

APPRAISAL REPORT
VACANT LAND
SOUTHERN EXTENSION OF OLD CUSTER ROAD
ALLEN, COLLIN COUNTY, TEXAS 75013

FOR
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June 10, 2019

Mr. Michael Westfall
Michael Westfall, P.E.
Post Office Box 250485
Plano, Texas 75025

Re: An appraisal of Vacant Land, being the southern extension of Old Custer Road, south of Wimbledon Drive, Allen, Collin County, Texas 75013.

Dear Mr. Westfall:

At your request, we submit this appraisal report to estimate the market value of the above referenced property. We have made an on-site inspection of the property and considered factors pertinent to and indicative of value including the Allen area characteristics, market area data and trends, locational amenities, highest and best use, and other elements of value. This report conforms to FIRREA and USPAP standards.

Methodology and terminology used throughout the report can be found in The Appraisal of Real Estate, Fourteenth Edition, as published by the Appraisal Institute. This methodology is in conformance with our interpretation of Interagency Guidance - Appraisal and Evaluation Guidelines, effective December 2, 2010. The definition of Market Value included within this report is in conformance with Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), effective August 9, 1990.

This appraisal provides an appraisal report in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP), as provided by the Appraisal Foundation and the federal financial regulatory agencies. Our opinion of value for the subject is effective as of May 18, 2019, and the methodology and terminology used throughout the report includes the following:

Market Value, As Is on the Appraisal Date – An opinion of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date the appraisal is prepared.

Our opinion of the market value for the subject is as follows:

Market Value Opinion

Fee Simple, As Is

\$ 195,000

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Mr. Westfall
June 10, 2019

The following report sets forth a description of the subject property, along with a summary of the market data considered and the conclusions derived from such data. Your attention is directed to the general assumptions and limiting conditions of this appraisal.

If you should have questions concerning any portion of this appraisal, please contact our office.

Respectfully submitted,

UNITED APPRAISAL RESEARCH



Kreg Hodge
State of Texas Certification #TX-1380410-G

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS



Subject Property	Vacant Land
Location	Old Custer Road south of Wimbledon Drive Allen, Collin County, Texas
Land Area (as surveyed)	111,383 SF 2.557 AC
Zoning	CC; Community Commercial
Reasonable Exposure Time	12 months
Reasonable Marketing Period	12 months
Land Value	\$195,000
Market Value Indicators	<u>As Is</u>
Sales Comparison Approach (Land Value)	\$195,000
Market Value Opinion	
Fee Simple, As Is	\$ 195,000
Date of Appraisal Value	May 18, 2019
Date of Inspection	May 18, 2019
Date of Appraisal Report	June 10, 2019

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ENGAGEMENT LETTER
STATE CERTIFICATION

Purpose of the Appraisal

The purpose of this appraisal is to render an opinion of the market value of the subject property. The report complies with the requirements of the Uniform Standards of Professional Appraisal Practice, the Code of Ethics of the Appraisal Institute, FIRREA, and Texas Real Estate Commission Rules. The report is also prepared in accordance with the client's appraisal guidelines.

Methodology and terminology used throughout the report can be found in The Appraisal of Real Estate, Fourteenth Edition, as published by the Appraisal Institute. This methodology is in conformance with our interpretation of Interagency Guidance - Appraisal and Evaluation Guidelines, effective December 2, 2010. The definition of Market Value included within this report is in conformance with Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), effective August 9, 1990.

Effective Date of the Appraisal

The subject property is being appraised as of May 18, 2019, and is subject to the market influences and economic conditions, which existed on that date. This date is also known as the effective date and is the date of the opinions and conclusions found in this report. The property was also inspected and photographed on May 18, 2019, which included a visual observation of the site and any improvements. The date of this appraisal report is June 10, 2019.

Property Rights Appraised

Three primary property rights may typically be appraised. They are fee simple estate, leased fee estate, and leasehold estate. These rights are defined as follows:

Fee Simple Estate - Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the government powers of taxation, eminent domain, police power, and escheat.

Leased Fee Estate - An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease.

Leasehold Estate - The interest held by the lessee (the tenant or renter) through a lease conveying the rights of use and occupancy for a stated term under certain conditions.

In this report, we develop a market value opinion of the *fee simple interest* in the real property.

Subject Identification & Legal Description

Property Type:	Vacant Land
Ownership:	Texas Department of Transportation
Subject Property Location:	SW/c of Old Custer Road and Wimbledon Drive Allen, Collin County, Texas
Zip Code:	75013
Legal Description:	a 2.557 acre tract, being a portion of Old Custer Road in the G. Kennaday Survey, Abstract A-499, in the city of Allen, Collin County, Texas

Subject History

The subject of this appraisal is a right-of-way section, being the southern extension of Old Custer Road terminating at Wimbledon Drive on the north and Hedgcoxe Road on the south. According to the Collin Central Appraisal District records, the current owner is Texas Department of Transportation, which has not changed in the past three years. According to public records, there have been no other transfers of the subject property within the past three years and to our knowledge, the subject is not listed for sale or in a contract of sale.

Given the shape of the subject, being narrow and long, the development prospects for the subject are limited. It appears that the highest and best use of the subject would be as an assemblage parcel, adding value to an adjoining parcel.

The subject site is naturally divided east to west, at the center of the tract by Russell Creek. The northern portion of the tract trends more toward single family residential neighborhood use, with the southern portion of the tract trending more toward commercial use. The northern and southern portions of the site are divided relatively evenly and are thus estimated to be 1.279 acres each.

Please note that this information is included only to satisfy the requirements of USPAP. It is not intended as a guarantee to the chain of title and a title search should be performed by a title company should a definitive abstract be desired.

Intended Use, Intended User, and Client

The intended use of this report is for loan analysis, underwriting, real estate lending and other real estate owned purposes for Michael Westfall, P.E.'s officers, administrators, employees, lending co-participants (if any), assignees, and appropriate regulatory agencies. The intended user, Michael Westfall, P.E., is also the client. Any other user or uses are not intended or authorized. Use of this appraisal for any other use or by another user or appraisal date may invalidate the findings and conclusions.

Data Researched

For this report, the subject market was researched for all pertinent data relating to the appraisal problem including: collecting and confirming data through brokers, appraisers, property owners, lessees/lessors, and others familiar with the real estate market. The information provided by these sources is deemed reliable, but is not guaranteed.

In addition, verifiable third party sources were utilized including Costar Realty Information, Roddy Information Services, LoopNet, and the Multiple Listing Service (MLS). Additional market data were extracted from market reports and data circulated and purchased from Robert G. Watts/RealtyRates.com, Real Estate Research Corporation, Price Waterhouse Coopers Korpacz Investor Survey, and M/PF Yieldstar. When third party sources are utilized in the report, a reference to the source is made. The information provided by these sources is deemed reliable, but is not guaranteed.

Competency

The appraisers involved in this assignment have, collectively, considerable experience in appraising this property type. The appraisers are actively engaged in appraisal work in the geographical area of the subject property. The company maintains a database on this area for similar properties. We have adequate knowledge of the property type and location to meet the competency requirements of the Uniform Standards of Professional Appraisal Practice.

In addition, other appraisers in the market would perform similar actions in the appraisal process to fulfill the scope of work in this assignment and the appraisal meets or exceeds the expectations of parties who are regularly intended users for similar assignments.

Scope of the Appraisal

Kreg Hodge and/or Ken McHenry performed all aspects of this report, which included the following:

- Communicated with Michael Westfall, regarding the appraisal assignment; a narrative appraisal report meets the client's requirements.
- Communicated with the owner, regarding the history and the condition of the subject.
- Researched the public records for data on the subject property, including zoning, assessments, taxes, acreage, buildings and site improvements, and maps.
- A preliminary search of all available resources was made to determine market trends, influences, and other significant factors pertinent to the subject property. The property is identified previously in this report.
- Kreg Hodge and Ken McHenry inspected the subject property and subject neighborhood on May 18, 2019; photographs were taken of the subject and the comparable sales. Although due diligence was exercised while inspecting the property, the appraiser is not an expert in such matters as soils, structural engineering, hazardous waste, etc., and no warranty is given as to these elements. The owner or owner's representative was not present during the inspection.
- Research and collection of data (land sales, escrow sales, and listings) were performed as present in the market area and of sufficient quality to express an opinion of value as defined herein. The appraiser examined data from the Costar Realty Information, Roddy Information Services, LoopNet, Multiple Listing Service (MLS), county records, and owner interviews.
- An analysis of the highest and best use was completed.
- Gathered and analyzed the market data to reach an estimate of market value for the fee simple interest of the subject, using the sales comparison (land only) approach to value.
- Assembled and wrote the narrative report, complete with maps, photos, and supporting addenda.

DEFINITION OF MARKET VALUE

The regulatory definition of market value is:

“Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised and acting in what they consider their best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”*

* Uniform Standards of Professional Appraisal Practice, Page A-105, 2018-2019 Edition;
Federal Reserve System, 12 CFR Parts 208 and 225, Sec. 225.62;
Office of the Comptroller of the Currency, 12 CFR Part 34, Sec. 34.42;
FDIC, 12 CFR Part 323, Sec. 323.2;
Department of the Treasury
NCUA, 12 CFR Part 722, Sec. 722.2;
FIRREA, Title XI

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

The Uniform Standards of Professional Appraisal Practice and the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute require the appraiser to "set forth all assumptions and limiting conditions that affect the analyses, opinions, and conclusions in the report". In compliance therewith, and to assist the reader in interpreting this report, such general assumptions and limiting conditions are set forth below. Specific assumptions, if any, are referred to in the transmittal letter and their location in the report detailed.

Title is assumed to be marketable, free, and clear of all liens and encumbrances, easements, and restrictions except those specifically discussed in the report. The property is appraised assuming it to be under responsible ownership and competent management and available for its highest and best use.

No opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, notwithstanding the fact that such matters may be discussed in the report.

No opinion is expressed on the value of subsurface oil, gas or mineral rights, water rights, or whether the property is subject to surface entry for the exploration or removal of such, except as expressly stated.

The date of value to which the opinions expressed in this report apply is set forth in the letter of transmittal. The appraiser assumes no responsibility for economic or physical factors occurring at some later date, which may affect the opinions herein stated. The opinion of value is considered reliable only as of the date of the appraisal.

The valuation is reported in dollars of U.S. currency prevailing on the date of the appraisal.

Maps, plats, and exhibits included herein are for illustration only as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose unless specifically identified as such.

All information and comments pertaining to this and other properties included in the report represent the personal opinion of the appraiser, formed after examination and study of the subject and other properties. While it is believed the information, estimates and analyses are correct, the appraiser does not guarantee them and assumes no liability for errors in fact, analysis, or judgment.

Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which he is connected, or any reference to the Appraisal Institute or to the MAI or SRA designation) shall be disseminated to the public through advertising media, public relations media, sales media, or any other public means of communication without written consent and approval of the undersigned.

The appraiser is not required to give testimony or to appear in court by reason of this appraisal, unless prior arrangements have been made.

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed/completed program of utilization. The separate valuations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

Certain information concerning market and operating data were obtained from others. This information is verified and checked, where possible, and is used in this appraisal only if it is believed to be accurate and correct. However, such information is not guaranteed.

Opinions of value contained herein are opinions only. There is no guarantee, written or implied, that the subject property will sell for such amounts. Prospective values are based on market conditions as of the effective date of the appraisal. The appraiser is not responsible if unforeseeable events alter market conditions subsequent to the effective date of the appraisal. As a personal opinion, valuation may vary between appraisers based on the same facts.

No responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake, or occupancy codes can be assumed without provision of specific professional or governmental inspections. While the general conditions of the property were observed, no guarantee can be made concerning the individual components of the structures including but not limited to the heating system, plumbing, electrical services, roof, possible termite damage or building foundation. This appraiser is not qualified to make a complete inspection of any well or septic system, consequently, it was beyond the scope of this report and no statements can be made concerning the adequacy or condition of these or other systems.

No investigation - unless presented in other sections of this report - was made by the appraiser to determine if asbestos, fiberglass, or synthetic mineral fiber products are present in improved properties. The existence of such products, if any, would have to be determined by a qualified inspector. It is assumed that there is no asbestos, fiberglass, synthetic mineral fiber products, nor other contaminants present that would materially affect value.

The Americans with Disabilities Act (ADA) became effective January 26, 1992. I have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of the property. Since I have no direct evidence relating to this issue, I did not consider possible noncompliance with the requirements of ADA in estimating the value of the property.

No investigation - unless presented in other sections of this report - was made by the appraiser to determine if any toxic materials are present on the subject tract. The existence of such materials, if any, would have to be determined by a qualified inspector. It is assumed that no toxic materials are present that would materially affect value or development costs.

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

A reasonable investigation was made to determine the existence of any underground storage tanks (UST) on the subject site. If USTs are present on the subject site details are provided in other sections of this report.

In the event the appraisal is based upon proposed improvements, it is assumed that the improvements will be completed in substantial conformity with plans and specifications, which have been furnished to the appraiser, and with good materials and workmanship. It is also assumed that the proposed foundation and construction techniques are adequate for the existing sub-soil conditions.

Personal property, fixtures, or intangible items that are not real property, which are included in the appraisal, are identified as Furniture, Fixtures and Equipment, or FF&E.

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

Extraordinary Assumptions and Hypothetical Conditions: The Uniform Standards of Professional Appraisal Practice require the disclosure of hypothetical conditions and extraordinary assumptions when employed in the development of an appraisal. As defined in the Uniform Standards of Professional Appraisal Practice, an extraordinary assumption is “an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions.” As defined in the Uniform Standards of Professional Appraisal Practice, a hypothetical condition is “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis.” *The following extraordinary assumptions and hypothetical conditions are set forth for appraisal purposes and no legal reasoning is intended. The reader should be aware, that, in the event that any of the assumptions or conditions proves false or improperly applied, the conclusions of this appraisal could be changed or invalidated.*

EXTRAORDINARY ASSUMPTIONS

None

HYPOTHETICAL CONDITIONS

None

DEFINITIONS AND TERMS

Various terms and symbols are used throughout the appraisal report. The following are definitions of the terms and explanations of the symbols used:

Anticipation – The perception that value is created by the expectation of benefits to be derived in the future.

Appreciation - Increase in value due to increase in cost to reproduce, value over the cost, or value at some specified earlier point in time, brought about by greater demand, improved economic conditions, increasing price levels, reversal of depreciating environmental trends, improved transportation facilities, direction of community or area growth, or other factors.

Depreciation - A loss of utility and hence value from any cause. An effect caused by physical deterioration and/or obsolescence.

Effective Gross Income Multiplier - The ratio between the sale price (or value) of a property and its effective gross income; a single year's EGI expectancy or an annual average of several years' EGI expectancies.

Excess Land - In regard to an improved site, the land not needed to serve or support the existing improvement. In regard to a site considered as though vacant, excess land is the land not needed to accommodate the site's primary highest and best use. Such land may have its own highest and best use or may allow for future expansion of the existing or anticipated improvement. If the excess land is marketable or has value for a future use, its market value as vacant land is added to the opinion of market value of the economic entity.

Exposure Time - 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; a retrospective opinion based on an analysis of past events assuming a competitive and open market.

External (Economic) Obsolescence - Impairment of desirability or useful life arising from factors external to the property, such as economic forces or environmental changes, which affect supply-demand relationships in the market. Loss in the use and value of a property arising from the factors of economic obsolescence is to be distinguished from loss in value from physical deterioration and functional obsolescence, both of which are inherent in the property. Also referred to as Location or Environmental Obsolescence.

Fee Simple Estate - Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Functional Obsolescence - Impairment of functional capacity or efficiency. Functional obsolescence reflects the loss in value brought about by such factors as overcapacity, inadequacy, and changes in the art, which affect the property item itself or its relationship with other elements comprising a larger property. The inability of a structure to perform adequately the function for which it is currently employed.

DEFINITIONS AND TERMS

Business Enterprise Value - The value created by a proven property operation; considered a separate entity to be valued with an established business.

Highest and Best Use - That reasonable and probable use that will support the highest present value, as defined, as of the effective date of the appraisal.

Industrial Gross Lease - Tenant pays electrical usage, for increases in property taxes and insurance over a base year, and a pro-rata share of common area maintenance in some instances.

Investment Value - The specific value of an investment to a particular investor or class of investors based on individual investment requirements; distinguished from market value, which is impersonal and detached.

Leased Fee Estate - An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease.

Leasehold Estate - The interest held by the lessee (the tenant or renter) through a lease conveying the rights of use and occupancy for a stated term under certain conditions.

Lessee - One who has the right to use or occupy a property under a lease agreement; the leaseholder or tenant.

Lessee's Interest- See Leasehold Estate

Lessor - One who holds property title and conveys the right to use and occupy the property under a lease agreement; the leased fee owner or landlord.

Market Value - See Definition of Market Value

Market Value of the Going Concern – The market value of an established and operating business including the real property, personal property, financial assets, and the intangible assets of the business.

Market Price - The amount actually paid, or to be paid, for a property in a particular transaction. Differs from market value in that it is an accomplished or historic fact, whereas market value is and remains an estimate until proven. Market price involves no assumption of prudent conduct by the parties, or absence of undue stimulus, or of any other condition basic to the market value concept.

Market Rent - The rental income that a property would most probably command on the open market as indicated by current rentals being paid for comparable space as of the effective date of the appraisal.

Present Value - The current monetary value. It is the today's cash lump sum, which represents the current value of the right to collect future payments. It is the discounted value of aggregate future payments.

Replacement Cost New (RCN) – The estimated cost to construct, as of the effective date of the appraisal, a building with utility equivalent to the building being appraised, using contemporary materials, standards, design, and layout. When this cost basis is used, some existing obsolescence in the property is assumed to be cured.

Substitution – The appraisal principle that states when several similar or commensurate commodities, goods, or services are available, the one with the lowest price will attract the greatest demand and widest distribution. This is the primary principle upon which the cost and sales comparison approaches are based.

Surplus Land - In regard to an improved site, the land not necessary to support the highest and best use of the existing improvements, but because of physical limitations, building placement, or neighborhood norms, cannot be sold off separately. Such land may or may not contribute positively to value and may or may not accommodate future expansion of an existing anticipated improvement.

Utility – The ability of a product to satisfy a human want, need, or desire.

Zoning – The public regulation of the character and extent of real estate use through police power; accomplished by establishing districts or areas with uniform restrictions relating to improvements; structural height, area, and bulk; density of population; and other aspects of the use and development of private property.

Abbreviations

SF = square feet	PSF or /SF = per square foot	FF = front feet
LF = lineal feet	AC = acres	ROW = right of way
RR = railroad	CBD = central business district	GI = gross income
EGI = effective gross income	NOI = net operating income	PV = present value
OAR or R_o = overall capitalization rate	EDR or R_E = equity dividend rate	UA = usable area
GBA = gross building area	RA = rentable area	\pm = plus, or minus from amount stated

Source of Definitions: The Dictionary of Real Estate Appraisal, Third Edition, Appraisal Institute, Chicago, Illinois, 1993.

STAGES OF VALUE

During the real estate development process, a property typically progresses from a state of unimproved land to construction of improvements to stabilized occupancy. In general, the market value associated with the property increases during these stages of development. After reaching stabilized occupancy, ongoing forces affect the property during its life, including physical wear and tear, changing market conditions, etc. These factors continually influence the property's market value at any given point in time. Opinions of value are developed on the basis of one or more of the following:

Market Value, As Is on the Appraisal Date – An opinion of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date the appraisal is prepared.

