



APPRAISAL REPORT

TWO (2) OFFICE CONDOS

**440 Cobia Drive, Units 1803 & 1804,
Harris County, Texas 77494**



CLIENT



RIMS Project #: 24-000172-01-01

February 22, 2024

Chad B. Taylor
Hancock Whitney
1415 25th Avenue,
Gulfport, Mississippi 39501



TWO (2) OFFICE CONDOS

440 Cobia Drive, Units 1803 & 1804,
Harris County, Texas 77494

In accordance with your request and authorization, we have completed an Appraisal Report of the captioned property for the purpose of developing an opinion of the market value of the subject property. It is our intent to comply with 12 CFR, Subpart C - Subsection 34.42(g), Department of the Treasury, Office of the Comptroller of the Currency, as well as the Uniform Standards of Professional Appraisal Practice (USPAP) and FIRREA.

It should be noted that the undersigned have experience in appraising properties considered similar to the subject, in the subject market area, and therefore comply with the Competency Rule as outlined in USPAP.

The following report, plus the Addenda, sets forth our findings and conclusions. Maps, plats and photographs that are considered essential to explain the reasoning followed in making the appraisal have been included and the conclusions are expressed therein. Also, no hazardous materials or waste were noted upon inspection of the subject property. Please refer to the Basic Assumptions and Limiting Conditions section of this report.

USPAP Standards Rule 1-2(h) states that an appraiser must identify the scope of work necessary to complete an assignment. The scope of work is acceptable when it is consistent with: (1) the expectations of participants in the market for the same or similar appraisal services; and (2) what the appraiser's peers' actions would be in performing the same or similar assignment in compliance with USPAP. In the case of the subject property, both of these USPAP criteria have been met.

NOTEWORTHY POINTS

- **Unit 1803:** A 1,225 SF office condo of wood-frame construction with masonry / stone façade and a flat, built-up roof system. The subject is configured for general office use.
- **Unit 1804:** A 1,225 SF office condo of wood-frame construction with masonry / stone façade and a flat, built-up roof system. The subject is configured for general office use.
- Currently, Unit 1803 is under contract of sale to *Botalon on the Road LLC* for \$390,000 (\$318.37/SF), which is in-line with market based on the analysis herein.
- Currently, Unit 1804 is under contract of sale to *Botalon on the Road LLC* for \$390,000 (\$318.37/SF), which is in-line with market based on the analysis herein.
- Upon acquisition, the subject will be owner occupied.
- The Cost, Sales, and Income Approaches were all considered, while only the Sales and Income Approaches were utilized. It is noted that the Cost Approach to value was not included in this analysis due to the subjectivity of estimating depreciation and difficulty in allocating land and shared amenities, as the subject reflects condominium interest. This omission is not considered to, in any way, reduce the reliability of the value indications herein.



The appraisal, subject to the assumptions and limiting conditions as expressed herein and conducted according to the Uniform Standards of Professional Appraisal Practice, led us to develop the opinion of market value as follows:

VALUE CONCLUSIONS			
Status	Interest	Date	Value
As Is - Unit 1803	Fee Simple - Condominium Interest	February 15, 2024	\$390,000
As Is - Unit 1804	Fee Simple - Condominium Interest	February 15, 2024	\$390,000

Support and explanation for our value conclusion is explained in detail in the contents of the attached report. It has been a pleasure to assist you, and if we can be of service to you in the future, please let us know.

Lowery Property Advisors, LLC

A handwritten signature in blue ink that reads "Mark Lowery".

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A handwritten signature in blue ink that reads "Kevin Rushing".

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SALIENT DATA

GENERAL

Dates of Valuation	February 15, 2024 "As Is"
Date of Inspection	February 15, 2024
Property Rights	Fee Simple – Condominium Interest
Most Probable Buyer	Owner-User

SITE

Location	West side of Cobia Drive, just north of Perch Drive. The addresses associated with the subject are 440 Cobia Drive, Units 1803 & 1804, Harris County, Texas 77494. It is noted the subject is located within an unincorporated portion of Harris County.
Site Description	<p>Unit 1803: Per the Harris County Appraisal District, the subject displays a 1.14% fractional ownership interest in <i>Grand Ridge Office Condominiums at Grand Parkway</i> development, which is comprised of 10.73 acres (467,277 SF). The site is generally rectangular in shape with level topography and ample drainage. No flood plain is noted.</p> <p>Unit 1804: Per the Harris County Appraisal District, the subject displays a 1.14% fractional ownership interest in <i>Grand Ridge Office Condominiums at Grand Parkway</i> development, which is comprised of 10.73 acres (467,277 SF). The site is generally rectangular in shape with level topography and ample drainage. No flood plain is noted.</p> <p>Reader is referred to the <i>Site Description</i> section for further details.</p>
Legal Description	<p>Unit 1803: 1.14% Common Interest, Unit 1803, Building 18, <i>Grand Ridge Office Condominiums at Grand Parkway</i>, Harris County, Texas.</p> <p>Unit 1804: 1.14% Common Interest, Unit 1804, Building 18, <i>Grand Ridge Office Condominiums at Grand Parkway</i>, Harris County, Texas.</p>
Zoning	None





IMPROVEMENTS

General Description **Unit 1803:** A 1,225 SF office condo of wood-frame construction with masonry / stone façade and a flat, built-up roof system. The subject is configured for general office use. Overall, the improvements are of good quality construction and are in good condition.

Gross Building Area 1,225 SF
 Year of Construction/Renovation 2015
 Quality of Construction Good
 Condition of Improvements Good

Unit 1804: A 1,225 SF office condo of wood-frame construction with masonry / stone façade and a flat, built-up roof system. The subject is configured for general office use. Overall, the improvements are of good quality construction and are in good condition. Reader is referred to *Improvements* section of this report for further detail.

Gross Building Area 1,225 SF
 Year of Construction/Renovation 2015
 Quality of Construction Good
 Condition of Improvements Good

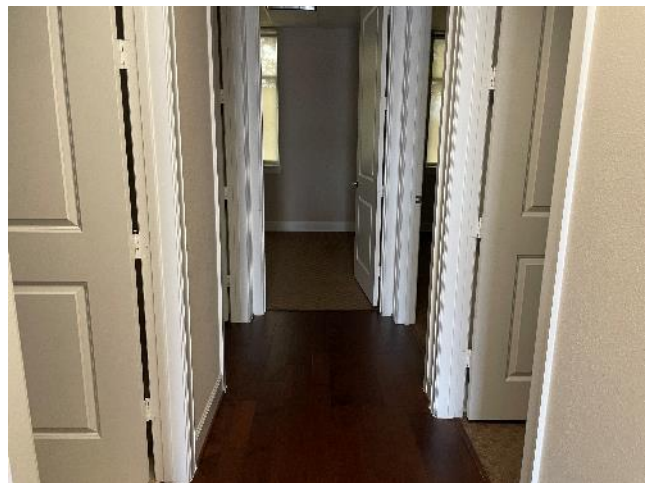
HIGHEST & BEST USE

As Vacant Commercial development
 As Improved Continued use as two (2) office condos



SUBJECT PHOTOS















INTRODUCTION

This is an Appraisal Report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. Supporting documentation concerning the data, reasoning and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated below. The appraiser is not responsible for unauthorized use of this report. Furthermore, as agreed upon with the client prior to the preparation of this appraisal, this is an appraisal as set forth by USPAP.

TYPE OF VALUE

The value definition employed in this report is *Market Value* as defined in 12 CFR - Part 34.42 (FIRREA), Department of the Treasury, Office of the Comptroller of the Currency.

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

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in US 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.

Intended Use	The intended use of this appraisal is for loan underwriting and/or credit decisions by Bank and/or participants
Intended User	The intended users of this report is Hancock Whitney and/or affiliates
Client	Hancock Whitney
Interest Valued	Fee Simple – Condominium Interest
Dates of Valuation	February 15, 2024 “As Is”
Date of Inspection	February 15, 2024
Date of Report	February 22, 2024





SCOPE OF WORK

The scope of the assignment relates to the extent and manner in which research is conducted, data is gathered and analysis is applied. In preparing this appraisal, the appraisers did the following:

- Inspected the subject property;
- Search the applicable market area for comparable market data. We utilized multiple sources including but not limited to: *Costar*, *Loopnet*, area brokers, local MLS, as well as our proprietary database.
- Interviewed landowners and local brokers familiar with the subject area and considered their insight of the current market and transactions;
- Obtained information from surrounding counties and area jurisdictions regarding zoning, taxes, property history, flood plain, utilities, etc.
- The Cost, Sales and Income Approaches were all considered, while only the Sales and Income Approaches were utilized. It is noted that the Cost Approach to value was not included in this analysis due to the difficulty in allocating land and shared amenities, as the subject is under condominium ownership. Furthermore, the Cost Approach was not necessary for credible assignment results. This omission is not considered to, in any way, reduce the credibility of the value opinion herein.

To develop the opinion of value, the appraiser performed an appraisal process, as defined by the Uniform Standards of Professional Appraisal Practice.

Extraordinary Assumptions & Hypothetical Conditions

It is emphasized that per USPAP, *"the use of extraordinary assumptions and or hypothetical conditions may have affected assignment results."* These terms are defined as follows:

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."* This report is made with the following extraordinary assumption(s):

- **None**

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."* This report is made with the following hypothetical condition(s):

- **None**





ECONOMICS

Houston-The Woodlands-Sugar Land MSA

Houston-The Woodlands-Sugar Land's job growth has slowed since October, but gains continue to exceed those of the nation. Most industries have outperformed their respective national totals except hospitality and construction. Professional and financial services have led the way. The local PMI remains in expansionary territory, rebounding slightly in March after trending down since early 2022. The unemployment rate has been steady in the range of 4.1% for a year, essentially full employment. Labor force growth has matched that of the nation during the past year. Though the housing market has weakened, it has held up somewhat better than elsewhere in the country.

The energy industry will face various uncertainties, but exploration should maintain its current level of activity for the rest of 2023. On the positive side, OPEC's surprise announcement in early April of a supply reduction of 1 million barrels per day boosted oil prices back to the low \$80 per barrel range for West Texas Intermediate. The downside is that a recession could lower global energy demand. According to the Dallas Fed Energy Survey, activity was down significantly in the first quarter. However, the break-even price for new drilling remains in the low \$60 per barrel range. The implication for Houston-The Woodlands-Sugar Land is that demand for its manufactured equipment, fabricated metal parts, and other supplies needed for exploration will level off—and as a result, growth in industry employment will decelerate.

Homebuilding will remain subdued amid elevated mortgage rates and reduced affordability, but recent activity has been a bit more buoyant than in other metro areas. In particular, new permits for single-family homes rebounded measurably in the first months of 2023, though they are still well below the peak in early 2022. One reason is that Houston-The Woodlands-Sugar Land's house prices continued to rise throughout most of 2022, in contrast with the national decline in the second half of that year. The drivers have been persistently faster job growth than in the nation and solid population gains during that time. These same factors lifted apartment occupancy; thus, new multifamily permits reached record levels. Longer term, the prospects for single-family homebuilding will improve, helped by above-average employment, population growth, and better affordability than in Dallas or Austin.

The outlook for commercial real estate will depend on the segment. Office continued to experience negative absorption and rising vacancies in the first quarter despite solid job gains in business services. The increase in remote work has kept leasing activity and new construction far below the pre-pandemic level. On the other hand, industrial, particularly warehouse, has been growing strongly, with rising absorption and declining vacancies. One driver has been infrastructure improvements at the Port of Houston that expanded its capacity. As a result, cargo volume was up by 15% year over year in February. Likewise, retail has also seen strong absorption and declining vacancies amid growth in personal services.





Strengths

- Leadership in oil and gas technology supports technical and professional service jobs.
- Significant trade and export links, owing to location on Texas Gulf Coast.

Weaknesses

- Unpredictable energy markets add to the economy's volatility.
- Industrial diversity is lower than in other metro areas of comparable size.

2018	2019	2020	2021	2022	INDICATORS	2023	2024	2025	2026	2027
487.4	508.6	504.7	492.1	494.4	Gross metro product (C12\$ bil)	508.3	520.5	539.1	560.3	581.4
2.3	4.4	-0.8	-2.5	0.5	% change	2.8	2.4	3.6	3.9	3.8
3087.4	3159.5	3000.7	3072.7	3247.5	Total employment (ths)	3351.6	3390.7	3432.6	3468.4	3502.7
2.2	2.3	-5.0	2.4	5.7	% change	3.2	1.2	1.2	1.0	1.0
4.4	3.8	8.7	6.3	4.2	Unemployment rate (%)	4.0	3.7	3.9	3.9	3.9
6.8	5.1	2.9	7.1	6.0	Personal income growth (%)	7.5	6.3	6.0	6.1	6.0
66.1	68.0	69.8	70.9	72.2	Median household income (\$ ths)	75.3	77.8	80.7	83.8	86.9
6988.8	7072.7	7141.4	7214.4	7349.1	Population (ths)	7468.8	7570.2	7666.8	7763.6	7862.2
1.3	1.2	1.0	1.0	1.9	% change	1.6	1.4	1.3	1.3	1.3
32.3	32.6	26.8	40.7	95.0	Net migration (ths)	73.3	53.9	49.5	50.3	52.7
40511.0	39507.0	50175.0	52740.0	48211.3	Single-family permits (#)	37762.7	38700.9	42057.8	43656.1	42636.0
16967.0	24165.0	20625.0	16544.0	29605.4	Multifamily permits (#)	23608.1	20974.0	18397.5	15179.1	11709.9
267.3	277.7	290.0	318.0	369.5	FHFA house price (1995Q1=100)	374.1	354.0	340.7	339.3	342.6

Moody's Analytics

TRANSPORTATION

George Bush Intercontinental Airport



George Bush Intercontinental is the main airport in Houston, under class B airspace, serving the Greater Houston metropolitan area. Located about 23 miles north of Downtown Houston, George Bush Intercontinental Airport has scheduled flights to a large number of domestic and international destinations. In 2018, the airport served 45.3 million passengers, making it the 47th busiest airport in the world, and the 15th busiest airport in the United States. Intercontinental ranked second-best airport in North America and fourth in World's Best Airport Dining Experience. IAH covers 10,000 acres of land and has five runways. IAH is currently undergoing a \$1.3 billion capital improvement program called the IAH Terminal Redevelopment Program (ITRP) which will consolidate what is today Terminal D and Terminal E into one centralized terminal and should be complete by late 2024-early 2025.



