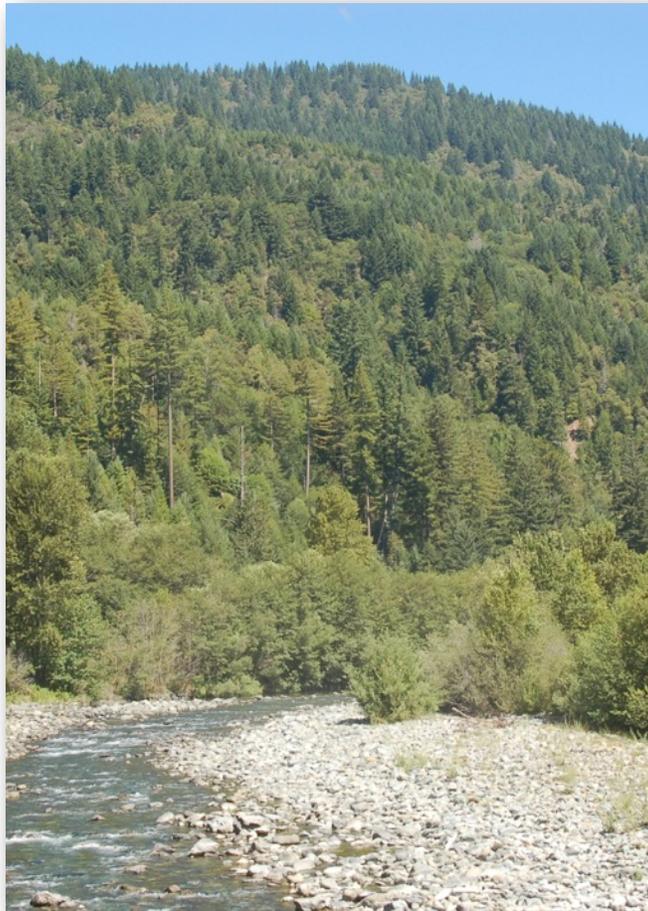


THE BLUE CREEK
PHASE 2B AND 2C PROPERTY
APPRAISAL REVIEW - REVISED



REVIEW DATE: SEPTEMBER 24, 2014

PREPARED FOR: THE STATE OF CA - WILDLIFE CONSERVATION BOARD

A P P R A I S A L A S S O C I A T E S

Real Estate Appraisal & Consultation Services

September 24, 2014

John Walsh, Project Manager
The State of CA Wildlife Conservation Board
1807 13th Street, Suite 103
Sacramento, CA 95814

Re: Review of The Blue Creek Phase 2B and 2C Appraisal Report, Humboldt and Del Norte Counties, CA

Dr Mr. Walsh,

At your request, the above referenced property appraisal has been reviewed. The purpose of the appraisal review was to determine compliance with the 2014-15 version of the Uniform Standards of Professional Appraisal Practice (USPAP), the California Code of Regulations, Title 2, Section 1880, the Wildlife Conservation Board's "Appraisal Review Report Contents - Appendix A", and the Uniform Appraisal Standards for Federal Land Acquisitions (the "Yellow Book"). The function of this appraisal review is to assist you with decision making concerning acquisition/funding of the subject property.

This Appraisal Review Report is intended to comply with the review requirements set forth under Standard 3 of the Uniform Standards of Professional Appraisal Practice. As such, it presents summary statements of the data, reasoning, and analyses that were used in the review process to develop the appraiser's conclusions. This appraisal review should not be considered unless accompanied by the original appraisal report prepared by Frank Mileham with a date of value as of June 18, 2014, and his amendments dated September 23, 2014.

After inspection of the subject property, and review of the Narrative Appraisal Report it is my opinion that the Blue Creek Phase 2B and 2C Appraisal Report meets the minimum requirements of the 2014-15 version of USPAP, the Department of General Service's Appraisal Specifications or the Uniform Appraisal Standards for Federal Land Acquisitions.

I hereby certify that I am familiar with the real estate area and location of the property appraised and the comparable sales, that I have no present or contemplated interest in the property, and that to the best of my knowledge and belief, all statements of fact contained herein are true and correct.

It has been a pleasure to assist you. If I may be of further service to you in the future, please let me know.

Respectfully Submitted,



Chris Bell, MAI
Review Appraiser
California Certified General Appraiser, #AG023519

INTRODUCTION

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CERTIFICATION OF THE APPRAISER

I hereby 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 and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of the work under review, and I have no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of the work under review within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of the work under review or to the parties involved with this assignment
- my engagement in this assignment was not contingent upon developing or reporting predetermined results.
- my compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this review or from its use.
- my compensation for completing this assignment is not contingent upon the development or reporting of predetermined assignment results, or assignment results that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal review.
- my analyses, opinions, and conclusions were developed, and this review report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I have made a personal inspection of the subject of the work under review.
- Gene Forsburg, RPF of Buena Vista Services provided significant real property appraisal review assistance to the person signing this certification. Mr. Forsburg provided a review of the timber valuation analysis of the Appraisal Under Review.



Chris Bell, MAI

State of California General Real Estate Appraiser, Number AG 023519.

SCOPE OF WORK - REVIEW REPORT

USPAP VERSION:	2014-2015
APPRAISAL REVIEW PROBLEM:	The main problems in the Appraisal Review of the Blue Creek Phase 2B and 2C Appraisal Report is the inclusion of the timber valuation analysis within the Appraisal Report, rather than providing a separate valuation of the subject's timber and the attempt to meet numerous guidelines and appraisal standards for a variety of intended users.
REVIEW PROCESS:	Technical review, including site inspection overview and review of the Blue Creek Phase 2B and 2C Narrative Appraisal Report, The Valuation of Certain Lands, Stocking and Timber Located in Humboldt and Del Norte Counties, California. No attempt is made in this review to provide an estimate of the subject property's value.
VERIFICATION OF MARKET DATA:	No verification of market data or comparable sales - all information accepted as factual, per scope of work.
RESEARCH FOR ADDITIONAL MARKET DATA:	No research performed for additional market data or additional comparable sales was performed for this assignment.
SUPPLEMENTAL CLIENT STANDARDS:	In addition to the 2014-15 version of USPAP, this appraisal review also includes: California Code of Regulations, Title 2, Section 1880 Wildlife Conservation Board Appraisal Review and Disclosure Policy, Appendix A: Appraisal Review Report Contents Uniform Appraisal Standard for Federal Land Acquisitions ("Yellow Book")
EXTRAORDINARY ASSUMPTIONS OF THE APPRAISAL REVIEW:	This appraisal review is made under the extraordinary assumption that the information included in the Appraisal Report under review is consistent with the subject property's actual characteristics.
HYPOTHETICAL CONDITIONS OF THE APPRAISAL REVIEW:	This appraisal review is not made under any hypothetical conditions.

COMMENTS:

The Scope of Work for this Appraisal Review Assignment includes an inspection of the subject property, review of the Appraisal Report, and preparation of this Appraisal Review Report. This Appraisal Review does not include the review appraiser's development of an opinion of value for the subject property. The timber analysis made within the appraisal under review was reviewed by Gene Forsburg, RPF of Buena Vista Services. The Timber Appraisal Review is attached to and made a part of this review.