Market Value, As If Complete on the Appraisal Date – The market value of a property with all construction, conversion, or rehabilitation hypothetically completed, or under other specified hypothetical conditions as of the date of appraisal. With regard to properties wherein anticipated market conditions indicate that stabilized occupancy is not likely as of the date of completion, this opinion of value should reflect the market value of the property as if complete and prepared for occupancy by tenants.

Prospective Future Value Upon Completion of Construction – The prospective future value of a property on the date construction is completed, based upon market conditions forecast to exist as of that completion date. The value estimate at this stage of value is stated in current dollars unless stated otherwise.

Prospective Future Value Upon Reaching Stabilized Occupancy – The prospective future value of a property at a point in time when all improvements have been physically constructed and the property has been leased to its optimum level of long-term occupancy. The opinion of value at this stage of value is in current dollars unless stated otherwise.

Retrospective Value, As of Appraisal Date – An opinion of the market value of a property that is likely to have applied as of a specific historic date and as it physically and legally existed without hypothetical conditions, assumptions, or qualifications as of the specific historic date. The opinion of value at this stage of value is in current dollars unless stated otherwise.

The stages of value utilized in this report are as follows: *market value, as is, on the appraisal date.*

DALLAS/FORT WORTH METROPOLITAN AREA ANALYSIS

The subject property in this report is located in the Dallas/Fort Worth Metropolitan Area, one of the major financial and population centers in the nation. Therefore, an overview of the Metroplex is appropriate.

Downtown Dallas



Downtown Fort Worth



Photograph Courtesy of the Dallas Convention & Visitors Bureau

CLASSIFICATION

The classifications represented in the Dallas/Fort Worth area are:

Metropolitan Statistical Area (MSA) and Metropolitan Division (MD)



With a population of over 9.3 million, Dallas/Fort Worth and the surrounding area is the fourth largest MSA under this classification. The DFW MSA is comprised of two Metropolitan Divisions; Dallas-Plano-Irving or Dallas MD on the east and Fort Worth-Arlington or Fort Worth MD on the west. The Dallas MD includes Collin, Dallas, Denton, Ellis, Hunt, Kaufman, and Rockwall Counties with a 2018 estimated population of over 5.2 million. The Fort Worth MD is comprised of Hood, Johnson, Parker, Somervell, Tarrant, and Wise Counties with a 2018 estimated population of over 2.6 million.

DALLAS/FORT WORTH METROPOLITAN AREA ANALYSIS

CITY AND COUNTY CHARACTERISTICS

History/Introduction

The city of Dallas, located in Dallas County, began as a small Trinity River settlement founded in 1841 by John Neely Bryan. Shortly after its founding, Dallas became part of the wagon train route, the Central National Highway of the Republic of Texas. Dallas was incorporated in 1857 despite its small population, and by 1870 had a population of only 2,960.

In the 1870's, Dallas citizens, bent on making their mark in the Southwest, coaxed the Houston & Texas Central Railroad, which ran north/south, and the westbound Texas Pacific Railroad to the city, thereby becoming a crossing point for the Northeast and Southwest.

With the advent of the railroad, Dallas quickly grew to 38,500 by 1890, and by 1920 the nation was referring to Dallas as "Big D". The city's growth has been mostly attributable to the efforts and influences of the business and private sector. Dallas became the center of finance and business in the Southwest when it petitioned for and received one of the twelve District Federal Reserve Banks in 1913. Since that time, Dallas has become the fifth largest financial center in the United States.

Situated in North Texas, Dallas and Fort Worth serve as the principal cities of the DFW metropolitan area (commonly called the Metroplex). Dallas is the main economic center while Fort Worth is the second largest cultural and economic center of the Metroplex.

Demographics/Population

The DFW MSA is the fourth largest metro area in the nation and larger than 33 of the states in the USA. Dallas is the third largest city in Texas and seventh in the nation. According to 2018 population estimates by the US Census Bureau, Dallas County is the ninth most populous county in the nation 2,621,971 persons. Within the City of Dallas is an estimated 2018 population of 1,336,752, which is also the county seat of Dallas County. Fort Worth ranks as the fifth largest city in the state of Texas and eighteenth in the United States. The city of Fort Worth serves as the county seat for Tarrant County which consists of a 2018 population of 2,064,733. Within the City of Fort Worth is a population count of 848,812.

Dallas/Fort Worth also ranks sixth in the nation in terms of urbanized land area. The urbanized area that includes the two cities and their contiguous suburbs consumed 1,779 miles of open land area.

Urban Area (2010)	Total Area (square miles)	Urban Area (2010)	Total Area (square miles)
New York	3,450	Dallas/Fort Worth	1,779
Los Angeles	1,736	Houston	1,660
Chicago	2,443	Washington DC	1,321
Philadelphia	1,981	Atlanta	2,645
Miami	1,239	Boston	1,874

Source: 2010 United States Census "Area Urban List"

DALLAS/FORT WORTH METROPOLITAN AREA ANALYSIS

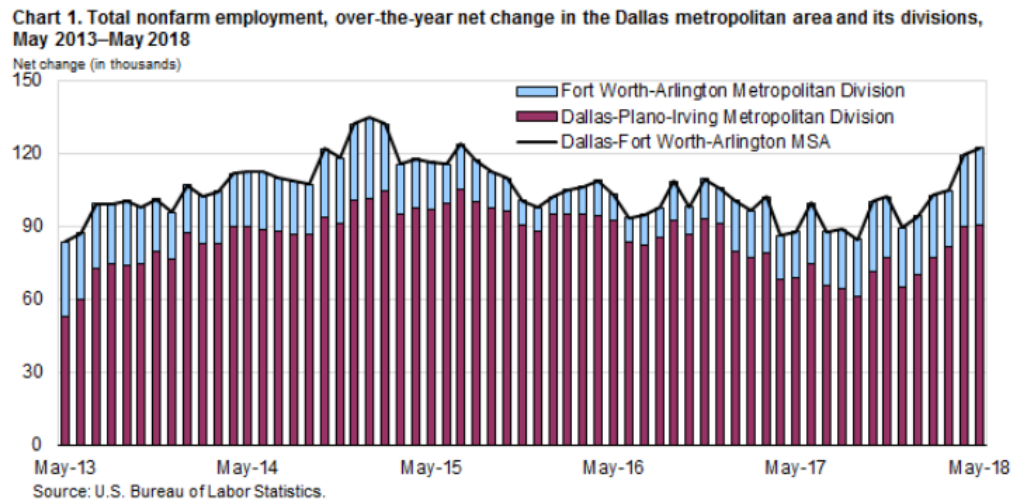
The subsequent table illustrates growth trends, in total numbers and annualized percentages, of all the major cities, suburbs, and statistical regions from 1990 to 2018 estimate, with a 2023 estimate.

POPULATION ANNUALIZED GROWTH RATES						
AREA	1990	2000	2010	2018 (est.)	2023 (est.)	2010-2018 Change
DFW MSA	4,018,696	5,204,319	6,426,214	7,442,144	7,916,541	15.8%
Dallas MD	2,616,281	3,444,276	4,230,520	4,938,371	5,266,571	16.7%
Collin County	264,079	491,676	782,341	977,960	1,053,015	25.0%
Dallas County	1,848,177	2,219,132	2,368,139	2,621,971	2,771,420	10.7%
Denton County	276,586	430,999	662,614	845,253	915,297	27.6%
Ellis County	85,126	111,294	149,610	175,551	187,544	17.3%
Hunt County	64,353	76,602	86,129	94,793	99,792	10.1%
Kaufman County	52,355	71,493	103,350	124,517	133,815	20.5%
Rockwall County	25,605	43,080	78,337	98,326	105,688	25.5%
Fort Worth MD	1,402,415	1,760,043	2,195,694	2,503,773	2,649,970	14.0%
Hood County	28,995	41,111	51,182	58,960	62,076	15.2%
Johnson County	97,189	126,822	150,934	169,010	178,238	12.0%
Parker County	64,749	88,447	116,927	135,311	143,386	15.7%
Somervell County	5,352	6,798	8,490	8,946	9,174	5.4%
Tarrant County	1,171,454	1,448,085	1,809,034	2,064,733	2,186,532	14.1%
Wise County	34,676	48,780	59,127	66,813	70,564	13.0%
Addison	8,492	14,465	13,056	14,473	15,317	10.9%
Allen	20,202	41,942	84,246	105,051	113,144	24.7%
Arlington	265,420	334,292	365,438	415,221	439,787	13.6%
Carrollton	81,605	111,272	119,097	143,178	153,748	20.2%
Cedar Hill	23,200	32,529	45,028	49,877	52,751	10.8%
Coppell	17,676	36,902	38,659	42,659	45,144	10.3%
Dallas	1,005,904	1,182,168	1,197,816	1,336,752	1,414,754	11.6%
Denton	66,807	84,147	113,383	142,829	153,970	26.0%
Duncanville	33,595	35,702	38,524	42,589	45,034	10.6%
Farmers Branch	25,745	29,407	28,616	31,799	33,630	11.1%
Fort Worth	457,068	545,356	741,206	848,812	898,763	14.5%
Frisco	8,766	35,022	116,989	148,410	160,229	26.9%
Garland	179,932	214,822	226,876	250,682	265,124	10.5%
Grand Prairie	98,558	126,730	175,396	195,964	207,259	11.7%
Irving	154,084	191,011	216,290	239,285	253,036	10.6%
Lewisville	45,229	77,544	95,290	120,702	130,774	26.7%
McKinney	22,205	54,953	131,117	164,451	176,925	25.4%
Mesquite	101,162	125,619	139,824	154,435	163,316	10.4%
Murphy	1,093	3,068	17,708	22,064	23,782	24.6%
Plano	128,980	223,856	259,841	323,203	248,075	24.4%
Richardson	76,953	92,063	99,223	113,777	120,951	14.7%
Southlake	6,927	20,464	26,575	30,635	32,493	15.3%
Wylie	9,182	16,540	41,427	51,660	55,626	24.7%
Source: EASIDemographics.com						

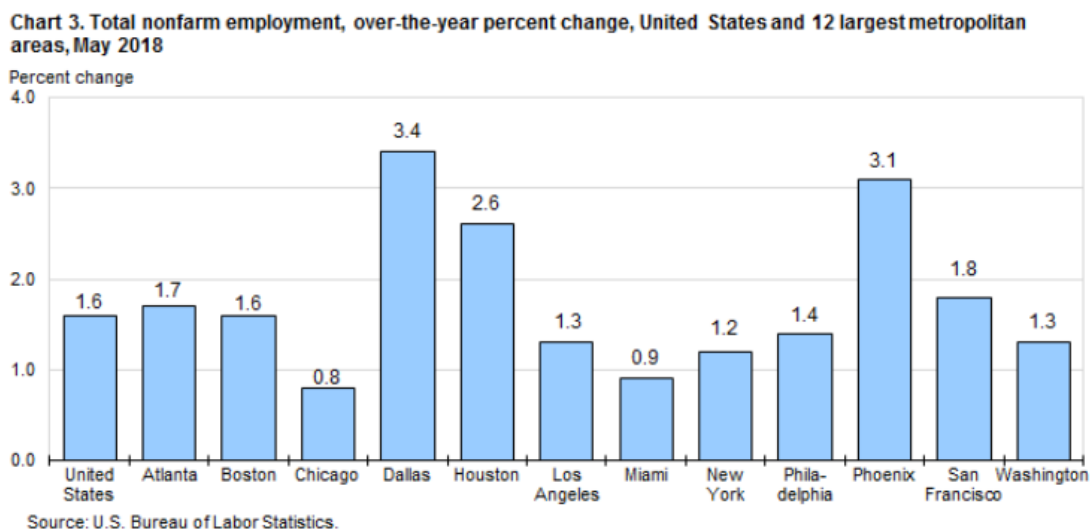
EMPLOYMENT AND ECONOMIC BASE

DFW MSA Employment

From May 2017 to May 2018, local nonfarm employment rose 3.4 percent, compared to the national rate of 1.6 percent. Dallas ranked first in both the rate of job growth and the number of jobs added. Total nonfarm employment in the Dallas-Fort Worth-Arlington Metropolitan Statistical Area stood at 3,707,500 in May 2018, up 122,000 over the year, according to the U.S. Bureau of Labor Statistics.



Dallas-Fort Worth-Arlington was one of the nation's 12 largest metropolitan statistical areas in May 2018. All 12 areas had over-the-year job growth during the period, with the rates of job growth in 5 areas exceeding the national increase of 1.6 percent. Dallas had the fastest rate of job growth, up 3.4 percent.



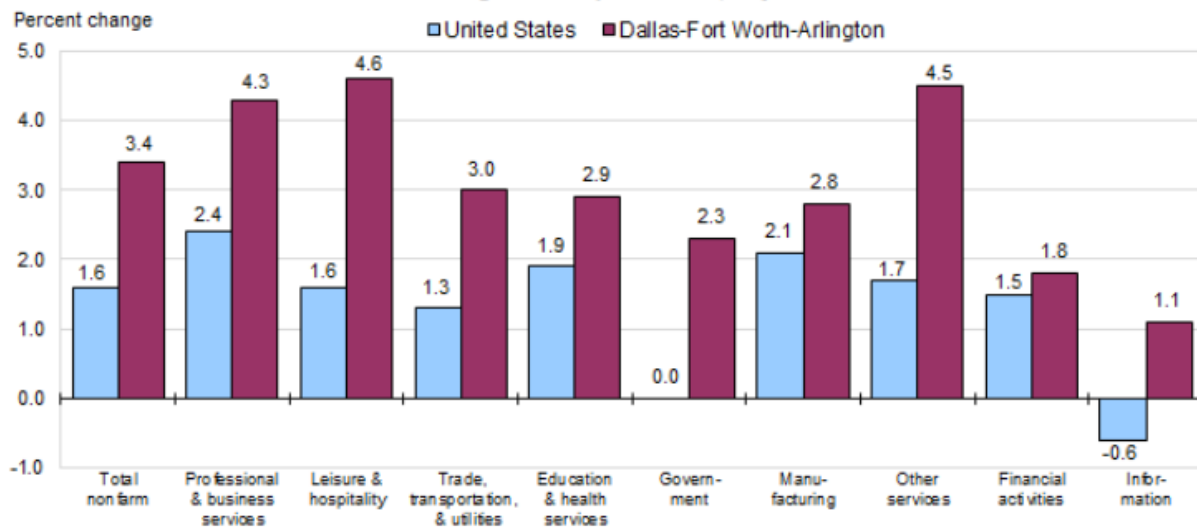
DALLAS/FORT WORTH METROPOLITAN AREA ANALYSIS

LABOR FORCE DATA
NOT SEASONALLY ADJUSTED
Table 1. Civilian labor force and unemployment by state and metropolitan area

State and area	Civilian labor force				Unemployed							
	April		May		Number				Percent of labor force			
					April		May		April		May	
	2017	2018	2017	2018 ^P	2017	2018	2017	2018 ^P	2017	2018	2017	2018 ^P
Tennessee - Continued												
Johnson City.....	91,220	91,125	90,285	90,641	3,286	2,758	3,216	2,948	3.6	3.0	3.6	3.3
Kingsport-Bristol.....	138,125	139,547	138,388	139,138	5,156	4,278	5,113	4,413	3.7	3.1	3.7	3.2
Knoxville.....	417,441	422,066	417,962	422,786	13,234	11,114	12,556	11,587	3.2	2.6	3.0	2.7
Memphis.....	625,627	636,788	625,994	637,741	25,004	22,325	25,076	24,376	4.0	3.5	4.0	3.8
Morristown.....	51,266	51,717	51,136	51,950	1,863	1,564	1,755	1,682	3.6	3.0	3.4	3.2
Nashville-Davidson-Murfreesboro-Franklin.....	1,003,380	1,035,496	1,005,655	1,034,531	26,452	22,922	25,573	24,028	2.6	2.2	2.5	2.3
Texas.....	13,527,232	13,863,075	13,498,726	13,836,477	559,386	520,621	557,907	515,248	4.1	3.8	4.1	3.7
Arlene.....	75,714	77,367	75,607	76,983	2,596	2,478	2,809	2,460	3.4	3.2	3.7	3.2
Amarillo.....	132,044	133,871	131,410	134,194	3,456	3,456	3,841	3,464	2.8	2.6	2.9	2.6
Austin-Round Rock.....	1,149,292	1,190,455	1,149,397	1,188,870	33,406	32,886	34,409	32,871	2.9	2.8	3.0	2.8
Beaumont-Port Arthur.....	175,907	174,843	174,572	173,197	11,739	10,753	11,278	10,263	6.7	6.2	6.5	5.9
Brownsville-Harlingen.....	167,672	168,100	166,389	167,401	11,427	10,512	10,923	10,051	6.8	6.3	6.6	6.0
College Station-Bryan.....	129,321	133,998	128,469	134,131	3,733	3,647	3,946	3,711	2.9	2.7	3.1	2.8
Corpus Christi.....	210,686	208,630	209,771	208,186	11,728	10,622	11,209	10,187	5.6	5.1	5.3	4.9
Dallas-Fort Worth-Arlington.....	3,773,905	3,904,883	3,767,275	3,899,693	132,899	131,095	134,860	131,059	3.5	3.4	3.6	3.4
El Paso.....	356,314	361,588	354,949	359,939	15,769	15,021	15,869	14,839	4.4	4.2	4.5	4.1
Houston-The Woodlands-Sugar Land.....	3,323,912	3,410,234	3,314,891	3,395,423	161,143	144,823	158,355	142,491	4.8	4.2	4.8	4.2
Killeen-Temple.....	175,388	178,669	175,589	178,646	7,056	6,856	7,113	6,979	4.0	3.8	4.1	3.9
Laredo.....	114,546	116,062	114,222	115,641	4,786	4,210	4,700	4,167	4.2	3.6	4.1	3.6
Longview.....	97,589	97,750	96,775	97,046	5,073	3,991	4,844	3,919	5.2	4.1	5.0	4.0
Lubbock.....	161,626	164,591	161,311	164,776	4,662	4,635	4,850	4,656	2.9	2.8	3.0	2.8
McAllen-Edinburg-Mission.....	344,548	348,994	342,672	347,688	25,111	22,913	23,983	21,525	7.3	6.6	7.0	6.2
Midland.....	90,316	98,666	90,799	99,674	2,752	2,078	2,742	2,115	3.0	2.1	3.0	2.1
Odessa.....	77,224	80,968	77,333	80,529	3,337	2,241	3,196	2,235	4.3	2.8	4.1	2.8
San Angelo.....	54,788	55,350	54,632	55,354	1,954	1,665	2,025	1,693	3.6	3.0	3.7	3.1
San Antonio-New Braunfels.....	1,161,247	1,188,532	1,158,967	1,186,452	38,208	37,209	39,482	37,551	3.3	3.1	3.4	3.2
Sherman-Denison.....	62,038	63,420	62,025	63,700	2,105	1,973	2,145	1,989	3.4	3.1	3.5	3.1
Texarkana.....	65,026	65,190	64,887	65,476	2,712	2,738	2,836	3,173	4.2	4.2	4.4	4.8
Tyler.....	105,647	108,138	106,531	108,845	4,048	3,718	4,101	3,769	3.8	3.4	3.8	3.5
Victoria.....	46,551	45,606	46,322	45,379	2,196	1,784	2,114	1,741	4.7	3.9	4.6	3.8
Waco.....	124,467	126,089	124,331	126,041	4,325	4,322	4,548	4,396	3.5	3.4	3.7	3.5
Wichita Falls.....	65,180	65,580	64,957	65,449	2,260	2,089	2,299	2,133	3.5	3.2	3.5	3.3

In previous years, the DFW diversified economic base has generated employment opportunities, which caused substantial amounts of growth and expansion. The Dallas/Fort Worth job market has changed from a traditional manufacturing and low-skill employment to a service, high tech, and high skill employment. The subsequent chart illustrates employment growth in industry sectors in Dallas/Fort Worth and nationwide.