William P. Hobby Airport

William P. Hobby Airport is an international airport in Houston, Texas, 7 miles from downtown Houston. Hobby is Houston's oldest commercial airport. After the opening of Houston Intercontinental, Hobby was closed for several years before it became apparent it needed to be reopened. It became a secondary airport for domestic airline service as well as a regional center for corporate and private aviation. Houston is a major focus city for Southwest Airlines. Houston Hobby is the seventh busiest airport in Southwest's network. Southwest opened its first international terminal at Houston Hobby and began service from Houston Hobby to Mexico and Central and South America in 2015. In February 2020, Hobby Airport became the first airport in Texas to have full biometric entry and exit for passengers who are traveling internationally.

The Texas Department of Transportation



The Houston Area is well-served by a system of radial highways that provide excellent access to markets inside and outside the region. The area contains 10,766 lane miles of TxDOT roadways. Houston is the crossroads for Interstate Highways 10 and 45. Other major highways that serve the area are Interstate 610, U.S. 59, U.S. 90, U.S. 290, Texas 99, Texas 146, Texas 225, Texas 249, Texas 288, Hardy Toll Road, Westpark Tollway and Beltway 8. The area is also along the route of the proposed I-69 "NAFTA superhighway" that will link Canada, the U.S. industrial Midwest, Texas, and Mexico.

Metropolitan Transit Authority of Harris County



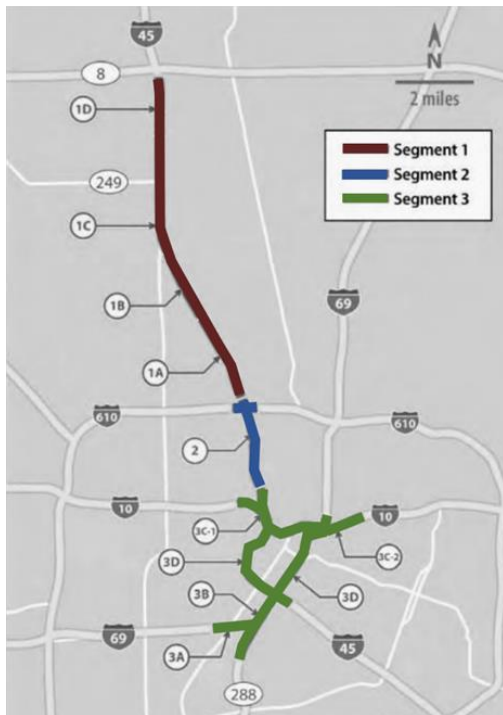
The Metropolitan Transit Authority of Harris County, more commonly known as METRO, is the mass transit system that serves the greater Houston area. METRO includes 1,236 active buses, 22 miles of light-rail over three lines, a paratransit service called METROLift for riders with disabilities, many HOV/HOT lanes, 34 Park and Ride centers, and 21 transit centers that serve as hubs for the different services.



The North Houston Highway Project (NHHIP)



The Houston Highway Improvement Project (NHHIP) is a planned reconstruction of I-45, between Houston’s downtown and the North Sam Houston Tollway, and one of the largest infrastructure projects the City of Houston will see in a generation. The project will improve I-45 from Beltway 8 to I-10, and reroute I-45 through the downtown Houston area along I-10 and US 59/I-69. Some of the goals for the project are to strengthen Houston’s economy, reduce flooding on and off the freeway, make travel safer for all road users, and provide long term capacity for all users of the roadway, including automobile, freight, and transit. TxDOT has separated this project into three segments, which would be built on different schedules. The project was placed on hold in March 2021 by the Federal Highway Administration to further explore impacts. In March 2023, the Federal Highway Administration and TxDOT made official agreement to allow the project to move forward and lift the pause on the project. As of April, 2023, the following is the delivery schedule for the North Houston Highway Project:



PHASED DELIVERY OF NHHIP		
INDEPENDENT PROJECTS	CONSTRUCTION START	CONSTRUCTION COMPLETION
3A	2026	2031
3B - Package 1	2024	2027
3B - Package 2	2025	2030
3C-1	2027	2033
3C-2	2029	2035
3D	2031	2038
1A & 2	2033	2039
1B	2038	2042
1C	2032	2036
1D	2030	2034



MAJOR ATTRACTIONS

The Houston area has many entertainment and lifestyle options. Houstonians enjoy the outdoors through all four seasons. The greater Houston region contains two of the 10 largest urban public parks in the U.S. — Cullen Park and George Bush Park. Downtown's largest park – Discovery Green – features year-round events ranging from movie nights and Zumba classes to a seasonal skating rink. Houston is also one of the few U.S. cities with resident companies in all four major performing arts. This includes the Houston Ballet, the Houston Grand Opera, the Houston Symphony, and the Alley Theatre. Houston is considered the Culture & Culinary Capital of Texas with more than 10,000 restaurants and eating establishments covering over 60 cuisines. The area is very involved with its major league sports teams such as the NFL's Texans, NBA's Rockets, and the MLB's Astros as well as collegiate teams from the University of Houston, Rice University, and Texas Southern University. The Houston Live Stock Show and Rodeo is also a major event in Houston, which is considered the largest rodeo in the world. The Lyndon B. Johnson Space Center (JSC) is NASA's center for human spaceflight, where human spaceflight training, research, and flight control are conducted consists of a complex of 100 buildings constructed on 1,620 acres in the Clear Lake Area of Houston, which acquired the official nickname "Space City" in 1967.

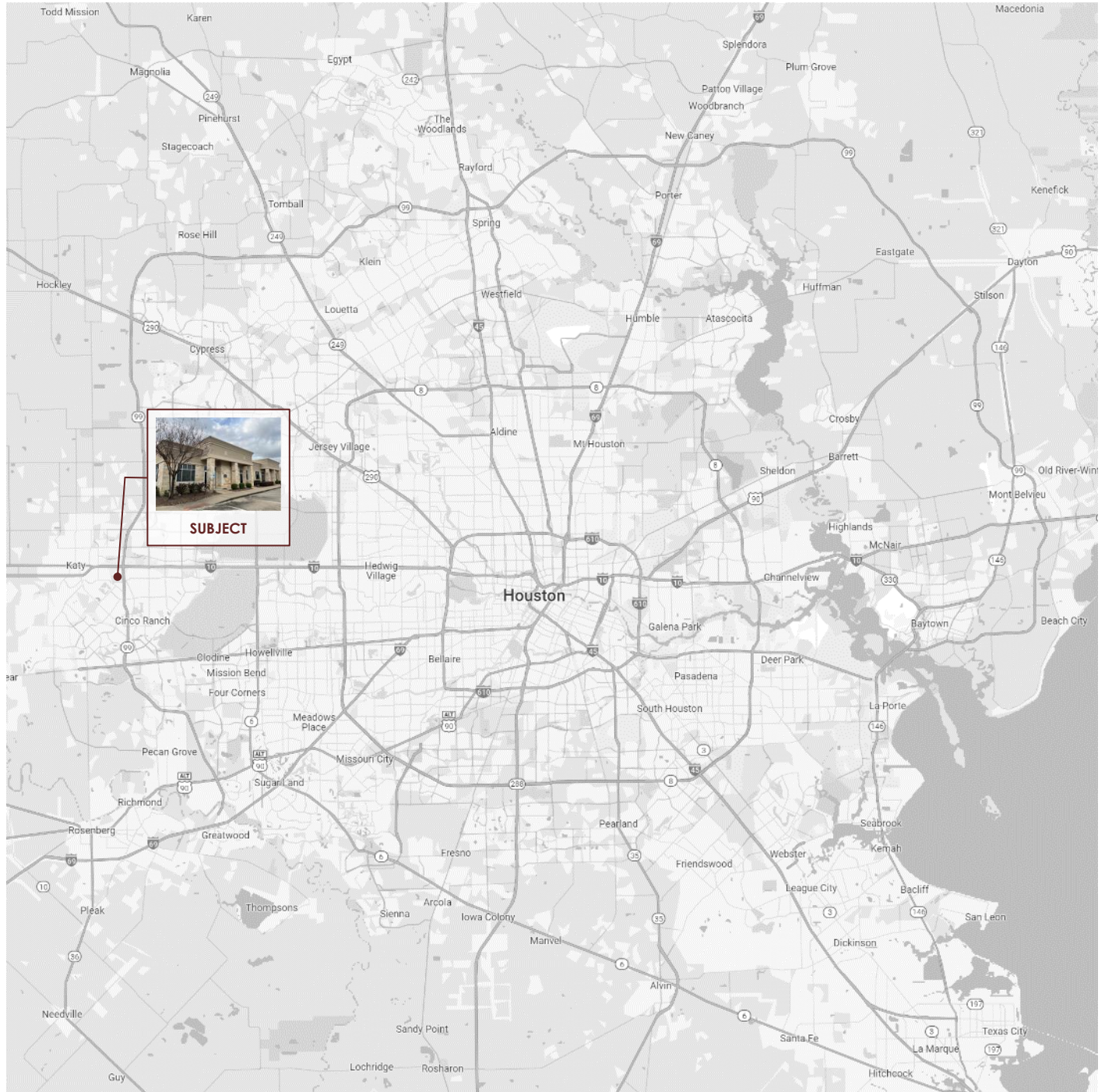
CONCLUSION

Houston-Woodlands-Sugar Land will outperform the nation during the coming year, though growth will be slower than in 2022 because of weakness in residential construction and slower gains in manufacturing. Longer term, the concentration of energy-related industries; robust population growth; and expansion in housing, transportation and distribution will help propel above-average gains for the metro area.



NEIGHBORHOOD

A neighborhood is typically a segment of a community, city or town which is a homogeneous grouping of individuals, buildings or business enterprises within the larger community. A neighborhood has three stages of life and possibly a fourth. They are (1) integration (the development stage), (2) equilibrium (the static stage), (3) disintegration (the declining or decaying stage), and possibly (4) a redevelopment or rejuvenation state or period and continuance of the neighborhood life cycle.





CITY OF HOUSTON

The subject property is located in an unincorporated area in Harris County, which is the largest city in Texas, and the fourth largest in the United States. According to the 2020 US Census, the city had a population of 2.3 million people. Houston was founded in 1836 on land near the banks of Buffalo Bayou; it was incorporated as a city on June 5, 1837, was named after General Sam Houston. Rated as a global city, Houston's economy has a broad industrial base in energy, manufacturing, aeronautics, and transportation. It is also leading in health care sectors and building oilfield equipment; only New York City is home to more Fortune 500 headquarters. The Port of Houston ranks first in the United States in international waterborne tonnage handled and second in total cargo tonnage handled. It is home to many cultural institutions and exhibits, which attract more than 7 million visitors a year to the Museum District. Houston has an active visual and performing arts scene in the Theater District and offers year-round resident companies in all major performing arts.

ACCESS

The overall highway system in Houston is considered excellent. The inner loop - Interstate Highway 610 - lies mostly within Houston (except for an approximate two mile (3 km) stretch that runs through the City of Bellaire), and the outer beltway — State Highway 99 (Grand Parkway) — recently opened. Interstate 45 connects the cities of Dallas and Houston, continuing southeast from Houston to Galveston over the Galveston Causeway to the Gulf of Mexico. Interstate 10, the Katy Freeway, is an 880-mile major east-west Interstate highway that runs east from Anthony, at the border with New Mexico, through El Paso, San Antonio and Houston to the border of Louisiana in Orange, Texas. Beltway 8 (BW8), the Sam Houston Parkway, along with the Sam Houston Tollway, is an 88-mile (142 km) beltway around the city of Houston, Texas. It is the intermediate beltway around the Houston market. U.S. Highway 290 (or U.S. 290) is an east–west U.S. Highway located entirely within the State of Texas. Its current western terminus is at Interstate 10 near Harper, and its eastern terminus is at Interstate 610 on the northwest side of Houston.



UTILITIES

The subject neighborhood is adequately served by all the typical utilities, including water, sewer, electrical service, natural gas and telephone. No shortage of utility services in the developed portions of this neighborhood were reported and the lack of utilities has not been detrimental in the development of the area.

NUISANCES & HAZARDS

Nuisances and hazards are limited in the subject neighborhood. Vibration, smoke, smog, odors and intense noise are basically related to vehicular traffic along the major thoroughfares. As in any area, traffic density poses problems ranging from congestion to noise. These problems are not severe and are a natural part of most communities. It should be noted, the subject is located within close vicinity of the William P. Hobby Airport and the subject neighborhood is subject to the noise and nuisances related to the operation of the airport.

LIFE CYCLE

Each neighborhood has a unique and dynamic quality all its own, given man's unique imagination, design and development of an area. This quality is described as a "life cycle," which is identified in *The Appraisal of Real Estate* as evolving through the following four stages.

Growth	Neighborhood gains public favor and acceptance
Stability	Equilibrium without marked gains or losses
Decline	Diminishing demand
Revitalization	Renewal, modernization and increasing demand

The subject neighborhood appears to be in the **stability** period of its life cycle. The immediate area is a well-established area within the Houston area market and is considered to be approximately 90% developed. Properties appear to range in age from new to over 50 years. There are no notable new development or redevelopment projects in the area.

CONCLUSION

The subject neighborhood is located in an unincorporated area in Harris County, Texas. Demand for virtually all types of real estate in this area has been mostly stable in recent years. The future growth of the neighborhood relies heavily upon the recovery of the economy, specifically the energy sector and the overall strength of the real estate market within the entire Texas Gulf Coast area. The subject property displays good locational attributes in the defined neighborhood and should benefit from any positive economic conditions experienced by the immediate area.





