

**A Market Value Appraisal of the
Right-of-Way Between Redmond and Issaquah Washington
including Land, Track Structure, Bridges, Culverts and Earthwork
for**

**BURLINGTON NORTHERN SANTA FE
RAILROAD COMPANY**

As of December 10, 1996

ARTHUR ANDERSEN

January 21, 1997

Mr. Jim O'Neil
Assistant Vice President, Property Management
Property Management Department
Burlington Northern Santa Fe Railroad Company
777 Main Street
Fort Worth Texas, 76102

Arthur Andersen LLP

33 West Monroe Street
Chicago IL 60603-5385

(312) 507-7532

Dear Mr. O'Neil:

In accordance with your request we have conducted a limited summary appraisal on a certain portion of railroad right-of-way. The real property, which is the subject of this report, consists of a contiguous parcel of railroad right-of-way which incorporates 12.45 miles and approximately 146.57 acres. In addition, we have valued the track structure, bridges, culverts, and earthwork described in more detail in the body of the report. The subject right-of-way is located just east of Seattle, in King County, Washington and extends from mile post 7.3 in Redmond to mile post 19.75 in Issaquah.

This report is to be used solely by the Burlington Northern Santa Fe Railroad Company (BNSF) to assist management in accounting for the donation of the right-of-way including the bridges, culverts, and earthwork for rails to trails use. The improvements are essential in allowing access for emergency vehicles. The track structure is also included based on its salvage value. Without the improvements, the trail would be very difficult for the state to access in order to respond to emergencies and to monitor and maintain. This report is subject to the accompanying definition of market value and Statement of General Assumptions and Limiting Conditions.

We are valuing the property as of December 10, 1996. The property was inspected on December 10, 1996. We researched comparable land sales data and other market data from the date of value and spoke with local professionals to understand market conditions as of the valuation date. Replacement cost estimates for the improvements were taken from Means 1996 Heavy Construction Cost Data Book and Means 1993 Site Work & Landscape Cost Data Book. We used Means indices to adjust to reflect 1996 costs.

After considering all pertinent facts and factors, it is our opinion that the aggregate market value of the subject property described in the attached report, assuming fee simple title as of December 10, 1996, is:

FORTY-ONE MILLION SEVEN HUNDRED SIXTY THOUSAND DOLLARS

(\$41,760,000)

We appreciate having the opportunity to perform this valuation service for the Burlington Northern Santa Fe Railroad Company.

Very truly yours,



CERTIFICATION

We certify that, to the best of our 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 accompanying assumptions and limiting conditions and are our personal, unbiased professional analyses, opinions, and conclusions.

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

Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

Bill M. Pantazopoulos and Joseph G. Walsh made a personal inspection of the property that is the subject of this report on December 10, 1996.

No one provided significant professional assistance to the persons signing this report.

We have performed within the context of the competency provision of the Uniform Standards of Professional Appraisal Practice.

This report was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

William J. Carter, MAI, currently holds an appropriate state certification allowing the performance of real estate appraisals in connection with federally related transactions in the state in which the subject property is located.

The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

FRAUD!
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The use of this report is subject to the requirements of the Appraisal Institute, State Licensing Agencies or other appropriate professional organizations relating to review by its duly authorized representatives.

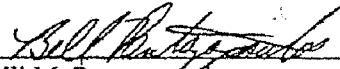
As of the date of this report, William J. Carter has completed the requirements of the continuing education program of the Appraisal Institute.



William J. Carter, MAI
Participating Principal - Real Estate Valuation
Washington Certification (Copy Enclosed)
Review Appraiser



Joseph G. Walsh
Manager - Real Estate Valuation
Review Appraiser



Bill M. Pantazopoulos
Staff Appraiser

SPECIAL ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report is subject to the following special assumptions and limiting conditions:

1. In performing this analysis, we have assumed BNSF has fee simple title for the land. However, we understand that the title is not marketable in all cases. Because the condition of the title is unknown, we assumed fee simple title at the clients request.

RASMUSSEN PROPERTY

IDENTIFICATION

Valuation Map No.: V23-S4 AA Parcel No.: 17
Location: SE 19th Street to SE 22nd Place
Milepost: From 13.45 To 13.88
City: Unincorporated County: King

PHYSICAL CHARACTERISTIC

Land Area: 5.95 Utilities: Yes
Access: Fair Zoning: Residential
Shape: Restricted Abutting Uses: Residential
Subject Topography: Level HB Use: Residential
Abutting Topography: Sloping Marketability: Limited
Comments: Short parcel where the distance from the lakefront to the road is greater than 150 ft. The right of way passes between existing lakefront homes and the lakefront.

LAND VALUATION

ATF Value / Acre: \$1,300,000 ATF Value: \$7,735,000
Comments: Because the right-of-way is directly on the shoreline, we used Lakefront Residential Sales #1 through #5 which ranged from \$990,000 to \$1,783,733 per acre.

IDENTIFICATION

Valuation Map No.: V23-S4 AA Parcel No.: 18
Location: SE 22nd Place to SE 26th Street
Milepost: From 13.88 To 14.11
City: Unincorporated County: King

PHYSICAL CHARACTERISTIC

Land Area: 1.39 Utilities: Yes
Access: Fair Zoning: Residential
Shape: Restricted Abutting Uses: Residential
Subject Topography: Level HB Use: Residential
Abutting Topography: Sloping Marketability: Limited
Comments: Short parcel where the distance from the lakefront to the road is greater than 150 ft. The right of way passes between existing lakefront homes and the road.

LAND VALUATION

ATF Value / Acre: \$125,000 ATF Value: \$173,750
Comments: Value is based on Non-Lakefront Residential Sales #7 through #13 which ranged from \$52,980 to \$208,469 per acre.