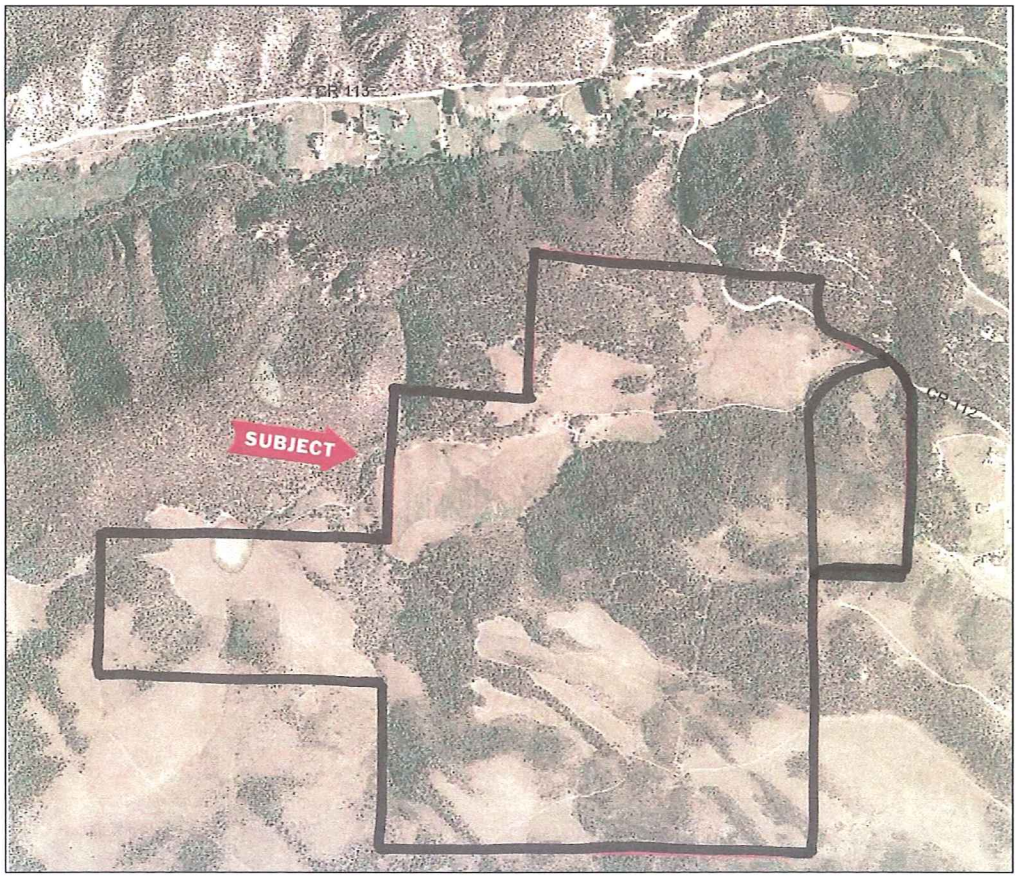
ASSESSOR PARCEL MAPS



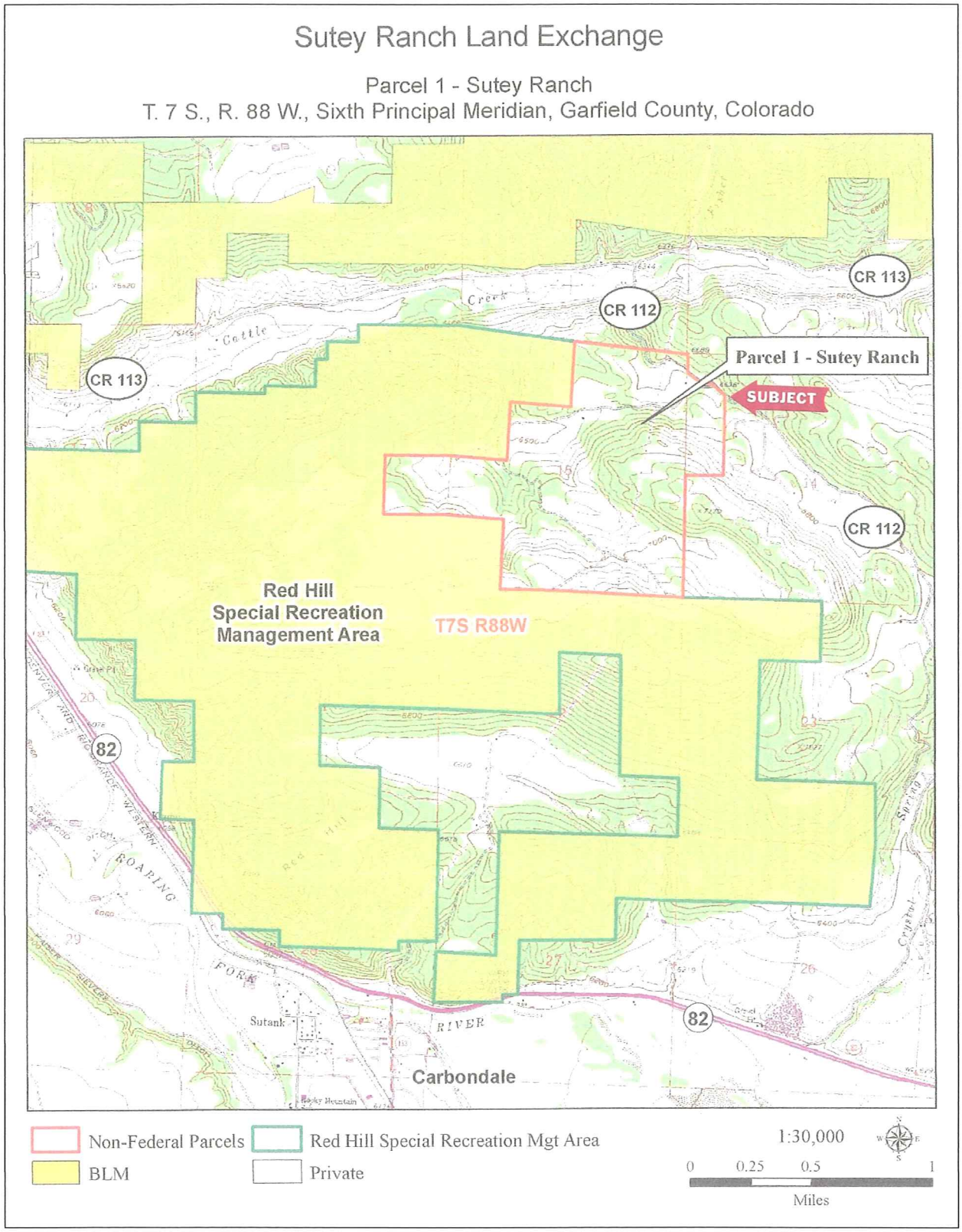


AERIAL MAPS

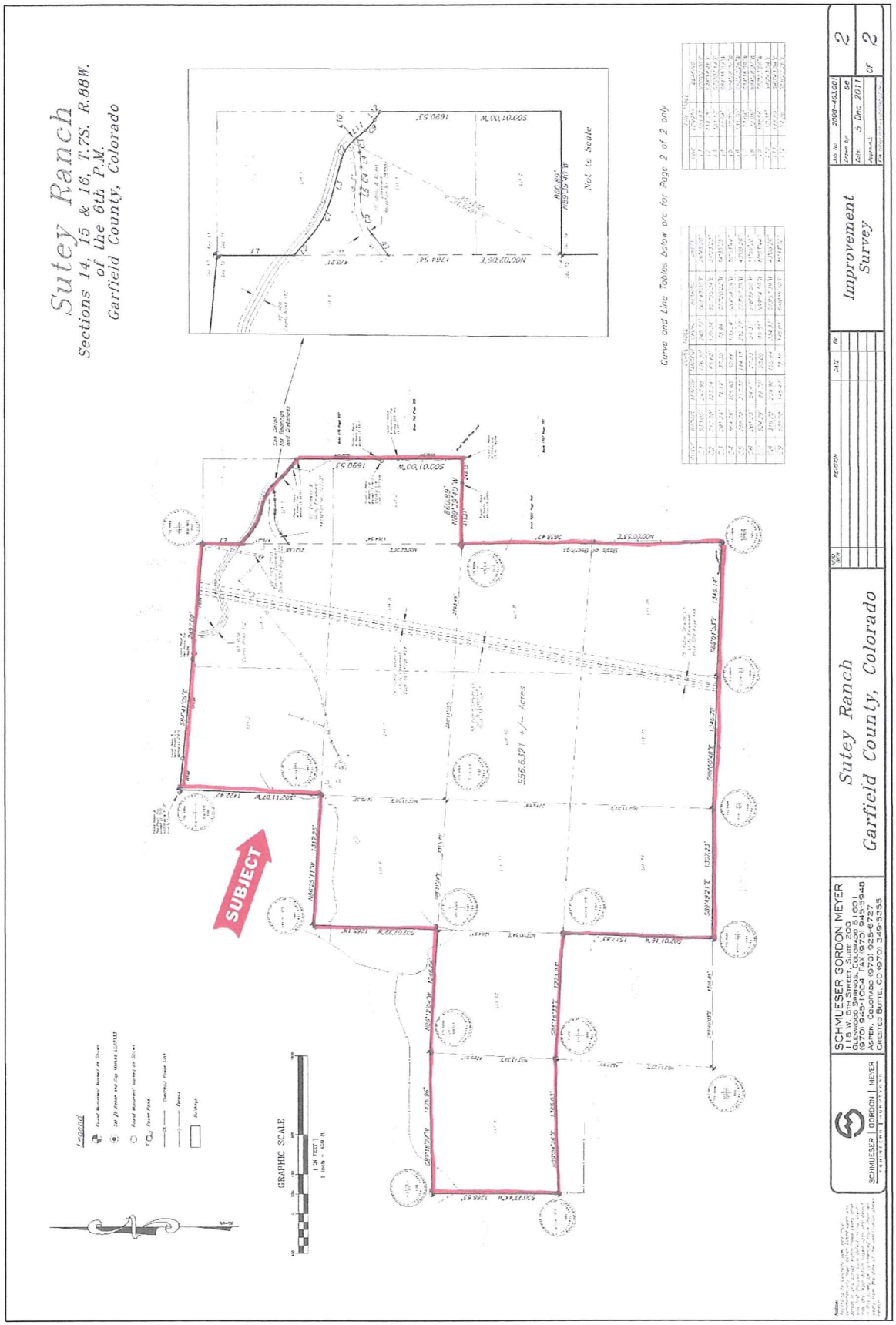




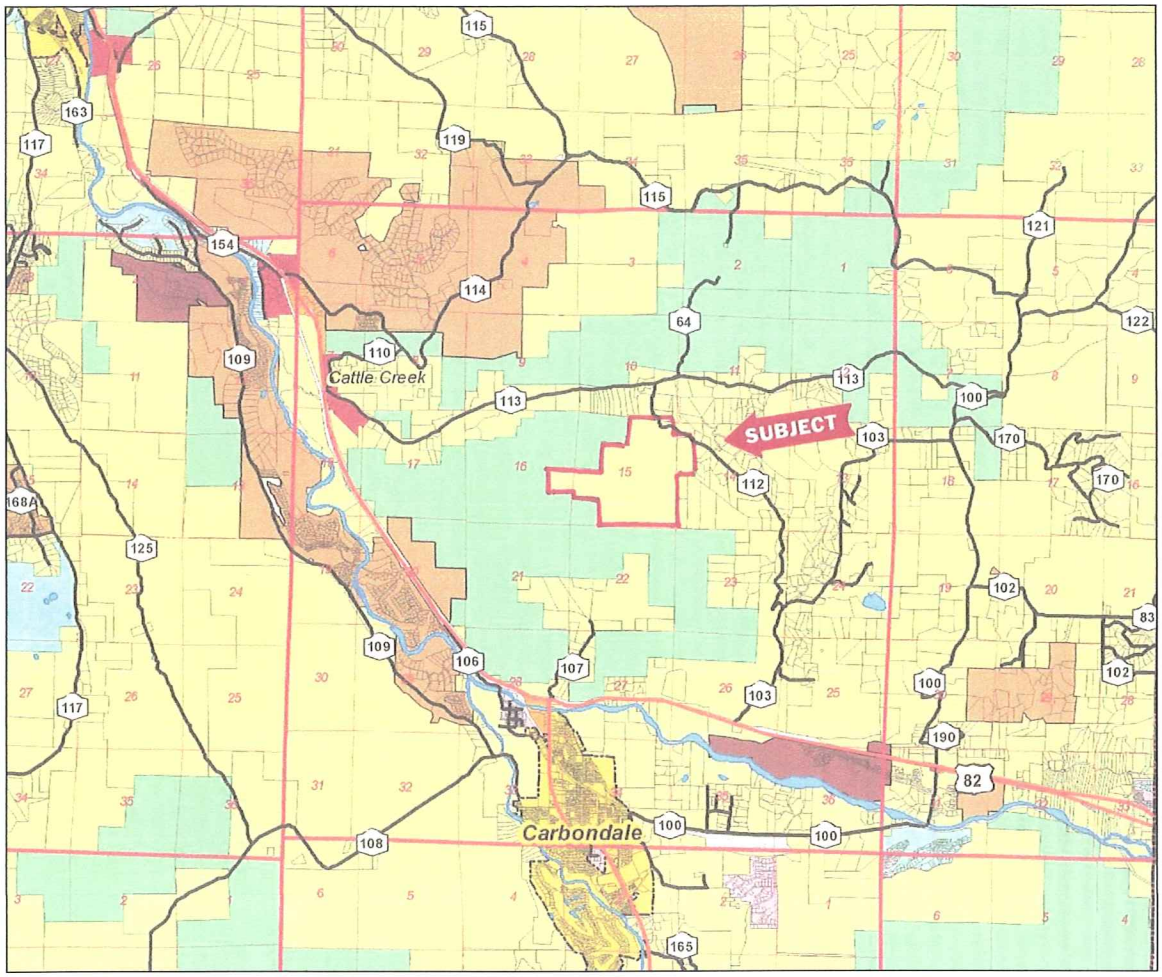
TOPOGRAPHIC MAP



IMPROVEMENT SURVEY



ZONING MAP



Zoning Map, Garfield County, CO

EXHIBIT A to Resolution BOCC 2008-____

Legend

- Public Lands
- Rural
- Industrial
- Commercial/General
- Commercial/Limited
- Planned Development
- Planned Unit Development
- Commercial/Business, new zone not yet utilized and not represented on this map
- Resource Lands
- Residential/Mobile Home Park
- Residential/Urban
- Residential/Suburban
- Public Airport
- City Zoning
- Right-of-Way
- USE OF GROUNDWATER PROHIBITED (Rifle UMTRA Site)

Dated this 13th day of October, A. D., 2008

ATTEST: GARFIELD COUNTY BOARD of COUNTY COMMISSIONERS

/s/ Marian L. Clayton, Deputy — County Clerk and ex-officio Clerk

/s/ John Martin — Chairman

Miles: 0 0.5 1 2 3 4 5

Garfield County

L:\Maptiles\Zoning\ZoneCounty7536.mxd Revision 33: 2-29-12

ZONE MAP SOURCE:

1. Garfield County Planning Department Zone Map Series (Revised 2011)

BASE MAP SOURCE:

1. U.S.G.S. 1:24,000 7.5' quadrangle maps and 1:50,000 county series.
2. Colorado Department of Transportation GIS data (2011).
3. Garfield County IT Department GPS centerline data (2001, revised 2012).
4. Garfield County Planning Department subdivision files (2011).

