



**The insight you need. The independence you trust.**

**Cowboy City Ranch**

74.93 acres with event venue, single family residential, horse stable and proposed buildings  
19327 Belleau Wood Drive  
Humble, Texas 77338-2667

BBG File #0124000084

**Prepared For**

Mr. Bernard Theriot  
Cash Cow Capital  
5718 West Bellfort Boulevard  
Houston, TX 77035-2430

**Report Date**

January 31, 2024

**Prepared By**

BBG, Inc., Houston Office  
4615 Southwest Freeway, Suite 400  
Houston, TX 77027  
713-942-8980

Client Manager: John H. Wright Jr, MAI  
jwright@bbgres.com

**BBG Website**

[bbgres.com](http://bbgres.com)



January 31, 2024

Mr. Bernard Theriot  
Cash Cow Capital  
5718 West Bellfort Boulevard  
Houston, TX 77035-2430

Re: Appraisal of Real Property  
**Cowboy City Ranch**  
19327 Belleau Wood Drive  
Humble, Texas 77338-2667  
**BBG File #0124000084**

Dear Mr. Theriot:

In accordance with your authorization (per the engagement letter found in the *Addenda* of this report), an Appraisal Report of the above-referenced property has been prepared.

The subject is 74.93 acres or 3,263,951 square feet of land with seven existing buildings consisting of an event venue, 3 houses, a saloon, a workshop and a barn. The subject is also proposed to be completed with one bride/groom resort suite and 8 accessory dwelling units. A detailed description of these buildings is shown in the charts below.

Summary of Existing GBA	
Improvement	Size (SF)
House #1	2,100
House #2	2,300
House #3	800
Saloon	984
Workshop	1,728
Barn	2,160
Wedding Pavilion (Event Venue)	4,636
<b>Total:</b>	<b>14,708</b>

Summary of Proposed Improvements	
Improvement	Size (SF)
Large Residence	7,833
8 Accessory Dwelling Units (1,000 SF each)	8,000
<b>Total:</b>	<b>15,833</b>

These proposed improvements are projected to be completed in 10 months. Upon completion, the improvements will total 30,541 square feet. The subject property also has several ancillary buildings on site that are a 504 square foot gazebo, a 445 square foot outside restroom and showers and a 43,200 square foot horse stable.

As of the valuation date of this report, the owner of record is WM1201 PROPERTIES LLC. The subject is not currently listed for sale, nor is it under a sales contract. The subject sold on April 25, 2023 for **\$7,995,000**. Since the purchase, the new owner has reportedly spent \$1,412,707 improving the property. Additional details about this sale and the improvements made are found in the Property History section of the report."

This Appraisal Report was prepared to conform with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP). This report has been written in accordance with the Code of Ethics and the Standards of Professional Practice of the Appraisal Institute. In addition, this report is intended to be in compliance with additional requirements of Cash Cow Capital (client) as applicable. This report is intended to be used by the intended user(s) named herein; no other party may rely upon the opinions presented in this report.

#### EXTRAORDINARY ASSUMPTION(S) AND HYPOTHETICAL CONDITION(S)

The values presented within this appraisal report are subject to the extraordinary assumptions and hypothetical conditions listed below. Pursuant to the requirement within Uniform Standards of Professional Appraisal Practice Standards, it is stated here that the use of any extraordinary assumptions and/or hypothetical conditions might have affected the assignment results.

- Extraordinary Assumption(s)**
- We are appraising the subject under the extraordinary assumption that the overview of building specifications provided by the owner is accurate. Our Prospective Market Value conclusions are subject to completion of the improvements in accordance with what has been described by documentation provided by the owner. It is assumed that completion of construction will occur in a timely manner and that the quality of workmanship will be consistent with what has been envisioned for the project.
  - Prospective Market Value opinions are intended to reflect the current expectations and perceptions of market participants along with available factual data. They should be judged on market support for the forecasts when made, not whether specific items in the forecasts are realized. In forming a prospective value opinion for the property, we analyzed market trends with regard to rents, expenses, construction costs, absorption, etc. Furthermore, economic indicators such as market demographics and future competition were also analyzed. The prospective value opinion is predicated on the projections incorporated within our analyses; however, all of the projections are subject to external influences (e.g. supply/demand, economy, competition, etc.) and may or may not occur as projected within the appraisal.
  - We are appraising the subject under the extraordinary assumption that the overview of building specifications provided by the developer receives all necessary permitting and approvals from the City.

**Hypothetical Condition(s)** This appraisal employs no hypothetical conditions.

Based on the analysis undertaken, the following value opinion(s) have been developed.

MARKET VALUE CONCLUSION(S)			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value - As Is	Fee Simple	January 12, 2024	\$10,880,000
Prospective Market Value - As Complete	Fee Simple	October 12, 2024	\$13,280,000

This letter must remain attached to the report, which should be transmitted in its entirety, in order for the value opinion(s) set forth above to be relied upon by the intended user(s).

Mr. Theriot  
January 31, 2024  
Page 3

BBG, Inc. appreciates the opportunity to have performed this appraisal assignment on your behalf. If we may be of further service, please contact the Client Manager.

Sincerely,



John H. Wright Jr, MAI  
TX Certified General Appraiser  
License #: 1321113  
713-395-5290  
jwright@bbgres.com



Sean Reilly  
TX Certified General Appraiser  
License #: 1381013  
970-619-1835  
sreilly@bbgres.com

# TABLE OF CONTENTS

Subject Property ..... 1

Summary of Salient Facts..... 5

Property Transaction History ..... 9

Scope of Work ..... 10

Environmental, Social and Governance..... 12

Regional Overview ..... 15

Neighborhood Overview..... 22

Site Description ..... 27

Improvements Description ..... 31

Property Assessment and Tax Analysis ..... 33

Highest and Best Use ..... 34

Valuation Process ..... 36

Land Valuation..... 37

Cost Approach ..... 44

Sales Comparison Approach ..... 47

Reconciliation and Final Value ..... 54

Certification ..... 56

Standard Assumptions and Limiting Conditions ..... 57

Addenda ..... 61



# SUBJECT PROPERTY



*View of Workshop*



*View of Event Center*



*View of Workshop Interior*



*View of Event Center Interior*





*View of Horse Stables*



*View of Subject*

*Please note: additional photographs can be found in the addenda of the report.*



**AERIAL PHOTOGRAPH**



Note: Lines are approximate

An access easement provides access to the back parcel.

---

# SUMMARY OF SALIENT FACTS

## APPRAISAL INFORMATION

<b>Client</b>	Cash Cow Capital 5718 West Bellfort Boulevard, Houston, TX 77035-2430
<b>Intended User(s)</b>	This appraisal report may only be relied upon by the client and intended user(s) named herein Cash Cow Capital.
<b>Intended Use</b>	This appraisal is to be used for refinance purposes.
<b>Property Rights Appraised</b>	As Is Market Value - Fee Simple As Complete Prospective Market Value - Fee Simple
<b>Date of Inspection</b>	January 12, 2024
<b>Marketing Time (Months)</b>	12
<b>Exposure Time (Months)</b>	12
<b>Owner of Record</b>	WM1201 PROPERTIES LLC
<b>Property Contact(s)</b>	Adrian Mosley, 281-883-8713, adrianmosleyd@att.net
<b>Most Probable Purchaser</b>	Owner-User
<b>Highest and Best Use</b>	
<b>If Vacant</b>	Commercial Development
<b>As Improved</b>	Commercial Development

---

PROPERTY DATA	
<b>Property Name</b>	Cowboy City Ranch
<b>Address</b>	19327 Belleau Wood Drive Humble, Texas 77338-2667
<b>Location</b>	The subject is located on the west side of Belleau Wood Drive between Dain Place and White Blossom Lane
<b>Property Description</b>	Land (Hospitality) 74.93 acres with event venue, single family residential, horse stable and proposed buildings
<b>County</b>	Harris County
<b>Parcel Number</b>	- 0420770000276 - 0420770000285 - 0420770000286 - 0420770001505
<b>Census Tract No.</b>	2507.01
<b>Legal Description</b>	TR 10B-2 ABST 223 R DUNMAN  TR 11B ABST 223 R DUNMAN  TR 11C ABST 223 R DUNMAN  TR 11C-2 ABST 223 R DUNMAN
<b>Site Area</b>	
<b>Primary Site</b>	3,263,951 square feet (74.93 acres)
<b>Zoning</b>	N/A; No Zoning
<b>Flood Zone/Map Number/Date</b>	Zone AE                      48201C0315L                      June 18, 2007 Zone X (Unshaded)        48201C0315L                      June 18, 2007 Zone X (Shaded)            48201C0315L                      June 18, 2007
<b>Flood Zone Comments</b>	Majority of the land is located in flood zone AE, however, small portions of the land are located in zone X (unshaded) and X (Shaded).
<b>Year Built</b>	1990
<b>Year Renovated</b>	2024
<b>Number of Buildings</b>	15
<b>Gross Building Area</b>	30,541 square feet
<b>Overall Condition</b>	Average/Good
<b>Overall Quality</b>	Average/Good
<b>Overall Design/Functionality</b>	Average/Good



## RISK SUMMARY

<b>Advantages</b>	- The subject is located in a primary market.
<b>Challenges</b>	- Rising interest rates are a concern for real estate investors as it may compress returns and impact financing alternatives. - Inflation remains a chief concern among investors and lenders. Should inflation not come in line with Federal Reserve targets quickly, the risk of additional prime interest rate hikes will remain elevated. - The subject is located within a flood zone and flood insurance is required.

## VALUE INDICATIONS

## 1) As Is as of January 12, 2024

<b>Cost Approach</b>	\$10,880,000	\$356.24	Per Square Foot (NRA)
Land Value	\$8,160,000	\$108,902	Per Acre
<b>Sales Comparison Approach</b>	\$10,880,000	\$356.24	Per Square Foot (NRA)
<b>Approach Reliance</b>	<b>Cost Approach</b>		
<b>Value Conclusion - As Is</b>	<b>\$10,880,000</b>	<b>\$356.24</b>	Per Square Foot (NRA)
<b>Insurable Replacement Cost</b>	Not Developed		
<b>Exposure Time (Months)</b>	12		
<b>Marketing Time (Months)</b>	12		

## 2) As Complete as of October 12, 2024

<b>Cost Approach</b>	\$13,280,000	\$434.83	Per Square Foot (NRA)
Land Value	\$8,160,000	\$108,902	Per Acre
<b>Sales Comparison Approach</b>	\$13,280,000	\$434.83	Per Square Foot (NRA)
<b>Approach Reliance</b>	<b>Cost Approach</b>		
<b>Value Conclusion - As Complete</b>	<b>\$13,280,000</b>		
<b>Insurable Replacement Cost</b>	Not Developed		
<b>Exposure Time (Months)</b>	12		
<b>Marketing Time (Months)</b>	12		

**EXTRAORDINARY ASSUMPTION(S) AND HYPOTHETICAL CONDITION(S)**

The values presented within this appraisal report are subject to the extraordinary assumptions and hypothetical conditions listed below. Pursuant to the requirement within Uniform Standards of Professional Appraisal Practice Standards, it is stated here that the use of any extraordinary assumptions and/or hypothetical conditions might have affected the assignment results.

**Extraordinary Assumption(s)**

- We are appraising the subject under the extraordinary assumption that the overview of building specifications provided by the owner is accurate. Our Prospective Market Value conclusions are subject to completion of the improvements in accordance with what has been described by documentation provided by the owner. It is assumed that completion of construction will occur in a timely manner and that the quality of workmanship will be consistent with what has been envisioned for the project.

- Prospective Market Value opinions are intended to reflect the current expectations and perceptions of market participants along with available factual data. They should be judged on market support for the forecasts when made, not whether specific items in the forecasts are realized. In forming a prospective value opinion for the property, we analyzed market trends with regard to rents, expenses, construction costs, absorption, etc. Furthermore, economic indicators such as market demographics and future competition were also analyzed. The prospective value opinion is predicated on the projections incorporated within our analyses; however, all of the projections are subject to external influences (e.g. supply/demand, economy, competition, etc.) and may or may not occur as projected within the appraisal.

- We are appraising the subject under the extraordinary assumption that the overview of building specifications provided by the developer receives all necessary permitting and approvals from the City.

**Hypothetical Condition(s)**

This appraisal employs no hypothetical conditions.

## PROPERTY TRANSACTION HISTORY

According to the Harris County Appraisal District, title to the subject is currently vested in the name of WM1201 PROPERTIES LLC, who acquired the property on April 25, 2023 for **\$7,995,000**. Since acquiring the property, the new owner has spent \$1,412,707 on renovations which included rehabbing the 3 single family houses and workshop, concrete around the horse stables, a new barn, renovating the event venue, adding a 2,984 SF covered patio/port cache, adding a saloon, gazebo, outside restroom, outside shower, fence replacement and excavation of 49 acres of the property. To the best of our knowledge, there have been no other transfers in the ownership of the subject for the three-year period preceding the effective date of this appraisal. Please note, however, 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.

### Recent Transaction

<b>Sale Date</b>	April 25, 2023
<b>Deed Book/Page</b>	RP-2023-145796
<b>Sale Price</b>	<b>\$7,995,000</b>
<b>per Acre of Land (Net)</b>	\$92,753
<b>per SF of Land (Net)</b>	\$2.13
<b>Grantor</b>	WALL PROPERTIES AND INVESTMENTS LLC
<b>Grantee</b>	WM1201 PROPERTIES LLC

There have been no other known transactions of the subject property within the three years prior to the effective date of this appraisal.



# SCOPE OF WORK

The scope of work best defines the needs of the client(s) and intended user(s) of the report and dictates what factors an appraiser considered during the valuation process. The scope of work summarized below has been deemed acceptable as it meets or exceeds both the expectations of parties who are regularly intended users for similar assignments and what an appraiser's peers' actions would be in performing the same or a similar assignment. As such, the scope of work summarized below is deemed appropriate for this assignment based on its parameters and will produce credible assignment results. Additional scope details are included in appropriate sections of this report.

SCOPE OF THE INVESTIGATION																			
<b>General and Market Data Analyzed</b>	<ul style="list-style-type: none"> <li>▪ Regional economic data and trends</li> <li>▪ Market analysis data specific to the subject property type</li> <li>▪ Published survey data</li> <li>▪ Neighborhood demographic data</li> <li>▪ Comparable cost, sale, rental, expense, and capitalization rate data</li> <li>▪ Floodplain status</li> <li>▪ Zoning information</li> <li>▪ Assessor's information</li> <li>▪ Interviewed professionals knowledgeable about the subject's property type and market</li> </ul>																		
<b>Inspection Details</b>	Sean Reilly inspected the subject property on January 12, 2024.																		
<b>Property Specific Data Requested and Received</b>	<table border="1"> <thead> <tr> <th colspan="2">PROPERTY DATA RECEIVED</th> </tr> </thead> <tbody> <tr> <td>Building plan</td> <td></td> </tr> <tr> <td>Renovation budget</td> <td></td> </tr> <tr> <td>Construction budget</td> <td></td> </tr> <tr> <td>ALTA survey</td> <td></td> </tr> </tbody> </table>	PROPERTY DATA RECEIVED		Building plan		Renovation budget		Construction budget		ALTA survey									
PROPERTY DATA RECEIVED																			
Building plan																			
Renovation budget																			
Construction budget																			
ALTA survey																			
<b>Data Requested, but not Provided</b>	<table border="1"> <thead> <tr> <th colspan="2">DATA REQUESTED, BUT NOT PROVIDED</th> </tr> </thead> <tbody> <tr> <td>None</td> <td></td> </tr> </tbody> </table>	DATA REQUESTED, BUT NOT PROVIDED		None															
DATA REQUESTED, BUT NOT PROVIDED																			
None																			
<b>Data Sources</b>	<table border="1"> <thead> <tr> <th colspan="2">DATA SOURCES</th> </tr> </thead> <tbody> <tr> <td>Site Size</td> <td>Survey</td> </tr> <tr> <td>Building Size</td> <td>Owner</td> </tr> <tr> <td>Tax Data</td> <td>Assessor's Records</td> </tr> <tr> <td>Zoning Information</td> <td>Planning Dept</td> </tr> <tr> <td>Flood Status</td> <td>FEMA</td> </tr> <tr> <td>Demographics Reports</td> <td>Spotlight</td> </tr> <tr> <td>Comparable Land Sales</td> <td>Costar, phone verificatin</td> </tr> <tr> <td>Comparable Improved Sales</td> <td>Costar, phone verificatin</td> </tr> </tbody> </table>	DATA SOURCES		Site Size	Survey	Building Size	Owner	Tax Data	Assessor's Records	Zoning Information	Planning Dept	Flood Status	FEMA	Demographics Reports	Spotlight	Comparable Land Sales	Costar, phone verificatin	Comparable Improved Sales	Costar, phone verificatin
DATA SOURCES																			
Site Size	Survey																		
Building Size	Owner																		
Tax Data	Assessor's Records																		
Zoning Information	Planning Dept																		
Flood Status	FEMA																		
Demographics Reports	Spotlight																		
Comparable Land Sales	Costar, phone verificatin																		
Comparable Improved Sales	Costar, phone verificatin																		

VALUATION METHODOLOGY	
<b>Most Probable Buyer</b>	To apply the most relevant valuation methods and data, the appraiser must first determine the most probable buyer of the subject property. Based on the analyses presented, the most probable buyer of the subject property would be a(n) Owner-User

**Valuation Methods Utilized**

This appraisal employs the Cost Approach and the Sales Comparison Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that these approaches would be considered applicable and/or necessary for market participants. Because the subject property is a specialized land use, it is not typically marketed, purchased or sold on the basis of anticipated lease income. Lease comparables are rare and generally do not reflect market transactions. Therefore, we have not employed the Income Capitalization Approach to develop an opinion of market value.

### DEFINITIONS

Pertinent definitions, including the definition of market value, are included in the glossary, located in the *Addenda* of this report. The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States:

**Market Value**

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 are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- 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. <sup>[1]</sup>

### LEVEL OF REPORTING DETAIL

Standards Rule 2-2 (Real Property Appraisal, Reporting) contained in USPAP requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report.

This report is prepared as an **Appraisal Report**. An Appraisal Report must at a minimum summarize the appraiser's analysis and the rationale for the conclusions.

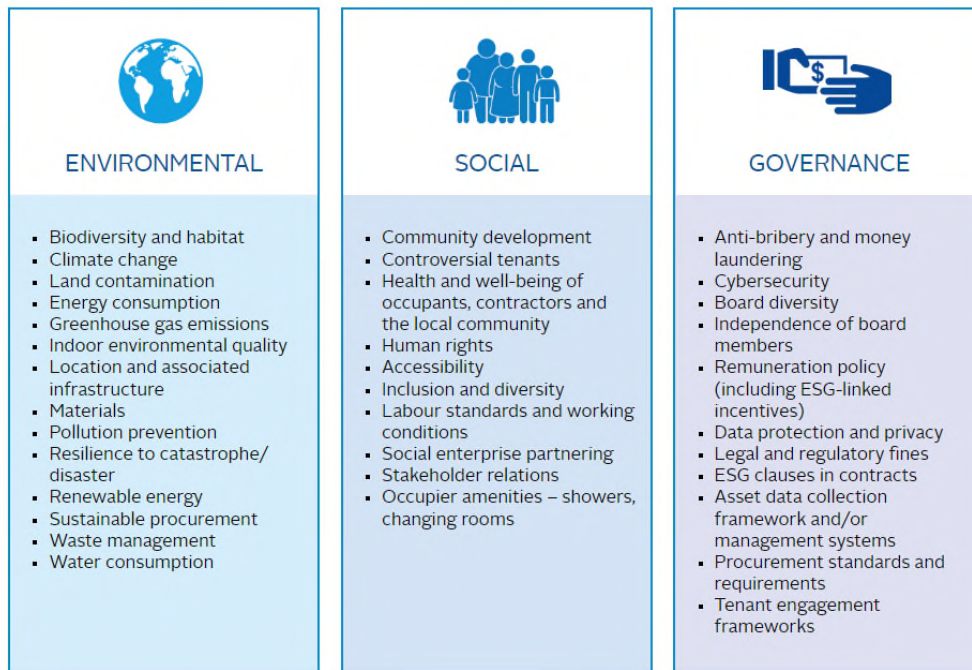
<sup>[1]</sup> (Interagency Appraisal and Evaluation Guidelines; December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472)

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE

## Overview

Environmental, Social and Governance (ESG) has become a standard criterion in the global real estate sector, excepting the United States. The European Union has adopted specific, conduct-based directives on ESG. In the US, while there has been a scattering of ESG regulations within specific markets there has been no industry wide or politically enacted regulations. Nevertheless, market participants are increasingly concerned with environmental risks, sustainable construction, carbon neutrality, social responsibilities, and governance of their companies, partners, and vendors.

Principles for Responsible Investment provides the following summary of approaches to responsible investment for direct and indirect real estate investors.



Furthermore, PRI provides examples of how these issues may affect property valuations.

<b>ADDITIONAL CAPITAL EXPENDITURES</b>	Equipment upgrades to improve energy performance
<b>INCREASED COSTS</b>	Higher insurance premiums due to physical risk factors
<b>FUTURE INCOME UNCERTAINTY</b>	Tenant and leasing disruption due to extreme weather events
<b>OBSOLESCENCE RISK</b>	Buildings that do not meet minimum energy performance standards set by legislation



---

## Environmental

Both physical and transition risks must be analyzed for each property and market. Physical risks are hazards caused by changing climate such as floods, fires, rising temperatures, and rising sea levels. Transition risks involve the responses to climate change by humans and society. An example of transition risk is New York's Local Law 97 which requires most buildings over 25,000 square feet to meet energy and greenhouse gas emissions by 2024 with additional requirements in 2030. Transition risks are regulatory, economic and social changes that could affect asset values.

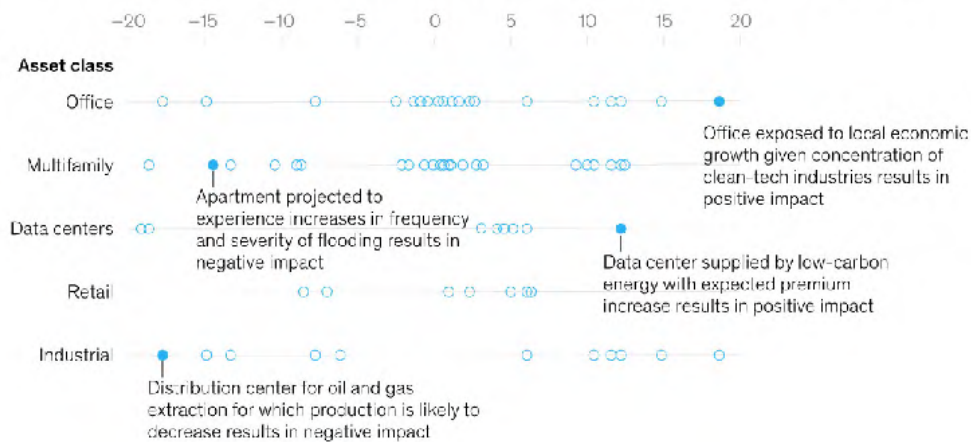
According to *Climate Risk and the Opportunity for Real Estate* by McKinsey & Company,

The combination of this economic transition and the physical risks of climate change has created a significant risk of mispricing real estate across markets and asset classes. For example, a major North American bank conducted analysis that found dozens of assets in its real-estate portfolio that would likely be exposed to significant devaluations within the next ten years due to factors including increased rates of flooding and job losses due to the climate transition. Additionally, a study of a diversified equity portfolio found that, absent mitigating actions, climate risks could reduce annual returns toward the end of the decade by as much as 40 percent. Leading real-estate players will figure out which of their assets are mispriced and in what direction and use this insight to inform their investment, asset management, and disposition choices. They will also decarbonize their assets, attracting the trillions of dollars of capital that has been committed to net zero and the thousands of tenants that have made similar commitments. They will then create new revenue sources related to the climate transition.

Building climate intelligence is central to value creation and strategic differentiation in the real-estate industry. But the reverse is also true: real estate is central to global climate change mitigation efforts. Real estate drives approximately 39 percent of total global emissions. Approximately 11 percent of these emissions are generated by manufacturing materials used in buildings (including steel and cement), while the rest is emitted from buildings themselves and by generating the energy that powers buildings. Real-estate owners and investors will need to improve their climate intelligence to understand the potential impact of revenue, operating costs, capital costs, and capitalization rate on assets. This includes developing the analytical capabilities to consistently assess both physical and transition risks. Analyses should encompass both direct effects on assets and indirect effects on the markets, systems, and societies with which assets interact.

