

APPRAISAL OF
SEVEN PARCELS OWNED BY
THE STATE OF MONTANA
TETON COUNTY, MONTANA

Prepared For
Mr. Tom Konency, Appraiser
Montana Department of Natural Resources
and Conservation
P.O. Box 201601
Helena, MT 59620-1601

Prepared By
Dennis C. Hoeger, ARA, MAI
P.O. Box 3301
Bozeman, MT 59715

Date of Inspection - October 13, 14 & 15, 2010
Date of Value Estimate - October 13, 14 & 15, 2010
Date of Report - November 9, 2010

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November 9, 2010

Mr. Tom Konency, Appraiser
Montana Dept. Of Natural Resource
and Conservation
P.O. Box 201601
Helena, MT 59620-1601

Dear Mr. Konency:

As you requested, I have prepared a summary appraisal report on three parcels of land owned by the State of Montana located in Teton County, Montana.

The purpose of the appraisal is to estimate the current fair market value of the appraised property. The opinions stated in the accompanying report are based on my inspection of the property, the comparable sale and assembly of all pertinent data.

Market research and sales analysis indicates that there is no difference in market value between those sales with and without legal access.

It is my opinion, after weighing all of the facts gathered during the preparation of the report, that the estimated value of the three parcels as of October 13, 14 & 15, 2010, was:

Parcel 598 - Miller Colony	- \$ 14,400 (10-14-2010)
Parcel 599 - Klingaman	- \$ 13,000 (10-14-2010)
Parcel 600 - Rice Ridge	- \$ 11,600 (10-15-2010)
Parcel 601 - Rice Ridge	- \$ 11,600 (10-15-2010)
Parcel 602 - Rice Ridge	- \$ 13,000 (10-15-2010)
Parcel 603 - Rice Ridge	- \$ 13,000 (10-15-2010)
Parcel 604 - Reiquam	- \$ 14,400 (10-13-2010)

Sincerely,

Dennis C. Hoeger
Certified General Appraiser #75
State of Montana

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CERTIFICATION

The undersigned does certify that, except as otherwise noted in this report:

Employment and the compensation received for this assignment is not contingent upon the development or reporting of a predetermined value, a direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event, directly related to the intended use of this appraisal.

I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.

I have no bias with respect to the property that is the subject of this report or the parties involved in this assignment.

To the best of my knowledge and belief, statements contained in this report, on which the analyses, opinions and conclusions expressed are based, are true and correct, and no important facts have been withheld.

The reported analyses, opinions and conclusions are limited only by the reported assumptions, and limiting conditions, and are my personal, impartial, unbiased professional analyses, opinions and conclusions.

The report has been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, and of the American Society of Farm Managers and Rural Appraisers. The American Society and Appraisal Institute have a legal right to review this report.

My analysis, opinions and conclusions were developed, and this report has been prepared in conformity with the Montana Department of Transportation Right-of-Way Manual, *Uniform Standards of Professional Appraisal Practice* and the *Uniform Appraisal Standards for Federal Land Acquisitions*, except to the extent that the *Uniform Appraisal Standards for Federal Land Acquisitions* requires invocation of the Jurisdictional Exception rule, as described in Section D-1 of the *Uniform Appraisal Standards for Federal Land Acquisitions*.

No one other than the undersigned provided significant professional assistance in the analysis, conclusions and opinions concerning the real estate that are set forth in this report

The appraisal assignment was not contingent on developing or reporting predetermined results, a requested minimum valuation, a specific valuation, or approval of any proposed financing.

As of the date of this report, I Dennis C. Hoeger, MAI, have completed the requirements under the continuing education program of the Appraisal Institute. Dennis C. Hoeger, ARA, is currently certified under the voluntary continuing education program of the American Society of Farm Managers and Rural Appraisers.

I have made a personal inspection of the appraised properties which are the subject of this report and all comparable sales used in developing the opinion of value. The date of inspection was October 13, 14, and 15, 2010 and the method of inspection was a personal visit to the property.

In my opinion, as of October 13, 14 and 15, 2010, the market value of the appraised properties was:

Parcel 598 - October 14, 2010 - \$14,400
Parcel 599 - October 14, 2010 - \$13,000
Parcel 600 - October 15, 2010 - \$11,600
Parcel 601 - October 15, 2010 - \$11,600
Parcel 602 - October 15, 2010 - \$13,000
Parcel 603 - October 15, 2010 - \$13,000
Parcel 604 - October 13, 2010 - \$14,400

Dennis C. Hoeger, ARA, MAI
Certified General Appraiser #75
State of Montana

SUMMARY OF FACTS AND CONCLUSIONS

Parcel 598 - Lease No.: 6430

Owner of Record:	State of Montana
Lessee:	Miller Colony
Type of Property:	Native rangeland
Effective Date of Appraisal:	October 14, 2010
Property Rights Appraised:	Fee simple
Location:	Approximately 9 air miles northwest of Choteau, MT
Improvements:	Small grain bin
Highest and Best Use:	Native rangeland
Estimated Market Value:	\$14,400

Parcel 599 - Lease No.: 8666

Owner of Record:	State of Montana
Lessee:	Kirk B. & Rusty L. Klingaman
Type of Property:	Native rangeland
Effective Date of Appraisal:	October 14, 2010
Property Rights Appraised:	Fee Simple
Location:	Approximately 12 air miles northwest of Choteau, MT
Improvements:	None
Highest and Best Use:	Native rangeland
Estimated Market Value:	\$13,000

Parcel 600 - Lease No.: 10581

Owner of Record:	State of Montana
Lessee:	Rice Ridge, LLC - Jay Rice
Type of Property:	Native rangeland
Effective Date of Appraisal:	October 15, 2010
Property Rights Appraised:	Fee simple
Location:	Approximately 9 air miles west of Choteau, MT
Improvements:	None
Highest and Best Use:	Native rangeland
Estimated Market Value:	\$11,600

Parcel 601 - Lease No.: 10581

Owner of Record:	State of Montana
Lessee:	Rice Ridge, LLC - Jay Rice
Type of Property:	Native rangeland
Effective Date of Appraisal:	October 15, 2010
Property Rights Appraised:	Fee simple
Location:	Approximately 9 air miles west of Choteau, MT
Improvements:	None
Highest and Best Use:	Native rangeland
Estimated Market Value:	\$11,600

Parcel 602 - Lease No.: 10581

Owner of Record:	State of Montana
Lessee:	Rice Ridge, LLC - Jay Rice
Type of Property:	Native rangeland
Effective Date of Appraisal:	October 15, 2010
Property Rights Appraised:	Fee simple
Location:	Approximately 9 air miles west of Choteau, MT
Improvements:	None
Highest and Best Use:	Native rangeland
Estimated Market Value:	\$13,000

Parcel 603 - Lease No.: 10581

Owner of Record:	State of Montana
Lessee:	Rice Ridge, LLC - Jay Rice
Type of Property:	Native rangeland
Effective Date of Appraisal:	October 15, 2010
Property Rights Appraised:	Fee simple
Location:	Approximately 9 air miles west of Choteau, MT
Improvements:	None
Highest and Best Use:	Native rangeland
Estimated Market Value:	\$13,000

Parcel 604 - Lease No.: 3943

Owner of Record:	State of Montana
Lessee:	R L Reiquam Ranch Company - Chris Reiquam
Type of Property:	Native rangeland
Effective Date of Appraisal:	October 13, 2010
Property Rights Appraised:	Fee simple
Location:	Approximately 8 air miles northwest of Dutton, MT
Improvements:	None
Highest and Best Use:	Native rangeland
Estimated Market Value:	\$14,400

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report, the letter of transmittal and certification are subject to the following assumptions and limiting conditions; and also, any special qualifying conditions which may be contained elsewhere in the report are incorporated by reference.

ASSUMPTIONS

That the legal description, as furnished, is correct; and that the title to the property is good and marketable. The property is appraised as though it is under responsible ownership and competent management.

That the land dimensions taken from available maps, plats, and/or surveys are correct. It has been assumed that those boundaries that are apparent are correct.

That no adverse water table or soil conditions exist, and no representation regarding such conditions is made in this report unless specifically stated; and, that the value estimated is predicted on the absence of any such conditions occurring.

That opinions, estimates, data and statistics supplied by others in the course of this study, are correct; the assumption has been made that the sources are reliable, but no responsibility has been inferred for their accuracy.

Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. I have no knowledge of the existence of such materials on or in the property. I am not qualified to detect such substances. The presence of potentially hazardous materials may affect the value of the property. This extends to any leaks from underground fuel storage tanks. The value estimate is predicated on the assumption that there is no such material on or in the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired. Any such environmental risk discovered at a later date may require a revised estimate of value that may or may not be simply a reduction of the value by the estimated cost to cure the environmental condition. Properties known to have environmental risk may also carry a stigma in the market place that may or may not effect the value. If future soil tests should reveal the existence of any such soil conditions or hazardous waste, we reserve the right to review and adjust this appraisal accordingly.

LIMITING CONDITIONS

The appraiser is not responsible for any matter legal in character, nor is any opinion rendered as to title, which is assumed to be marketable.

The value reflected in the analysis applies only to the program of utilization considered in this report. The use of the value in conjunction with any other appraisal or under other influences invalidates the conclusions developed.

This analysis and estimate of value is made for the exclusive use and benefit of the clients to whom it is addressed; and, possession of this report or a copy, does not carry with it the right of publication, nor may it be used for any purpose other than that intended without the previous consent of the appraiser. In any event only the entire report may be used and no part shall be taken or used out of context.

Included as an integral part of this appraisal report are maps and photographs of the appraised property and sales. Although they do not purport to represent survey accuracy, they are substantially correct and adequately serve as visual reference to the property.

Disclosure of the contents of this report is governed by the By-Laws and Regulations of the Appraisal Institute and the American Society of Farm Managers and Rural Appraisers. Neither all nor any part of the contents of this report (especially any conclusions of value, the identity of the appraiser or the firm with which he is connected or any reference to the MAI or ARA designations) shall be disseminated to the public through advertising media, public relations, news media, sales media, or any other public means of communication without the prior written consent and approval of the author.

The Appraisal Institute and the American Society of Farm Managers and Rural Appraisers conducts a voluntary program of continuing education for its members. ARA's and MAI's who meet the minimum standards of this program are awarded periodic educational certification. Dennis C. Hoeger is currently certified under the AI and ASFMRA voluntary continuing education programs.

HYPOTHETICAL CONDITIONS

“Landlocked parcels, (parcels with no legal access), will be appraised with the hypothetical condition of having legal access and should be appraised as the property currently exists, which is without legal access, (as is).”¹

“State of Montana lands are always to be appraised as if they are in private ownership and could be sold on the open market and are to be appraised in Fee Simple interest.”¹

¹Attachment A, Scope of Work for Appraisals of Potential Sales through the Land Banking Program.

SCOPE AND SUMMARY OF THE APPRAISAL PROBLEM

The following is a summary of the scope of work relevant to arriving at a conclusion of value for the appraised property, and a summary of the appraisal problem to be solved by this appraisal.

The appraisal involves estimating the market value of three properties owned by the State of Montana and managed by the Department of Natural Resources and Conservation. These seven parcels may be sold at auction as a part of the land banking program. In the land banking program, scattered parcels are sold to the lessees and the money generated by the sales is used to purchase more productive (blocked) tracts that will generate more money to the State of Montana.

These seven parcels are 40 acre parcels located within the fee owned land of the lessee. Due to their relative small size and their highest and best use, the sales comparison approach to value will be used to appraise these parcels. There are no building improvements to consider, so the cost approach will not be used. Since these tracts are small, the income generated by the parcel has little bearing on the prices paid for similar property in the area, so the income approach is not used.