DISCLAIMER:

This map was produced by Garfield County Geographic Information Services utilizing the Arcinfo Geographic Information System (GIS). The GIS and its components are designed as a source of reference for answering queries, modeling, and planning. The GIS is not a substitute for official government records maintained by the Planning Department, the County Clerk and Recorders Office, the Assessors Office, or for any legal description information in the chain of title. In addition, the representation of geographic features by the GIS may not be substituted for proper legal surveys. Always refer to the owners deed for the most current legal documentation utilized in the composition of this map.

The information contained herein is believed to be accurate and suitable for the limited uses set forth above. Garfield County makes no warranty as to the accuracy or suitability of any information contained herein for any other purposes. The user shall assume all risk and responsibility for any and all damages, including consequential damages, which may originate from the user's application of the information.

HIGHEST AND BEST USE ANALYSIS

Highest and best use is defined for this assignment by The Dictionary of Real Estate Appraisal 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. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity". The highest and best use conclusion must be clearly supported by market evidence, with the burden of proof on the appraiser if this differs from the existing use of the subject property. Sale or exchange to the United States of America or a public entity is not acceptable, and a "non-economic" highest and best use (such as conservation, natural lands, or preservation) is not valid. Current market conditions and existing zoning are analyzed, and the reasonable probability of a change in zoning must have a factual foundation (market value cannot be predicated upon potential uses that are speculative or conjectural). Since existing improvements at the subject property were determined to have zero contributory value, only the highest and best use as if vacant is relevant (i.e., not as improved).

Legally Permissible uses depend on zoning requirements, encumbrances, and other restrictions. As discussed in the Property Data section of this report, the subject parcel is zoned Rural by Garfield County, with a minimum buildable lot size of only two acres for residential homesites. Thus, the 556.63-acre holding could potentially be subdivided into as many as 278 buildable lots, each of which can be improved with one dwelling unit as a use by right. However, a maximum gross density of six to ten acres per dwelling unit, or 55 to 92 total homesites, complies with the comprehensive plan, and would likely be recommended for approval by the planning department. Either of these development options requires formal county subdivision approval, but the ranch could simply be parceled into fifteen homesites by survey only (minimum lot size of 35 acres). Based on the foregoing, legally permissible uses at the subject property include rural residential development (at least fifteen but no more than 278 homesites), agriculture, and/or recreation.

Physically Possible uses are determined by location and physical characteristics. As detailed in the Property Data section of this report, the subject has the appropriate location, access, size, and physical characteristics for rural residential development, agriculture, and mountain recreation. The Sutey Ranch Parcel enjoys a good location near Carbondale, in the heart of the Roaring Fork Valley and within the established Missouri Heights neighborhood. Although not as prestigious as Aspen or Snowmass, Carbondale is a bedroom community that is in close proximity to services, shopping, schools, Interstate-70, regional airports, golf courses, and major ski resorts. The subject is well suited for rural development, with year-round access from a paved county road, favorable terrain, dry utilities to the site, some irrigated acreage, and adequate water rights. It features prime wildlife habitat and adjoins public land (the Red Hill SMRA managed by BLM) on two sides, which makes it suitable for complimentary uses such as agriculture (cattle grazing) and/or mountain recreation (i.e., camping, hiking, biking, riding, hunting, and winter activities). The most logical option would be to cluster the homesites to limit required infrastructure costs. Private wells and septic disposal systems are allowed for low-density residential development, and electric/telephone service (and perhaps natural gas) could be extended to building envelopes. While the subject could accommodate complimentary uses (such as grazing), forestry (logging) and mining are not viable uses due to the lack of these natural resources with commercial value. Rural residential development with agriculture and recreation is physically possible at the parcel.

HIGHEST AND BEST USE ANALYSIS

Financially Feasible uses are based on supply and demand conditions, and generate a positive return on the required investment. As previously discussed, rural residential development, agriculture, and/or recreation are legally permissible and physically possible at the subject parcel. According to the Area and Market Data section of this report, the local residential market is not currently in equilibrium, and the supply of available product exceeds demand at the present time. In fact, most proposed or even approved projects have been placed on hold due to insufficient pre-sales and/or financing for vertical construction. Local market participants indicate the Great Recession adversely impacted the area in Fall 2008, and the consensus is that demand for a significant addition to the inventory of residential lots/homes may not be warranted for years. The Carbondale submarket primarily caters to the entry-level buyer or working class, with much more affordable housing prices than up-valley resort towns of Snowmass and Aspen. There are several existing rural subdivisions in the neighborhood, including 35-acre tracts and smaller lots with common infrastructure. Unfortunately, these projects continue to experience difficulty selling finished homesites at prices that justify acquisition/development costs, and most ranches that were acquired at the peak of the market are distressed, listed for sale, or in a holding pattern. Since the local market is not currently in equilibrium, large-scale residential development of the subject property is not financially feasible until warranted by improving market conditions. The ranch would likely have to be held in inventory for at least two years while the existing supply of rural homesites is absorbed (although the owner could obtain required approvals in the interim).

Maximally Productive uses generate the highest return to the land at the least risk to the owner. Based on current zoning, the subject could be parceled into as many as fifteen legal homesites by survey only (at least 35 acres each), or subdivided with county approval into as many as 278 lots (although 55 to 92 homesites is more likely based on the comprehensive plan). However, it is my opinion that the most logical buyer would conclude that "less is more", and pay a similar price per acre for the entire subject property as a developer who would subdivide it at the maximum density permitted. Regardless, sale of smaller homesites over time in the current market would not generate an incremental profit above land value to one buyer when required development costs, selling/holding expenses, as well as a discount for absorption are considered. Agriculture and recreation only are not maximally productive, as the nominal income generated from these uses does not justify the required costs of land acquisition. The most profitable use of the property is some type of rural residential subdivision, which likely requires a holding period. The subject is also a prime candidate for acquisition by BLM and/or local government for public open space, or could potentially be encumbered by a perpetual deed of conservation easement.

The highest and best use of the subject property is future low to medium density rural residential development (i.e., six to 35 acres per homesite), with complimentary agriculture and/or recreation. Another option is to sell the entire 556.63-acre holding to a single "estate" buyer at a price that would be similar to the net present value of the subdivided lots over time.

DETERMINATION OF THE LARGER PARCEL

Essential in the conclusion of highest and best use is the determination of the larger parcel for valuation purposes. By applying the rules from UASLFA, it is possible that two physically separate tracts may constitute a single larger parcel, or conversely, a single physical tract may constitute multiple larger parcels. The three tests that must be considered are unity of ownership, unity of use, and physical contiguity, with the Sutey Ranch Parcel meeting all of these criteria. Although the subject property comprises two separate tax parcels, they are owned by the same entity, are contiguous, and have a similar highest and best use of rural residential development. Based on the foregoing, I conclude that the 556.63-acre subject property is the larger parcel for valuation purposes, which is consistent with market sales data and the appraisal instructions.

APPRAISAL METHODOLOGY

The valuation of real estate typically entails three fundamental techniques: the Cost Approach, the Sales Comparison Approach, and the Income Capitalization Approach. All three approaches are market oriented and based on the principle of substitution. The applicability of each technique is impacted by the type/age of the property, or the quality/quantity of available data.

The Cost Approach is based on the assumption that a prudent purchaser will not pay more for real property than the cost of acquiring a comparable site and constructing improvements of similar quality, condition, and utility. The application of this process involves estimating the market value of the subject site as if vacant, construction and soft costs, an allowance for developer's profit, and deductions for physical depreciation or functional/external obsolescence.

The Sales Comparison Approach involves a detailed analysis and comparison of like properties that were recently purchased, contracted, or listed in the competitive market. When reduced to an appropriate unit of comparison, these transactions can be compared to the subject property and adjusted for pertinent differences, such as financing, market conditions, location, access, size, zoning/land use, and various physical characteristics. The resulting indications from the comparable sales can then be reconciled to a final value estimate for the subject property.

The Income Capitalization Approach is based on the premise that the value of a property that generates income is equal to the present worth of its future benefits. It is typically the most reliable technique for the appraisal of income-producing property. Market rent and operating expenses are estimated, and consideration is given to the rate of return required by an investor in the prevailing market (i.e., capitalization or discount rate). Net income is established, and then converted to value via the Direct Capitalization process. If the cash flows are expected to vary over time, a discount rate may also be applied to a projected income stream over a reasonable holding period via the Yield Capitalization technique. The Development Approach is a variation of the Income Approach, and utilizes a Discounted Cash Flow (DCF) analysis to estimate the bulks value of subdivided projects with five or more units (i.e., lots, condominiums, or homes).

Reconciliation is the remaining step in the valuation process. The results of each approach are weighted by reliability, and a final value estimate is correlated. Although each technique produces an independent indication of value, they are interrelated and depend on market forces.

Valuation of the Subject Property only employed the Sales Comparison Approach via analysis of comparable sales of rural residential properties in the local market on a price per acre basis. The Cost Approach is not applicable since all existing improvements at the Sutey Ranch Parcel are fully depreciated with zero contributory value, and the subject is appraised as vacant land. The Income Capitalization Approach is not necessary for this analysis since the appraised parcel does not generate major income from agricultural and/or recreational uses. Moreover, parceling the holding into rural homesites is not consistent with the highest and best use conclusion given market conditions. Thus, the Subdivision Development Approach was not employed for this analysis since this technique is also rather speculative due to the many variables associated with subdivision, and is typically only employed when adequate comparables sales are not available. Because the Sales Comparison Approach was the only technique utilized, it provides the best indication of market value for the subject. Since the entire 556.63-acre Sutey Ranch Parcel comprises one larger parcel, it was appraised as a single economic unit in the "as is" condition.

SALES COMPARISON APPROACH

The Sales Comparison Approach involves a detailed comparison of the subject property to similar properties that have recently sold in the same or competitive market. This approach is based primarily on the Principle of Substitution, meaning when several commodities or services with substantially the same utility are available, the lower price attracts the greatest demand and widest distribution. In other words, a prudent investor/purchaser would not pay more to acquire a given property in the market, considering that an alternative property may be purchased for less. The steps employed in the Sales Comparison Approach are as follows:

1. Research the market to obtain information relative to transactions (listings, sales, etc.) of properties similar to the subject.
2. Qualify the data as to financing terms, motivating forces, and bona fide nature.
3. Determine the relevant unit of comparison, such as price per acre or per square foot.
4. Compare the transactions to the subject and make adjustments to the price per unit to account for differences in location, economic, or physical characteristics.
5. Reconcile the value indications from the comparable sales and analytical techniques to conclude to a final value estimate for the subject property.

Selection of Comparable Sales

The local market was researched for recent sales and current listings of comparable properties, with adequate data available for the valuation analysis (despite only two closings since 2008). My search focused on larger rural tracts, and excluded smaller homesites of less than forty acres. Relevant details for the fourteen most similar transactions are summarized on the following page, and report a very wide price range of $1,879 to $30,038 per acre. While most were vacant at the time of closing, three sales had existing improvements with contributory value. In my opinion, only four of these sales are similar enough to warrant direct comparison to the subject property.

Detailed data sheets for these transactions are found on the second following pages, including a parcel map, topographic map, and appraiser photograph. The data is followed by a location map. These four transactions were then compared to the subject parcel on a summary and adjustment grid, which is followed by my narrative analysis and resulting value indication for the property. The recent acquisition of the Sutey Ranch Parcel was also considered in the valuation analysis. The other nine sales that were considered but not utilized as primary comparables are discussed for secondary support, with some explanation given as to why they are not the best transactions.

Confirmation sources include brokers, sellers, buyers, attorneys, lenders, county assessors, as well as MLS. The transactions were confirmed with knowledgeable parties and public records, and each was inspected by the appraiser to the extent possible (sometimes from nearby roads). My review of comparable property sales with ancillary improvements indicates that the purchase price is almost always attributed to the underlying land only. If it was confirmed that the sale included improvements with contributory value, this indicated amount was deducted from the total sale price to provide an estimate of land value only. The appropriate unit of comparison reflects the actions of typical market participants. Since rural properties in the local market are often priced on the basis of deeded acreage, price per acre was the unit of comparison employed.