Chart 2. Total nonfarm and selected industry supersector employment, over-the-year percent change, United States and the Dallas-Fort Worth-Arlington metropolitan area, May 2018



Source: U.S. Bureau of Labor Statistics.

DALLAS/FORT WORTH METROPOLITAN AREA ANALYSIS

Trade, transportation and utilities, the metropolitan area's largest supersector, added 22,400 jobs from May 2017. The 3.0 percent rate of local job growth was more than double the national rate of 1.3 percent. The professional and business services added 25,500 jobs from May 2017 to May 2018 and Dallas area's education and health services supersector added 14,600 jobs. Employment in leisure and hospitality rose by 14,700 from September 2015, an increase of 3.9 percent. While both local metropolitan divisions added jobs over the year, the rate of job growth in Dallas-Plano-Irving (5.1 percent) was nearly three times that of Fort Worth-Arlington (1.4 percent). Nationwide, leisure and hospitality employment rose 2.4 percent during the period compared to the 3.9 percent in the Dallas-Fort Worth-Arlington area.

The financial activities supersector added 14,700 jobs since 2015, a 5.3 percent increase, which was the largest industry job growth in the area. The local mining, logging, and construction supersector added 5,000 jobs over the year, an increase of 2.5 percent; this was the fastest annual rate of job growth since 2015. The Fort Worth-Arlington metropolitan division accounted for the largest share of the employment growth, up 3,600 jobs; specialty trade contractors added 3,400 of these jobs, a 9.6 percent gain since 2015.

Local Companies

The metropolitan area boasts a long list of national and international corporate headquarters, with many major companies relocating to DFW in the past twenty years. The availability of reasonably priced land, lower living cost for employees, favorable climate, and reasonable housing are great incentives.

DFW MSA is home to 21 of the 50 Fortune 500 Companies. The Metroplex is the fourth highest-ranking headquarters metro area behind New York, Chicago, and Houston. 72 major companies have moved their corporate HQ to Dallas since 2010 including Toyota North America, Liberty Mutual Insurance, Omnitracts, Ameriflight LLC, Topgolf, MoneyGram, HMS Holdings, and Six Flags Entertainment.

Below are the top ten employers located in North Texas:

Dallas/Fort Worth	
Top Ten Employers	No. of Local Employees
Wal-Mart Stores Inc.	34,000
American Airlines Group Inc.	27,000
Texas Health Resources	22,296
Dallas Independent School District	19,740
Baylor Scott & White Health	16,500
Lockheed Martin Corp.	13,750
Bank of America	13,500
City of Dallas	13,336
University of Texas Southwestern Medical Center	13,018
Texas Instruments Inc.	13,000
Source: Dallas Business Journal 2018 Book of Lists	

DALLAS/FORT WORTH METROPOLITAN AREA ANALYSIS

Below are the top ten public-sector companies located in North Texas as rated by their 2017 revenues:

Dallas/Fort Worth	
Top Ten Employers	2017 Revenue (billion)
Exxon-Mobil Corp.	\$268.31
AT&T, Inc.	\$132.87
Energy Transfer Equity LP	\$44.48
American Airlines Group Inc.	\$42.19
Energy Transfer Partners LP	\$32.62
Southwest Airlines Co.	\$26.35
Tenet Healthcare Corp.	\$24.36
Kimberly-Clarke Corp.	\$20.28
Fluor Corp.	\$18.94
HollyFrontier Corp.	\$14.63
<i>Source: Dallas Business Journal 2018 Book of Lists</i>	

DALLAS/FORT WORTH INVESTMENT CRITERIA

According to the Real Estate Research Center's Real Estate Report, investment criteria are as follows:

DALLAS – 4Q 2018

Dallas Criteria First-Tier ¹ Investment Properties													
	Pre-Tax Yield (IRR) (%)			Going-In Cap Rate (%)			Terminal Cap Rate (%)			Anticipated 1-Year Growth Rate			
	RERC Estimate	South Region	U.S.	RERC Estimate	South Region	U.S.	RERC Estimate	South Region	U.S.	National Value	South Value	National Rent	South Rent
CBD	7.6	8.1	8.1	6.3	6.6	6.6	6.9	7.2	7.2	2.2	3.1	2.1	2.6
Suburban	8.2	8.2	8.4	6.6	6.9	6.9	7.2	7.4	7.5	1.9	2.6	1.9	2.0
Warehouse	7.9	8.2	8.0	6.3	6.8	6.6	6.9	7.3	7.1	2.9	4.3	2.9	3.5
R&D	8.7	8.9	8.6	6.8	7.5	7.1	7.2	7.9	7.6	2.0	3.4	2.2	2.6
Flex	8.5	8.8	8.5	7.0	7.2	7.1	7.5	7.8	7.6	2.3	3.3	2.3	2.7
Regional Mall	8.0	8.1	8.5	6.9	7.2	7.2	7.4	7.6	7.8	1.2	2.1	1.2	1.1
Power Center	8.3	8.4	8.7	7.0	7.0	7.1	7.5	7.4	7.7	1.2	1.9	1.2	1.6
Neigh/Comm.	8.0	8.3	8.5	6.7	7.3	7.1	7.2	7.7	7.7	2.0	2.6	1.9	2.2
Apartment	7.2	7.1	7.4	5.7	5.8	5.8	6.2	6.3	6.3	2.7	2.5	2.4	2.4
Hotel	9.8	9.0	9.2	7.4	7.4	7.6	8.5	8.0	8.1	2.5	2.6	2.7	2.7
Average	8.2	8.3	8.4	6.7	7.0	6.9	7.3	7.5	7.5	2.1	2.8	2.1	2.3

¹ First-tier investment properties are defined as the best quality assets in largest markets.

Source: Situs RERC, 4Q 2018.

DALLAS/FORT WORTH METROPOLITAN AREA ANALYSIS

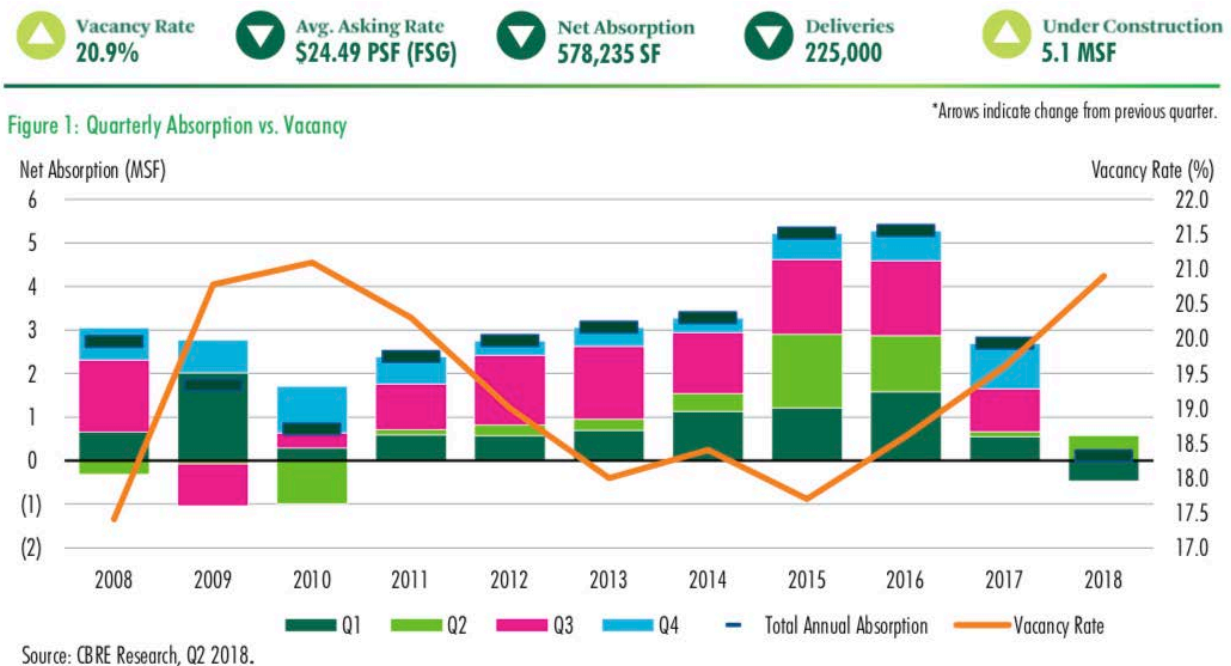
Office Market

The Dallas Fort Worth area has continued to experience significant demand in office space in 2018. The DFW Metroplex's net office leasing totaled close to 216 million square feet, with the Dallas area being approximately 183.6 million square feet and the Fort Worth area being approximately 32.6 million square feet.

According to *CB Richard Ellis 2nd Quarter 2018 D/FW Marketview*, the first quarter of 2018 proved to be a muted version of the booming market DFW has been characterized by in recent years. Coming off the heels of the first quarter with negative absorption in nearly a decade, DFW's fundamentals have rebounded with charisma. Total quarterly demand leapt by nearly 580,000 square feet during the past 90 days. With 62% of total absorption, Class A buildings naturally saw the lion's share of activity.

The development pipeline is pacing with demand; the bulk of the speculative projects are build-to-suit.

Overall asking rents experienced upward momentum with the average increasing 27 basis points to \$24.49 per square foot on a full-service gross basis. With new construction tapering, the vacancy rates are slowing on the rise. The following graph depicts office trends for the last ten years.



Though leasing activity has slowed, there is no lack of desire in the market. Numerous tenants are exploring their options but are likely taking less space due to more efficient space designs based on new workplace design strategies. New construction deliveries over the next several months will put an upward pressure on vacancy rates, while asking rates are expected to rise with the new quality product.

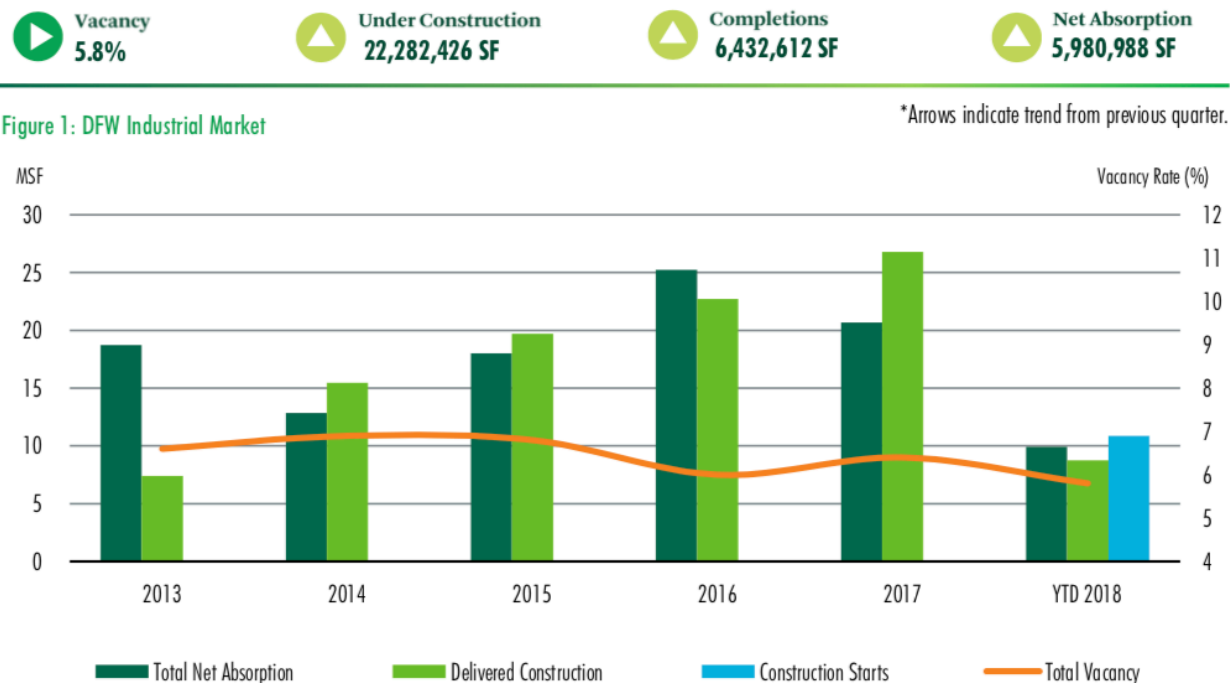
DALLAS/FORT WORTH METROPOLITAN AREA ANALYSIS

Much fanfare and emphasis has been given to major Fortune 500 companies relocating to the D/FW Metroplex including Toyota and Liberty Mutual. Toyota has recently completed their construction of their North American headquarters in Plano with 2.1 million square feet – about twice the size initially proposed. Positive trends in the office sector are expected to continue, while overall growth will slow slightly.

Industrial Market

As 2017 ended, the Dallas-Fort Worth industrial market set a new high for construction, with total net absorption declining from 2016. Several factors ranging from a prime U.S. central location to world-class cultural amenities have all contributed to make the DFW Metroplex a standout corporate relocation destination. According to *CB Richard Ellis 2nd Quarter 2018 D/FW Marketview* consumer goods and e-commerce occupiers were far and away the main drivers of industrial demand in 2016 and 2017.

The Metroplex remains a premier destination for industrial occupiers and investors. For occupiers, the market offers a favorable business and taxation environment, and for investors the region has exceptional fundamentals, making it the second most desirable market for investment in the Western Hemisphere, according to the *Americas Investor Intentions Survey 2018*.



Source: CBRE Research, Q2 2018.

This quarter, the net absorption in the DFW market is the highest in Texas, with Houston (being second) having significantly less absorption. Vacancy in the market continued to compress, and DFW is slowly increasing. With continued demand for space, lease rates are anticipated to stabilize, with slight upward rise.

DALLAS/FORT WORTH METROPOLITAN AREA ANALYSIS

Hospitality

The Fort Worth-Arlington Metropolitan Division room-nights sold rose 6.5% in First Quarter 2018, double last year's rate. With an average daily rate increase of 2%, total room revenues grew 8.6% to \$244 million for the quarter. Occupancy rose 1.1 points to 69.5%, well above the state average. Room supply increased by 4.7% (1,600 rooms) to 35,800 rooms. Supply and demand continue to maintain a good equilibrium in this market.

Dallas Metropolitan Division room-nights sold increased 5% in the First Quarter of 2018. Rates rose 2.7% leading revenues to rise 7.9% to \$566 million. Occupancy fell 0.9 points to 71.8% from First Quarter 2017. Net room supply increased by 6.3% (4,800 rooms). The rate of new supply continues to exceed the demand growth, but steady high occupancies point toward a stable market.

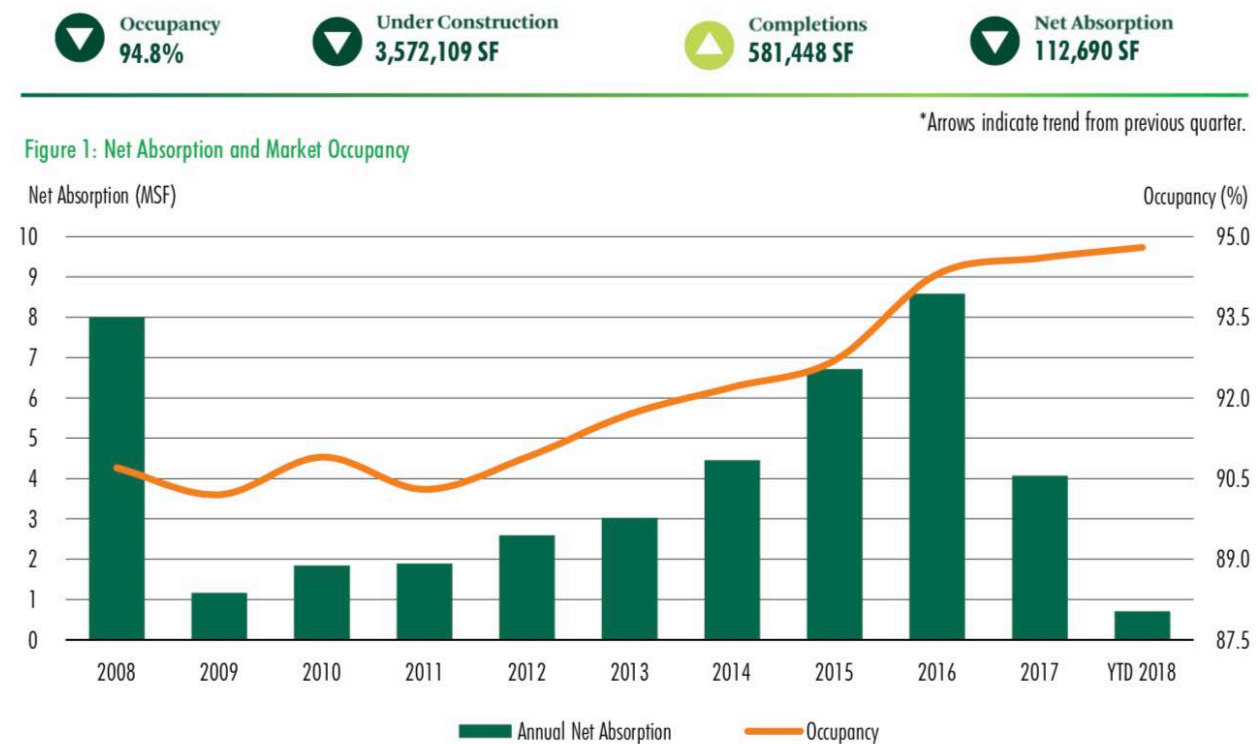
	Year of 2017		1st Q 2017		1st Q 2018		
Metro	Occ %	\$ Rev % Chg	Occ %	\$ Rev % Chg	Occ %	Pt. Chg	\$ Rev % Chg
Abilene	54.4%	6.2%	53.9%	2.4%	58.0%	4.1	2.4%
Amarillo	63.3%	-0.1%	60.4%	8.6%	60.4%	0.0	8.6%
Austin-Round Rock	74.7%	7.9%	75.0%	13.0%	74.4%	-0.6	13.0%
Beaumont-Port Arthur	66.7%	17.3%	61.0%	71.0%	84.2%	23.2	71.0%
Brownsville-Harlingen	56.1%	0.9%	59.8%	9.5%	60.8%	1.0	9.5%
College Station-Bryan	63.2%	8.5%	60.2%	18.0%	58.7%	-1.5	18.0%
Corpus Christi	60.2%	10.0%	54.7%	12.5%	66.3%	11.6	12.5%
Dallas	69.6%	3.1%	72.7%	7.9%	71.8%	-0.9	7.9%
El Paso	65.6%	-2.0%	70.1%	-5.4%	70.1%	0.0	-5.4%
Fort Worth-Arlington	67.8%	4.4%	68.4%	8.6%	69.5%	1.1	8.6%
Houston-Baytown-Sugarland	65.2%	15.7%	62.7%	9.8%	67.1%	4.4	9.8%
Killeen-Temple-Fort Hood	60.9%	7.5%	61.1%	-8.5%	54.8%	-6.3	-8.5%
Laredo	64.3%	6.4%	58.2%	9.6%	66.3%	8.1	9.6%
Longview	52.3%	5.9%	52.1%	2.4%	54.3%	2.2	2.4%
Lubbock	61.1%	-1.4%	58.9%	6.5%	59.5%	0.6	6.5%
McAllen-Edinburg-Pharr	52.2%	-11.7%	56.4%	-4.7%	56.9%	0.5	-4.7%
Midland	66.4%	46.3%	63.7%	98.5%	80.2%	16.5	98.5%
Non Metro	56.2%	14.8%	54.2%	31.1%	61.2%	7.0	31.1%
Odessa	65.7%	80.1%	58.3%	120.6%	74.2%	15.9	120.6%
San Angelo	47.5%	15.8%	50.8%	27.6%	57.3%	6.5	27.6%
San Antonio	62.9%	5.1%	66.2%	8.3%	67.1%	0.9	8.3%
Sherman-Denison	56.4%	6.5%	60.2%	2.0%	62.2%	2.0	2.0%
STATE AVERAGE	64.8%	0.1%	64.7%	12.5%	67.7%	3.0	12.5%
Texarkana (TX)	59.9%	-1.6%	56.7%	3.0%	58.7%	2.0	3.0%
Tyler	55.2%	-0.6%	54.3%	-2.2%	55.2%	0.9	-2.2%
Victoria	61.7%	31.5%	55.4%	37.0%	67.6%	12.2	37.0%
Waco	71.8%	8.6%	69.5%	10.0%	78.4%	8.9	10.0%
Wichita Falls	66.4%	-2.3%	65.6%	-0.1%	64.0%	-1.6	-0.1%

DALLAS/FORT WORTH METROPOLITAN AREA ANALYSIS

In 2017, the Fort Worth-Arlington Metropolitan Division room-nights sold rose 3.2%, cooling slightly from 2016. Rates rose 1.3%, leading to a revenue increase of 4.4%, up to \$923 million. Occupancy retreated 0.6 points to 67.8%. Room supply increased by 3.9% (1,300 rooms). During the same period (2017), Dallas room-nights sold nearly flat at just 0.8%. Average rates increased 2.3% as occupancy declined 2.1 points to 69.6%. As a result, total room revenues rose 3.1% to \$2.1 billion. Net room supply increased by 3.9% (2,900 rooms) to 81,200 rooms.