SUMMARY OF SALIENT FACTS OF APPRAISAL REVIEW

CLIENT:	John Walsh, Project Manager Wildlife Conservation Board 1807 13th Street, Suite 103 Sacramento, CA 95814
REVIEW APPRAISER:	Chris Bell, MAI 540 Swain Avenue, Sebastopol, CA 95472 7070 569-8891
REVIEW REPORT DATE:	September 24, 2014
INTENDED USE:	To assist the client with decision making concerning acquisition/funding of the subject property
INTENDED USERS:	The Wildlife Conservation Board
PURPOSE OF REVIEW:	To support decision making by the State of California Wildlife Conservation Board in connection with possible acquisition of the Blue Creek Phase 2B and 2C properties.
DATE OF APPRAISAL REVIEW:	September 24, 2014
EXTRAORDINARY ASSUMPTIONS:	This appraisal review is made under the extraordinary assumption that the information included in the Appraisal Report under review is consistent with the subject property's actual characteristics.
HYPOTHETICAL CONDITIONS:	This appraisal review is not made under any hypothetical conditions.
CONCLUSIONS:	After inspection of the subject property, and review of the Narrative Appraisal Report it is my opinion that the Blue Creek Phase 2B and 2C Appraisal meets the minimum requirements of the 2014-15 version of USPAP, the California Code of Regulations, Title 2, Section 1880, the Department of General Service's Appraisal Specifications, and the requirements of the Uniform Appraisal Standards for Federal Land Acquisitions.

WORK UNDER REVIEW / APPRAISAL SUMMARY:

APPRAISER:	Frank Mileham
THE APPRAISAL REPORT:	The Blue Creek Phase 2B and 2C Appraisal Report
THE SUBJECT PROPERTY:	Approximately 16,371 acres of Redwood and Douglas-fir type timberland on the Humboldt/Del Norte County border near the community of Klamath
PROPERTY OWNERSHIP:	Green Diamond Resource Company, a Washington Corporation
APPRAISAL DATE:	June 23, 2014
APPRAISAL DATE OF VALUE:	June 18, 2014
REPORT CLIENT:	John Walsh, Wildlife Conservation Board
DATE OF INSPECTION:	October 15, 2013
VALUE CONCLUSIONS:	Unit B - \$9,900,000 Unit C - \$16,400,000 Combined Units B and C - \$26,300,000
INTENDED USE:	<i>The report states that "The purpose and use of the appraisal is to establish current market value for a proposed sale with the Yurok Tribe as the eventual owner. The appraisal is intended to assist the client in determination of the amount to be paid for the property rights to be conveyed"</i>
INTENDED USER:	The California Wildlife Conservation Board, Green Diamond Resource Company, the property owner, Western Rivers Conservancy and others such as lenders and attorneys whom these parties may provide a copy to for reviewing the value of the property for the purpose of completing a sale.
EXTRAORDINARY ASSUMPTIONS:	<i>"The provisions of the Aquatic Habitat Conservation Plan that apply to this existing subject ownership of Green Diamond Resource Company will not transfer with the land to the new owner."</i> <i>"The Habitat Conservation Plan for the northern spotted owl that the current owners has that includes the subject lands will not transfer with the land to the new owner."</i>
HYPOTHETICAL CONDITIONS:	None
PROPERTY LOCATION:	Humboldt and Del Norte counties in northwestern California on the northeast side of the Klamath River just upstream of the community of Klamath Glen.

PROPERTY DESCRIPTION: The property includes approximately 16,371 acres of redwood and Douglas fir timberland on the Humboldt/Del Norte County border east of the community of Klamath Glen. The property includes Starwein Ridge and several short tributaries of the Klamath River as well as the the lower reaches of the Blue Creek and Bear Creek watersheds.

IMPROVEMENTS: The land is generally unimproved, save for roads and gates. There is one small, dilapidated cabin on the property that is given no value.

TIMBER: The property includes a total of 242,357 mbf of timber, including 74,836 mbf of redwood and 144,884 mbf of Douglas fir. Harvestable timber includes a total of 64,389 mbf, of which 15,862 mbf is redwood and 43,060 mbf is Douglas fir.

HIGHEST AND BEST USE: Commercial timberland

VALUATION APPROACH

SALES COMPARISON: Unit B - \$9,910,400
Unit C - \$16,450,600

CONVERSION RETURN: Unit B - \$8,745,239
Unit C - \$14,916,859

INCOME: Unit B - \$9,238,399
Unit C - \$18,005,450

VALUE CONCLUSION: Unit B - \$9,900,000
Unit C - \$16,400,000

USPAP 2014-15 - COMPLIANCE

STANDARD RULE 2-1

- a) The Blue Creek Phase 2 Property Appraisal Report appears to set forth the appraisal in a manner that is not misleading.
- b) The report contains sufficient information to enable the intended users to properly understand the report
- c) The report clearly identifies the appraisal's assumptions, extraordinary assumptions, hypothetical conditions and limiting conditions.

STANDARD RULE 2-2

The Blue Creek Phase 2 Property Appraisal Report includes content and a level of information appropriate for the intended use and the intended users to understand it. The report type is prominently noted and is appropriate for the intended use of the report.

- a-i) The report states that NRM *"was retained by the California Wildlife Conservation Board"* and indicates that *"The client for this appraisal assignment is John Walsh, project manager, California Wildlife Conservation Board."* The intended users of the report are reported to be *"the Wildlife Conservation Board, the property owner, Western Rivers Conservancy, and others such as lenders and attorneys"*.
- a-ii) The report states that *"the purpose and use of the appraisal is to establish current market value for a proposed sale with the Yurok Tribe as the eventual owner."*
- a-iii) The Appraisal Report provides a very brief description of the subject property characteristics, including the subject's timber stands. A Preliminary Title Report (including a legal description of the subject property) is referenced and included in the Addenda, as well as a Timber Inventory Update. A Topographic Map and an Aerial Map are included, and photos of the the property are included in the addendum. It is assumed that the intended use and users of the property are familiar with the property to the point that the brief description of the subject included in the report is sufficient to identify the property being appraised.
- a-iv) The Blue Creek Phase 2 Property Appraisal Report outlines the property rights being appraised (fee simple) and includes a statement of exceptions to title that may have an effect on the usage of the property. The report states that the exceptions to title *"are standard for timber lands in this market"* and concludes that the *"exceptions to title are not considered to have an affect on value"*.
- a-v) The Report includes three definitions of Market Value and cites the sources as the The Appraisal of Real Estate, 13th edition, 2008, the California Code of Civil Procedures Section 1263.320 and the Uniform Standards for Federal Land Acquisitions - noting that the UASFLA definition *"takes precedence over any other definition"*.
- a-vi) The Appraisal Report has a report date of June 23, 2014 and an effective date of value as of June 18, 2014. The Report states that the the property was inspected by the appraiser on October 15, 2013.
- a-vii) The Appraisal Report includes a section labeled *"The Scope and Purpose of the Valuation"* which summarizes the purpose of the report, items included in the Addenda and a Purchase and Sale Option Agreement and states that *"the specific purchase price of the subject property will be determined with the use of this appraisal."*