SUMMARY OF COMPARABLE SALES CONSIDERED FOR THE ANALYSIS

Grantor (Seller) Grantee (Buyer) Location (County)	Sale Date Sale Price Reception	Improvements Land Area Price Per Acre	Description and Comments
THESE SALES WERE SELECTED AS PRIMARY COMPARABLES FOR THE VALUATION ANALYSIS			
Storm King 4C Ranch, LLC	Jun-2012	Yes ($1,500,000)	Storm King Ranch, mostly (90%) borders BLM
1541 Mitchell Creek, LLC	$11,500,000	738.00 acres	Year-round access, some meadows, water rights
Near Glenwood Springs (Garfield)	#820858	$15,583 per acre	Price for land only is $10,000,00 ($13.550/acre)
Estate of Anthony Sutey	Sep-2008	None with value	Acquired for land exchange, BLM on two sides
2343 County Road, LLC	$6,500,000	519.97 acres	Year-round access, water rights, average views
North of Carbondale (Garfield)	#756089	$12,501 per acre	Old home and barns had zero contributory value
Hunt Properties, Ltd.	Mar-2006	None with value	Acquired for rural subdivision, adjoins private
Hunt Ranch, LLC	$8,000,000	561.00 acres	Year-round access, water rights, irrigated land
Northeast of Carbondale (Garfield)	#694806	$14,260 per acre	Listed for re-sale at $10,900,000 ($19,430/acre)
Hundred Acre Wood Prop., LLLP	Mar-2006	None with value	Portion of Bar Lazy Y Ranch (a/k/a Lower Parcel)
JG Real Property, LLC	$6,000,000	524.56 acres	Year-round access, creek, meadows, water rights
Northeast of Carbondale (Garfield)	#694254	$11,438 per acre	Upper Parcel (1,406.31 acres) valued at $3,000,000
Aspen Blue Sky Holdings, LLC	Apr-2005	None (vacant)	Vacant tract, adjoins BLM and private open space
100 Acre Wood, LLC	$650,000	102.46 acres	Year-round access, creek, steep areas, good views
Northeast of Carbondale (Garfield)	#673205	$6,344 per acre	Seller received $200,000 of labor plus $450,000
THESE SALES ARE SUPERIOR TO THE SUBJECT AND NOT SELECTED AS PRIMARY COMPARABLES			
Rock-n-Pines Trust & Kendra Ward	Aug-2012	Yes ($500,000)	Rock-n-Pines Ranch, mostly (75%) borders BLM
Inyanga Ranch, LLC	$13,750,000	536.98 acres	Year-round access, meadows, water rights, views
West of Glenwood Springs (Garfield)	#823035 & -038	$25,606 per acre	Very scenic and private, traversed by Canyon Cree
William Johnson	Dec-2007	Yes ($250,000)	Crystal Lake Ranch (one estate), adjoins private
Kevin & Tammy Tucker	$3,400,000	113.19 acres	Year-round access, water rights for 17-acre lake
Northeast of Carbondale (Garfield)	#739679	$30,038 per acre	Modular home and large barn had some value
Rocky Mtn. Mansions III, LLC	May-2007	None with value	Developed as rural subdivision, adjoins private
Callicotte Ranch, LLC	$4,500,000	173.30 acres	Year-round access, open pasture, good views
Northeast of Carbondale (Garfield)	#723163	$25,967 per acre	Half of price allocated to approvals for 28 lots
Primo Martino Family, LLLP	Nov-2005	None with value	Buyer assembled with sale below for subdivision
Reserve at Elk Meadows, LLC	$2,400,000	103.70 acres	Year-round access, water rights, adjoins BLM
South of Glenwood (Garfield)	#688769	$23,144 per acre	Older home and barn were given nominal value
THESE SALES ARE INFERIOR TO THE SUBJECT AND NOT SELECTED AS PRIMARY COMPARABLES			
Bershenyi Family Members	May-2007	None with value	Buyer assembled with sale above for subdivision
Elk Meadows Properties, LLC	$8,475,000	1,542.47 acres	Lower Parcel (388 acres) has year-round access
South of Glenwood (Garfield)	#725018	$5,494 per acre	Upper Parcel (1,155 acres) has seasonal access
Randall & Jean Smith	Sep-2006	None (vacant)	Acquired by neighbor, three lots, adjoins private
Jackson Ridge, LLC	$212,000	112.83 acres	Above road, steep slopes, no live water, good views
South of Glenwood (Garfield)	#706546	$1,879 per acre	No legal or physical access to nearby county roads
Hundred Acre Wood Prop., LLLP	Mar-2006	None (vacant)	Portion of Bar Lazy Y Ranch (a/k/a Upper Parcel)
JG Real Property, LLC	$3,000,000	1,406.31 acres	Seasonal access, grazing land, adjoins forest/BLM
Northeast of Carbondale (Garfield)	#694254	$2,133 per acre	Lower Parcel (524.56 acres) valued at $6,000,000
Spring Valley Development, Inc.	Nov-2005	None with value	Very large rural holding, adjoins forest and BLM
Spring Valley Holdings, LLC	$25,000,000	5,908.65 acres	Year-round and seasonal access, reservoir, views
Southeast of Glenwood (Garfield)	#686804	$4,231 per acre	Vested approval for 577 lots, potential golf course
Estate of Rufus Merrill Laurence	Aug-2005	None (vacant)	Acquired by Crystal River Ranch, adjoins BLM
Crystal River Ranch Company, LLP	$3,100,000	1,330.00 acres	No legal access from rough and private jeep trail
Northeast of Carbondale (Garfield)	#681905	$2,331 per acre	Trees, springs, views, access easement after sale

COMPARABLE SALE ONE

Property Identification

General Location:	One-half mile northwest of Glenwood Springs and I-70
Physical Address:	1543 County Road 132, Glenwood Springs, Colorado 81601
Vehicular Access:	Direct and year-round from County Road 132
City/County/State:	Unincorporated Garfield/Colorado
Tax Identification:	Account #R030087, #R040332, #R040056, #R040377, #R040140, and #R030103
Legal Description:	Part of Sections 21/27/28/33/34, Township 5S, Range 89W and part of Section 6, Township 6S, Range 89W

Property Description

Land Area:	738.00 acres (per survey, versus 745.79 acres per assessor)
Topography:	Some level, mostly steep, elevation of 5,800 to 8,200 feet
Natural Features:	Mostly grazing land, some meadows, creeks, average views
Adjacent Land Uses:	Adjoins public (BLM) land on about 90% of boundaries
Water Rights:	Good (8 cfs of irrigation rights with senior appropriations)
Mineral Rights:	Seller retained all mineral rights (but no valuable resources)
Improvements:	Lodge/homes (valued at $1,500,000), dry utilities only to site
Zoning District:	Rural, by Garfield County (minimum lot size of two acres)

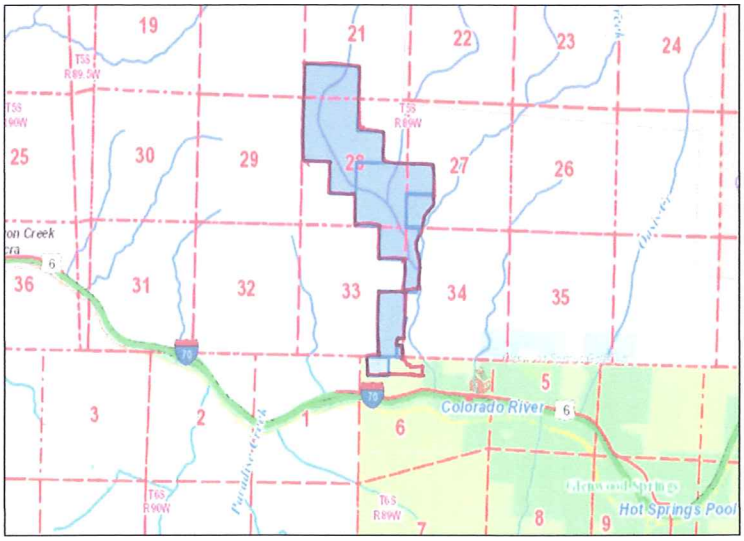
Transaction Data

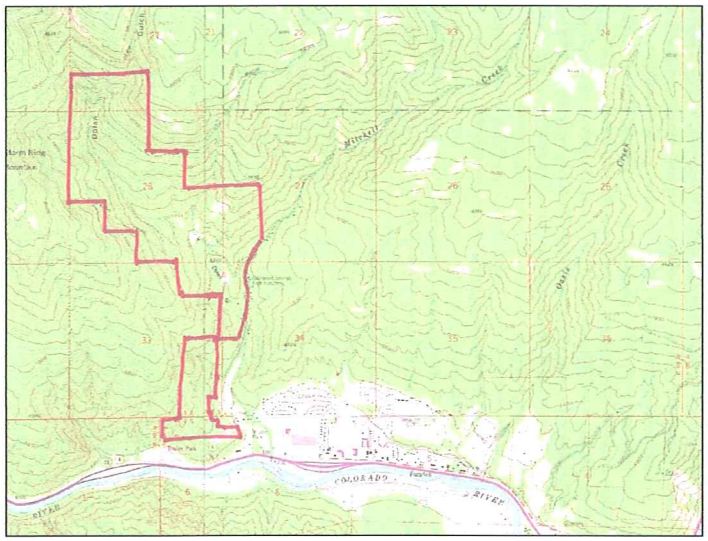
Grantor (seller):	Storm King 4C Ranch, LLC
Grantee (buyer):	1541 Mitchell Creek, LLC
Date of Sale:	June 29, 2012
Recording:	Reception #820858 (special warranty deed)
Sale Price:	$11,500,000 ($15,583 per acre)
Rights Conveyed:	Fee simple estate
Financing Terms:	Cash to seller
Verification:	Brokers and Public Records
Inspected By:	Kevin A. Chandler, MAI on 11/23/2012

Comments

This is the Storm King Ranch, which is essentially a private inholding near Glenwood Springs that is located in a scenic valley traversed by Mitchell, Hermitage, and Box Canyon Creeks. The southern portion has a favorable topography with about 50 acres of irrigated hay meadows, and features year-round access from a county road, all improvements, ponds, and fruit trees. The northern acreage is mostly rugged high country with private access to the national forest across adjacent BLM lands (6,000 acres are leased by the owner for seasonal cattle grazing). Historically used by the Hotel Colorado for big-game hunting, existing improvements include an older lodge, two newer homes, and outbuildings with a contributory value of $1,500,000. The seller acquired the ranch in May 2005 for $12,000,000, made upgrades to the buildings, and added about ninety acres to the holding. It was listed for sale for three years at an initial asking price of $23,000,000, which had been reduced to $18,500,000 prior to the recent sale. The buyer is a wealthy individual from Denver that will utilize the ranch for private recreation. The purchase included a rustic cabin on leased land in the White River National Forest (near Coffee Pot Road) with nominal contributory value of about $50,000.

COMPARABLE SALE ONE (maps and photograph)





COMPARABLE SALE TWO

Property Identification

General Location:	Four miles northeast of Carbondale, in Missouri Heights
Physical Address:	1105 County Road 102, Carbondale, Colorado 81623
Vehicular Access:	Direct and year-round from County Road 102
City/County/State:	Unincorporated Garfield/Colorado (borders Eagle County)
Tax Identification:	Account #R111323 and Parcel #2391-201-00-054
Legal Description:	Part of Sections 20 and 21, Township 7S, Range 88W

Property Description

Land Area:	561.00 acres (per survey, versus 549.78 acres per assessor)
Topography:	Level to rolling (no steep), elevation of 6,900 to 7,200 feet
Natural Features:	Mostly open meadows/pasture, no live water, good views
Adjacent Land Uses:	Surrounded by private property (BLM land two miles away)
Water Rights:	Very Good (27 cfs irrigation rights plus storage in reservoir)
Mineral Rights:	All owned by seller were conveyed (no valuable resources)
Improvements:	None with value (old homes/barn), dry utilities only to site
Zoning District:	Rural, by Garfield County (minimum lot size of two acres)

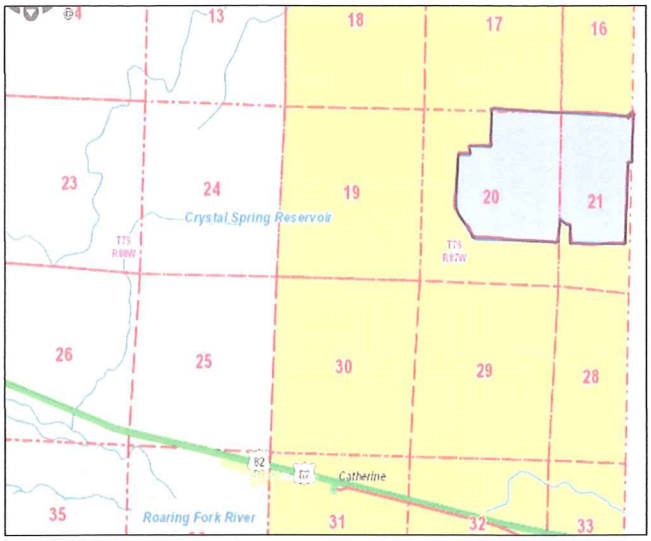
Transaction Data

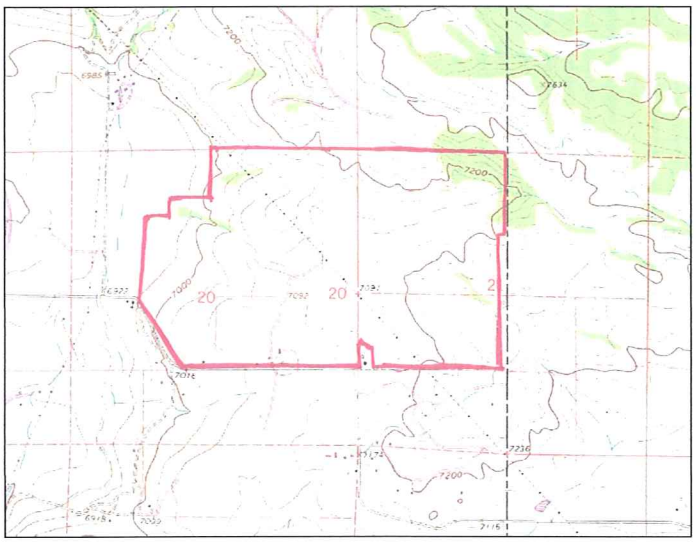
Grantor (seller):	Hunt Properties, Ltd.
Grantee (buyer):	Hunt Ranch, LLC
Date of Sale:	March 23, 2006
Recording:	Reception #694806 (warranty deed)
Sale Price:	$8,000,000 ($14,260 per acre)
Rights Conveyed:	Fee simple estate
Financing Terms:	Cash to seller
Verification:	Broker and Public Records
Inspected By:	Kevin A. Chandler, MAI on 8/23/2012