Sales research was conducted in Teton and surrounding counties for sales that could be considered comparable to the three appraised properties. Information regarding the sales used to estimate market value was confirmed with buyers, sellers, Realtors and/or other appraisers knowledgeable of the transactions. Based on those conversations and discussions, the information is considered factually accurate and the sales used in this report represent arms length transactions. I have personally inspected all of the sales used to arrive at the conclusions of market value for the appraised properties.

PURPOSE OF THE APPRAISAL

The purpose of the appraisal is to estimate the current fair market value of the appraised properties. The date of value is the date of the inspection, October 13 and 14, 2010.

Current fair market value is defined in **MCA 70-30-313** as follows:

“Current fair market value is the price that would be agreed to by a willing and informed seller and buyer, taking into consideration, but not limited to, the following factors:

- (1) the highest and best reasonably available use and its value for such use, provided current use may not be presumed to be the highest and best use;
- (2) the machinery, equipment, and fixtures forming part of the real estate taken; and
- (3) any other relevant factors as to which evidence is offered.”

When developing an opinion of market value, the appraiser must also develop an opinion of reasonable exposure time linked to the value opinion.

Exposure time may be defined as: the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.

The sales used in this report all were sold within one year. Some properties listed for sale have been on the market for longer periods of time, but that relates more to the asking price. Considering the present market conditions, an exposure time of one year is appropriate.

The condition I am appraising for is cash, or in market terms equivalent to cash.

While the appraised properties are currently subject to long term leases, the premise of this valuation is that the appraised properties are valued as though they were in fee simple ownership. Full ownership of all of the rights of real property is commonly known as a “fee simple estate”. The owner of the fee simple estate holds “fee simple title” that is subject to the four inherent powers of government: taxation, eminent domain, escheat and police power.

My clients and the intended users of this report are the State of Montana, the Montana Board of Land Commissioners and the Department of Natural Resources and Conservation. The intended use of the appraisal is for a decision making process concerning the potential sale of the appraised properties.

PART II
FACTUAL DATA

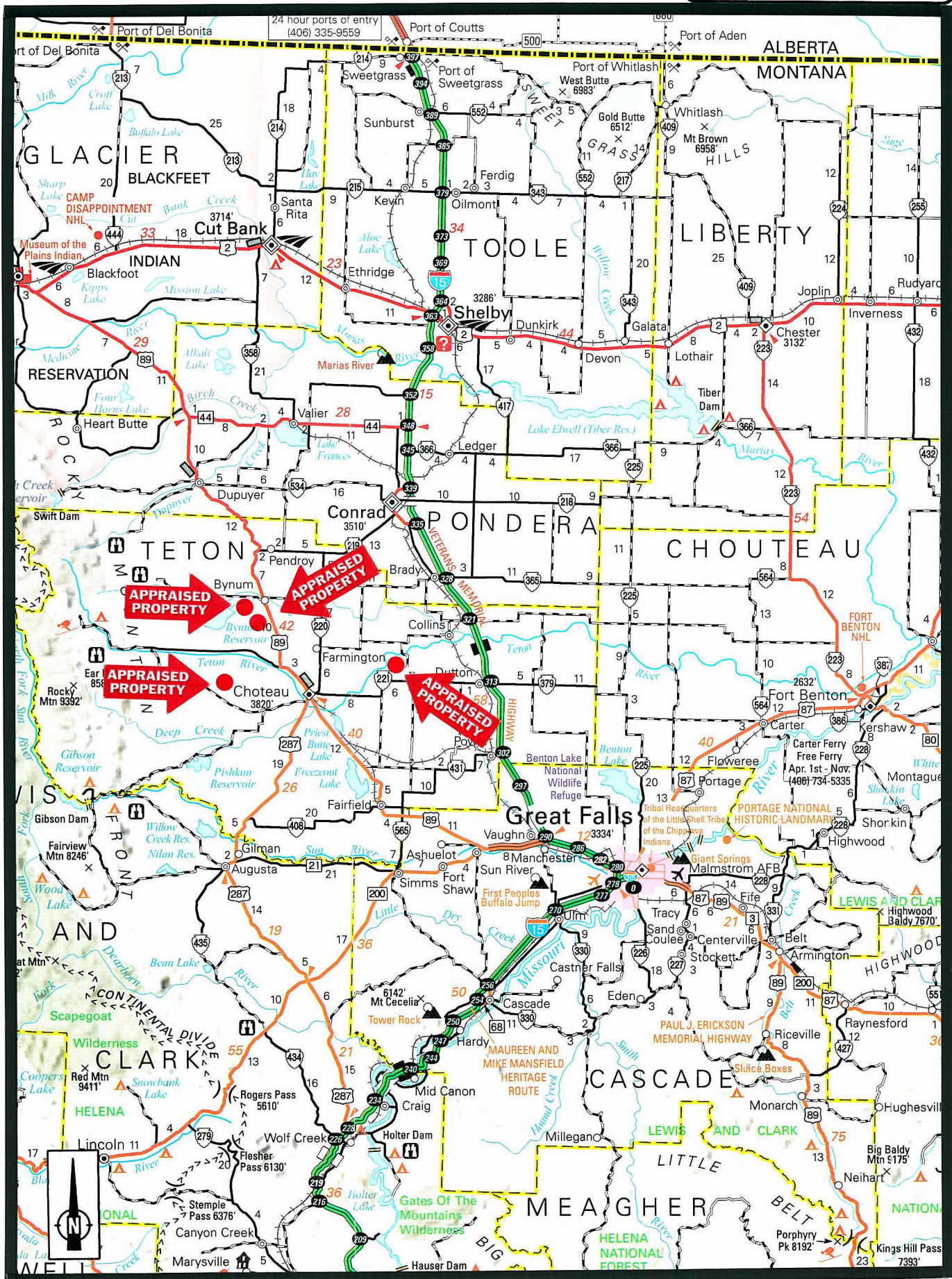
LEGAL DESCRIPTION

- Parcel 598 - Lease No. 6430 - NE1/4NW1/4 Section 18,
Township 25 North, Range 5 West, MPM
- Parcel 599 - Lease No. 8666 - NW1/4SE1/4 Section 35
Township 26 North, Range 6 West, MPM
- Parcel 600 - Lease No. 10581 - SE1/4SE1/4 Section 20
Township 24 North, Range 6 West, MPM
- Parcel 601 - Lease No. 10581 - SW1/4SW1/4 Section 21
Township 24 North, Range 6 West, MPM
- Parcel 602 - Lease No. 10581 - NW1/4NW1/4 Section 28
Township 24 North, Range 6 West, MPM
- Parcel 603 - Lease No. 10581 - NE1/4NE1/4 Section 29
Township 24 North, Range 6 West, MPM
- Parcel 604 - Lease No. 3943 - NW1/4NW1/4 Section 28
Township 25 North, Range 2 West, MPM

PROPERTY RIGHT APPRAISED

The estate appraised is the fee simple title to the appraised property.

Regional Map



MARKET AREA DATA

The appraised properties are located in Teton County in north central Montana. Parcel 604 is located in the eastern part of the county, while the other six parcels are located in the western part of county.

Access in and out of the general area of these seven parcels is good from County paved and gravel roads that provide access to State and Federal highways.

Teton County has a population of approximately $\pm 6,000$ and encompasses nearly 2,300 square miles. The county is serviced by and accessed from several highway and secondary roads, most notably I-15 and the county seat is the town of Choteau.

Teton County has many rivers and streams, including the North Fork of the Sun River as well as the Teton River. The county is generally a mix of lowlands, bench prairie and hills, with the western edge of the county located on the eastern slope of the Rocky Mountains.

Teton County has over 1.2 million acres of agricultural land, approximately 79% of the entire county, with an average farm size of $\pm 1,500$ acres. The majority of the crops are winter wheat, barley and alfalfa hay and livestock include cattle, sheep and hogs. In the State of Montana in 2007, Teton County ranked eighth in cash receipts from farm marketing.

Central and eastern Teton County is generally a good area of production in terms of agriculture. According to local data, the area north of the Teton River is not as highly sought after as that area south of the river. In addition, historically prices tend to soften the farther east you go toward Chouteau County, due to the increased distance to town. However, when agricultural demand is high this becomes much less important to potential buyers. The areas east and west of Dutton and south of the Teton River are considered to be of good production with strong market demand for agricultural land, particularly in the Diamond Valley area east of Dutton. South of Dutton in an area known as the Teton Ridge, it was reported that crop yields tend to be lower than the area north of the ridge.

Pondera County has a population of $\pm 5,600$ and encompasses over 1,600 square miles. The county is serviced by and accessed from various highways and secondary roads, including Interstate 1-15 and State Highways 44 and 89. The county seat is the town of Conrad.

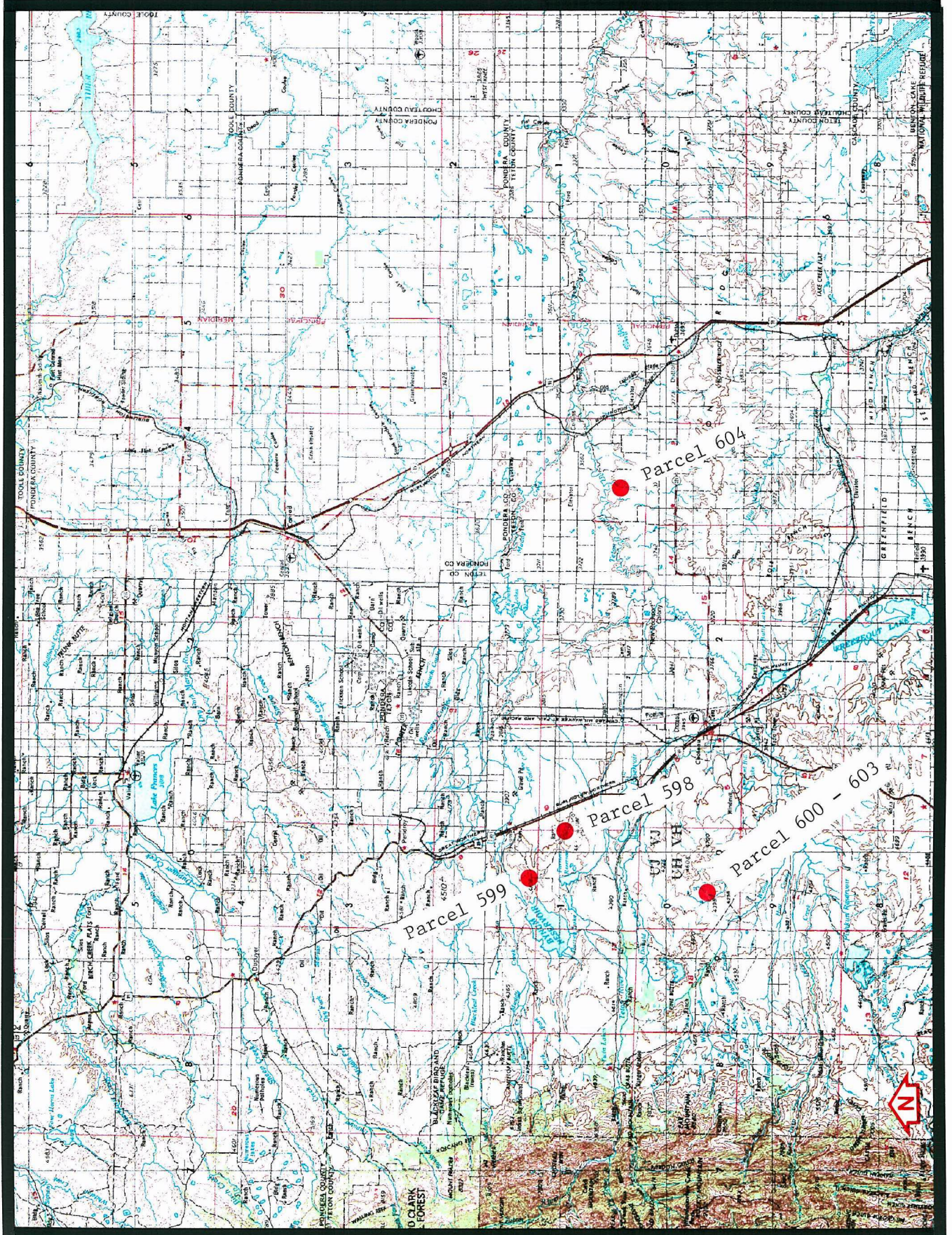
Pondera County is a mix of lowland, bench prairie and hill country, with the western edge of the county on the Rocky Mountain eastern slope. The most notable bodies of water are the Marias River at the northern edge of the county, and Lake Frances south of the town of Valier.