- a-viii) The Appraisal Report includes adequate information to identify the subject property, and includes sufficient information for the intended users to understand the rationale for the opinions and conclusions made within the appraisal. The Appraisal Report includes all three generally accepted approaches to value. The report utilizes the "1) *Comparable Sales analysis*, 2) *the Cost Approach to value, in Forest land valuation this approach is commonly called the Conversion Return Approach*, and 3) *the Income Approach to value*." The report goes on to explain that the Conversion Return approach "is a variation of the cost approach which is specific to the valuation of Forest products" and that the Income Approach is "considered in this valuation, but given less weight than the other methods."
- a-ix) The Blue Creek Phase 2 Property Appraisal Report states that "historically the subject lands have been used for timber production with minor livestock grazing and recreational use." Current use is reported to be as timberland or for timber production.
- a-x) The appraisal defines the term "Highest and Best Use" (taken from *The Appraisal of Rural Property, 2nd Edition*) and concludes that "the highest and best use of the Blue Creek Tract is found to be commercial timberland." The report briefly summarizes the support and rationale for the highest and best use opinion.
- a-xi) The Blue Creek Phase 2 Property Appraisal Report is made under two extraordinary assumptions that are included in a list of ten "Limiting Conditions and Assumptions". The first extraordinary assumption is that "the provisions of the Aquatic Habitat Conservation Plan that apply to this existing subject ownership of Green Diamond Resource Company will not transfer with the land to the new owner." The second extraordinary assumption is that "the Habitat Conservation Plan for the northern spotted owl that the current owners has that includes the subject lands will not transfer with the land to the new owner." The two extraordinary assumptions are clearly and conspicuously stated, and the AHCP is mentioned again in the report under the heading "Ownership Interest Appraised and Access". The report states that the use of these assumptions, "if found untrue may have an affect on the value conclusion of this report"
- a-xii) The appraisal report includes a signed certification that meets the requirements set forth in Standards Rule 2-3.

STANDARD RULE 2-3

The appraisal report includes a signed certifications in accordance with Standards Rule 2-3.

DGS - CA CODE OF REGULATIONS, TITLE 2, SECTION 1880 - COMPLIANCE

- a) The Blue Creek Phase 2 Property Appraisal Report was prepared by Frank Mileham who is both a Certified General Real Estate Appraiser and also a Registered Professional Forester. The author signed the Appraisal Report.
- b) The Blue Creek Phase 2 Property Appraisal Report includes aerial photographs and topographic maps that depict the subject property. Market data sheets include maps of the comparable properties and aerial photographs. Photographs of the subject property are included in the addendum. The comparable sales are large timber holdings, and the maps and aerial photos provided are considered to adequately depict the comparable properties.
- c) The Blue Creek Phase 2 Property Appraisal Report includes an adequate description of the subject property land and site characteristics. The property is generally unimproved timberland. The property's valuation is not based on subdivision/development potential.
- d) The Blue Creek Phase 2 Property Appraisal Report includes a Legal Description of the Property and a discussion of the Property Rights Appraised. A Preliminary Title Report is included in the Addenda of the Report
- e) The Blue Creek Phase 2 Property Appraisal Report includes a discussion of Implied Dedication Rights indicating that the property is located behind a locked gate and that there is a sign stating that the "right to pass is by permission and subject to control by the owner." The report discusses prescriptive rights or other unrecorded rights that may affect value and concludes that *"Due to maintenance of signage and control of access there is no known basis for any unrecorded prescriptive rights or other public right of use for this property."*
- f) The Blue Creek Phase 2 Property includes significant amounts of timber value. **The Appraisal Report does not include a separate valuation of the subject's timber prepared by a Registered Professional Forester.** However, the appraisal report adequately includes a timber valuation as part of the report, and the report's author is both a Certified General Real Estate Appraiser and a Registered Professional Forester. The timber valuation within the Blue Creek Phase 2 Property Appraisal Report has been reviewed separately by Gene Forsburg, RPF of Buena Vista Services, LLC (review report attached).

UNIFORM APPRAISAL STANDARDS
FOR FEDERAL LAND ACQUISITIONS - COMPLIANCE

Title Page:	The title page is adequate considering the lack of a known federal agency intended user, and the lack of specific Appraisal Instructions.
Letter of Transmittal:	Adequate
Table of Contents:	Adequate
Appraiser's Certification:	Adequate
Summary of Salient Facts and Conclusions:	Adequate
Photos of Subject:	Adequate
Assumptions and Limiting Conditions:	Adequate
Scope of Appraisal:	Adequate
Purpose of Appraisal:	Adequate
Summary of Appraisal Problem:	Adequate
Legal Description:	A legal description is included in the Addendum of the report.
Area Data:	Minimal, but adequate
Site Data:	Adequate
Improvement Data:	Not Applicable
Fixtures:	Not Applicable
History:	Adequate
Assessed Value and Tax Load:	Adequate - Assessed Value is addressed and the tax load is reported in the Valuation Section, however, both should be included in the Property Appraised Section.
Zoning and Land Regulations:	Adequate - The zoning is addressed in the Highest and Best Section, but is not reported or described in the Property Appraised Section.
Highest and Best Use:	Highest and Best Use is briefly summarized, and is considered adequate, and the conclusion is reasonable. The Larger Parcel is addressed, and adequately supported.
Land Valuation:	Land valuation is included in both the Sales Comparison Approach and the Cost (Conversion Return) Approach. However, the land values vary significantly, and the land value estimated in the Cost Approach is not clearly explained. There are no photos of Comparable Sales, other than aerial photos.

Cost Approach:	The Cost Approach (Conversion Return Analysis) estimates the costs of a timber harvest scenario and adds to it the value of the land. Calculations of the land value are not clear. The final estimate appears reasonable, but the land value could be more clearly explained / supported.
Sales Comparison Approach:	The Sales Comparison Approach is considered to be adequate. There are no photos of the Comparable Sales, other than aerial photos. The final estimate appears reasonable.
Income Capitalization Approach:	The Income Approach is very briefly summarized, and reportedly somewhat unreliable. It is questionable as to whether it is needed or applicable in estimating value for this property type.
Final Value Estimate:	The final value conclusion relies heavily on the Sales Comparison Approach, and is considered to be fairly well supported.
Location Map:	Adequate
Comparable Data Map:	Adequate
Comparable Data Sheets:	Comparable Data Sheets are included. Comparable No. 7 apparently was not confirmed with a party involved or familiar with the transaction. Terms of the transactions are not reported. The total sales price is not included on the Data Sheets. Photos of the Comparables are not included, other than aerial photos.
Title Report:	Adequate
Other Exhibits:	Other Exhibits include a Timber Inventory and the Purchase and Sale Option Agreement
Qualifications:	Adequate

Conclusions:

The Blue Creek Phase 2 Property Appraisal Report appears to provide a reliable estimate of the subject value, although some of the descriptions and analyses are fairly brief. The report is considered to meet the minimum requirements of the Uniform Appraisal Standards for Federal Land Acquisitions.