Comments

Known as the Hunt Ranch, this working cattle operation is situated north of State Highway 82, between Carbondale and El Jebel, at the Eagle County line. Although it does not feature major creeks, the ranch has abundant water rights that irrigate about 240 acres (43%) of the holding. It has favorable terrain with no steep slopes, with good views of the area (and Mount Sopris), but is traversed by an overhead powerline and is surrounded by private land (rural homesites). Existing improvements include two older homes and a barn with zero contributory value, with a newer modular home that is owned by the ranch manager (i.e., considered personal property). The ranch was listed for sale for about one year at an asking price of $8,750,000, and acquired for development as a rural subdivision. While the buyer sought approvals for 92 homesites (about five acres each), Garfield County was only amenable to a lower density (about 60 lots). No entitlements were obtained, and the property was listed for sale in 2008 at $17,000,000. The current asking price is $10,900,000, and the listing broker states the property has been under contract three times to the same buyer at close to full ask price. However, each deal has been cancelled since the reportedly all-cash buyer has been unable to provide required funding. While this asking price is 36% higher than paid in 2006, the owner has completed several items for the proposed rural subdivision (i.e., changes of water rights, surveys, site plans, etc.).

COMPARABLE SALE TWO (maps and photograph)





COMPARABLE SALE THREE

Property Identification

General Location:	Six miles northeast of Carbondale, north of Missouri Heights
Physical Address:	860 County Road 121, Carbondale, Colorado 81623
Vehicular Access:	Direct and year-round from County Roads 115 and 121
City/County/State:	Unincorporated Garfield/Colorado
Tax Identification:	Account #R008932 and Parcel #2189-314-00-039
Legal Description:	Part of Sections 31 and 32, Township 6S, Range 87W and part of Sections 5 and 6, Township 7S, Range 87W

Property Description

Land Area:	524.56 acres (per county assessor not confirmed by survey)
Topography:	Mostly level to rolling, elevation of 7.200 to 7,600 feet
Natural Features:	Mountain pasture, hay meadows, creeks, average views
Adjacent Land Uses:	Mostly private property, public (BLM) land to the north
Water Rights:	Good (12 cfs irrigation rights with senior appropriations)
Mineral Rights:	All owned by seller were conveyed (no valuable resources)
Improvements:	None with value (old homes/barns), dry utilities only to site
Zoning District:	Rural, by Garfield County (minimum lot size of two acres)

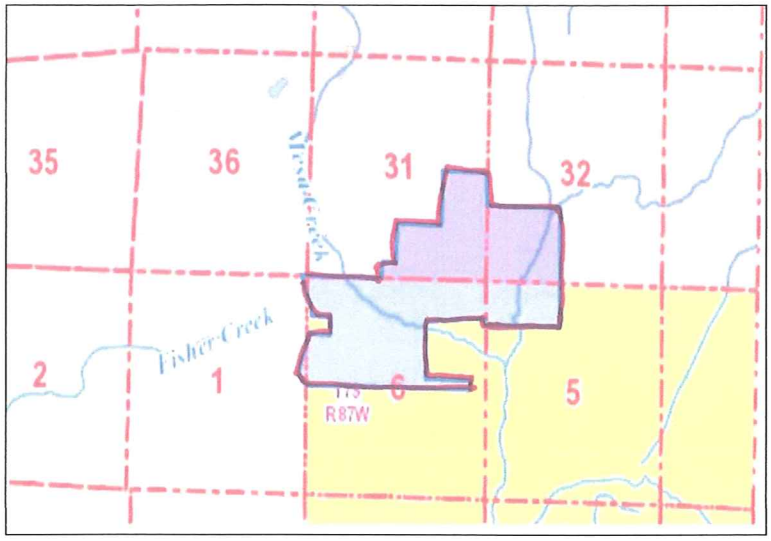
Transaction Data

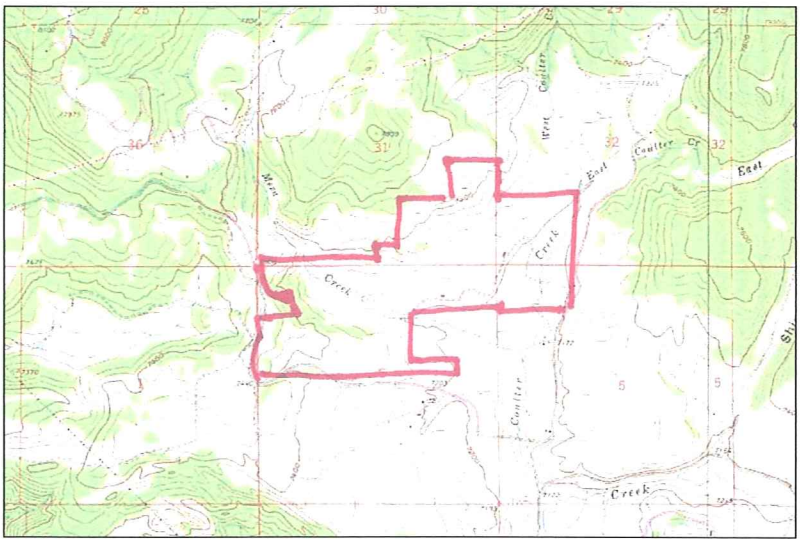
Grantor (seller):	Hundred Acre Wood Properties, LLLP (Bar Lazy Y, LLLP)
Grantee (buyer):	JG Real Property, LLC
Date of Sale:	March 14, 2006
Recording:	Reception #694255 (warranty deed)
Sale Price:	$6,000,000 ($11,438 per acre), as allocated
Rights Conveyed:	Fee simple estate
Financing Terms:	Cash to seller
Verification:	Brokers and Public Records
Inspected By:	Kevin A. Chandler, MAI on 8/23/2012

Comments

This is part of the Bar Lazy Y Ranch, a working cattle operation that was owned by the Gould Family for many years, but was acquired by Jeff Gordon (of NASCAR) for private recreation. The holding consists of two non-contiguous parcels that are separated by a tract of BLM land. The Lower Parcel (524.56 acres) has rolling terrain, about 240 acres of irrigated hay meadows, year-round access from County Roads 115 and 121, all improvements, large pond, and creeks. Older homes and several outbuildings at the headquarters area have zero contributory value. The Upper Parcel (1,406.31 acres) is mostly mountain pasture with some trees and springs, and borders the national forest to the north. However, it has seasonal ingress/egress from private jeep trails that cross the Lower Parcel and BLM land, with legal access for only two homesites. Listed for three years at an asking price of $9,600,000, the buyer paid $9,000,000 for the ranch, or $4,661 per acre. Based on offers received for each part of the ranch, the listing broker states the price can be allocated as $6,000,000 for the Lower Parcel ($11,438/acre) and $3,000,000 for the Upper Parcel ($2,133/acre). Only the Lower Parcel was compared to the subject, as it is most similar in regards to access, natural features, water rights, and development potential. The entire ranch is currently listed for re-sale at an asking price of $12,000,000 ($6,215/acre).

COMPARABLE SALE THREE (maps and photograph)





COMPARABLE SALE FOUR

Property Identification

General Location:	Six miles northeast of Carbondale, north of Missouri Heights
Physical Address:	TBD County Road 121, Carbondale, Colorado 81623
Vehicular Access:	Direct and year-round from County Road 121
City/County/State:	Unincorporated Garfield/Colorado
Tax Identification:	Account #R009570 and Parcel #2391-082-00-259
Legal Description:	Part of Sections 5, 7, and 8, Township 7S, Range 87W

Property Description

Land Area:	102.46 acres (per county assessor not confirmed by survey)
Topography:	Rolling, some steep slopes, elevation of 7.100 to 7,400 feet
Natural Features:	Mountain pasture, sagebrush hillsides, creek, good views
Adjacent Land Uses:	Mostly private property, public (BLM) land to the south
Water Rights:	Nominal (reportedly for stock only with no irrigation rights)
Mineral Rights:	All owned by seller were conveyed (no valuable resources)
Improvements:	None with value (vacant land), dry utilities only to site
Zoning District:	Rural, by Garfield County (minimum lot size of two acres)

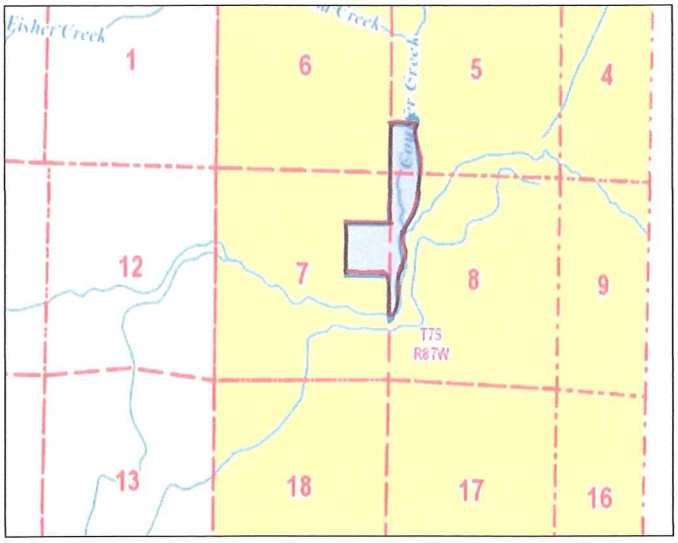
Transaction Data

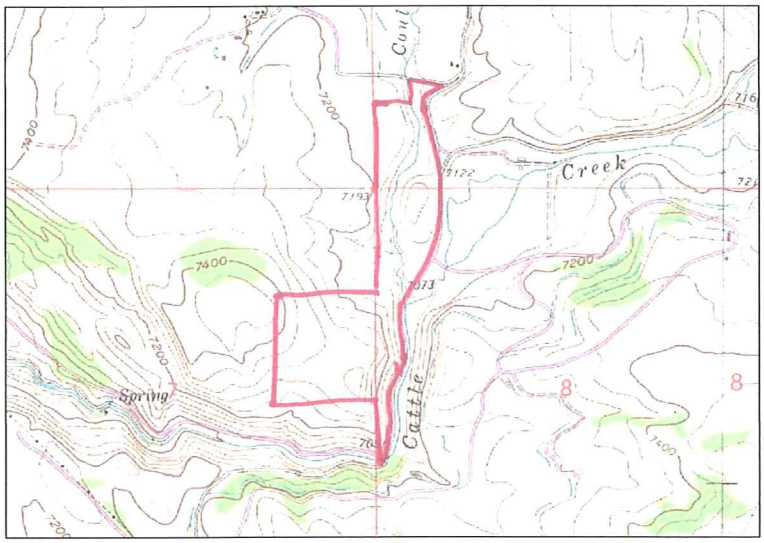
Grantor (seller):	Aspen Blue Sky Holdings, LLC
Grantee (buyer):	100 Acre Wood, LLC
Date of Sale:	April 26, 2005
Recording:	Reception #673205 (warranty deed)
Sale Price:	$650,000 ($6,344 per acre), see comments
Rights Conveyed:	Fee simple estate
Financing Terms:	Cash to seller (see comments)
Verification:	Buyer and Public Records
Inspected By:	Kevin A. Chandler, MAI on 8/23/2012