DEMOGRAPHICS

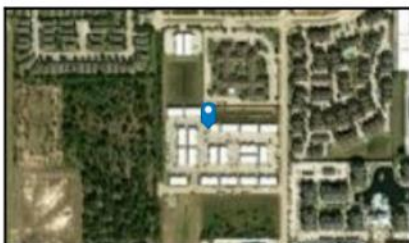
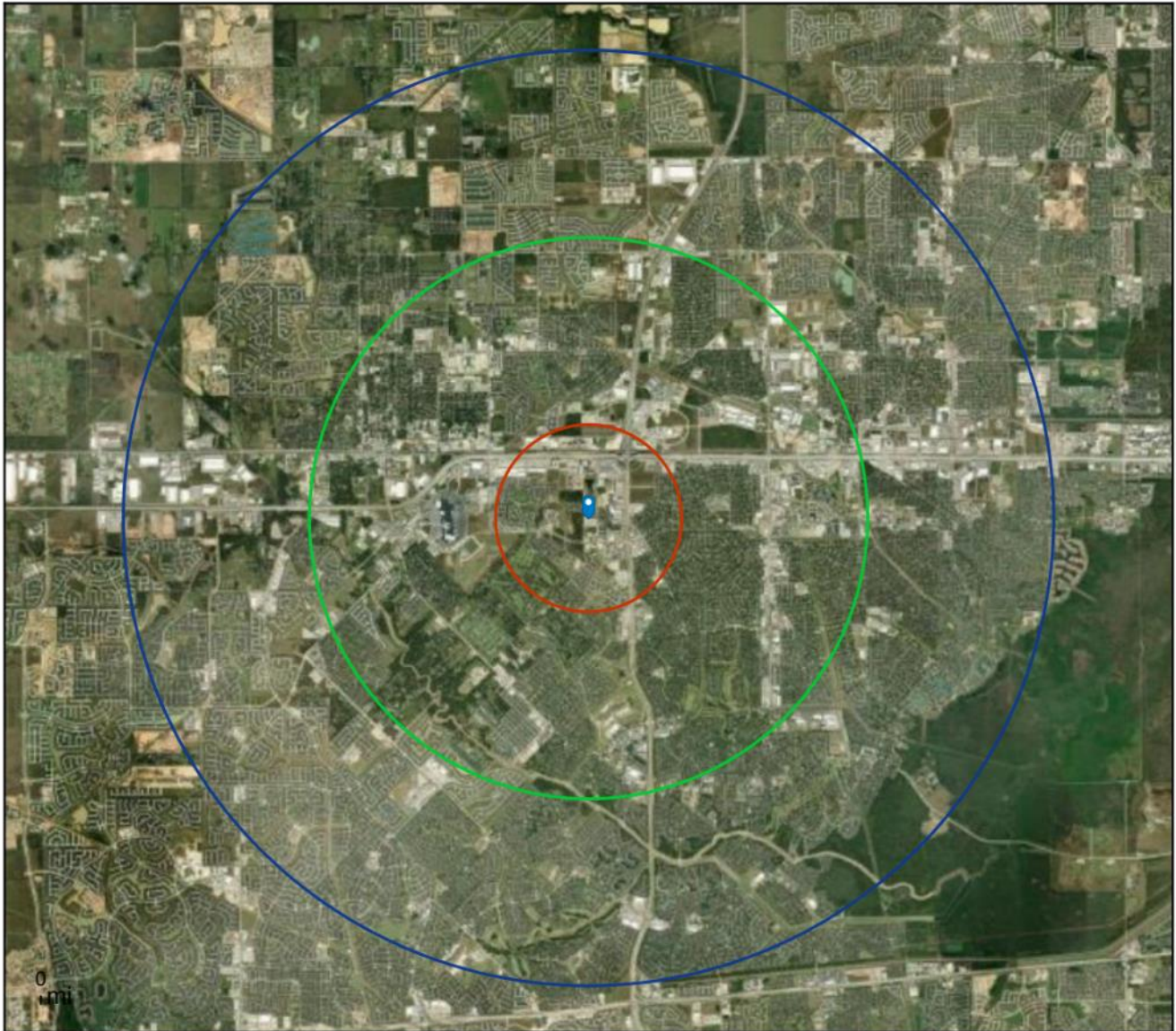
The following pages summarize data generated by the STDB.



Site Map

440 Cobia Dr, Katy, Texas, 77494
Rings: 1, 3, 5 mile radii

Prepared by Esri
Latitude: 29.77564
Longitude: -95.78402





Demographic and Income Profile

440 Cobia Dr, Katy, Texas, 77494
Ring: 3 mile radius

Prepared by Esri
Latitude: 29.77564
Longitude: -95.78402

Summary	Census 2010	Census 2020	2023	2028				
Population	76,354	102,955	110,673	118,233				
Households	26,021	36,547	39,518	42,652				
Families	20,401	27,092	29,645	32,083				
Average Household Size	2.92	2.80	2.78	2.76				
Owner Occupied Housing Units	18,939	20,648	23,910	24,912				
Renter Occupied Housing Units	7,083	15,899	15,607	17,740				
Median Age	34.7	36.3	35.7	35.8				
Trends: 2023-2028 Annual Rate	Area	State	National					
Population	1.33%	0.97%	0.30%					
Households	1.54%	1.15%	0.49%					
Families	1.59%	1.16%	0.44%					
Owner HHs	0.82%	1.38%	0.66%					
Median Household Income	2.31%	2.56%	2.57%					
Households by Income			2023	2028				
			Number	Percent				
<\$15,000			1,971	4.6%				
\$15,000 - \$24,999			1,121	2.6%				
\$25,000 - \$34,999			2,178	5.1%				
\$35,000 - \$49,999			2,974	7.0%				
\$50,000 - \$74,999			6,432	15.1%				
\$75,000 - \$99,999			5,801	13.6%				
\$100,000 - \$149,999			9,586	22.5%				
\$150,000 - \$199,999			6,498	15.2%				
\$200,000+			6,092	14.3%				
Median Household Income			\$91,757	\$102,837				
Average Household Income			\$122,231	\$137,200				
Per Capita Income			\$43,588	\$49,430				
Population by Age	Census 2010		Census 2020		2023		2028	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
0 - 4	5,358	7.0%	6,085	5.9%	7,268	6.6%	8,107	6.9%
5 - 9	5,998	7.9%	7,313	7.1%	7,818	7.1%	8,197	6.9%
10 - 14	6,822	8.9%	8,151	7.9%	7,977	7.2%	8,393	7.1%
15 - 19	6,394	8.4%	7,774	7.6%	7,279	6.6%	7,224	6.1%
20 - 24	4,194	5.5%	6,589	6.4%	6,634	6.0%	6,279	5.3%
25 - 34	9,747	12.8%	13,528	13.1%	17,216	15.6%	19,351	16.4%
35 - 44	11,817	15.5%	15,191	14.8%	15,846	14.3%	18,148	15.3%
45 - 54	12,490	16.4%	14,073	13.7%	14,048	12.7%	13,884	11.7%
55 - 64	7,936	10.4%	11,911	11.6%	13,291	12.0%	12,385	10.5%
65 - 74	3,312	4.3%	7,707	7.5%	8,838	8.0%	10,198	8.6%
75 - 84	1,570	2.1%	3,360	3.3%	3,384	3.1%	4,753	4.0%
85+	715	0.9%	1,275	1.2%	1,074	1.0%	1,313	1.1%



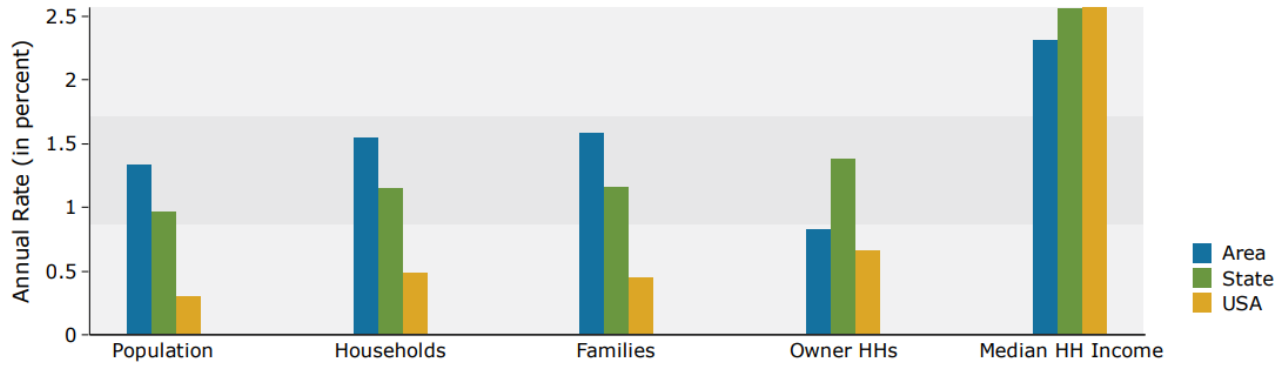


Demographic and Income Profile

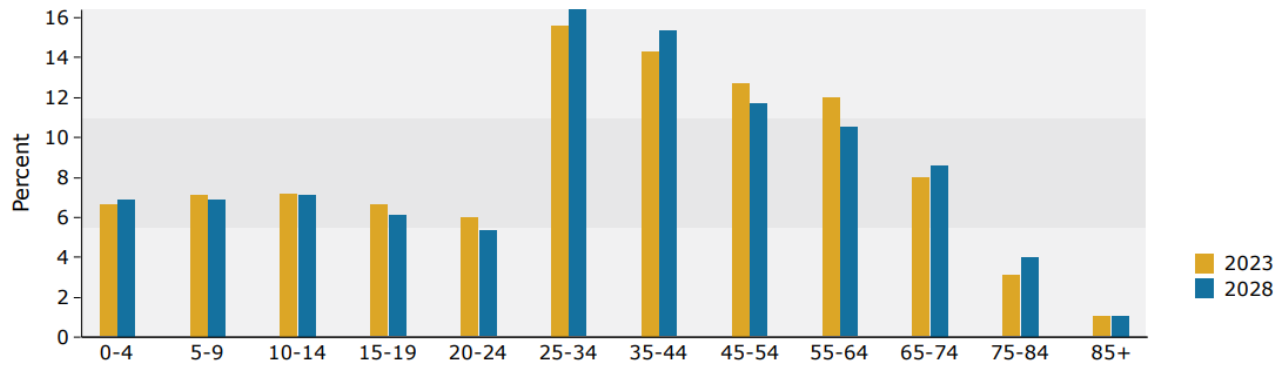
440 Cobia Dr, Katy, Texas, 77494
Ring: 3 mile radius

Prepared by Esri
Latitude: 29.77564
Longitude: -95.78402

Trends 2023-2028



Population by Age



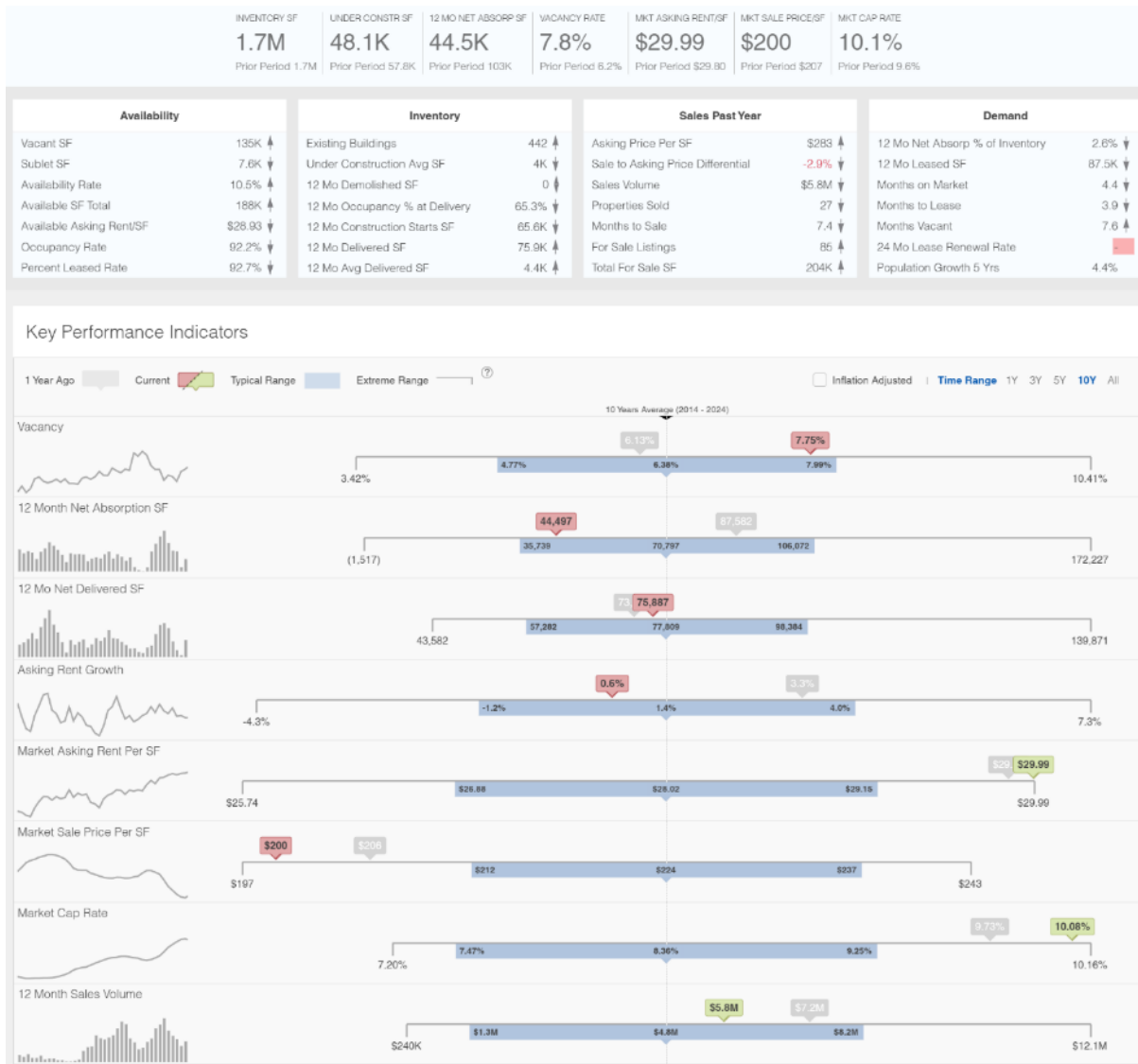


MARKET ANALYSIS

The subject property lies within the Houston office market. As mentioned previously, performance of office space in the area has been mostly stable to slightly growing in recent years.

The following information was the result of an analytic search via Costar Property.

The search revealed historical rental and absorption information for similar office developments within a 5-mile radius of the subject. The most notable statistics indicated by the survey are summarized as follows:



It is noted that the immediate market is currently indicating +/- 7.8% vacancy, with a 5-year average vacancy of 7.6% as reported by CoStar. Based on market data presented herein, an overall stabilized occupancy rate of +/- 92-95% is considered to be generally well supported for office properties in the subject market area.





ECONOMIC UPDATE

LPA is committed to monitoring the current economic environment. The following section analyzes several current economic factors such as the lingering effects of COVID-19, inflation, gas prices, supply chain issues, unemployment, etc. and the effects on commercial real estate.

COVID-19

As COVID-19 began in 2020, unemployment reached a high of 14.7%. GDP declined 34% in Q2 2020, The CARES Act, enacted shortly after the beginning of COVID, was a shot in the arm of the U.S. economy. Throughout 2020 and as we entered 2021, the economy began to ease slightly. In 2021 the U.S. began offering four vaccines: Johnson & Johnson, Pfizer, Moderna, and Novavax. Although riddled with supply chain problems and closing businesses, the unemployment rate continuously decreased to 3.5% where it stands as of August 2022. GDP has increased since Q2 2020. The U.S. government has enacted various monetary and fiscal policies to assist the economy, such as \$377 billion in emergency grants and loans for small businesses and decreasing the federal fund rate. Although the economy is recovering from COVID-19, these are still unpredictable times. Outlined below is a timeline of important events in the history of the pandemic.