The following chart from McKinsey& Co. shows examples of physical and transition risks, and their potential effects on value.

Illustrative chart and examples of physical and transition risk effects on equity value of assets, %



## Social

According to *ESG Real Estate Insights* by Deloitte,

Recently, the “S” in ESG has received growing attention as the COVID-19 pandemic put greater emphasis on the social factor. Since real estate companies have a significant social impact, they should consider the “S” as a value driver. Social aspects in real estate include, for example, participation in the rehabilitation of public spaces, affordable housing, social housing or care centers as well as ensuring security in buildings and assuring human rights. From an internal perspective, social elements may also comprise ensuring workplace safety, fostering high standards in labor practices, responsible marketing, and promoting diversity across the company. Incorporating social considerations can increase companies’ ability to attract talent – especially among millennials. The risk of neglecting social elements can lead to a lack of reputation, lost work, higher employee turnover, increased operating costs, and may threaten the ability to operate.

## Governance

The “G” in ESG and how it pertains to commercial real estate is convoluted. Governance in commercial real estate has little to do with individual assets or portfolios, and more to do with how a commercial real estate company is structured, led, and how decisions are made. Governance concerns itself with how an ESG focused entity approaches risk management and longer-term planning. It may also concern itself with how individuals who manage properties make decisions to build tenant and community trust.

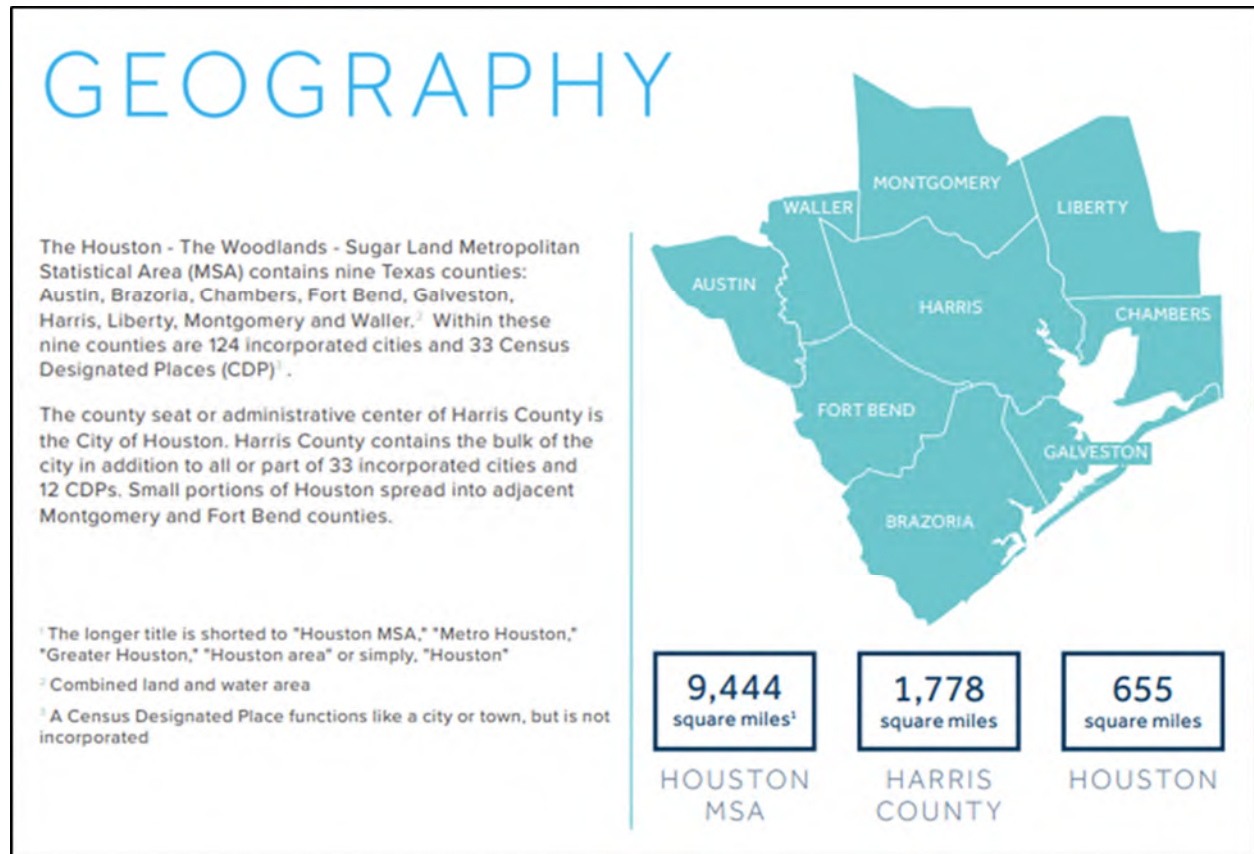
From a bigger picture, the “G” truly focuses on the boardroom and according to *ESG Real Estate Insights* by Deloitte,

Regarding the “G” in ESG, governance scrutiny is central to companies’ ability to continue business operations. While promoting corporate governance can present an opportunity for real estate companies in order to drive long-term value, not addressing governance considerations carries high risks – reaching from penalties and fines to a loss of reputation and market penetration.

Governance elements include, among others, compliance with governance rules and guidelines, ensuring adequate and transparent remuneration, promoting transparent disclosure of governance issues, taking action against corruption, fostering diversity in management and governing bodies, as well as establishing and communicating organizational values. A corporate culture of ethics, compliance, and integrity is the foundation to create a positive long-term impact.



**GEOGRAPHIC FORCES**



The Houston-Galveston-Brazoria CMSA consists of three Primary Metropolitan Statistical Areas (PMSAs): Houston PMSA (Austin, Chambers, Fort Bend, Harris, Liberty, Montgomery, and Waller Counties); Galveston-Texas City PMSA (Galveston County); and Brazoria PMSA (Brazoria County). For convenience, the longer titles are shortened to Houston CMSA, Houston PMSA, Galveston PMSA and Brazoria PMSA.

**MOODY’S ECONOMY.COM METROPOLITAN SUMMARY**

The subject is in an area which is included within the Houston Metropolitan Statistical Area (MSA). The following information is taken from Moody’s Economy.com August 2023 (the most recent) Metropolitan Summary of the MSA.

**RECENT PERFORMANCE**

Job growth in Houston-The Woodlands-Sugar Land has decelerated and is a bit behind the U.S. pace. Many industries are underperforming their respective national totals in recent months, except for core manufacturing. The local PMI has declined to nearly its lowest point in more than a year and is signaling a pause in activity. Initial claims for unemployment in the metro area have begun to edge up from their low levels in 2022 and the first half of 2023. The unemployment rate has risen nearly 0.5 percentage point to 4.4% since January, though part of the reason has been above-average growth in the labor force. Housing market data have been mixed, with prices declining slightly but new permits rising since the beginning of the year.



2017	2018	2019	2020	2021	2022	INDICATORS	2023	2024	2025	2026	2027	2028
476.4	487.4	508.6	504.7	492.1	494.4	Gross metro product (C125 bil)	507.6	516.9	534.7	556.9	579.3	600.9
-0.1	2.3	4.4	-0.8	-2.5	0.5	% change	2.7	1.8	3.4	4.1	4.0	3.7
3,019.8	3,087.4	3,159.5	3,000.7	3,072.7	3,247.5	Total employment (ths)	3,350.0	3,386.3	3,422.3	3,458.1	3,492.6	3,528.1
0.9	2.2	2.3	-5.0	2.4	5.7	% change	3.2	1.1	1.1	1.0	1.0	1.0
5.1	4.4	3.8	8.7	6.3	4.2	Unemployment rate (%)	4.2	3.8	3.9	3.9	3.9	3.9
7.7	6.8	5.1	2.9	7.1	6.0	Personal income growth (%)	6.6	5.9	6.1	6.3	6.1	5.9
63.6	66.1	68.0	69.8	70.9	72.4	Median household income (\$ ths)	75.6	77.9	80.8	84.0	87.2	90.4
6,902.3	6,988.8	7,072.7	7,141.4	7,214.4	7,349.1	Population (ths)	7,469.1	7,570.4	7,666.6	7,762.9	7,860.6	7,959.8
1.5	1.3	1.2	1.0	1.0	1.9	% change	1.6	1.4	1.3	1.3	1.3	1.3
39.8	32.3	32.6	26.8	40.7	95.0	Net migration (ths)	73.6	53.8	49.2	49.7	51.8	54.1
36,348	40,511	39,507	50,175	52,740	47,899	Single-family permits (#)	42,730	37,068	41,424	43,687	42,667	41,284
6,047	16,967	24,165	20,625	16,544	28,027	Multifamily permits (#)	24,673	22,433	19,218	16,152	12,475	10,943
4.1	4.5	3.9	4.4	9.6	16.0	FHFA house price index (% change)	2.5	-4.7	-3.5	-0.8	0.9	1.4

## ENERGY INDUSTRY

Mining and manufacturing will face headwinds over the coming months, but there is upside potential. Exploration for oil and natural gas has declined significantly since April, with Texas active rigs down 15% during that time. The reason is that the West Texas Intermediate oil price declined from about \$90 per barrel a year ago to a low of about \$70 in June. As a result, manufacturers of equipment and supplies for drilling in HOU have seen weakening demand. However, there are upside prospects. In addition to OPEC's supply cuts earlier in the year, in June, Saudi Arabia announced another reduction of 1 million barrels per day. As a result, oil prices have rebounded to the low-\$80 range; Moody's Analytics forecasts that prices will approach \$90 as the global economy begins to rebound.

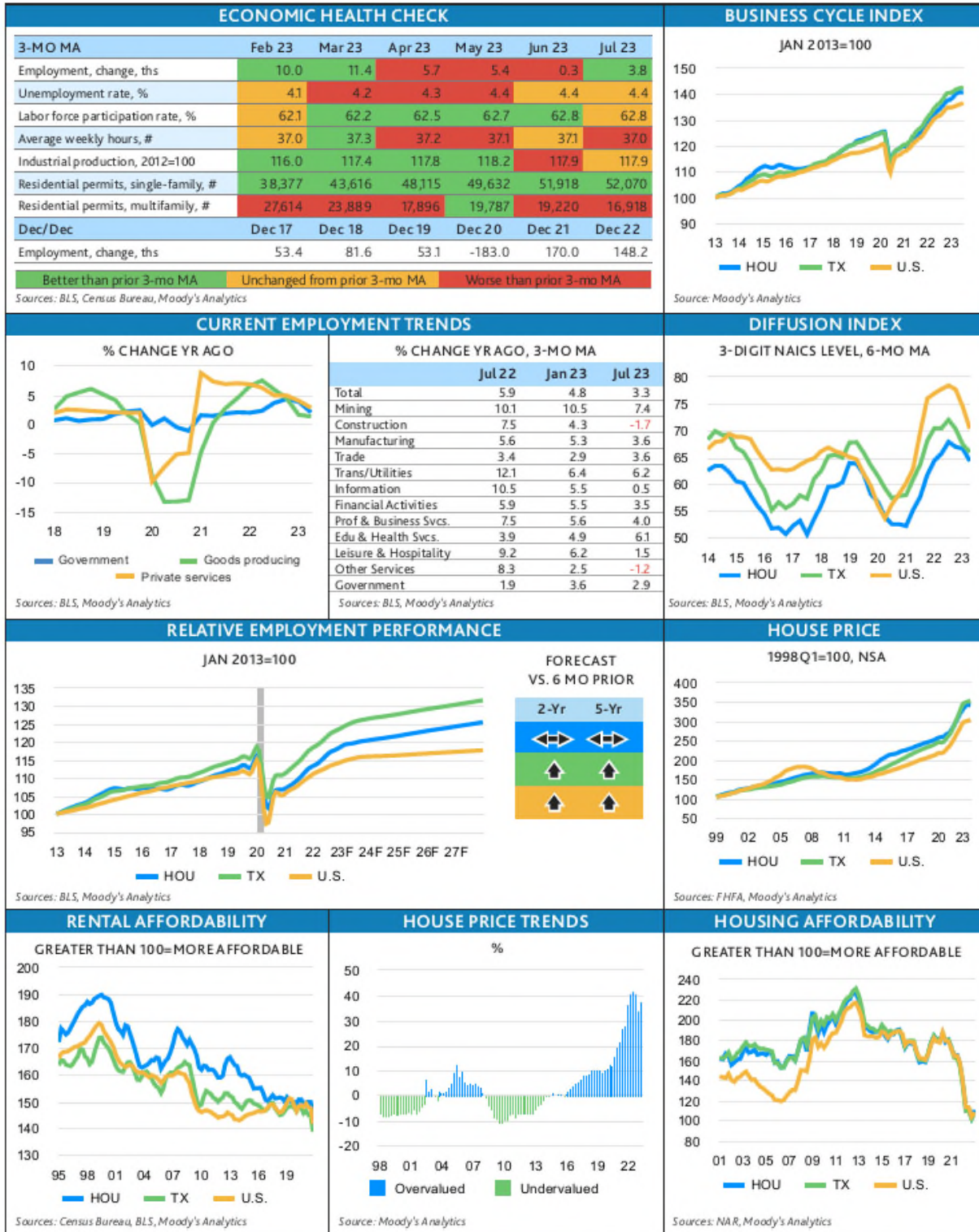
## DISTRIBUTION AND TRANSPORTATION

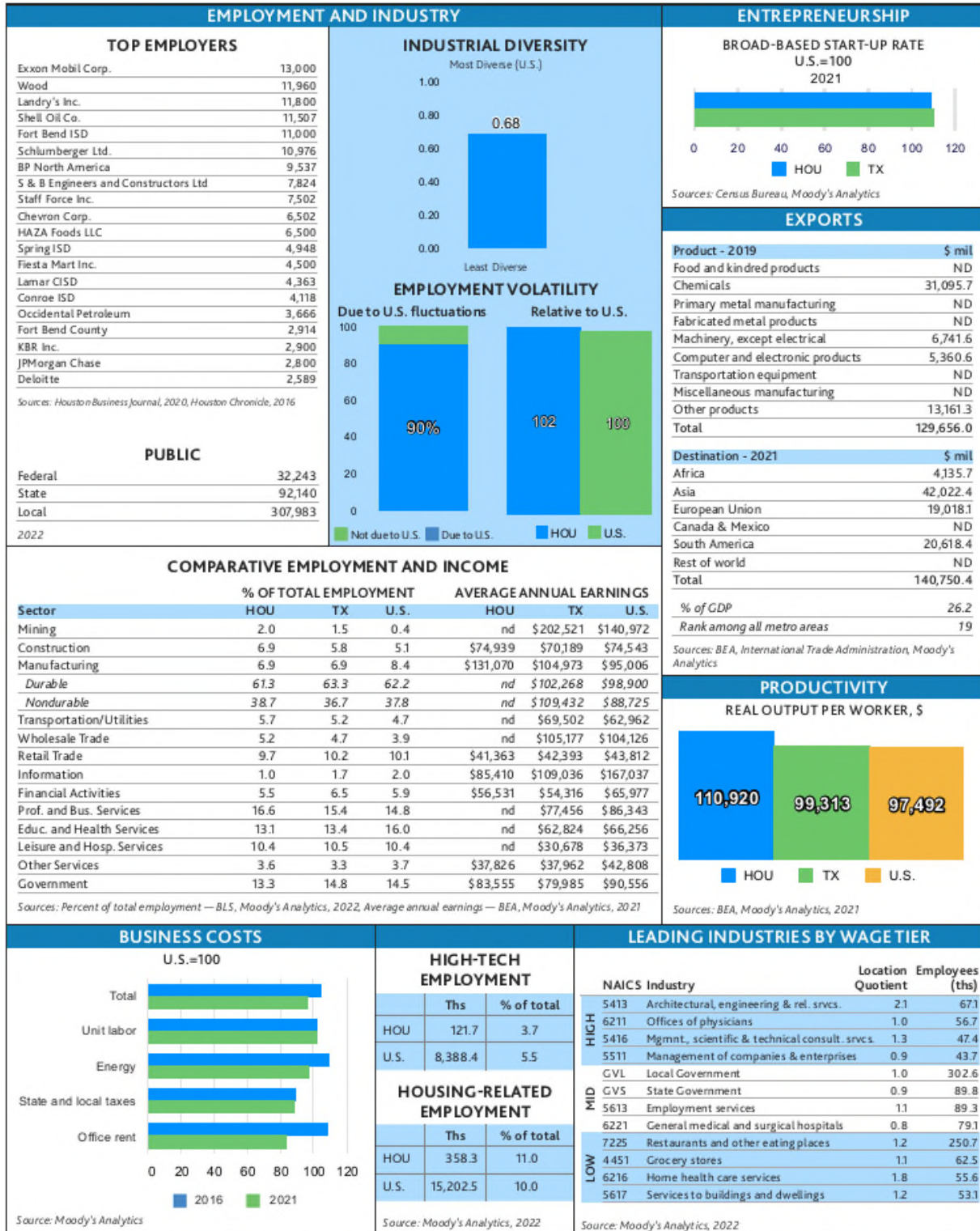
Shipping and transportation will be sources of support to the economy. The Port of Houston handled a record number of loaded containers in the first five months of 2023: One driver has been infrastructure improvements that expanded its capacity. As a result, transportation employment is up more than 7% year over year, compared with insignificant growth nationally. Imports were approximately 55% of the traffic with exports accounting for the remaining 45%. Electrical and industrial machinery was a large share of the imports, notable because business investment nationally in this sort of equipment has been weakening. Consequently, as the economy begins to firm, so will the prospects for additional growth in shipping. With respect to transportation, passenger traffic through the HOU airport system is back to pre-pandemic levels; George Bush International Airport is investing \$1.2 billion in renovations.

## HOMEBUILDING

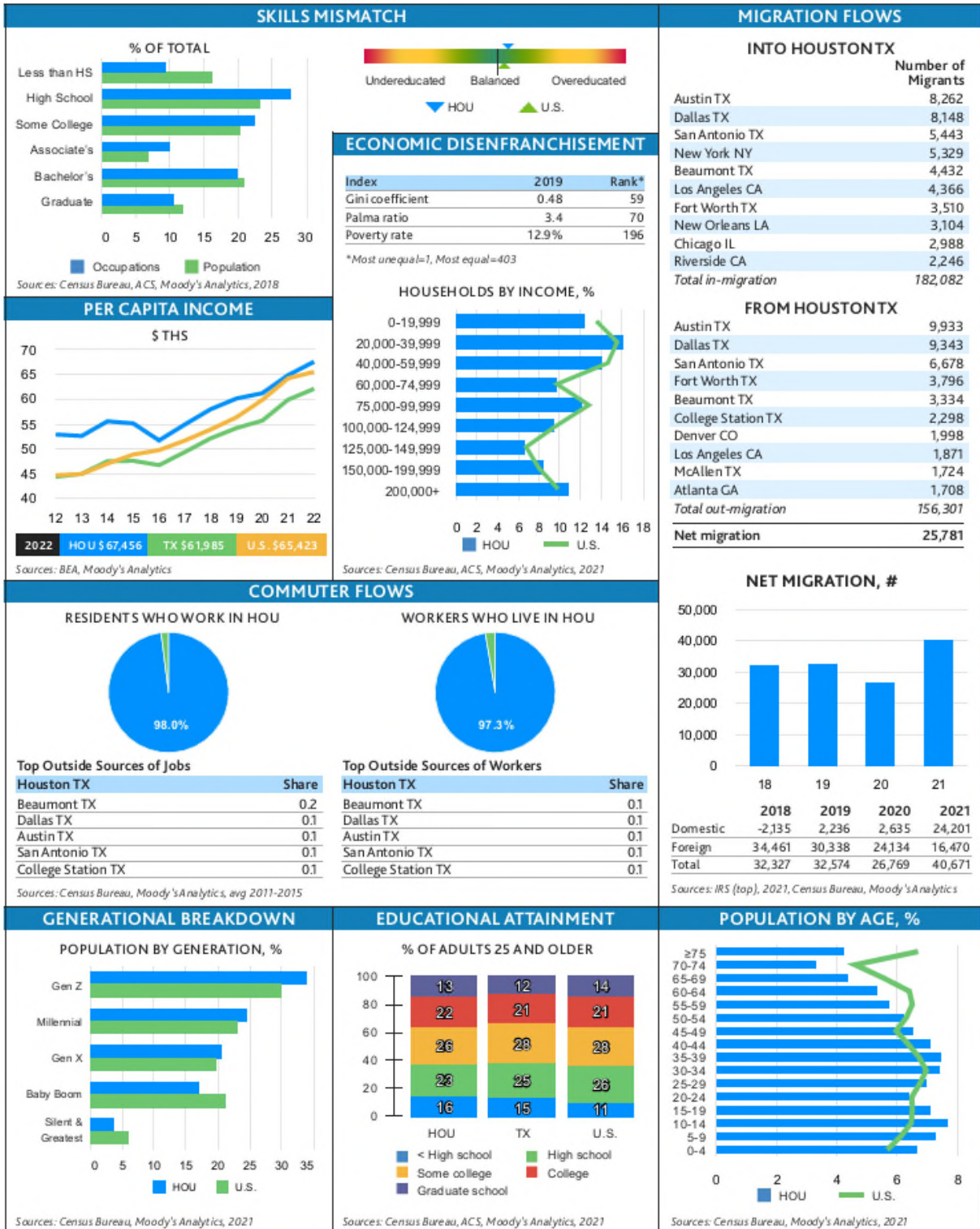
Residential construction will revive over the coming year. New permits for single-family homes dropped 40% in 2022 because of rising mortgage rates but have already bounced back by more than 30% in 2023 despite rates remaining elevated. Several factors are motivating developers. First, although HOU home sales have declined from their frenetic pace in 2021 and 2022, they remain higher than pre-pandemic. Second, house prices have fallen only modestly, much less than the national decline between mid-2022 and mid-2023. Third, job growth was strong until the past few months—population growth of 1.7% in 2022 was well above the national rate of 0.4%.











## **CONCLUSION**

Houston-The Woodlands-Sugar Land should match the national performance over the coming years and may outperform. Longer term, the concentration of energy-related industries; strong population growth; and an expansion in the housing, transportation and distribution industries will help propel above-average gains for the metro area.

# NEIGHBORHOOD OVERVIEW

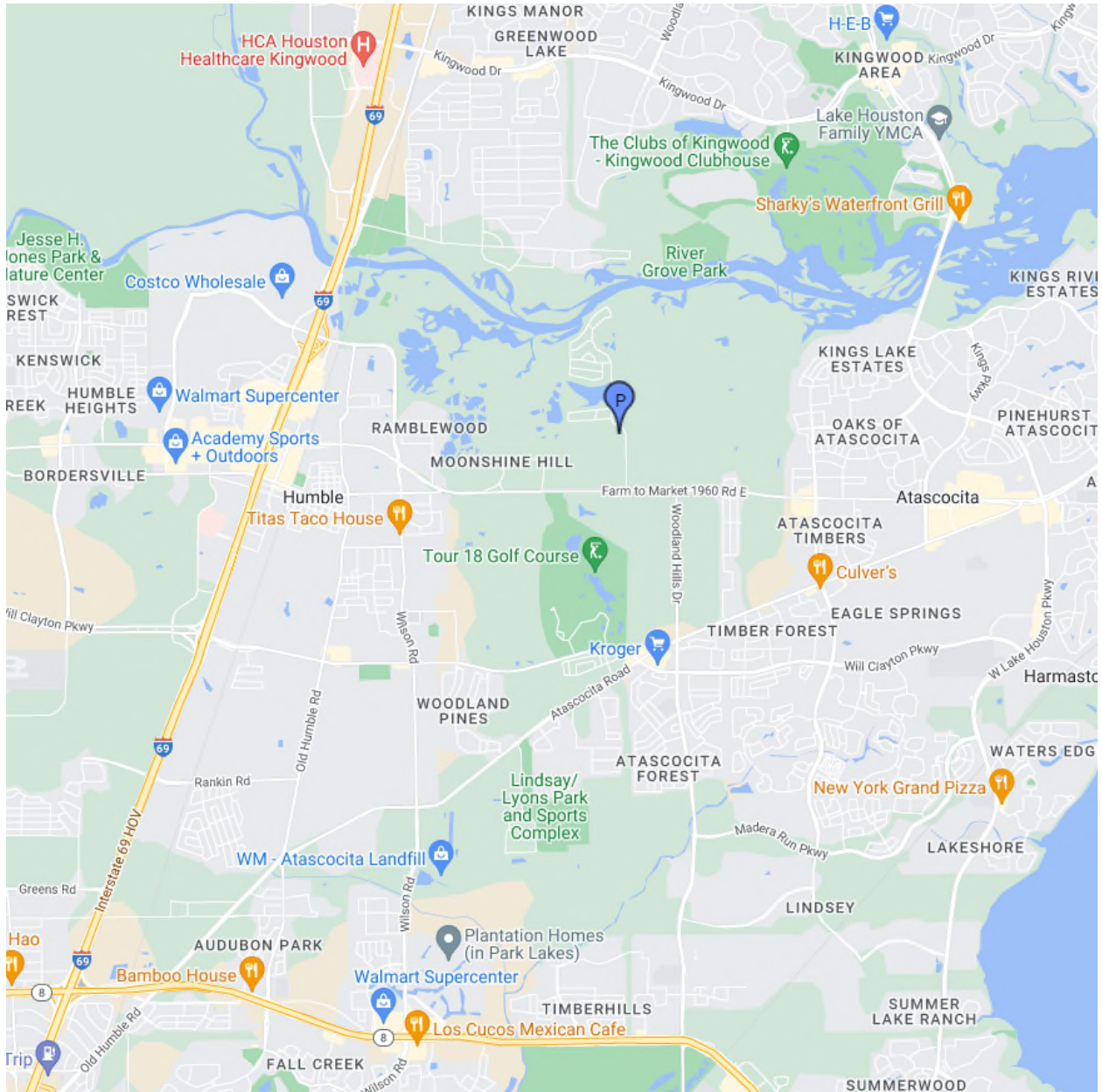
## INTRODUCTION

A neighborhood “the defined geographic area in which the subject property competes for the attentions of market participants; the term broadly defines an area containing diverse land uses.” Neighborhood areas are defined by a combination of factors including physical features the demographic and socioeconomic characteristics of the residents or tenants, the condition of the improvements, and land use trends. Neighborhood analysis focuses on the identification of a neighborhood’s boundaries and the social, economic, governmental and environmental influences that affect the value of real property within those boundaries. In conducting neighborhood analysis, the competitive supply and demand for the subject property is more directly addressed.