Pondera County has approximately \pm 900,000 acres of agricultural land, approximately 91% of the entire county, and an average farm size of \pm 1,700 acres. The majority of the crops include winter wheat, barley and alfalfa hay and livestock include cattle, sheep and hogs. Although Pondera County is smaller than some of the surrounding counties, it is big on production, ranking tenth in the state in receipts from farm marketing in 2007.

Pondera County generally has good production in large part due to the fact that water is available for irrigation in parts of the market area. The area around Lake Frances and the town of Valier, as well as some areas around Conrad, are considered to be areas of good production and, consequently, demand higher land prices. The south end of the county is reported to have gravelly soils and reduced yields, while farther north toward Toole County is considered to be more average production ground.

These two counties are important agricultural areas in Montana and will continue to be in the foreseeable future.

Neighborhood Map



PROPERTY DATA

Parcel 598 - Lease No. 6430

This 40 acre parcel is currently leased to the Miller Colony. It is located approximately 11 road miles northwest of Choteau by way of U.S. Highway 89 and gravel field trails to the appraised property. The parcel is 3/4 mile west of Highway 89.

The appraised property is comprised of 40 acres of native rangeland; this parcel is included with other State land that is leased by the Colony. The lease allows grazing of 39 AUM's or 5.10 acres per AUM on 198.92 acres. The rangeland is moderately to steeply sloping and is in good condition. There is no source of livestock water on this parcel. This parcel is not fenced, but there are cross fences running north and south across the eastern side of the parcel and a fence along the east-west wheel track. The fences are in good condition.

The soils on this parcel include Cabbart-Delpoint loams, 15 to 35 percent slopes, Cabbart-Delpoint loams 2 to 15 percent slopes and Yamacall-Delpoint loams, 8 to 15 percent slopes. These soils are best suited for native rangeland. The primary forage species found on this parcel include bluebunch and western wheatgrass, needleandthread grass and green needlegrass. This parcel has historically been used for agricultural production, the grazing of livestock.

Parcel 599 - Lease No. 8666

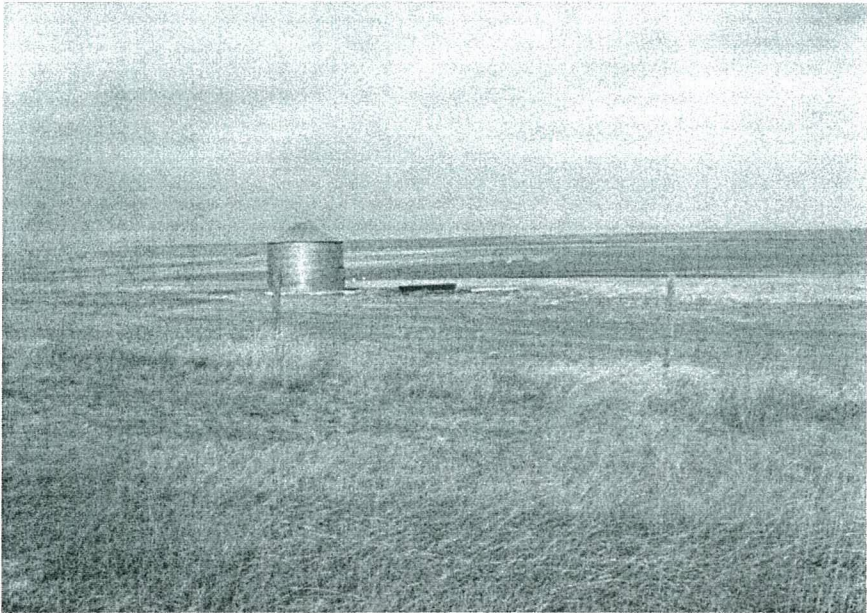
This 40 acre parcel is currently leased to Kirk B. and Rusty L. Klingaman. It is located approximately 2 road miles southwest of Bynum, MT; the appraised parcel is approximately one mile southwest of Highway 89. A dirt wheel track trail provides seasonal access to the appraised property.

The appraised property is comprised of 40 acres of native rangeland; the lease allows grazing of 12 AUM's or 3.33 acres per AUM. The rangeland ranges from very gently sloping to very steeply sloping with rock outcrops; it is in good condition. There is no source of livestock water on this parcel. This parcel is fenced on its south, west and north boundaries; the fences are in average condition.

The soils on this parcel include Cabbart-Delpoint-Rock outcrop complex, 25 to 70 percent slopes, Cabbart-Delpoint loams, 15 to 35 percent slopes, and a smaller amount of Rootel-Rentsac complex, 0 to 4 percent slopes. These soils are best suited for native rangeland. The primary forage species found on this parcel include bluebunch and western wheatgrass,



Parcel 598 looking south
along the eastern boundary
of the parcel from the east
west access trail, 10-14-10.
DCH



Parcel 598 looking north
along the eastern boundary
of the parcel from the east
west access trail, 10-14-10.
DCH



Parcel 598 looking west
along the south boundary
from the north south access
road, 10-14-10. DCH



Parcel 598 looking north
along the north boundary of
the parcel, 10-14-10. DCH

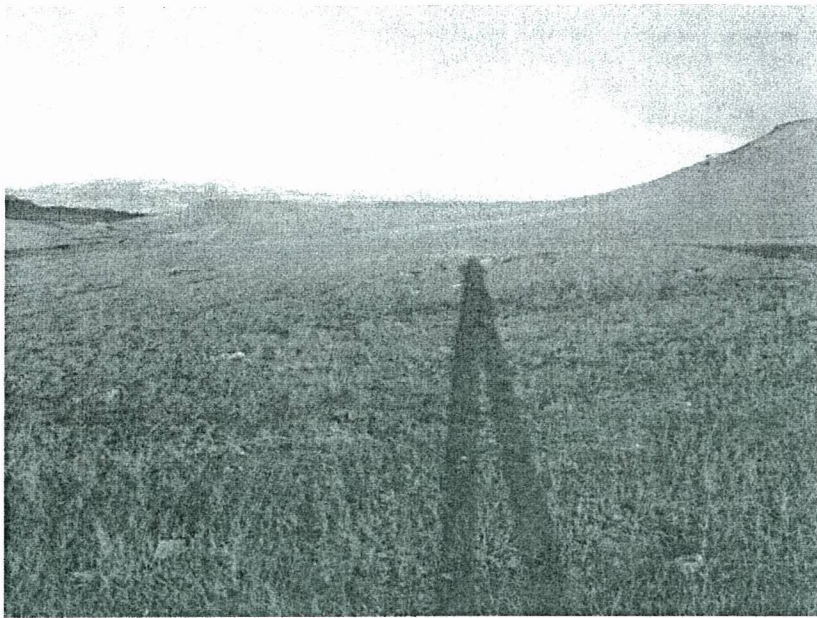


Parcel 598 looking east
along the north boundary
from midway along the
north boundary, 10-14-10.
DCH

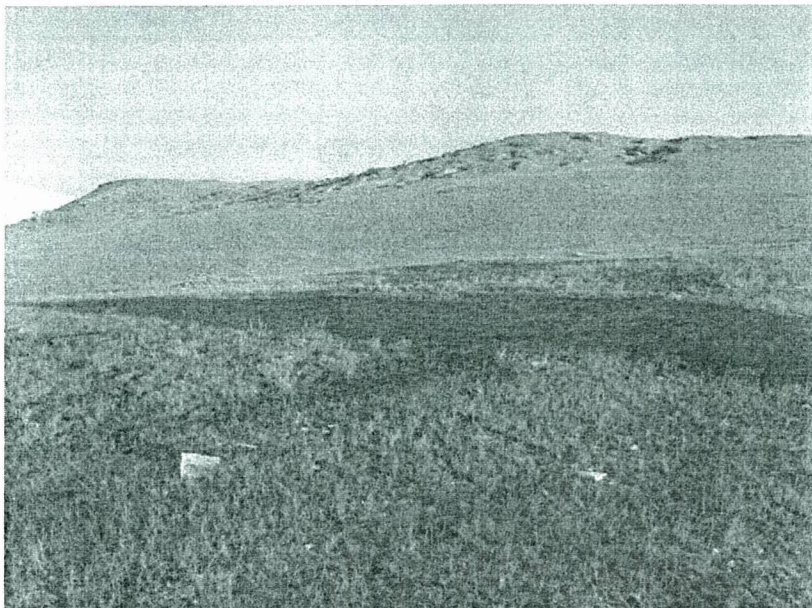


Parcel 598 looking west
along the north boundary
from midway along the north
boundary, 10-14-10. DCH





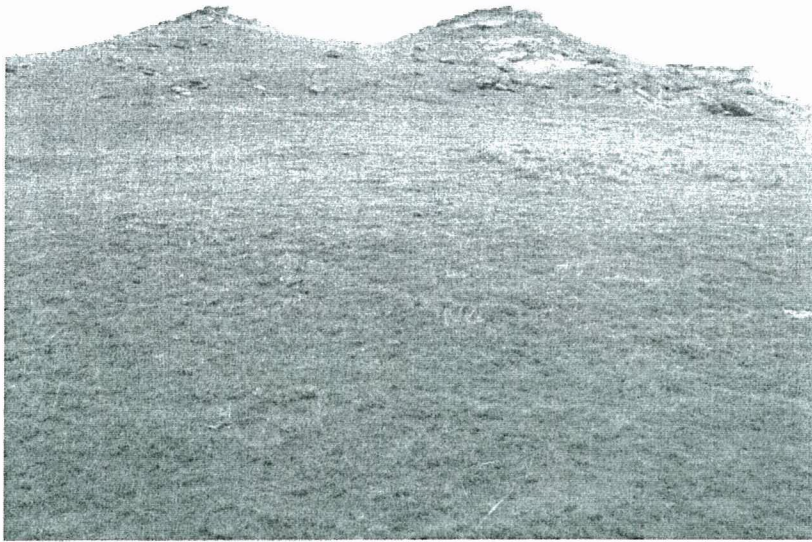
Parcel 599 looking west across the western half of the parcel from the east boundary, 10-14-10. DCH