WCB APPRAISAL SPECIFICATIONS - APPENDIX A

This Appraisal Review is intended to comply with The Wildlife Conservation Board Appraisal Review and Disclosure Policy "Appendix A - Appraisal Review Contents". The following summarizes the Narrative Appraisal Report under review.

IDENTIFICATION OF APPRAISAL PROBLEM

Appraisal Under Review:	Blue Creek Phase 2B and 2C - The Valuation of Certain Lands, Stocking and Timber Located in Humboldt and Del Norte Counties, California
Appraiser:	Frank J Mileham, Certified General Appraiser #AG011884, Registered Professional Forester #1985
The Subject Property:	Blue Creek Property Humboldt and Del Norte Counties: 16,371 acres of Redwood and Douglas-fir type timberland (Unit 2B - 6,479 acres and Unit 2C - 9,892 acres) located near the community of Klamath in Northern California
Subject Property Ownership:	Green Diamond Resources Company
Interest Appraised:	Fee Simple subject to recorded easements and rights of way, oil gas and other mineral rights exceptions, and an Aquatic Habitat Conservation Plan (ACHP). The ACHP is assumed to not transfer with the property.
Date of Report Under Review:	June 23, 2014
Effective Date of Value:	June 18, 2014

REVIEW APPRAISER QUALIFICATIONS

A copy of my qualifications are attached. Over the past twenty years I have performed numerous appraisals of large tracts of timberland throughout the Northern California area, specifically in the Redwood Empire from the San Francisco Bay Area north to the Oregon border. Thus, I am familiar with the specific type of property which is the subject of the report under review, as well as the regional real estate market, the appraisal process required and the required regulations and guidelines to perform such a real estate appraisal. I am not a Registered Professional Forester, and thus, I am not qualified to estimate the value of the subject's timber. Therefore I have contracted with Gene Forsburg of Buena Vista Services, LLC to review the timber valuation analysis included within the The Blue Creek Phase 2B and 2C Appraisal Report.

SCOPE OF WORK

The Scope of Work for this Appraisal Review Assignment included an inspection of the subject property, careful review of the Narrative Appraisal Report under review, discussion with appraiser Frank Mileham, and preparation of this Appraisal Review report to determine whether the appraisal is adequately supported by the information provided in the appraisal. The Appraisal Report under review is intended to meet the requirements of the 2014-15 version of the Uniform Standards of Professional Appraisal Practice (USPAP) as well as the CA Department of General Services Appraisal Specifications and the Uniform Appraisal Standards for Federal Land Acquisitions. This Appraisal Review does not include the review appraiser's development of an opinion of value for the subject property, nor does it attempt to confirm or verify information contained in the Narrative Appraisal Report. No attempt has been made to determine if additional market data may have been available which would either support or refute the appraisers' value conclusions. Gene Forsburg of Buena Vista Services, LLC has been contracted to review the timber valuation component of the Blue Creek Property Appraisal Report.

Extraordinary Assumptions:	<ol style="list-style-type: none"> 1. <i>The provisions of the Aquatic Habitat Conservation Plan that apply to this existing subject ownership of Green Diamond Resource Company will not transfer with the land to the new owner.</i> 2. <i>The Habitat Conservation Plan for the northern spotted owl that the current owners has that includes the subject lands will not transfer with the land to the new owner</i>
Hypothetical Conditions:	<p>None</p> <p>In estimating the Market Value for the subject property, the Extraordinary Assumptions are reasonable and acceptable.</p> <p>The appraisal report states that the use of these extraordinary assumptions “if found untrue” may have an affect on the assignment results (a USPAP requirement).</p>
Regional/Neighborhood/ Market Analysis:	<p>The Appraisal Report provides a brief summary of the Humboldt/Del Norte and western Trinity County neighborhood, indicating that the area is relatively sparsely populated and includes rural timberlands, and reporting that the area is appropriate for the source of market data used in the appraisal report</p>
The Subject Property:	<p>The Appraisal adequately describes the subject property as a 16,371-acre property currently used as timberland for production of timber resources. The property is described as two tracts: Unit B includes 6,479 acres and Unit C includes 9,892 acres. (There is no mention or explanation of Unit A). The report states that the property is currently timberland with moderate to steep slopes with a good network of rocked roads for all weather travel. The property is zoned TPZ and is essentially unimproved.</p> <p>The Report includes a brief summary of the ownership history of the property including a Purchase and Sale Option Agreement including six amendment letters (included in the Addendum of the Report). The Report states that the most recent amendment to the Option Agreement (dated November 5, 2013) sets the total purchase price at \$38,925,000.</p> <p>The report concludes that <i>“Because of the complexity of this negotiated agreement, and the fact that the subject properties comprise only portions of the agreement and are not specifically identified in the agreement, this agreement is not given consideration as an indication of value in this report.”</i></p> <p>The timber inventory on the subject property is summarized as a total of 242,357 MBF (thousand board feet) based on a 2008 timber inventory as grown and depleted to 2014. “Operable Timber” on the property is reported as a total of 64,389 MBF. Logging costs for the subject property are summarized, with a conclusion of \$354.66 per MBF for the Unit 2B tract and \$324.20 per MBF for the Unit 2C tract.</p>
Highest and Best Use:	<p>The Appraisal Report defines Highest and Best Use, and provides a very brief discussion of the four elements of Highest and Best Use. The Highest and Best Use of the property is concluded to be <i>“commercial timberland”</i></p>

ValuationAppraisal
Methodology:

The Appraisal Report utilizes all three approaches to value - the Report states that *“in forest land valuation this approach (the Cost Approach) is commonly called the Conversion Return Approach”*.

The Report summarizes the three approaches and indicates that the Income Approach, utilizing a discounted cash flow (DCF) is *“a somewhat unreliable valuation method for timbered properties”* and *“is considered in this valuation but given less weight than the other methods.”*

The Sales Comparison Approach:

The “Comparable Sales Analysis” (as labeled in the Appraisal Report) includes seven Comparables. The seven sales are used in direct comparison with the two subject property tracts separately - Unit 2B and Unit 2C.

The Appraisal Report separates the land value from the merchantable timber value and compares the two elements to the comparables.

The Appraisal summarizes the comparables’ attributes in two tables, along with the two subject Units, and provides an “*estimated costs/MBF*” for each property, which is then adjusted for time. It is reported that “*the costs shown as applying to the comparables are NRM estimates of cost*” and that the production cost time adjustments are made based on “*an assumed annual inflation rate of 2.5% per year*”.

Land and timber stocking values are then summarized for different site classes on a per acre basis. These values are developed by NRM using the comparables and “*data in NRM’s files*” The basis for Timber Species adjustments and timber valuation adjustments are summarized, based on the State Board of Equalization’s timber tax values over the past four years. Adjustments are also made for differences in logging costs between the subject tracts and the comparables.

The Appraisal Report then includes two tables summarizing the Comparables and the adjustments made - one table for each of the Subject Units.