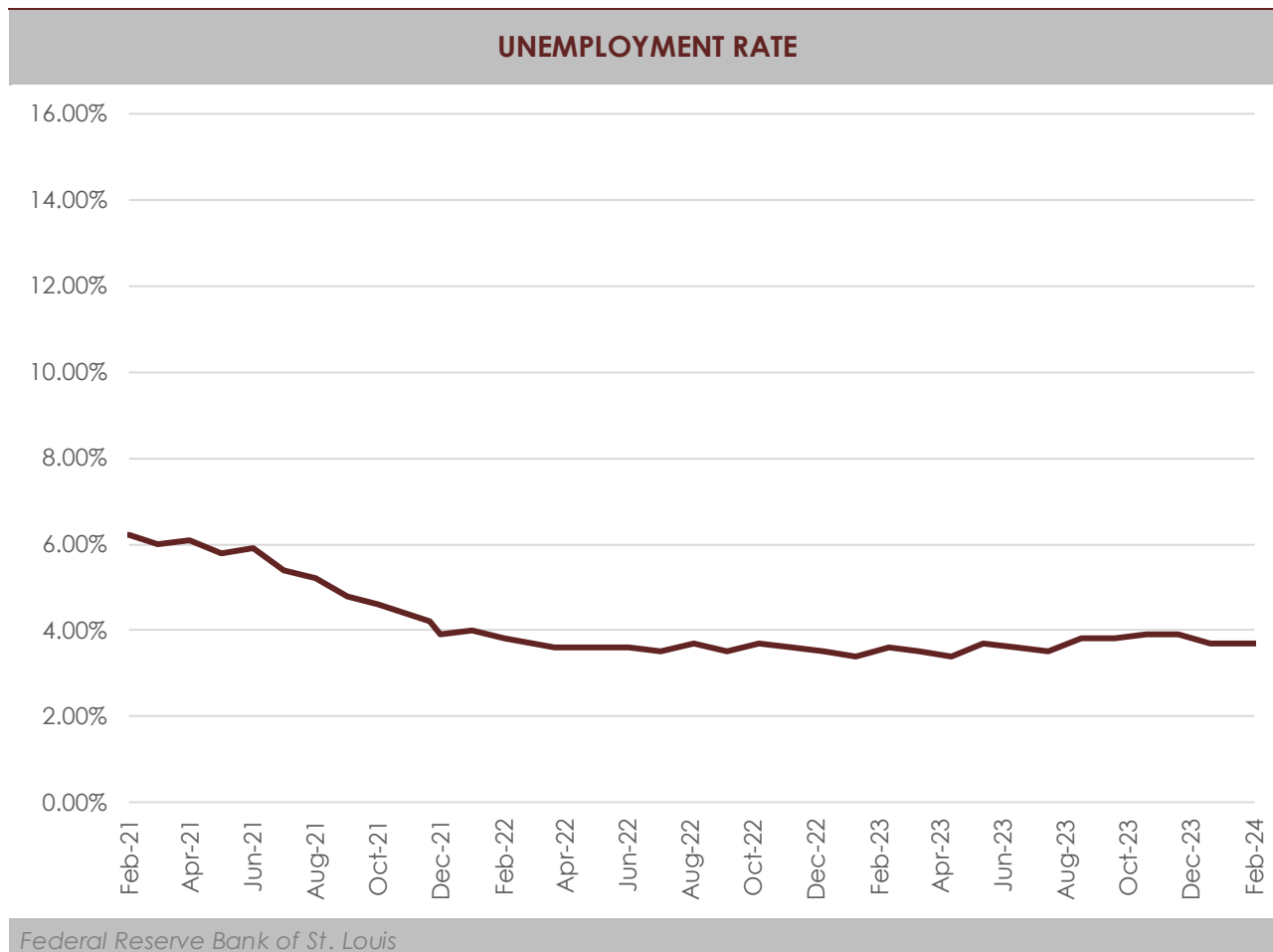
Jan 2020	The first instance of the coronavirus is seen in the U.S.
Mar 2020	The World Health Organization declares COVID-19 a worldwide pandemic.
Mar 2020	President Trump signs a \$2 Trillion economic stimulus bill.
Feb 2021	Pfizer, Moderna, and Johnson & Johnson vaccine all approved for emergency use.
Mar 2021	Congress passes the American Rescue Plan, the largest stimulus bill to date.
Mar 2022	The Federal Reserve raised interest rates for the first time since 2018 in order to combat rapid inflation.
Jun 2022	U.S removes Covid testing requirement for travel into the United States.
May 2023	COVID-19 Public Health Emergency officially ended May 11 th in the U.S.
Nov 2023	The newest variant, HV.1, arrives in the U.S. as it's currently responsible for 25% of new cases.
Feb 2024	FDA working towards annual COVID 19 shot, similar to annual Flu shot





UNEMPLOYMENT

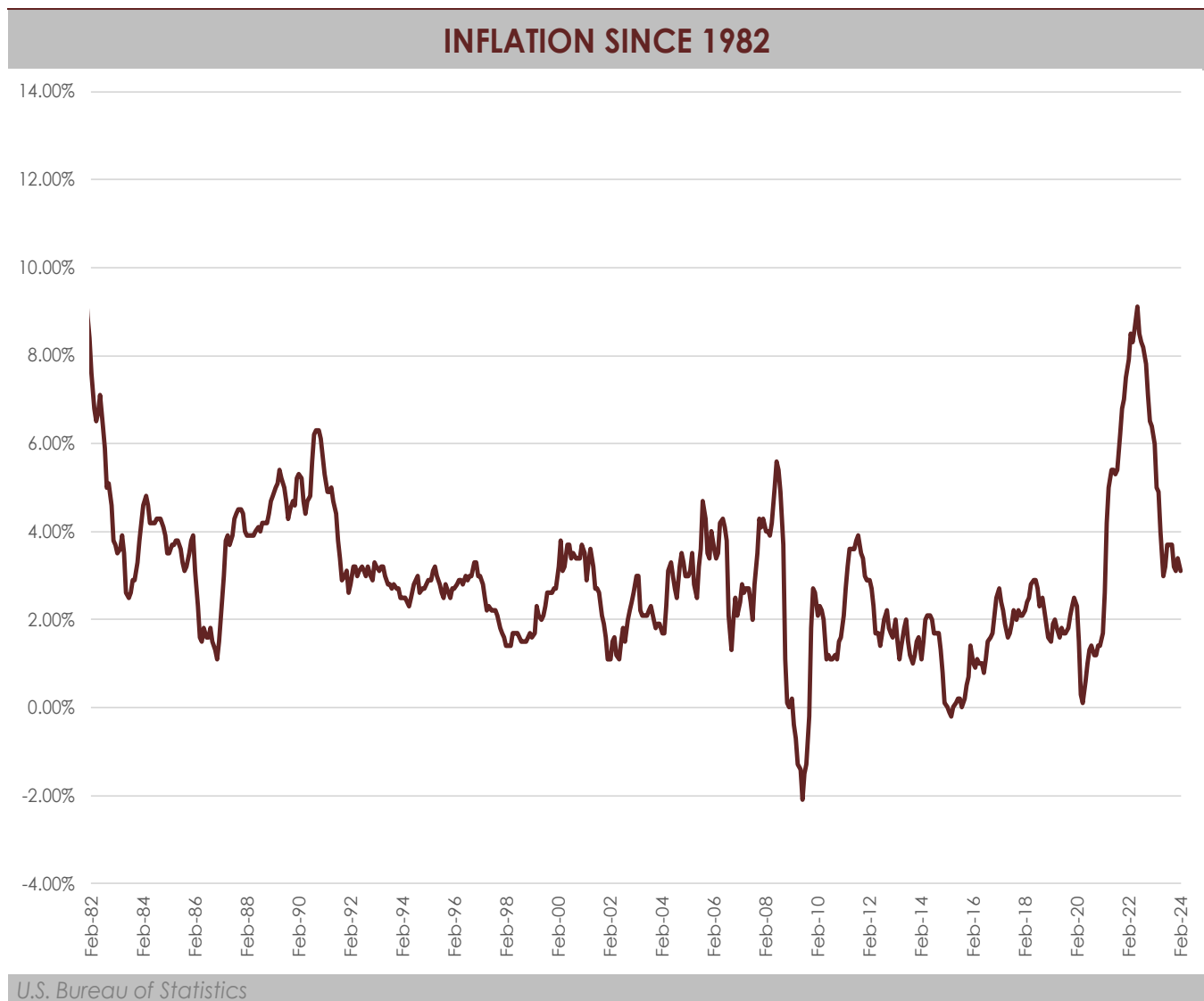
The COVID-19 pandemic accelerated already emerging trends in slow labor force growth and higher demand for skilled labor. The number of jobless claims skyrocketed in March 2020, when the pandemic officially began, with official unemployment numbers reaching 23.1 million or 14.7%. Unemployment has steadily declined over the following months, with the unemployment rate as of July 2023 recorded at 3.5%, which is back to pre-pandemic levels. In 2022, US employers added a total of 4.5 million new jobs, which is the second strongest year in the past 40 years after 2021. The majority of the new jobs were led by the leisure and hospitality industry as well as professional and business services. Despite the low unemployment rate and job creations, industries are still having problems being understaffed as people used COVID-19 to change jobs and careers, leaving holes in the industries they've left behind. Career changes and the need to work remotely have led to a worker shortage, especially in the food service and hospitality industries. The chart below shows the monthly unemployment rate since February 2021.





INFLATION

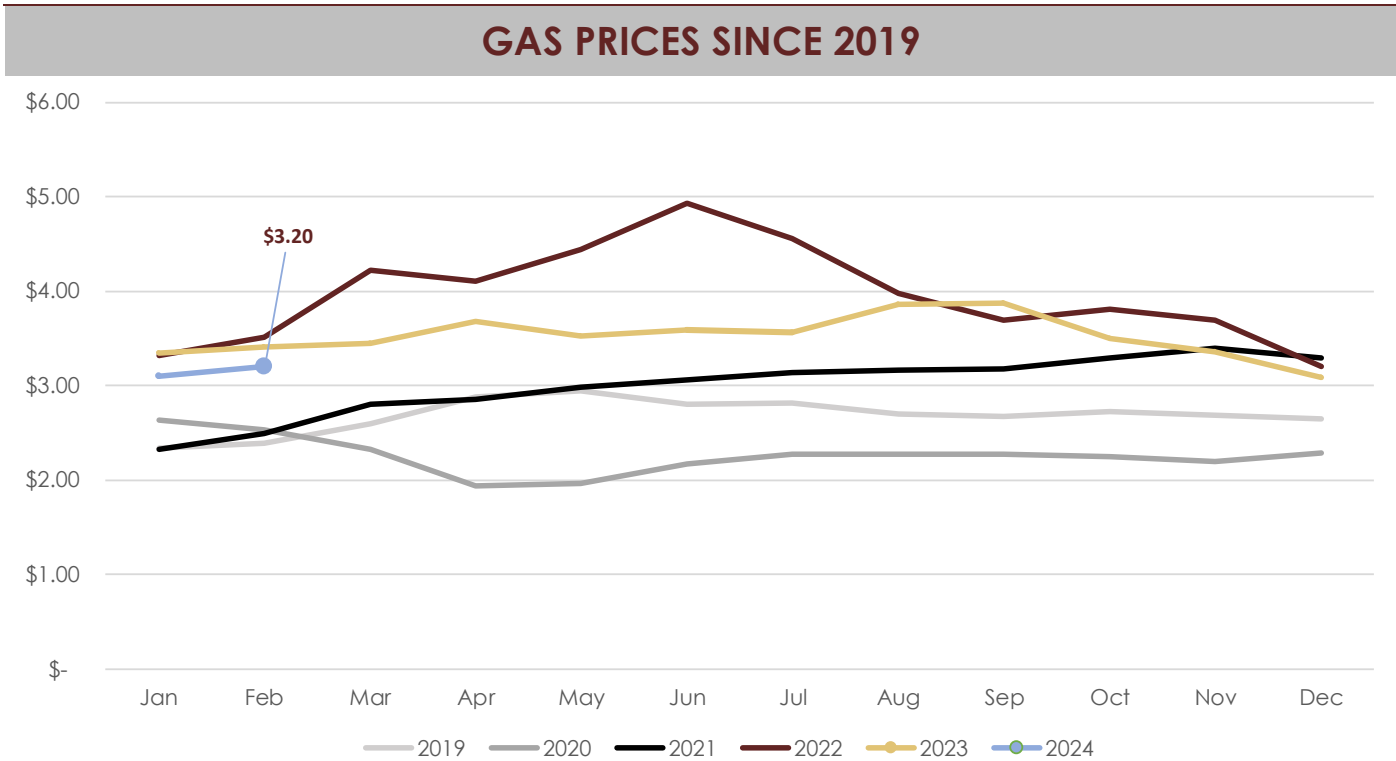
Inflation has hit the United States hard since the beginning of 2021. Inflation is the rate of increase in prices over a given period of time. The most common form of measurement is the Consumer Price Index (CPI). This measures the percentage change in price over a “basket” of goods and services in households. According to the U.S Bureau of Labor Statistics, the annual inflation rate in the U.S. has slowed more than expected to 3.2% in July 2023 from an over 40-year high of 9.1% in June 2022. The below chart using data from the U.S. Bureau of Statistics shows the inflation rate over the last 40 years and the increase of inflation in the U.S. since April 2020, and the start of the COVID-19 pandemic.





GAS PRICES

Since the beginning of 2022, the national average has remained above the 3 years prior and indicates a downward trend. Prices dropped 32 cents in July, and 79 cents in August. After a historic 98-day streak of falling gas prices, the average rose a penny near the end of September. The longest streak was 115 days in 2014-2015. There are several complicated, important factors involved in the increase and decrease in gas prices over the last several months. The following chart shows the national average gas price per gallon of the prior 4 years.



U.S. Energy Information Administration

The sharp increase can be contributed to the Russia/Ukraine war as Russia is the 2nd largest exporter of oil in the world. Since beginning in February 2022, the Russia/Ukraine conflict has caused Russia to become heavily sanctioned, playing an important factor in the increase of gas prices. Although the U.S. is the world's leading gasoline producer, production has decreased since late 2019. Additionally, refineries closing at the beginning of COVID-19 have led to a decrease in operating oil refineries leading to higher demand than supply. Refineries increase their rates when demand is higher than supply due to the need of the product and the increased willingness of people to pay for that product.

Some reasons for the sharp decrease in gas prices involve panic over inflation driving down prices, people driving less due to the high gas prices, and the Biden administration's release of emergency oil from the national stockpile.