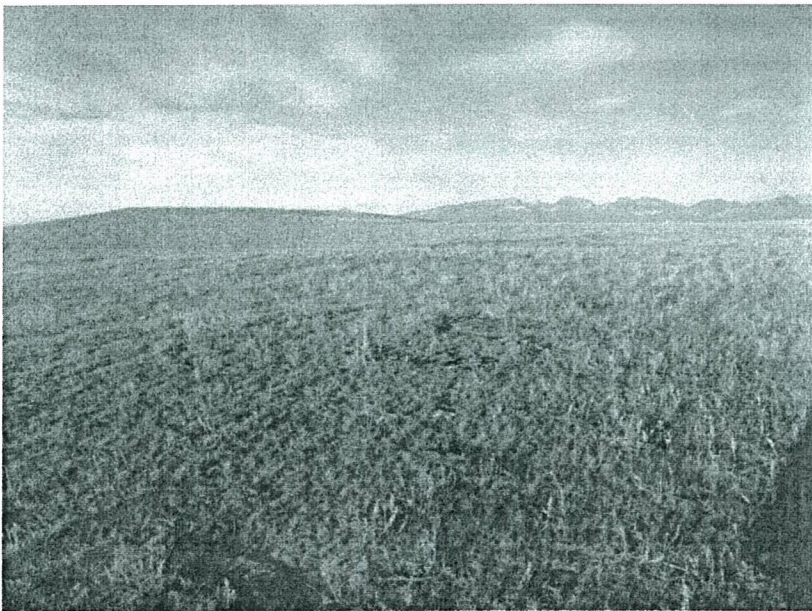
Parcel 599 looking northwest from the east boundary near the southeast corner of the parcel, 10-14-10. DCH



Parcel 599 looking south along the west boundary of the parcel from near the northwest corner, 10-14-10. DCH



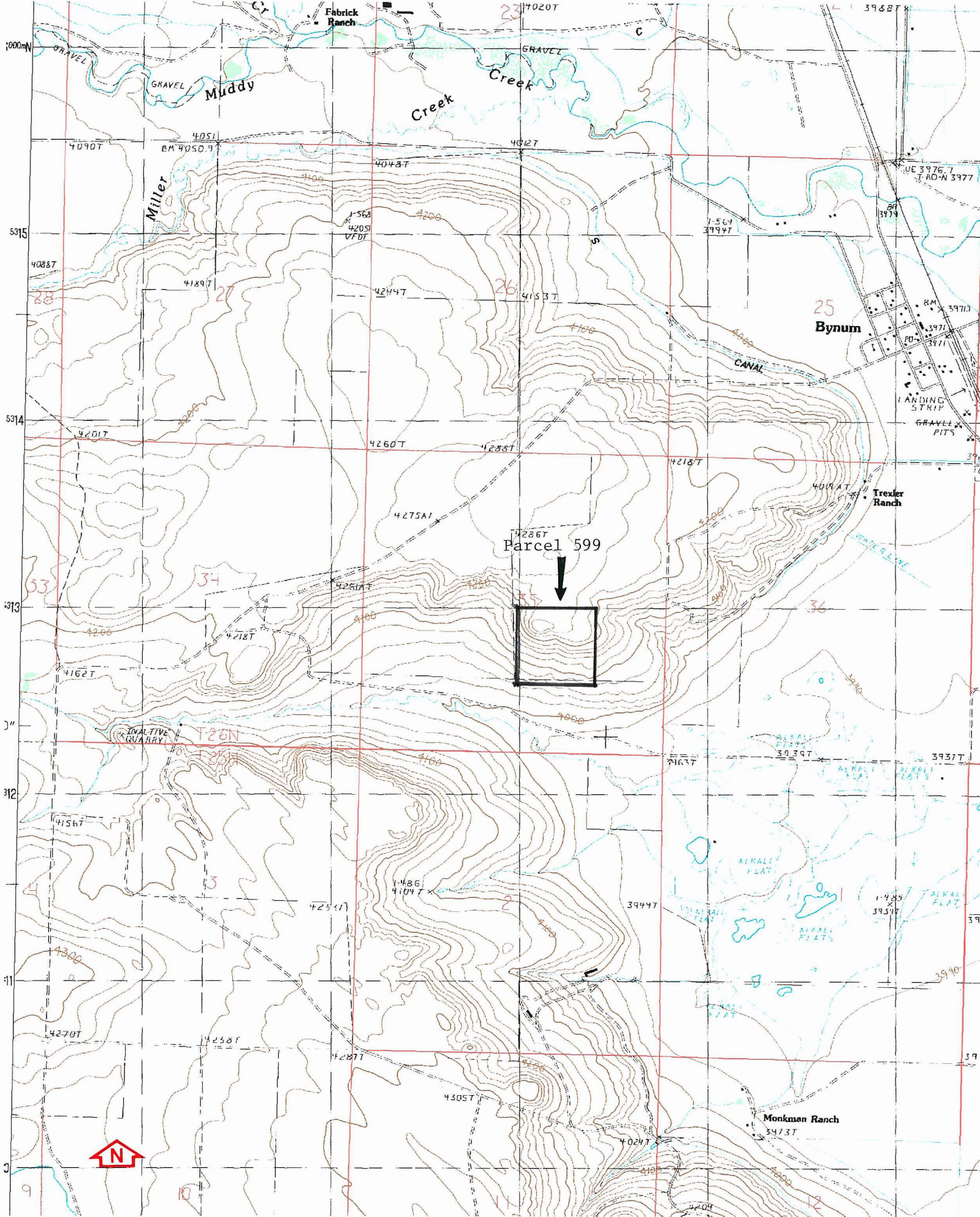
Parcel 599 looking east from the west boundary at rock outcrops, 10-14-10. DCH



Parcel 599 looking west across the gently sloping area in the northeast corner of the parcel, 10-14-10. DCH



Parcel 599 looking south along the eastern boundary of the parcel from near the northeast corner, 10-14-10. DCH



needleandthread grass and green needlegrass. This parcel has historically been used for agricultural production, the grazing of livestock.

Parcels 600, 601, 602 and 603 are all adjacent parcels and are leased by the same lessee.

Parcel 600 - Lease No. 10581

This 40 acre parcel is currently leased to Rice Ridge, LLC. It is located approximately 13 road miles west of Choteau, MT. Bellview Road, a county gravel road, provides access from Choteau and Highway 89; from Bellview Road, a 1 ½ mile long dirt wheel track trail goes northeast from Bellview Road. This trail provides seasonal access to the adjacent Parcel 603. There is no particular trail to Parcel 600.

The appraised property is comprised of 40 acres of native rangeland; the lease allows 8 AUM's or 5 acres per AUM. Mr. Rice reports stocking the parcel at 7 acres per AUM to try and improve the range. The rangeland is moderately sloping from northeast to southwest and cut with steep bank drainage ways. The range is in good condition. There is no known source of livestock water on this parcel; Mr. Rice has developed stock water on his adjoining land by digging small pot holes to catch and retain water. The parcel is not fenced.

The soils on this parcel include Yawdin-Delpoint-rock outcrop complex, 8 to 35 percent slopes and Delpoint Cabbart loams, 2 to 15 percent slopes. These soils are best suited for native rangeland. The primary forage species found on this parcel include bluebunch and western wheatgrass, needleandthread grass and green needlegrass. This parcel has historically been used for agricultural production, the grazing of livestock.

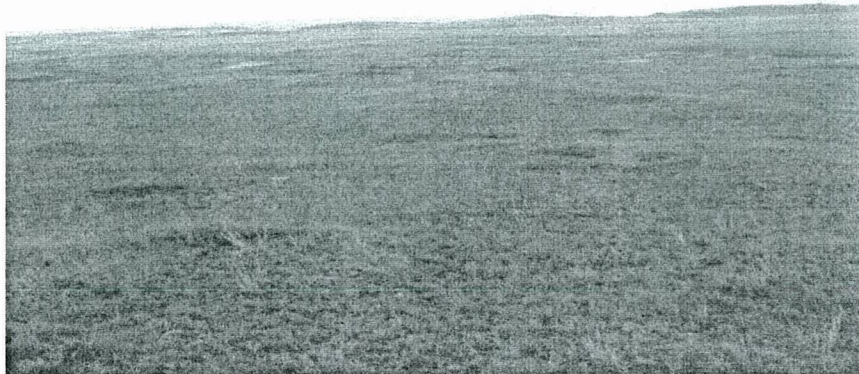
Parcel 601 - Lease No. 10581

This 40 acre parcel is currently leased to Rice Ridge, LLC. It is located approximately 13 road miles west of Choteau, MT. Bellview Road, a county gravel road provides access from Choteau and Highway 89; from Bellview Road, a 1 ½ mile long dirt wheel track trail goes northeast from Bellview Road. This trail provides seasonal access to the adjacent Parcel 603. This same trail runs north through Parcel 601.

The appraised property is comprised of 40 acres of native rangeland; the lease allows 9 AUM's or 4.4 acres per AUM. Mr. Rice reports stocking the parcel at 7 acres per AUM to try and improve the range. The rangeland is moderately sloping from northeast to southwest and cut with steep bank drainage ways. The range is in good condition. There is no known source of livestock water on this parcel; Mr. Rice has developed stock water on his adjoining land by digging small pot holes to catch and retain water. The parcel is not fenced. There is a cross fence that runs from southeast to northwest across the northeast corner of the parcel.



Parcel 600 looking east along the north boundary
from the northwest corner of the parcel, 10-15-10.
DCH



Parcel 600 looking south along the west boundary
From the northwest corner fo the parcel, 10-15-10.
DCH



Parcel 601 looking south along the east boundary
from the northeast corner of the parcel, 10-15-10.
DCH



Parcel 601 looking west along the north boundary
from near the northeast corner of the parcel, 10-15-10,
DCH

The soils on this parcel include Yawdim-Delpoint-rock outcrop complex, 8 to 35 percent slopes and Kremlin-Delpoint loams, 2 to 8 percent slopes. These soils are best suited for native rangeland. The primary forage species found on this parcel include bluebunch and western wheatgrass, needleandthread grass and green needlegrass. This parcel has historically been used for agricultural production, the grazing of livestock.

Parcel 602 - Lease No. 10581

This 40 acre parcel is currently leased to Rice Ridge, LLC. It is located approximately 13 road miles west of Choteau, MT. Bellview Road, a county gravel road provides access from Choteau and Highway 89; from Bellview Road, a 1 ½ mile long dirt wheel track trail goes northeast from Bellview Road. This trail provides seasonal access to the adjacent Parcel 603. There is no particular trail to Parcel 602.

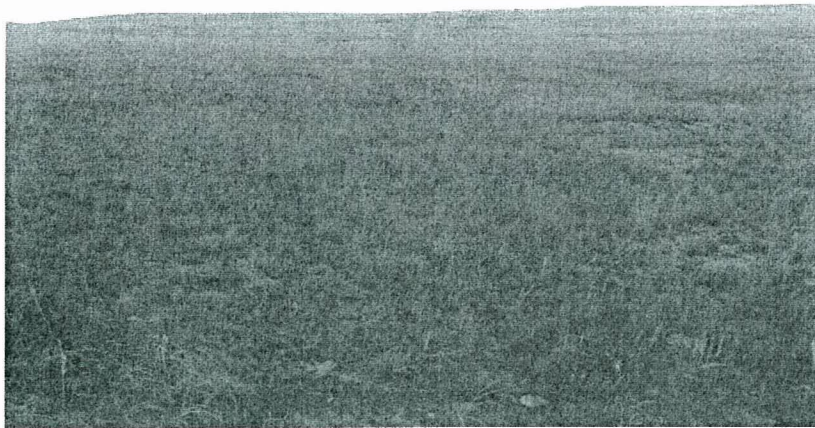
The appraised property is comprised of 40 acres of native rangeland; the lease allows 9 AUM's or 4.4 acres per AUM. Mr. Rice reports stocking the parcel at 7 acres per AUM to try and improve the range. The rangeland is moderately sloping from northeast to southwest and cut with steep bank drainage ways. The range is in good condition. From the topographic map, it appears that there is a part of a reservoir is on this parcel providing a source of livestock water. Mr. Rice has developed stock water on his adjoining land by digging small pot holes to catch and retain water. The parcel is not fenced.