The indicated values for the two subject Units are then displayed, and a conclusion of value of \$1,600 per acre for the subject Unit 2B and \$1,750 per acre for the subject Unit 2C are made. Reforestation Costs are then estimated and deducted with final value conclusions of \$9,910,000 for Unit 2B and \$16,450,000 for Unit 2C.

It is noted that the Comparable Sales Analysis basically addresses differences in timber value and land value between the subject tracts and the comparable properties, with the timber value analyzed based on merchantable timber at the time of the sale. There is only a brief discussion of the traditional elements of comparison (Real Property Rights Conveyed, Financing Terms, Conditions of Sale, Expenditures, etc) between the subject and the comparables - and it is assumed that these differences are negligible. Additionally, there is only a brief description of the parameters of sales used for this analysis, specifically their regional location.

The Cost Approach
(Conversion Return Analysis):

The Appraisal Report includes a "Conversion Return Analysis" in which "all costs of production and yield taxes are subtracted from the current delivered log value to arrive at a net value per MBF" of timber. The timber value is then added to the value of the land and reforestation costs are subtracted to indicate a value "using the summation approach to value".

Timber value is based on a three-entry harvest schedule over an eleven year period, with the first entry in 2015 and subsequent entries every five years. Log prices are based on the current market, with minor increases over the next eleven years and consideration for growth. Costs are taken from the summaries discussed in the Report's "Subject Timber" section and increased at a rate of 2.5% per year. The harvest income is discounted back to present value using a "discount rate of 6.5% per year...selected from review of market trends and interviews with buyers of timberland in this area."

The Appraisal Report summarizes the timber valuation analysis in four tables: the first table summarizes the "Delivered Log Prices" for the three entry dates; the next two tables summarize the Conversion Return Harvest Valuation for each of the subject's Units 2B and 2C, indicating Inventory, Grown Harvest Volume, Log Price and Log Cost over the eleven year harvest period; the final table indicates the "Blue Creek Tracts Value Based Upon Conversion Return" - indicating the two Unit's land value, timber value, reforestation costs and total value. Land values are "assigned a separate nominal stocked value" taken from "consideration of the land values as calculated in tables 4 and 5" from the Comparable Sales Approach, "grown for 11 years to the conversion date of 2025" and then "discounted back to the valuation date at 6.5% per year". The land value calculations are somewhat confusing, but considered reasonable.

The final value conclusions from the Conversion Return are indicated to be \$8,745,239 for Unit 2B and \$14,916,859 for Unit 2C.

The "Cost Approach" (Conversion Return Analysis) utilized within the Report is an approach to estimating the value of timberland commonly utilized by Registered Professional Foresters. Gene Forsburg, RPF was separately contracted to review the value of the subject's timber (see Appraisal Review Report attached), and concludes that the analysis is considered logical and credible.

The Income Approach:

The Income Approach utilizes a very brief discussion of a discounted cash flow (DCF) to indicate the values for the subject property's two Units.

The DCF assumes an annual harvest for a 100-year period with increases in timber value in five-year blocks for the first ten years and then steady income for the next 90 years. There is no land reversion considered at the end of the 100-year period. The discount rate used in the DCF is taken from the Conversion Return Analysis.

The value indications from the Income Approach are indicated to be \$9,238,399 for Unit 2B and \$18,005,450 for Unit 2C.

Reconciliation of Value

Greatest reliance is placed on the *“Comparable Sales comparison method of valuation”* (the Sales Comparison Approach). The value conclusions are reflective of the reliance on Sales Comparison Approach and are in the amount of \$9,900,000 for Unit 2B and \$16,400,000 for Unit 2C.

The Report concludes that *“the combined value of the two units if sold together is the same as the value of the sale of the two units if sold separately.”*

Addendum

The Addendum of the Blue Creek Property Appraisal Report includes:

A Company Profile and Resume of the Appraiser - summarizing the Natural Resource Management Corporation’s services and the qualification of Appraiser Frank Mileham,

Preliminary Title Report for the subject property and County Assessor’s Parcel Maps,

A Timber Inventory Update provided by Western Timber Services, Inc. dated January 15, 2014,

Comparable Sales - market data sheets, maps and aerial photos for the seven sales used in the report,

The Purchase and Sale Option Agreement between Green Diamond Resource Company and Western Rivers Conservancy, dated November 14, 2011, and six *“Letters of Amendment”* the most recent of which is dated November 5, 2013.

COMPLIANCE WITH STANDARDS

USPAP:	It is my opinion that the Blue Creek Phase 2 Property Appraisal Report meets the minimum requirement of the 2014-15 version of USPAP (see USPAP Compliance - pages 9-10)
DGS Appraisal Specifications:	It is my opinion that the Blue Creek Phase 2 Property Appraisal Report adequately contains the minimum requirements of the DGS Appraisal Specifications under Ca Code of Regulations, Title 2, Section 1880 (see DGS Compliance page 11)
Uniform Standards for Federal land Acquisitions:	It is my opinion that the Blue Creek Phase 2 Property Appraisal Report meets the minimum requirement of the Uniform Appraisal Standards for Federal Land Acquisitions (see pages 12-14)

APPRAISER'S ANALYSIS

The Blue Creek Property Appraisal Report includes sufficient information to conclude that appraiser properly identified and inspected the subject property, researched sufficient relevant data, and analyzed and applied the data to arrive at credible and reasonable opinions and conclusions.

APPRAISAL METHODS

The subject property includes a large timber component. The Blue Creek Phase 2 Property Appraisal Report includes the three generally accepted approaches to value, although the Sales Comparison Approach and the Cost Approach are somewhat repetitive version of the same data. The Appraisal Report incorporates a timber valuation analysis into the appraisal report, which is considered reasonable for the property type.

ADEQUACY AND QUALITY OF THE APPRAISAL

The Blue Creek Phase 2 Property Appraisal Report is considered to adequately support the value conclusions made within the report. The quality of the appraisal is somewhat lacking in some of the descriptions and analyses (specifically the calculations made within the Cost "Conversion Return" Analysis and the explanation of the process of the Discounted Cash Flow used in the Income Approach). However, the intended users of the report are considered to be familiar with appraisal terminology and procedures, and considering that the Sales Comparison ("Comparable Sales Analysis") Approach is given the greatest weight throughout the report, the limited descriptive analysis is considered adequate.

SPECIALTY INTERESTS

The subject Blue Creek Phase 2 Property includes a large component of timber value. Mr. Gene Forsburg, RPF was contracted to review the timber component of the subject property (see attached). Mr. Forsburg generally agrees that the overall timber value in the Blue Creek Phase 2 Property Appraisal Report is within the range of reasonableness.

DATA QUALITY

The Blue Creek Phase 2 Property Appraisal Report includes an adequate amount and quality of market data (Comparable Sales) to support the value conclusions.

BASIS OF VALUE

The majority of the Blue Creek Phase 2 Property Property's value is in the timber included on the property. The Appraisal adequately addresses the timber value on the property in both the Sales Comparison Approach and the Cost

(Conversion Return) Approach. The Report states that the Sales Comparison Approach “*is the preferred method of valuation*” and the value conclusions adequately reflect the reliance on the Sales Comparison Approach.