The purpose of a neighborhood analysis is to provide a bridge between the study of general influences on all property values and the analysis of a subject. Neighborhood boundaries are identified by determining the area in which the four forces that affect value (social, economic, governmental and environmental) operate in the same way they affect the subject property. Interaction of the various components influencing these four forces often results in the dissimilarities regarding the length of time between the stages of a neighborhood’s life cycle.



## NEIGHBORHOOD MAP



## GENERAL DESCRIPTION

The neighborhood is located in the north corridor of Houston, TX and surrounding cities. For the purposes of this analysis, the neighborhood is defined as the area bound Beltway 8 to the south, I-69 to the west, Kingwood Drive to the north, and W Lake Houston Parkway to the east.

These boundaries are considered appropriate since the properties in this area have similar attributes such as land usage, physical characteristics, price range and desirability. The subject is located in the northern corridor of the neighborhood area.

## ACCESS

Access to the neighborhood from surrounding areas is good. Primary access is provided by three main throughways, a list has been provided below with a brief description.

The Hardy Toll Road is a toll road in the Greater Houston area of the U.S. state of Texas, maintained by the Harris County Toll Road Authority. The route runs from Interstate 610 near central Houston to Interstate 45 just south of the Harris–Montgomery County line. The road generally parallels Interstate 45.

Interstate-69 is eight-lane, bi-directional, divided highway. is an Interstate Highway in the United States currently consisting of ten disjointed parts with an original continuous segment from Indianapolis, Indiana, northeast to the Canada–US border in Port Huron, Michigan, at 355.8 miles. The remaining separated parts are variously completed and posted or unposted parts of an extension southwest to the Mexican border in Texas. Of this extension—it would help trade with Canada and Mexico spurred by the North American Free Trade Agreement—five pieces near Corpus Christi, Houston, northwestern Mississippi, Memphis, and Evansville have been newly built or upgraded and signposted as I-69. A sixth segment of I-69 through Kentucky utilizing that state's existing parkway system and a section of I-24 was established by federal legislation in 2008, but only a portion is signposted. The Pennyryle Parkway between Nortonville and Henderson being signed as I-69 in 2015, and the Purchase Parkway between Mayfield and Calvert City signed in July 2018. This brings the total length to about 720 miles.

Beltway 8 (BW8), the Sam Houston Parkway, along with the Sam Houston Tollway, is an 88-mile beltway around the city of Houston, Texas, lying entirely within Harris County.

Overall, accessibility of the neighborhood is considered to be good.

## LIFE STAGES/TRENDS

Based on observations of the neighborhood area, the neighborhood is in a relatively stable phase of its life cycle. The overall population has increased in recent years with continued moderate increases expected over the next five years. The neighborhood consists of single family, retail, and industrial uses. The northern portion of the neighborhood, in which the subject is located, is predominantly single-family development, and retail developments. Single family, retail, in the area are in average condition, and the overall appearance of the neighborhood is considered average. The neighborhood has a good reputation with respects to most types of real estate. Access is good given the presence of major regional thoroughfares and support facilities.

## LAND USE PATTERNS

The neighborhood is a mixture of commercial, and residential developments. A majority of the development is oriented towards industrial and single-family residential development. Industrial development tends to be located near and around George Bush International Airport (IAH). Single-family residential developments are found along secondary roadways and tertiary roadways within the area. Most single-family residential development is located along secondary arterial ways, with developments located near major freeways.

The most notable development within the neighborhood is the George Bush Intercontinental Airport (IAH). In 2022, the airport served 40,977,839 passengers, making it the 27th busiest airport in the world, and the 12th busiest airport in the United States. IAH covers 10,000 acres of land and has five runways. Houston Intercontinental is the second largest passenger hub for United Airlines. Under operations as United Express, ExpressJet, Mesa Airlines, Republic Airline, and SkyWest Airlines operate hub operations from IAH. It served as a hub for Houston-based Texas International Airlines and commuter air carrier Metro Airlines, which was also based in the Houston area and started its first flights when Intercontinental opened in 1969. The airport also serves as a hub for Atlas Air, which hosts a crew base, maintenance, and cargo logistics. IAH became the first airport in North America to have nonstop flights to every inhabited continent in 2017, with the addition of Air New Zealand, but lost this claim when Atlas Air ended their nonstop flight to Luanda. The airport regained this title in December 2019 when Ethiopian Airlines launched service to Lomé in Africa.

## ECONOMIC/DEMOGRAPHIC DATA

The data below summarizes the neighborhood area demographics for the 1-, 3-, and 5-mile radii from the address of the subject, as provided by Claritas, Inc.

COMPARATIVE DEMOGRAPHIC ANALYSIS FOR PRIMARY TRADE AREA			
	19327 Belleau Wood Drive - 1 mi.	19327 Belleau Wood Drive - 3 mi.	19327 Belleau Wood Drive - 5 mi.
Description	Totals	Totals	Totals
<b>Population</b>			
2029 Projection	496	65,800	217,587
2024 Estimate	485	63,319	206,765
2020 Census	476	61,297	196,124
2010 Census	364	49,202	149,090
2024 Est. Median Age	41.75	36.75	36.67
2024 Est. Average Age	41.40	37.16	37.24
<b>Households</b>			
2029 Projection	180	22,000	74,580
2024 Estimate	177	21,214	70,882
2020 Census	175	20,576	67,221
2010 Census	136	16,908	52,019
<b>2024 Est. Average Household Size</b>	2.74	2.99	2.87
<b>2024 Est. Households by Household Income (%)</b>			
Household Income < \$15,000	12.99	6.33	5.69
Household Income \$15,000 - \$24,999	15.25	4.21	4.44
Household Income \$25,000 - \$34,999	12.43	4.41	5.57
Household Income \$35,000 - \$49,999	5.09	8.31	7.87
Household Income \$50,000 - \$74,999	13.56	14.41	16.70
Household Income \$75,000 - \$99,999	14.69	14.52	13.34
Household Income \$100,000 - \$124,999	6.78	11.53	10.75
Household Income \$125,000 - \$149,999	7.91	10.67	9.10
Household Income \$150,000 - \$199,999	6.22	12.29	12.15
Household Income \$200,000 - \$249,999	2.26	5.35	6.03
Household Income \$250,000 - \$499,999	1.70	5.62	5.97
Household Income \$500,000+	0.00	2.36	2.40
<b>2024 Est. Average Household Income</b>	\$72,740	\$121,628	\$121,840
<b>2024 Est. Median Household Income</b>	\$57,693	\$95,980	\$92,686
<b>2024 Est. Tenure of Occupied Housing Units (%)</b>			
Owner Occupied	58.60	69.06	63.82
Renter Occupied	38.42	26.64	31.57
<b>2024 Est. Median All Owner-Occupied Housing Value</b>	\$293,899	\$261,011	\$282,472

Source: 2024 Claritas, Inc.

POPULATION AND HOUSEHOLD CHANGES			
	19327 Belleau Wood Drive - 1 mi.	19327 Belleau Wood Drive - 3 mi.	19327 Belleau Wood Drive - 5 mi.
Projected Population Change (2024 - 2029)	2.3%	3.9%	5.2%
Estimated Population Change (2020 - 2024)	1.9%	3.3%	5.4%
Actual Population Change (2010 - 2020)	30.8%	24.6%	31.5%
Projected Households Change (2024 - 2029)	1.7%	3.7%	5.2%
Estimated Households Change (2020 - 2024)	1.1%	3.1%	5.4%
Actual Households Change (2010 - 2020)	28.7%	21.7%	29.2%

Source: 2024 Claritas, Inc.

## CONCLUSION

The subject neighborhood has good access to Hardy Toll Road, FM-1960, Interstate-69, Sam Houston Parkway, and support facilities. Industrial and single-family residential uses will continue to dominate as the most viable use in the area. Retail is expected to see moderate growth in their respected corridors within the neighborhood. With an increase in population likely over the next five years, the outlook for the neighborhood is positive.

# SITE DESCRIPTION

GENERAL SITE DESCRIPTION OVERVIEW																			
Location	The subject is located on the west side of Belleau Wood Drive between Dain Place and White Blossom Lane																		
Parcel Number	- 0420770000276 - 0420770000285 - 0420770000286 - 0420770001505																		
Legal Description	TR 10B-2 ABST 223 R DUNMAN  TR 11B ABST 223 R DUNMAN  TR 11C ABST 223 R DUNMAN  TR 11C-2 ABST 223 R DUNMAN																		
Latitude, Longitude	30.006259, -95.220105																		
Site Area	3,263,951 square feet (74.93 acres)																		
Configuration	Irregular																		
Topography	Level																		
Drainage	Appears adequate																		
Utilities/Municipal Services	All available to site.																		
Off-Site Improvements	None																		
Flood Zone(s)	<table border="1"> <thead> <tr> <th>Zone</th> <th>Map</th> <th>Date</th> </tr> </thead> <tbody> <tr> <td>Zone AE</td> <td>48201C0315L</td> <td>June 18, 2007</td> </tr> </tbody> </table> <p>Zone AE is a Special Flood Hazard Area (SFHA) where base flood elevations are provided. AE Zones are now used on new format Flood Insurance Rate Maps (FIRM) instead of A1-A30 Zones. In communities that participate in the National Flood Insurance Program (NFIP), mandatory flood insurance purchase requirements apply to this zone.</p> <table border="1"> <thead> <tr> <th>Zone</th> <th>Map</th> <th>Date</th> </tr> </thead> <tbody> <tr> <td>Zone X (Unshaded)</td> <td>48201C0315L</td> <td></td> </tr> </tbody> </table> <p>Zone X Unshaded (Outside 500Y) is a Non-Special Flood Hazard Area (NSFHA) of minimal flood hazard, usually depicted on Flood Insurance Rate Maps (FIRM) as above the 500-year flood level. This is an area in a low to moderate risk flood zone that is not in any immediate danger from flooding caused by overflowing rivers or hard rains. In communities that participate in the National Flood Insurance Program (NFIP), flood insurance is available to all property owners and renters in this zone.</p> <table border="1"> <thead> <tr> <th>Zone</th> <th>Map</th> <th>Date</th> </tr> </thead> <tbody> <tr> <td>Zone X (Shaded)</td> <td>48201C0315L</td> <td></td> </tr> </tbody> </table> <p>Zone X Shaded (Inside 500Y) is a Non-Special Flood Hazard Area (NSFHA) of moderate flood hazard, usually the area between the limits of the 100-year and 500-year floods. Are also used to designate base floodplains of lesser hazards, such as areas protected by levees from 100-year flood, or shallow flooding areas with average depths of less than one foot or drainage areas less than 1 square mile. This is an area in a low to moderate risk flood zone that is not in any immediate danger from flooding caused by overflowing rivers or hard rains. In communities that participate in the National Flood Insurance Program (NFIP), flood insurance is available to all property owners and renters in this zone.</p>	Zone	Map	Date	Zone AE	48201C0315L	June 18, 2007	Zone	Map	Date	Zone X (Unshaded)	48201C0315L		Zone	Map	Date	Zone X (Shaded)	48201C0315L	
Zone	Map	Date																	
Zone AE	48201C0315L	June 18, 2007																	
Zone	Map	Date																	
Zone X (Unshaded)	48201C0315L																		
Zone	Map	Date																	
Zone X (Shaded)	48201C0315L																		
Flood Zone Comments	Majority of the land is located in flood zone AE, however, small portions of the land are located in zone X (unshaded) and X (Shaded).																		
Census Tract No.	2507.01																		
Soil/Subsoil Conditions	We did not receive nor review a soil report. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property.																		
Environmental Concerns	The inspecting appraiser did not observe any environmental issues and for the purpose of this appraisal, it is specifically assumed that none exist. No independent environmental studies were provided. This appraisal assignment was engaged to determine the market value of the property, independent of any potential environmental issues. In the event the property is determined to be impacted by environmental concerns, it could affect our appraisal conclusions.																		
Easements, Encroachments and Deed Restrictions	Access easement to the rear of the property																		
Frontage	±645 ft of frontage on Belleau Wood Drive																		
Access	Two curb cuts on Belleau Wood Drive																		
Visibility	Average																		
Surrounding Land Uses	Single family residential, vacant land																		
Opportunity Zone	No																		
Site Utility	Average																		

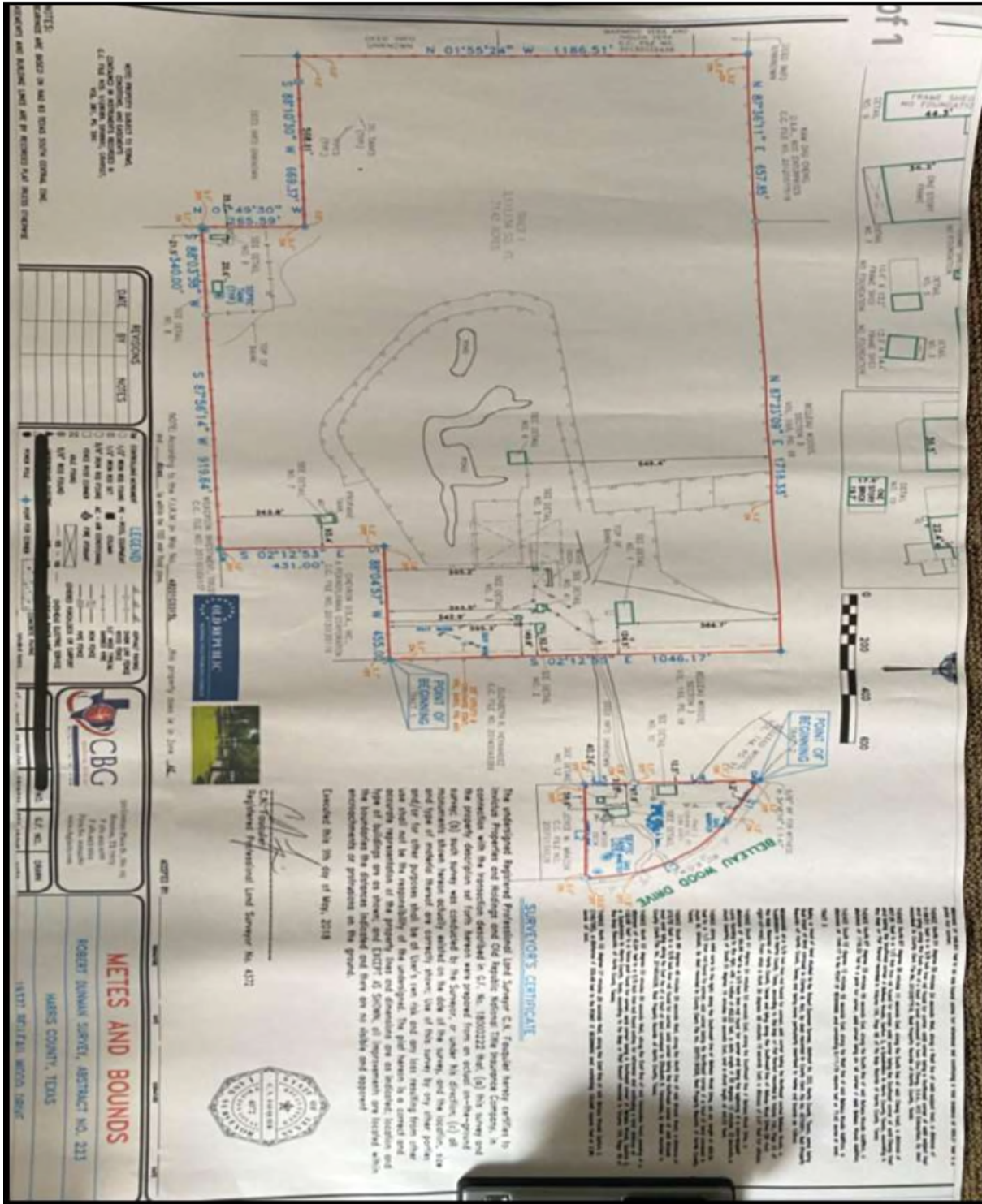


**ZONING**

<b>Designation</b>	N/A
<b>Description</b>	No Zoning
<b>Zoning Intent</b>	No zoning in Harris County or Humble, Texas
<b>Compliance</b>	The subject is a legal conforming use.

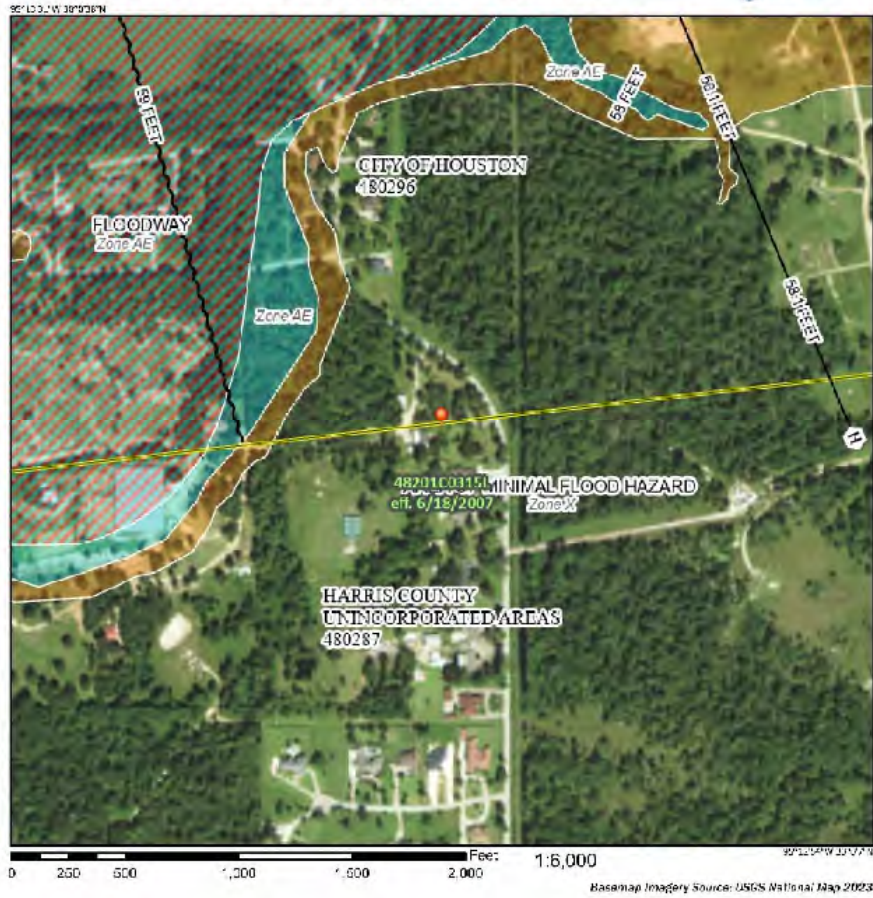
---

SITE SURVEY



# FLOOD MAP

## National Flood Hazard Layer FIRMette



**Legend**

**SPECIAL FLOOD HAZARD AREAS**

- Without Base Flood Elevation (BFE) Zone AE-AE99
- With RFF or Depth from AF, AE, AE99
- Regulatory Boundary

**OTHER AREAS OF FLOOD HAZARD**

- 0.2% Annual Chance Flood Hazard Areas of 2% annual chance flood with average depth less than one foot or with a flood wave less than one square mile deep
- Future Conditions 1% Annual Chance Flood Hazard Zone X
- Areas with Reduced Flood Risk due to Levees. See Notes.
- Areas with Flood Risk due to Levees or Dikes

**OTHER AREAS**

- Areas of Minimal Flood Hazard Zone X
- Effective LOVs
- Areas of Undetermined Flood Hazard Zone X

**GENERAL STRUCTURES**

- Channel, Culvert, or Storm Sewer
- Levee, Dike, or Floodwall

**OTHER FEATURES**

- Cross Sections with 1% Annual Chance Water Surface Elevation
- Coastal Transverse
- Base Flood Elevation Line (BFE)
- Limit of Study
- Jurisdiction Boundary
- Coastal Transverse Delineation
- Profile Delineation
- Hydrographic Feature

**MAP PANELS**

- Digitally Available
- No Digitally Available
- Unmapped

The red dot placed on the map is an approximate point selected as the best one does not represent an authoritative property location.

This map complies with FEMA's standards for the use of digital flood maps. It is not valid as shown and below.

The base map shown complies with FEMA's base map accuracy standards.

The flood hazard information is derived from the authoritative NFHL web services provided by FEMA. This map was generated on 1/15/2024 at 3:55 PM and does not include changes or information subsequent to that date and time. The NFHL and other information may change or become superseded by new data over time.

This map's usage is valid if the one or more of the following map elements do not appear: base map imagery, flood zone labels, legend, scale bar, map metadata, date, jurisdiction label, FIRM panel number, and FIRM effective date. Map images for unmapped and undetermined areas cannot be used for regulatory purposes.



# IMPROVEMENTS DESCRIPTION

## GENERAL IMPROVEMENT DESCRIPTION OVERVIEW

<b>Address</b>	19327 Belleau Wood Drive Humble, Texas 77338-2667
<b>Property Description</b>	Land (Hospitality) 74.93 acres with event venue, single family residential, horse stable and proposed buildings
<b>Year Built</b>	1990
<b>Year Renovated</b>	2024
<b>Number of Buildings</b>	15
<b>Number of Stories</b>	1
<b>Property Class</b>	Class B
<b>Building Construction Class (MVS)</b>	Class C
<b>Net Rentable Area</b>	30,541 square feet
<b>Gross Building Area</b>	30,541 square feet
<b>Land-to-Building Ratio</b>	106.87 : 1

## CONSTRUCTION DETAIL

<b>General Layout</b>	The subject is an event venue with several homes and a horse stable. The subject also has 9 proposed buildings planned.
<b>Foundation</b>	Reinforced concrete slab
<b>Construction</b>	Steel and masonry / Concrete block
<b>Floor Structure</b>	Concrete block
<b>Exterior Walls</b>	Metal / Masonry
<b>Roof Type</b>	Sloped
<b>Roof Cover</b>	Metal / Shingle

## INTERIOR DETAIL

<b>Interior Walls</b>	Drywall / Metal
<b>Ceilings</b>	Exposed
<b>Lighting</b>	LED

## MECHANICAL DETAIL

<b>Heating</b>	Forced Air
<b>Cooling</b>	Central A/C
<b>Plumbing</b>	Assumed to code and adequate.
<b>Electrical</b>	Assumed to code and adequate.
<b>Fire Protection</b>	No sprinkler system observed.