The soils on this parcel include Kremlin-Delpoint loams, 2 to 8 percent slopes, Yawdim-Delpoint-Rock outcrop complex, 8 to 35 percent slopes and Delpoint Cabbart loams, 2 to 15 percent slopes. These soils are best suited for native rangeland. The primary forage species found on this parcel include bluebunch and western wheatgrass, needleandthread grass and green needlegrass. This parcel has historically been used for agricultural production, the grazing of livestock.

Parcel 603 - Lease No. 10581

This 40 acre parcel is currently leased to Rice Ridge, LLC. It is located approximately 13 road miles west of Choteau, MT. Bellview Road, a county gravel road provides access from Choteau and Highway 89; from Bellview Road, a 1 ½ mile long dirt wheel track trail goes northeast from Bellview Road providing seasonal access.

The appraised property is comprised of 40 acres of native rangeland; the lease allows 10 AUM's or 4 acres per AUM. Mr. Rice reports stocking the parcel at 7 acres per AUM to try and improve the range. The rangeland is moderately to steeply sloping from east to west and cut with steep bank drainage ways. The range is in good condition. There is a reservoir is on this parcel providing a source of livestock water. Mr. Rice has developed stock water on his adjoining land by digging small pot holes to catch and retain water. The parcel is not fenced.



Parcel 602 looking north along
the west boundary from the
southwest corner of the parcel,
10-15-10. DCH



Parcel 602 looking west along
the south boundary from the
southeast corner of the parcel,
10-15-10. DCH



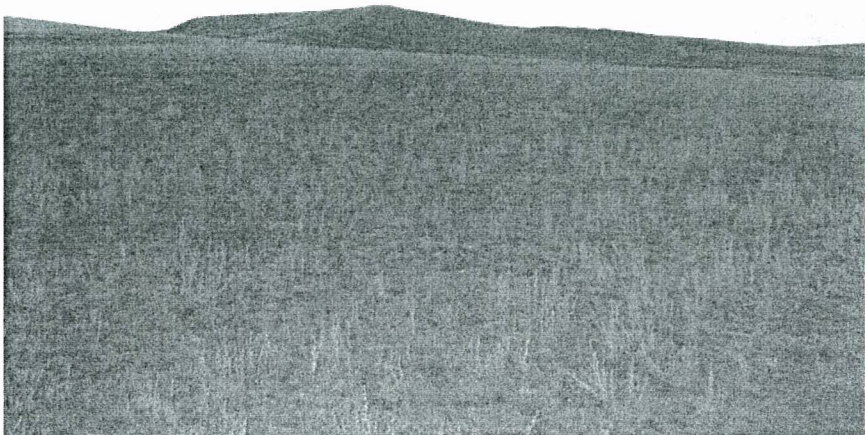
Parcel 602 looking north along
the east boundary from the
southeast corner of the parcel,
10-15-10. DCH



Parcel 603 looking northeast
from the southwest corner of
the parcel, 10-15-10. DCH



Stock pond on Parcel 603
looking southwest from on
site, 10-15-10. DCH



Parcel 603 looking southeast
from near the stock pond,
10-15-10. DCH

The soils on this parcel include Yawdim-Delpoint-Rock outcrop complex, 8 to 35 percent slopes and Delpoint Cabbart loams, 15 to 35 percent slopes. These soils are best suited for native rangeland. The primary forage species found on this parcel are bluebunch and western wheatgrass, needleandthread grass and green needlegrass. This parcel has historically been used for agricultural production, the grazing of livestock.

Parcel 604 - Lease No. 3943

This 40 acre parcel is currently leased to R. L. Reiquam ranch Company. It is located approximately 12 road miles northwest of Dutton, MT. Highway 22, a paved county road provides access from Dutton to the west. From Highway 22, 6th Lane NE, a gravel county road, runs north 4 miles to the Reiquam Ranch headquarters. A 1 1/4 mile long dirt wheel track trail provides seasonal access from 6th Lane NE.

The appraised property is comprised of 40 acres of native rangeland; the lease allows 10 AUM's or 4 acres per AUM. The rangeland is very gently rolling to very steeply sloping. A deep coulee runs across the southeast corner of the parcel. This can best be visualized by referring to the topographic map and photos. The range is in good condition. There is no source of livestock water on this parcel. The parcel is fenced on its west boundary separating this parcel from dry cropland to the west.

The soils on this parcel include Hillon-Yawdim complex, 15 to 45 percent slopes and Scobey-Kevin clay loams, 4 to 8 percent slopes. The Scobey soil is dry farmed in the area, but on this parcel is comprises approximately half of the parcel and would not be economical to farm because of its size and location away from other Reiquam farm land. The Hillon soil is best suited for native rangeland. The primary forage species found on this parcel are bluebunch and western wheatgrass and green needlegrass. This parcel has historically been used for agricultural production, the grazing of livestock.



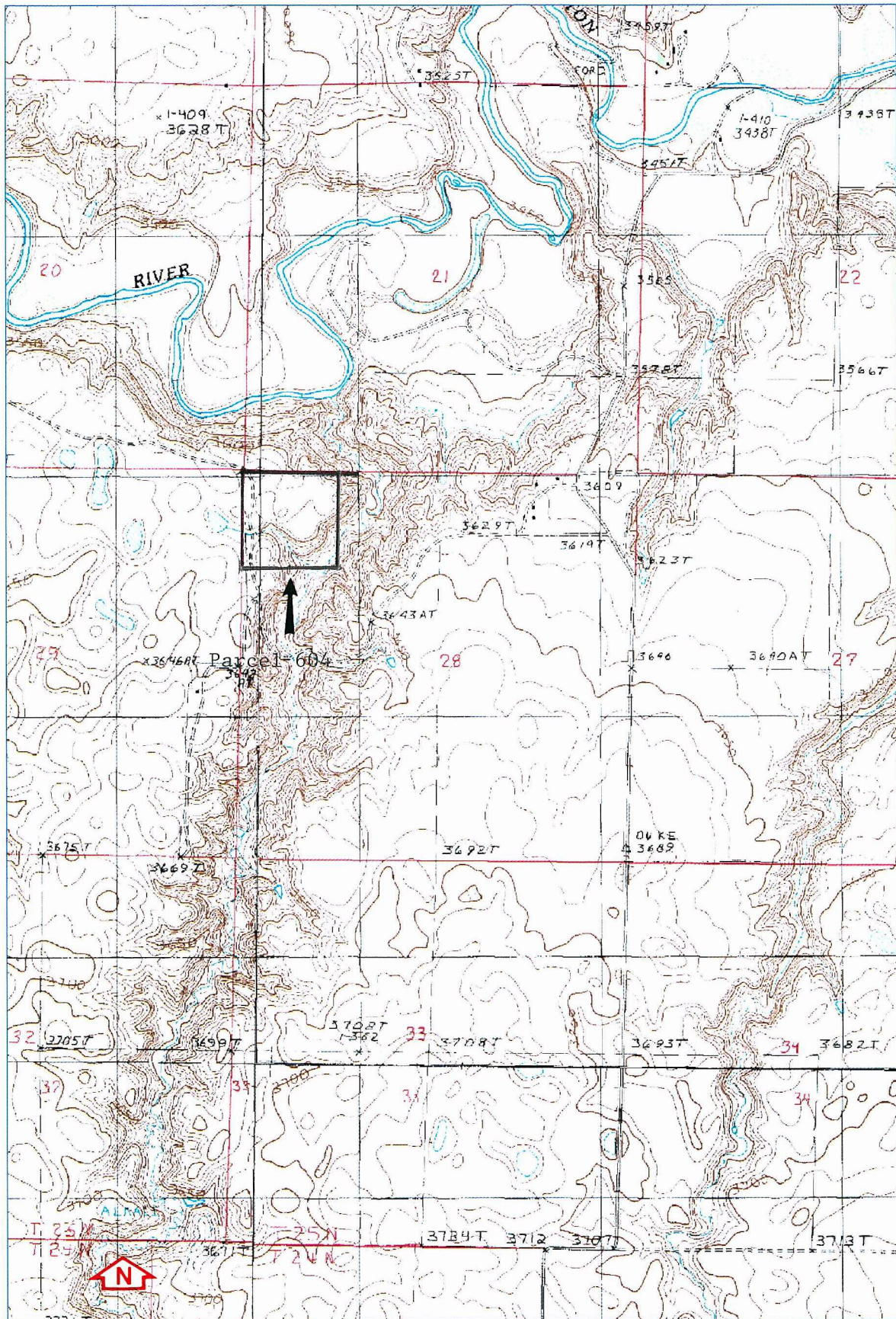
Parcel 604 looking southwest from near the northeast corner of the parcel, 10-13-10



Parcel 604 looking northeast from near the south boundary of the parcel, 10-14-10. DCH



Parcel 604 looking west from the adjoining parcel to the east, 10-14-10. DCH



PART III
ANALYSIS AND CONCLUSIONS

THE APPRAISAL PROCESS

The appraisal process is an orderly procedure of gathering information from the market which will lead to an estimate of value.

There are three approaches to value which should be considered when arriving at an estimate of value for real estate. These are: 1) The cost approach; 2) the sales comparison approach; 3) the income approach.

In the cost approach, the value of the land portion of the property is estimated from comparable market data. Next, the replacement cost of the building and improvements is estimated; accrued depreciation is estimated and subtracted from the replacement cost estimate, for an indication of the contributing value of the buildings. The estimated value of the land added to the contributing value of the buildings, results in an estimate of value by the cost approach.

The sales comparison approach estimates market value by comparing the appraised property with recently sold comparable properties. The comparable sales are analyzed, and compared to the subject property using the appropriate units of comparison to derive an indication of market value for the appraised property.

The income capitalization approach to value consists of methods and techniques that an appraiser uses to analyze a property's capacity to generate future benefits (i.e. usually the monetary benefits of income and/or reversion). These future benefits are converted into an indication of present value in the income capitalization approach to value.

Whenever possible, all three approaches should be used. One approach, however, will often be given greater weight than the others depending on the type of property, the most convincing factual data, and the objective of the appraisal.

The sales comparison approach is the most appropriate approach to value the appraised properties in this report. There are no building improvements to be valued, so the cost approach to value is not appropriate. The income generated from these small tracts is so small that its relationship to value is so insignificant that the income approach becomes meaningless.

ANALYSIS OF HIGHEST AND BEST USE

The highest and best use of a specific parcel of land does not depend on subjective analysis by the property owner, the appraiser, or a property developer. Rather, highest and best use is shaped by the competitive forces within the market where the property is located.

In all valuation assignments, value estimates are based on use. Consequently, highest and best use is the foundation of any property value estimate.

Highest and best use may be defined as:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. ¹

When a site contains improvements, the concluded highest and best use may be different from the existing use. The existing use will continue unless and until the vacant land value, at its highest and best, exceeds the sum of the value of the entire property in its existing use, plus the cost to remove the improvements.

In order to ascertain the highest and best use of the appraised site, a number of factors were taken into consideration. These include the physical characteristics of the property such as location, access, size, topography and utilities. Legal factors considered in this analysis include the zoning ordinance which may restrict use of the appraised property. The present use of surrounding land as well as the demand for properties for different types of development in the area were also considered.