APPRAISAL CREDIBILITY

In my opinion the Blue Creek Phase 2 Property Appraisal Report provides sufficient data and analysis to appropriately and reasonably estimate the value for the subject property. After review of the Appraisal Report along with the Timber Valuation Review provided by Gene Forsburg, RPF, the analysis, opinions and conclusions within the Blue Creek Phase 2 Property Appraisal Report are considered credible.

AREAS OF DISAGREEMENT

There are no significant areas of disagreement found in the appraisal. As mentioned in the DGS - Ca Code of Regulations, Title 2, Section 1880 Compliance Section of this review (see page 11) the Appraisal Report does not include a *separate* valuation of the subject’s timber prepared by a Registered Professional Forester. However, the appraisal report adequately includes a timber valuation as part of the report, and the report’s author is both a Certified General Real Estate Appraiser and a Registered Professional Forester.

CONTACT WITH APPRAISER

The appraiser was contacted for this review assignment with several questions and suggestions. Additional information was provided and clarifications were made through this contact.

CHANGED CIRCUMSTANCES

To my knowledge there are no changed circumstances on the subject property since the date of value.

ADDENDUM

EXHIBIT A

TIMBER VALUATION REVIEW REPORT

provided by Gene Forsburg, RPF Buena Vista Services, LLC

August 25, 2014

Mr. Chris Bell
Appraisal Associates
540 Swain Avenue
Sebastopol, CA. 95472

PDF to: cb.bell.mai@gmail.com

Re: Review of Appraisal of Blue Creek Phase 2B and 2C

Dear Chris:

At your request I have reviewed the above appraisal of two tracts of 6,479 acres (Unit B) and 9,892 acres (Unit C) located in Humboldt and Del Norte counties. The current owner of these lands is Green Diamond Resource Company which is related to the Simpson sawmill interests. The appraisal was prepared by Frank J. Mileham of NRM Corporation and covered both the timber and land estates.

I am familiar with the area having done projects on the Yurok and Hoopa Indian Reservations. My review consisted of comparing the timber volumes, log values, and operating costs to information in my files, reviewing the comparable land sales, analyzing the reasoning of the appraiser, and spot checking his calculations. I could not check all of the appraiser's calculations nor did I inspect the subject property. This review is effective as of the above date.

Here are my detailed observations:

Description of the Subject Property - The appraisal adequately describes the subject tracts and provides general vicinity and topographic maps, aerial photos, and assessor's plats. The subject property is also well-described in qualitative terms. It should be noted that these are large and remote tracts of industrial timberland. Unlike smaller timberland properties in central California, they have no potential for rural housing or development. Thus the description

appropriately omits many typical details such as distance to utilities, potential housing sites, and related amenities.

Highest and Best Use – Highest and best use is defined and it is noted that the zoning of the subjects is predominantly TPZ (Timber Production). The implications of this zoning are discussed. While the four tests (financially feasible, physically possible, legally supported, and optimal) are not applied rigorously, there can be little doubt of the conclusion that the highest and best use is commercial timberland. As noted above, there is virtually no potential for compatible or secondary uses and none are nominated.

Larger Parcel – Presumably to comply with federal appraisal standards, the “larger parcel” is identified as the owner’s surrounding acreage of timberland. No element of “severance” is identified and presumably there is no potential for “enhancement” of the remainder. The alienation of the subject acres is merely a small and incremental reduction of Green Diamond’s massive tree farm. In a related matter, Green Diamond’s Habitat Conservation Plans are assumed not to benefit the buyer of the subject parcels which implies additional delay and expense for permitting.

Timber Resource – The subject timber was apparently inventoried in 2008 by Western Timber Services (WTS). Although data is provided for each subdivision in an appendix, the report lacks certain information which would enhance the confidence of the parties to the proposed transaction. Helpful information would include such items as sampling method and layout, number of plots or points, resulting statistical error, volume tables or functions used, utilization standards, defect estimation and allowances, provisions for check-cruising, who was actually the client, etc.).

Six years have passed since the inventory fieldwork was performed. The inventory has been updated for depletion and growth of the timber but no detail has been provided related to sources of harvest volumes or what growth rates were applied.

The resulting timber volumes do appear reasonable based on my knowledge and experience and I note that Western Timber Services is a reputable timber cruising firm. Never-the-less, the quantity of timber standing on a timberland property is a significant point of departure for determining fair market value and transparency is particularly desirable

in transactions involving public monies. And providing this additional information need not conflict with WTS' statement of contingent and limiting conditions.

Estimate of Operable Timber Volumes – From the updated inventory, Mr. Mileham has estimated the likely timber recovery. Considering first the forest practice rules, he makes reductions for restrictions related to clearcutting, activities near watercourses, and spotted owls. In addition deductions are made for merchantability of the timber based on age, accumulation of a minimum economic volume per acre, and tree size (trees under 12 inches diameter are considered unmerchantable). All of this is described in only general terms but I find Mileham's results to be compelling. I note that only 24% of the acreage has operable timber and that only 27% of the standing timber is currently recoverable.

Estimated Logging Costs – Mr. Mileham has estimated the current logging costs for the subject tracts as well as additional costs. Logging costs (felling the trees, moving the resulting logs to a landing, and loading onto a truck) are particularly sensitive to recovery per acre and logging method. For both tracts the cable method (wherein logs are suspended) is more common than the tractor method (wherein logs are dragged). In addition, I note that low volume stands are not considered harvestable (see above). Hauling costs are related to the trip time to the purchasing sawmill or yard; presumably these costs are "blended" to reflect multiple buyers. Additional costs recognized by Mileham include harvest plan administration (a licensed forester and technical or professional assistants) and the State's timber severance tax. Although not much detail is provided related to the calculations, I find the resulting figures to be quite reasonable.

Access - Although not entirely clear, it is assumed that sufficient access routes will be transferred to the buyer to ensure that the timber can be hauled to public roads and the log destinations stated in the appraisal. I have not made the effort to map access routes to all parts of the subject tracts but I assume that the buyer has done so as a matter of due diligence. I note that reciprocal use agreements for roads and a Forest Service special road use permit are proposed to be transferred in the sale documents.

In a related matter, the only improvements of significance on the subject tracts are existing internal logging roads (which are typically valued with the land). Any cost of refurbishing these roads is presumably included within the logging cost. Such other improvements as may exist (a cabin, water tanks) may be neglected as is common for transactions involving large acreages.

Neighborhood Analysis and Market Area – In his neighborhood analysis Mr. Mileham identifies a market area including Humboldt, Del Norte and western Trinity Counties where land ownerships have similar characteristics to the subject properties and are competitive with them in terms of timber sales. Later, potential redwood log buyers are identified in Brookings, Oregon and Arcata, and Eureka. Douglas-fir buyers include local mills and export docks at Eureka. Port-Orford-cedar would be delivered to the Coos Bay area and the other species (“whitewoods”) would be sold to export facilities.

Generally, the market for logs is slowly strengthening as the recession passes. A particular development, noted by Mr. Mileham, is the recent and remarkable re-emergence of the market for logs for export to China and the far east.