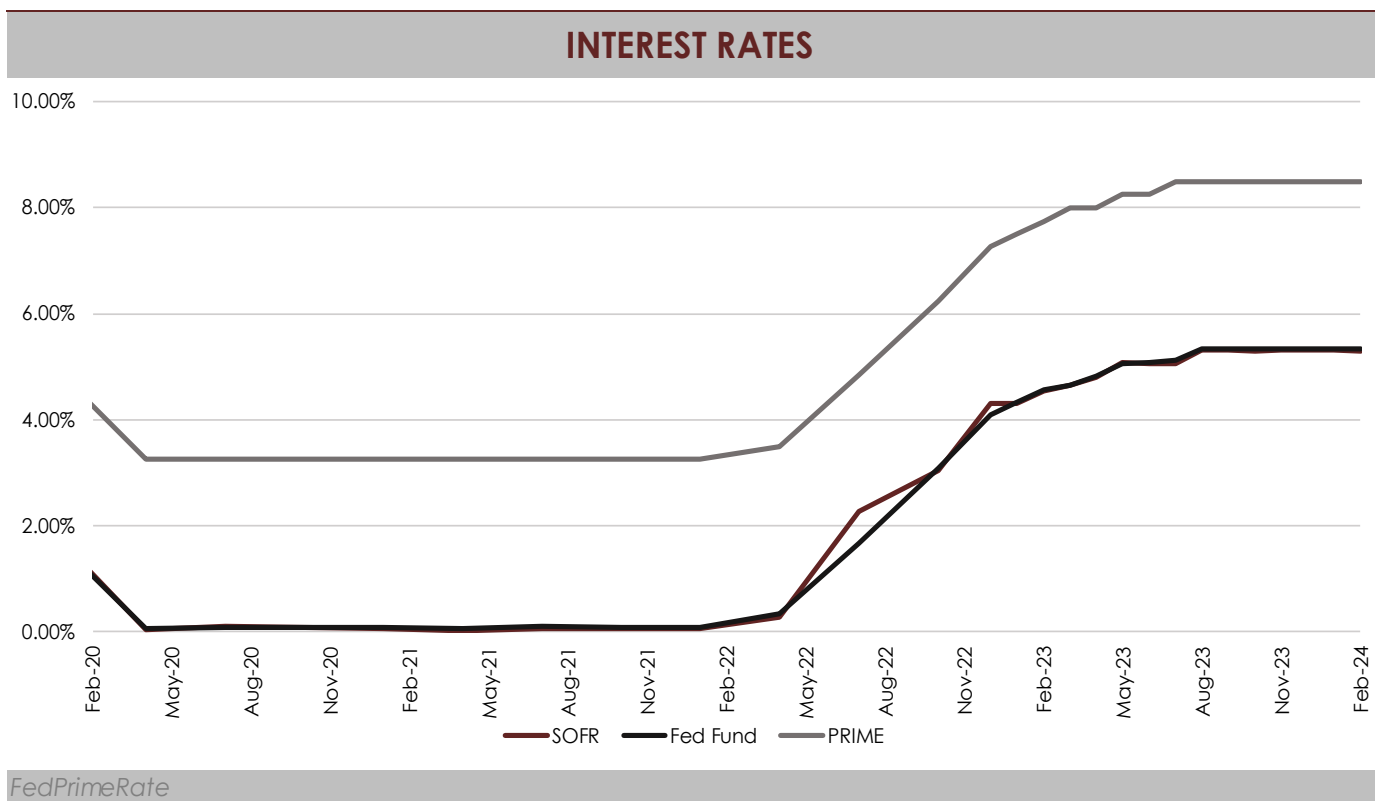


INTEREST RATES

Prime Rate is individually determined by banks and often used as a reference rate (also known as the base rate) for several types of loans. Examples of the types of loans using this rate include credit card loans and small business loans. The prime rate is used by banks to lend to consumers and are fixed and typically do not change over extended periods of time.

Secured Overnight Financing Rate is a benchmark interest rate that institutions utilize for business and consumer loans. The Secured Overnight Financing Rate (SOFR) is the dominant benchmark rate after the US LIBOR panels ended on June 30, 2023. Unlike its predecessor, SOFR incorporates actual lending transaction data amongst institutions making it a more reliable source.

Federal Funds Rate is set by the Federal Open Market Committee (FOMC). This rate is the target at which excess reserves are lent and borrowed amongst commercial banks overnight. This rate influences short-term rates on credit cards and consumer loans as well as piquing investors' interest by impacting the stock market.



To combat higher than average inflation, rates began increasing in early 2022. Interest rates and capitalization rates generally move in tandem. Increased cost of capital commonly results in upward pressure on capitalization rates which can, but does not always, cause softening in the market. LPA is committed to monitoring and analyzing the impact of increasing interest rates.





BANKING

Silicon Valley Bank became the 2nd largest bank collapse in U.S. history at the time (until First Republic Bank's collapse a month later) on March 10th, 2023. After the largest bank run in U.S. history, SVB was seized by the Federal Deposit Insurance Corporation (FDIC), and then sold to First Citizens Bancshares.

Signature Bank became the 3rd largest bank collapse in U.S. history at the time, following SVB's collapse days prior. Unable to bounce back from the combination of the crypto exchange FTX's collapse and SVB's collapse, Signature experiences a bank run and ultimately collapses.

First Republic Bank is currently the 2nd largest bank failure in U.S. history, despite the banking industry's best efforts to save it. The almost \$100 Billion dollars pumped into First Republic wasn't enough to prevent them from selling assets, ultimately being seized and sold.

Mar 8 2023	Silicon Valley Bank creates panic after announcing it sold \$21 billion in securities at a loss
Mar 9 2023	Silicon Valley Bank clients withdraw \$42 billion, creating the largest bank run in U.S. history
Mar 10 2023	As Silicon Valley Bank officially collapses, Signature Bank experiences a multi-billion dollar bank run
Mar 11 2023	The 11 largest U.S. banks give First Republic Bank \$30 billion while JPMorgan Chase gives \$70 billion
Mar 12 2023	Signature Bank is seized by the FDIC and assets sent to Signature Bridge Bank during the bidding process
Mar 19 2023	Signature Bridge Bank is bought by New York Community Bank and put under the Flagstar Bank subsidiary
Apr 28 2023	FDIC seizes control of First Republic Bank after it begins selling assets at a loss, causing stock to drop
May 1 2023	First Republic bank is officially closed and sold to JPMorgan Chase
Aug 2 2023	Heartland Tri-State Bank officially becomes Dream State Bank after closing Friday, July 28 th .
Jan 31 2024	New York Community Bancorp (NYCB) is now experiencing trouble as stocks fell 46% and lost \$252 million
Feb 9 2024	NYCB receives 3 rd credit downgrade in a week, intensifying worries that the bank is in trouble





SUPPLY CHAIN

As businesses re-opened due to the slowing of COVID-19, e-commerce accelerated the demand for products, which quickly outpaced the capacity of manufacturing plants. Businesses have begun to focus on near-sourcing materials closer to their manufacturing plants and ultimately closer to the end users. The need to decrease the demand and delays at ports and other entry points was a major reason for companies to focus more on manufacturing from home and less on importing goods and materials. The supply chain issues began in 2020 after computer processor chip manufacturers began slowing and shutting down operations due to the COVID pandemic, resulting in manufacturers not being able to keep up with the increased demand of computer electronics due to a large number of companies moving towards work from home policies.

CONCLUSION

The current economic environment is ever changing. As mentioned previously, LPA is working diligently to capture and analyze current market data to reliably quantify impacts on real property values, national and regional. As the situation evolves, LPA is committed to monitoring current events and how they impact the commercial real estate market.



SITE DESCRIPTION

PHYSICAL

Location

West side of Cobia Drive, just north of Perch Drive. The addresses associated with the subject are 440 Cobia Drive, Units 1803 & 1804, Harris County, Texas 77494. It is noted the subject is located within an unincorporated portion of Harris County.

Legal Description

Unit 1803: 1.14% Common Interest, Unit 1803, Building 18, *Grand Ridge Office Condominiums at Grand Parkway*, Harris County, Texas.

Unit 1804: 1.14% Common Interest, Unit 1804, Building 18, *Grand Ridge Office Condominiums at Grand Parkway*, Harris County, Texas.

Size / Configuration / Flood Zone

Unit 1803: Per the Harris County Appraisal District, the subject displays a 1.14% fractional ownership interest in *Grand Ridge Office Condominiums at Grand Parkway* development, which is comprised of 10.73 acres (467,277 SF). The site is generally rectangular in shape with level topography and ample drainage. **No** flood plain is noted.

Unit 1804: Per the Harris County Appraisal District, the subject displays a 1.14% fractional ownership interest in *Grand Ridge Office Condominiums at Grand Parkway* development, which is comprised of 10.73 acres (467,277 SF). The site is generally rectangular in shape with level topography and ample drainage. **No** flood plain is noted.

Frontage / Accessibility

The subject's site displays adequate frontage to support the subject improvements. The subject site is considered to possess adequate access to the subject's traffic carrier which is a secondary traffic carrier for the area and is in average overall condition.

Utilities

Public water and sewer service are provided by the Cimarron Municipal Utility District. According to local officials, these utilities are sufficient for the development in the area. In addition, the county provides fire and police protection along with garbage pick-up. Electrical and natural gas are provided by the region's typical providers. At the present time, all utilities appear to be sufficient for area development patterns.





Soils

The site's soil appears such that its load-bearing capacity does not restrict the construction of ordinary structural improvements. No evidence to the contrary was noted during our physical inspection of the site.

LEGAL

Zoning / Restrictions

As mentioned previously, the subject property is located in an unincorporated area of Harris County and is not subject to zoning restrictions.

The subject is a legally conforming use.

Easements / Encroachments

The subject site is encumbered by typical utility easements. Due to the general location of these easements, they are not considered detrimental toward development and/or the site's overall marketability. No other detrimental easements and/or encroachments were noted upon physical inspection of the subject tract. It should be noted, however, that if a current survey map, or a registered surveyor indicates that adverse easements exist, these factors might impact the market value and/or the marketability of the subject property. Therefore, it is assumed that no easements and/or encroachments exist, which would adversely affect the marketability or desirability of the site.

CONCLUSION







Given the physical characteristics, the subject site is capable of being developed with numerous commercial uses.



MAP DATA

FEMA Special Flood Hazard Area: **No**
 Map Number: **48201C0595M**
 Zone: **X**
 Map Date: **November 15, 2019**
 FIPS: **48201**

MAP LEGEND

- | | |
|--|---|
|  Areas inundated by 500-year flooding |  Protected Areas |
|  Areas inundated by 100-year flooding |  Floodway |
|  Velocity Hazard |  Subject Area |

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IMPROVEMENTS

Unit 1803: A 1,225 SF office condo of wood-frame construction with masonry / stone façade and a flat, built-up roof system. The subject is configured for general office use. Overall, the improvements are of average quality construction and are in good condition.

Unit 1804: A 1,225 SF office condo of wood-frame construction with masonry / stone façade and a flat, built-up roof system. The subject is configured for general office use. Overall, the improvements are of average quality construction and are in good condition.



PROPERTY – UNIT 1803

Gross Building Area	1,225 SF
Year of Construction/Renovation	2015
Quality of Construction	Good
Condition of Improvements	Good

PROPERTY – UNIT 1804

Gross Building Area	1,225 SF
Year of Construction/Renovation	2015
Quality of Construction	Good
Condition of Improvements	Good

STRUCTURAL – UNITS 1803 & 1804

Foundation	Reinforced concrete slab.
Exterior Walls	Wood-frame with masonry / stone façade.
Roof	Flat, built-up roof system.
Ceilings	Drywall and suspended acoustical ceiling panels.



Floors	The subject is of commercial grade tile, carpet and wood flooring.
Partitions & Wall Finish	Partition walls are framed in wood studs covered with gypsum drywall finish, taped, sanded, painted and textured with various veneers.
HVAC	HVAC is assigned to all areas.
Electrical	All electrical is assumed to comply with local building codes.
Plumbing	All plumbing is assumed to comply with local building codes.
Site Improvements	Adequate concrete driveways and parking areas.

The improvements are in good condition. Upon physical inspection of the property, no significant deferred maintenance was noted.

REMAINING ECONOMIC LIFE

Effective Age

Effective age is defined as "the age indicated by the condition and utility of a structure." (*The Dictionary of Real Estate Appraisal*). Effective age can be greater or less than actual age. Maintenance and remodeling influence the effective age of a structure. Taking into consideration the condition of the subject improvements, the effective age of the property is considered to be **5 years**.

Economic Life

Economic life is defined as "the period over which improvements to real property contribute to property value." (*The Dictionary of Real Estate Appraisal*). Generally, economic life and physical life vary, with the economic life of a structure being of shorter duration. Remaining economic life is the number of years remaining in the economic life of a structure, as of the date of the appraisal.

The Marshall Valuation Service rates various types of properties and analyzes them regarding mortality and ages at which major reconstruction and modernization has occurred. The subject property building is classified as a **Good Class D Office Condo Building**. Since the effective age has been estimated at 5 years and the total economic life is estimated to be **45 years**; the indicated remaining economic life of the structures is **40 years**.





PROPERTY HISTORY

Ownership of the subject property is currently vested in *D2K Consultants LLC Series Two & D2K Consultants Series One*, as evidenced by the county deed records. There have been no real property transactions associated with the subject in the three years prior to the date of this report.

Currently, Unit 1803 is under contract of sale to *Botalon on the Road LLC* for \$390,000 (\$318.37/SF), which is in-line with market based on the analysis herein. The subject was listed for sale by Justin Clark (713) 201-4248 at *Clark Gaines Properties* for an undisclosed price. No details regarding the listing were provided.

Currently, Unit 1804 is under contract of sale to *Botalon on the Road LLC* for \$390,000 (\$318.37/SF), which is in-line with market based on the analysis herein. The subject was listed for sale by Justin Clark (713) 201-4248 at *Clark Gaines Properties* for an undisclosed price. No details regarding the listing were provided.

Upon acquisition, the subject will be owner occupied. No other history was provided.