Retail

Retail momentum remained strong throughout 2017 for the DFW metropolitan area; however, the net absorption declined from 2016 to 2017, with the decline to continue through 2018. Despite the so-called 'death of retail', which includes this year's bankruptcy by Toys R Us returning nearly 350,000 square feet to the local market, DFW's retail fundamentals are strong. Occupancy dipped a mere 10 bps during the quarter. Occupancies continue to increase, even though it is at a slower rate than the previous two years.



Source: CBRE Research, Q2 2018.

While asking rents slowly increased since 2013, the rents appeared to have peaked in 3rd quarter 2017 and have been on a slight decline since. The Dallas Retail Investment Sales Volume has remained nearly the same since 4th quarter 2016, which is down from the prior eight quarters.

DALLAS/FORT WORTH METROPOLITAN AREA ANALYSIS

DALLAS TOTAL									
Absorption (Net, SF)	1,618,615	2,224,018	4,022,621	5,700,158	3,114,680	638,039	132,417	770,456	
Avg. Asking Rent (Annual, Net, \$/SF)	14.07	14.58	15.10	15.31	16.51	16.71	16.71	16.71	
Delivered Construction (SF)	927,046	1,033,553	2,046,668	2,414,103	2,683,370	180,000	344,427	524,427	
Occupancy Rate (%)	91.6	92.0	93.6	94.2	94.6	95.1	94.9	94.9	
FORT WORTH TOTAL									
Absorption (Net, SF)	1,409,667	2,129,421	2,694,848	2,885,492	958,637	(41,988)	(19,727)	(61,715)	
Avg. Asking Rent (Annual, Net, \$/SF)	12.30	12.38	12.97	13.14	14.57	13.89	13.89	13.89	
Delivered Construction (SF)	838,057	1,089,605	1,914,914	1,205,062	1,074,725	-	237,021	237,021	
Occupancy Rate (%)	91.8	92.7	93.4	94.6	94.8	94.7	94.6	94.6	
DFW MARKET TOTAL									
Absorption (Net, SF)	3,028,282	4,458,588	6,717,469	8,585,650	4,073,317	596,051	112,690	708,741	
Avg. Asking Rent (Annual, Net, \$/SF)	13.23	13.81	14.17	14.57	15.83	15.73	15.73	15.73	
Delivered Construction (SF)	1,765,103	2,123,158	4,043,582	3,619,165	3,758,095	180,000	581,448	761,448	
Occupancy Rate (%)	91.7	92.2	92.7	94.3	94.6	94.9	94.8	94.8	

Source: CBRE Research, Q2 2018.

Developers struggle to meet demand for retail space as job growth attracts a flurry of new residents and retailers. An average of 75,000 individuals has moved to the Metroplex in each of the past five years, producing strong demand for retailers. Despite developers bringing more than 21 million square feet of new space online over the past five years, overall vacancy has retreated near a decade low. Tenant expansions have been broad across the Metroplex, but the tightest rates are in submarkets where additions to supply have been limited. East Dallas and Central Dallas boast vacancy rates below 4 percent, with combined additions to inventory totaling less than 1 million square feet. Retail development remains limited in these areas, and projects underway have strong preleasing activity, suggesting that vacancy will remain low in the months to come.

Retail development remains robust in the high growth submarkets of Far North Dallas and North Central Dallas, with more than 1.4 million square feet of space underway. Deliveries are beginning to shift into other areas; with space underway rising in the Mid-Cities as nearly 700,000 square feet is slated for delivery this year, the highest level of deliveries in the past decade.

Retail Trends

Rising interest rates are widening the gap between buyer and seller expectations, but strong competition for available assets in the Metroplex are helping alleviate some upward pressure on cap rates. Owners with exit strategies over the next 12 to 18 months are evaluating when to list assets, as interest rates are set to rise further this year.

Investors are targeting unanchored and shadow anchored strip center assets throughout the Metroplex. Well-located assets with a strong population base and service-oriented tenants are in highest demand. These properties typically generate returns in the mid-6 percent to mid-7 percent span.

Healthy migration trends to North Dallas suburbs have out-of-state investors seeking retail assets in the area. Increased competition for properties here has compressed cap rates. Local investors in search of higher returns are turning to Fort Worth, where cap rates are typically 25 to 50 basis points higher.

Lowest Vacancy Rates 1Q18

SUBMARKET TRENDS

Submarket	Vacancy Rate	Y-O-Y Basis Point Change	Asking Rent	Y-O-Y % Change
East Dallas Outlying	2.4%	-90	\$20.30	4.9%
Central Dallas	3.6%	30	\$22.53	-6.8%
Near North Dallas	4.2%	-50	\$19.02	8.6%
Southeast Dallas	5.0%	30	\$11.99	4.4%
Suburban Fort Worth	5.0%	80	\$14.06	2.9%
West Dallas	5.3%	-10	\$14.55	2.7%
North Central Dallas	5.5%	30	\$22.12	-2.5%
Central Fort Worth	5.7%	30	\$13.29	-0.1%
Mid-Cities	5.8%	100	\$14.94	4.9%
Far North Dallas	6.0%	30	\$16.97	7.1%
Southwest Dallas	6.2%	-70	\$12.67	14.4%
Overall Metro	5.3%	20	\$16.28	3.1%

Source: Marcus and Millichap Retail Research Market Report, Q2 2018

DFW ECONOMY

Market Center/Conventions

Located north of the Dallas Central Business District is the Dallas Market Center. This 150-acre, four building complex is the largest wholesale mart complex in the United States. Since its opening in the early 1950's, this center has grown to include a total of 5.1 million square feet. Approximately 375,000 people visit Dallas Market Center's campus each year including more than 75,000 buyers from all 50 states and 85 countries. An estimated 10,000 people work in Dallas showrooms during major markets. Of this figure, the Market Center employs approximately 220 full-time associates and 125 seasonal or part-time associates.

The Kay Bailey Hutchinson Convention Center (DCC) underwent a \$100 million expansion, completed in 2002. The Convention Center now features the world's largest singular column-free exhibit hall in the world, at 203,000 square feet and comprises one million square feet of exhibit space, ballrooms, meeting rooms, and is the only convention center in the nation to have an art museum on the premises. The latest addition to the Dallas Convention Center is large enough to hold Globe Life Park in Arlington (home to the Texas Rangers), and still have enough room so that the longest home run hit out of the ballpark would still be in the Convention Center. The DCC hosts 3,600 conventions annually and is one of the leading conventions sites in the US bringing more than \$4.2 billion to the Dallas economy.

Dallas/Fort Worth International Airport

The Dallas/Fort Worth International Airport, which opened January 1974, has had an enormous impact on the economy of the DFW Metroplex. Located roughly sixteen miles northwest of the Dallas CBD and employs approximately 60,000 people, the 18,000-acre space is the second largest airport facility in the nation. DFW is currently ranked as “best large airport in America” by the Airports Council International.

The airport has five terminals, seven runways, 165 gates, and 213 destinations. D/FW Airport includes 12 instrument landing approaches and three control towers giving it the capacity of the three New York airports combined. D/FW is the only airport where four planes can land simultaneously. Twenty-five passenger airlines operate out of D/FW, of which ten are commuter airlines, and fifteen are foreign flag airlines. In December 2013, American Airlines merged with US Airways to form the world’s largest airline company, which continues to be based at D/FW.

D/FW International Airport ranks eighth in the world, serving 67,092,224 passengers in 2017, 8,488,020 of which were international travelers. DFW also ranks 3rd in the world in terms of operations and 9th busiest airport in the world for passengers. Approximately 183,814 passengers travel daily through D/FW Airport.

DFW Airport is currently upgrading its four original terminals with a \$2.3 billion dollar "Terminal Renewal and Improvement Program" (TRIP) and is expected to be completed in 2021.

American Airlines makes D/FW its home base with a high number of total passengers on a monthly basis. D/FW Airport is also home to an impressive global distribution center with several cargo carriers, 2.6 million square feet of cargo facilities and a foreign trade zone with direct highway access. Covering more than 250 acres, this area is developing into a full-service free trade zone. Approximately \$39 billion dollars across North Texas is attributable to airport traffic.

Alliance Airport

The Alliance Airport is the world's first industrial/ air cargo and corporate airport in the nation and is designed to serve the needs of business as opposed to passenger service. Alliance Airport is located 15 miles north of downtown Fort Worth, 12 miles northwest of the Dallas/Fort Worth International Airport, and 29 miles to the northwest of downtown Dallas. This project, created by Ross Perot Jr., the city of Fort Worth and the FAA, is a master-planned industrial and commercial facility, which houses more than 140 companies – including over 62 from the Fortune 500, Global 500 and Forbes' List of Top Private Companies. Alliance is the only Foreign Trade Zone in North Texas with combined air, rail, and highway access. In conjunction with the airport, Circle T Ranch, a 2,500-acre master-planned community, and Heritage, a 2,300-acre residential community, are transforming northern Tarrant County into a modern urban environment. Alliance Town Center is becoming the center of activity for the growing North Fort Worth area. The center includes a 500-acre retail center, Heritage Marketplace, luxury apartments, hospitals and more.

Las Colinas

Located on major traffic routes between the Dallas/Fort Worth International Airport, downtown Dallas, and the dense residential area of North Dallas, Las Colinas has become one of the major mixed-use developments in the nation. This master planned community covers approximately 12,000 acres within the city of Irving. With 22.5 million square feet of office space, Las Colinas is currently home to more than 2,000 corporations and 400 corporate headquarters, including the global headquarters of multiple Fortune 500 and 100 companies. Las Colinas features three private country clubs and four championship golf courses surrounded by residential communities. The Four Seasons Las Colinas Resort has hosted the PGAs Byron Nelson Championship from 1986 to 2018, when it relocated to the Trinity Forest Golf Club in southeast Dallas. Las Colinas also contains high-rise office towers, retail centers, apartment complexes, and leisure facilities. There are 56 small lakes and water amenities throughout the development, jogging trails, public and private parks, museums, colleges, hospitals, country clubs and cultural and recreational institutions.

DALLAS/FORT WORTH QUALITY OF LIFE

Education

Educational facilities offered by the City of Dallas and the surrounding areas have grown to keep pace with the increasing population. According to the Dallas Chamber, the DFW MSA consisted of almost 205 public school districts and over 2,000 schools with a total enrollment of over 1.2 million. The Dallas and Fort Worth Independent School districts ranked 12th among the largest school districts in the nation.

Twenty, four-year colleges and universities, and six community college districts with a combined total 20 campuses are within one hundred miles of the DFW MSA. Several notable institutions of higher education are located within the MSA.

- Dallas Baptist University
- Texas Christian University
- Texas Wesleyan University
- Baylor College of Dentistry
- Southern Methodist University
- Texas A&M University - Commerce
- University of Dallas
- University of North Texas
- Texas Woman's University
- University of Texas at Dallas
- University of Texas at Arlington
- University of Texas Southwestern Medical Center

Along with these colleges and universities are 68 technical and vocational programs in the Dallas/Fort Worth area. More than 1.4 million full- and part-time students attend public and private four-year colleges, universities, professional schools, community colleges or senior and graduate level institutions located in this region.

Recreation

Dallas and Fort Worth both offer a wide range of recreational and cultural amenities. Located within 100 miles of DFW are 406 area parks encompassing almost 23,000 acres and more than 60 lakes and reservoirs covering approximately 550,000 acres. DFW has more than 175 museums and galleries, 50 pro and community theatres and dozens of local symphony and chamber orchestras, ballet groups and opera associations. The Dallas Arts District, a sixty-acre section of the Dallas Central Business District, is taking shape into what is expected to become a major focal point in the Dallas arts community. Anchored by the Dallas Museum of Art, the Meyerson Symphony Center, and Nasher Sculptor Garden, the Dallas Arts District is the largest urban arts district in the country.

The Fort Worth Cultural District is home to several museums that are applauded for their architecture and the quality of their collections. Such museums include the Amon Carter Museum of American Art, Kimbell Art Museum, Modern Art Museum of Fort Worth, National Cowgirl Museum and Hall of Fame, Cattle Raisers Museum, and the Fort Worth Museum of Science and History.

Downtown Fort Worth encompasses Sundance Square in thirty-five historic blocks where people live, work, stay, and play. Sundance Square is filled with great places to eat, shops and galleries, night clubs, live music and theater, Bass Performance Hall, and more.

The Fort Worth Stockyards is a nationally recognized historic district and is a major tourist attraction in the area. Stockyards Station is the only location that holds a daily longhorn cattle drive, the Fort Worth Herd. Cowboys drive the herd down East Exchange Avenue twice daily. The Stockyards is also home to the world's first indoor rodeo and opens the doors Friday and Saturday nights. Billy Bob's Texas, once a barn for prize cattle during the stock shows, is now 100,000 square feet where you can enjoy real bull riding, games, and performances by some of the biggest country music artists.

Dallas/Fort Worth is host to a wide range of sporting events throughout the year: home to the Dallas Cowboys, Texas Rangers, Dallas Mavericks, Dallas Stars, and FC Dallas Soccer. The area is also host to the Cotton Bowl (Arlington), AT&T Byron Nelson Golf Tournament (Dallas), Colonial Golf Tournament (Fort Worth), and the Mesquite Rodeo (Mesquite).

Texas Motor Speedway, a development of Bruton Smith, city of Fort Worth and Denton County, opened in 1997. This facility, located at State Highway 114 and Interstate 35W, has a capacity of 200,000 persons. TMS draws huge crowds and lends to accelerated development to the area north of Alliance Airport. Major events to TMS are the NASCAR Nextel Cup, Samsung/Radio Shack 500, Dickies 500, NASCAR Busch Grand National Series, O'Reilly 300, O'Reilly Challenge, IRL, and the Bombardier Learjet 500.

Lone Star Park, a class I horse racing facility, opened in Grand Prairie in 1997. The facility is located on Belt Line Road just to the north of Interstate 30. Lone Star Park covers 315 acres, includes a 36,000 square foot pavilion for simulcasting, and a seven story, 280,000 square foot grandstand with a capacity of roughly 8,000 people. The track has a one-mile dirt oval and a 7-furlong turf track and has accommodations for 1,600 horses across 32 barns. In 2004, it was the site of the Breeder's Cup, becoming the ninth race track to ever host a Breeders' Cup. At only seven years old, Lone Star Park is the youngest track to host the event.

Health Care

The city of Dallas excels in offering health care and medical related research facilities to the Southwest. Baylor Health Care Systems has been named 18th among the nation's Top 100 integrated health care networks by SDI, a leading health care market insight and analytics firm and the nation's premier rating system for IHN's. The Southwest Medical School of the University of Texas was ranked 26th among research medical schools and 19rd among primary care medical schools in the nation. Also, located in the Dallas area is the Wadley Institute of Molecular Medicine blood disease and cancer research facilities, and the headquarters for the American Heart Association, and the American Association for Respiratory Therapy. Baylor College of Medicine is ranked 16th in medical research and 5th in primary care. Parkland Memorial Hospital ranks in the top 50 in five different medical fields. In August 2015, a 2.8 million square foot Parkland campus was opened and is twice the size of the former hospital.

Medical facilities in Fort Worth include: Baylor Health System, Cook's Children Health Care System, University of North Texas Health Science Center at Fort Worth, JPS Hospital, Plaza Medical Center of Fort Worth, The Center for Cancer and Blood Disorders, and Texas Health Harris Methodist Hospital Fort Worth.

Infrastructure

Water and wastewater needs are supplied by Dallas Water Utilities, North Texas Municipal Water District, Trinity River Authority, and Tarrant Regional Water District.

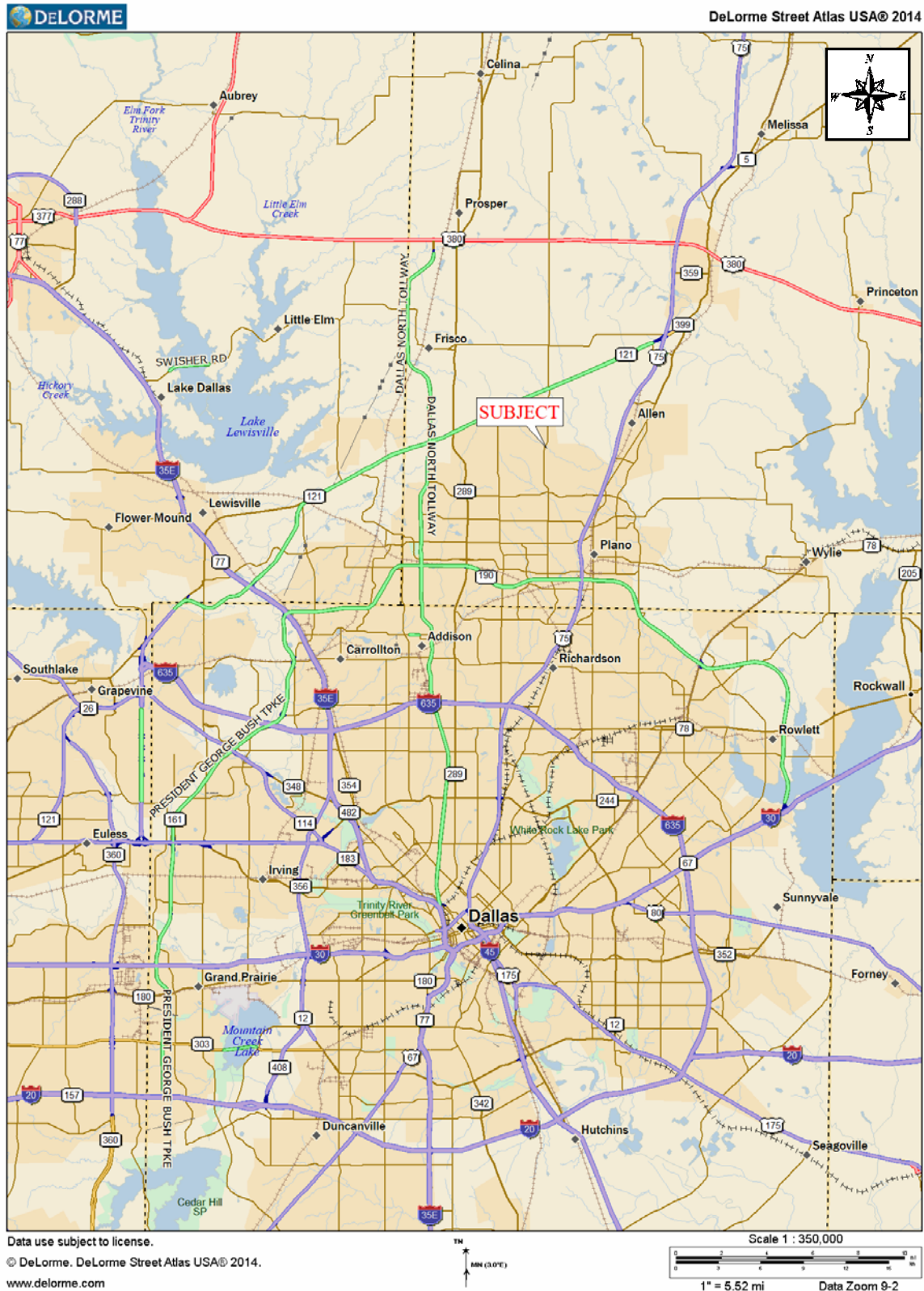
CONCLUSIONS

The foregoing city data and local area economic base activity are presented to establish growth and income patterns, which materially affect real estate development, real estate sales volume and value. The Dallas/Fort Worth area, based upon past performances and reasonable forecasts, should continue an upward growth trend, both in population and employment, particularly in the suburban cities.