I find that the anticipated distribution of logs is reasonable. It should be noted that a new owner of the property would be free to distribute logs to any buyer. The diverse set of potential buyers represents not only a sort of hedge to avoid market saturation but also reflects the robust and differentiated log markets found in Eureka and Oregon. Although the details are not provided, presumably both the reported log values and the haul costs are “blended” to reflect these multiple log buyers.

Valuation methods – Consistent with USPAP guidelines, Mr. Mileham employs all three approaches to value: comparable sales, the cost approach, and the income approach. It should be noted that these approaches, developed for commercial real estate, fit rather uneasily on appraisals of timber and timberland.

Comparable Sales Approach – Under this approach Mr. Mileham compares the *land* and the *merchantable timber* as separate elements to the prices received for land and timber on comparable sales (any

improvements on the comparables are first deducted). I consider the comparable sales approach to be a good method for estimating land values but for timber value the method neglects timing and therefore is somewhat abstract.

- A. For large and remote trees farms with no secondary uses, the principal *land* attributes recognized by the market are:

"Site or Site Quality" which is the ability of the local soil to grow trees. Site quality is literally a tree's height in feet divided by its age in years. On good sites conifers will grow 2 or even 3 feet in height per year; on poor sites as little as 6 inches.

"Stocking" is the relative presence of pre-merchantable trees. Abundant stocking benefits an owner by shortening the time to the next timber crop and by minimizing reforestation expenses.

Location, equivalent to the haul time to a sawmill, would seem to be another meaningful attribute of the land but is instead dealt with as part of the timber component (haul cost).

For each comparable, after segregating the land value from that of merchantable timber, Mr. Mileham uses a summary of regional data (NRM Table 6) to apportion the land value to site and stocking and then to adjust these separately to the subject. The values contained within the table, as well as the resulting adjustments, all seem reasonable but it is not possible to review the data behind the table and they may, in fact, be proprietary.

It should be noted that this is a time-consuming method. If not otherwise provided, site quality was probably developed by measuring acreages on "soil/veg" maps and stocking by study of aerial photos. Segregation of site and stocking no doubt leads to a more refined, and therefore credible, analysis but the two are often combined for appraisal purposes.

- B. For the timber component, the subject's operable *timber* is compared *en bloc* to that of each comparable. The principal attributes compared are:

Market Change i.e. the value of timber may have changed between the comparables date of sale and the appraisal date

Species mix; the comparable may have different proportions of timber species which implies different timber value

Operating cost; the comparable may have terrain that implies higher or lower logging costs than the subject and may have a different haul distance to a sawmill

The first two of these adjustments are made using the State Board of Equalization (S.B.E.) timber values. The S.B.E. values, upon which the State assesses its' timber severance tax, are published averages incorporating virtually every timber sale occurring in a given region and period. The data reported to the State are conformed, verified, and auditable. Note that the S.B.E. values are used as an index for adjusting comparable sale values rather than as a direct indicator of value of the subject timber.

For the last of these adjustments, the operating costs for the subject (see above) are compared to those estimated for the comparable. Unless provided, the latter were estimated by the appraiser.

Mr. Mileham compiled all of these adjustments into tables. He then averaged the comparable sale indicators and as well compared the individual sales to the subject.

In reviewing the comparable sales, I note that sales 1 and 7 are excessively small as compared to the subject properties. It could be argued that they should have been rejected or subjected to a size adjustment to reflect the "wholesale effect."

Sale 1 also has a 12 percent adjustment to reflect that subdivision is precluded. It is not clear whether this figure was provided by a party to the transaction or estimated by Mr. Mileham; that such a restriction commands any value suggests that the sale may not be comparable.

Sales 6 and 7 had no operable timber and their timber values in the table are based on the average of the other sales. This is probably a

reasonable compromise to enable the use of their data for land attributes.

Other sales occurred during the same timeframe and market area as the comparables (e.g. some Kahn sales, perhaps Blue Creek Phase 1?) but were not employed. This is not necessarily a problem but it would be good to disclose the detailed criteria for selection or rejection of sales.

In the end, Mr. Mileham afforded little weight to Sales 1, 5, and 7. After reaching a per acre value conclusion for each of the tracts, he made an additional adjustment to reflect reforestation costs on the subject properties (minimum stocking is required after harvest under state law). I find the final results of the comparable sales analysis to be reasonable.

Conversion Return – Under the conversion return method, harvest of the operable timber is actually scheduled and the resulting cash flows are discounted as necessary for time. The land and stocking value is usually developed as a judgment but could be more rigorously developed from comparable sales.

Mr. Mileham develops a harvest schedule for each of the two properties with harvests in 2015, 2020, and 2025. Cumulatively, more timber is harvested than the current operable volume owing to rapid growth over time. Log prices are based on the “blend” described earlier and are projected to rise slowly over the decade. Operating costs rise more rapidly at 2.5% per year. Perhaps this is meant to be a conservatism, but I wonder whether log prices are being incremented in “real” terms while costs are incremented in “nominal” terms.

A discount rate of 6.5% is applied to bring future values to the present. I consider this to be reasonable based on current conditions (the discount rate is typically based on the the “pre-tax yield requirements of timbermen,” is usually obtained by interviews, and may be risk-adjusted).

Land value appears to be based on Mr. Mileham’s judgment based on some of the values calculated under the comparable sales approach. The values appear to be reasonable but their derivation cannot be

reproduced from the information contained in the report. Curiously, the stocking component is grown and discounted back; this is perhaps a conservatism as presumably the undiscounted stocking value in 2014 incorporates future expectations.

After compiling the land and timber values, reforestation costs are deducted. The resulting values are somewhat less than indicated by the comparable sales approach perhaps because of the conservatisms indentified above. Still, the analysis is logical and credible.

Income Approach – Under the income approach, Mr. Mileham postulates that the annual timber growth will be harvested each year for a 100 year period. Log prices and costs are as before but are implemented by blocks of time rather than continuously (notably the 2025 log price and costs are assumed stable until 2114).

Because of the long period of analysis, Mr. Mileham assumes that there will be no land reversion, i.e. that land value is zero. This is a conservatism; after all, the S.B.E. timberland assessment values (typically \$100 to \$300 per acre) represent the “land rent” derived from long rotations. Because land value is not a factor, it is necessary to recognize certain annual costs that otherwise would be expressed as a reduction in land price. These include annual management, reforestation, and land tax. Because the harvest is level, annual costs are expressed on a “per thousand board feet” basis like the other operating costs.

Mr. Mileham’s application of the income approach is logical but like him I find this approach to be unreliable. I do not believe that it is typically used by timbermen to determine purchase or sale prices. For one thing, it’s not clear that the current timber stand structure would initially support a level harvest. Also, I doubt that market players recognize cash flows that are more distant than 30 years. While I have sometimes appraised timber on the basis of a “level annuity,” that has involved properties with a long history of steady annual harvests.

Reconciliation of Value – The three approaches produce somewhat different indicated values. Like Mr. Mileham, I consider the comparable sales approach to be the most reliable because it addresses largest number of objective factors on almost a mechanical basis. The

conversion return approach is supportive but perhaps some of the conservatism identified above have depressed the value indication. The income approach, although considered unreliable, is still supportive.