Comments

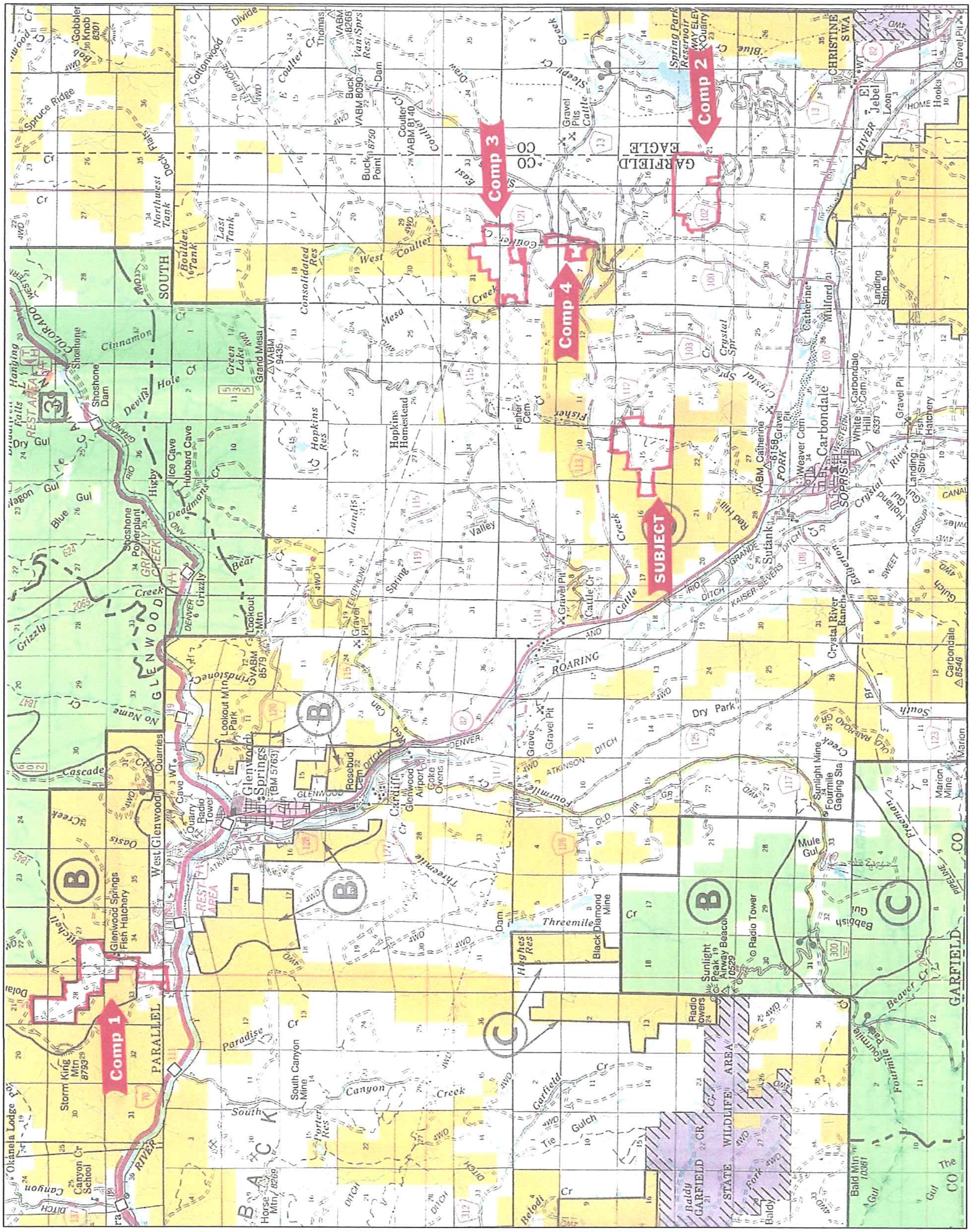
Known as the Cohan Property, this parcel is located in the northwest quadrant of County Roads 113 and 121, and adjoins private open space in the Ranch at Coulter Creek rural subdivision. The northern portion of this tract is a narrow strip of land along the drainage of Coulter Creek that is mostly floodplain, while the southern portion is a steep ridge with level area at the top. There is no irrigated acreage, and the water rights were for stock use only with nominal value. The buyer (Chris Cohan) acquired the parcel for private recreation, and built a steep driveway after closing to access a yurt that he installed at the top of the ridge. He manages a local ranch for the seller, and the consideration also includes two years of forfeited salary worth $200,000. Adding this amount to the recorded purchase price of $450,000 results in total consideration of $650,000, which is supported by market data (it was listed at an asking price of $850,000).

COMPARABLE SALE FOUR (maps and photograph)





COMPARABLE SALES LOCATION MAP



COMPARABLE SALES SUMMARY AND ADJUSTMENT GRID
SUTEY RANCH BLM LAND EXCHANGE - SUTEY RANCH PARCEL

Description	Subject Property	Sale One	Sale Two	Sale Three	Sale Four
Identification	Sutey Ranch Parcel	Storm King Ranch	Hunt Ranch	Bar Y Lower Ranch	Cohan Property
Access (type)	CR 112 (YR)	CR 132 (YR)	CR 102 (YR)	CR 115 & 121 (YR)	CR 121 (YR)
Deeded Acres	556.63	738.00	561.00	524.56	102.46
Jurisdiction	Garfield County	Garfield County	Garfield County	Garfield County	Garfield County
Zoning (min. lot size)	Rural (two acres)	Rural (two acres)	Rural (two acres)	Rural (two acres)	Rural (two acres)
Date of Sale	N/A	6/29/2012	3/23/2006	3/14/2006	4/26/2005
Total Purchase Price	N/A	$11,500,000	$8,000,000	$6,000,000	$650,000
Total Price Per Acre	N/A	$15,583	$14,260	$11,438	$6,344
Total Purchase Price	N/A	$11,500,000	$8,000,000	$6,000,000	$650,000
Value of Improvements	Zero	($1,500,000)	$0	$0	$0
Price for Land Only	N/A	$10,000,000	$8,000,000	$6,000,000	$650,000
Land Price Per Acre	N/A	$13,550	$14,260	$11,438	$6,344
Adjustments					
Market Conditions	Current	0%	-25%	-25%	0%
Time Adjusted Price		$13,550	$10,695	$8,579	$6,344
Property Rights	Fee Simple	=	-	=	+
Financing Terms	Cash	=	=	=	+
Conditions of Sale	Normal	=	=	=	=
Location	Good	=	=	+	+
Access	Good	=	=	=	=
Adjacent Land Uses	Good	-	+ +	+	=
Utility Availability	Good	=	=	=	=
Natural Features	Average	-	-	-	=
Views/Exposure	Average	=	-	=	-
Property Size	Average	=	=	=	=
Zoning/Land Use	Rural Residential	=	=	=	=
Net Adjustments		- -	-	+	+ +
Indicated Value		**<< $13,550 per acre**	**< $10,695 per acre**	**> $8,579 per acre**	**>> $6,344 per acre**

SALES COMPARISON APPROACH

Analysis of Comparable Sales

Prior to adjustments, the comparables indicate a wide price range of $6,344 to $15,583 per acre. Consideration was given to property rights conveyed, financing terms, conditions of sale, market conditions (i.e., time), location, access, adjacent land uses, utility availability, natural features, views/exposure, existing improvements, property size, as well as zoning/land use regulations. An explanation of the adjustments made to the comparable sales is summarized in this section.

Quantitative Adjustments to Sales

In my opinion, insufficient data exists in the local market to make a matched-pair analysis of the sales and derive well-supported quantitative adjustments (i.e., percentage or dollar amounts) for most units of comparison. The exception is dollar adjustments for any existing improvements as well as percentage adjustments for changing market conditions, which are discussed as follows:

Existing Improvements may have contributory value if the structures will be used by the buyer. The subject is appraised as vacant land since the existing buildings have zero contributory value. Sales Two, Three, and Four were either vacant land at closing or had older improvements with zero contributory value, and quantitative adjustments are not warranted to these comparables. However, Sale One had existing buildings with an estimated contributory value of $1,500,000, which was deducted from the total purchase price (i.e., the land only price is $13,550 per acre).

Market Conditions are constantly changing, and real estate values tend to fluctuate over time with economic cycles and local trends. The most appropriate technique to measure appreciation and/or depreciation in value during the time period surveyed is via re-sales of the same property. These transactions are rare, but I am aware of one development site in the Roaring Fork Valley that provides a reliable indication of price trends. The Cattle Creek Property comprises about 290 acres of land on the west side of Highway 82, between Glenwood Springs and Carbondale. It has vested approvals for residential housing (about three units per acre), with four different development plans proposed since 2001. The site was acquired at foreclosure in December 2009 for $15,108,026, and previously in December 2006 for $18,500,000 (also out of foreclosure). This indicates a loss in value of about 18% over three years, which can be attributed to declining market conditions. I also note that no development activity has subsequently occurred at the site. Sale One was purchased in May 2005 for $12,000,000, and recently sold for only 4% less, but the decline is understated since the buyer assembled additional acreage between 2005 and 2012. Based on the foregoing real estate market data for Garfield County and Pitkin County, average single-family home prices are currently 26% and 13% less than 2007, respectively. In regards to Garfield County, the current overall sale price is 16% less than 2006, and 6% less than 2005. Land Title also reports an average sale price for vacant residential land in Garfield County as of September 2012 of $146,468, which is about 20% less than the 2006 average price of $184,228. The consensus among local market participants that I surveyed is that rural property values in the Roaring Fork Valley have regressed to levels experienced circa 2005 (before the recent boom). This is especially true of properties (and lots) that were acquired at the peak of the market for speculative development, which local brokers suggest have declined in value by as much as 75%. While Sales Two and Three are currently listed for re-sale at asking prices that are approximately one-third higher than the acquisition price, this is misleading as there are few qualified buyers. Although subjective, it is reasonable to assume that current values for development land are 25% less than recent peak levels (2006 through 2008), but are similar to prices achieved circa 2005. Based on the foregoing, Sales One and Four are current and did not warrant adjustments for time, while downward adjustments of negative 25% were made to Sales Two and Three.

Qualitative Adjustments to Sales

After the foregoing qualitative adjustments were made for improvements and market conditions, the comparables report a time adjusted price range for land only of $6,344 to $13,550 per acre. Since insufficient data exists for a matched-pair analysis to derive market-supported quantitative adjustments for the remaining factors of comparison, only qualitative adjustments were applied. In this instance, upward adjustments ("+") were made to each comparable for inferior conditions, with downward adjustments warranted for superior conditions ("-"), but no adjustment required if the condition is deemed similar ("="). The magnitude of the adjustment may also be expressed by multiple qualitative indications (such as "+ +" or "- - -"). The value of the subject parcel should approximate the price of the most similar sale(s), and would be higher than the inferior sale(s) and lower than the superior sale(s). The qualitative adjustments made are as follows:

Property Rights can influence sale price if more or less than the fee simple estate is conveyed. For example, there may be a leasehold interest, or the surface rights may be sold separately from the subsurface rights. All of the sales represent the transfer of the fee simple interest in the property, with no valuable mineral rights included for the subject or comparables. The subject will be conveyed with appurtenant water rights, which are considered to be good for the market. Since Sales One and Three also included good water rights, no adjustments are required to these comparables. However, the purchase price for Sale Two included very good water rights, which is superior to the subject, while inferior (only stock) water rights were conveyed with Sale Four. Thus, downward and upward adjustments were made, respectively, to these two transactions.

Financing Terms can cause prices to be inflated if the debt obtained is favorable, compared to typical interest rates or loan-to-value ratios available from third party lenders (and vice-versa). The subject property is appraised as cash equivalent, and Sales One, Two, and Three were all cash to seller transactions, with no adjustments required for financing terms. However, a portion of the consideration given for Sale Four was credited by the seller as "sweat equity" on behalf of the buyer, as he forfeited two years of salary after closing. Since the seller essentially "financed" $200,000 of the price at a zero interest rate, a slight upward adjustment was required to this sale.

Conditions of Sale may influence prices when transactions are not considered to be arms-length. For example, the buyer may also be the adjacent owner and pay a premium, or the seller may be motivated to dispose of the property quickly and accept a liquidation price (below market value). Since all of the comparables were confirmed to be arms-length transactions with no unusual conditions of sale noted, adjustments were not warranted to these transactions for this factor.

Location takes into account desirability of the neighborhood, as well as proximity to services, amenities, and support facilities. The subject has a good location near Carbondale in the heart of the Roaring Fork Valley, and is in close proximity to services, the highway, and public lands. Sale One is practically adjacent to Glenwood Springs, while Sale Two is a similar distance from the highway corridor. Both have a good location, with no adjustments warranted for this factor. However, Sales Three and Four are located about three miles northeast of the subject and more remote from town. Thus, both are inferior to the subject and warranted upward adjustments.

Access takes into account vehicular ingress/egress from adjacent roadways, and has a major influence on value for rural properties. While some buyers desire solitude, the degree of access dictates the types of uses and residential development allowed (i.e., seasonal versus year-round). The subject has direct and year-round access from a public (county) road, which is adequate for rural residential development and rated as good. Since all of the comparables have year-round ingress/egress from a county road, each is similar in this regard and did not warrant adjustments.

Adjacent Land Uses reflect whether the subject and comparable sales adjoin public or private property, with public more desirable than private. The subject parcel adjoins public land on two boundaries that is managed by BLM (Red Hill), and is deemed to have good adjacent land uses. Sale One is almost completely surrounded by public (BLM), land that also provides direct access to the national forest, which is slightly superior to the subject with a downward adjustment made. Sale Two is completely surrounded by private property and is somewhat inferior to the subject, while Sale Three adjoins BLM land on just one boundary and is deemed to be slightly inferior. Thus, varying upward adjustments were made to these two comparables. Sale Four adjoins BLM land to the south and also borders private open space within a rural subdivision to the west. It is considered to be similar to the subject, with no adjustments warranted for adjacent land uses.

Utility Availability is considered to be a positive factor for rural properties, as the presence of these services provides a benefit for most types of development, and thus commands a premium. Since neither the subject property nor any of the comparables have public water or sewer service available, this factor primarily considers dry utilities. Since electric and telephone service is available to the subject parcel as well as each sale, no adjustments are required for this factor.

Natural Features reflects the positive influence on value from desirable physical characteristics, such as a water amenity (creek, river, or lake), irrigated land, topography, vegetation (trees), etc. The subject has average natural features, as the topography is favorable with some irrigated land, but it lacks a live water amenity (no creeks) or major tree cover, and is traversed by a powerline. Sale One features three creeks with adequate buildable land, while almost half of the acreage at Sales Two and Three are irrigated hay meadows. These comparables have good natural features, which is slightly superior and warranted downward adjustments. Sale Four has similar natural features as the subject, as the creek is offset by the lack of irrigated land and some steep slopes.

Views/Exposure accounts for the fact that properties with southern (sunny) exposure and long range views of the area (mountains) are generally more desirable, and thus command a premium. The subject property has average views, as nearby mountain ranges are generally obstructed by terrain (including Mount Sopris). Sales One and Three are similar in this regard, as they also have average views/exposure. However, Sales Two and Four feature good views of the area (including Mount Sopris), which is slightly superior and thus warranted downward adjustments.