As population in the suburban communities continues to increase, and as traffic in and around the Central Core becomes more congested, both residents and local firms are beginning to look toward new, outlying employment centers. This is especially seen in North Dallas along the LBJ Freeway/Dallas Parkway Corridors as well as master planned areas such as Las Colinas and Legacy Business Park.

In 2008, the Metroplex saw a record number of single-family home foreclosures. The meltdown of the subprime lending market and collapse of major financial institutions virtually halted commercial and residential lending. Development trends from 2007 through 2009 were downward and sales volumes slowed dramatically. Markets began to stabilize in 2010. Recovery has been strong in most property sectors. Overall, the Texas economy is proving more resilient as compared to Florida, Arizona, Nevada, and California, and continues to be a leading real estate market in the U.S.

REGIONAL MAP



A **market area**, as defined in *The Dictionary of Real Estate Appraisal*, 5th Edition, copyrighted 2010, is:

“The area associated with a subject property that contains its direct competition.”

When analyzing value influences, the focus is on market area. A market area is defined in terms of the market for a specific category of real estate and thus, is the area in which alternative, similar properties effectively compete with the subject property in the minds of probably, potential purchasers, and users. A market area can encompass one or multiple neighborhoods or districts.

MARKET AREA INFLUENCES

The subject property is located in Allen, Texas, situated in southwest Collin County. The subject market area is influenced by continued suburban sprawl with reported expanding residential developments and corporate relocations to the area. Area analyses and subject vicinity are presented in the following pages.

Location

The subject is located at the southwest corner of Old Custer Road and Wimbledon Drive, which is near the southwest corner of the city limits of Allen, Collin County, Texas.

Traffic Routes

The site is located 2.65 miles south of SH 121, 2.95 miles west of US Highway 75, and approximately five miles north of the President George Bush Turnpike. Several major area thoroughfares and secondary roadways also service the neighborhood.

Land Uses and Description

The subject is located in the southwest portion of Allen, with commercial development along the major thoroughfares of the area. The commercial corridors in the neighborhood have enjoyed a period of pronounced growth and development over the past 20 years. Situated interior from the major thoroughfares is predominately single-family residential uses. The city of Plano is located south and west of the subject location which has similar land uses.

AREA DEMOGRAPHICS

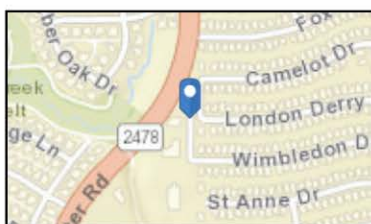
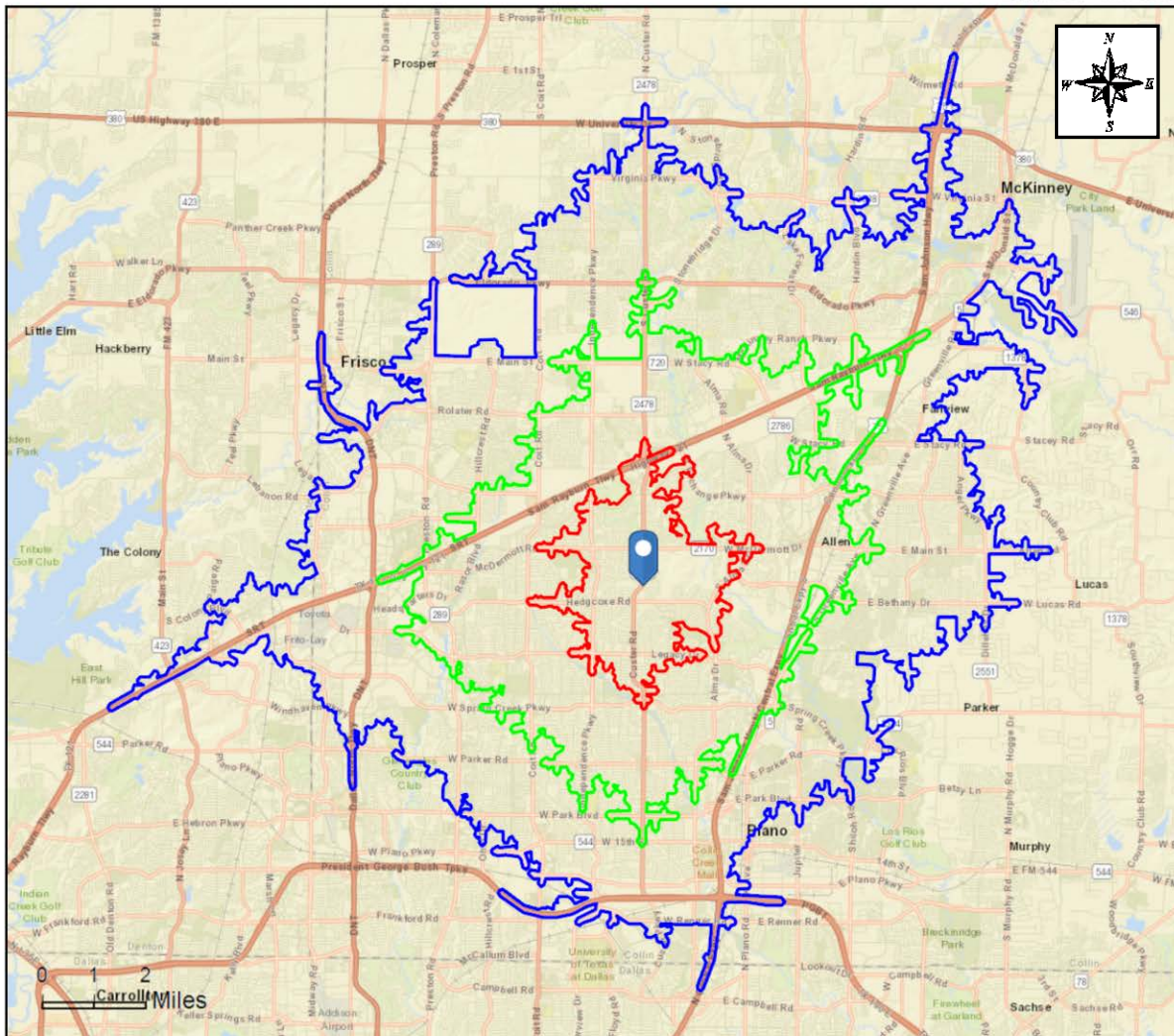
The following Executive Summary provided by Site To Do Business provides demographic and income data for 5-minute, 10-minute, and 15-minute drive times centered on the subject's location.



Site Map

Old Custer Rd, Allen, Texas, 75013
Drive Time Bands: 0-5, 5-10, 10-15 minute radii

Prepared by Esri
Latitude: 33.09010
Longitude: -96.73350



June 05, 2019



Executive Summary

Old Custer Rd, Allen, Texas, 75013
Drive Time Bands: 0-5, 5-10, 10-15 minute radii

Prepared by Esri
Latitude: 33.09010
Longitude: -96.73350

	0 - 5 minute	5 - 10 minute	10 - 15 minute
Population			
2000 Population	32,591	89,493	158,621
2010 Population	42,657	124,392	269,592
2018 Population	47,926	154,979	338,318
2023 Population	50,969	172,535	380,744
2000-2010 Annual Rate	2.73%	3.35%	5.45%
2010-2018 Annual Rate	1.42%	2.70%	2.79%
2018-2023 Annual Rate	1.24%	2.17%	2.39%
2018 Male Population	48.7%	48.5%	48.9%
2018 Female Population	51.3%	51.5%	51.1%
2018 Median Age	38.5	37.5	35.5

In the identified area, the current year population is 338,318. In 2010, the Census count in the area was 269,592. The rate of change since 2010 was 2.79% annually. The five-year projection for the population in the area is 380,744 representing a change of 2.39% annually from 2018 to 2023. Currently, the population is 48.9% male and 51.1% female.

Median Age

The median age in this area is 38.5, compared to U.S. median age of 38.3.

Households

2000 Households	10,981	32,258	57,058
2010 Households	14,718	46,186	99,408
2018 Total Households	16,295	57,226	124,166
2023 Total Households	17,220	63,788	139,332
2000-2010 Annual Rate	2.97%	3.65%	5.71%
2010-2018 Annual Rate	1.24%	2.63%	2.73%
2018-2023 Annual Rate	1.11%	2.19%	2.33%
2018 Average Household Size	2.94	2.70	2.72

The household count in this area has changed from 99,408 in 2010 to 124,166 in the current year, a change of 2.73% annually. The five-year projection of households is 139,332, a change of 2.33% annually from the current year total. Average household size is currently 2.72, compared to 2.70 in the year 2010. The number of families in the current year is 87,636 in the specified area.

Median Household Income

2018 Median Household Income	\$119,395	\$102,902	\$92,280
2023 Median Household Income	\$124,592	\$107,333	\$100,639
2018-2023 Annual Rate	0.86%	0.85%	1.75%

Average Household Income

2018 Average Household Income	\$147,839	\$130,343	\$116,319
2023 Average Household Income	\$160,904	\$141,663	\$128,498
2018-2023 Annual Rate	1.71%	1.68%	2.01%

Per Capita Income

2018 Per Capita Income	\$50,250	\$48,254	\$42,774
2023 Per Capita Income	\$54,299	\$52,499	\$47,113
2018-2023 Annual Rate	1.56%	1.70%	1.95%

Households by Income

Current median household income is \$92,280 in the area, compared to \$58,100 for all U.S. households. Median household income is projected to be \$100,639 in five years, compared to \$65,727 for all U.S. households.

Current average household income is \$116,319 in this area, compared to \$83,694 for all U.S. households. Average household income is projected to be \$128,498 in five years, compared to \$96,109 for all U.S. households.

Current per capita income is \$42,774 in the area, compared to the U.S. per capita income of \$31,950. The per capita income is projected to be \$47,113 in five years, compared to \$36,530 for all U.S. households.

Housing

2000 Total Housing Units	11,947	34,758	61,391
2000 Owner Occupied Housing Units	9,411	23,694	40,115
2000 Renter Occupied Housing Units	1,570	8,564	16,943
2000 Vacant Housing Units	966	2,500	4,333
2010 Total Housing Units	15,147	48,375	105,038
2010 Owner Occupied Housing Units	11,551	31,163	64,855
2010 Renter Occupied Housing Units	3,167	15,023	34,553
2010 Vacant Housing Units	429	2,189	5,630
2018 Total Housing Units	16,611	60,595	130,557
2018 Owner Occupied Housing Units	12,229	36,662	75,050
2018 Renter Occupied Housing Units	4,065	20,564	49,116
2018 Vacant Housing Units	316	3,369	6,391
2023 Total Housing Units	17,503	67,598	145,021
2023 Owner Occupied Housing Units	13,169	40,923	84,623
2023 Renter Occupied Housing Units	4,051	22,865	54,709
2023 Vacant Housing Units	283	3,810	5,689

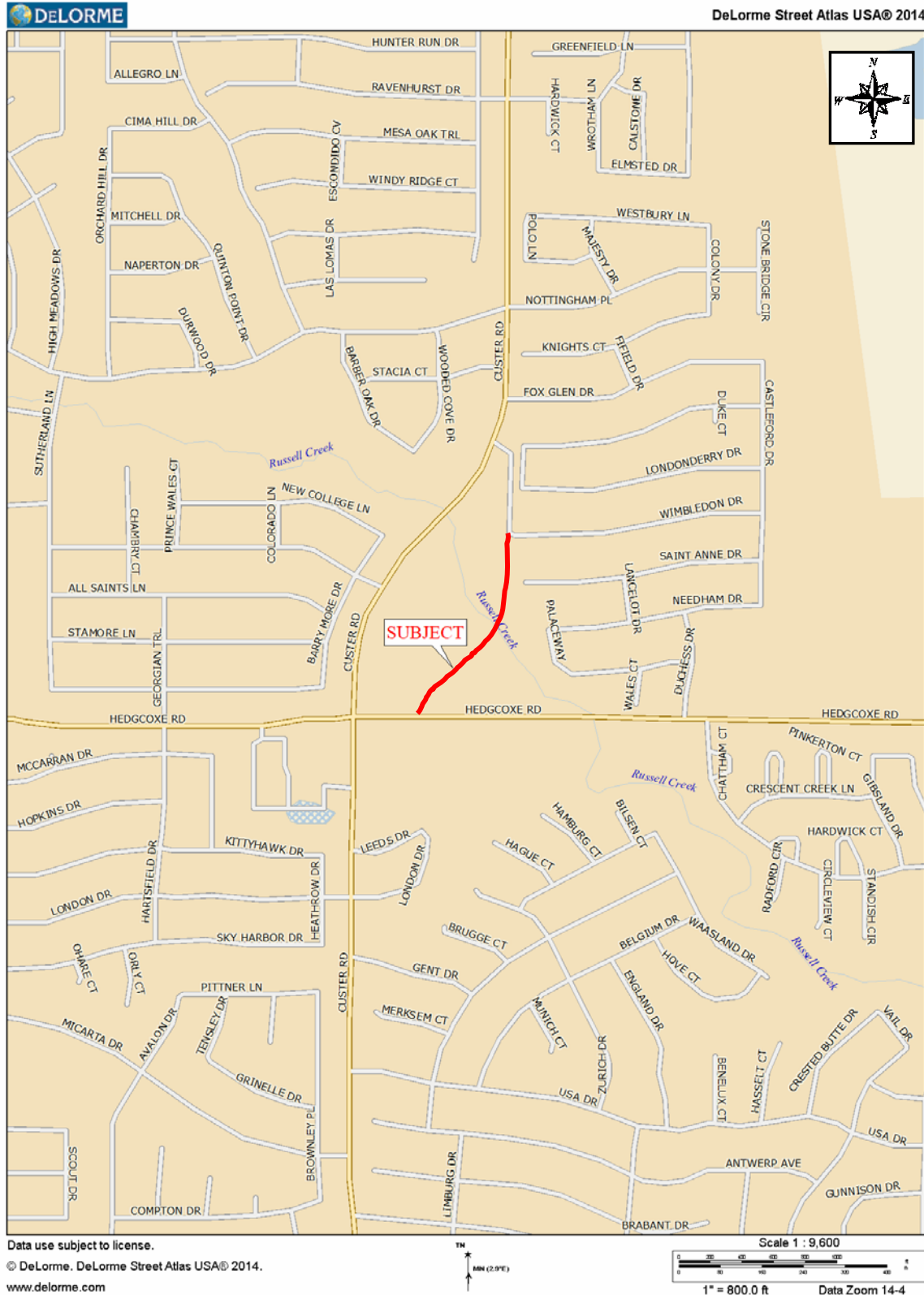
Currently, 57.5% of the 130,557 housing units in the area are owner occupied; 37.6%, renter occupied; and 4.9% are vacant. Currently, in the U.S., 56.0% of the housing units in the area are owner occupied; 32.8% are renter occupied; and 11.2% are vacant. In 2010, there were 105,038 housing units in the area - 61.7% owner occupied, 32.9% renter occupied, and 5.4% vacant. The annual rate of change in housing units since 2010 is 10.15%. Median home value in the area is \$240,485, compared to a median home value of \$218,492 for the U.S. In five years, median value is projected to change by 1.74% annually to \$262,085.

CONCLUSION

The transportation network in the area is good and surrounding land uses are considered to be compatible and homogenous. The subject area is in a stable phase of development and in proximity to employment centers and quality schools and services with few improvements needing repairs and/or renovations. Consequently, some new construction, as well as renovation of older properties, is more likely to occur within the subject area in the near future. Additionally, there appears to be no detrimental influences upon the area that would inhibit the income-producing capabilities of the improved properties. The long-term prospects for the area and the subject property are positive.

No noticeable nuisances or hazards are in the area and the majority of improvements are in the early to middle stages of economic life, and sufficient area services are accessible to service the community.

LOCATION MAP



The subject is a vacant tract of land located at the southwest corner of Old Custer Road and Wimbledon Drive, Allen, Collin County, Texas.

SITE DATA

Dimensions/Frontage

According to Collin Central Appraisal District records, the subject tract is a narrow, elongated, abandoned right-of-way, and contains 111,383 square feet, or 2.557 acres. The subject fronts the northern line of Hedgcoxe Road for approximately 200 linear feet, and the southern line of Wimbledon Drive for approximately 90 feet. Hedgcoxe Road is a four-lane, divided thoroughfare. Wimbledon Drive is a two-lane, undivided street.

The subject is approximately 1,245 feet in length, through the center of the tract, north to south.

Access/Abutting uses

Access (ingress and egress) to the site is available via a singular curb cut along the northern line of Hedgcoxe Road; the north entry is currently blocked for access. The subject abuts educational facilities and single family residential developments to the north, a single family residential development, a vacant tract of land, and an elementary school to the east, retail applications and a single family residential development to the south across Hedgcoxe, and commercial and retail applications, and a single family residential development to the west.

Topography

The topography of the tract is slightly sloped and at street grade, with a creek bed running east to west at the center of the tract; the topography is not problematic to development.

Flood Plain

According to FEMA flood hazard map 48085C0380K dated June 7, 2017, the majority of the subject is determined to be outside the 100-year floodplain, being within Zone 'X'. However, as Russell Creek runs across the width of the tract, that narrow portion of the subject is within the 100-year flood plain. Drainage of the site appears natural and adequate. No guaranty is made that the site will or will not flood. A hydrological study or survey is required for confirmation of flood-designated boundaries. Reference the subsequent exhibits for a copy of the area flood map.

Environmental Hazards

To our knowledge, a Phase I Environmental Site Assessment has not been completed for the subject property as of the date of inspection. A current Phase I ESA is recommended. The subject is appraised predicated on the absence of detrimental environmental conditions. Should contaminants be present the conclusions in the report would be invalidated.

Utilities/Community Services

Electricity, gas, water, sanitary sewer, and phone services are available to the subject. Electric services are provided by various deregulated service providers, with telecommunication services being provided by various providers. Atmos Energy supplies natural gas services. Water and wastewater services are provided by the city of Allen. Police and fire protection are provided by the city of Allen. The property is located within the Plano Independent School District.