---

**SITE IMPROVEMENTS**

<b>Parking Type</b>	Surface
<b>Landscaping</b>	A variety of trees, shrubbery and grass

---

**RENOVATION/DEFERRED MAINTENANCE**

<b>Recent Renovations or Replacements</b>	Since acquiring the property, the new owner has spent \$1,412,707 on renovations which included rehabing the 3 single family houses and workshop, concrete around the horse stables, a new barn, renovating the event venue, adding a 2,984 SF covered patio/port cache, adding a saloon, gazebo, outside restroom, outside shower, fence replacement and excavation of 49 acres of the property. An additional \$2,404,000 is planned to be spent on 8 ADUs and one large resort suite.
<b>Deferred Maintenance</b>	None known

---

**SUMMARY**

<b>Building Condition</b>	Average/Good  We did not inspect the roof of the building(s) nor make a detailed inspection of the mechanical systems. We are not qualified to render an opinion as to the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed about the adequacy and condition of mechanical systems.
<b>Building Quality</b>	Average/Good
<b>Design and Functionality</b>	Average/Good
<b>Actual Age</b>	34 years
<b>Expected Economic Life</b>	50 years
<b>Effective Age</b>	10 years
<b>Remaining Economic Life</b>	40 years

---



# PROPERTY ASSESSMENT AND TAX ANALYSIS

## PROPERTY ASSESSMENT AND TAX DATA

The following table summarizes the subject's real property taxation and our projection of real property taxes:

REAL ESTATE ASSESSMENT AND TAXES				
Tax ID No.		2022	2023	Pro Forma
0420770000276		\$249,462	\$249,462	
0420770000285		\$228,804	\$163,432	
0420770000286		\$478,202	\$376,092	
0420770001505		\$85,289	\$97,080	
Tax Value Subtotal		\$1,041,757	\$886,066	\$886,066
Assessed Value @	100.00%	\$1,041,757	\$886,066	\$886,066
General Tax Rate	per \$100	2.5698	2.3694	2.3694
<b>Property Taxes</b>		<b>\$26,771</b>	<b>\$20,994</b>	<b>\$20,994</b>
Special/Direct Assessments		\$0	\$0	\$0
<b>Total Taxes</b>		<b>\$26,771</b>	<b>\$20,994</b>	<b>\$20,994</b>

## DELINQUENCY

There are no delinquent real property taxes. Real property taxes for the 2024 tax year are payable and due in December 2024.

## CONCLUSION

The subject's current tax value appears reasonable and the pro forma taxes are estimated utilizing the subject's current tax value.

# HIGHEST AND BEST USE

## INTRODUCTION

The highest and best use is the reasonable, probable, and legal use of vacant land or an improved property that is physically possible, legally permissible, appropriately supported, financially feasible and that results in the highest value. These criteria are often considered sequentially. The tests of legal permissibility and physical possibility must be applied before the remaining tests of financial feasibility and maximal productivity. A financially feasible use is precluded if it is legally prohibited or physically impossible. If a reasonable possibility exists that one of the prior, unacceptable conditions can be changed, is it appropriate to proceed with the analysis with such an assumption.

## HIGHEST AND BEST USE CRITERIA

The site’s highest and best use is analyzed both as vacant and as improved, and if improvements are proposed then an as proposed analysis is required. In all cases, the property’s highest and best use must meet four criteria: (1) legally permissible; (2) physically possible; (3) financially feasible; and (4) maximally productive.

## HIGHEST AND BEST USE AS VACANT

### LEGALLY PERMISSIBLE

Legal restrictions include deed restrictions, CC&R's, lease encumbrances, zoning requirements, building codes, historic district controls and environmental regulations, and were previously analyzed to determine legally permitted uses. Legally, the subject is not zoned. Therefore, any use is permitted. No other legal restrictions have been identified that would limit development of the property beyond the development standards stipulated by municipal code.

### PHYSICALLY POSSIBLE

Size, shape, topography, soil condition, availability of utilities, transportation access, surrounding uses, and locational characteristics were previously analyzed to determine which legal land uses are physically possible and which are best to conform to the physical and locational aspects of the site and its setting with respect to the neighborhood and community. Overall, the physical site attributes result in adequate utility, and the property could be developed with a variety of legally-conforming uses. Given the surrounding uses and location, the site is best suited for commercial property use.

### FINANCIALLY FEASIBLE

Financial feasibility is determined by the relationship of supply and demand for the legally probable land uses versus the cost to create them. The market analysis section reveals that commercial uses in the subject's market are generally stabilized. Recent and planned commercial developments in the market area serve as direct evidence that new commercial development is financially feasible. Therefore, commercial use is considered financially feasible.

### MAXIMALLY PRODUCTIVE

The final test of highest and best use of the site as vacant is that the use be maximally productive, yielding the highest return to the land. In order to determine the maximally productive use, a comparison of rental rates, occupancy, operating expenses, and rates of return for the financially feasible uses have been made. Based on this analysis, commercial use renders the highest residual land value; therefore, commercial development on the subject's site is the maximally productive use of the subject as vacant.

## **HIGHEST AND BEST USE AS IMPROVED**

### **LEGALLY PERMISSIBLE**

As improved, the subject property appears to be a legally-conforming use.

### **PHYSICALLY POSSIBLE**

The subject is currently improved with on a 74.93-acre site that conforms to its surrounding uses. Continued use of the improvements for commercial use is physically possible.

### **FINANCIALLY FEASIBLE**

Financially, the improvements provide contributory value to the site, and there is no alternate use that would result in a greater value.

### **MAXIMALLY PRODUCTIVE**

Maximally, all of the prior considerations and surrounding uses indicate the highest and best use of the subject is continued use, as improved.

# VALUATION PROCESS

Valuation in the appraisal process generally involves three techniques, including the Cost Approach, Sales Comparison Approach and the Income Capitalization Approach.

These three valuation methods are defined in the following table:

VALUATION METHODS	DEFINITION
<b>Cost Approach</b>	In this approach, value is based on adding the contributing value of any improvements (after deductions for accrued depreciation) to the value of the land as if it were vacant based on its highest and best use. If the interest appraised is other than fee simple, additional adjustments may be necessary for non-realty interest and/or the impact of existing leases or contracts.
<b>Sales Comparison Approach</b>	In this approach, recent sales of similar properties in the marketplace are compared directly to the subject property. This comparison is typically accomplished by extracting "units of comparison", for example, price per square foot, and then analyzing these units of comparison for differences between each comparable and the subject. The reliability of an indication found by this method depends on the quality of the comparable data found in the marketplace.
<b>Income Capitalization Approach</b>	In this approach, a property is viewed through the eyes of a typical investor, whose primary objective is to earn a profit on the investment principally through the receipt of expected income generated from operations and the ultimate resale of the property at the end of a holding period.

## VALUATION METHODS UTILIZED

This appraisal employs the Cost Approach and the Sales Comparison Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that these approaches would be considered applicable and/or necessary for market participants. Because the subject property is a specialized land use, it is not typically marketed, purchased or sold on the basis of anticipated lease income. Lease comparables are rare and generally do not reflect market transactions. Therefore, we have not employed the Income Capitalization Approach to develop an opinion of market value.

The valuation process is concluded by analyzing each approach to value used in the appraisal. When more than one approach is used, each approach is judged based on its applicability, reliability, and the quantity and quality of its data. A final value opinion is chosen that either corresponds to one of the approaches to value, or is a correlation of all the approaches used in the appraisal.

# LAND VALUATION

## METHODOLOGY

The Sales Comparison Approach is employed to develop an opinion of land value. In the Sales Comparison Approach, we developed an opinion of value by comparing similar, recently sold sites in the surrounding or competing area to the subject property. In order to determine the value of the subject property, these comparable sales and/or listings are then evaluated and adjusted based on their differences when compared to the subject property. Inherent in this approach is the principle of substitution, which states that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution.

The Sales Comparison Approach to value requires the following sequential steps:

<b>Unit of Comparison</b>	A unit of comparison (i.e. price per square foot, price per acre, price per dwelling unit) must be selected for comparable analysis of the sales and the subject. The selected unit of comparison must be consistent with market behavior.
<b>Search for Sales</b>	Research must be done to locate comparable sales, listings and contracts of sites that are similar to the subject. Similarities may include size, utility, zoning, physical characteristics, location and the date of the sale.
<b>Confirmation</b>	All sales must be confirmed to verify that the data used is accurate, and that all of the sales, listings or contracts represent arm's-length transactions.
<b>Comparison</b>	Each of the sales that is chosen for this valuation is considered generally similar to the subject. Therefore, each difference between the comparables and the subject must be identified, and then adjusted for the various differences. All adjustments are made to the comparables as they relate to the subject property.
<b>Reconciliation</b>	Once the comparables have been adjusted, a value must be concluded based on the indications produced from the analysis of the comparables.

## UNITS OF COMPARISON

Based on market behavior observed, the most appropriate unit of comparison for this analysis is price per square foot.

## SALE OF THE SUBJECT PROPERTY

According to the Harris County Appraisal District, title to the subject is currently vested in the name of WM1201 PROPERTIES LLC, who acquired the property on April 25, 2023 for **\$7,995,000**. Since acquiring the property, the new owner has spent \$1,412,707 on renovations which included rehabbing the 3 single family houses and workshop, concrete around the horse stables, a new barn, renovating the event venue, adding a 2,984 SF covered patio/port cache, adding a saloon, gazebo, outside restroom, outside shower, fence replacement and excavation of 49 acres of the property. To the best of our knowledge, there have been no other transfers in the ownership of the subject for the three-year period preceding the effective date of this appraisal. Please note, however, that this information is

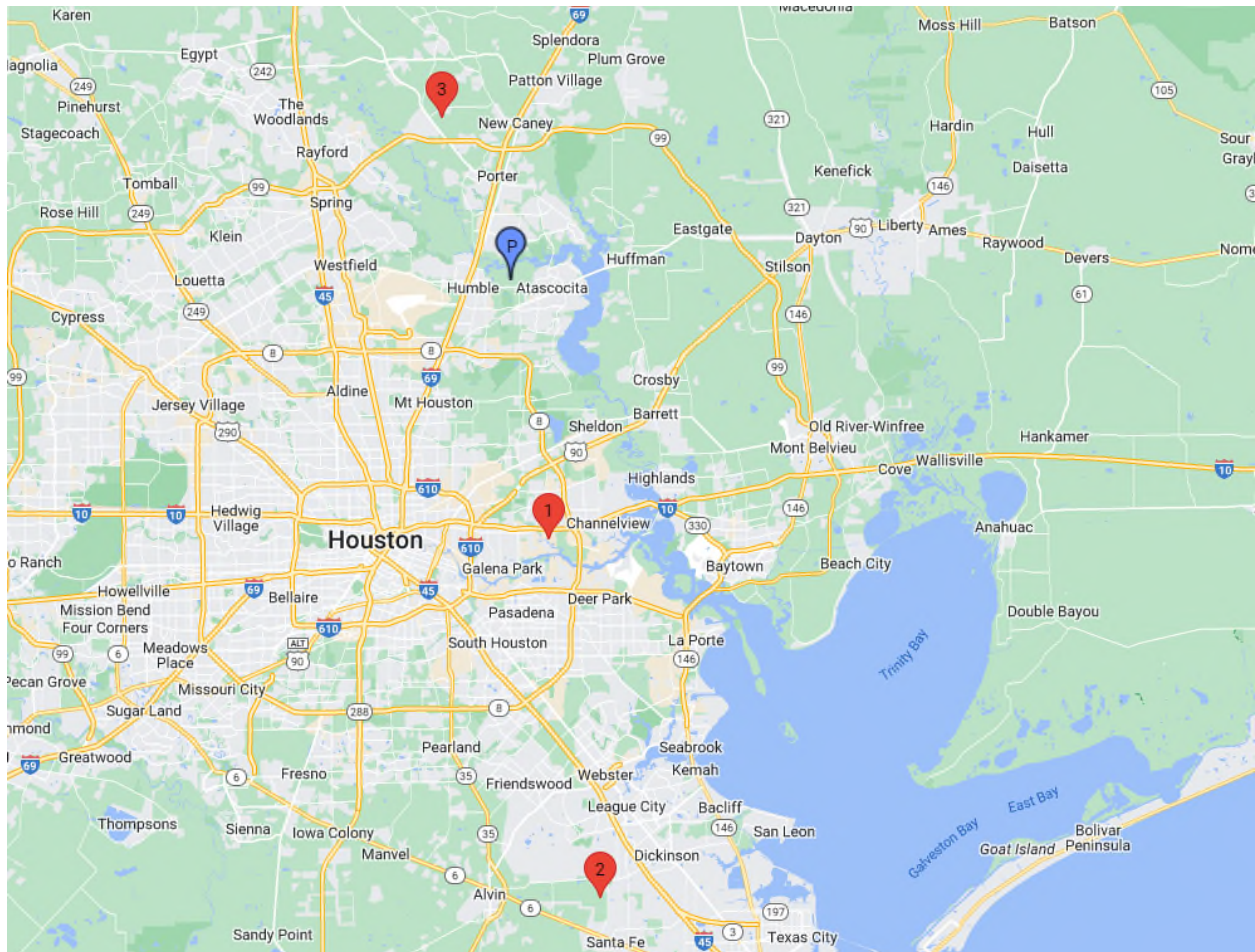


included only to satisfy the requirements of USPAP. It is not intended as a guarantee to the chain of title, and a title search should be performed by a title company should a definitive abstract be desired.

### COMPARABLE LAND SALES

On the following pages, we present a summary of the properties that we compared to the subject property, a map showing their locations, and the adjustment process.

### COMPARABLE LAND SALES MAP



### COMPARABLE LAND SALES SUMMARY

SUMMARY OF LAND SALES														
Comp No.	Property / Location	Date of Sale / Status	Property Rights	Site Size (Net Acres)	Site Size (Net SF)	Zoning	Property Use	Flood Zone	Topography	Easements	Utilities	Sale Price	Price per Acre (Net)	Price per SF (Net)
1	1914 Haden Road 1914 Haden Road Houston, TX	Nov-23 Contract	Fee Simple	34.00	1,481,040	None, City of Houston	Industrial	Zone AE	---	There are no known detrimental easements, encroachments or other restrictions that would adversely affect the site's use or marketability.	All available to site.	\$5,425,000	\$159,559	\$3.66
2	75.2 Acres of Land 13920 Country Side Street Santa Fe, TX	Apr-23 Closed	Fee Simple	75.20	3,275,886	None, Outside City Limits of Santa Fe	Multifamily	Zone X (Shaded), Zone X (Unshaded), Zone AE	Generally level	None detrimental known	All available to site.	\$3,600,000	\$47,870	\$1.10
3	Porters Mill South Gene Campbell Road New Caney, TX	Dec-22 Closed	Fee Simple	139.24	6,065,425	None, No zoning	Residential	Zone AE	Generally level	None detrimental known	All available to site.	\$13,924,000	\$99,998	\$2.30
Subj.	Cowboy City Ranch 19327 Belleau Wood Drive Humble, Texas	---	---	74.93	3,263,951	N/A, No Zoning	Hospitality	Zone AE, Zone X (Unshaded), Zone X (Shaded)	Level	Access easement to the rear of the property	All available to site.	---	---	---

COMMENTS
1 - The 34-Acre tract is currently under contract for \$3.66/SF. The property was originally listed at <b>\$7,995,000</b> . However, the listing broker stated the site lacks deeded access, and will need an easement to Haden Road. Site can be accessed from Greens bayou.
2 - Proposed to be built into a 365 unit mobile home community.
3 - Cash to seller/Deed #2022144545

**COMPARABLE LAND SALES ADJUSTMENT GRID**

COMPARABLE LAND SALE ADJUSTMENTS				
	Subject	Comp 1	Comp 2	Comp 3
Property / Location	Cowboy City Ranch 19327 Belleau Wood Drive Humble, Texas	1914 Haden Road 1914 Haden Road Houston, TX	75.2 Acres of Land 13920 Country Side Street Santa Fe, TX	Porters Mill South Gene Campbell Road New Caney, TX
Date of Sale / Status	---	Nov-23 Contract	Apr-23 Closed	Dec-22 Closed
Property Rights	---	Fee Simple	Fee Simple	Fee Simple
Site Size (Acres)	74.93	34.00	75.20	139.24
Site Size (SF)	3,263,951.00	1,481,040	3,275,886	6,065,425
Sale Price	----	\$5,425,000	\$3,600,000	\$13,924,000
Zoning	N/A, No Zoning	None	None	None
Property Use	Hospitality	Industrial	Multifamily	Residential
<b>Unadjusted Price per SF</b>	----	<b>\$3.66</b>	<b>\$1.10</b>	<b>\$2.30</b>
<b>Transactional Adjustments</b>				
<b>Property Rights Conveyed</b>	---	<i>Fee Simple</i>	<i>Fee Simple</i>	<i>Fee Simple</i>
Adjustment		0%	0%	0%
<i>Subtotal</i>		\$3.66	\$1.10	\$2.30
<b>Financing Terms</b>				
Adjustment		0%	0%	0%
<i>Subtotal</i>		\$3.66	\$1.10	\$2.30
<b>Conditions of Sale</b>				
Adjustment		0%	0%	0%
<i>Subtotal</i>		\$3.66	\$1.10	\$2.30
<b>Expenditures Immed After Sale</b>				
Adjustment		0%	0%	0%
<i>Subtotal</i>		\$3.66	\$1.10	\$2.30
<b>Market Conditions</b>	<i>Jan-24</i>	<i>Nov-23</i>	<i>Apr-23</i>	<i>Dec-22</i>
Adjustment		0%	0%	0%
<i>Subtotal</i>		\$3.66	\$1.10	\$2.30
<b>Total Transactional Adjustments</b>		<b>0%</b>	<b>0%</b>	<b>0%</b>
<b>Adjusted Price per SF</b>		<b>\$3.66</b>	<b>\$1.10</b>	<b>\$2.30</b>
<b>Property Adjustments</b>				
<b>Location</b>		<i>Superior</i> -10%	<i>Inferior</i> 20%	<i>Superior</i> 0%
<b>Net Site Size (SF)</b>	<b>3,263,951</b>	1,481,040 -10%	3,275,886 0%	6,065,425 15%
<b>Corner Influence</b>	<i>No</i>	<i>No</i> 0%	<i>No</i> 0%	<i>No</i> 0%
<b>Shape / Configuration</b>	<i>Irregular</i>	<i>Irregular</i> 0%	<i>Irregular</i> 0%	<i>Irregular</i> 0%
<b>Flood Zone</b>	<i>Zone AE, Zone X (Unshaded), Zone X (Shaded)</i>	<i>Zone AE</i> 0%	<i>Zone X (Shaded), Zone X (Unshaded), Zone AE</i> 0%	<i>Zone AE</i> 0%
<b>Total Property Adjustments</b>		<b>-20%</b>	<b>20%</b>	<b>15%</b>
<b>Indication for Subject per SF</b>		<b>\$2.93</b>	<b>\$1.32</b>	<b>\$2.64</b>

## **ADJUSTMENT PROCESS**

The sales that we have utilized represent the best available information that could be compared to the subject property. The major elements of comparison for an analysis of this type include the property rights conveyed, the financial terms incorporated into a particular transaction, the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its physical traits and the economic characteristics of the property.

## **DISCUSSION OF ADJUSTMENTS**

### **TRANSACTIONAL ADJUSTMENTS**

#### **PROPERTY RIGHTS CONVEYED**

This adjustment accounts for any impact that the property rights transferred to the buyer may have on sale price. For leased fee properties, the length of leases in place and the relationship of market to contract rent could impact value. Some properties may have stronger appeal to an owner-user or an investor, resulting in a premium or discount associated with fee simple property rights. If a buyer acquires the leasehold interest in a comparable, then an adjustment may be necessary that accounts for the impact to the of ground rent and/or risk associated with the expiration of the ground lease to the sale price.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

#### **FINANCING TERMS**

This category accounts for differences in financing terms associated with the transaction. Financing arrangements that may require an adjustment include mortgage assumptions (at favorable interest rates), seller buydowns, installment sales, wrap-around loans, or any other atypical financing arrangements that do not represent cash-equivalent terms.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

#### **TERMS/CONDITIONS OF SALE**

Adjustments for conditions of sale typically reflect various motivations of the buyer and/or seller. This may include such factors as seller distress (short sale, REO, auction) or buyer motivation (assemblage, etc.). In some situations, the conditions of sale may significantly affect transaction prices. Properties that are listed for sale may require adjustments herein to account for any disparity between asking prices and the achievable sale price anticipated.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

#### **EXPENDITURES IMMEDIATELY AFTER SALE**

In order to arrive at the effective sale price, the actual sale price of each comparable is adjusted to account for any expenditures planned by the buyer immediately after sale, such as capital expenditures, cost to cure deferred maintenance, or lease-up costs.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

---

## MARKET CONDITIONS

This adjustment category accounts for differences in economic conditions between the effective date of appraisal and the transaction date of the comparable, such as may be caused by changing supply and demand factors, rental rates, vacancy rates and/or capitalization rates.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

## SUMMARY OF TRANSACTIONAL ADJUSTMENTS

All of the comparables were considered similar to the subject and no adjustments were required for this category.

## PROPERTY ADJUSTMENTS

### LOCATION

The appeal of a property's location to users of and/or investors in a particular property type can influence value significantly. This factor broadly considers the impact of demographics, geographical attributes, access to transportation networks and local land use trends on pricing. Comparisons of location can often be derived, or even quantified, by examining rent, vacancy, capitalization rate, and land value trends in the subject and directly competitive areas.

Comparable No. 1 was regarded superior to the subject and received a downward adjustment of 10% due to its location inside of the Beltway 8 Loop. Comparable No. 2 was judged inferior to the subject and received an upward adjustment of 20% due to its tertiary market location and poor access and visibility. Comparable No. 3 was regarded superior to the subject and received a downward adjustment of 10% due to its location inside of the Beltway 8 Loop.

### SITE SIZE (Ac)

Size and pricing typically have an inverse relationship, whereby larger sites tend to achieve lower pricing on a per-acre basis. This is attributable to economies of scale, as well as the narrower pool of prospective buyers for a larger property.

Comparable No. 1 was regarded superior to the subject and received a downward adjustment of 10% due to economies of scale. Comparable No. 3 was regarded superior to the subject and received a downward adjustment of 15% due to economies of scale.

### CORNER INFLUENCE

Corner influence is generally regarded as superior over interior land due to the accessibility and exposure from intersecting roadways, as well as development flexibility with respect to ingress/egress.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

### SHAPE / CONFIGURATION

The configuration, shape, dimensions and depth of a site determine its developability and overall utility. These factors can impact development costs, usable area of the site, and thereby, achievable pricing. The subject site is comprised of a single parcel.

All of the comparables were considered similar to the subject and no adjustments were required for this category.



## FLOOD ZONE

The prices of properties located within flood prone areas tend to be proportionately less than otherwise similar parcels not adversely affected by flood plain locations. This is due to the increased development costs associated with alleviating the problem as well as the fact that portions of the site may not be able to be developed or higher expenses related to insurance for buildings located in flood prone areas.

Comparable No. 3 was regarded superior to the subject and received a downward adjustment of 10% due to its location outside of the flood zone.

## SUMMARY OF PROPERTY ADJUSTMENTS

Comparable No. 1 was regarded superior to the subject and received a downward adjustment of 20%. Comparable No. 2 was judged inferior to the subject and received an upward adjustment of 20%. Comparable No. 3 was regarded superior to the subject and received a downward adjustment of 35%.

## LAND VALUE CONCLUSION

SALES SUMMARY	UNADJUSTED	ADJUSTED
Minimum	\$1.10	\$1.32
Maximum	\$3.66	\$2.93
Average	\$2.35	\$2.30
Median	\$2.30	\$2.64
Standard Deviation	\$1.05	\$0.70

After adjustments, the comparable land sales reflect a range from \$1.32 to \$2.93 per square foot, with an average of \$2.30 per square foot. Based on the data available and the analyses presented, the indicated value of the land by the Sales Comparison Approach is \$2.50 per acre, calculated in the following table.

LAND VALUE CONCLUSION	
Indicated Value per SF	\$2.50
Land Area (SF)	x 3,263,951
<b>Indicated Value</b>	<b>\$8,159,878</b>
<b>Rounded to nearest \$10,000</b>	<b>\$8,160,000</b>
<b>Per SF (Net)</b>	<b>\$2.50</b>

---

# COST APPROACH

## METHODOLOGY

The Cost Approach is based on the principle of substitution, which states that no prudent person will pay more for a property than the cost of acquiring a site and constructing, without undue delay, an equally desirable and useful property. The steps have been outlined in the Valuation Process section of this report.