While recognizing the requirement for three approaches, my own view is that the most accurate timberland appraisals result from using the conversion return approach for the operable timber and comparable sales for the land. However, there is a danger in double-counting elements under this method particularly if the land and timber are appraised by different individuals.

Accordingly, I concur with Mr. Mileham's appraised values (and I note a minor error: for Unit 2B, the textual expression of value does not match the digital).

Combined Value – Mr. Mileham suggests that the combined value of units 2B and 2C is equal to the sum of their individual values. While he recognizes that the market more typically has a “wholesale effect” (whereby smaller tracts have a high per acre value than larger ones), he considers that certain economies of scale are applicable in the present case. I defer to his judgment and familiarity with the comparable sales but I believe that the wholesale effect is more directly related to the difficulty of forming capital. The number of market players who can raise \$26,000,000 is certainly smaller than those who can raise \$10,000,000.

In summary, I have formed the following opinions with respect to the appraisal of Blue Creek Phase 2B and 2C:

- 1) the data employed are relevant and adequate and the adjustments of these data are appropriate
- 2) the appraisal methods and techniques used are appropriate
- 3) the analyses, opinions and conclusions are appropriate and reasonable. I concur with the appraised values of \$9,900,000 for Unit 2B and \$16,400,000 for Unit 2C.

With regard to this conclusion, I certify that, to the best of my knowledge and belief:

- (1) the facts and data reported by the reviewer and used in the review process are true and correct.
- (2) the analyses, opinions, and conclusions in this review report are limited only by the assumptions and limiting conditions stated herein, and are my personal, unbiased professional analyses, opinions, and conclusions.
- (3) I have no present or prospective interest in the property that is the subject of this report, and no personal interest or bias with respect to the parties involved or to the subject property.
- (4) My engagement in this assignment was not contingent upon developing or reporting predetermined results
- (5) My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this review report.
- (6) My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- (7) I have not inspected the subject property of the report under review.
- (8) No one provided significant professional assistance to the person signing this review report.
- (9) I have not previously performed any services involving the lands that are the subject of the appraisals.

Please don't hesitate to contact me should you have any questions about this review report. For your convenience, my qualifications are attached.

Sincerely yours;

BUENA VISTA SERVICES



Gene Forsburg

Curriculum Vitae - Gene Forsburg

Affiliation:	Buena Vista Services, LLC
Education:	Bachelor of Science in Forestry, Graduate study in Forestry and Business Admin. University of California, Berkeley
Licensure:	Certified General Real Estate Appraiser #AG044343, State of California Registered Professional Forester #1873, State of California
Expert Testimony:	Superior Courts in Mendocino, Santa Cruz, and San Mateo Counties, California U.S. Tax Court, Portland, Oregon U.S. District Court, San Francisco, California
Foreign work:	Thailand, Mexico, Germany, Romania

Gene Forsburg has specialized in the appraisal of land and timber since 1980. His assignments have included valuation of purchases, conservation easements, exchanges, partitions, condemnations, minority interests, taxation matters, and review appraisals. Subjects have included properties in California, Oregon, Washington, New Mexico, and Hawaii.

Mr. Forsburg is also a practicing forester and has considerable experience in forest inventory design, harvest administration, and planning. His forestry clients have included small landowners, Indian tribes, government agencies, open space groups, and corporate tree farms and he is himself a forest landowner. In 2005 he received the "Forest Champion" award from the Pacific Forest Trust.

Mr. Forsburg was a co-founder of Pacific Meridian Resources, a consulting firm specializing in remote sensing and forestry services. Under his twelve year tenure as Chief Financial Officer, the company grew to seventy-five employees with offices in several states. In 2000 Forsburg sold his interests in Pacific Meridian to Space Imaging L.L.C. - the operator of a private imaging satellite.

Through an affiliation with Kass Green & Associates, Mr. Forsburg remains active in the remote sensing field. Recent projects have included mapping of vegetation on 1,400,000 acres at Grand Canyon National Park and 400,000 acres in Hawaii and American Samoa. In 2009, Forsburg received a Presidential Citation from the American Society of Photogrammetry and Remote Sensing.

Mr. Forsburg has developed a varied clientele, including the following:

Private Tree Farm Owners	Wayne Miller Tree Farm Reservation Ranch Fletcher Walsh Enterprises Sky Ranch Estates, Inc. Thysen 1992 Trust Helen Ransome Tree Farm S.H. Cowell Foundation Estate of Fred Van Eck Estate of Fred Galbraith
Banks/Financial	Western Farm Credit Bank Bank of America Travelers Insurance Co.
Attorneys	Haglund and Kirkly, Portland, Oregon Harland and Gromala, Eureka, Calif. Hopkins and Carley, San Jose, Calif.
Federal Agencies	Internal Revenue Service National Park Service Bureau of Land Management
State of California	Department of Justice State Lands Commission Wildlife Conservation Board
Other government	Sonoma Co. Ag. Pres. & Open Space Dist. Treasurer's Office, Univ. of California Mid Peninsula Open Space District The Sea Ranch Association
Forest Industry	Collins Pine Company Big Creek Lumber Company Louisiana Pacific Corp. Mendocino Redwood Company Siller Brothers, Inc. Stone Forest Industries, Flagstaff, Arizona Campbell Group, Portland, Oregon
Open Space Groups	The Trust for Public Land Anderson Valley Land Trust State Coastal Conservancy Peninsula Open Space Trust Save the Redwoods League Sempervirens Fund The Conservation Fund

EXHIBIT B

QUALIFICATIONS OF THE APPRAISER

QUALIFICATIONS OF

Chris Bell, MAI

540 Swain Avenue,
Sebastopol, California, 95472
Phone: (707) 569-8891

Educational Background

University of Portland, B.S. Communication-Business Management, May, 1990

State of California Certified General Real Estate Appraiser #AG 023519

Licensed to appraise all types of real estate in the State of California

Designated Member of the Appraisal Institute (MAI designation), January, 2001

I have completed the requirements of the continuing education program of the Appraisal Institute

Appraisal Institute Courses Completed:

Advanced Applications	October, 1997
Report Writing & Valuation Analysis	August, 1996
Advanced Sales Comparison & Cost Approaches	August, 1995
Highest & Best Use and Market Analysis	April, 1995
Standards of Professional Practice A & B	April, 1994
Advanced Income Capitalization	July, 1993
Basic Income Capitalization	April, 1993
Basic Valuation Procedures	September, 1992
Appraisal Principles	February, 1992

Experience

Actively engaged in real property appraisal and analysis throughout Northern California since December 1991. Properties appraised include agricultural, commercial, industrial, ranch, rural residential, conservation easements and special-use properties throughout the Redwood Empire, Shasta-Trinity and North Coast areas of California.

April 2000 – Present: Owner/Sole Proprietor, Appraisal Associates

November 1998 – March 2000: Manager, Real Property Solutions/ Appraisal Solutions

December 1991 – October 1998: Vice President, Harding Appraisal Co., Inc.