The following discussion will test for the four basic criteria. The highest and best use must be:

1. Physically possible
2. Legal permissible
3. Financially feasible
4. Maximally productive

¹ Appraisal Institute, The Appraisal of Real Estate, 13th Edition, (2008), p.277 - 278.
Physically Possible

Physically Possible

Theoretically, there are several conceivable uses of the appraised property which would be physically possible. The most likely use is the present use for agricultural production

Legally Permissible

The appraised property is not zoned. The present agricultural use is a legally permissible use. A more intensive use that would require a septic system would have to be approved by the County Sanitarian.

Financially Feasible

An agricultural use of the appraised properties is financially feasible if the property can be operated or leased so that income can offset ownership costs. It is clear that agricultural operations could not support any substantial debt at the present land costs, but the property has been in agricultural use for decades and is leased to local farmers/ranchers.

The size of the appraised properties are typically considered add on units to existing, neighboring farm or ranch operations. There is no apparent demand for a more intensive use in the area of the appraised properties. The appraised properties are “in the middle” of farming and ranching areas that have been in that use for decades.

Maximally Productive

The maximally productive use of the appraised properties in this report are for continued use for agricultural production. There appears to be no more productive use available to these properties.

Conclusion

Parcel 598 - Based on my analysis of this property, there is no better use of the appraised property, as of October 14, 2010, than for agricultural production, the production of livestock.

Parcel 599 - Based on my analysis of this property, there is no better use of the appraised property, as of October 14, 2010, than for agricultural production, the production of livestock.

Parcel 600 - Based on my analysis of this property, there is no better use of the appraised property, as of October 15, 2010, than for agricultural production, the production of livestock.

Parcel 601 - Based on my analysis of this property, there is no better use of the appraised property, as of October 15, 2010, than for agricultural production, the production of livestock.

Parcel 602 - Based on my analysis of this property, there is no better use of the appraised property, as of October 15, 2010, than for agricultural production, the production of livestock.

Parcel 603 - Based on my analysis of this property, there is no better use of the appraised property, as of October 15, 2010, than for agricultural production, the production of livestock.

Parcel 604 - Based on my analysis of this property, there is no better use of the appraised property, as of October 13, 2010, than for agricultural production, the production of livestock.

MARKET ANALYSIS AND OBSERVATIONS

Earlier this year, I did extensive sales research in Cascade, Teton, Pondera, Toole and Glacier Counties. The following is the analysis of these sales and while it covers more area than that of the appraised properties, it is representative of the market for agricultural land in north central Montana. An update of the sales data revealed only a few new sales. Most sales seem to occur in the “off season” when there is no field work or harvest to be done.

The sales comparison approach to value relies on making comparisons between sales and the appraised property. However, since no two properties are identical, adjustments to the sales are required to arrive at an indication of value for the appraised property. Factors which most often require adjustments are terms (cash vs contract sales), time, size, location, access and physical features.

Adjustments for these characteristics are best shown by the analysis of sales within the market area, although it is occasionally necessary to go outside the market area for adjustments. Although not all differences can be pinpointed with mathematical precision, most often a reasonably narrow range of values can be obtained. Beyond that, bracketing will be used to arrive at a final conclusion of value.

Terms (Cash vs Contract Sales)

Three of the 60 sales sold on a contract for deed. A comparison of these three sales with the cash sales does not indicate a difference that would require an adjustment.

Time

Market conditions change over time, sometimes necessitating an adjustment for appreciation or depreciation in prices. The 60 sales that were analyzed occurred from January, 2006 through December, 2009. Of the 60 sales, 3 were in 2006, 14 were in 2007, 30 were in 2008 and 13 were in 2009. The increase in sales activity in 2008 is most likely do to the high grain prices that occurred in that year.

An analysis of these sales does not support an adjustment for time. In some cases, it may appear that there is an upward trend, but the difference is attributable to other factors such as access or buyer motivation.

Size

Smaller parcels often sell for more, on a per acre basis, than do larger parcels and, conversely, larger parcels often sell for less on a per acre basis than do smaller parcels. The 60 sales range

from 40 to 2,729 acres. Only one sale is as small as 40 acres and there are 12 sales over 1,000 acres. The 47 remaining sales average 389 acres. Analyzing the various land classes, there is no definite trend for the size of a parcels versus the price paid. This analysis does not indicate an adjustment for size.

Location

The location of a property can have a significant affect on the price paid. The appraised properties and the sales are all agricultural properties; there is demand for the property where they are located. There is no evidence that there is an adjustment for location. Location and access are often intertwined and in the analysis of the sales, it appears that physical access is an item of consideration.

Access

Most of the 60 sales that were analyzed have access on a public road or a recorded easement for access. While a few of the sales lacked legal access, in all cases, it was reported that the buyer had access across his existing land, or that there was a prescriptive easement for access. There was no indication that a buyer paid less because a lack of legal access.

Physical access seems to make a difference, although there is a limited amount of data. In southeastern Teton County, Sales T-22 and T-23 are located on a road that is impassable when wet, or what I would term seasonal access. These two sales are purely native rangeland. The other sales that have native rangeland as a part of the sale, also have either dry cropland or CRP as a part of the sale. In these cases, the limited physical access sales sold below the other sales that have native rangeland as a part of the property. Sales T-2 and T-3 have a CRP component and T-5 has a dry cropland component to the sale. In these three sales the seller paid on per acre price for all the acres, or one price "straight through". In the central and eastern parts of Teton County, cropland is the driving force in the market and the native rangeland comes along with the cropland or CRP. Not all producers have livestock as well as raise grain. These three sales need to be adjusted downward to reflect the value of native rangeland.

Sales T-22 and T-23 sold for \$291 per acre; Teton County sales T-2, T-3 and T-5 native rangeland sold for \$725, \$600 and \$850 per acre, or an average of \$725 per acre. Comparing the \$291 per acre price for pure native rangeland to the average of the other three sales indicates a downward adjustment of 60 percent. It seems logical that the property with limited, seasonal or poor quality physical access would sell for less than property with good physical access. A downward adjustment of 60 percent will be applied to sales T-2, T-3 and T-5.

Utilities

Not all of the sales have utilities to the property, but since these are strictly agricultural properties, the lack of utilities to the sales does not appear to have an adverse affect on value.

Physical Features

The physical features on the 60 sales vary somewhat, but generally range from gently to moderately rolling or sloping land. While the appraised parcels have varying physical features, they don't require an adjustment.

Observations

Access and buyer motivation appear to have the greatest impact on the prices paid for property in the Cascade, Teton, Pondera, Toole and Glacier Counties covered by the sales analyzed.

Native rangeland when it is a part of a sale that includes dry cropland and/or CRP is often included in the price paid by the buyer. Sales of native rangeland by itself is obviously purchased by a rancher as opposed to native range that is a part of a tract that a farmer is purchase primarily for the cropland. Some farmers also run livestock, but that usually is the case in the western parts of Teton and Pondera Counties. In this area, there is a differentiation made between rangeland and cropland as shown on Sales P-1 and P-2.

There are a number of buyers who are aggressively buying property to expand their operations and are in a position to pay "top dollar" for the dry cropland that they want. This is evident throughout most of the area researched for sales, but is most pronounced in the higher production and reputation areas south of the Marias River to the area between Power and Brady in Teton County.

SALES COMPARISON APPROACH

In the sales comparison approach to value, market value is estimated by comparing the appraised properties with recently sold comparable sales. The comparable sales are analyzed and compared to the appraised property using the appropriate unit of comparison to derive an indication of market value for the appraised properties. The price per acre is the most appropriate unit of comparison in this appraisal. Sales research was conducted primarily in Pondera and Teton Counties for sales that could be used in this appraisal. The eight sales used here are the most recent and most comparable.

Parcel 598 - Native Rangeland

The following is a summary of the sales, a complete sales sheet can be found in the Addendum of this report.

Sale	Grantor	Grantee	Date	Ac. Nat.Rng.	Sale Price/Ac. Nat.Rng.	Adj.Price/Ac. Nat.Rng.
P-1	Wright	Birch	10-09	636	\$ 360	\$ 360
P-2	Wright	New	09-09	238	\$ 360	\$ 360
P-10	Boumans	Triple P	07-08	283	\$ 300	\$ 300
T-2	Ball	Nelson	12-08	78	\$ 725	\$ 290
T-3	Porter	Dahlman	11-08	49	\$ 600	\$ 240
T-5	Baquet	RM	05-08	293	\$ 850	\$ 340
T-22	Grossman	Burgmaier	12-08	800	\$ 291	\$ 291
T-23	Grossman	Vick	12-08	560	\$ 291	\$ 291

Sale P-1, Theodore & Elizabeth Wright to Bradley L. Birch is the October, 2009 sale of 636 acres of native rangeland located approximately 11 miles west of Conrad. This is primarily a sale of native rangeland with a small tract of dry cropland. This sale indicates a conclusion of \$360 per acre for the native rangeland on the appraised property.

Sale P-2, Theodore & Elizabeth Wright to New Miami Colony, Inc. is the September, 2009 sale of 238 acres of native rangeland located approximately 11 miles west of Conrad. This is a sale of both dry cropland and native rangeland. This sale indicates a conclusion of \$360 per acre for the native rangeland on the appraised property.

Sale P-10, Randall Boumans to Triple P, LLC, is the July, 2008 sale of 283 acres of native rangeland located approximately 4 air miles southeast of Valier. This is a tract of improved pasture and native rangeland. This sale indicates a conclusion of \$300 per acre for the native rangeland on the appraised property.

Sale T-2, Eugene W. & Jacqueline H. Ball to Peter L. & Jeanne Nelson, is the December, 2008 sale of 78 acres of native rangeland located approximately 10 air miles west of Power. This is a sale of mostly CRP land with a small amount of native rangeland. This sale is adjusted downward 60 percent to indicate \$290 per acre for the native rangeland on the appraised property.

Sale T-3, Mary A. Porter, Trustee to Steven F. & Diane R. Dahlman, is the November, 2008 sale of 49 acres of native rangeland located approximately 5 air miles northeast of Power. This is a sale of mostly CRP land with a small amount of native rangeland. This sale is adjusted downward 60 percent to indicate \$240 per acre for the native rangeland on the appraised property.

T-5, Baquet Farms to RM Properties, LLC, is the May, 2008 sale of 293 acres of native rangeland located approximately 8 air miles northwest of Dutton. This is a sale of both dry cropland and native rangeland, but the buyer's interest is in the recreation potential along the Teton River. This sale is adjusted downward 60 percent to indicate \$340 for the native rangeland on the appraised property.

Sale T-22, Gordon C. & Shirley Grossman to Kyle Burgmaier is the December, 2008 sale of 800 acres located approximately 7 air miles northeast of Power. This is a tract of native rangeland and State leased land. This sale indicates \$291 per acre for the appraised property.

Sale T-23, Gordon C. & Shirley Grossman to Duane J. Vick is the December, 2008 sale of 560 acres located approximately 11 air miles northeast of Power. This is a tract of native rangeland and State leased land. This sale indicates \$291 per acre for the appraised property.

These eight sales indicate a range of from \$240 to \$360 per acre for native rangeland in the Teton and Pondera County area. Parcel 598 has good access and the range is in good condition indicating a conclusion at the upper end of the indicated range of values. The concluded value of the native rangeland on Parcel 598 is \$360 per acre.

$$40 \text{ acres @ } \$360/\text{ac.} = \$14,400$$

Parcel 599 - Native Rangeland

The following is a summary of the sales, a complete sales sheet can be found in the Addendum of this report.