## REPLACEMENT COST NEW

Our estimate of replacement cost new (RCN) is based on the Calculator Section in Marshall Valuation Service (MVS), a nationally recognized publication containing construction costs for all types of building and site improvements, and where available, cost comparables and the developer's budget. Base costs are revised monthly and adjustment factors are provided to reflect regional and local cost variations. The subject is considered to be a Class C/S, and is judged to be of average/good quality relative to the rating of MVS.

## MARSHALL VALUATION SERVICE

### BASE BUILDING COSTS

The published costs include all direct costs for the base structure, tenant improvements, and the following indirect costs:

- Plans, specifications, and building permits, including engineer's and architect's fees;
- Interest on construction loan during the construction period;
- Sales tax on materials; and
- Contractor's overhead and profit, including worker's compensation, fire and liability insurance, unemployment insurance, etc.

These base building costs, adjusted for any unique building characteristics and cost multipliers, are presented in the cost summary table at the end of this section.

### SITE IMPROVEMENT COSTS

Site improvements include the paving, landscaping, signage, lighting, and other miscellaneous items. An itemization of the site improvements is summarized in the table at the end of the section.

### INDIRECT COSTS

Indirect costs not included in Base Building Costs include such items as developer overhead, property taxes, permanent loan fees, legal costs, developer fees, contingencies, and lease-up and marketing costs. Research into these costs leads to the conclusion that an average property requires an allowance for other indirect costs of between 5% and 15% percent of Base Building Costs plus Site Improvement Costs. We have estimated indirect costs of 10% in our analysis.

## ENTREPRENEURIAL INCENTIVE

Entrepreneurial incentive, also referred to as entrepreneurial profit or developer's profit if realized, represents the expectation of future profit required to motivate an entrepreneur to develop or improve a property. Anticipated entrepreneurial incentive varies widely between individual projects depending on location and market conditions, but generally lies within the range of 5% to 10% of direct and indirect building and site costs. In this analysis, we estimated entrepreneurial incentive at 10% of replacement cost. This figure has been applied to all estimates and comparables if used.

## REPLACEMENT COST NEW CONCLUSION

REPLACEMENT COST NEW (RCN) RECONCILIATION		
Source	Indication	Weight
Marshall Valuation Service	\$9,080,000	Primary
<b>RCN Conclusion</b>	<b>\$9,080,000</b>	

## ACCRUED DEPRECIATION

Three different sources of depreciation may affect the existing improvements:

<b>Physical Deterioration</b>	As discussed in the <i>Improvements Description</i> section, our inspection of the property did not reveal any significant items of deferred maintenance, so <i>curable</i> physical depreciation does not appear to exist. We have used the economic age-life method to develop an opinion of physical deterioration. In the <i>Improvements Description</i> section of this report, we developed an opinion that the effective age of the subject to be 10 years and the economic life to be 50 years, which results in <i>incurable</i> physical deterioration of 20.0% (effective age ÷ economic life).
<b>Functional Obsolescence</b>	The subject improvements are constructed utilizing modern materials and techniques. Furthermore, the design and layout of the property is consistent with current market standards. As such, no functional obsolescence affects the existing improvements.
<b>External Obsolescence</b>	Based upon a review of the specific location of the subject, as well as local market conditions, external obsolescence appears to be present. Based upon our review of comparable properties, the cost to construct is significantly lower than the price that the property would likely resell at. Therefore, we have adjusted the Cost Approach conclusion downwards 23.6%.
<b>Total Depreciation</b>	The sum of these elements of accrued depreciation amounts to 43.6%, which is deducted from the RCN.

## CONCLUSION

The following table(s) provides a summary of the Cost Approach and concludes a market value opinion.

COST APPROACH SUMMARY				
Replacement Cost New (RCN)	Area (SF)	\$/SF	Subtotal	TotalCost
<b>Building Improvements</b>				
Base Cost - House #1	2,100	\$127.00	\$266,700	
Base Cost - House #2	2,300	\$127.00	\$292,100	
Base Cost - House #3	800	\$127.00	\$101,600	
Base Cost - Saloon	984	\$91.00	\$89,544	
Base Cost - Workshop	1,728	\$48.25	\$83,376	
Base Cost - Barn	2,160	\$54.00	\$116,640	
Base Cost - Wedding Pavilion (Event Venue)	4,636	\$165.00	\$764,940	
Base Cost - Large Residence	7,833	\$125.11	\$980,000	
Base Cost - 8 Accessory Dwelling Units	8,000	\$178.00	\$1,424,000	
<b>**Ancillary Buildings**</b>				
Gazebo	504	\$35.00	\$17,640	
Horse Stable	43,200	\$59.50	\$2,570,400	
Outside Restrooms / Showers	445	\$15.00	\$6,675	
Subtotal			\$6,713,615	
<b>Multipliers</b>				
Current Cost		1.070		
Local Area		0.920		
Area Multiplier		1.000		
Story Height		1.000		
Product of Multipliers			x 0.984	
<b>Adjusted Base Building Cost</b>				\$6,606,197
<b>Site Improvements</b>				
Paving (concrete)	100,000	\$4.00	\$400,000	
Landscaping, Lighting, Other Site Improvements			\$500,000	
<b>Total Site Improvements</b>				\$900,000
<b>Total Direct Costs</b>				\$7,506,197
Plus Other Indirect Costs (% of Direct Costs)	10%			\$750,620
<b>Subtotal Replacement Cost New (RCN)</b>				<b>\$8,256,817</b>
Plus Entrepreneurial Profit (% of RCN)	10%			\$825,682
<b>Total Replacement Cost New (RCN)</b>				<b>\$9,082,499</b>
per square foot				\$297.39
<b>Less Accrued Depreciation</b>				
<b>Physical</b>				
Curable (Deferred Maintenance)			\$0	
<b>Incurable</b>				
Effective Age (Years)	10			
Economic Life	50			
Total Incurable Physical Depreciation	20.0%		\$1,816,500	
<b>Functional Obsolescence</b>	0.0%		\$0	
<b>External Obsolescence</b>	23.6%		\$2,143,470	
<b>Total</b>	43.6%			<b>\$3,959,969</b>
<b>Depreciated Value of the Improvements</b>				<b>\$5,122,529</b>
<b>Plus Land Value</b>				<b>\$8,160,000</b>
<b>Indicated As Complete Value by Cost Approach</b>				<b>\$13,282,529</b>
<b>Rounded to nearest \$10,000</b>				<b>\$13,280,000</b>
<b>Less: Capital Expenditures</b>				<b>(\$2,404,000)</b>
<b>Indicated As Is Value</b>				<b>\$10,878,529</b>
<b>Rounded to nearest \$10,000</b>				<b>\$10,880,000</b>

Source: Marshall Valuation Service

Type: Event Center

tion: 11\_12

Class:

Date: Aug-2022

Page: 11\_12

Quality: Average

# SALES COMPARISON APPROACH

## METHODOLOGY

In the Sales Comparison Approach, we developed an opinion of value by comparing similar, recently sold properties in the surrounding or competing area to the subject property. In order to determine the value of the subject property, these comparable sales and/or listings are then evaluated and adjusted based on their differences when compared to the subject property. Inherent in this approach is the principle of substitution, which states that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution.

The Sales Comparison Approach to value requires the following sequential steps:

<b>Unit of Comparison</b>	A unit of comparison (i.e. price per square foot, price per dwelling unit) must be selected for comparable analysis of the sales and the subject. The selected unit of comparison must be consistent with market behavior.
<b>Search for Sales</b>	Research must be done to locate comparable sales, listings and contracts of properties that are similar to the subject. Similarities may include property type, size, physical condition, location and the date of the sale.
<b>Confirmation</b>	All sales must be confirmed to verify that the data used is accurate, and that all of the sales, listings or contracts represent arm's-length transactions.
<b>Comparison</b>	Each of the improved sales that is chosen for this valuation is considered generally similar to the subject. Therefore, each difference between the comparables and the subject must be identified, and then adjusted for the various differences. All adjustments are made to the comparables as they relate to the subject property.
<b>Reconciliation</b>	Once the comparables have been adjusted, a value must be concluded based on the indications produced from the analysis of the comparables.

## UNITS OF COMPARISON

Based on market behavior observed, the most appropriate unit of comparison for this analysis is price per square foot.

## SALE OF THE SUBJECT PROPERTY

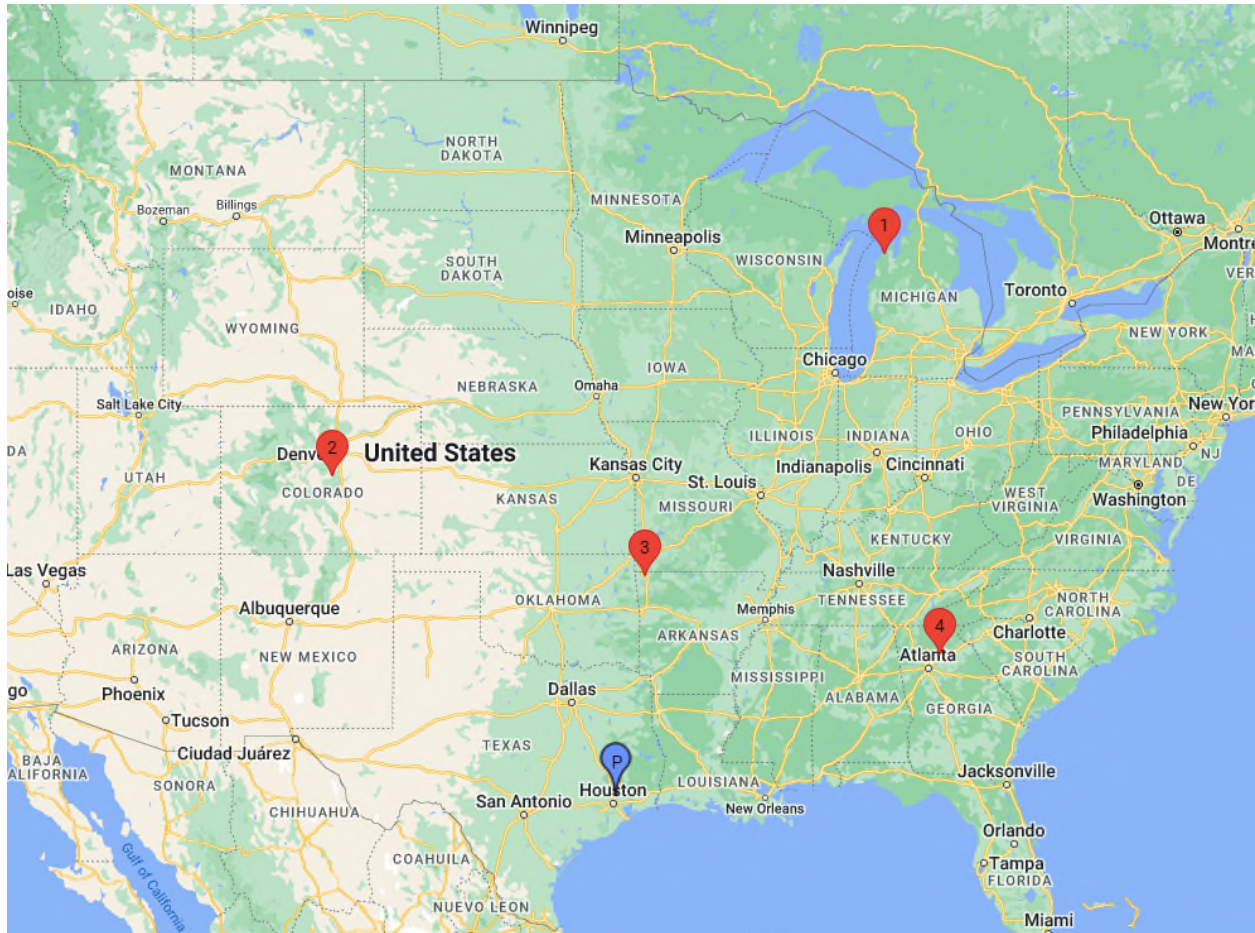
According to the Harris County Appraisal District, title to the subject is currently vested in the name of WM1201 PROPERTIES LLC, who acquired the property on April 25, 2023 for **\$7,995,000**. Since acquiring the property, the new owner has spent \$1,412,707 on renovations which included rehabbing the 3 single family houses and workshop, concrete around the horse stables, a new barn, renovating the event venue, adding a 2,984 SF covered patio/port cache, adding a saloon, gazebo, outside restroom, outside shower, fence replacement and excavation of 49 acres of the property. To the best of our knowledge, there have been no other transfers in the ownership of the subject for the three-year period preceding the effective date of this appraisal. Please note, however, 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.



## COMPARABLE IMPROVED SALES

On the following pages, we present a summary of the improved properties that we compared to the subject property, a map showing their locations, and the adjustment process. Due to the lack of comparable data in the Houston MSA, we have expanded our search nationally.

## COMPARABLE IMPROVED SALES MAP



## COMPARABLE IMPROVED SALES SUMMARY

SUMMARY OF IMPROVED SALES												
Comp No.	Property / Location	Date of Sale / Status	Property Rights	Property Use	Year Built / Renovated	Site Size (SF) (Acres)	Bldg. Size (SF Net) (SF Gross)	Land-to-Building Ratio	Sale Price	Price per SF (Gross)	Overall Rate	
1	Nature - A Michigan Retreat 2988 West Burdickville Road Maple City, MI	--- Contract	Fee Simple	Hospitality & Leisure Select Service	2019	3,397,680 78.00	9,800 9,800	346.70 : 1	\$2,200,000	\$224.49	0.00%	
2	Lodge/Event Center 9 County Road 78 Woodland Park, CO	Jun-23 Closed	Fee Simple	Fraternal Lodge / Meeting Hall	2002	1,783,782 40.95	13,223	134.90 : 1	\$4,100,000	\$310.07	0.00%	
3	Wedding Venue - 10889 Hwy 72 W - Centerton, AR 10889 Arkansas Highway 72 West Centerton, AR	Jun-22 Closed	Fee Simple	Specialty Fraternal Lodge / Meeting Hall	1950 / 2018	464,785 10.67	6,670 6,670	69.68 : 1	\$1,100,000	\$164.92	0.00%	
4	Bradford House and Gardens 6648 McEver Road Flowery Branch, GA	Jul-21 Closed	Fee Simple	Hospitality & Leisure Select Service	1982	317,117 7.28	3,544 3,544	89.48 : 1	\$1,125,000	\$317.44	0.00%	
<b>Subj.</b>	Cowboy City Ranch 19327 Belleau Wood Drive Humble, Texas	---	Fee Simple	Specialty Fraternal Lodge / Meeting Hall	1990 / 2024	3,263,951 74.93	30,541 30,541	106.87 : 1	---	---	---	

### COMMENTS

1 - Event center, wedding venue, corporate retreat, camping/glamping property. Clubhouse can host weddings and numerous other entertainment events.

2 - The lodge/event center property has a total square footage throughout five cabins, an event center, and an office/residence. Property was listed for \$3,750,000.

Teller County Rec# 759197

3 - Purchase of Kindred North Wedding and Event Venue consisting of two (2) buildings containing 6,670 square feet of gross building area. The improvements were constructed circa 1950 and renovated in 2018 (\$350,000). The two buildings consists of the primary venue consisting of 5,502 square feet and the bride/groom suite containing 1,168 square feet. The property was not listed for sale on the market as the buyer and seller are related in nature. This appears to be a market price transaction.

4 - The buyer purchased the property for continued use as a wedding venue for an existing business.

### COMPARABLE IMPROVED SALES ADJUSTMENT GRID

COMPARABLE SALE SUMMARIES AND ADJUSTMENTS					
Property / Location	Subject	Comp 1	Comp 2	Comp 3	Comp 4
Property / Location	Cowboy City Ranch 19327 Belleau Wood Drive Humble, Texas	Nature - A Michigan Retreat 2988 West Burdickville Road Maple City, MI	Lodge/Event Center 9 County Road 78 Woodland Park, CO	Wedding Venue - 10889 Hwy 72 W - Centerton, AR 10889 Arkansas Highway 72 West Centerton, AR	Bradford House and Gardens 6648 McEver Road Flowery Branch, GA
Date of Sale / Status	---	---	Jun-23 Closed	Jun-22 Closed	Jul-21 Closed
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Bldg. Size (SF Gross)	30,541	9,800	13,223	6,670	3,544
Site Size (SF)	3,263,951	3,397,680	1,783,782	464,785	317,117
Site Size (Acres)	74.93	78.00	40.95	10.67	7.28
Sale Price	---	\$2,200,000	\$4,100,000	\$1,100,000	\$1,125,000
Overall Rate	---	0.00%	0.00%	0.00%	0.00%
<b>Unadjusted Price per SF (Gross)</b>	-----	<b>\$224.49</b>	<b>\$310.07</b>	<b>\$164.92</b>	<b>\$317.44</b>
<b>Transactional Adjustments</b>					
<b>Property Rights Conveyed</b>	<i>Fee Simple</i>	<i>Fee Simple</i>	<i>Fee Simple</i>	<i>Fee Simple</i>	<i>Fee Simple</i>
Adjustment		0%	0%	0%	0%
<i>Subtotal</i>		\$224.49	\$310.07	\$164.92	\$317.44
<b>Financing</b>					
Adjustment		0%	0%	0%	0%
<i>Subtotal</i>		\$224.49	\$310.07	\$164.92	\$317.44
<b>Terms/Conditions of Sale</b>					
Adjustment		0%	0%	0%	0%
<i>Subtotal</i>		\$224.49	\$310.07	\$164.92	\$317.44
<b>Expenditures After Sale</b>					
Adjustment		0%	0%	0%	0%
<i>Subtotal</i>		\$224.49	\$310.07	\$164.92	\$317.44
<b>Market Conditions</b>	<i>Jan-24</i>	---	<i>Jun-23</i>	<i>Jun-22</i>	<i>Jul-21</i>
Adjustment		0%	0%	0%	0%
<i>Subtotal</i>		\$224.49	\$310.07	\$164.92	\$317.44
<b>Total Transactional Adjustments</b>		<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
<b>Adjusted Price per SF (Gross)</b>		<b>\$224.49</b>	<b>\$310.07</b>	<b>\$164.92</b>	<b>\$317.44</b>
<b>Property Adjustments</b>					
<b>Location</b>		<i>Similar</i> 0%	<i>Similar</i> 0%	<i>Similar</i> 0%	<i>Similar</i> 0%
<b>Site Size (Ac)</b>	<i>74.93</i>	78.00 0%	40.95 5%	10.67 25%	7.28 30%
<b>Property Size SF (Gross)</b>	<i>30,541</i>	9,800 -10%	13,223 -5%	6,670 -10%	3,544 -15%
<b>Year Built / Renovated</b>	<i>1990 / 2024</i>	2019 0%	2002 5%	1950 / 2018 0%	1982 15%
<b>Project Amenities</b>	<i>Resort Suite, barn, workshop</i>	<i>Inferior</i> 20%	<i>Inferior</i> 20%	<i>Inferior</i> 20%	<i>Inferior</i> 20%
<b>Total Property Adjustments</b>		<b>10%</b>	<b>25%</b>	<b>35%</b>	<b>50%</b>
<b>Indication for Subject</b>		<b>\$246.94</b>	<b>\$387.58</b>	<b>\$222.64</b>	<b>\$476.16</b>

## **ADJUSTMENT PROCESS**

The sales that we have utilized represent the best available information that could be compared to the subject property. The major elements of comparison for an analysis of this type include the property rights conveyed, the financial terms incorporated into a particular transaction, the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its physical traits and the economic characteristics of the property.

## **DISCUSSION OF ADJUSTMENTS**

### **TRANSACTIONAL ADJUSTMENTS**

#### **PROPERTY RIGHTS CONVEYED**

This adjustment accounts for any impact that the property rights transferred to the buyer may have on sale price. For leased fee properties, the length of leases in place and the relationship of market to contract rent could impact value. Some properties may have stronger appeal to an owner-user or an investor, resulting in a premium or discount associated with fee simple property rights. If a buyer acquires the leasehold interest in a comparable, then an adjustment may be necessary that accounts for the impact to the of ground rent and/or risk associated with the expiration of the ground lease to the sale price.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

#### **FINANCING TERMS**

This category accounts for differences in financing terms associated with the transaction. Financing arrangements that may require an adjustment include mortgage assumptions (at favorable interest rates), seller buydowns, installment sales, wrap-around loans, or any other atypical financing arrangements that do not represent cash-equivalent terms.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

#### **TERMS/CONDITIONS OF SALE**

Adjustments for conditions of sale typically reflect various motivations of the buyer and/or seller. This may include such factors as seller distress (short sale, REO, auction) or buyer motivation (assemblage, etc.). In some situations, the conditions of sale may significantly affect transaction prices. Properties that are listed for sale may require adjustments herein to account for any disparity between asking prices and the achievable sale price anticipated.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

#### **EXPENDITURES IMMEDIATELY AFTER SALE**

In order to arrive at the effective sale price, the actual sale price of each comparable is adjusted to account for any expenditures planned by the buyer immediately after sale, such as capital expenditures, cost to cure deferred maintenance, or lease-up costs.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

**MARKET CONDITIONS**

This time-adjustment category accounts for differences in economic conditions between the effective date of appraisal and the transaction date of the comparable, such as may be caused by changing supply and demand factors, rental rates, vacancy rates and/or capitalization rates.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

**SUMMARY OF TRANSACTIONAL ADJUSTMENTS**

All of the comparables were considered similar to the subject and no adjustments were required for this category.

**PROPERTY ADJUSTMENTS****LOCATION**

The appeal of a property's location to users of and/or investors in a particular property type can influence value significantly. This factor broadly considers the impact of demographics, geographical attributes, access to transportation networks and local land use trends on pricing. Comparisons of location can often be derived, or even quantified, by examining rent, vacancy, capitalization rate, and land value trends in the subject and directly competitive areas.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

**SITE SIZE (Ac)**

Adjustments for site size on improved properties may reflect differences when considering excess or surplus land for either the comparable sales or the subject property.

Comparable No. 2 was judged inferior to the subject and received an upward adjustment of 5% due to its smaller sized tract of land compared to the subject. Comparable No. 3 was judged inferior to the subject and received an upward adjustment of 25% due to its smaller sized tract of land compared to the subject. Comparable No. 4 was judged inferior to the subject and received an upward adjustment of 30% due to its smaller sized tract of land compared to the subject.

**PROPERTY SIZE SF (GROSS)**

Normally, all other characteristics being equal, the unit value of a property is affected by its size. Building size and price per square foot typically have an inverse relationship. Larger buildings tend to achieve lower pricing on a per-unit basis due to their economies of scale, and smaller pool of prospective buyers.

All comparables were adjusted downwards for their smaller size due to economies of scale.

**YEAR BUILT / RENOVATED**

The absolute physical/chronological age differences between properties can impact achievable pricing. This category may reflect such differences, irrespective of other related differences in property condition and/or effective age, which considers maintenance and renovations that have occurred since the property's original construction date.

Comparable No. 2 was judged inferior to the subject and received an upward adjustment of 5% due to the fact that the subject was renovated in 2024 compared to the comparable's build date of 2002. Comparable No. 4 was judged inferior to the subject and received an upward adjustment of 10% due to the fact that the subject was renovated in 2024 compared to the comparable's build date of 2002.



## PROJECT AMENITIES

This adjustment category recognizes differences in amenities amongst properties. Depending upon the property type, such amenities may include common areas, elevators/escalators, signage, fitness centers, power, et cetera.

All comparables were adjusted upwards to account for the lack of amenities on site compared to the subject.

## SUMMARY OF PROPERTY ADJUSTMENTS

Comparable No. 1 was judged inferior to the subject and received an upward adjustment of 10%. Comparable No. 2 was judged inferior to the subject and received an upward adjustment of 30%. Comparable No. 3 was judged inferior to the subject and received an upward adjustment of 35%. Comparable No. 4 was judged inferior to the subject and received an upward adjustment of 40%.

## SALES COMPARISON APPROACH CONCLUSION

SALES SUMMARY	UNADJUSTED	ADJUSTED
Minimum	\$164.92	\$222.64
Maximum	\$317.44	\$476.16
Average	\$254.23	\$333.33
Median	\$267.28	\$317.26

After adjustments, the comparable improved sales reflect a range from \$222.64 to \$476.16 per square foot, with an average of \$333.33 per square foot. Based on the data available and the analyses presented, the indicated value of the subject property by the Sales Comparison Approach is \$350.00 per square foot, calculated in the following table.