Property Size adjustments are based on the general rule that the smaller the parcel, the higher the unit price (and vice-versa). Since fewer users have the resources to purchase a larger parcel, less demand should result in a lower unit value. The local market indicates a price discount for large ranches (more than 2,000 acres), and a premium for smaller parcels (often 40 acres or less). Since there is no conclusive data to indicate a difference in per acre price exists for rural parcels that range in size from about 100 acres to somewhat more than 1,000 acres, none was assumed. The subject property comprises 556.63 acres of land area, which is average size for the market. Since the comparable sales comprise between 102.46 and 738.00 acres, each is an average size parcel that is similar to the subject in this regard, and thus did not warrant adjustment.

Zoning/Land Use is another consideration, since land use regulations dictate the permitted use and density of the property. The subject is zoned Rural by Garfield County, with a minimum lot size of only two acres. However, the comprehensive plan supports a maximum density of one dwelling unit per six to ten acres, which should be achievable with county subdivision review. Per state statute, the subject property could also be parceled into 35-acre tracts by survey only. Since each sale has the same zoning designation and future land use designation as the subject, the comparables are similar in this regard and therefore did not require adjustment for this factor.

Summary of Comparable Sales

A summary of the adjustments made to each comparable sale, and the resulting value indication for the Sutey Ranch Parcel on the basis of price per acre, is summarized as follows:

Sale One is the Storm King Ranch, which is located ten air miles northwest of the subject, just north of I-70 and the city limits of Glenwood Springs. This 738.00-acre holding was recently acquired in June 2012 for an arms-length price of $11,500,000. After deducting $1,500,000 for the contributory value of existing improvements, the land only price equates to $13,550 per acre. While this property is essentially a private inholding, it is the only recent closing of a large ranch in the local market that is deemed comparable to the appraised parcel. By direct comparison to the subject, no quantitative adjustment is required for market conditions since the sale is current. Only downward qualitative adjustments were made for slightly superior adjacent land uses as well as natural features, but the sale is otherwise similar in most regards. After adjustments, the indicated market value of the subject property would be somewhat less than $13,550 per acre.

Sale Two is the Hunt Ranch, a 561.00-acre working cattle ranch that is located about four miles east of the subject. It was acquired for rural subdivision in March 2006 at a price of $8,000,000, but a downward adjustment of 25% for time results in a current land value of $10,695 per acre. The buyer was unable to obtain approvals for 92 lots, and listed the unentitled ranch for re-sale in Fall 2009 at an asking price of $12,500,000. The list price has been reduced to $10,900,000, and three contracts to the same cash buyer have been terminated due to a lack of funding on his part. Downward qualitative adjustments for slightly superior property rights (very good water rights), natural features (about half is irrigated meadows) and views/exposure are partially offset by an upward adjustment for somewhat inferior adjacent land uses (surrounded by private property). After adjustments, the indicated value of the subject parcel is slightly less than $10,695 per acre.

Sale Three is known as the Bar Lazy Y Ranch Lower Parcel, and is part of a 1,930.87-acre holding that is separated by BLM land. The ranch is located three miles northeast of the subject. The Lower Ranch comprises 524.56 acres, and features year-round access from county roads, all irrigated acreage and water rights, and has existing improvements with zero contributory value. The Upper Ranch is the remaining 1,406.31 acres, which is mostly grazing land that adjoins the national forest, but only has seasonal vehicular access from jeep trails that cross the BLM tract. While the entire ranch was purchased in March 2006 for $9,000,000 ($4,661 per acre), the price is allocated as $6,000,000 for the Lower Parcel ($11,438 per acre) and $3,000,000 for the Upper Parcel ($2,133 per acre). Only the Lower Parcel was compared to the subject, and a quantitative adjustment of negative 25% for time results in a current value for land only of $8,579 per acre. Upward qualitative adjustments for slightly inferior location and adjacent land uses are partially offset by a downward adjustment for slightly superior natural features. It is otherwise similar, and the indicated value of the subject property would be slightly more than $8,579 per acre.

Sale Four is located three air miles northeast of the subject, and known as the Cohan Property. This 102.46-acre tract of vacant land was acquired in April 2005 for consideration of $650,000, or $6,344 per acre, and the buyer subsequently installed a driveway and yurt atop the ridgeline. The parcel adjoins BLM land and is traversed by Coulter Creek, but lacks any irrigated acreage. By direct comparison to the subject, no adjustments were made for time since the purchase price reflects current market conditions. Upward qualitative adjustments for inferior property rights conveyed (no water rights), favorable seller financing, and inferior location are partially offset by a downward adjustment for superior views/exposure. This sale is comparable to the subject in other regards, and the indicated market value would be somewhat more than $6,344 per acre.

SALES COMPARISON APPROACH

Discussion of Other Sales Considered

Nine other sales were considered but not analyzed as primary comparables for various reasons. Four transactions that are deemed superior report a price range of $23,144 to $30,038 per acre. Crystal Lake Ranch is a 113.19-acre property located about two miles southeast of the subject, which was acquired as a personal estate (i.e., not subdivision) in December 2007 for $3,400,000. After deducting $250,000 for existing improvements, the price for land only is $27,829 per acre. Callicotte Ranch is an existing rural subdivision located two miles east of the subject, and the 173.30-acre property was purchased in May 2007 for $4,500,000, or $25,967 per acre. However, the site was approved at closing for 28 homesites, which reportedly were worth half of the price. While these two sales are near the subject, they reflect peak market pricing from 2007, and the allocated value of entitlements for Callicotte Ranch is questionable (the project is in foreclosure). Rock-n-Pines Ranch sold recently in August 2012 for $25,606 per acre, but is far superior in regards to adjacent land uses and natural features. A 103.70-acre tract near Glenwood Springs was acquired in November 2005 for $23,144 per acre by the developer of the proposed Reserve at Elk Meadows rural subdivision (with no approvals to date), who reportedly paid a premium. The other five transactions are inferior to the subject at sale prices of $1,879 to $5,494 per acre. The upper end of this spectrum is represented by the Bershenyi Ranch and Spring Valley Ranch, which are larger holdings in the area with significant land that is not well suited for development. The same holds true for the entire Bar Lazy Y Ranch, which was purchased for $4,661 per acre. The other three transactions are rural properties that lack adequate access for rural homesites, and were primarily acquired for continued agricultural production and/or private recreation.

Value Conclusion by Sales Approach

After adjustments, the comparable sales indicate a market value for the subject property that would be somewhat more than $6,344 per acre, slightly more than $8,579 per acre, slightly less than $10,695 per acre, and somewhat less than $13,550 per acre. The average time-adjusted price for all four transactions as vacant land is $9,792 per acre, and the mid-point of Sales Two and Three (most comparable to the subject) is $9,637 per acre. This value range is bracketed by the foregoing secondary sales, which report unadjusted sale prices of $1,879 to $30,038 per acre. The subject would command a value at the middle of the spectrum. As previously discussed, the 519.97-acre Sutey Ranch was purchased by the current owners in June 2008 for $6,500,000. Assuming values have declined by 25% since this time period, this portion of the subject would have a current value of about $4,875,000. The 36.66-acre homesite was subsequently acquired in October 2010 for $335,000, but no brokerage commission was paid and the seller was motivated to sell the land to the current owner. Assuming a 6% commission is paid by a typical seller indicates a current price of about $355,000, with a higher value possible due to seller motivations. Adding these two components indicates a current value for the subject property of at least $5,230,000, or $9,230 per acre, which is consistent with the comparable sales. Based on the foregoing, it is my opinion that the current market value of the Sutey Ranch Parcel is $9,500 per acre, with total value for the 556.63-acre holding (as one larger parcel) calculated as follows:

Market Value = 556.63 Acres x $9,500/Acre = $5,287,985

Rounded to $5,290,000 (nearest $5,000 per local custom)

VALUE OF SUBJECT PROPERTY VIA SALES APPROACH **$5,290,000**

RECONCILIATION AND FINAL VALUE OPINION

The subject of this appraisal is the Sutey Ranch Parcel, which is identified as Non-Federal Parcel 1 for the proposed Sutey Ranch BLM Land Exchange. The case includes one other Non-Federal parcel plus six Federal parcels that are located in Eagle, Garfield, and Pitkin Counties, Colorado. The subject comprises 556.63 acres of vacant land (existing improvements are fully depreciated) that is privately owned by an entity controlled by the proponent (2343 County Road, LLC). The property is situated three miles north of the Town of Carbondale in Garfield County, and features year-round access from County Road 112 with good water rights for historic irrigation practice. The entire subject property was determined to comprise a single larger parcel of 556.63 acres.

Only the Sales Comparison Approach was utilized to value the subject as vacant land, as the Cost and Income Capitalization Approaches are not appropriate techniques for this assignment. The valuation analysis and conclusions are contingent upon certain definitions, assumptions, limiting conditions, certification, and Statement of Work, as are set forth in the foregoing report. Since the subject property is already in private ownership, this analysis is not made pursuant to any Hypothetical Conditions or Extraordinary Assumptions in regards to most probable zoning.

The Sales Comparison Approach indicates the price investors will pay for a similar property if sufficient transactions are available for analysis. Adequate data regarding comparable land sales exists in the local market, and the Sales Comparison Approach indicates a market value for the subject property as a single economic unit (556.63 acres) of $5,290,000. The value opinion is effective as of November 15, 2012, and equates to approximately $9,500 per acre (as rounded).

FIVE MILLION TWO HUNDRED NINETY THOUSAND DOLLARS

$5,290,000

ADDENDA

QUALIFICATIONS OF KEVIN A. CHANDLER, MAI

Education

Master of Arts, Real Estate and Urban Analysis, University of Florida

Bachelor of Science, Business Administration (Finance), University of Florida

Affiliations

Member, Appraisal Institute (MAI)

Certified General Appraiser, State of Colorado

Licensed Real Estate Broker, State of Colorado

Experience

Kovacs Real Estate Valuation Services, Inc., Denver, Colorado
Commercial Real Estate Appraisal and Consulting

Concorde Investments, Inc., Tampa, Florida
Commercial Real Estate Development and Investment

Wellington Realty Advisors, Inc., Tampa, Florida
Site Selection for Boston Market and Einstein Bagels throughout Florida

Arthur Andersen, LLP, Atlanta, Georgia
Commercial Real Estate Appraisal and Business Valuation

Real Estate Marketing Consultants, Inc., Tampa, Florida
Commercial Real Estate Appraisal and Consulting

Seminars

Appraising Agricultural Land in Transition

Appraisal Standards for Federal Land Exchanges

Emerging Issues in Water Rights and Energy Development

Condemnation and Litigation Appraising, Advanced Topics

Assignment Types

Federal Land Exchanges

Special Use Authorizations

Commercial Properties

Going Concern and Special-Use

Conservation Easements

Mountain Ranches and Resorts

Subdivision Analysis

Market and Feasibility Studies

Representative Clients

Office of Valuation Services (DOI)

U.S. Forest Service (USDA)

Various Commercial Lenders

Various Individuals and Entities

Yampa Valley Land Trust

National Resources Conservation Service

Colorado Division of Wildlife

Routt County, Colorado (expert witness)

STATE CERTIFIED GENERAL APPRAISER LICENSE

STATE OF COLORADO
Department of Regulatory Agencies
Division of Real Estate

PRINTED ON SECURE PAPER

Active
Cert Gen Appraiser

40022860	Jan 1 2011
Number	Issue Date

Dec 31 2013
Expires

KEVIN ANDREW CHANDLER
STEAMBOAT SPRINGS, CO 80477

Program Administrator

License Signature

Statement of Work - SOW
Office of Valuation Services - OVS
Agency Case Number: COC-74812FD
Project Number: L12213 / 00031885

This Statement of Work describes the Department of the Interior Office of Valuation Services (OVS) request for an appraisal of the real estate herein described. All questions, concerns or discussions regarding the proposed Sutey Ranch / BLM Land Exchange shall be addressed directly to the OVS Representative assigned to this project:

Kent Stevens, MAI - Senior Appraiser
Office of Valuation Services
OVS / DOI, 12136 W Bayaud Avenue
Lakewood, CO 80228.00
Telephone: 303-969-5366
Fax: 303-969-5503
kent_stevens@ios.doi.gov

SECTION 1 - SUBJECT IDENTIFICATION AND GENERAL INFORMATION

Identification:	The project name is Sutey Ranch Land Exchange and it involves six (6) Federal parcels with a total of 1,470.07 acres and two (2) Non-Federal parcels with a total of 668.41 acres. The various parcels associated with the proposed exchange are located in Garfield, Eagle and Pitkin Counties. The property types are Land and Minerals (Fee Simple with some restrictions). The proposed client agency action is a proposed Exchange of Federal Land and Non-Federal land. The appraiser is responsible to determine the number of reports but the Federal parcels are to be presented in at least one report and the Non-Federal parcels are also to be presented in at least one report.
Client:	U.S. Department of the Interior, Office of Valuation Services (OVS)
Intended Users:	Office of Valuation Services, BLM Colorado State Office and associated Field Office, Western Land Group and the owner of the Non-Federal land with Gideon Kaufman as representative.
Intended Use:	For use by BLM Colorado State Office, Denver, CO on behalf of the United States of America in connection with the proposed Exchange of identified Federal and Non-Federal Lands. The appraisal reports of the Federal parcels (one report) and the Non-Federal parcels (one report) are not intended for any other use.
Property Description	The Federal parcels total 1,470.09 acres and include the

	following listed parcels: Parcel A - 1,240 acres and located in Pitkin County, CO Parcel B – 28.37 acres and located in Pitkin County, CO Parcel B-1 – 1.0 acre and located in Pitkin County, CO Parcel C – 171.34 acres and located in Eagle County, CO Parcel D – 17.41 acres and located in Eagle County, CO Parcel E – 11.97 acres and located in Eagle County, CO The Non-Federal parcels total 668.41 acres and include the following listed parcels: Parcel 1 (Sutey Ranch) – 556.63 acres with water rights and located in Garfield County, CO Parcel 2 (West Crown) – 111.78 acres and located in Pitkin County, CO
Legal Description:	A legal description of Federal Parcels A-E and Non-Federal parcels 1 and 2 are attached with the Statement of Work. The Title Commitment for Non-Federal Parcels 1 and 2 will also be made available to the contract appraiser.
Property Interest:	The property interest of all the Federal and Non-Federal parcels to be appraised is: Fee Simple - subject to exceptions indicated in the Title Commitments and legal description provided. Any information or observations that are found to be contrary to the above described property rights must immediately be brought to the assigned OVS Review Appraiser's attention as a request for possible amended instructions.
Outstanding Rights:	A preliminary title commitment or equivalent for federal lands will be provided. Any identified/observed recorded or unrecorded documents, conditions, agreements, easements and/or encumbrances discovered must be identified and discussed in the appraisal report in relation to their impact on value. This list is not comprehensive and it is the appraiser's responsibility to investigate encumbrances on the property.
Personal Property:	The Sutey Ranch has some older structures. The IVIS Worksheet reports that an old ranch house will probably be removed prior to closing but a cabin will remain.