The following is the county tax card for Unit 1803:

Tax Year: 2024		HARRIS CENTRAL APPRAISAL DISTRICT REAL PROPERTY ACCOUNT INFORMATION ACCOUNT NUMBER 1344390180003				Print E-mail	
Similar Owner Name		Nearby Addresses		Same Street Name		Related Map 4357B	
Ownership History							
Owner and Property Information							
Owner Name & Mailing Address: D2K CONSULTANTS LLC SERIES TWO 8010 BULRUSH CANYON TRL KATY TX 77494-2061				Legal Description: UNIT 1803 BLDG 18 .0114 INT COMMON LAND & ELE GRAND RIDGE OFFICE CONDO AT GRAND PARKWAY AMEND			
				Property Address: 440 COBIA DR # 1803 KATY TX 77494			
State Class Code		Land Use Code		Building Class		Total Units	
F1 -- Real, Commercial		8001 -- Land Neighborhood Section 1		E		1803	
Land Area	Building Area	Net Rentable Area	Neighborhood	Market Area	Map Facet	Key Map®	
5,327 SF	1,225	0	9610.12	4015 -- Energy Corridor	4357B	485B	
Value Status Information							
Value Status				Shared CAD			
All Values Pending				No			
Exemptions and Jurisdictions							
Exemption Type	Districts	Jurisdictions	Exemption Value	ARB Status	2023 Rate	2024 Rate	
None	019	KATY ISD		Pending	Pending	1.119400	
	040	HARRIS COUNTY		Pending	Pending	0.350070	
	041	HARRIS CO FLOOD CNTRL		Pending	Pending	0.031050	
	042	PORT OF HOUSTON AUTHY		Pending	Pending	0.005740	
	043	HARRIS CO HOSP DIST		Pending	Pending	0.143430	
	044	HARRIS CO EDUC DEPT		Pending	Pending	0.004800	
	140	CIMARRON MUD		Pending	Pending	0.300000	
	643	HC EMERG SRV DIST 48		Pending	Pending	0.100000	
Estimated taxes for this property can be found at www.harrispropertytaxes.org .							
Texas law prohibits us from displaying residential photographs, sketches, floor plans, or information indicating the age of a property owner on our website. You can inspect this information or get a copy at HCAD's information center at 13013 NW Freeway .							
Valuations							
Value as of January 1, 2023				Value as of January 1, 2024			
		Market	Appraised			Market	Appraised
Land		53,270		Land			
Improvement		255,380		Improvement			
Total		308,650	308,650	Total		Pending	Pending





The following is the county tax card for Unit 1804:

Tax Year: 2024

HARRIS CENTRAL APPRAISAL DISTRICT
REAL PROPERTY ACCOUNT INFORMATION
ACCOUNT NUMBER **1344390180004**

Print E-mail

Similar Owner Name Nearby Addresses Same Street Name Related Map 4357B

Ownership History

Owner and Property Information

Owner Name & Mailing Address: D2K CONSULTANTS LLC SERIES ONE 8010 BULRUSH CANYON TRL KATY TX 77494-2061	Legal Description: UNIT 1804 BLDG 18 .0114 INT COMMON LAND & ELE GRAND RIDGE OFFICE CONDO AT GRAND PARKWAY AMEND Property Address: 440 COBIA DR # 1804 KATY TX 77494
--	---

State Class Code	Land Use Code	Building Class	Total Units
F1 -- Real, Commercial	8001 -- Land Neighborhood Section 1	E	1804
Land Area	Building Area	Net Rentable Area	Neighborhood
5,327 SF	1,225	0	9610.12
		Market Area	Map Facet
		4015 -- Energy Corridor	4357B
		Key Map®	
		485B	

Value Status Information

Value Status	Shared CAD
All Values Pending	No

Exemptions and Jurisdictions

Exemption Type	Districts	Jurisdictions	Exemption Value	ARB Status	2023 Rate	2024 Rate
None	019	KATY ISD	Pending	Pending	1.119400	
	040	HARRIS COUNTY	Pending	Pending	0.350070	
	041	HARRIS CO FLOOD CNTRL	Pending	Pending	0.031050	
	042	PORT OF HOUSTON AUTHY	Pending	Pending	0.005740	
	043	HARRIS CO HOSP DIST	Pending	Pending	0.143430	
	044	HARRIS CO EDUC DEPT	Pending	Pending	0.004800	
	140	CIMARRON MUD	Pending	Pending	0.300000	
	643	HC EMERG SRV DIST 48	Pending	Pending	0.100000	

Estimated taxes for this property can be found at www.harrispropertytaxes.org.

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Valuations

Value as of January 1, 2023				Value as of January 1, 2024			
	Market	Appraised			Market	Appraised	
Land	53,270		Land				
Improvement	255,380		Improvement				
Total	308,650	308,650	Total		Pending		Pending





REAL ESTATE TAXES

The subject property is located in Harris County, Texas and is taxed based on values established by the county tax assessors. The tax rates are applied to the assessed value of the subject property, and the taxes for the subject property are then estimated. The taxes are estimated per \$100 of assessed value. This property is subject to taxes for the Katy Independent School District and Harris County.

Unit 1803 currently displays a tax assessment of **\$308,650 or \$251.96/SF**, which is **favorable** but considered reasonable as favorable assessments are typical within the subject's market.

Current taxes for Unit 1803 are calculated as follows:

PROPERTY TAX CALCULATION - UNIT 1803			
Acct #: 1344390180003			
Authority	Assessed Value	Rate / \$100	Tax Liability
City	\$308,650	\$0.0000000	\$0
County	\$308,650	\$0.9350900	\$2,886
School	\$308,650	\$1.1194000	\$3,455
		\$2.0544900	\$6,341

Unit 1804 currently displays a tax assessment of **\$308,650 or \$251.96/SF**, which is **favorable** but considered reasonable as favorable assessments are typical within the subject's market.

Current taxes for Unit 1804 are calculated as follows:

PROPERTY TAX CALCULATION			
Acct #: 1344390180004			
Authority	Assessed Value	Rate / \$100	Tax Liability
City	\$308,650	\$0.0000000	\$0
County	\$308,650	\$0.9350900	\$2,886
School	\$308,650	\$1.1194000	\$3,455
		\$2.0544900	\$6,341



HIGHEST & BEST USE

The Appraisal Institute defines highest and best use as follows: "The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value."

The four criteria the highest and best use must meet are:

PHYSICALLY POSSIBLE		LEGALLY PERMISSIBLE	
1	What uses of the site in question are physically possible?	2	What uses are permitted by zoning and deed restrictions?
FINANCIALLY FEASIBLE		MAXIMALLY PRODUCTIVE	
3	Which possible and permissible uses will produce a net return to the owner of the site?	4	Among the financially feasible uses that are physically possible and legally permissible, which use will produce the highest net return or the highest present worth?

There are two types of highest and best use studies. The first is the highest and best use of the land or site as though vacant. The second is the highest and best use of the property as improved. The highest and best use of land or a site as though vacant assumes that the parcel is vacant or can be made vacant by demolishing any improvements. The question to be answered in this analysis is: If the land is, or were vacant, what use should be made of it?

The highest and best use of a property as improved pertains to the use that should be made of an improved property in light of its improvements. Should it be maintained as it is, or be renovated, expanded, demolished, or partly demolished? Should it be replaced with a different type or intensity of use, or should it be held as an interim use? The improvements should be retained as long as they have some value and the return from the property exceeds the return that would be realized by a new use, after deducting the costs of demolishing the old building and constructing a new one.





HIGHEST & BEST USE - AS IF VACANT

Physically Possible

The subject property totals 1.14% of overall condominium development, each. The addresses associated with the subject are 440 Cobia Drive, Units 1803 & 1804, Harris County, Texas 77494. It is noted the subject is located within an unincorporated portion of Harris County. Accessibility to the site is via curb cuts along the traffic carrier. Overall, access is considered average. The property has all necessary utilities in place and is relatively level in regard to topography. The site is primarily surrounded by commercial and residential uses. Access to the subject's neighborhood is considered good due to its location near area primary traffic carriers.

The principle of conformity is an important consideration in determining the physically possible uses of a site. Conformity is the appraisal principle that holds that real property value is created and sustained when the characteristics of a property conform to the demands of its market. The styles and uses of the properties in an area may conform for several reasons, including economic pressures; the shared preferences of owners for certain types of structures, amenities, services; and the enforcement of uniform standards by zoning ordinances.

Based on the subject's physical characteristics and the principle of conformity, the subject site would most likely be developed with a commercial use.

Legally Permissible

As previously mentioned, the subject is located in an unincorporated area of Harris County, and is therefore not subject to zoning. No private deed restrictions were uncovered during a normal investigation, which would further limit the potential uses of the subject site. Nonetheless, a title policy is strongly suggested in order to guarantee the absence of adverse restrictions. No other legal restrictions or covenants were found to be imposed on the subject property at the time of the appraisal, which would further restrict its development. The site's zoning requirements support the physical indication that the site's most probable use, as if vacant, would be for some form of commercial use.

Financially Feasible & Maximally Productive

The prior consideration of physically possible uses and legally permissible does not significantly narrow the use of the subject property. Based on market data presented in this report, it appears that development of a commercial use is likely feasible. After considering legal, physical and financial alternatives, it is our opinion that the highest and best use of the site, as if vacant, is for a commercial development.





HIGHEST & BEST USE - AS IMPROVED

Physically Possible

The subject property is two (2) office condos that are 1,225 SF, each. The subject's improvements are generally in line with similar office condo developments for the area.

The overall value of the buildings as improved exceeds the value of the property as vacant; therefore, a prudent purchaser would leave the existing improvements intact. Based on this information, the physical possibilities of the subject would be for use as two (2) office condos.

Legally Permissible

As previously mentioned, the subject is located in an unincorporated area of Harris County, and is therefore not subject to zoning. No other legal restrictions or covenants were found to be imposed on the subject property at the time of the appraisal, which would further restrict its development. Based on this information, the subject's use conforms to the legal restrictions and further supports the physical indication that the subject's highest and best use is for use as two (2) office condos.

Financially Feasible & Maximally Productive

It does appear feasible to construct a speculative two (2) office condos under current market conditions. Is there another use that would produce a higher return to the property on a long term basis? In this particular case, it does not appear that there is a reasonable alternative use that could out-perform the subject's current use. The two (2) office condos conform to the surrounding land uses and produces sufficient income to offset all costs of operation (not considering debt service) and return a net profit to the owner. Therefore, it is our opinion that the highest and best use of the site as improved is for use as two (2) office condos. **It is noted that the most probable buyer is an owner-user.**

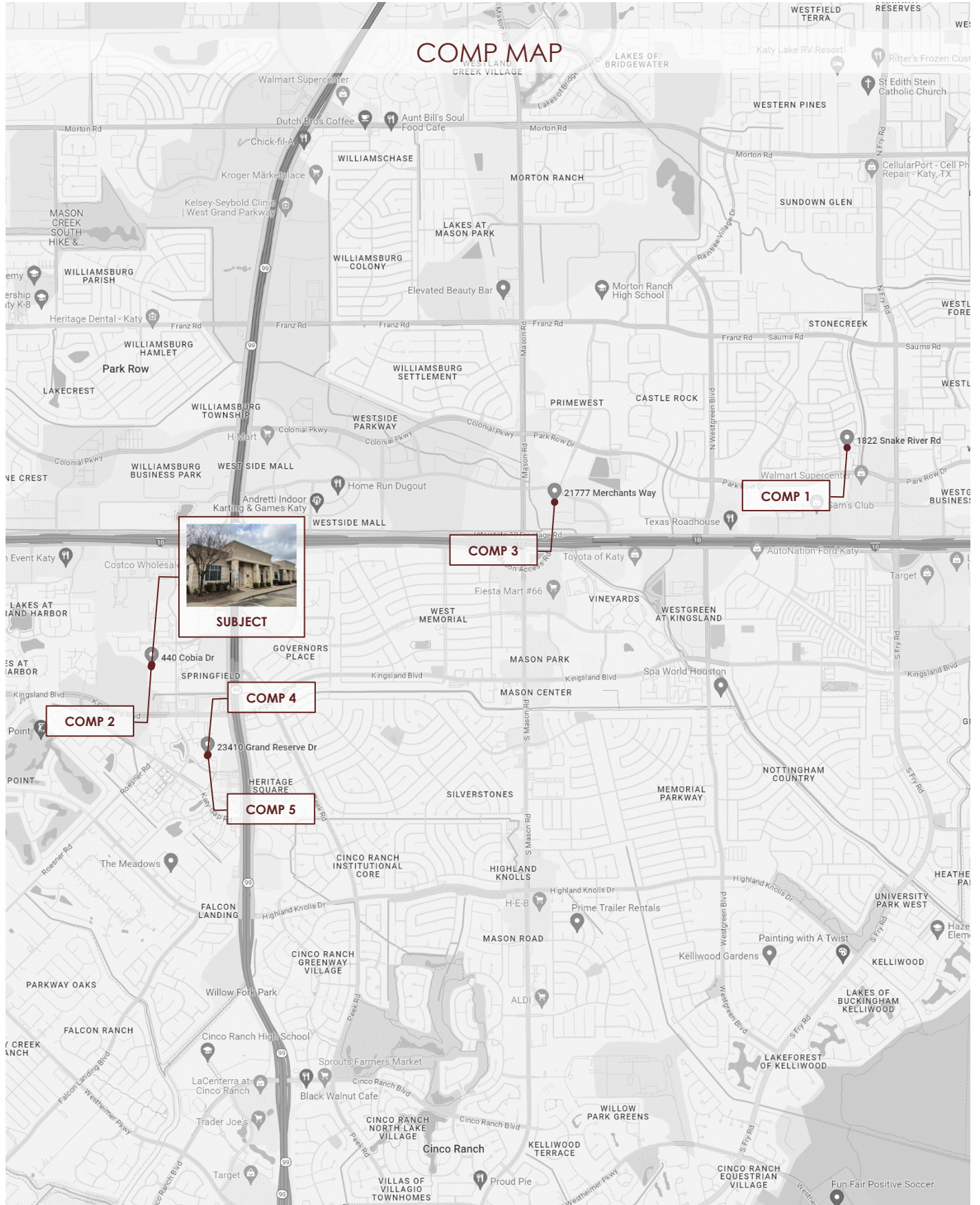


SALES APPROACH

The principles of real estate appraisal are basic to the sales comparison approach; however, one of the most important is the principle of substitution. "As applied to the sales comparison approach, the principle of substitution holds that the value of a property tends to be set by the price that would be paid to acquire a substitute property of similar utility and desirability."

The sales comparison approach is a method of estimating market value whereby a subject property is compared with comparable properties that have sold recently. One premise of the sales comparison approach is that the market will determine a price for the property being appraised in the same manner that it determines the prices of comparable, competitive properties. Essentially, the sales comparison approach is a systematic procedure for carrying out comparative shopping. As applied to real estate, the comparison is applied to the unique characteristics of the economic good that cause real estate prices to vary.







COMPARABLE 1



PROPERTY IDENTIFICATION

Property Type	Office Condo
Address / Location	1822 Snake River Road, A & B, Katy, Texas

PHYSICAL DATA

Building Type	Office Condo
Constr. Type	Wood-frame w/ Brick Veneer
Size (SF)	1,350
Stories	1
Year Built	2007
Condition	Average
Land Size (SF)	N/A
Land to Build	N/A

SALE DATA

Sale Price	\$445,000
Grantor	DWCPA Investments LTD
Grantee	Unibrom PTE LTD
Sale Date	December 8, 2023
Record Data	2023-0472386
Verification	Broker

INCOME ANALYSIS

Potential Gross Income	\$36,450
Less: Vacancy	-\$1,823
Effective Gross Income	\$34,628
Less: Expenses	-\$8,657
Net Operating Income	\$25,971

INDICATORS

Sale Price / SF	\$329.63
Occupancy (%)	95%
Gross Income Multiplier	12.21
Effective Gross Multiplier	12.85
Expenses / SF	\$(6.41)
Overall Cap Rate	5.84%
NOI / SF	\$19.24

INPUTS

Rent / SF	\$27.00
Vacancy (%)	5.00%
OER	25.00%

COMMENTS

Property is located on the east side of Snake River Road, just north of Park Row Drive. Property is an office condo that features general office finish-out. Property was purchased for owner-occupancy. Income and expenses are based on market pro forma. Source: Lori Balusek (281) 726-1220.