SALES COMPARISON APPROACH VALUE CONCLUSION	
Indicated Value per SF	\$350.00
per SF (Net)	x 30,541
<b>Indicated As Complete Value</b>	<b>\$10,689,350</b>
<b>Plus: Ancillary Buildings Cost Approach</b>	<b>\$2,594,715</b>
<b>Indicated As Complete Value</b>	<b>\$13,284,065</b>
<b>Rounded to nearest \$10,000</b>	<b>\$13,280,000</b>
Less: Capital Expenditures	(2,404,000)
<b>Indicated As Is Value</b>	<b>\$10,880,065</b>
<b>Rounded to nearest \$10,000</b>	<b>\$10,880,000</b>
<b>Per SF (Net)</b>	<b>\$356.24</b>

# RECONCILIATION AND FINAL VALUE

## SUMMARY OF VALUE INDICATIONS

VALUE INDICATIONS			
<b>1) As Is as of January 12, 2024</b>			
Cost Approach	\$10,880,000	\$356.24	Per Square Foot (NRA)
Land Value	\$8,160,000	\$108,902	Per Acre
Sales Comparison Approach	\$10,880,000	\$356.24	Per Square Foot (NRA)
Approach Reliance	Cost Approach		
Value Conclusion - As Is	<b>\$10,880,000</b>	<b>\$356.24</b>	Per Square Foot (NRA)
Insurable Replacement Cost	Not Developed		
Exposure Time (Months)	12		
Marketing Time (Months)	12		
<b>2) As Complete as of October 12, 2024</b>			
Cost Approach	\$13,280,000	\$434.83	Per Square Foot (NRA)
Land Value	\$8,160,000	\$108,902	Per Acre
Sales Comparison Approach	\$13,280,000	\$434.83	Per Square Foot (NRA)
Approach Reliance	Cost Approach		
Value Conclusion - As Complete	<b>\$13,280,000</b>		
Insurable Replacement Cost	Not Developed		
Exposure Time (Months)	12		
Marketing Time (Months)	12		

## MARKET VALUE - VALUATION RELIANCE

The Cost Approach is relevant for valuation of the subject property because purchasers of this type of real estate typically consider the cost of constructing a substitute property when making purchase decisions. An adequate number of comparable land sales were available to develop an opinion of land value. Cost data is reliable since cost figures are based on the current, actual costs to construct the subject property. This property is a specialized land use and has been given additional weighting due to this fact. Therefore, the Cost Approach is utilized as the main support in our reconciliation.

The Sales Comparison Approach is primarily used by owner-users in making purchase decisions. It is the secondary approach used by investors. Accounting for differences in the comparables relative to the subject is difficult due to the specialized land use. The inability to account accurately for these differences reduces the credibility of the Sales Comparison Approach. For these reasons, the Sales Comparison Approach was developed primarily as support for the Cost Approach.

## FINAL OPINION(S) OF VALUE

Based on the inspection of the property and the investigation and the analysis undertaken, we have developed the following value opinion(s).

MARKET VALUE CONCLUSION(S)			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value - As Is	Fee Simple	January 12, 2024	\$10,880,000
Prospective Market Value - As Complete	Fee Simple	October 12, 2024	\$13,280,000

---

## MARKETING TIME AND EXPOSURE TIME

### EXPOSURE TIME

Exposure time is a condition of a Market Value opinion, and is defined as follows:

*An opinion, based on supporting market data, of the length of time that 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.<sup>1</sup>*

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.

Given the market value conclusions of the subject property, a reasonable Exposure Time of 12 months was concluded. This opinion was formed from analyzing the marketing times of comparable sales and interviews with brokers.

### MARKETING TIME

Marketing time is not found in the definitions section of USPAP; however Advisory Opinion 7 describes reasonable marketing time as:

*The reasonable marketing time is an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value or at a benchmark price during the period immediately after the effective date of appraisal.<sup>2</sup>*

Marketing time is a forecast that is made looking forward from the effective date. Marketing time differs from exposure time, which is always presumed to precede the effective date of appraisal.

Given the recent interest rate disruptions and resulting market impacts, a reasonable Marketing Time of 12 months was concluded. This opinion was formed from interviews with brokers who indicated a slowing of market activity due to the rising interest rate environment.

<sup>1</sup> Uniform Standards of Professional Appraisal Practice (USPAP), *The Appraisal Foundation* 2020-2021 Edition – Definitions page 4

<sup>2</sup> Uniform Standards of Professional Appraisal Practice (USPAP), *The Appraisal Foundation* 2020-2021 Edition – Advisory Opinion 7, page 74

# CERTIFICATION

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved with this assignment.
4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our 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.
7. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the state of Texas.
9. The reported analyses, opinions, and Value Indications were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics, the Standards of Professional Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. As of the date of this report, John H. Wright Jr, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.
12. As of the date of this report, Sean Reilly has completed the Standards and Ethics Education Requirements for Candidates of the Appraisal Institute.
13. John H. Wright Jr, MAI has not and Sean Reilly has made a personal inspection of the property that is the subject of this report.
14. No one provided significant real property appraisal assistance to the person signing this certification.
15. John H. Wright Jr, MAI has not and Sean Reilly has not provided 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 the agreement to perform this assignment.



John H. Wright Jr, MAI  
TX Certified General Appraiser  
License #: 1321113  
713-395-5290  
jwright@bbgres.com



Sean Reilly  
TX Certified General Appraiser  
License #: 1381013  
970-619-1835  
sreilly@bbgres.com

---

# STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following general assumptions:

- 1) Notwithstanding that Appraiser may comment on, analyze or assume certain conditions in the appraisal, BBG, Inc. shall have no monetary liability or responsibility for alleged claims or damages pertaining to: (a) title defects, liens or encumbrances affecting the property; (b) the property's compliance with local, state or federal zoning, planning, building, disability access and environmental laws, regulations and standards; (c) building permits and planning approvals for improvements on the property; (d) structural or mechanical soundness or safety; (e) contamination, mold, pollution, storage tanks, animal infestations or other hazardous conditions affecting the property; and (f) other conditions and matters for which licensed real estate appraisers are not customarily deemed to have professional expertise. Accordingly:
  - a) The Appraiser has not conducted any engineering or architectural surveys in connection with this appraisal assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the Appraiser or the Appraiser's staff or was obtained or taken from referenced sources and is considered reliable. The Appraiser and BBG, Inc. shall not be monetarily liable or responsible for or assume the costs of preparation or arrangement of geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
  - b) Unless otherwise stated in the report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment. Further, unless otherwise stated, it is assumed that there are no subsurface oil, gas or other mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Further, unless otherwise stated, it is assumed that there are no rights associated with extraction or exploration of such elements considered. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
  - c) Any legal description or plats reported in the appraisal are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. BBG, Inc. has made no survey of the property and assumes no monetary liability or responsibility in connection with such matters.
  - d) Title is assumed to be good and marketable, and in fee simple, unless otherwise stated in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as stated. Further, BBG, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way.
  - e) The appraisal report is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the appraisal report; additionally, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the appraisal report. Further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value opinion. Moreover, unless otherwise stated herein, it is assumed that there are no encroachments or violations of any zoning or other regulations affecting the subject property, that the utilization of the land and improvements is within the boundaries or property lines of the property described, and that there are no trespasses or encroachments.



- f) The American Disabilities Act (ADA) became effective January 26, 1992. The Appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would 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 impact upon the value of the property. Since the Appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.
  - g) No monetary liability or responsibility is assumed for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report.
  - h) It is assumed the subject property is not adversely affected by the potential of floods; unless otherwise stated herein. Further, it is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any proposed buildings.
  - i) Unless otherwise stated within the appraisal report, the depiction of the physical condition of the improvements described therein is based on visual inspection. No monetary liability or responsibility is assumed for (a) the soundness of structural members since no engineering tests were conducted; (b) the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made; and (c) hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during the Appraiser's inspection.
  - j) If building improvements are present on the site, it is assumed that no significant evidence of termite damage or infestation was observed during physical inspection, unless so stated in the appraisal report. Further, unless so stated in the appraisal report, no termite inspection report was available. No monetary liability or responsibility is assumed for hidden damages or infestation.
  - k) Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No monetary liability or responsibility is assumed for such conditions or for engineering which may be required to discover them.
  - l) BBG, Inc., excepting employees of BBG Assessment, Inc., and the appraiser(s) are not experts in determining the presence or absence of hazardous substances toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. BBG, Inc. and the appraiser(s) assume no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. The Client is free to retain an expert on such matters in this field; however, Client retains such expert at Client's own discretion, and any costs and/or expenses associated with such retention are the responsibility of Client.
  - m) BBG, Inc. is not an expert in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The Appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions contained within the appraisal report based upon any subsequent endangered species impact studies, research, and investigation that may be provided. However, it is assumed that no environmental impact studies were either requested or made in conjunction with this analysis, unless otherwise stated within the appraisal report.
- 2) If the Client instructions to the Appraiser were to inspect only the exterior of the improvements in the appraisal process, the physical attributes of the property were observed from the street(s) as of the

inspection date of the appraisal. Physical characteristics of the property were obtained from tax assessment records, available plans, if any, descriptive information, and interviewing the client and other knowledgeable persons. It is assumed the interior of the subject property is consistent with the exterior conditions as observed and that other information relied upon is accurate.

- 3) If provided, the estimated insurable value is included at the request of the Client and has not been performed by a qualified insurance agent or risk management underwriter. This cost estimate should not be solely relied upon for insurable value purposes. The Appraiser is not familiar with the definition of insurable value from the insurance provider, the local governmental underwriting regulations, or the types of insurance coverage available. These factors can impact cost estimates and are beyond the scope of the intended use of this appraisal. The Appraiser is not a cost expert in cost estimating for insurance purposes.
- 4) The dollar amount of any value opinion herein rendered is based upon the purchasing power and price of the United States Dollar as of the effective date of value. This appraisal is based on market conditions existing as of the date of this appraisal.
- 5) The value opinions reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value opinions, unless such proration or division of interests is set forth in the report. Any division of the land and improvement values stated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.
- 6) Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are BBG, Inc.'s best estimate of current market thinking of what future trends will be. No warranty or representation is made that such projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
- 7) The Appraiser assumes no monetary liability or responsibility for any changes in economic or physical conditions which occur following the effective date of value within this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.
- 8) Any proposed or incomplete improvements included in the appraisal report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.
- 9) If the appraisal report has been prepared in a so-called "public non-disclosure" state, real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public record. If this is such a "non-disclosure" state, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the Appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
- 10) Although the Appraiser has made, insofar as is practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the Appraiser either by the Client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the Appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or opinions of value.

- 11) The right is reserved by the Appraiser to make adjustments to the analyses, opinions, and conclusions set forth in the appraisal report as may be required by consideration of additional or more reliable data that may become available. No change of this report shall be made by anyone other than the Appraiser. The Appraiser shall have no monetary liability or responsibility for any unauthorized change(s) to the report.
- 12) The submission of the appraisal report constitutes completion of the services authorized and agreed upon. Such appraisal report is submitted on the condition the Client will provide reasonable notice and customary compensation, including expert witness fees, relating to any subsequent required attendance at conferences, depositions, or judicial or administrative proceedings. In the event the Appraiser is subpoenaed for either an appearance or a request to produce documents, a best effort will be made to notify the Client immediately. The Client has the sole responsibility for obtaining a protective order, providing legal instruction not to appear with the appraisal report and related work files, and will answer all questions pertaining to the assignment, the preparation of the report, and the reasoning used to formulate the opinion of value. Unless paid in whole or in part by the party issuing the subpoena or by another party of interest in the matter, the Client is responsible for all unpaid fees resulting from the appearance or production of documents regardless of who orders the work.
- 13) Client shall not disseminate, distribute, make available or otherwise provide any Appraisal Report prepared hereunder to any third party (including without limitation, incorporating or referencing the Appraisal Report, in whole or in part, in any offering or other material intended for review by other parties) except to (a) any third party expressly acknowledged in a signed writing by Appraiser as an "Intended User" of the Appraisal Report provided that either Appraiser has received an acceptable release from such third party with respect to such Appraisal Report or Client provides acceptable indemnity protections to Appraiser against any claims resulting from the distribution of the Appraisal Report to such third party, (b) any third party service provider (including rating agencies and auditors) using the Appraisal Report in the course of providing services for the sole benefit of an Intended User, or (c) as required by statute, government regulation, legal process, or judicial decree. In the event Appraiser consents, in writing, to Client incorporating or referencing the Appraisal Report in any offering or other materials intended for review by other parties, Client shall not distribute, file, or otherwise make such materials available to any such parties unless and until Client has provided Appraiser with complete copies of such materials and Appraiser has approved all such materials in writing. Client shall not modify any such materials once approved by Appraiser. In the absence of satisfying the conditions of this paragraph with respect to a party who is not designated as an Intended User, the receipt of an Appraisal Report by such party shall not confer any right upon such party to use or rely upon such report, and Appraiser shall have no liability for such unauthorized use or reliance upon such report. In the event Client breaches the provisions of this paragraph, Client shall indemnify, defend and hold Appraiser, and its affiliates and their officers, directors, employees, contractors, agents and other representatives (Appraiser and each of the foregoing an "Indemnified Party" and collectively the "Indemnified Parties"), fully harmless from and against all losses, liabilities, damages and expenses (collectively, "Damages") claimed against, sustained or incurred by any Indemnified Party arising out of or in connection with such breach, regardless of any negligence on the part of any Indemnified Party in preparing the Appraisal Report.

## Overview

### BBG OVERVIEW

BBG is one of the nation's largest real estate due diligence firms with more than 45 offices across the country serving more than 3,000 clients. We deliver best-in-class valuation, advisory and assessment services with a singular focus of meeting our clients' needs.

Our professional team offers broad industry expertise and deep market knowledge to help clients meet their objectives throughout the real estate life cycle.

BBG clients include commercial real estate professionals, investors, lenders, attorneys, accountants and corporations.

### THE BBG DIFFERENCE

**National Footprint.** BBG is one of only two national firms offering in-house valuation and environmental and property condition assessment services for all commercial property types.

**Customer-focused Growth.** BBG is one of the largest national due diligence firms because we deliver best-in-class work product and provide excellent customer care.

**Qualified Team.** Over 50 percent of BBG appraisers are MAI designated and offer deep industry expertise gained through real-world experience.

**Unbiased Independence.** By focusing exclusively on due diligence services, BBG guarantees an independent perspective free from potential conflicts of interest.

**Innovative Technology.** BBG has made significant analytics and IT investments to continually improve our data and report quality.

### SERVICES

#### Valuation

- + Single Asset Valuation
- + Portfolio Valuation
- + Institutional Asset Valuation
- + Appraisal Review
- + Appraisal Management
- + Lease and Cost Analysis
- + Insurance Valuation
- + Arbitration & Consulting
- + Feasibility Studies
- + Highest and Best Use Studies
- + Evaluation
- + Investment analysis
- + Tax appeals
- + Litigation Support
- + Manufactured Housing and Campgrounds

#### Advisory

- + ASC 805 Business combinations
- + ASC 840 Leases
- + Purchase Price Allocations
- + Portfolio Valuations for reporting net asset values (NAV)
- + Public and non-traded REIT valuations
- + Valuations for litigation and litigation support
- + Sale-leaseback valuation analysis
- + Valuations for bankruptcy/fresh start accounting
- + Cost segregation analysis

#### Assessment

- + Environmental due diligence
- + Property condition consulting
- + Small loan services
- + Energy consulting
- + Environmental consulting
- + Zoning
- + ALTA Surveys

# ADDENDA

Glossary.....A

Letter of Engagement ..... B

Subject Photographs..... C

Comparable Land Sales..... D

Comparable Improved Sales ..... E

Appraiser Qualifications and Licenses..... F



## GLOSSARY

**Appraisal:** (noun) the act or process of developing an opinion of value; an opinion of value. (adjective) of or pertaining to appraising and related functions such as appraisal practice or appraisal services.<sup>7</sup>

**Appraisal Practice:** valuation services performed by an individual acting as an appraiser, including but not limited to appraisal and appraisal review.<sup>7</sup>

**Appraisal Review:** (noun) the act or process of developing an opinion about the quality of another appraiser's work (i.e., a report, part of a report, a workfile, or some combination of these), that was performed as part of an appraisal or appraisal review assignment, (adjective) of or pertaining to an opinion about the quality of another appraiser's work that was performed as part of an appraisal or appraisal review assignment.<sup>7</sup>

**Appraiser:** one who is expected to perform valuation services competently and in a manner that is independent, impartial and objective.<sup>7</sup>

**Appraiser's Peers:** other appraisers who have expertise and competency in a similar type of assignment.<sup>7</sup>

**Assessed Value:** The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value. <sup>1</sup>

**Asset:**

1. Any item, the rights to which may have economic value, including financial assets (cash or bonds), business interests, intangible assets (copyrights and trademarks), and physical assets (real estate and personal property).
2. In general business usage, something owned by a business and reflected in the owner's business sheet.

**Asset:** A resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity. <sup>2</sup>

**Assignment:** a valuation service that is provided by an appraiser as a consequence of an agreement with a client.<sup>7</sup>

**Assignment Conditions:** Assumptions, extraordinary assumptions, hypothetical conditions, laws and regulation, jurisdictional exceptions, and other conditions that affect the scope of work.<sup>7</sup>

**Assignment Elements:** Specific information needed to identify the appraisal or appraisal review problem: client and any other intended users, intended use of the appraiser's opinions and conclusions, type and definition of value; effective date of the appraiser's opinions and conclusions; subject of the assignment and its relevant characteristics; and assignment conditions.<sup>7</sup>

**Assignment Results:** An appraiser's opinions or conclusions, not limited to value, that were developed when performing an appraisal assignment, an appraisal review assignment, or a valuation service other than an appraisal or appraisal review.<sup>7</sup>

**Bias:** a preference or inclination that precludes an appraiser's impartiality, independence, or objectivity in an assignment.<sup>7</sup>

**Business Enterprise:** an entity pursuing an economic activity.<sup>7</sup>

**Business Equity:** the interests, benefits, and rights inherent in the ownership of a business enterprise or a part thereof in any form (including, but not necessarily limited to, capital stock, partnership interests, cooperatives, sole proprietorships, options, and warrants).<sup>7</sup>

**Capital Expenditure:** Investments of cash (or the creation of liability) to acquire or improve an asset, e.g., land, buildings, building additions, site improvements, machinery, equipment; as distinguished from cash outflows for expense items that are normally considered part of the current period's operations. Also referred to as Cap Ex.<sup>1</sup>

**Cash Equivalency Analysis:** An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash or its equivalent.<sup>1</sup>

**Client:** the party or parties (i.e., individual, group or entity) who engage an appraiser by employment or contract in a specific assignment, whether directly or through an agent.<sup>7</sup>

**Condominium Ownership:** A form of fee ownership of separate units or portions of multiunit buildings that provides for formal filing and recording of a divided interest in real estate.<sup>1</sup>

**Confidential Information:**

**1:** information that is either:

- Identified by the client as confidential when providing it to a valuer and that is not available from any other source, or
- Classified as confidential or private by applicable law or regulation.

**2:** Information that is either

- Identified by the client as confidential when providing it to an appraiser and that is not available from any other source; or
- Classified as confidential or private by applicable law or regulation \*
- NOTICE: For example, pursuant to the passage of the Gramm-Leach-Bliley Act in November 1999, some public agencies have adopted privacy regulations that affect appraisers. The Federal Trade Commission (FTC) issued two rules. The first rule (16 CFR 313) focuses on the protection of "non-public personal information" provided by consumers to those involved in financial activities "found to be closely related to banking or usual in connection with the transaction of banking." These activities include "appraising real or personal property." The second rule (16 CFR 314) requires appraisers to safeguard customer non-public personal information. Significant liability exists for appraisers should they fail to comply with these FTC rules. <sup>7</sup>

**Cost:** the actual or estimated amount required to create, reproduce, replace or obtain a property.<sup>7</sup>

**Cost Approach:** A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive, deducting depreciation from the total cost, and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised. <sup>1</sup>

**Credible:** worthy of belief.<sup>7</sup>

**Deferred Maintenance:** Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of the property, such as a broken window, a dead tree, a leak in the roof, or a faulty roof that must be completely replaced. These items are almost always curable.<sup>1</sup>

**Disposition Value:** The most probable price that a specified interest in real property should bring under the following conditions: 1) Consummation of a sale within a specific time, which is short than the typical exposure time for such a property in that market. 2) The property is subjected to market conditions prevailing as of the date of valuation. 3) Both the buyer and seller are acting prudently and knowledgeably. 4) The seller is under compulsion to sell. 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) An adequate marketing effort will be made during the exposure time. 8) Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto. 9) The price represents the normal consideration of the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. This definition can also be modified to provide for valuation with specified financing terms. <sup>1</sup>

**Economic Life:** The period over which improvements to real estate contribute to property value. <sup>1</sup>

**Effective Date:** the date to which the appraiser's analysis, opinions and conclusions apply, also referred to as date of value.<sup>7</sup>

**Effective Gross Income Multiplier (EGIM):** The ratio between the sale price (or value) of a property and its effective gross income.<sup>1</sup>

**Effective Rent:** Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions, the rent that is effectively paid by a tenant net of financial concessions provided by a landlord. <sup>1</sup>

**Exposure Time:** an opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at the market value on the effect date of the appraisal.<sup>7</sup>

**Extraordinary Assumption:** 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.<sup>7</sup>

**Fair Market Value:**

1. In nontechnical usage, a term that is equivalent to the contemporary usage of market value.
2. As used in condemnation, litigation, income tax, and property tax situations, a term that is similar in concept to market value but may be defined explicitly by the relevant agency. For example, one definition of *fair market value* provided by the Internal Revenue Service for certain purposes is as follows: The price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts. The fair market value of a particular item of property includible in the decedent's gross estate is not to be determined by a forced sale price. Nor is the fair market value of an item of property to be determined by the sale price of the item in a market other than that in which such item is most commonly sold to the public, taking into account the location of the item wherever appropriate. (IRS Regulation §20.2031-1)<sup>1</sup>

**Fair Share:**

1. A share of a fund or deposit that is divided or distributed proportionately.
2. A share of a burden or obligation that is divided proportionately; e.g., a tenant in a multitenant building or development may be required to pay a pro rata share of the building's operating expenses based on the number of square feet the tenant occupies. In a shopping center, the tenant's share of operating costs is often stated as a fraction, with the gross leasable area of the tenant's premises as the numerator and the gross leasable area or gross leased area of the entire shopping center as the denominator.
3. The share of a trade area that a retail facility is likely to capture; assumes that capture is a function of property size as a proportion of the overall inventory of competitive space in the trade area, i.e., that the facility captures a "fair share" of the trade area.<sup>1</sup>

**Fair Value:**

1. The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (FASB)
2. The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties. (This does not apply to valuations for financial reporting.) (IVS).<sup>1</sup>
3. The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.<sup>2</sup>

**Feasibility Analysis:** a study of the cost benefit relationship of an economic endeavor.<sup>1</sup>

**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.<sup>1</sup>

**Floor Area Ratio (FAR):** The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.<sup>1</sup>

**Going Concern:**

1. An established and operating business having an indefinite future life.
2. An organization with an indefinite life that is sufficiently long that, over time, all currently incomplete transformations [transforming resources from one form to a different, more valuable form] will be completed.<sup>1</sup>

**Gross Building Area (GBA):**

1. Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.
2. Gross leasable area plus all common areas.
3. For residential space, the total area of all floor levels measured from the exterior of the walls and including the super structure and substructure basement; typically does not include garage space.<sup>1</sup>

**Highest and Best Use:**

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS).
3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)<sup>1</sup>

**Hypothetical Condition:** 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.<sup>7</sup>

**Income Capitalization Approach:** Specific appraisal techniques applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income.<sup>1</sup>

**Inspection:** Personal observation of the exterior or interior of the real estate that is the subject of an assignment performed to identify the property characteristics that are relevant to the assignment, such as amenities, general physical condition, and functional utility. Note that this is not the inspection process performed by a licensed or certified building inspector.<sup>1</sup>

**Insurable Value:** A type of value for insurance purposes.<sup>1</sup>

**Intangible Property (Intangible Assets):** Nonphysical assets, including but not limited to franchises, trademarks, patents, copyrights, goodwill, equities, securities, and contracts as distinguished from physical assets such as facilities and equipment.<sup>7</sup>

**Intended Use:** the user(s) of an appraiser's reported appraisal or appraisal review assignment results, as identified by the appraiser based on communication with the client at the time of the assignment.<sup>7</sup>

**Intended User:** the client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser, based on communication with the client at the time of the assignment.<sup>7</sup>

**Internal Rate of Return ("IRR"):** The annualized yield rate or rate of return on capital that is generated or capable of being generalized within an investment of portfolio over a period of ownership. Alternatively, the indicated return of capital associated with a projected or pro forma income stream. The discount rate that equates the present value of the net cash flows of a project with the present value of the capital investment. It is the rate at which the Net Present Value (NPV) equals zero. The IRR reflects both the return on invested capital and the return of the original investment, which are basic considerations of potential investors. Therefore, deriving the IRR from analysis of market transactions of similar properties having comparable income patterns is a proper method for developing market discount rates for use in valuations to arrive at Market Value. Used in discounted cash flow analysis to find the implied or expected rate of return of the project, the IRR is the rate of return which gives a zero net present value (NPV). See also equity yield rate (YE); financial management rate of return (FMRR); modified internal rate of return (MIRR); yield rate (Y).<sup>1</sup>

**Investment Value:** 1) The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. 2) The value of an asset to the owner or a prospective owner for individual investment or operational objectives. (IVS)<sup>1</sup>

**Jurisdictional Exception:** an assignment condition established by applicable law or regulation, which precludes an appraiser from complying with a part of USPAP.<sup>7</sup>

**Leasehold Interest:** The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.<sup>1</sup>

**Leased Fee Interest:** The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.<sup>1</sup>

**Liquidation Value:** The most probable price that a specified interest in real

property should bring under the following conditions: 1) Consummation of a sale within a short time period; 2) The property is subjected to market conditions prevailing as of the date of valuation; 3) Both the buyer and seller are acting prudently and knowledgeably; 4) The seller is under extreme compulsion to sell; 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) A normal marketing effort is not possible due to the brief exposure time 8) Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto. 9) 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. This definition can also be modified to provide for valuation with specified financing terms.<sup>1</sup>

**Load Factor:** A measure of the relationship of common area to useable area and therefore the quality and efficiency of building area layout, with higher load factors indicating a higher percentage of common area to overall rentable space than lower load factors; calculated by subtracting the amount of useable area from the rentable area and then dividing the difference by the useable area:<sup>1</sup>

Load Factor =

$$\frac{(\text{Rentable Area} - \text{Useable Area})}{\text{Useable Area}}$$

**Market Value:** a type of value stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the value definition that is identified by the appraiser as applicable in an appraisal.<sup>7</sup>

**Market Value "As If Complete" On The Appraisal Date:** Market value as if complete on the effective date of the appraisal is an estimate of 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 the appraisal. With regard to properties wherein anticipated market conditions indicate that stabilized occupancy is not likely as of the date of completion, this estimate of value should reflect the market value of the property as if complete and prepared for occupancy by tenants.

