

APPRAISAL OF



LOCATED AT:

101 Grand Avenue
Billings, MT 59101-0000

FOR:

Montana Bureau of Mines and Geology
1300 North 27th Street
Billings, Montana

AS OF:

July 25, 2013

BY:

Richard B. Baker
Montana General Certificate #140

Reconciliation and Summary Conclusions

The appraiser has employed all three recognized approaches to value in this analysis and has given equal weight and consideration to the income analysis and the sales comparison analysis as the strongest methods of valuation while the cost analysis is given little, if any consideration except as a supportive cross reference in this analysis. The cost analysis has a larger element of error due to the large physical depreciation, functional and external obsolescence due from all sources to establish a depreciated value of improvements. The cost analysis does offer good indication of land values for a community commercial tract along a busy arterial. The land sales utilized were basically, the newest and best information on land with frontage on a major street, but also suggests that the subject site would need to be vacant and readied for development to its highest and best use as either a parking lot or a smaller office complex with building code parking requirements. In its present form, the existing building does not meet building code for parking requirements and would most likely be turned down for a building permit to remodel or renovate the structure except to adjacent property owners. Additional consideration would be a building inspection to see if any other code requirements would need to be satisfied such as asbestos abatement, mold or mildew, radon emissions or any other hazardous materials or petrochemical removal needed.

The following approaches to value were utilized and analyzed in arriving at an estimate of market value for the subject property.

Cost Analysis	\$428,000
Income Analysis	\$370,000 (leased fee simple)
Sales Comparison Analysis	\$400,400 (as is condition)

Most weight and consideration noted in the income analysis and the sales comparison analysis as they suggest value by income to sales price ratios in the marketplace. This type of investment property can only be valued by its current income and expenses to suggest a net income to service debt and expenses that accrue on the property and are subject to a ceiling income, anticipated expenses and the correctly applied capitalization rate found in the marketplace, usually net income to sales price ratios. The Elwood Mortgage Equity techniques are applicable based on current financing packages at area lenders and suggest the best reflection of value by equity dividend rate, debt coverage ratios and a discounted cash flow analysis, if applicable. Typically a mortgage lender will require this type of analysis to analyze the true income, actual and/or anticipated expenses to apply for a mortgage purpose.

All approaches are given consideration and analyzed for their particular application to the appraisal problem being recognized in the analysis.

The following estimate of value with improvements in "as is" condition was established for the subject property as of this effective date.

\$400,000 Dollars and No/ 100's
Four Hundred Thousand and No/ 100's Dollars