Property Access:	The IVIS Worksheets report that the two Non-Federal parcels have both legal and physical access while the six Federal parcels have physical access but do NOT have legal access.
Larger Parcel:	Every appraisal that conforms to UASFLA must address the larger parcel issue. The larger parcel(s) must be identified and the reasons for that decision must be provided within each appraisal report with consideration to ownership, best use, and contiguity.
	The appraiser should keep in mind that in situations where there are multiple larger parcels present, the appraisal assignment is to estimate the market value of the property in its entirety. This may require estimating the value of each larger parcel, but simply adding those values together to estimate the value of the whole would violate the Unit Rule. (See UASFLA, Sections A-14 and B-13 for more information.)
Ownership/Occupant:	According to the IVIS Worksheets the legal owner of the Federal parcels is the U.S. Government administered by the Bureau of Land Management while the ownership of the Non-Federal parcels is Leslie and Abigail Wexner.
Tenancies:	There are no tenants.
Owner Contact Information:	Property Owner/Applicant: Leslie and Abigail Wexner Contact: Gideon Kaufman, Kaufman & Peterson, P.C. Address: 315 East Hyman Ave., # 305, Aspen, CO 81611 ’ Phone: (970) 925 – 8166 E-Mail: gk@kplaw.com X

Provided Subject Property Information:

The following documents and reports will be provided to the appraiser:

- [X] **General Location Maps**
- [X] **Legal Descriptions (Federal & Non-Federal)**
- [X] **Topo Maps**
- [X] **Preliminary Title Commitment**
- [X] **Other (IVIS Worksheet)**

SECTION 2 - APPRAISAL REQUIREMENTS AND INSTRUCTIONS

Appraisal Standards: The appraisal reports must conform to standards established by the Appraisal Foundation in the Uniform Standards of Professional Appraisal Practice (USPAP) and the Uniform Appraisal Standards for Federal Land

Acquisitions (UASFLA). No other supplemental standards are applicable.

Market Value *For BLM Land Exchanges use the following Market Value definition:*

"The most probable price in cash, or terms equivalent to cash, that lands or interests in lands should bring in a competitive and open market under all conditions requisite to a fair sale. Where the buyer and seller each acts prudently and knowledgeably, and the price is not affected by undue influence." [43 CFR 2200.0-5(n)]"

Date of Value: The date of value is the date of the last property inspection, which should be no later than approximately 30 calendar days prior to the submission of the completed appraisal report, unless other arrangements are approved in writing in advance by the OVS Review Appraiser.

Extraordinary Assumptions(EA's): No extraordinary assumptions have been identified. If the appraiser determines that extraordinary assumptions are necessary for the completion of the assignment, the appraiser must contact the OVS Review Appraiser for prior written approval.

Hypothetical Conditions(HC's): Hypothetical conditions have been identified for some or all of the Federal parcels in regard to the most probable zoning if they were already in private ownership. No other hypothetical conditions have been identified. If the appraiser determines that additional hypothetical conditions are necessary, the OVS Review Appraiser must be contacted to obtain written approval to employ any such conditions.

Jurisdictional Exceptions(JE's): If the Appraiser perceives that USPAP Jurisdictional Exception Rule should be invoked to meet certain standards in UASFLA, the Appraiser must contact the OVS Review Appraiser to obtain prior written approval.

Location of EA's HC's and JE's in Report: All Extraordinary Assumptions, Hypothetical Conditions, and Jurisdictional Exceptions, when authorized by OVS, must be clearly identified, labeled, and communicated wherever the final value conclusion is stated. At a minimum, this will include the letter of transmittal and the summary of salient facts. In addition, these same items must be communicated in conjunction with any General Assumptions and Limiting Conditions within the body of the report.

Property Inspection: **The appraiser must make a personal inspection of the subject property and all of the comparable market properties** used in the direct comparison to the subject property unless specific arrangements to the contrary have been approved in writing by the assigned OVS Review Appraiser prior to the commencement of the assignment.

For appraisals with an intended use of acquisition or exchange, the

Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (PL 91-646) as amended and the Uniform Appraisal Standards for Federal Land Acquisitions (Section A-4, pages 9 and 10), require the appraiser to offer the property owner and/or the owner representative an opportunity to accompany the appraiser during the property inspection. The appraiser must certify in the report that such an offer was extended.

Permission to enter upon and appraise the property has not been granted. You are to make arrangements for the property inspection with the noted property owner or owner's representative and notify both the BLM Colorado State Office, Denver, CO Realty Specialist and the OVS Review Appraiser as to when the property inspection will take place.

Pre-Work Meeting The appraiser may be required to attend a pre-appraisal meeting with the assigned OVS Review Appraiser, the client agency Realty Specialist and/or other agency representative, and other interested parties. The date, time and place of the meeting (if required) will be coordinated by the OVS Review Appraiser.

Controversies/Issue: Should controversies (new) or issues (new) be identified by the appraiser during the course of the assignment, the OVS Review Appraiser identified in Section 3 of this document must be immediately notified.

Legal Instructions: None.

Special Appraisal Instructions:

1. OVS is the appraiser's client. Even though communication is encouraged with the property owner and the client agency, no appraisal instructions or modifications thereof may be received from any party except OVS. Also, no assignment results or appraisal reports may be communicated to any party except OVS until authorized to do so in writing by OVS. In addition, any contact or correspondence with the Client Agency Realty Contact shall include the assigned OVS Review Appraiser.

General Appraisal Requirements and Instructions:

1. Any Contract or Private Appraiser must hold a valid State Certification as a Certified General Appraiser for the jurisdiction in which the subject property is located. (Valid credentials include those obtained directly from the jurisdiction, those issued under a reciprocity agreement, and/or those characterized as "temporary" under the jurisdiction licensing and certification statutes). OVS Staff Appraisers must hold a valid State Certification as a Certified General Appraiser in compliance with OVS Policy.

2. The OVS Statement of Work (SOW) and employment contract (purchase or task order) must be included within the Addenda to the appraisal reports.

3. The appraiser's scope of work must result in credible assignment results for the intended use.

4. If the appraisal standards above call for compliance with UASFLA, then the presentation format of the reports must confirm to the sequence and content in UASFLA.

5. The appraisals are to be documented in a Self-Contained report format. See UASFLA Introduction, (p.9) which states that a report prepared in accordance with UASFLA will be considered as meeting the USPAP requirements for a Self-Contained report.

6. The appraiser must appraise the subject sites in their "As Is" condition by all valuation approaches that are appropriate.

7. **The appraiser's conclusion of highest and best use for each subject site must be an economic use.** A non-economic highest and best use, such as conservation, natural lands, preservation or any use that requires the property to be withheld from economic production in perpetuity, is not a valid use upon which to estimate market value. Nor may a highest and best use be speculative or conjectural.

8. Essential in the appraiser's conclusion of highest and best use is the determination of "Larger Parcel". The appraiser must make a larger parcel determination in every appraisal conducted under UASFLA Standards. (See UASFLA Section A-14 and B-13 for additional information).

9. Documentation of the comparable sales used in direct comparison must comply with reporting requirements of UASFLA and the Uniform Relocation Assistance and Real Property Acquisition Policies Act 1970. For instance, the latter requires "A description of the comparable sales, including a description of all relevant physical, legal and economic factors such as parties to the transaction, source and method of financing, and **verification by a party involved in the transaction.**"

10. Color photographs and maps of comparable properties shall be included in the appraisal report. Aerial photographs for comparable properties will be accepted unless the aerial photographs are so dated that they do not accurately represent the property as it physically existed on the date of inspection. Any unusual property features must be photographed from ground level.

11. If sales to governmental entities, including sales to non-profit entities with the intention of transferring the sale property to a governmental entity, are included in the appraisal report, they are subject to extraordinary verification and treatment. They must be documented in accordance with the guidelines found in UASFLA Section D-9. **Each of the items of Section D-9 must be specifically addressed when communicating the confirmation of any government sales.**

12. The selection of the Unit of Comparison must be supported by analysis.

13. The preferred method of adjusting comparable sales is through supported Quantitative Adjustments (percentage, $/acre, etc.); Qualitative Adjustments (similar, inferior, or superior) are

to be used only when the market variables cannot be quantified. Quantitative adjustments without support are unacceptable. When the Appraiser must resort to qualitative analyses, support that is more extensive and discussion of the Appraiser's reasoning why a comparable sale is similar, inferior or superior to the subject property is required. All adjustments must be supported by clear, appropriate, and credible analysis based on documented market research. Mere references to undisclosed "trends," or reliance on the Appraiser's "opinion" or "judgment" without market support is an unacceptable practice. Market support includes discussions with buyers/sellers, potential investors, brokers, etc. The Appraiser must also recognize that variances in sale prices may be caused by multiple factors and should not over adjust a comparable by double-counting overlapping items.

14. The appraisal reports will be reviewed for compliance with the terms of this Statement of Work, UASFLA (as applicable), and USPAP. Findings of inadequacy, if any, will require clarification and/or revisions of the report.

15. The appraisal reports and all information furnished to the appraiser are DOI internal documents and are to be considered confidential by the appraiser. All requests for information concerning the appraisal must be referred to the assigned OVS Review Appraiser. The general public is not an intended user of the appraisal report; however the appraiser must also be aware that the Freedom of Information Act (FOIA) and Agency policy may result in the release of all or part of the appraisal report to others.

16. OVS will not normally accept custody of confidential information. Should the appraiser find it necessary to rely on confidential information, he or she will contact the assigned OVS Review Appraiser for instructions. The Review Appraiser will view the information and provide further instruction to the appraiser regarding handling and storage of the confidential information.

17. When the appraiser has performed any services regarding the subject property within the three prior years, he or she must appropriately disclose this information following the direction of the USPAP Ethics Rule, Conduct Section. This disclosure must be made within the proposal and also in the completed report.

SECTION 3 - CONTRACTING, PERFORMANCE and PAYMENT

Contracting Officer's Technical Representative/OVS Review Appraiser
Questions regarding appraisal instructions and/or technical requirements for this solicitation should be addressed to the OVS Review Appraiser named below who is acting as the Contracting Officer Technical Representative (COTR) for this project. Contact information for the Contracting Officer and Client Agency Realty Specialist is also provided below.

OVS Review Appraiser
Kent Stevens, MAI
Senior Appraiser
Office of Valuation Services

OVS / DOI, 12136 W Bayaud Avenue
Lakewood, CO 80228
Phone: 303-969-5366
FAX: 303-969-5503
kent_stevens@ios.doi.gov

Contracting:
Contracting for this assignment is between the contract appraiser and Western Land Group, Inc.

Client Agency Realty Specialist (BLM)
The Realty Contact for this appraisal assignment is:
Alexa Watson, Realty Specialist
BLM Colorado State Office, Denver, CO
2850 Youngfield St
Lakewood, CO 80215-7093
Phone: (303) 239 – 3796

Contracting: This contracting assignment is between the contract appraiser and Western Land Group, Inc.

Payment – the fee amount is to be negotiated between the contract appraiser and the Western Land Group, Inc.

The Contract Appraiser must have extensive working knowledge of all applicable appraisal standards. The Contract Appraiser must have previous experience in appraising similar properties as described in this Statement of Work. He/she must be a Certified General Appraiser or must obtain a temporary general certification in the State of assignment.

Performance: Unless otherwise agreed upon, 120 calendar days (or less) delivery, from the date of awarding of the contract and authorization to proceed is the required date for submission of one signed original copy (PDF format may be required by the reviewer) of the appraisal report for review by OVS.

The appraisal reports will be reviewed for compliance with the terms of this Statement of Work, UASFLA (as applicable), and USPAP. Findings of inadequacy, if any, will require clarification and/or correction to the report. **The Appraiser will be notified of any need for revisions or clarification within 14 calendar days (or less) of the report delivery. The appraiser must respond to this request within 14 (or less) calendar days.** OVS will notify the appraiser of the acceptance or non-acceptance of the report within **14** (or less) calendar days following delivery of the amended work product.

Once the report is accepted by OVS, the appraiser will submit **5 additional** signed copies of the report and two locked PDF copies of the appraisals on a CD. The copies shall be received by the review appraiser within **5** calendar days after approval of the appraisal reports.

Sutey Ranch Land Exchange
Federal Lands

Parcel A

T. 8 S., R 88 W., Sixth Principal Meridian,
sec. 23, N½NE¼ and SE¼NE¼;
sec. 24, W½;
sec. 25, NW¼, N½SW¼, and SW¼SW¼;
sec. 26, S½S½;
sec. 35, W½; and
sec. 36, NW¼NW¼,
containing 1,240 acres.