**Market Value "As Is" On The Appraisal Date:** Value As Is -The value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal; relates to what physically exists and is legally permissible and excludes all assumptions concerning hypothetical market conditions or possible rezoning. See also effective date; prospective value opinion.

**Market Value of the Total Assets of the Business:** The market value of the total assets of the business is the market value of all of the tangible and intangible assets of a business as if sold in aggregate as a going concern. This assumes that the business is expected to continue operations well into the future.<sup>4</sup>

**Marketing Time:** An opinion of the amount of time it might take to sell a real or personal property interest 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. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property Market Value Opinions" address the determination of reasonable exposure and marketing time.).<sup>3</sup>

**Mass Appraisal:** the process of valuing a universe of properties as of a given date using standard methodology, employing common data and allowing for statistical testing.<sup>7</sup>

**Mass Appraisal Model:** a mathematical expression of how supply and demand factors interact in a market.<sup>7</sup>

**Misleading:** intentionally or unintentionally misrepresenting, misstating or concealing relevant facts or conclusions.<sup>7</sup>

**Net Lease:** A lease in which the landlord passes on all expenses to the tenant. See also lease.<sup>1</sup>

**Net Rentable Area (NRA):** 1) The area on which rent is computed. 2) The

Rentable Area of a floor shall be computed by measuring to the inside finished surface of the dominant portion of the permanent outer building walls, excluding any major vertical penetrations of the floor. No deductions shall be made for columns and projections necessary to the building. Include space such as mechanical room, janitorial room, restrooms, and lobby of the floor.<sup>5</sup>

**Penetration Ratio (Rate):** The rate at which stores obtain sales from within a trade area or sector relative to the number of potential sales generated; usually applied to existing facilities. Also called: penetration factor.<sup>1</sup>

**Personal Inspection:** a physical observation performed to assist in identifying relevant property characteristics in a valuation service.<sup>7</sup>

**Personal Property:** any tangible or intangible article that is subject to ownership and not classified as real property, including identifiable tangible objects that are considered by the general public as being "personal", such as furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment, and intangible property that is created and stored electronically such as plans for installation art, choreography, emails or designs for digital tokens.<sup>7</sup>

**Physical Characteristics:** attributes of a property that are observable or measurable as a matter of fact, as distinguished from opinions and conclusions, which are the result of some level of analysis or judgement.<sup>7</sup>

**Price:** the amount asked, offered or paid for a property.<sup>7</sup>

**Prospective opinion of value.** A value opinion effective as of a specified future date. The term does not define a type of value. Instead it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.<sup>1</sup>

**Real Estate:** an identified parcel or tract of land, including improvements, if any.<sup>7</sup>

**Real Property:** the interests, benefits and rights inherent in the ownership of real estate.<sup>7</sup>

**Reconciliation:** A phase of a valuation assignment in which two or more value indications are processed into a value opinion, which may be a range of value, a single point estimate, or a reference to a benchmark value.<sup>1</sup>

**Relevant Characteristics:** features that may affect a property's value or marketability such as legal, economic or physical characteristics.<sup>7</sup>

**Reliable Measurement:** [The IAS/IFRS framework requires that] neither an asset nor a liability is recognized in the financial statements unless it has a cost or value that can be measured reliably.<sup>2</sup>

**Remaining Economic Life:** The estimated period over which existing improvements are expected to contribute economically to a property; an estimate of the number of years remaining in the economic life of a structure or structural components as of the effective date of the appraisal; used in the economic age-life method of estimating depreciation.<sup>1</sup>

**Replacement Cost:** The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout.<sup>1</sup>

**Report:** any communication, written or oral, of an appraisal or appraisal review that is transmitted to the client or a party authorized by the client upon completion of an assignment.<sup>7</sup>

**Retrospective Value Opinion:** A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion."<sup>1</sup>

**Sales Comparison Approach:** The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant when an adequate supply of comparable sales is available.<sup>1</sup>

**Scope of Work:** the type and extent of research and analyses in an appraisal or appraisal review assignment.<sup>7</sup>

**Signature:** personalized evidence indicating authentication of the work performed by the appraiser and the acceptance of the responsibility for content, analyses and the conclusions in the report.<sup>7</sup>

**Stabilized value:** A value opinion that excludes from consideration any abnormal relationship between supply and demand such as is experienced in boom periods when cost and sale price may exceed the long-term value, or during periods of depression, when cost and sale price may fall short of long-term value. It is also a value opinion that excludes from consideration any transitory condition that may cause excessive construction costs, e.g., a premium paid due to a temporary shortage of supply.

**Substitution:** The principle of substitution states that when several similar or commensurate commodities, goods, 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.<sup>3</sup>

**Total Assets of a Business:** Total assets of a business is defined by the Appraisal Institute as “the tangible property (real property and personal property, including inventory and furniture, fixtures and equipment) and intangible property (cash, workforce, contracts, name, patents, copyrights, and other residual intangible assets, to include capitalized economic profit).”

**Use Value:**

The value of a property assuming a specific use, which may or may not be the property’s highest and best use on the effective date of the appraisal. Use value may or may not be equal to market value but is different conceptually.<sup>1</sup>

**Valuation Service:** a service pertaining to an aspect of property value, regardless of the type of service and whether it is performed by appraisers or by others.<sup>7</sup>

**Value:** the monetary relationship between properties and those who buy and sell, or use those properties, expressed as an opinion of the worth of a property at a given time.<sup>7</sup>

**Workfile:** data, information and documentation necessary to support the appraiser’s opinions and conclusions and to show compliance with USPAP.<sup>7</sup>

<sup>1</sup>Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute 2010). <sup>2</sup>Appraisal Institute, *International Financial Reporting Standards for Real Property Appraiser*, IFRS Website, [www.ifrs-ebooks.com/index.html](http://www.ifrs-ebooks.com/index.html). <sup>3</sup>Appraisal Institute, *The Appraisal of Real Estate*, 13th ed. (Chicago: Appraisal Institute 2008). <sup>4</sup> This definition is taken from “Allocation of Business Assets Into Tangible and Intangible Components: A New Lexicon,” *Journal of Real Estate Appraisal*, January 2002, Volume LXX, Number 1. This terminology is to replace former phrases such as: value of the going concern. <sup>5</sup>Financial Publishing Company, *The Real Estate Dictionary*, 7 ed. <sup>6</sup> U.S. Treasury Regulations. <sup>7</sup>USPAP 2020-2021



## LETTER OF ENGAGEMENT



December 14, 2023

Mr. Bernard Theriot  
Cash Cow Capital  
5718 W. Bellfort St  
Houston, TX 77035  
Phone: 713.551.3714  
Email: cashcowhouse@gmail.com

**RE: Appraisal Report Update of: 19327 Belleau Wood Dr, Humble, TX 77338**  
*Prior Job: 0122100698*

Dear Mr. Theriot:

We are pleased to submit this proposal and our Terms and Conditions for the Appraisal Report Update of the above referenced real estate.

## PROPOSAL SPECIFICATIONS

<b>Valuation Premise:</b>	Form an opinion of the Market Value, As Is
<b>Property Rights Appraised:</b>	Fee Simple Estate
<b>Intended Use:</b>	Portfolio Evaluation
<b>Intended Users:</b>	Cash Cow Capital
<b>Scope of Work:</b>	All Applicable Approaches
<b>Inspection:</b>	BBG Inspection
<b>Site/Property Contact:</b>	

<b>Name:</b>	Adrian Mosley	Josh Abernathy
<b>Phone:</b>	281-883-8713	281-638-1321
<b>Email:</b>	adrianmosleyd@att.net	abernathyjosh@mac.com

**Appraisal Standards:** Uniform Standards of Professional Appraisal Practice (USPAP), Financial Institution Reform, Recovery, and Enforcement Act (FIRREA), December 2010 Interagency Appraisal and Evaluation Guidelines and Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute

**Report Type:**  
**Report Format:**  
**Fee:**

Appraisal Report

Narrative

**\$4,800**

Fee includes up to two hours of consultation time after delivery of the final reports. Any time incurred thereafter will be billed at an hourly rate.

Please indicate below who is responsible for payment:

Name:

Adrian Mosley

Company:

Address:

19327 Belleau Wood Dr. Humble, TX 77338

Phone:

281-883-8713

Email:

adrianmosleyd@att.net

**Retainer:**

**100% due at Engagement**

Wire Payment/ACH Information Below:

Bank of America

Acct#: 488038497058

Wire Payment Routing#: 026009593

ACH Payment Routing#: 111000025

**Payment Terms:**

Retainer is due at engagement and prior to commencement of work.

**Report Copies:**

Fee quoted includes all expenses.

1 Draft PDF and 1 Final PDF

**Delivery Date:**

**10 business days** from acceptance and receipt of critical information

**Report Delivery Recipients:**

If any other person(s) are authorized to be included on delivery of the report, please include their information in the space below:

**Name(s):** cashcowbanker@gmail.com

**Email(s):** abernathyjosh@mac.com

**Acceptance Date:**

Date of Execution

**Property Information Request:**

The following list of items will be needed within 2 days in order to meet the above referenced delivery date:

- Appraiser will request at engagement, if needed.

Do not provide Personally Identifiable Information (PII) to BBG, Inc. or any of its agents. PII is any piece of information meant to identify a specific individual. This includes data such as a Social Security number, driver's license number and financial account numbers.

The attached Terms and Conditions of the Engagement are deemed part of this Appraisal Services Agreement and are incorporated fully herein by reference and shall apply to any appraisal reports, contract or orders into which they are incorporated. In addition, with respect to any appraisal report, any use of or reliance on the appraisal by any party, regardless of whether the use or reliance is authorized or known by BBG, Inc. and its agents, servants, employees, principals, affiliated companies and all those in privity with them, constitutes acceptance of such Terms and Conditions of the Engagement, as well as acceptance of all other appraisal statements, limiting conditions and assumptions stated in the appraisal report. Use of this appraisal report constitutes acknowledgement and acceptance of the Terms and Conditions of the Engagement, special assumptions (if any), extraordinary assumptions (if any), and hypothetical conditions (if any) on which this estimate of market value is based. This appraisal report has been prepared for the exclusive benefit of the client. It may not be used or relied upon by any other party. Any other party who is not the identified client within this report who uses or relies upon any information in this report does so at their own risk.

Client acknowledges and agrees that BBG may anonymize all property and operational information ("Client Data") provided and aggregate with other anonymized data from other Clients and/or other sources and use such aggregated, anonymized Client Data in existing or future BBG product offerings. BBG shall process the Client Data in a manner that renders the form and source of the Client Data unidentifiable to any other Client or third party.

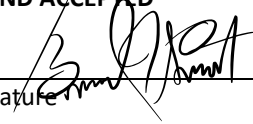
We appreciate this opportunity to be of service to you on this assignment. If you have additional questions, please contact us.



As Agent for BBG, Inc.  
**John H. Wright Jr., MAI**  
**Senior Managing Director**  
**Valuation**  
4615 Southwest Freeway, Suite 400, Houston, TX  
77027  
**P** [713-395-5290](tel:713-395-5290) **C** [713-817-5027](tel:713-817-5027)  
**E** [jwright@bbgres.com](mailto:jwright@bbgres.com)

**AGREED AND ACCEPTED**

Client Signature



12/15/2023

Date

**Appraisal Report Update of: 19327 Belleau Wood Dr, Humble, TX 77338**

## **Terms and Limiting Conditions of the Engagement**

---

The Terms and Conditions of the Engagement are deemed part of the attached Proposal Specifications and Appraisal and Consulting Services Agreement and are incorporated fully therein, and shall apply to any appraisal services, consulting services, oral testimony, reports, contracts, or orders into which they may be incorporated.

### **A) Definitions. In the Terms and Conditions of the Engagement:**

1. "BBG, Inc." means BBG, Inc. and its agents, successors, assigns, servants, employees, principals, affiliated companies and all those in privity with them.
2. "Appraiser" means the appraiser(s) performing part or all of the appraisal services and/or signing an appraisal report. "Appraiser" may also mean "Consultant" in a consulting assignment.
3. "Appraisal and Consulting Services Agreement" means any written agreement with Client for performance of the appraisal services by Appraiser, including any agreement entered into electronically.
4. "Client" means any party identified expressly as a client in an Appraisal and Consulting Services Agreement and also any party identified expressly as a client by the Appraiser in an appraisal report.
5. "Appraisal" means any appraisal or consulting report(s) prepared by or oral report and/or testimony presented by BBG, Inc.
6. "Report" means a written or oral report prepared by and/or oral testimony presented by BBG, Inc.

### **B) Venue and Jurisdiction**

**THIS APPRAISAL AND CONSULTING SERVICES AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE DOMESTIC SUBSTANTIVE LAWS OF THE STATE OF TEXAS, WITHOUT GIVING EFFECT TO ANY CHOICE OR CONFLICT OF LAW PROVISION. IF ANY ACTION RELATING TO THIS APPRAISAL AND CONSULTING SERVICES AGREEMENT OR THE CONTEMPLATED TRANSACTIONS IS BROUGHT BY A PARTY HERETO AGAINST ANY OTHER PARTY HERETO, THE PREVAILING PARTY IN SUCH ACTION WILL BE ENTITLED TO RECOVER ALL REASONABLE EXPENSES RELATING THERETO (INCLUDING REASONABLE ATTORNEYS' FEES AND EXPENSES) FROM THE NON-PREVAILING PARTY.**

Each party to this Appraisal and Consulting Services Agreement (a) hereby irrevocably submits to the exclusive jurisdiction and venue of the state courts located in Dallas County, Texas (or, if but only if such court lacks jurisdiction, the United States District Court for the Northern District of Texas) for the purpose of any Action between any of the parties hereto arising in whole or in part under or in connection with this Appraisal and Consulting Services Agreement, any Ancillary Agreement, or the Contemplated Transactions, (b) hereby waives and agrees not to assert any claim that he, she or it is not subject personally to the jurisdiction of the above-named courts or that any such Action brought in the above-named courts should be dismissed on grounds of forum non conveniens. Notwithstanding the foregoing, a party hereto may commence any Action in a court other than the above-named courts solely for the purpose of enforcing an order or judgment issued by the above-named courts.

### **C) Limitations of Liability**

It is expressly agreed that in any action which may be brought against BBG, Inc., arising out of, relating to, or in any way pertaining to this engagement, this Appraisal and Consulting Services Agreement, or any services, reports, information, or opinions contained therein or presented, BBG, Inc. shall not be responsible or liable for any incidental or consequential losses, unless the same was fraudulent or prepared with gross negligence. It is further agreed that the collective liability of BBG, Inc. in any such action shall not exceed the fees paid for the preparation of the respective report or services unless the same was fraudulent or prepared with gross negligence. Finally, it is agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.

Client hereby agrees to indemnify, defend, protect, and hold BBG, Inc. harmless from and against all claims, damages, losses and expenses, including attorneys' fees, expenses and costs, incurred upon investigating and defending any claim, action or proceeding arising from, or in any way connected to, relating to, or in any way pertaining to this engagement, this Appraisal and Consulting Services Agreement, or any services, reports, information, or opinions contained therein or presented.

Further, you acknowledge that any opinions and conclusions expressed by professionals employed by BBG, Inc. related to this agreement are representations made by them as employees and not as individuals. BBG, Inc.'s responsibility is limited to you as a Client. The use of BBG, Inc.'s product by third parties is not intended unless

## Terms and Limiting Conditions of the Engagement

---

expressly stated and shall be solely at the risk of you and/or third parties. BBG, Inc. acknowledges that Client will be the end-user of, and can rely upon, the opinion and conclusions of BBG, Inc.

### D) Confidentiality

The parties agree that (i) this Appraisal and Consulting Services Agreement and the terms contained herein, (ii) opinions or valuation conclusions, (iii) the identity of the analyst or the firm and any reference to the professional organization of which the appraiser is affiliated or to the designations thereof, and (iv) all information regarding the property of whatever nature made available to either party by the other (including all versions of BBG, Inc.'s final report and all prior drafts of same) and methods of each party revealed during the performance of the Services (altogether, collectively, the "Confidential Information") shall be treated as strictly confidential. Accordingly, neither party nor any employee, agent or affiliate thereof shall disclose the same to any third party without the written consent of other party and approval of Appraiser; provided, however, that, a party shall not hereby be precluded from disclosure of Confidential Information that may be compelled by legal requirements, or from disclosing this Appraisal and Consulting Services Agreement (and the terms contained herein) to its attorneys, accountants, auditors, lenders, and other professionals who may be bound to that party by duties of confidence.

Do not provide Personally Identifiable Information (PII) to BBG, Inc. or any of its agents. PII is any piece of information meant to identify a specific individual. This includes data such as a Social Security number, driver's license number and financial account numbers.

### E) General Assumptions and Limiting Conditions

Appraisal services have been provided with the following general assumptions:

1. Notwithstanding that the Appraiser may comment on, analyze or assume certain conditions in the appraisal or consulting assignment, BBG, Inc. shall have no monetary liability or responsibility for alleged claims or damages pertaining to: (a) title defects, liens or encumbrances affecting the property; (b) the property's compliance with local, state or federal zoning, planning, building, disability access and environmental laws, regulations and standards; (c) building permits and planning approvals for improvements on the property; (d) structural or mechanical soundness or safety; (e) contamination, mold, pollution, storage tanks, animal infestations or other hazardous conditions affecting the property; and (f) other conditions and matters for which licensed real estate appraisers are not customarily deemed to have professional expertise. Accordingly:
  - a) The Appraiser has not conducted any engineering or architectural surveys in connection with this appraisal or consulting assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the Appraiser or the Appraiser's staff or was obtained or taken from referenced sources and is considered reliable. The Appraiser and BBG, Inc. shall not be monetarily liable or responsible for or assume the costs of preparation or arrangement of geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
  - b) Unless otherwise stated in the written report or oral report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment. Further, unless otherwise stated, it is assumed that there are no subsurface oil, gas or other mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Further, unless otherwise stated, it is assumed that there are no rights associated with extraction or exploration of such elements considered. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
  - c) Any legal description or plats reported in the appraisal are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. BBG, Inc. has made no survey of the property and assumes no monetary liability or responsibility in connection with such matters.
  - d) Title is assumed to be good and marketable, and in fee simple, unless otherwise stated in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as stated. Further, BBG, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way, except as stated.



## Terms and Limiting Conditions of the Engagement

---

- e) The appraisal report is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the report; additionally, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the report. Further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value opinion. Moreover, unless otherwise stated herein, it is assumed that there are no encroachments or violations of any zoning or other regulations affecting the subject property, that the utilization of the land and improvements is within the boundaries or property lines of the property described, and that there are no trespasses or encroachments.
- f) The American Disabilities Act (ADA) became effective January 26, 1992. The Appraiser has not made a specific compliance survey or analysis of the property to determine whether it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would 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 impact upon the value of the property. Since the Appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.
- g) No monetary liability or responsibility is assumed for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report or oral report.
- h) It is assumed the subject property is not adversely affected by the potential of floods unless otherwise stated herein. Further, it is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any existing or proposed buildings.
- i) Unless otherwise stated within the appraisal report or oral report, the depiction of the physical condition of the improvements described therein is based on visual inspection. No monetary liability or responsibility is assumed for (a) the soundness of structural members since no engineering tests were conducted; (b) the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made; and (c) hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during the Appraiser's or Consultant's inspection.
- j) If building improvements are present on the site, it is assumed that no significant evidence of termite damage or infestation was observed during physical inspection, unless so stated in the appraisal report or oral report. Further, unless so stated in the report or oral report, no termite inspection report was available. No monetary liability or responsibility is assumed for hidden damages or infestation.
- k) Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No monetary liability or responsibility is assumed for such conditions or for engineering which may be required to discover them.
- l) BBG, Inc., excepting employees of BBG Assessment, Inc., and the appraiser(s) are not experts in determining the presence or absence of hazardous substances toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. BBG, Inc. and the appraiser(s) assume no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. The Client is free to retain an expert on such matters in this field; however, Client retains such expert at Client's own discretion, and any costs and/or expenses associated with such retention are the responsibility of Client.
- m) BBG, Inc. is not an expert in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The Appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions contained within the appraisal report based upon any subsequent endangered species impact studies, research, and investigation that may be provided. However, it is assumed that no environmental impact studies were either requested or made in conjunction with this analysis, unless otherwise stated within the report.

## Terms and Limiting Conditions of the Engagement

---

2. If the Client instructions to the Appraiser were to inspect only the exterior of the improvements in the appraisal process, the physical attributes of the property were observed from the street(s) as of the inspection date of the appraisal. Physical characteristics of the property were obtained from tax assessment records, available plans, if any, descriptive information, and interviewing the client and other knowledgeable persons. It is assumed the interior of the subject property is consistent with the exterior conditions as observed and that other information relied upon is accurate.
3. If provided, the estimated insurable value or cost is included at the request of the Client and has not been performed by a qualified insurance agent or risk management underwriter. This cost estimate should not be solely relied upon for insurable value or cost purposes. The Appraiser is not familiar with the definition of insurable value from the insurance provider, the local governmental underwriting regulations, or the types of insurance coverage available. These factors can impact cost estimates and are beyond the scope of the intended use of this appraisal. The Appraiser is not a cost expert in cost estimating for insurance purposes.
4. The dollar amount of any value opinion herein rendered is based upon the purchasing power and price of the United States Dollar as of the effective date of value. Any appraisal report is based on market conditions existing as of the effective date.
5. Any value opinions reported or expressed apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value opinions, unless such proration or division of interests is set forth in the report. Any division of the land and improvement values stated herein is applicable only under the program of utilization shown. These separate valuations are invalidated for any other application.
6. Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are BBG, Inc.'s best estimate of current market thinking of what future trends will be. No warranty or representation is made that such projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
7. The Appraiser assumes no monetary liability or responsibility for any changes in economic or physical conditions which occur following the effective date of value within this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.
8. Any proposed or incomplete improvements included in the appraisal report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.
9. If the appraisal report has been prepared in a so-called "public non-disclosure" state, real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public record. If this is such a "non-disclosure" state, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the Appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
10. Although the Appraiser has made, insofar as is practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the Appraiser either by the Client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the Appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or opinions of value.
11. The right is reserved by the Appraiser to make adjustments to the analyses, opinions, and conclusions set forth in the appraisal report as may be required by consideration of additional or more reliable data that may become available. No change of this report shall be made by anyone other than the Appraiser or Consultant. The Appraiser shall have no monetary liability or responsibility for any unauthorized change(s) to the report.
12. The submission of the appraisal report constitutes completion of the services authorized and agreed upon unless other services are provided for in this agreement. Such report is submitted on the condition the Client will provide reasonable notice and customary compensation, including expert witness fees, relating to any

## Terms and Limiting Conditions of the Engagement

---

subsequent required attendance at conferences, depositions, or judicial or administrative proceedings, unless otherwise defined herein. In the event the Appraiser is subpoenaed for either an appearance or a request to produce documents, a best effort will be made to notify the Client immediately. Unless paid in whole or in part by the party issuing the subpoena or by another party of interest in the matter, the Client is responsible for all unpaid fees resulting from the appearance or production of documents regardless of who orders the work. A payment agreement must be reached in advance of the Appraiser providing such services.