Sale	Grantor	Grantee	Date	Ac. Nat.Rng.	Sale Price/Ac. Nat.Rng.	Adj.Price/Ac. Nat.Rng.
P-1	Wright	Biech	10-09	636	\$ 360	\$ 360
P-2	Wright	New	09-09	238	\$ 360	\$ 360
P-10	Boumans	Triple P	07-08	283	\$ 300	\$ 300

T-2	Ball	Nelson	12-08	78	\$ 725	\$ 290
T-3	Porter	Dahlman	11-08	49	\$ 600	\$ 240
T-5	Baquet	RM	05-08	293	\$ 850	\$ 340
T-22	Grossman	Burgmaier	12-08	800	\$ 291	\$ 291
T-23	Grossman	Vick	12-08	560	\$ 291	\$ 291

Sale P-1, Theodore & Elizabeth Wright to Bradley L. Birch is the October, 2009 sale of 636 acres of native rangeland located approximately 11 miles west of Conrad. This is primarily a sale of native rangeland with a small tract of dry cropland. This sale indicates a conclusion of \$360 per acre for the native rangeland on the appraised property.

Sale P-2, Theodore & Elizabeth Wright to New Miami Colony, Inc. is the September, 2009 sale of 238 acres of native rangeland located approximately 11 miles west of Conrad. This is a sale of both dry cropland and native rangeland. This sale indicates a conclusion of \$360 per acre for the native rangeland on the appraised property.

Sale P-10, Randall Boumans to Triple P, LLC, is the July, 2008 sale of 283 acres of native rangeland located approximately 4 air miles southeast of Valier. This is a tract of improved pasture and native rangeland. This sale indicates a conclusion of \$300 per acre for the native rangeland on the appraised property.

Sale T-2, Eugene W. & Jacqueline H. Ball to Peter L. & Jeanne Nelson, is the December, 2008 sale of 78 acres of native rangeland located approximately 10 air miles west of Power. This is a sale of mostly CRP land with a small amount of native rangeland. This sale is adjusted downward 60 percent to indicate \$290 per acre for the native rangeland on the appraised property.

Sale T-3, Mary A. Porter, Trustee to Steven F. & Diane R. Dahlman, is the November, 2008 sale of 49 acres of native rangeland located approximately 5 air miles northeast of Power. This is a sale of mostly CRP land with a small amount of native rangeland. This sale is adjusted downward 60 percent to indicate \$240 per acre for the native rangeland on the appraised property.

T-5, Baquet Farms to RM Properties, LLC, is the May, 2008 sale of 293 acres of native rangeland located approximately 8 air miles northwest of Dutton. This is a sale of both dry cropland and native rangeland, but the buyer's interest is in the recreation potential along the Teton River. This sale is adjusted downward 60 percent to indicate \$340 for the native rangeland on the appraised property.

Sale T-22, Gordon C. & Shirley Grossman to Kyle Burgmaier is the December, 2008 sale of 800 acres located approximately 7 air miles northeast of Power. This is a tract of native rangeland and State leased land. This sale indicates \$291 per acre for the appraised property.

Sale T-23, Gordon C. & Shirley Grossman to Duane J. Vick is the December, 2008 sale of 560 acres located approximately 11 air miles northeast of Power. This is a tract of native rangeland and State leased land. This sale indicates \$291 per acre for the appraised property.

These eight sales indicate a range of from \$240 to \$360 per acre for native rangeland in the Teton and Pondera County area. Parcel 599 has fair seasonal access and the range is in good condition indicating a conclusion in the upper end of the indicated range of values. The concluded value of the native rangeland on Parcel 599 is \$325 per acre.

40 acres @ \$325/ac. = \$13,000

Parcel 600 - Native Rangeland

The following is a summary of the sales, a complete sales sheet can be found in the Addendum of this report.

Sale	Grantor	Grantee	Date	Ac. Nat.Rng.	Sale Price/Ac. Nat.Rng.	Adj.Price/Ac. Nat.Rng.
P-1	Wright	Biech	10-09	636	\$ 360	\$ 360
P-2	Wright	New	09-09	238	\$ 360	\$ 360
P-10	Boumans	Triple P	07-08	283	\$ 300	\$ 300
T-2	Ball	Nelson	12-08	78	\$ 725	\$ 290
T-3	Porter	Dahlman	11-08	49	\$ 600	\$ 240
T-5	Baquet	RM	05-08	293	\$ 850	\$ 340
T-22	Grossman	Burgmaier	12-08	800	\$ 291	\$ 291
T-23	Grossman	Vick	12-08	560	\$ 291	\$ 291

Sale P-1, Theodore & Elizabeth Wright to Bradley L. Birch is the October, 2009 sale of 636 acres of native rangeland located approximately 11 miles west of Conrad. This is primarily a sale of native rangeland with a small tract of dry cropland. This sale indicates a conclusion of \$360 per acre for the native rangeland on the appraised property.

Sale P-2, Theodore & Elizabeth Wright to New Miami Colony, Inc. is the September, 2009 sale of 238 acres of native rangeland located approximately 11 miles west of Conrad. This is a sale of both dry cropland and native rangeland. This sale indicates a conclusion of \$360 per acre for the native rangeland on the appraised property.

Sale P-10, Randall Boumans to Triple P, LLC, is the July, 2008 sale of 283 acres of native rangeland located approximately 4 air miles southeast of Valier. This is a tract of improved pasture and native rangeland. This sale indicates a conclusion of \$300 per acre for the native rangeland on the appraised property.

Sale T-2, Eugene W. & Jacqueline H. Ball to Peter L. & Jeanne Nelson, is the December, 2008

sale of 78 acres of native rangeland located approximately 10 air miles west of Power. This is a sale of mostly CRP land with a small amount of native rangeland. This sale is adjusted downward 60 percent to indicate \$290 per acre for the native rangeland on the appraised property.

Sale T-3, Mary A. Porter, Trustee to Steven F. & Diane R. Dahlman, is the November, 2008 sale of 49 acres of native rangeland located approximately 5 air miles northeast of Power. This is a sale of mostly CRP land with a small amount of native rangeland. This sale is adjusted downward 60 percent to indicate \$240 per acre for the native rangeland on the appraised property.

T-5, Baquet Farms to RM Properties, LLC, is the May, 2008 sale of 293 acres of native rangeland located approximately 8 air miles northwest of Dutton. This is a sale of both dry cropland and native rangeland, but the buyer's interest is in the recreation potential along the Teton River. This sale is adjusted downward 60 percent to indicate \$340 for the native rangeland on the appraised property.

Sale T-22, Gordon C. & Shirley Grossman to Kyle Burgmaier is the December, 2008 sale of 800 acres located approximately 7 air miles northeast of Power. This is a tract of native rangeland and State leased land. This sale indicates \$291 per acre for the appraised property.

Sale T-23, Gordon C. & Shirley Grossman to Duane J. Vick is the December, 2008 sale of 560 acres located approximately 11 air miles northeast of Power. This is a tract of native rangeland and State leased land. This sale indicates \$291 per acre for the appraised property.

These eight sales indicate a range of from \$240 to \$360 per acre for native rangeland in the Teton and Pondera County area. Parcel 600 has poor seasonal access, but the range is in good condition indicating a conclusion in the lower end of the indicated range of values. The concluded value of the native rangeland on Parcel 600 is \$290 per acre.

$$40 \text{ acres @ } \$290/\text{ac.} = \$11,600$$

Parcel 601 - Native Rangeland

The following is a summary of the sales, a complete sales sheet can be found in the Addendum of this report.

<u>Sale</u>	<u>Grantor</u>	<u>Grantee</u>	<u>Date</u>	<u>Ac.</u> <u>Nat.Rng.</u>	<u>Sale Price/Ac.</u> <u>Nat.Rng.</u>	<u>Adj.Price/Ac.</u> <u>Nat.Rng.</u>
P-1	Wright	Biech	10-09	636	\$ 360	\$ 360
P-2	Wright	New	09-09	238	\$ 360	\$ 360
P-10	Boumans	Triple P	07-08	283	\$ 300	\$ 300
T-2	Ball	Nelson	12-08	78	\$ 725	\$ 290
T-3	Porter	Dahlman	11-08	49	\$ 600	\$ 240
T-5	Baquet	RM	05-08	293	\$ 850	\$ 340
T-22	Grossman	Burgmaier	12-08	800	\$ 291	\$ 291
T-23	Grossman	Vick	12-08	560	\$ 291	\$ 291

Sale P-1, Theodore & Elizabeth Wright to Bradley L. Birch is the October, 2009 sale of 636 acres of native rangeland located approximately 11 miles west of Conrad. This is primarily a sale of native rangeland with a small tract of dry cropland. This sale indicates a conclusion of \$360 per acre for the native rangeland on the appraised property.

Sale P-2, Theodore & Elizabeth Wright to New Miami Colony, Inc. is the September, 2009 sale of 238 acres of native rangeland located approximately 11 miles west of Conrad. This is a sale of both dry cropland and native rangeland. This sale indicates a conclusion of \$360 per acre for the native rangeland on the appraised property.

Sale P-10, Randall Boumans to Triple P, LLC, is the July, 2008 sale of 283 acres of native rangeland located approximately 4 air miles southeast of Valier. This is a tract of improved pasture and native rangeland. This sale indicates a conclusion of \$300 per acre for the native rangeland on the appraised property.

Sale T-2, Eugene W. & Jacqueline H. Ball to Peter L. & Jeanne Nelson, is the December, 2008 sale of 78 acres of native rangeland located approximately 10 air miles west of Power. This is a sale of mostly CRP land with a small amount of native rangeland. This sale is adjusted downward 60 percent to indicate \$290 per acre for the native rangeland on the appraised property.

Sale T-3, Mary A. Porter, Trustee to Steven F. & Diane R. Dahlman, is the November, 2008 sale of 49 acres of native rangeland located approximately 5 air miles northeast of Power. This is a sale of mostly CRP land with a small amount of native rangeland. This sale is adjusted downward 60 percent to indicate \$240 per acre for the native rangeland on the appraised property.

T-5, Baquet Farms to RM Properties, LLC, is the May, 2008 sale of 293 acres of native rangeland located approximately 8 air miles northwest of Dutton. This is a sale of both dry cropland and native rangeland, but the buyer's interest is in the recreation potential along the

Teton River. This sale is adjusted downward 60 percent to indicate \$340 for the native rangeland on the appraised property.

Sale T-22, Gordon C. & Shirley Grossman to Kyle Burgmaier is the December, 2008 sale of 800 acres located approximately 7 air miles northeast of Power. This is a tract of native rangeland and State leased land. This sale indicates \$291 per acre for the appraised property.

Sale T-23, Gordon C. & Shirley Grossman to Duane J. Vick is the December, 2008 sale of 560 acres located approximately 11 air miles northeast of Power. This is a tract of native rangeland and State leased land. This sale indicates \$291 per acre for the appraised property.

These eight sales indicate a range of from \$240 to \$360 per acre for native rangeland in the Teton and Pondera County area. Parcel 601 has poor seasonal access, but the range is in good condition indicating a conclusion in the lower end of the indicated range of values. The concluded value of the native rangeland on Parcel 601 is \$290 per acre.

$$40 \text{ acres @ } \$290/\text{ac.} = \$11,600$$

Parcel 602 - Native Rangeland

The following is a summary of the sales, a complete sales sheet can be found in the Addendum of this report.

Sale	Grantor	Grantee	Date	Ac.	Sale Price/Ac.	Adj.Price/Ac.
				Nat.Rng.	Nat.Rng.	Nat.Rng.
P-1	Wright	Biech	10-09	636	\$ 360	\$ 360
P-2	Wright	New	09-09	238	\$ 360	\$ 360
P-10	Boumans	Triple P	07-08	283	\$ 300	\$ 300
T-2	Ball	Nelson	12-08	78	\$ 725	\$ 290
T-3	Porter	Dahlman	11-08	49	\$ 600	\$ 240
T-5	Baquet	RM	05-08	293	\$ 850	\$ 340
T-22	Grossman	Burgmaier	12-08	800	\$ 291	\$ 291
T-23	Grossman	Vick	12-08	560	\$ 291	\$ 291

Sale P-1, Theodore & Elizabeth Wright to Bradley L. Birch is the October, 2009 sale of 636 acres of native rangeland located approximately 11 miles west of Conrad. This is primarily a sale of native rangeland with a small tract of dry cropland. This sale indicates a conclusion of \$360 per acre for the native rangeland on the appraised property.