Zoning

The subject is an abandoned right of way, which is owned by the Texas Department of Transportation. Roadways are not zoned in the city of Allen. Properties to the west of the subject are zoned commercial and retail, while the properties located to the east are zoned residential and open agricultural.

Soils, Development Limitation, and Productivity

This report assumes the soils are capable of supporting the structures, as numerous improvements are located within the subject area and adjoining area. A study of the development, limitations, and productivity were not completed in this appraisal report, as it is not necessary to the scope of the appraisal.

Easements

A survey of the site is available for analysis. This valuation concludes that utility and access easements typical of this property type are present and that no detrimental easement conditions exist. This should not be considered as a guaranty or warranty, however, that adverse easements do not exist. Were the property to have any easements detrimental to the subject, the opinion of value concluded herein may be invalid.

Deed Restrictions

To our knowledge, no deed restrictions affect or limit the use of the property; however, this should not be considered as a guaranty or warranty that no such restrictions exist. Deed restrictions are a legal matter: normally discoverable only by a title search by a title attorney. It is recommended that a title search be made if any questions regarding deed restrictions arise.

Wetlands

No visual evidence was observed to indicate whether wetlands exist on the subject site. Wetlands, as defined by Section 404 of the Clean Water Act, are those areas that are inundated or saturated by surface or groundwater at a frequency and duration sufficient to support, and under normal circumstances do support, a prevalence of vegetation typically adapted for life in saturated soil conditions. Swamps, bogs, fens, marshes, and estuaries are subject to federal environmental law.

REAL ESTATE TAX ANALYSIS

The Texas legislature created a system of centralized appraisal districts for each Texas county so that all real estate within a given county is valued for tax purposes through a standard appraisal process. Property assessments are based on market value. Property valuations under the central appraisal district system became effective in 1982.

In Collin County, the Collin Central Appraisal District is responsible for ad valorem tax appraisals of all real estate within the county. Based on the ad valorem tax appraisal, various tax districts levy annual taxes on property located within their respective districts. Typical taxing jurisdictions include assessments from the county, city, and school districts in which the property is located. The total ad valorem tax burden is the sum of the assessments for the various taxing authorities. The subject property is the Old Custer Road right of way, which is owned by the Texas Department of Transportation. As a city roadway, the subject is not assigned a parcel number and is not assessed a property value for the purposes of taxes. The basis of the below information is on surrounding properties, all of which are located within the city of Allen.

The subject property is situated within the city of Allen and falls within the taxing jurisdictions of the City of Allen, Collin County, Collin County Community College, and the Plano ISD. Pertinent 2018 tax rates for the subject are detailed below. 2019 tax rates are not available.

2018 TAX RATES (per \$100)	
City of Allen	\$ 0.498000
Collin County	\$ 0.180785
Collin County Community College	\$ 0.081222
Plano ISD	\$ 1.439000
Total	\$ 2.199007

The following properties are used to determine an appropriate land value:

TAX COMPARABLES			
Address	Assessed Value	Square Feet	Value per SF
2060 Hedgcoxe Road	\$1,744,852	193,872	\$9.00
600 Old Custer Road	\$743,308	135,384	\$5.49
598 Old Custer Road	\$465,656	46,566	\$10.00
SUBJECT		111,383	

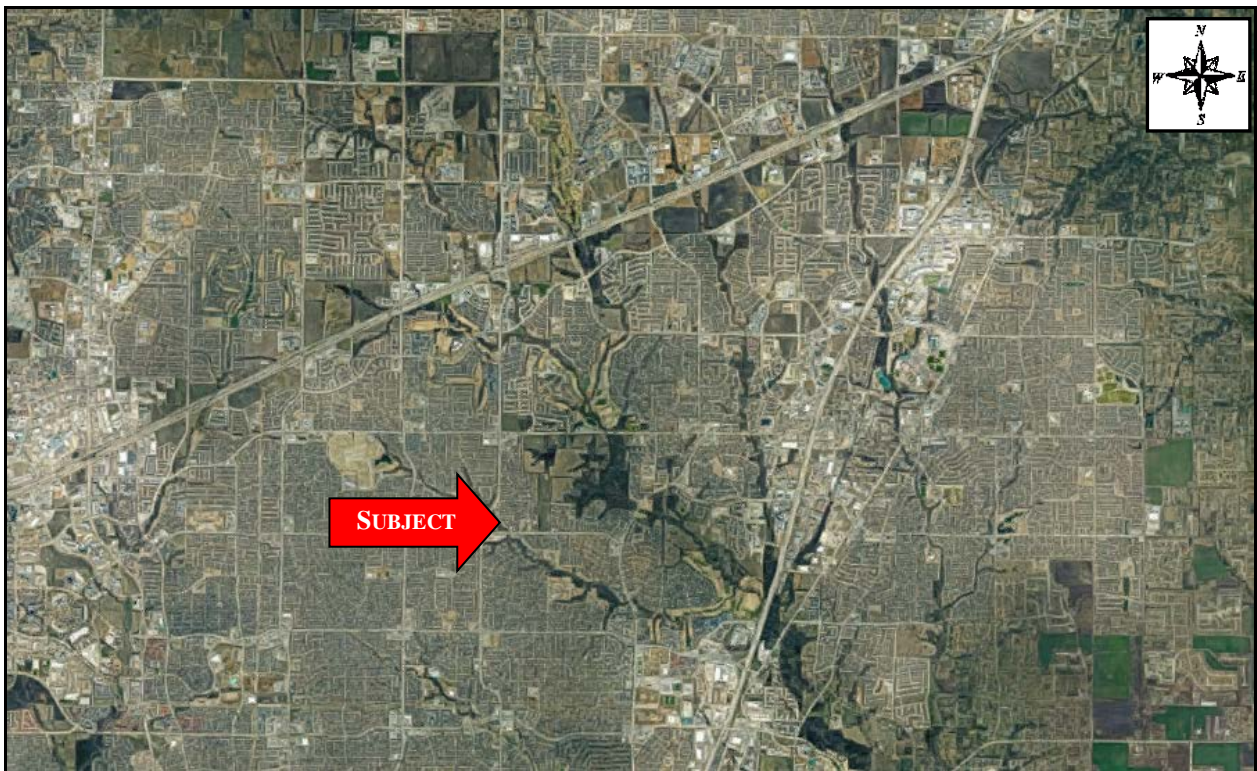
Based on the preceding comparables, and the assemblage nature of the subjects highest and best use, the assessed value is approximated at the bottom of the range at \$5.50 per square foot. Using the pertinent tax rates, the subject's annual tax liability is calculated as follows:

Value per SF	Estimated Value	Estimated Liability
\$5.50	\$612,607	\$ 13,471

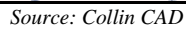
Based on the comparables, the estimated assessed value is \$612,607 , which equates to \$8.00 per square foot. The tax liability is estimated to be \$13,471.

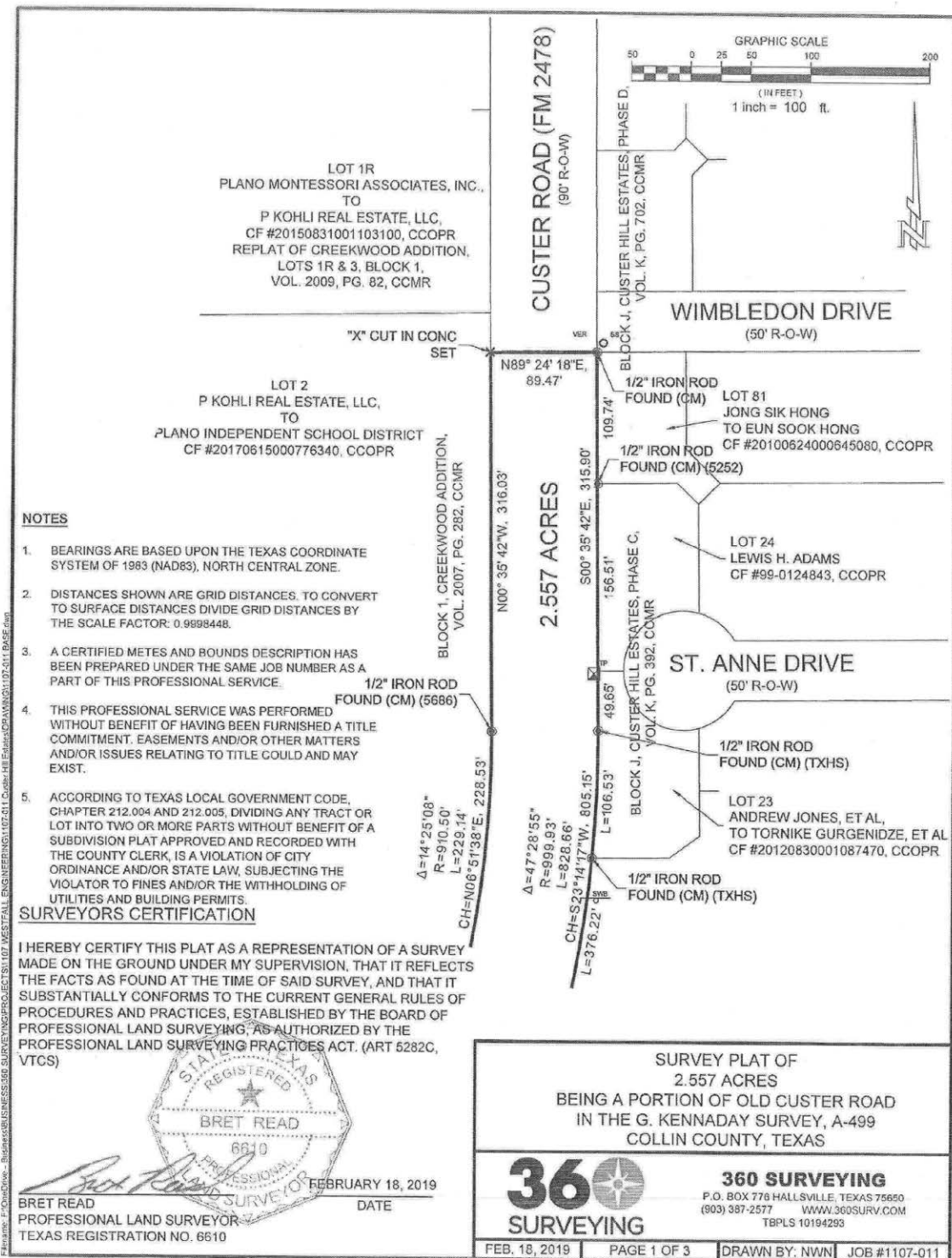


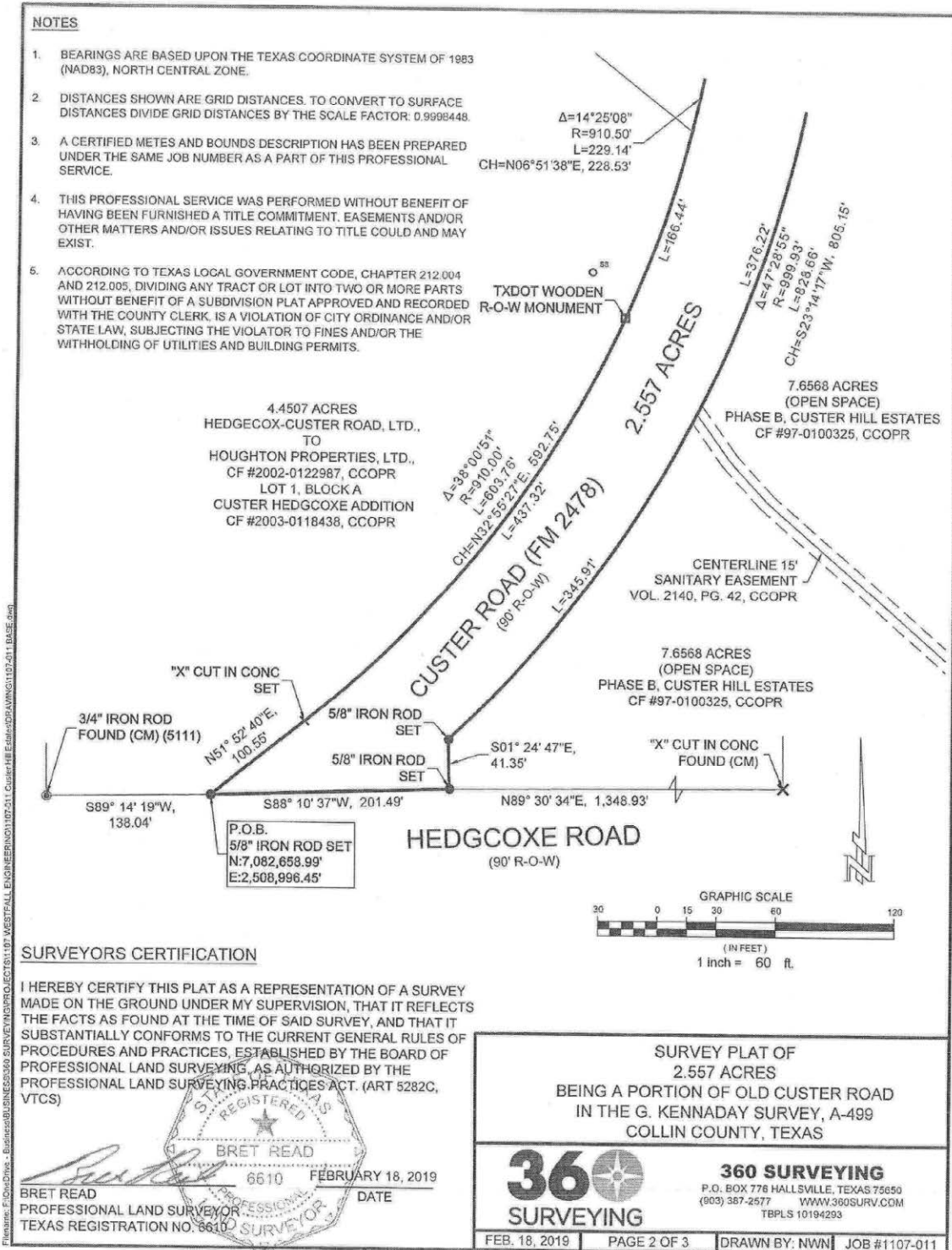
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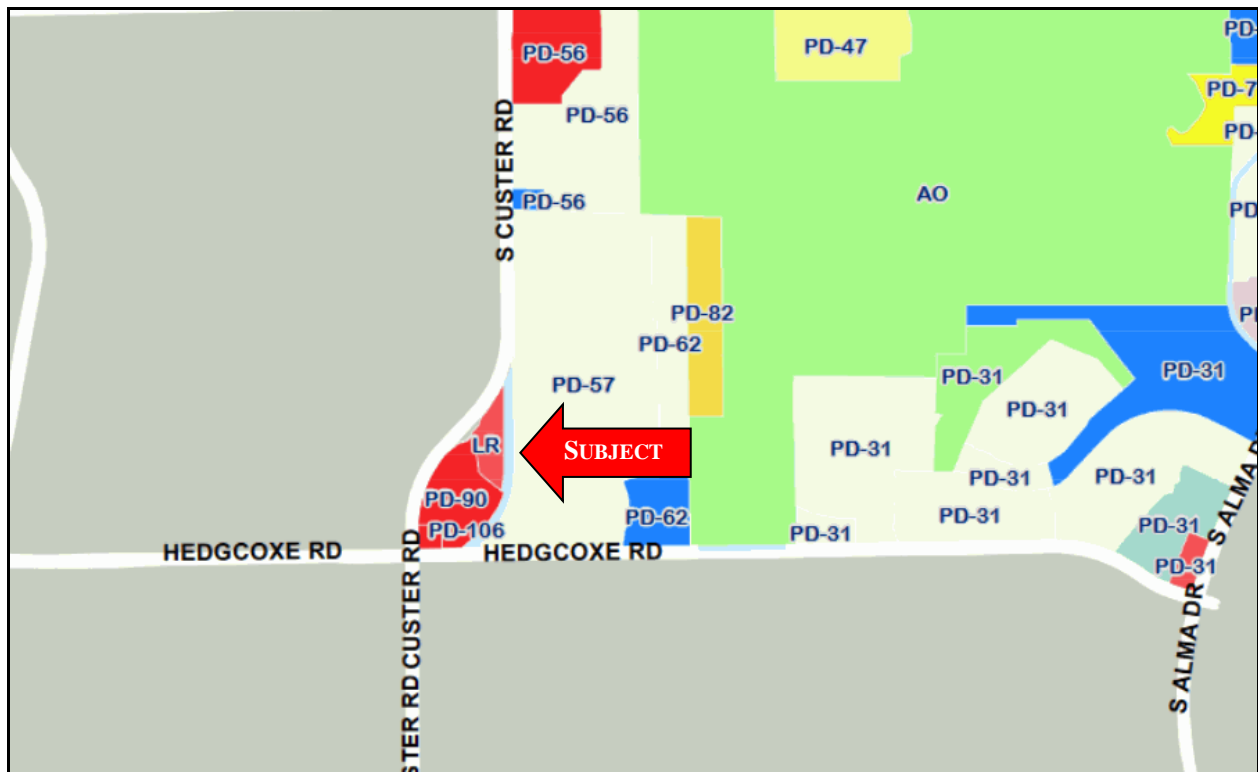


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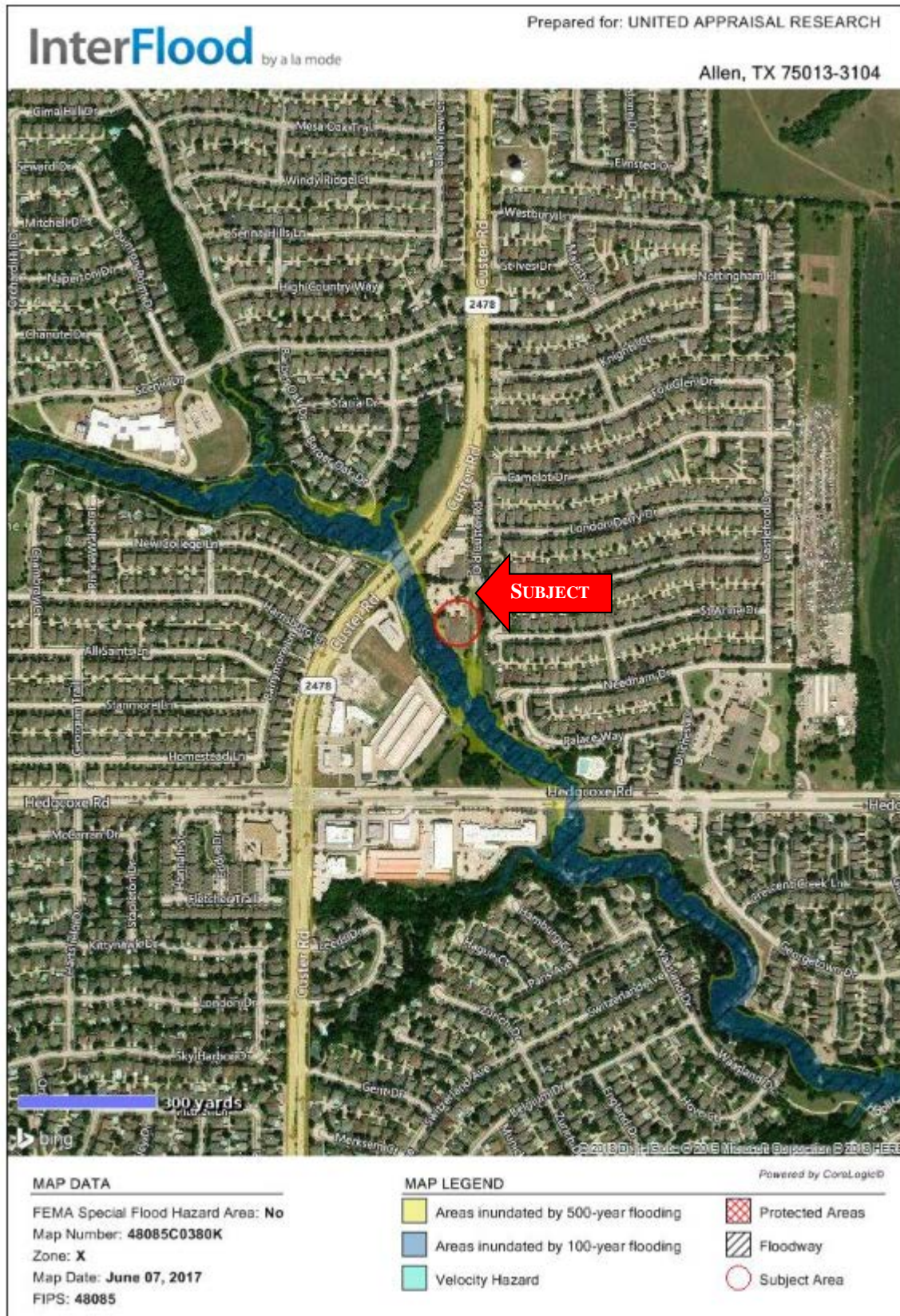








It should be noted that the site is not zoned as it is a public right of way for Old Custer Road, and is owned by the Texas Department of Transportation. The zoning map is presented to show the zoning districts that surround the subject site. The PD-57 district (shown in white) to the east of the subject has been developed into a single-family residential neighborhood. The PD-90, LR, and PD-106 districts (in red) to the west of the subjects have been developed into a neighborhood retail center, convenience station, and a self-storage facility.