COMPARABLE 2



PROPERTY IDENTIFICATION

Property Type Office Condo
Address / Location 440 Cobia Drive, Unit 1004,
Katy, Texas

PHYSICAL DATA

Building Type Class D Office Condo
Constr. Type Wood-Frame w/ Stone Façade
Size (SF) 1,225
Stories 1
Year Built 2014
Condition Good
Land Size (SF) N/A
Land to Build N/A

SALE DATA

Sale Price **\$385,000**
Grantor ISE Global, LLC
Grantee CHM Dialysis LLC
Sale Date August 9, 2023
Record Data 2023-300850
Verification Broker

INCOME ANALYSIS

Potential Gross Income	\$30,625
Less: Vacancy	-\$1,531
Effective Gross Income	\$29,094
Less: Expenses	-\$7,273
Net Operating Income	\$21,820

INDICATORS

Sale Price / SF	\$314.29
Occupancy (%)	95%
Gross Income Multiplier	12.57
Effective Gross Multiplier	13.23
Expenses / SF	\$(5.94)
Overall Cap Rate	5.67%
NOI / SF	\$17.81

INPUTS

Rent / SF	\$25.00
Vacancy (%)	5.00%
OER	25.00%

COMMENTS

Property is located on the west side of Cobia Drive, just north of Perch Drive, within the *Grand Ridge Office Condominiums*. Property was purchased for owner occupancy. Income and expenses are based on market pro forma. Source: Justin Clark (713) 201-4248.





COMPARABLE 3



PROPERTY IDENTIFICATION

Property Type	Office Condo
Address / Location	21777 Merchants Way, Unit 430 Katy, Texas

PHYSICAL DATA

Building Type	Class D Office Building
Constr. Type	Wood Frame
Size (SF)	1,836
Stories	1
Year Built	2022
Condition	Excellent
Land Size (SF)	N/A
Land to Build	N/A

SALE DATA

Sale Price	\$639,811
Grantor	G2 Investment Holdings Ltd
Grantee	Boaz Construction LLC
Sale Date	October 7, 2022
Record Data	2022500208
Verification	Contract of Sale

INCOME ANALYSIS

Potential Gross Income	\$55,080
Less: Vacancy	<u>-\$2,754</u>
Effective Gross Income	\$52,326
Less: Expenses	<u>-\$13,082</u>
Net Operating Income	\$39,245

INDICATORS

Sale Price / SF	\$348.48
Occupancy (%)	95%
Gross Income Multiplier	11.62
Effective Gross Multiplier	12.23
Expenses / SF	\$(7.13)
Overall Cap Rate	6.13%
NOI / SF	\$21.38

INPUTS

Rent / SF	\$30.00
Vacancy (%)	5.00%
OER	25.00%

COMMENTS

Property is located on the south side of Merchants Way, east of North Mason Road. Income and expenses are market pro forma. Property sold for \$615,060 in an unfinished condition with the buyer investing \$24,751 in remaining finish out costs after purchase. Accordingly, a total sale price of \$639,811 is utilized herein.





COMPARABLE 4



PROPERTY IDENTIFICATION

Property Type Office Condominium
Address / Location 23410 Grand Reserve Drive, Unit #404
 Katy, Texas

PHYSICAL DATA

Building Type Class D Office Condo
Constr. Type Wood Frame w/ Stone Veneer
Size (SF) 1,225
Stories 1
Year Built 2021
Condition Good
Land Size (SF) N/A
Land to Build N/A

SALE DATA

Sale Price **\$369,600**
Grantor KGOC LLC
Grantee FS Fairview LLC
Sale Date December 21, 2021
Record Data RP-2021-736656
Verification Broker

INCOME ANALYSIS

Potential Gross Income	\$31,850
Less: Vacancy	-\$1,593
Effective Gross Income	\$30,258
Less: Expenses	-\$7,564
Net Operating Income	\$22,693

INDICATORS

Sale Price / SF	\$301.71
Occupancy (%)	95%
Gross Income Multiplier	11.60
Effective Gross Multiplier	12.22
Expenses / SF	\$(6.18)
Overall Cap Rate	6.14%
NOI / SF	\$18.53

INPUTS

Rent / SF	\$26.00
Vacancy (%)	5.00%
OER	25.00%

COMMENTS

Property is located on the north side of Grand Reserve Drive, just west of the Grand Parkway within the *Grand Reserve Office Condominiums at Grand Parkway* complex. Property was purchased for owner occupancy; income and expenses are based on market pro forma.
 Broker: Fleming Lester 832.772.6866





COMPARABLE 5



PROPERTY IDENTIFICATION

Property Type	Office Condominium
Address / Location	23410 Grand Reserve Dr, Unit #1102 Katy, Texas

PHYSICAL DATA

Building Type	Class D Office Condo
Constr. Type	Wood-frame w/ Stone Veneer
Size (SF)	1,225
Stories	1
Year Built	2021
Condition	Good
Land Size (SF)	N/A
Land to Build	N/A

SALE DATA

Sale Price	\$375,000
Grantor	KGOC LLC
Grantee	Ravint Group LLC
Sale Date	August 1, 2021
Record Data	RP-2021-1431436
Verification	Broker

INCOME ANALYSIS

Potential Gross Income	\$31,850
Less: Vacancy	-\$1,593
Effective Gross Income	\$30,258
Less: Expenses	-\$7,564
Net Operating Income	\$22,693

INDICATORS

Sale Price / SF	\$306.12
Occupancy (%)	95%
Gross Income Multiplier	11.77
Effective Gross Multiplier	12.39
Expenses / SF	\$(6.18)
Overall Cap Rate	6.05%
NOI / SF	\$18.53

INPUTS

Rent / SF	\$26.00
Vacancy (%)	5.00%
OER	25.00%

COMMENTS

Property is located on the north side of Grand Reserve Drive, just west of the Grand Parkway within the *Grand Reserve Office Condominiums at Grand Parkway* condominium development. Property was purchased for owner occupancy; income and expenses are based on market pro forma. Source: Fleming Lester (832) 772-6866.



IMPROVED SALES SUMMARY

The market data included in this analysis is considered to be the best available in today's market and to be indicative of current market trends. The following factors were analyzed in determining a final market value for the subject property, via the sales price per square foot method of valuation. The following criteria and subsequent adjustment grid have been implemented in order to reconcile the quality and quantity of the data available and analyzed within this approach to value.

Property Rights

All of the comparable properties herein sold based on fee simple transactions; therefore, no adjustments were indicated.

Financing

Financing terms are significant, since cash or financing often influences the consideration paid for a particular property. The transaction price of one property may differ from that of an identical property due to different financing arrangements. All the sales data utilized herein were based on cash to the seller or terms considered to be cash equivalent, therefore, no adjustments for this factor were warranted. It is important to analyze the sales according to cash equivalency, as we are estimating the current market value of the subject property.

Conditions of Sale

Adjustments for conditions of sale typically reflect the motivations of the buyer and the seller. For example, a buyer may pay more than market value for a property located adjacent to one already owned for assemblage purposes or additional parking. Conversely, a sale may be transacted at below market value because the seller needs cash in a hurry. A financial, business, or family relationship between the parties may also affect the price of the property. When non-market conditions of sale are detected in a transaction, the sale must be adjusted accordingly. With respect to this factor, no adjustments were indicated.

Market Conditions

Each of the previous sales have been given consideration for the lapse of time between the date of sale and the effective date of this appraisal. Sales that occur at times with inferior market conditions warrant upward adjustments to account for value gains, while sales that occur at times of superior market conditions warrant downward adjustments to account for value losses; sales that occur at times with relatively similar market conditions warrant no adjustment as overall values have remained relatively stable. With respect to this factor, Comparables 4 and 5 indicate upward adjustments to account for improving market conditions since 2021.

Location

The locational attributes considered to have primary influence within the subject area include frontage on and accessibility to major traffic arteries, visibility or exposure to major streams of traffic, and proximity to existing development. With respect to this factor, no adjustments were indicated.





Quality / Condition

The overall site characteristics of each sale have been compared to the subject site. These include traits such as type of construction, age of building, physical features, and overall condition of property. With respect to this factor, Comparable 3 indicates a downward adjustment to account for its newer, superior construction quality and condition.

Size

Size is a factor that must be considered when comparing comparables. Typically, but not always, larger comparables sell for a lower unit value and, therefore, when making comparisons on a unit basis, the larger comparable tends to be adjusted upward and the smaller comparable tends to be adjusted downward to accurately reflect the difference. With respect to this factor, materially larger improvements are adjusted upward accordingly and materially smaller improvements are adjusted downward accordingly.





CONCLUSION – UNIT 1803

In the final analysis of the subject property, similar weight was given to all of the comparables. The following is the adjustment table with the concluded opinion of value via the Sales Approach.

	SUBJECT	1	2	3	4	5
Date	Current	Dec-23	Aug-23	Oct-22	Dec-21	Aug-21
Sale Price		\$445,000	\$385,000	\$639,811	\$369,600	\$375,000
SIZE - SF	1,225	1,350	1,225	1,836	1,225	1,225
Unit Price (\$ / SF)		\$329.63	\$314.29	\$348.48	\$301.71	\$306.12

TRANSACTION ADJUSTMENTS

Property Rights	Fee Simple	Similar 0% \$329.63	Similar 0% \$314.29	Similar 0% \$348.48	Similar 0% \$301.71	Similar 0% \$306.12
Financing Terms	Cash	Similar 0% \$329.63	Similar 0% \$314.29	Similar 0% \$348.48	Similar 0% \$301.71	Similar 0% \$306.12
Conditions of Sale	Arm's Length	Normal 0% \$329.63	Normal 0% \$314.29	Normal 0% \$348.48	Normal 0% \$301.71	Normal 0% \$306.12
Market Conditions	Current	Dec-23 0% \$329.63	Aug-23 0% \$314.29	Oct-22 0% \$348.48	Dec-21 5% \$316.80	Aug-21 5% \$321.43

PROPERTY ADJUSTMENTS

Location	Average	Similar 0%	Similar 0%	Similar 0%	Similar 0%	Similar 0%
Quality / Condition	Good	Similar 0%	Similar 0%	Superior -10%	Similar 0%	Similar 0%
Size - SF	1,225	1,350 0%	1,225 0%	1,836 0%	1,225 0%	1,225 0%
<i>Total Adjustment</i>		0%	0%	-10%	0%	0%
Adjusted \$ / SF		\$329.63	\$314.29	\$313.63	\$316.80	\$321.43
Adjusted Mean \$ / SF						\$319.16

A rate generally in-line with the mean is considered reasonable.

Concluded
Unit Value **\$319.00**

Improvement Size (SF) **1,225**

Value Indication **\$390,775**

Concluded Value \$390,000

Unit 1804: Fee Simple – Condominium Interest Market Value

The concluded unit value for **Unit 1803** is **\$319.00/SF**. **Unit 1804** displays 1,225 SF and similar qualities and condition. Therefore, a concluded value of **\$319.00/SF** or **\$390,000 (rounded)** for **Unit 1804** is considered reasonable and utilized herein.



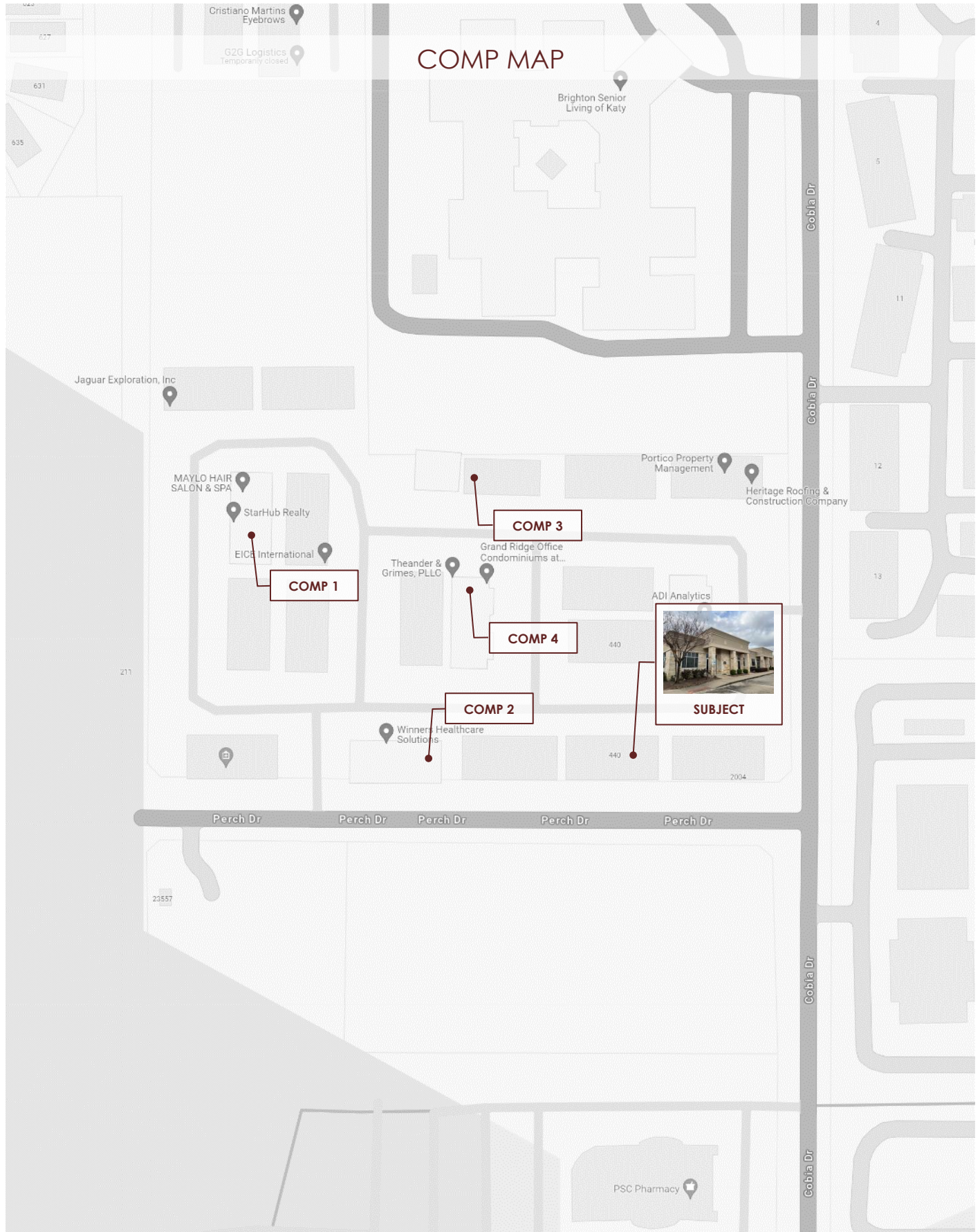


INCOME APPROACH

The principle of anticipation is fundamental to the income approach. Because value is created by the expectation of benefits to be derived in the future, value may be defined as the present worth of all rights to these future benefits. All income capitalization methods, techniques, and procedures attempt to forecast future benefits and estimate their present value." Although the principle of anticipation is essential to this approach, the principle of substitution is also very important. This principle may be used to test the validity of the approach and the reliability of the assumptions and data used in its application.