Sale P-2, Theodore & Elizabeth Wright to New Miami Colony, Inc. is the September, 2009 sale of 238 acres of native rangeland located approximately 11 miles west of Conrad. This is

a sale of both dry cropland and native rangeland. This sale indicates a conclusion of \$360 per acre for the native rangeland on the appraised property.

Sale P-10, Randall Boumans to Triple P, LLC, is the July, 2008 sale of 283 acres of native rangeland located approximately 4 air miles southeast of Valier. This is a tract of improved pasture and native rangeland. This sale indicates a conclusion of \$300 per acre for the native rangeland on the appraised property.

Sale T-2, Eugene W. & Jacqueline H. Ball to Peter L. & Jeanne Nelson, is the December, 2008 sale of 78 acres of native rangeland located approximately 10 air miles west of Power. This is a sale of mostly CRP land with a small amount of native rangeland. This sale is adjusted downward 60 percent to indicate \$290 per acre for the native rangeland on the appraised property.

Sale T-3, Mary A. Porter, Trustee to Steven F. & Diane R. Dahlman, is the November, 2008 sale of 49 acres of native rangeland located approximately 5 air miles northeast of Power. This is a sale of mostly CRP land with a small amount of native rangeland. This sale is adjusted downward 60 percent to indicate \$240 per acre for the native rangeland on the appraised property.

T-5, Baquet Farms to RM Properties, LLC, is the May, 2008 sale of 293 acres of native rangeland located approximately 8 air miles northwest of Dutton. This is a sale of both dry cropland and native rangeland, but the buyer's interest is in the recreation potential along the Teton River. This sale is adjusted downward 60 percent to indicate \$340 for the native rangeland on the appraised property.

Sale T-22, Gordon C. & Shirley Grossman to Kyle Burgmaier is the December, 2008 sale of 800 acres located approximately 7 air miles northeast of Power. This is a tract of native rangeland and State leased land. This sale indicates \$291 per acre for the appraised property.

Sale T-23, Gordon C. & Shirley Grossman to Duane J. Vick is the December, 2008 sale of 560 acres located approximately 11 air miles northeast of Power. This is a tract of native rangeland and State leased land. This sale indicates \$291 per acre for the appraised property.

These eight sales indicate a range of from \$240 to \$360 per acre for native rangeland in the Teton and Pondera County area. Parcel 602 has poor seasonal access, but the range is in good condition and there is a source of livestock water, indicating a conclusion in the upper end of the indicated range of values. The concluded value of the native rangeland on Parcel 602 is \$325 per acre.

40 acres @ \$325/ac. = \$13,000

Parcel 603 - Native Rangeland

The following is a summary of the sales, a complete sales sheet can be found in the Addendum of this report.

Sale	Grantor	Grantee	Date	Ac. Nat.Rng.	Sale Price/Ac. Nat.Rng.	Adj.Price/Ac. Nat.Rng.
P-1	Wright	Biech	10-09	636	\$ 360	\$ 360
P-2	Wright	New	09-09	238	\$ 360	\$ 360
P-10	Boumans	Triple P	07-08	283	\$ 300	\$ 300
T-2	Ball	Nelson	12-08	78	\$ 725	\$ 290
T-3	Porter	Dahlman	11-08	49	\$ 600	\$ 240
T-5	Baquet	RM	05-08	293	\$ 850	\$ 340
T-22	Grossman	Burgmaier	12-08	800	\$ 291	\$ 291
T-23	Grossman	Vick	12-08	560	\$ 291	\$ 291

Sale P-1, Theodore & Elizabeth Wright to Bradley L. Birch is the October, 2009 sale of 636 acres of native rangeland located approximately 11 miles west of Conrad. This is primarily a sale of native rangeland with a small tract of dry cropland. This sale indicates a conclusion of \$360 per acre for the native rangeland on the appraised property.

Sale P-2, Theodore & Elizabeth Wright to New Miami Colony, Inc. is the September, 2009 sale of 238 acres of native rangeland located approximately 11 miles west of Conrad. This is a sale of both dry cropland and native rangeland. This sale indicates a conclusion of \$360 per acre for the native rangeland on the appraised property.

Sale P-10, Randall Boumans to Triple P, LLC, is the July, 2008 sale of 283 acres of native rangeland located approximately 4 air miles southeast of Valier. This is a tract of improved pasture and native rangeland. This sale indicates a conclusion of \$300 per acre for the native rangeland on the appraised property.

Sale T-2, Eugene W. & Jacqueline H. Ball to Peter L. & Jeanne Nelson, is the December, 2008 sale of 78 acres of native rangeland located approximately 10 air miles west of Power. This is a sale of mostly CRP land with a small amount of native rangeland. This sale is adjusted downward 60 percent to indicate \$290 per acre for the native rangeland on the appraised property.

Sale T-3, Mary A. Porter, Trustee to Steven F. & Diane R. Dahlman, is the November, 2008 sale of 49 acres of native rangeland located approximately 5 air miles northeast of Power. This is a sale of mostly CRP land with a small amount of native rangeland. This sale is adjusted downward 60 percent to indicate \$240 per acre for the native rangeland on the appraised property.

T-5, Baquet Farms to RM Properties, LLC, is the May, 2008 sale of 293 acres of native rangeland located approximately 8 air miles northwest of Dutton. This is a sale of both dry cropland and native rangeland, but the buyer's interest is in the recreation potential along the Teton River. This sale is adjusted downward 60 percent to indicate \$340 for the native rangeland on the appraised property.

Sale T-22, Gordon C. & Shirley Grossman to Kyle Burgmaier is the December, 2008 sale of 800 acres located approximately 7 air miles northeast of Power. This is a tract of native rangeland and State leased land. This sale indicates \$291 per acre for the appraised property.

Sale T-23, Gordon C. & Shirley Grossman to Duane J. Vick is the December, 2008 sale of 560 acres located approximately 11 air miles northeast of Power. This is a tract of native rangeland and State leased land. This sale indicates \$291 per acre for the appraised property.

These eight sales indicate a range of from \$240 to \$360 per acre for native rangeland in the Teton and Pondera County area. Parcel 603 has poor seasonal access, but the range is in good condition and there is a source of livestock water, indicating a conclusion in the upper end of the indicated range of values. The concluded value of the native rangeland on Parcel 603 is \$325 per acre.

40 acres @ \$325/ac. = \$13,000

Parcel 604 - Native Rangeland

The following is a summary of the sales, a complete sales sheet can be found in the Addendum of this report.

Sale	Grantor	Grantee	Date	Ac. Nat.Rng.	Sale Price/Ac. Nat.Rng.	Adj.Price/Ac. Nat.Rng.
P-1	Wright	Biech	10-09	636	\$ 360	\$ 360
P-2	Wright	New	09-09	238	\$ 360	\$ 360
P-10	Boumans	Triple P	07-08	283	\$ 300	\$ 300
T-2	Ball	Nelson	12-08	78	\$ 725	\$ 290
T-3	Porter	Dahlman	11-08	49	\$ 600	\$ 240
T-5	Baquet	RM	05-08	293	\$ 850	\$ 340
T-22	Grossman	Burgmaier	12-08	800	\$ 291	\$ 291
T-23	Grossman	Vick	12-08	560	\$ 291	\$ 291

Sale P-1, Theodore & Elizabeth Wright to Bradley L. Birch is the October, 2009 sale of 636 acres of native rangeland located approximately 11 miles west of Conrad. This is primarily a sale of native rangeland with a small tract of dry cropland. This sale indicates a conclusion of \$360 per acre for the native rangeland on the appraised property.

Sale P-2, Theodore & Elizabeth Wright to New Miami Colony, Inc. is the September, 2009 sale of 238 acres of native rangeland located approximately 11 miles west of Conrad. This is a sale of both dry cropland and native rangeland. This sale indicates a conclusion of \$360 per acre for the native rangeland on the appraised property.

Sale P-10, Randall Boumans to Triple P, LLC, is the July, 2008 sale of 283 acres of native rangeland located approximately 4 air miles southeast of Valier. This is a tract of improved pasture and native rangeland. This sale indicates a conclusion of \$300 per acre for the native rangeland on the appraised property.

Sale T-2, Eugene W. & Jacqueline H. Ball to Peter L. & Jeanne Nelson, is the December, 2008 sale of 78 acres of native rangeland located approximately 10 air miles west of Power. This is a sale of mostly CRP land with a small amount of native rangeland. This sale is adjusted downward 60 percent to indicate \$290 per acre for the native rangeland on the appraised property.

Sale T-3, Mary A. Porter, Trustee to Steven F. & Diane R. Dahlman, is the November, 2008 sale of 49 acres of native rangeland located approximately 5 air miles northeast of Power. This is a sale of mostly CRP land with a small amount of native rangeland. This sale is adjusted downward 60 percent to indicate \$240 per acre for the native rangeland on the appraised property.

T-5, Baquet Farms to RM Properties, LLC, is the May, 2008 sale of 293 acres of native rangeland located approximately 8 air miles northwest of Dutton. This is a sale of both dry cropland and native rangeland, but the buyer's interest is in the recreation potential along the Teton River. This sale is adjusted downward 60 percent to indicate \$340 for the native rangeland on the appraised property.

Sale T-22, Gordon C. & Shirley Grossman to Kyle Burgmaier is the December, 2008 sale of 800 acres located approximately 7 air miles northeast of Power. This is a tract of native rangeland and State leased land. This sale indicates \$291 per acre for the appraised property.

Sale T-23, Gordon C. & Shirley Grossman to Duane J. Vick is the December, 2008 sale of 560 acres located approximately 11 air miles northeast of Power. This is a tract of native rangeland and State leased land. This sale indicates \$291 per acre for the appraised property.

These eight sales indicate a range of from \$240 to \$360 per acre for native rangeland in the Teton and Pondera County area. Parcel 604 has fair access and the range is in good condition indicating a conclusion at the upper end of the indicated range of values. The concluded value of the native rangeland on Parcel 604 is \$360 per acre.

40 acres @ \$360/ac. = \$14,400

RECONCILIATION AND FINAL VALUE ESTIMATE

Reconciliation is the final step in the valuation process. In this step, the indications of value are reconciled into a final indication of value.

In this report, the sales comparison approach to value was used to value the appraised properties. There are no building improvements on the appraised property, so the cost approach was not used. Since these tracts are small, the income generated by the parcel has little bearing on the prices paid for similar property in the area, so the income approach is not used.

The sales comparison approach was the most appropriate approach to use since these are vacant tracts and there was good sale data available to process the sales comparison approach.

After considering all of the data gathered during the preparation of this report, it is the appraiser's opinion that the estimated market value of the appraised parcels, as of October 13, 14 and 15, 2010, was:

Parcel 598 - 10-14-2010 - \$14,400
Parcel 599 - 10-14-2010 - \$13,000
Parcel 600 - 10-15-2010 - \$11,600
Parcel 601 - 10-15-2010 - \$11,600
Parcel 602 - 10-15-2010 - \$13,000
Parcel 603 - 10-15-2010 - \$13,000
Parcel 604 - 10-13-2010 - \$14,400