SUBJECT PHOTOGRAPHS

PHOTOGRAPHED ON JUNE 7, 2019



Southwesterly view from center of tract.



Northeasterly view from center of tract.



Southerly view from Wimbledon Drive.



Northerly view looking toward Wimbledon Drive.



Easterly view along Hedgcoxe Road; subject is to the left.



Westerly view along Hedgcoxe Road; subject is to the right.

One of the basic elements of real estate valuation is the theory of highest, best, and most profitable use.

As quoted from The Dictionary of Real Estate Appraisal, copyright 1984, highest and best use is defined as that reasonable and probable use that supports the highest present value of vacant land or improved property, as defined, as of the effective date of the appraisal.

Or, as defined in the Appraisal of Real Estate, 14th Edition (copyrighted 2013), the reasonably probable and legal use of vacant land or improved property, which is physically possible, appropriately supported, financially feasible, and which results in highest land value.

These definitions recognize that in cases where a site has existing improvements on it, the highest and best use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use.

Because the use of land can be limited by the presence of improvements, highest and best use is determined separately for the land or site as though vacant and available to be put to its highest and best use, and for the property as improved.

In appraisal practice, highest and best use analysis not only identifies the use of the property expected to produce the maximum net present value, but also helps the appraiser select comparable properties.

Four basic criteria are examined in estimating the Highest and Best Use of a property both as vacant and as improved. These stages of analysis are as follows:

- a) Possible Use - the uses to which it is physically possible to put on the site in question.
- b) Permissible Use (Legal) - the uses that are permitted by zoning and deed restrictions on the site in question.
- c) Feasible Use - the possible and permissible uses that will produce any net return to the owner of the site.
- d) Highest and Best Use - among the feasible uses, the use that will produce the highest net return on the highest present worth.

The highest and best use of a specific parcel of land is not determined through subjective analysis by the property owner, the developer, or the appraiser; rather, highest and best use is shaped by the competitive forces within the market where the property is located. Therefore, the analysis and interpretation of highest and best use is an economic study of market forces focused on the subject property.

Market forces also shape market value, so the general data that are collected and analyzed to derive an opinion of market value are also used to formulate an opinion of the property's highest and best use as of the appraisal date.

SITE, AS VACANT

According to the Collin Central Appraisal District, the subject tract is a narrow, elongated, abandoned right-of-way, and contains 111,383 square feet, or 2.557 acres. The subject fronts the northern line of Hedgcoxe Road for approximately 200 linear feet, and the southern line of Wimbledon Drive for approximately 90 feet.

The subject abuts educational facilities and single family residential developments to the north, a single family residential development, a vacant tract of land, and an elementary school to the east, retail applications and a single family residential development to the south, and commercial and retail applications, and a single family residential development to the west.

Physically Possible

In arriving at our opinion of highest and best use for the improved subject site, it was first necessary to determine if the physical characteristics of the site - such as soil conditions, topography, shape, and frontage were favorable for development. Soil conditions in the region are adequate for urban development provided appropriate engineering, design, and construction. According to FEMA flood hazard map 48085C0380K, dated June 7, 2017, the subject is determined to be outside the 100-year floodplain, being within Zone 'X'. However, as Russell Creek runs across the width of the tract, that narrow portion of the subject is within the 100-year flood plain. No guaranty is made that the site will or will not flood. A hydrological study or survey is required for confirmation of flood-designated boundaries. The tract is of sufficient size to be economically adaptable for development and benefits from adequate frontage and accessibility. Thus, the physical characteristics impose no limitations to possible development.

Legally Permissible

The subject is an abandoned right of way known as Old Custer Road, which is owned by the Texas Department of Transportation. Roadways are not zoned in the city of Allen. The surrounding zoning indicates a propensity to commercial and retail development.

Financially Feasible

As defined in The Dictionary of Real Estate Appraisal, Fourth Edition, 2002, is “the ability of a property to generate sufficient income to support the use for which it was designed”.

The surrounding properties and land uses are considered for compatibility in determination of feasible use. Based on the land usage pattern of the surrounding area, the layout, location, and frontage/visibility of the site, the most feasible use is considered to be to commercial or retail development.

Maximally Productive

The financially feasible use of the subject site would be for commercial or retail development. Based upon the location in Allen, and nearby commercial tracts, commercial or retail development is considered most logical. However, given the shape of the subject, development applications are limited for the subject. As such, the maximally productive use of the subject is as an assemblage parcel to combine with a commercially zoned application.

SUMMARY OF HIGHEST AND BEST USE, AS VACANT

The highest and best use of the subject would be as an assemblage parcel to combine with another commercially zoned application, as demand warrants.

Use: as an assemblage parcel to combine with a commercially zoned application

Timing: as demand warrants

Market Participants:

User: owner

Most Probable Buyer: owner, developer

DATA COLLECTION PROCESS

For purposes of this report, the subject market was researched for all pertinent data relating to the appraisal problem as stated below. This process typically includes collecting and confirming data through local real estate brokers, appraisers, property owners, lessee/lessors, and others familiar with the local real estate market. The information provided by these sources is deemed reliable but is not guaranteed.

The rendered opinion of market value of a property that is being appraised is accomplished by the comparison and analysis of as many appraisal techniques as are appropriate. The following approaches are generally used to produce value indications.

Cost Approach: The value indication by this approach is accomplished by estimating the Reproduction (or Replacement) Cost New of the improvements and deducting accrued depreciation from all causes, if any. The value of the land (by comparison) is then added to this depreciated cost figure.

The cost approach is based on the premise that the value of a property can be indicated by the current cost to construct a reproduction or replacement for the improvements minus the amount of depreciation evident in the structures from all causes plus the value of the land and entrepreneurial profit. This approach to value is particularly useful for appraising new or nearly new improvements.

Sales Comparison Approach: The comparison of similar properties, which have sold in the marketplace, is used to produce an indication of value. The comparison may be either direct or indirect with commonly accepted units or elements of comparison.

The sales comparison approach is founded upon the principle of substitution, which holds that the cost to acquire an equally desirable substitute property without undue delay ordinarily sets the upper limit of value. At any given time, prices paid for comparable properties are construed to reflect the value of the property appraised. The validity of a value indication derived by this approach is heavily dependent upon the availability of data on recent sales of properties similar in location, size, and utility to the appraised property.

Income Capitalization Approach: This approach to value is applicable to properties capable of producing a net income stream. The net income stream is translated into a value indication through the capitalization process.

The income capitalization approach is based on the principle of anticipation, which recognizes the present value of the future income benefits to be derived from ownership in a particular property. The income capitalization approach is most applicable to properties that are bought and sold for investment purposes, and is considered very reliable when adequate income and expense data are available. Since income producing real estate is most often purchased by investors, this approach is valid and is generally considered the most applicable when the property being appraised was designed for, or is easily capable of, producing a satisfactory rental income.

APPRAISAL PROCEDURE

The strengths and weaknesses of each approach used are weighed in the final analysis. The approach or approaches offering the greatest quantity and quality of supporting data are typically emphasized, and the final opinion of value is correlated.

Under the parameters of this assignment, the following approaches to value were considered and used in this appraisal:

Approach	Considered	Used
Cost	Yes	No
Sales Comparison (Land Only)	Yes	Yes
Income Capitalization	Yes	No

A preliminary survey of the property indicates the following:

- Sales of similar land use in the area are required. Sufficient data are available to arrive at an indicated value of the land of the subject by market comparison.

Secondary sources of market data and investor criteria were utilized including Real Estate Research Corporation's Real Estate Report (RERC), Korpacz Real Estate Investor Survey, Real Estate Investment Services (REIS), M/PF, ALN Systems, Cushman Wakefield Market Reports, Marcus Millichap Market Reports, CB Richard Ellis Market Reports, Insignia Market Reports, Jones Lang LaSalle Market Reports, and other industry publications.

APPRAISAL PROBLEM

The appraisal problem, as applied to the subject, is to determine the market value of the *fee simple interest* in the subject property. In addressing this problem, the principles of utility, substitution, and anticipation are considered in the following valuation.

REASONABLE EXPOSURE TIME

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

Reasonable exposure time is one of a series of conditions in most market-value definitions. Exposure time is always presumed to precede the effective date of the appraisal.

Exposure time, as defined by the Uniform Standards of Professional Appraisal Practice, Statement on Appraisal Standards No. 6, is the opinion of the 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. It is a retrospective opinion based upon an analysis of past events assuming a competitive and open market.

The fact that exposure time is always presumed to occur prior to the effective date of the appraisal is substantiated by related facts in the appraisal process, i.e. supply/demand conditions as of the effective date of the appraisal, the use of current cost information, the analysis of historical sales information (sold after exposure and after completion of negotiations between the seller and the buyer), and the analysis of future income expectancy projected from the effective date of the appraisal.

The opinion of the time period for reasonable exposure is not intended to be a prediction of a date of sale or a one-line statement. Instead, it is an integral part of the analyses conducted during the appraisal assignment. The opinion may be expressed as a range and can be based on one or more of the following:

- Statistical information about days on market
- Information gathered through sales verification
- Interviews of market participants

Related information garnered through this process may include the identification of typical buyers and sellers for the type of property involved and typical equity investment levels and/or financing terms.

The reasonable exposure period is a function of price, time, and use, not an isolated opinion of time alone. The answer to the question “what is reasonable exposure time?” should always incorporate the answers to the question “for what kind of property at what value range?” rather than appear as a statement of an isolated time period.

A reasonable exposure time for the subject property at the market value definition and market value conclusion in this appraisal was methodically developed by discussions with local market participants. According to local brokers, appraisers, and informed market participants, the reasonable exposure time for properties similar to the subject, is considered to be 12 months.

Land value is directly related to highest and best use. The relationship between the highest and best use and land value may indicate whether an existing use is the highest and best use of the land.

Land valuation can be accomplished by six procedures. These include sales comparison, allocation, extraction, subdivision development, land residual, and ground rent capitalization.

Sales Comparison – Sales of similar, vacant parcels are analyzed, compared, and adjusted to provide a value indication for the land being appraised.

Allocation – Either sales of improved properties are analyzed and the prices paid are allocated between the land and the improvements, or comparable sites under development are analyzed and the costs of the finished properties are allocated between the land and improvements.

Extraction – Land value is indicated by subtracting the estimated value of the depreciated improvements from the known sale price of the property. This procedure is frequently used when the value of the improvements is relatively low or easily calculated.

Subdivision Development – The total value of undeveloped land is indicated as if the land were subdivided, developed, and sold. Development costs, incentive costs, and carrying charges are subtracted from the estimated proceeds of sale, and the net income projection is discounted over the period required for market absorption of the developed sites.

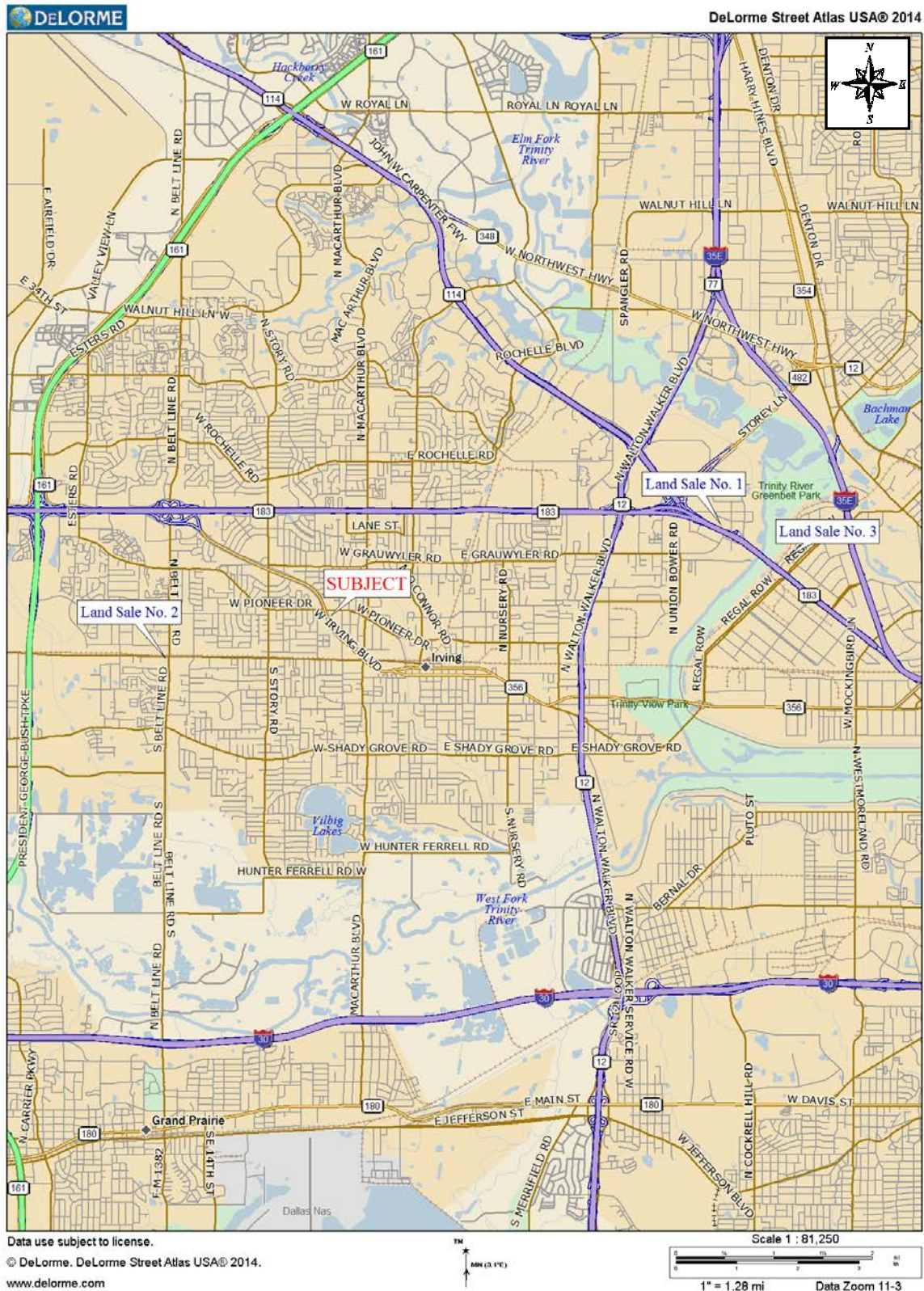
Land Residual Technique – The land is assumed to be improved to its highest and best use. The income attributable to the return *on* and *of* the capital invested in the improvements is deducted from the net operating income. The result is the income attributable to the land. This income is capitalized to derive an opinion of land value.

Ground Rent Capitalization – This procedure is used when land rents and land capitalization rates are readily available, e.g., for appraisals in well-developed areas. Net ground rent, the net amount paid for the right to use and occupy the land, is calculated and divided by a land capitalization rate. Either actual or estimated rents can be capitalized using rates that can be supported in the market.

The *sales comparison* method is the best method of developing an opinion of value of the subject. In this method, known sales of similar use land in the market area are compared to the subject to arrive at an indication of value. In arriving at value conclusions, the tracts are compared as to the rights conveyed, financing terms, sale conditions, market conditions, location, and physical characteristics. This approach is used to value land that is vacant or considered vacant for appraisal purposes.

The market was carefully researched for recent sales, leases, listings, or other transactions, which would provide a valid basis for developing an opinion of the market value of the subject by comparison. After reviewing and analyzing the sales, four sales were extracted from this sample and utilized for the land valuation. These sales are detailed on the following pages.

LAND SALES MAP



Land Sale No. 1

Location	Adj. SE/c of Hudson Crossing and Eldorado Parkway McKinney, Collin County, Texas
Legal Description	Lot 7, Block A, Vigor-Eldorado West Addition, an addition to the City of McKinney, Collin County, Texas
Grantor	ASG El Dorado Pavillion, Ltd.
Grantee	Amazing Church, Inc.
Record Data	
Date of Sale	August 31, 2018
Document No.	20180906001122120
Consideration	\$1,265,000
Terms of Sale	Cash (or cash equivalent) to the seller
Conditions of Sale	Arm's-length
Land Area	
Acres	3.416
Square Feet	148,801
Price Per SF	\$8.50
Price Per Acre	\$370,316
Zoning	PD (Planned Development)
Topography	Mostly level; at grade
Utilities	All available
Shape	Mostly rectangular
Frontage	±545 LF - Hudson Crossing
Comments	This site is located adjacent to the southeast corner of Hudson Crossing and Eldorado Parkway; this site is mostly rectangularly shaped. According to the broker, this tract was purchased for development of a religious facility.

Land Sale No. 2

Location	Adj. NW/c of Orchid Drive and Eldorado Parkway McKinney, Collin County, Texas
Legal Description	Lot 4R1, Block A, The Craig Addition, an addition to the City of McKinney, Collin County, Texas
Grantor	Hielan McKinney Orchid, LLC
Grantee	Virginia & Jordan, LLC
Record Data	
Date of Sale	January 24, 2018
Document No.	20180201000129920
Consideration	\$575,000
Terms of Sale	Cash (or cash equivalent) to the seller
Conditions of Sale	Arm's-length
Land Area	
Acres	1.586
Square Feet	69,100
Price Per SF	\$8.32
Price Per Acre	\$362,475
Zoning	PD (Planned Development)
Topography	Mostly level; at grade
Utilities	All available
Shape	Irregular
Frontage	±429 LF - Orchid Drive
Comments	This site is located adjacent to the northwest corner of Orchid Drive and Eldorado Parkway; this site is irregularly shaped. According to the broker, this tract was purchased as an investment hold.