Reservation to the United States
A right-of-way thereon for ditches and canals constructed by the authority of the United States. Act of August 30, 1890 (43 U.S.C. 945).

Subject to
1. Grazing permit No. 507711, Thomas Allotment (8346) on the following lands:
   T. 8 S., R 88 W., Sixth Principal Meridian,
   sec. 23, N½NE¼ and SE¼NE¼;
   sec. 24, W½;
   sec. 25, NW¼, N½SW¼, and SW¼SW¼;
   sec. 26, S½S½, and
   sec. 35, N½NW¼ and S½NW¼ (northerly part).
2. Grazing permit No. 507655, Potato Bill Allotment (8347) on the following lands:
   T. 8 S., R 88 W., Sixth Principal Meridian,
   sec. 35, S½NW¼ (southerly part) and SW¼,
   sec. 36, NW¼NW¼.

Parcel B

T. 8 S., R 87 W., Sixth Principal Meridian,
sec. 31, Tract 86, lots 10, 11, and 12;
sec. 31, lots 9 and 13,
containing 28.37 acres.

Reservation to the United States
A right-of-way thereon for ditches and canals constructed by the authority of the United States. Act of August 30, 1890 (43 U.S.C. 945).

Parcel B-1

T. 8 S., R 87 W., Sixth Principal Meridian,
sec. 31, lots 5 and 8,
containing 1.00 acre.

Reservations to the United States
A right-of-way thereon for ditches and canals constructed by the authority of the United States. Act of August 30, 1890 (43 U.S.C. 945).

Subject to
Road right-of-way COC-66832 (Ranch I, LLC).

Parcel C

T. 5 S., R 83 W., Sixth Principal Meridian,
sec. 30, Montana Lode;
sec. 30, lots 5 to 8, inclusive, lot 10, and SE¼NW¼.
T. 5 S., R. 84 W.,
sec. 25, lot 10,
containing 171.34 acres.

Reservation to the United States
A right-of-way thereon for ditches and canals constructed by the authority of the United States. Act of August 30, 1890 (43 U.S.C. 945).

Subject to
1. Grazing permit No. 507726, Horse Creek Allotment (8719).
2. Application – Road right-of-way COC-73302.

Parcel D

T. 5 S., R 83 W., Sixth Principal Meridian,
sec. 30, lot 9.
containing 17.41 acres.

Reservation to the United States
A right-of-way thereon for ditches and canals constructed by the authority of the United States. Act of August 30, 1890 (43 U.S.C. 945).

Subject to
1. Bruce Creek Road.
2. Grazing permit No. 507726, Horse Creek Allotment (8719).

Parcel E

T. 5 S., R 84 W., Sixth Principal Meridian,
sec. 36, lots 2, 3, and 4,
containing 11.97 acres.

Reservation to the United States
A right-of-way thereon for ditches and canals constructed by the authority of the United States. Act of August 30, 1890 (43 U.S.C. 945).

Third Party Rights
Grazing permit No. 507726 for Horse Creek Allotment (8719).

Sutey Ranch Land Exchange
Non-Federal (Offered) Lands Legal Description

Parcel 1 (Sutey Ranch)

A parcel of land comprising all of Lots 1, 2, 6, 7, 8, 9, 10, 11, 12, 14, 15 & 16, Section 15; and Lot 8, Section 16; all in Township 7 South, Range 88 West of the 6th P.M.

TOGETHER WITH a parcel of land situate in the W1/2 of Lot 1, Section 14, Township 7 South, Range 88 West of the 6th Principal Meridian, County of Garfield, State of Colorado being more particularly described as follows:

Beginning at a point on the West line of Lot 1 also being on the Southerly Right-of-Way line of County Road 112 from which the Northwest corner of Lot 1 also being the Northwest corner of said Section 14 bears N00°02'06"E a distance of 388.93 feet;

thence along the Westerly & Southerly Right-of-Way line of said County Road No. 112 the following five (5) courses:

1) S48°18'46"E a distance of 114.75 feet;
2) thence 247.98 feet along the arc of a 530.00 feet radius curve to the left, having a central angle of 26°48'28" and subtending a chord bearing S61°43'00"E a distance of 245.72 feet;
3) thence S75°07'14"E a distance of 181.17 feet;
4) thence 127.24 feet along the arc of a 212.00 feet radius curve to the right, having a central angle of 34°23'20" and subtending a chord bearing S57°55'34"E a distance of 125.34 feet;
5) thence S40°43'54"E a distance of 17.31 feet to a point approximately 30 feet south of the centerline of an existing ranch road, to the west from said county road;

thence leaving the Right-of-Way, of County Road No. 112, and being 30 feet southerly of the centerline of said ranch road to the west along the following six (6) courses:

1) 74.19 feet along a non-tangent arc of a 291.29 feet radius curve to the right, having a central angle of 14°35'35" and subtending a chord bearing S77°20'22"W a distance of 73.99 feet;
2) thence S84°38'09"W a distance of 77.64 feet;
3) thence 105.40 feet along the arc of a 554.28 feet radius curve to the right, having a central angle of 10°53'44" and subtending a chord bearing N89°54'59"W a distance of 105.24 feet;
4) thence N84°28'07"W a distance of 32.05 feet;
5) thence 217.37 feet along the arc of a 288.70 feet radius curve to the left, having a central angle of 43°08'26" and subtending a chord bearing S73°57'39"W a distance of 212.27 feet;
6) thence S52°23'26"W a distance of 131.70 feet to a point on the West line of said Lot 1 from which the West ¼ Corner of said Section 14 bears S00°02'06"W a distance of 1,764.54 feet;

thence N00°02'06"E along the West line of said Lot 1 a distance of 478.21 feet to the point of beginning.

TOGETHER WITH a parcel of land situate in the W1/2 of Lot 1 and Lot 2 in Section 14, Township 7 South, Range 88 West of the 6th Principal Meridian, County of Garfield, State of Colorado being more particularly described as follows:

Beginning at the West 1/4 Corner of said Section 14; thence N00°02'06"E a distance of 1764.54 feet along the West line of said Section 14 to a point 30.89 feet South of the centerline of a ranch road as built and in place;

thence along a line 30 feet South of the centerline, of said ranch road the following six (6) courses:

1) N52°23'26"E a distance of 131.70 feet;
2) thence 217.37 feet along the arc of a 288.70 feet radius curve to the right, having a central angle of 43°08'26" and subtending a chord bearing N73°57'39"E a distance of 212.27 feet;
3) thence S84°28'07"E a distance of 32.05 feet;
4) thence 105.40 feet along the arc of a 554.28 feet radius curve to the left, having a central angle of 10°53'44" and subtending a chord bearing N89°54'59"W a distance of 105.24 feet;
5) thence N84°38'09"E a distance of 77.64 feet;
6) thence 74.19 feet along the arc of a 291.29 feet radius curve to the left, having a central angle of 14°35'35" and subtending a chord bearing N77°20'22"E a distance of 73.99 feet to a point on the West right-of-way line of County Road No. 112;

thence along the West right-of-way line of County Road No. 112 the following three (3) courses:

1) S40°43'54"E a distance of 118.89 feet;
2) thence 145.47 feet along the arc of a 530.00 feet radius curve to the left, having a central angle of 15°43'32" and subtending a chord bearing S48°35'40"E a distance of 145.01 feet;
3) thence S56°27'26"E a distance of 94.76 feet;

thence S00°01'00"W a distance of 1690.53 feet along the West lines of tracts of land described in Book 818 at Page 260, in Book 742 at Page 389 and in Book 1692 at Page 344, all of the records of the Clerk and Recorder of Garfield County, Colorado;

thence N89°39'40"W a distance of 860.89 feet along the North lines of tracts of land described in Book 1200 at Page 357 and in Book 1200 at Page 349 to the point of beginning.

All in the County of Garfield, State of Colorado.

Together with the appurtenant water rights described as twelve (12) shares of the capital stock of The Park Ditch and Reservoir Company, Certificate No. 051, and one and one-third (1-1/3) shares of the capital stock of The Park Ditch and Reservoir Company, Certificate No. 055.

Subject to:

1. Easement for power line granted to Public Service Company of Colorado recorded September 28, 1961 in Book 337 Page 7.
2. Easement for power line granted to Public Service Company of Colorado recorded May 14, 1982 in Book 559 Page 448.
3. Easement for power line granted to Public Service Company of Colorado recorded December 18, 1984 in Book 661 at Page 459.
4. Easement and right of way for power line granted to Holy Cross Electric Association, Inc. as recorded November 14, 1979 in Book 539 at Page 520.
5. County Road No. 112 in the N½ of Lot 1, Sec. 15, T. 7 S., R. 88 W.

Parcel 2 (West Crown)

A parcel of land situated in the East one-half of the Northeast one-quarter, the East one-half of the West one-half of the Northeast one-quarter and the Northeast one-quarter of the Southeast one-quarter of Section 24, Township 8 South, Range 88 West of the Sixth Principal Meridian, County of Pitkin, State of Colorado being described as follows:

Beginning at the Northeast corner of Section 24; thence S00°25'48" E along the East line of the Northeast one-quarter, a distance of 2612.11 feet to the East one-quarter corner;

Thence S00°24'35"E along the East line of the Northeast one-quarter of the Southeast one-quarter, a distance of 852.93 feet to the West one-quarter of Section 19;

Thence S00°26'10"E continuing along the East line of the Northeast one-quarter of the Southeast one-quarter, a distance of 453.16 feet to the Southeast corner of the Northeast one-quarter of the Southeast one-quarter;

Thence N89°58'32"W along the South line of the Northeast one-quarter of the Southeast one-quarter, a distance of 83.84 feet to the centerline of Prince Creek Road as constructed;

Thence Northwesterly along said centerline the following thirty (30) courses:

1) N45°19'04"W, a distance of 5.95 feet to a point of curve;
2) Along the arc of a curve to the right having a delta of 46°34'40", a radius of 125.00 feet and a length of 101.62 feet to a point of tangent;
3) N01°15'36"E, a distance of 100.54 feet to a point of curve;
4) Along the arc of a curve to the left having a delta of 28°01'47", a radius of 225.00 feet and a length of 110.07 feet to a point of tangent;
5) N26°46'11"W, a distance of 228.31 feet to a point of curve;
6) Along the arc of a curve to the left having a delta of 15°41'26", a radius of 325.00 feet and a length of 89.00 feet to a point of tangent;
7) N42°27'38"W, a distance of 241.41 feet;
8) N46°42'43"W, a distance of 167.75 feet;
9) N49°10'43"W, a distance of 147.98 feet to a point of curve;
10) Along the arc of a curve to the right having a delta of 20°22'48", a radius of 150.00 feet and a length of 53.36 feet to a point of tangent;
11) N28°47'55"W, a distance of 436.81 feet to a point of curve;
12) Along the arc of a curve to the left having a delta of 11°01'51", a radius of 525.00 feet and a length of 101.07 feet to a point of tangent;
13) N39°49'45"W, a distance of 491.63 feet to a point of curve;
14) Along the arc of a curve to the right having an delta of 06°54'57", a radius of 2750.00 feet and a length of 331.94 feet to a point of tangent;
15) N32°54'48"W, a distance of 10.34 feet to a point of curve;
16) Along the arc of a curve to the right having a delta of 11°06'21", a radius of 550.00 feet and a length of 106.61 feet to a point of tangent;
17) N21°48'27"W, a distance of 85.50 feet to a point of curve;
18) Along the arc of a curve to the left having a delta of 22°13'20", a radius of 200.00 feet and a length of 77.57 feet to a point of tangent;
19) N44°01'47"W, a distance of 41.86 feet to a point of curve;
20) Along the arc of a curve to the right having a delta of 23°16'41", a radius of 400.00 feet and a length of 162.51 feet to a point of curve;
21) N20°45'06"W, a distance of 54.91 feet to a point of curve;
22) Along the arc of a curve to the right having a delta of 06°58'38", a radius of 800.00 feet

and a length of 97.42 feet to a point of tangent;

23) N13°46'28"W, a distance of 25.00 feet to a point of curve;
24) Along the arc of a curve to the left having a delta of 29°04'52", a radius of 200.00 feet and a length of 101.51 feet to a point of tangent;
25) N42°51'20"W, a distance of 59.64 feet to a point of curve;
26) Along the arc of a curve to the right having a delta of 09°53'30", a radius of 500.00 feet and a length of 86.32 feet to a point of tangent;
27) N32°57'50"W, a distance of 3.75 feet to a point of curve;
28) Along the arc of a curve to the right having a delta of 20°33'10", a radius of 300.00 feet and a length of 107.61 feet to a point of tangent;
29) N12°24'41"W, a distance of 77.00 feet to a point of curve;
30) Along the arc of a curve to the left having a delta of 04°30'29", a radius of 400.00 feet and a length of 31.47 feet to a point on the West line of the East one-half of the West one-half of the Northeast one-quarter;

Thence N00°11'22"W along the West line of the East one-half of the West one-half of the Northeast one-quarter, a distance of 812.37 feet to the Northwest corner of the East one-half of the West one-half of the Northeast one-quarter;

Thence S89°50'02"E along the north line of the Northeast one-quarter, a distance of 663.39 feet to the Northeast corner of the East one-half of the West one-half of the Northeast one-quarter;

Thence S89°50'02"E continuing along the North line of the Northeast one-quarter, a distance of 1326.84 feet to the Point of Beginning**,**

containing 111.78 acres.

Subject to:

1. Terms, conditions and provisions of an agreement recorded April 14, 1961, in Book 193 at Page 468.
2. Terms, conditions and provisions of Resolution No. 84-21 recorded October 16, 1984, in Book 475 at Page 175.
3. Terms, conditions, provisions, obligations, easements and rights of way as contained in easement and road maintenance agreement recorded October 29, 1987, in Book 549 at Page 470.