13. Client shall not disseminate, distribute, make available or otherwise provide any appraisal report prepared hereunder to any third party (including without limitation, incorporating or referencing the report , in whole or in part, in any offering or other material intended for review by other parties) except to (a) any third party expressly acknowledged in a signed writing by Appraiser as an "Intended User" of the report provided that either Appraiser has received an acceptable release from such third party with respect to such report or Client provides acceptable indemnity protections to Appraiser against any claims resulting from the distribution of the report to such third party, (b) any third party service provider (including rating agencies and auditors) using the report in the course of providing services for the sole benefit of an Intended User, or (c) as required by statute, government regulation, legal process, or judicial decree. In the event Appraiser consents, in writing, to Client incorporating or referencing the report in any offering or other materials intended for review by other parties, Client shall not distribute, file, or otherwise make such materials available to any such parties unless and until Client has provided Appraiser with complete copies of such materials and Appraiser has approved all such materials in writing. Client shall not modify any such materials once approved by Appraiser. In the absence of satisfying the conditions of this paragraph with respect to a party who is not designated as an Intended User, the receipt of a report by such party shall not confer any right upon such party to use or rely upon such report, and Appraiser shall have no liability for such unauthorized use or reliance upon such report. In the event Client breaches the provisions of this paragraph, Client shall indemnify, defend and hold Appraiser, and its affiliates and their officers, directors, employees, contractors, agents and other representatives (Appraiser and each of the foregoing an "Indemnified Party" and collectively the "Indemnified Parties"), fully harmless from and against all losses, liabilities, damages and expenses (collectively, "Damages") claimed against, sustained or incurred by any Indemnified Party arising out of or in connection with such breach, regardless of any negligence on the part of any Indemnified Party in preparing the report.

## SUBJECT PHOTOGRAPHS



**View of Interior of Single Family Home**



**View of Exterior**





View of Exterior



View of Exterior





View of Exterior



View of Exterior





**View of Exterior**



**View of Exterior**





View of Exterior



View of Exterior





View of Exterior



View of Exterior





View of Exterior



View of Exterior





View of Exterior



View of Exterior





View of Interior of Barn



View of Interior of Barn



View of Interior of Barn



View of Interior of Barn





View of Interior of Barn



View of Interior of Barn





View of Exterior



View of Interior of Event Venue





View of Interior of Event Venue



View of Interior of Event Venue



**View of Interior of Event Venue**



**View of Interior of Event Venue**





View of Exterior



View of Exterior





View of Exterior



View of Exterior





View of Exterior



View of Exterior





View of Exterior



View of Exterior

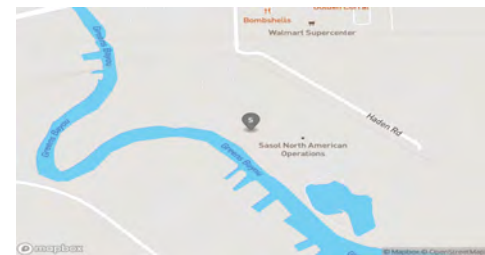


**View of Interior of Saloon**

## COMPARABLE LAND SALES



**Sale Comparable #1**  
**1914 Haden Road**  
 1914 Haden Road  
 Houston, TX 77015-6408  
 Harris County  
 BBG Property #807227

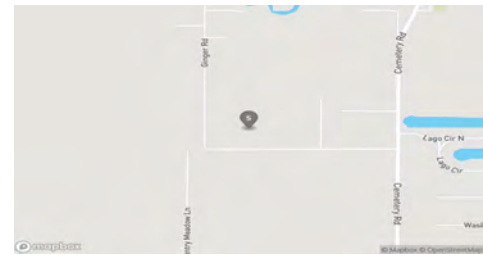


**Property Data**

Property Type/Use	Land Industrial	Lat/Long	29.761051 / -95.1804
Parcel ID #	0410320000505 0410320000511	Census Tract	2525.00
Opportunity Zone	No	Frontage	
Gross Land Area	1,481,040 SF 34.00 Acres	Net Land Area	1,481,040 SF 34.00 Acres
Flood Designation	Zone AE	Flood Panel	48201C0720M Dated January 6, 2017
Utilities	All available to site.	Terrain / Topography	
Easements / Encroachments	There are no known detrimental easements, encroachments or other restrictions that would adversely affect the site's use or marketability.	Zoning	None City of Houston

<b>Sale Transaction Data for BBG Event #945724 on 11/16/2023</b>					<b>Net Area</b>	<b>Gross Area</b>
Transaction Date	<b>11/16/2023</b>	Consideration	<b>\$5,425,000</b>	Price PSF	<b>\$3.66</b>	<b>\$3.66</b>
Sale Status	<b>Contract</b>	Adjustments	<b>\$0</b>	Price Per Acre	<b>\$159,559</b>	<b>\$159,559</b>
		Cash Equivalent Price	<b>\$5,425,000</b>			
Property Rights	<b>Fee Simple</b>					
Transaction Component	<b>Real Estate</b>					
Tenancy	<b>Owner</b>					
Grantor	<b>MERICHEM COMPANY</b>					
Grantee	<b>Not Currently Disclosed</b>					
Comments	<b>The 34-Acre tract is currently under contract for \$3.66/SF. The property was originally listed at \$7,995,000. However, the listing broker stated the site lacks deeded access, and will need an easement to Haden Road. Site can be accessed from Greens bayou.</b>					
Verification	<b>11/16/2023</b>					
	<b>Ryan Greene - JLL</b>					

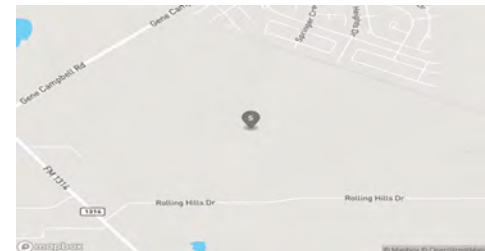
**Sale Comparable #2**  
**75.2 Acres of Land**  
 13920 Country Side Street  
 Santa Fe, TX 77517  
 Galveston County  
 BBG Property #662003



Property Data			
Property Type/Use	Land Multifamily	Lat/Long	29.420160 / -95.1239
Parcel ID #	740831	Census Tract	7234.02
Opportunity Zone	No	Frontage	
Gross Land Area	3,275,886 SF 75.20 Acres	Net Land Area	3,275,886 SF 75.20 Acres
Flood Designation	Zone X (Shaded)	Flood Panel	48167C0240G Dated August 15, 2019
Flood Designation 2	Zone X (Unshaded)	Flood Panel	48167C0240G Dated August 15, 2019
Flood Designation 3	Zone AE	Flood Panel	48167C0240G Dated August 15, 2019
Utilities	All available to site.	Terrain / Topography	Generally level
Easements / Encroachments	None detrimental known	Zoning	None Outside City Limits of Santa Fe

<b>Sale Transaction Data for BBG Event #799160 on 4/14/2023</b>					<b>Net Area</b>	<b>Gross Area</b>
Transaction Date	<b>4/14/2023</b>	Consideration	<b>\$3,600,000</b>	Price PSF	<b>\$1.10</b>	<b>\$1.10</b>
Sale Status	<b>Closed</b>	Adjustments	<b>\$0</b>	Price Per Acre	<b>\$47,870</b>	<b>\$47,870</b>
		Cash Equivalent Price	<b>\$3,600,000</b>			
Property Rights	<b>Fee Simple</b>					
Transaction Component	<b>Real Estate</b>					
Tenancy	<b>Owner</b>					
Grantor	<b>Bayou Side Partners Sante Fe, Ltd.</b>					
Grantee	<b>K8H Ventures, LLC</b>					
Record Info	<b>2023016911</b>					
Comments	<b>Proposed to be built into a 365 unit mobile home community.</b>					
Verification	<b>12/2/2022</b>					
	<b>Copy of sales contract</b>					

**Sale Comparable #3**  
**Porters Mill South**  
 Gene Campbell Road  
 New Caney, TX 77357  
 Montgomery County  
 BBG Property #724340



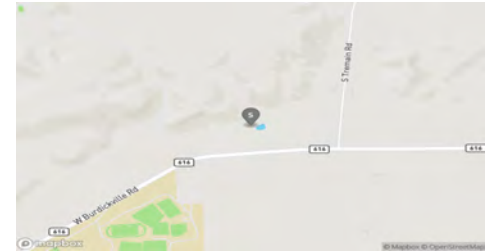
Property Data			
Property Type/Use	Land Residential	Lat/Long	30.159076 / -95.2969
Parcel ID #	Part of R390873	Census Tract	6926.03
Opportunity Zone	No	Frontage	Undetermined
Gross Land Area	6,065,425 SF 139.24 Acres	Net Land Area	6,065,425 SF 139.24 Acres
Flood Designation	Zone AE	Flood Panel	48339C0575G Dated August 18, 2014
Utilities	All available to site.	Terrain / Topography	Generally level
Easements / Encroachments	None detrimental known	Zoning	None No zoning

Sale Transaction Data for BBG Event #843585 on 12/8/2022					Net Area	Gross Area
Transaction Date	<b>12/8/2022</b>	Consideration	<b>\$13,924,000</b>	Price PSF	<b>\$2.30</b>	<b>\$2.30</b>
Sale Status	<b>Closed</b>	Adjustments	<b>\$0</b>	Price Per Acre	<b>\$99,998</b>	<b>\$99,998</b>
		Cash Equivalent Price	<b>\$13,924,000</b>			
Property Rights	<b>Fee Simple</b>					
Grantor	<b>First American Exchange Company, LLC as Q1 for Crighton Park Limited</b>					
Grantee	<b>D.R. Horton-Texas, Ltd.,</b>					
Comments	<b>Cash to seller/Deed #2022144545</b>					
Verification	<b>4/13/2023</b>					
	<b>Settlement Statement/deed records</b>					

## COMPARABLE IMPROVED SALES



**Sale Comparable #1**  
**Nature - A Michigan Retreat**  
 2988 West Burdickville Road  
 Maple City, MI 49664-8753  
 Leelanau County  
 BBG Property #801334

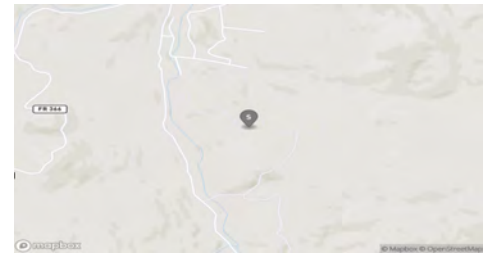


**Property Data**

<i>Improvement Details</i>			
Property Type/Use	Hospitality & Leisure Select Service	Lat/Long	44.856281 / -85.9126
Parcel ID #		Number of Buildings	1
Year Built	2019	Year Renovated	N/A
Quality	Average	Condition	Average
Class		Construction Details	
Gross Building Area	9,800 SF	Rentable Area	9,800 SF
Number of Stories	2	Floor Area Ratio	0.00
Opportunity Zone	No	Census Tract	9705.02
Parking	Surface: 400 Total: 400	Parking Ratio	40.82:1,000 SF of Rentable Area
Site Size (Gross)	3,397,680 SF (78.00 acres)	Site Size (Net)	3,397,680 SF (78.00 acres)

<b>Sale Transaction Data for BBG Event #937715 on 9/25/2023</b>				<b>PSF (GBA)</b>	<b>PSF (Rentable)</b>
Transaction Date	<b>9/25/2023</b>	Consideration	<b>\$2,200,000</b>	<b>\$224.49</b>	<b>\$224.49</b>
Sale Status	<b>Contract</b>	Adjustments	<b>\$0</b>	<b>\$0.00</b>	<b>\$0.00</b>
Occupancy at TOS	<b>0%</b>	Cash Equivalent Price	<b>\$2,200,000</b>	<b>\$224.49</b>	<b>\$224.49</b>
Property Rights	<b>Fee Simple</b>				
Transaction Component	<b>Real Estate</b>				
Tenancy	<b>Owner</b>				
Grantor	<b>n/a</b>				
Grantee	<b>n/a</b>				
Comments	<b>Event center, wedding venue, corporate retreat, camping/glamping property. Clubhouse can host weddings and numerous other entertainment events.</b>				
Verification	<b>10/23/2023</b>				
	<b>Listing</b>				

**Sale Comparable #2**  
**Lodge/Event Center**  
 9 County Road 78  
 Woodland Park, CO 80135-8774  
 Teller County  
 BBG Property #791988



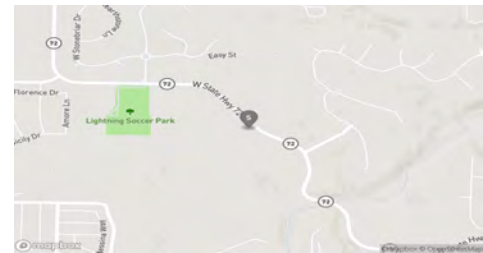
**Property Data**

*Improvement Details*

Property Type/Use	Specialty Fraternal Lodge / Meeting Hall	Lat/Long	39.126941 / -105.1579
Legal	6-11-69 PT NW4 AKA TR 3R WESTCREEK RANCHES 2 AS DESC AT 754545 (UNPLATTED)		
Parcel ID #	8079.062000090	Number of Buildings	7
Year Built	2002	Year Renovated	N/A
Quality	Good	Condition	Good
Class	Construction Details		
Gross Building Area	13,223 SF	Rentable Area	0 SF
Number of Stories	0	Floor Area Ratio	0.01
Opportunity Zone	No	Census Tract	0101.11
Site Size (Gross)	1,783,782 SF (40.95 acres)	Site Size (Net)	1,783,782 SF (40.95 acres)

<b>Sale Transaction Data for BBG Event #924609 on 6/5/2023</b>				<b>PSF (GBA)</b>	<b>PSF (Rentable)</b>
Transaction Date	<b>6/5/2023</b>	Consideration	<b>\$4,100,000</b>	<b>\$310.07</b>	<b>\$0.00</b>
Sale Status	<b>Closed</b>	Adjustments	<b>\$0</b>	<b>\$0.00</b>	<b>\$0.00</b>
Occupancy at TOS	<b>100%</b>	Cash Equivalent Price	<b>\$4,100,000</b>	<b>\$310.07</b>	<b>\$0.00</b>
Property Rights	<b>Fee Simple</b>				
Transaction Component	<b>Real Estate</b>				
Tenancy	<b>Owner</b>				
Grantor	<b>RANCH AT WEST CREEK, LLC</b>				
Grantee	<b>JM RANCH LLC</b>				
Comments	<b>The lodge/event center property has a total square footage throughout five cabins, an event center, and an office/residence. Property was listed for \$3,750,000. Teller County Rec# 759197</b>				
Verification	<b>9/12/2023 Listing Broker - Jerry Trent, Trent Properties Group; 719-338-1309</b>				

**Sale Comparable #3**  
**Wedding Venue - 10889 Hwy 72 W - Centerton, AR**  
 10889 Arkansas Highway 72 West  
 Centerton, AR 72719  
 Benton County  
 BBG Property #494210

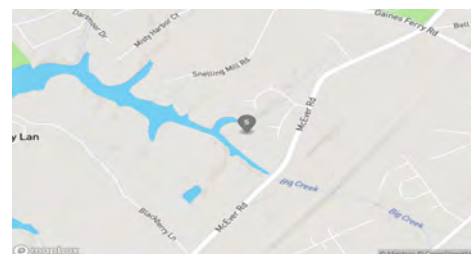


**Property Data**

<i>Improvement Details</i>			
Property Type/Use	Specialty Fraternal Lodge / Meeting Hall	Lat/Long	36.377300 / -94.2691
Parcel ID #	06-05333-000	Number of Buildings	2
Year Built	1950	Year Renovated	2018
Quality	Average	Condition	Average
Class	Class C	Construction Details	Class D, wood frame
Gross Building Area	6,670 SF	Rentable Area	6,670 SF
Number of Stories	0	Floor Area Ratio	0.01
Opportunity Zone	No	Census Tract	0209.01
Site Size (Gross)	464,785 SF (10.67 acres)	Site Size (Net)	464,785 SF (10.67 acres)
Flood Zone	Zone X (Unshaded)		
Comments	Special purpose property consisting of two (2) buildings containing 6,670 square feet of gross building area. The improvements were constructed circa 1950 and recently renovated in 2018.		

<b>Sale Transaction Data for BBG Event #821963 on 6/24/2022</b>				<b>PSF (GBA)</b>	<b>PSF (Rentable)</b>
Transaction Date	<b>6/24/2022</b>	Consideration	<b>\$1,100,000</b>	<b>\$164.92</b>	<b>\$164.92</b>
Sale Status	<b>Closed</b>	Adjustments	<b>\$0</b>	<b>\$0.00</b>	<b>\$0.00</b>
Occupancy at TOS	<b>100%</b>	Cash Equivalent Price	<b>\$1,100,000</b>	<b>\$164.92</b>	<b>\$164.92</b>
Property Rights	<b>Fee Simple</b>				
Grantor	<b>Cedaridge Conference Center, LLC</b>				
Grantee	<b>Kindred Properties</b>				
Record Info	<b>L202242064</b>				
Comments	<b>Purchase of Kindred North Wedding and Event Venue consisting of two (2) buildings containing 6,670 square feet of gross building area. The improvements were constructed circa 1950 and renovated in 2018 (\$350,000). The two buildings consists of the primary venue consisting of 5,502 square feet and the bride/groom suite containing 1,168 square feet. The property was not listed for sale on the market as the buyer and seller are related in nature. This appears to be a market price transaction.</b>				
Verification	<b>2/16/2023</b>				
	<b>Appraisal</b>				

**Sale Comparable #4**  
**Bradford House and Gardens**  
 6648 McEver Road  
 Flowery Branch, GA 30542-3859  
 Hall County  
 BBG Property #637915



**Property Data**

*Improvement Details*

Property Type/Use	Hospitality & Leisure Select Service	Lat/Long	34.163367 / -83.9637
Parcel ID #		Number of Buildings	1
Year Built	1982	Year Renovated	N/A
Quality	Average	Condition	Average
Class		Construction Details	
Gross Building Area	3,544 SF	Rentable Area	3,544 SF
Number of Stories	2	Floor Area Ratio	0.01
Opportunity Zone	No	Census Tract	0015.02
Parking	Surface: 100 Total: 100	Parking Ratio	28.22:1,000 SF of Rentable Area
Site Size (Gross)	317,117 SF (7.28 acres)	Site Size (Net)	317,117 SF (7.28 acres)

Sale Transaction Data for BBG Event #937674 on 7/14/2021				PSF (GBA)	PSF (Rentable)
Transaction Date	<b>7/14/2021</b>	Consideration	<b>\$1,125,000</b>	<b>\$317.44</b>	<b>\$317.44</b>
Sale Status	<b>Closed</b>	Adjustments	<b>\$0</b>	<b>\$0.00</b>	<b>\$0.00</b>
Occupancy at TOS	<b>0%</b>	Cash Equivalent Price	<b>\$1,125,000</b>	<b>\$317.44</b>	<b>\$317.44</b>
Property Rights	<b>Fee Simple</b>				
Transaction Component	<b>Real Estate</b>				
Tenancy	<b>Owner</b>				
Grantor	<b>L &amp; N Holdings Llc</b>				
Grantee	<b>Kupis LC Properties, LLC</b>				
Comments	<b>The buyer purchased the property for continued use as a wedding venue for an existing business.</b>				
Verification	<b>10/23/2023 Public record</b>				



## APPRAISER QUALIFICATIONS AND LICENSES

## Profile

John is a Senior Managing Director at BBG in the Houston office. Prior to his recent position, John was a partner at BBG. He previously served as President of the full service real estate appraisal and consulting firm of Aaron & Wright Incorporated. John has been involved in real estate appraising and consulting since 1983. His experience includes the preparation of narrative appraisal reports on virtually all types of commercial real estate, reviewing commercial appraisal reports, and consulting.

John began his career with the firm of Bill Jackson and Associates and soon moved into the commercial affiliate, Houston Property Consultants. His experience included the appraisal of all types of commercial real estate, including a destination resort facility.

In November 1987, John became a Senior Appraiser at First City Banc Corporation. His responsibilities included the review of commercial real estate appraisals, as well as the preparation of narrative appraisal reports. He was also instrumental in writing the corporation-wide real estate appraisal policy and procedures. In January 1989, he became Manager of the Houston region consisting of 32 banks. During his time at First City, John was involved in reviewing over \$2B in real estate assets.

In July 1990, Mr. Wright founded the Appraisal Firm of Aaron & Wright, Inc. This firm appraised all types of commercial, industrial, and multifamily properties on a national level. The firm specialized in the appraisal of religious and special use properties.

In August 2008, Aaron & Wright was acquired by LandAmerica Valuation Group, the predecessor to the Butler Burgher Group.

---

## Professional Affiliations

Member of the Appraisal Institute (Member No. 8447)

Licensed Real Estate Broker (TX License No. 316795)

Certified Instructor, Texas Real Estate Commission

State Appraisal Related Certifications

State of Texas (License No. 132113-G)

---

## Education

Bachelor of Business Administration, Southwest Texas State University

---

## Coursework

### Additional Training and Memberships:

Society of Real Estate Appraisers Courses

Appraisal Institute Courses

Appraisal Institute Seminars

---

## Publications

“The Appraisal of Religious Facilities”, John H. Wright, Jr., MAI and Martin H. Aaron, MAI, SRA *The Appraisal Institute*, 1997

“Reviewing Appraisals: What is Acceptable?”, John H. Wright, Jr., MAI, *New England Appraisal & Consulting Journal*, December 1992

“A Review Appraiser’s Perspective”, John H. Wright, Jr., MAI and Christine A. Fisher, *The Appraiser Journal*, April 1982

“Setting Up and In-House Appraisal Function”, John H. Wright, Jr., MAI, *ABA Banking Journal*, November 1991

---

## Profile

Sean Reilly is a senior appraiser at BBG working out of the Houston office. Mr. Reilly has been engaged with commercial real estate throughout the southeastern United States since 2017. His scope of competency expands across a broad range of asset types and assignment conditions.

Mr. Reilly has a broad range of experience across all major asset types and significant special purpose experience. Competences include market rate, affordable, mixed use, fractured, as stabilized, class A, and small balance loan projects. Client profile includes balance sheet lenders, agency lenders, owners, life insurance companies, and governmental agencies.

Mr. Reilly is a state certified appraiser in the State of Texas and is a candidate for designation at the Appraisal Institute. Prior to BBG, he spent 3+ years at Newmark's Houston office where he was a member of the specialty practice team.

---

## Professional Affiliations

Appraisal Institute  
Candidate for Designation

Texas Self Storage Association  
Member

State of Texas – Certified General Appraiser #1381013G

---

## Education

Bachelor of Arts, University of Oklahoma

---



JOHN HUNTER WRIGHT JR  
PO BOX 540267  
HOUSTON, TX 77254



## Certified General Real Estate Appraiser

Appraiser: **John Hunter Wright JR**

License #: **TX 1321113 G**

License Expires: **09/30/2025**

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

For additional information or to file a complaint please contact TALCB at [www.talcb.texas.gov](http://www.talcb.texas.gov).



**Chelsea Buchholtz**  
Commissioner

SEAN PATRICK REILLY  
4615 SOUTHWEST FWY STE 400  
HOUSTON, TX 77027



## Certified General Real Estate Appraiser

Appraiser: **Sean Patrick Reilly**

License #: **TX 1381013 G**

License Expires: **07/31/2024**

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

For additional information or to file a complaint please contact TALCB at [www.talcb.texas.gov](http://www.talcb.texas.gov).



**Chelsea Buchholtz**  
Commissioner