Land Sale No. 3

Location	SW/c of McKinney Ranch Parkway and Ridge Road McKinney, Collin County, Texas
Legal Description	Lot 2, Block A, McKinney Ranch Addition, an addition to the City of McKinney, Collin County, Texas
Grantor	H198 McKinney Ranch Land, LLC
Grantee	Hidden Springs PropCo, Ltd.
Record Data	
Date of Sale	January 16, 2018
Document No.	20180117000064780
Consideration	\$2,650,000
Terms of Sale	Cash (or cash equivalent) to the seller
Conditions of Sale	Arm's-length
Land Area	
Acres	9.01
Square Feet	392,476
Price Per SF	\$6.75
Price Per Acre	\$294,117
Zoning	PD (Planned Development)
Topography	Mostly level; at grade
Utilities	All available
Shape	Irregular
Frontage	±920 LF - McKinney Ranch Parkway
Comments	This site is located adjacent to the southwest corner of McKinney Ranch Parkway and Ridge Road; this site is irregularly shaped. This property is currently being improved with a senior care facility.

LAND SALES SUMMARY					
Sale No.	Location	Size		Price Per	Date of Sale
		SF	AC	SF	
1	Adj. SE/c of Hudson Crossing and Eldorado Parkway	148,801	3.416	\$ 8.50	Aug-18
2	Adj. NW/c of Orchid Drive and Eldorado Parkway	69,100	1.586	\$ 8.32	Jan-18
3	SW/c of McKinney Ranch Parkway and Ridge Road	392,476	9.010	\$ 6.75	Jan-18
Subject	SW/c Old Custer Road & Wimbledon Drive	111,383	2.557		

The sales in the sample were selected from a larger group as being most similar in overall physical characteristics as compared to the subject. The land sales occurred between January 2018 to August 2018, range in size from 69,100 square feet (1.586 acres) to 392,476 square feet (9.01 acres), and range in price from \$6.75 to \$8.50 per square foot. These sales represent the most recent, similar activity in proximity to the subject.

ADJUSTMENT DESCRIPTIONS AND ANALYSIS

The first step in any comparative analysis is to identify which elements of comparison affect property values in the subject market. Each of the basic elements of comparison must be analyzed to determine whether an adjustment is required. If sufficient information is available, a quantitative adjustment can be made.

Adjustments for differences are made to the price of each comparable property to make that property equivalent to the subject in market appeal on the effective date of the opinion of value. The magnitude of the adjustment made for each element of comparison depends on how much that characteristic of the comparable property differs from the subject property. We have considered all appropriate elements of comparison in the following discussions.

In the following analysis, consideration is given for rights conveyed, financing, sale and market conditions, location, and physical characteristics. Property rights conveyed and financing are basic components of sale. Rights conveyed should be identical and financing should be on a cash equivalent basis. Sale conditions require analysis to determine any unusual characteristics. Consideration of market conditions is necessary because of the cyclical nature of the real estate market and continuous economic change. The location adjustment considers factors such as type, compatibility, quality, desirability, and accessibility of area development. Comparison of utility considers such factors as zoning, size, and frontage.

PAIRED DATA ANALYSIS

Paired Data Analysis is defined as a “quantitative technique used to identify and measure adjustments to the sale prices or rents of comparable properties; to apply this technique, sales or rental data on nearly identical properties are analyzed to isolate a single characteristic’s effect on value or rent” (The Dictionary of Real Estate Appraisal, Fifth Edition). In analyzing the sales, a technique called the paired data analysis is used. In paired analysis, two or more properties similar in most respects are compared and the difference in selling price is allocated to the elements of comparison, which the market data indicates contribute to different prices.

Ideally, the sales being compared will be identical in all respects except for the element being measured. However, this is rarely the case. Frequently an appraiser must undertake a series of paired data analyses to isolate the effect of a single characteristic. The following table is a summary of conclusions indicated by the paired data analysis completed using the indicated sales.

SUMMARY OF SELECTED ADJUSTMENTS	
Adjustment Category	Selected Adjustments
Frontage	5-10%; for the difference between inferior and superior frontage
Size	5%; for adjustment for each doubling/halving in size
Utility	50%; for the differences in the properties' functional utility

All the adjustments are estimations based on the experience of the appraisers after careful inspection and consideration of all the properties involved. These adjustments are not intended as exact measurements, but are used to define accurately the range of values indicated by the market.

RIGHTS CONVEYED, FINANCING, SALE, MARKETING CONDITIONS, AND LOCATION

Rights Conveyed

When property rights are sold, they may be the sole subject of the contract or the contract may include other rights, less than all of the real property rights, or even another property or properties. Before the price of a comparable sale property can be used in sales comparison analysis, the appraiser must first ensure that the sale price of the comparable property applies to property rights that are similar to those being appraised. To do so, adjustments may be required before specific differences in the physical real estate can be compared. The sales were evaluated and no adjustments for rights conveyed are considered necessary.

Financing

The transaction price of one property may differ from that of an identical property due to different financing arrangements. The cost of financing includes the interest rate and any points, discounts, equity participations, or other charges that the lender requires to increase the effective yield of the loan. The cost and availability of credit for real estate financing influence both the quantity and quality of real estate demanded and supplied. Additional financing adjustments could be made based on owner financing, favorable financing terms, or assumptions. The sales were purchased with cash, or third party financing which requires no adjustment.

Sale Conditions

Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. Sales where the conditions significantly affect transaction prices are labeled non-arm's length transactions. Any sales that reflect unusual sale conditions are adjusted accordingly and the circumstances of these non-arm's length transactions are detailed on the sale summary pages. The sales were evaluated and no adjustments for sale conditions are considered necessary.

Market Conditions

The sales occurred between January 2018 and August 2018. Adjustments for market conditions are applied if property values have increased or decreased since the transaction dates. Based on our observations and analysis, real estate has appreciated approximately 4% annually since 2015. Each sale is adjusted accordingly.

Location

An adjustment for location within a market area may be required when the locational characteristics of a comparable property are different from those of the subject property. Most comparable properties in the same market area have similar locational characteristics, but variations may exist within that area of analysis. A property's location is analyzed in relation to the location of other similar properties. All sales have similar locational appeal as compared with the subject, with respect to their highest and best use. As such, no adjustments are needed.

PHYSICAL**Access**

Access has significant bearing on real estate in the market. Access is defined as the points, or number of points available for ingress/egress to the subject site or ease of access to the site from abutting roadways. Sale properties are adjusted based on their inferiority/superiority as compared with the subject. Each of the comparable sales has average access, similar to the subject, with no adjustments needed.

Frontage

Frontage is the number of feet of frontage along the subject roadway or roadways. Sale properties are adjusted based on their inferiority/superiority as compared with the subject. The subject has limited frontage as it is an abandoned roadway. Sale Nos. 1 and 2 have more than double the frontage of the subject and are adjusted down -5% each for superior frontage. Sale No. 3 has more than four times the frontage and is adjusted down -10% for superior frontage.

Exposure

Exposure is a function of traffic volume or drive-by business potential. Sale properties are adjusted based on their inferiority/superiority as compared with the subject. The sales are similar in exposure as compared to the subject with no adjustments considered necessary.

Size

The subject site is comprised of 2.557 acres. The size adjustment is based on the premise that, in general, the larger the tract, the less its selling price on a per unit basis. Recent experience with other properties utilizing a linear regression analysis indicates a 5% - 15% adjustment for each doubling/halving (100%) in size. A 5% adjustment is used for this analysis. All sales are adjusted accordingly. Sale Nos. 1, 2, and 3, are adjusted -2%, -4%, and -1% respectively for size.

Zoning

The subject is an abandoned roadway and is not zoned; however, as the subject's highest and best use is as an assemblage parcel to be combined with another commercial application, the subject is viewed in this case as though it had commercial zoning. All sales are zoned similarly, with respect to their highest and best use. As such, no adjustments are considered necessary.

Utilities

Electricity, gas, water, sanitary sewer, and phone services are available to the subject. All sales are similar in the available utilities as compared to the subject and do not warrant adjustment.

Topography

The subject is mostly level; the subject is determined to be outside the 100-year floodplain. However, the narrow portion of the subject that has a creek running through it is within the 100-year flood plain. As a portion of the subject is within the 100-year flood plain and all of the sale comparable properties are outside the 100-year flood plain, a downward adjustment of -10% each is appropriate for the sale comparable properties.

Utility

In economics, utility is a measure of "useful-ness," the relative satisfaction from, or desirability of, consumption of various goods and services. Appraisals analyze the features of a site and determine its functional utility, or its ability to adequately provide for its intended purpose. The subject is an abandoned roadway. However, as the roadway is no longer necessary, the subject is being investigated for alternative uses. Given the shape of the subject, approximately 90 feet wide by 1,245 feet long, our determination is that the subject is not able to meet the requirements of its highest and best use without being combined with an adjacent property. Thus, the subject suffers a degree of inutility. In our experience, properties that require being combined with adjacent parcels in order to be developed to their highest and best use, are typically diminished in value between 40% and 60%. For the purposes of this appraisal, we estimate this diminution of value to be 60%. Therefore, the comparables are adjusted down -60% each for superior utility as compared with the subject.

SUMMARY OF ADJUSTMENTS

These adjustments are predicated upon the potential inferior or superior income generation achievable as compared to the income generation potential of the subject under its concluded highest and best use. The previously described adjustments are applied in the following table:

LAND SALES ADJUSTMENTS			
Sale No.	1	2	3
No. of Acres	3.416	1.586	9.010
Size SF	148,801	69,100	392,476
Sale Date	Aug-18	Jan-18	Jan-18
Sale Price	\$1,265,000	\$575,000	\$2,650,000
Sale Price Per SF	\$8.50	\$8.32	\$6.75
Rights Conveyed	-0-	-0-	-0-
Financing	-0-	-0-	-0-
Sale Conditions	-0-	-0-	-0-
Immediate Expenditures	-0-	-0-	-0-
Market Conditions	3%	5%	5%
Adjusted Price	\$8.76	\$8.74	\$7.09
Location	-0-	-0-	-0-
Access	-0-	-0-	-0-
Frontage	-5%	-5%	-10%
Exposure	-0-	-0-	-0-
Size	-2%	-4%	-1%
Zoning	-0-	-0-	-0-
Utilities	-0-	-0-	-0-
Topography	-10%	-10%	-10%
Utility	-60%	-60%	-60%
Net Adjustment	-77%	-79%	-81%
Adjusted Price/SF	\$2.01	\$1.84	\$1.35

LAND VALUE CONCLUSION

After adjustments, the comparable sales range in price from \$1.35 to \$2.01 per square foot, with an average of \$1.73 per square foot and a median of \$1.84 per square foot. These comparable sales are representative of land activity in the area. Considering the adjusted sales, and with an emphasis on the competitive set mean and median values, the indicated value of the subject site is \$1.75 per square foot, or \$195,000, rounded.

Total Land Area					
No. of Square Feet		\$/SF		Indicated Value	
111,383	x	\$1.75	=	\$	194,920
Rounded				\$	195,000

In the preceding sections of this report, the area data and trends, location amenities, highest and best use, and other elements of value are discussed. The market was researched for comparable improved sales, and income producing properties.

SUMMARY OF APPROACHES - As Is	
Sales Comparison Approach (Land Value)	\$195,000

In the final analysis, considering the approaches to value, each approach is analyzed in terms of the quantity and quality of the data used in each approach and applicability to estimate a reliable value.

Cost Approach

The cost approach is not germane to the valuation, as the subject is a tract of land. Overall, the cost approach is not an applicable valuation method for this analysis.

Sales Comparison Approach

For the valuation of the subject, sufficient sales of tracts of land with similar utility are available to arrive at an opinion of value of the land by market comparison. The sales used are adjusted to reflect current market conditions and conditions of sale.

Income Capitalization Approach

The income capitalization approach is not applicable to the subject property analysis, as the subject is not leased or considered income producing.

CONCLUSION

In conclusion, the sales comparison approach is the most reliable and applicable valuation approach. The cost and income capitalization approaches are not utilized in this analysis. The sales comparison is used to establish a subject value, due to both the quality and quantity of the available sale data, and provides an excellent basis for valuation, with emphasis given to the sales comparison approach. Based on this type of property, our final opinion of market value of the subject is as follows:

Market Value Opinion	
Fee Simple, As Is	\$ 195,000

REASONABLE MARKETING PERIOD

The request to provide a reasonable marketing time opinion exceeds the normal information required for the conduct of the appraisal process, and is treated separately from the process.

Reasonable marketing time, as defined by the Uniform Standards of Professional Appraisal Practice, Advisory Opinion No. 7, is an opinion of the amount of time it might take to sell a real or personal property interest in at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.

The development of a marketing time opinion uses some of the same data analyzed in the process of developing a reasonable exposure time opinion as part of the appraisal process and is not intended to be a prediction of a date of sale or a one-line statement. It is an integral part of the analyses conducted during the appraisal assignment. This opinion may be expressed as a range and can be based on one or more of the following:

- statistical information about days on market
- information gathered through sales verification
- interviews of market participants
- anticipated changes in market conditions

Related information of market conditions that may affect marketing time includes identification of typical buyers and sellers for the type of real estate involved and typical equity investment levels and financing terms. Reasonable marketing time is a function of price, time, use, and shifting market conditions, e.g. changes in the cost and availability of funds-not an isolated opinion of time alone. The price that may be achieved in the future, at the end of the marketing period, may or may not be equal to the current appraised value opinion, depending on potential changes in the physical real estate, demographic and economic trends, the real estate market, tenancy, property operations, and the effectiveness of the marketing program, among other factors.

A reasonable marketing period for the subject property at the market value opinion stated above is developed in the following manner:

The opinion of value reached herein is considered supportable and reliable. It is based upon recent market data including conversations with area brokers and principals involved in the comparable sales utilized in the valuation of the subject.

According to local brokers, appropriately priced similar properties generally sell within time periods ranging from approximately 8 to 16 months. This opinion was supported by the marketing times reported by several of the parties to the improved comparable sales utilized herein. A reasonable marketing time for the subject property, priced in accordance with the market value opinion concluded in this report, is considered to be 12 months.

APPRAISER'S CERTIFICATE

The undersigned do hereby certify that, except as otherwise noted in this appraisal report:

I have no present or contemplated future interest in the real estate that is the subject of this appraisal report. I have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved. My engagement in this assignment was not contingent upon developing or reporting predetermined results. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or 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.

To the best of my knowledge and belief, the statements of fact contained in this appraisal report, upon which analyses, opinions and conclusions expressed herein are based, are true and correct.

This appraisal report sets forth all of the assumptions and limiting conditions (imposed by the terms of my assignment or by the undersigned) affecting the analyses, opinions, and conclusions contained in this report. These are my personal, impartial, unbiased professional analyses, opinions, and conclusions.

This appraisal report has been made in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that, to the best of my knowledge and belief, 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 Practice of the Appraisal Institute and in conformity with the rules of the Texas Real Estate Commission. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this appraisal, Kreg Hodge has completed the requirements of the continuing education program for Practicing Affiliates of the Appraisal Institute. As of the date of this report, Ken McHenry has completed the Standards and Ethics Education Requirements for Candidates of the Appraisal Institute.

We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment. Ken McHenry provided real property appraisal assistance to Kreg Hodge, who signs this certification. I certify that Kreg Hodge personally inspected the property appraised.

UNITED APPRAISAL RESEARCH



Kreg Hodge

State of Texas Certification #TX-1380410-G



Ken McHenry

State of Texas Certification #TX-1341056-T

ROBERT K. HODGE

Experience

Principal of *United Appraisal Research* conducting appraisal assignments throughout Texas and the Southwest

Conducting appraisal since 2006. Appraisal assignments include retail centers, office buildings, hotels, both existing and proposed, various commercial and industrial properties. Additional consulting assignments include condemnation and right-of-way work and other various consulting assignments.

Over twenty years' experience in accounting, banking, lending and real estate.

Education

North Texas Chapter of the Appraisal Institute

- Appraisal Principals, National USPAP

Northern California Chapter of the Appraisal Institute

- Appraisal Procedures

Chapter 46- International Right of Way Association

- Basic Appraisal Principles

Stephen F. Austin State University, 1992-1994

Philosophy, General Studies

Professional Titles

Texas Appraiser Licensing and Certification Board

Certified General Appraiser # 1380410-G

International Right-of -Way Association Member, Chapter 36 – Board of Directors 2012-present

QUALIFICATIONS OF APPRAISER

KEN MCHENRY

Appraisal assignments include office buildings, retail centers, multi-family dwellings, hotel/motels, commercial and industrial properties, land development, and specialized properties such as self-storage facilities and marina operations.

Experience

Since 2015, conducting appraisal assignments throughout Texas and the Southwest

Experience in commercial real estate sales

Director of Credit with MRI Companies, Inc. Head of Credit and Accounts Receivable Department; new accounts, collections activities, invoicing and cash application. Evaluation of acquisition targets.

Education

Bachelor of Science - Business Administration, William Jewell College – Liberty, MO

Bachelor of Science - Accounting, William Jewell College – Liberty, MO

Completed numerous appraisal courses as required by the Texas Appraiser Licensing and Certification Board.

Professional

Current licensee as Appraiser Trainee; designation since February 4, 2016.

ADDENDA

ENGAGEMENT LETTER

December 28, 2018

Kreg Hodge
United Appraisal Research
P.O. Box 1377
Seymour, TX 76380

Dear Mr. [redacted]:

This letter hereby requests that you complete an appraisal report in accordance with current Federal and State banking regulations on the following property:

Property Description: Vacant Land, southern extension of Old Custer Road, Allen, Texas

You have agreed to complete the assignment within 4 weeks of the date of this letter, at a fee not to exceed \$2,400.00 with payment of appraisal fee to be collected at completion of assignment.

Please submit a PDF copy of the report to the following individual.

Name: Michael Westfall, P.E.
Title: Owner
Company: 12th Man Properties
Mailing address: PO Box 250485, Plano, TX 75025
Email: michael@westfallengineering.com
Phone: 214-846-9397

The appraisal is to be completed "as is".

Your appraisal must include a copy of this letter. You should not agree to any changes in these instructions without contacting the ordering officer.

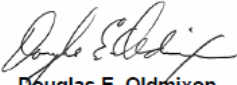
12th Man
Digitally signed by 12th Man
DN: cn=12th Man
Email=michael@westfallengineering.com,
c=US, ou=12th Man Properties, ou=12th Man
Date: 2018.12.28 11:57:10 -0600

Signature of Authorizing Officer

STATE CERTIFICATION

Texas Appraiser Licensing and Certification Board		
P.O. Box 12188 Austin, Texas 78711-2188		
Certified General Real Estate Appraiser		
Number:	TX 1380410 G	
Issued:	02/28/2019	Expires: 02/28/2021
Appraiser:	ROBERT KREG HODGE	

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Texas Occupations Code, Chapter 1103, is authorized to use this title, Certified General Real Estate Appraiser.


Douglas E. Oldmixon
Commissioner

Texas Appraiser Licensing and Certification Board		
P.O. Box 12188 Austin, Texas 78711-2188		
Appraiser Trainee		
Authorization#:	TX 1341056 Trainee	I. D. Number: 1000042172
Issued:	06/28/2018	Expires: 02/29/2020
Trainee:	KENNETH MCHENRY	
Supervisor:	Robert Kreg Hodge	Certification #: TX 1380410 C
		I. D. Number: 881297444

The Texas Appraiser Licensing and Certification Board authorizes the named person to act as an Appraiser Trainee under the supervision of the certified appraiser noted above, pursuant to Texas Occ. Code, Chapter 1103.

An Appraiser Trainee may perform appraisals only under the direct supervision of the Trainee's supervisory appraiser(s) who signs the report and is responsible for the conduct of the Appraiser Trainee.

An Appraiser Trainee may be supervised by one or more certified appraisers.


Douglas E. Oldmixon
Commissioner