"Income-producing real estate is typically purchased as an investment, and from the investor's point of view earning power is the critical element affecting property value. One basic investment premise is that the higher the earnings, the higher the value. An investor who purchases income-producing real estate is essentially trading present dollars for the right to receive future dollars. The income capitalization approach to value consists of methods, techniques, and mathematical procedures that an appraiser uses to analyze a property's capacity to generate benefits (i.e., usually the monetary benefits of income and reversion) and convert these benefits into an indication of present value." (*The Appraisal of Real Estate, Appraisal Institute*).







COMPARABLE 1



PROPERTY IDENTIFICATION

Property Type Office Condo
Address / Location 440 Cobia Drive, Unit 1303, Katy, Texas

GENERAL LEASE DATA

Tenant Structure Multiple
Lease Term Negotiable
Expense Structure Double Net

PHYSICAL DATA

Rentable SF 4,800
Constr. Type Wood-Frame w/ Stone Façade
Stories 1
Year Built 2015
Condition Good
Occupancy 100.0%

LEASE ANALYSIS

Suite Size (SF) 1,225
Actual Rent / SF **\$23.00**
Tenant Type Office
Verification Broker

COMMENTS

A 1,225 SF condo is currently leased for \$23.00/SF NN. Lease commenced October 1, 2023. The condo displays a general office finish-out.
 Source: Bob Jiang (832) 810-6000.



COMPARABLE 2



PROPERTY IDENTIFICATION

Property Type Office Condo
Address / Location 440 Coia Drive, Unit 1604, Katy, Texas

GENERAL LEASE DATA

Tenant Structure Multiple
Lease Term 3 Years
Expense Structure NNN

PHYSICAL DATA

Rentable SF 4,800
Constr. Type Wood-Frame w/ Stone Façade
Stories 1
Year Built 2015
Condition Good
Occupancy 100.0%

LEASE ANALYSIS

Suite Size (SF) 1,225
Actual Rent / SF **\$24.00**
Tenant Type Office
Verification Broker

COMMENTS

A 1,225 SF condo is currently leased for \$24.00/SF NNN. Lease commenced in July 2023 and will expire in June 2026. The condo displays a general office finish-out.
 Source: Victor Roberts (713) 732-1626.



COMPARABLE 3



PROPERTY IDENTIFICATION

Property Type Office Condo
Address / Location 440 Cobia Drive, Unit 504,
 Katy, Texas

GENERAL LEASE DATA

Tenant Structure Multiple
Lease Term Negotiable
Expense Structure Gross

PHYSICAL DATA

Rentable SF 4,800
Constr. Type Wood-Frame w/ Stone Façade
Stories 1
Year Built 2015
Condition Good
Occupancy 100.0%

LEASE ANALYSIS

Suite Size (SF) 1,225
Actual Rent / SF **\$25.00**
Tenant Type Office
Verification Broker

COMMENTS

A 1,225 SF condo is currently leased for \$25.00/SF Gross. Lease commenced in November 2023. Property displays a general office finish-out. Source: Fleming Lester (832) 291-8839.



COMPARABLE 4



PROPERTY IDENTIFICATION

Property Type Office Condo
Address / Location 440 Cobia Drive, Unit 701,
 Katy, Texas

GENERAL LEASE DATA

Tenant Structure Multiple
Lease Term Negotiable
Expense Structure Gross

PHYSICAL DATA

Rentable SF 4,900
Constr. Type Wood-Frame w/ Stone Façade
Stories 1
Year Built 2014
Condition Good
Occupancy 100.0%

LEASE ANALYSIS

Suite Size (SF) 1,225
Actual Rent / SF **\$26.68**
Tenant Type Office
Verification Broker

COMMENTS

A 1,225 SF suite is currently available for lease for \$27.50/SF NNN. A 5% downward adjustment is indicated to allow room for negotiations; therefore, an effective lease rate of \$26.68/SF is considered reasonable and utilized herein. Source: Mahesh Vandanam (713) 256-0667.



MARKET RENT SUMMARY & ANALYSIS

According to the properties surveyed and listed above, as well as information provided by local brokers, market lease rates for space in similar locations as that of the subject.

TRIPLE NET LEASE	GROSS LEASE	FULL SERVICE LEASE
<p>1</p> <p>Lessee (tenant) is responsible for a pro-rate share of all operating expenses related to common area maintenance (CAM), exterior and structural maintenance, insurance and real estate taxes. Specific details vary according to the lease agreement provisions and local market perceptions.</p>	<p>2</p> <p>A lease in which the tenant pays stipulated rent and in addition, pays for utilities and typically some maintenance; landlord is responsible for all property taxes and general insurance expenses.</p>	<p>3</p> <p>A lease in which the landlord receives stipulated rent and is obligated to pay all of the operating expenses including janitorial, utilities and others; details vary by property manager.</p>

A triple-net lease will typically, but not always indicate a lower market rent as compared to lease structured on a gross basis. This is because fewer expenses are passed through to the landlord. Moreover, a gross lease will command a higher rental rate compared to a NNN lease as nearly all expenses are included in the rental rate of a gross lease. A full service lease will typically, but not always, indicate a higher market rent as compared to lease structured on a gross basis. This is due to the higher expenses incurred by the landlord to operate the property encumbered by a full service lease. Moreover, a gross lease will command a lower rental rate compared to a full service lease as the tenant has to pay the utility expenses, in addition to the required rent.



RENT ADJUSTMENT SUMMARY

The market data included in this analysis is considered to be the best available in today's market and to be indicative of current market trends. The following factors were analyzed in determining a final market value for the subject property, via the income approach to valuation. The following criteria and subsequent adjustment grid have been implemented in order to reconcile the quality and quantity of the data available and analyzed within this approach to value.

Lease Structure

A full service lease will typically, but not always, indicate a higher market rent as compared to lease structured on a gross basis. This is due to the higher expenses incurred by the landlord to operate the property encumbered by a full service lease. Moreover, a gross lease will command a lower rental rate compared to a full service lease as the tenant has to pay the utility expenses, in addition to the required rent. With respect to this factor, Comparable 1 indicates an upward adjustment to account for its double net lease structure and Comparable 2 indicates an upward adjustment to account for its NNN lease structure.

Location

Differences in value occur due to varying degrees of accessibility, exposure and surrounding development to a site. Access is often determined by corner locations, natural barriers, ease of entrance on and off of major thoroughfares, etc. Surrounding development also plays an important part of locational influences for a property. With respect to this factor, no adjustments were indicated.

Quality / Condition

The overall site characteristics of each sale have been compared to the subject site. These include traits such as type of construction, age of building, physical features, and overall condition of property. With respect to this factor, no adjustments were indicated.

Suite Size

Size is a factor that must be considered when comparing property improvements. Typically, but not always, larger improvements sell for a lower unit value and, therefore, when making comparisons on a unit basis such as price per square foot, the larger improvement must be adjusted upward, and the smaller improvement must be adjusted downward to accurately reflect the difference. With respect to this factor, materially larger improvements were adjusted upward accordingly, and materially smaller improvements were adjusted downward accordingly.





POTENTIAL GROSS RENTAL INCOME

Market Rents

In this analysis of the subject property, similar weight was given to all of the comparables. The following criteria and subsequent adjustment grid have been implemented in order to reconcile the quality and quantity of the data available and analyzed within this approach to value.

	SUBJECT	1	2	3	4
Condition	Good	Similar	Similar	Similar	Similar
Size (SF)	1,225	1,225	1,225	1,225	1,225
Annual Rent / SF		\$23.00	\$24.00	\$25.00	\$26.68

LEASE ADJUSTMENTS

Lease Structure		NN 10%	NNN 15%	Gross 0%	Gross 0%
		\$25.30	\$27.60	\$25.00	\$26.68

PROPERTY ADJUSTMENTS

Location	Average	Similar 0%	Similar 0%	Similar 0%	Similar 0%
Quality/Condition	Good	Similar 0%	Similar 0%	Similar 0%	Similar 0%
Size - SF	1,225	1,225 0%	1,225 0%	1,225 0%	1,225 0%
Total Adjustment		0%	0%	0%	0%
Adjusted Rent / SF		\$25.30	\$27.60	\$25.00	\$26.68
Adjusted Mean Rent / SF					\$26.15

A lease rate generally in-line with the mean is considered reasonable. Concluded Lease Rate **\$26.00**

Improvement Size (SF)					1,225
Potential Gross Rental Income - Market					\$31,850





FINANCIAL ANALYSIS

Vacancy / Collection Loss

Vacancy and collection must be deducted from the Gross Annual Income to derive the Effective Gross Income. Based on the market analysis included herein, the subject's immediate market area is trending toward an occupancy rate of +/- **92-95%**. However, given the high demand for office condo space and the fact that the subject will be 100% owner-occupied upon acquisition, a vacancy rate of **3%** is considered reasonable and utilized herein.

Effective Gross Income

The effective gross income is that amount of total income that will be realized after vacancy and collection loss deductions.

Operating Expenses

To estimate the net income generated by the subject improvements, the expenses incurred in producing this income must be deducted. **NOTE:** No historical financial statements were provided. Therefore, the expenses are based on market pro forma.

Real Estate Taxes

This item covers and real property taxes that will be due to the county and city. The property taxes estimated previously in this report are considered to be well supported and reasonable for use herein.

CAM (Common Area Maintenance)

This expense includes general maintenance of the subject site and common area. Specifically, for the subject, this includes maintenance of air-conditioning, as well as lawn care. It also includes all other general (non-structural) maintenance. For purposes of this analysis, these expenses also include the subject's expense for common areas. Based on our experience, and surveyed data, CAM expenses generally range from \$0.25-\$3.00/SF for property similar to the subject. For purposes of this analysis, a CAM expense of **\$0.75/SF** is considered reasonable and utilized herein.

Insurance

The BOMA (Building Owners and Managers Assoc.) report properties similar to the subject property ranged from \$0.20-\$1.50/SF for insurance expense. For purposes of this analysis, an insurance expense of **\$0.50/SF** is considered reasonable and is utilized herein.





Management / Leasing

Management fees are typically estimated on a percentage of the effective gross income projected for a building. Typically, properties of comparable size to the subject are managed by a real estate management company or managed by an owner/operator. This expense must be deducted from the effective gross income to produce an accurate net income estimate. A reasonable management and leasing expense of **3.0%** of effective gross income is utilized herein.

Reserves for Replacement / Miscellaneous

This includes replacement of short-lived items that possibly would require replacement before the end of the term of ownership. Furthermore, this item is also intended as a catch-all category for items not included in the other categories above, but are an annual expense charged to the property. It is a deduction from effective gross income on an annual basis and is set aside annually to replace items as they wear out. Such reserve items include HVAC (only short-life components), roofing, parking surface, etc.

Prudent and responsible owners would be well advised to set aside a portion of net operating income to allow for such items. However, this expense item is seldom, if ever, set aside by property owners; they are usually deducted from the net operating income in the year of their occurrence. Since this analysis assumes prudent management, the reserve allowance must be recognized in the Income Capitalization Approach to value. It is also assumed that a prudent property owner or manager would set aside reserves in an interest bearing account (coinciding with current certificates of deposit returns) until such items need replacing or repairing. Therefore, the total replacement reserves/miscellaneous are estimated at **1.0%**.



Capitalization Rate

In considering the subject property, the direct capitalization of the income by use of an overall capitalization rate is considered the most appropriate method of converting the subjects estimated net operating income into an indication of value. The capitalization of income is the process of translating the net annual income into an expression of capital worth. The most important factor in the capitalization is the selection of the appropriate capitalization rate and the methodology of extracting to be used.

CAPITALIZATION SURVEYS				
Realty Rates - Investor Survey - Office 2023				
Method	All Types	CBD	Suburban	Medical
Minimum				
DCR Technique	4.86%	5.57%	4.86%	6.19%
Band of Investment Technique	5.86%	6.72%	5.86%	6.82%
Surveyed Rates	5.51%	6.31%	5.51%	6.41%
Maximum				
DCR Technique	13.25%	13.25%	13.13%	9.54%
Band of Investment Technique	13.89%	13.89%	12.61%	13.38%
Surveyed Rates	13.05%	13.05%	11.85%	12.58%
Average				
DCR Technique	8.28%	8.93%	8.10%	7.69%
Band of Investment Technique	8.90%	9.78%	8.51%	9.59%
Surveyed Rates	9.83%	10.03%	9.17%	8.88%
(C) RealtyRates.com				
PWC Survey - Office 2023				
	National CBD	National Suburban	Houston Office	National Medical
Current	6.19%	6.54%	8.40%	7.14%
Last Quarter	5.88%	6.30%	8.36%	6.91%
1 Year Ago	5.70%	5.97%	7.40%	6.69%
3 Years Ago	5.59%	6.05%	7.42%	6.73%
(C) PWC				



Market Capitalization Rates

Although there are dissimilarities between the subject and available comparables, it is believed that the overall rates provided represent a reasonable range. Overall rates developed from the sales of buildings in the Sales Comparison Approach are summarized as follows:

Sale No.	Date	Sale Price	Size	YOC	Annual Rent	NOI	Cap Rate
1	Dec-23	\$445,000	1,350	2007	\$36,450	\$25,971	5.84%
2	Aug-23	\$385,000	1,225	2014	\$30,625	\$21,820	5.67%
3	Oct-22	\$639,811	1,836	2022	\$55,080	\$39,245	6.13%
4	Dec-21	\$369,600	1,225	2021	\$31,850	\$22,693	6.14%
5	Aug-21	\$375,000	1,225	2021	\$31,850	\$22,693	6.05%
Standard Deviation							0.05%
Average							5.97%

A cap rate generally in-line with the mean of **6.00%** is considered reasonable and utilized herein.



CONCLUSION – UNIT 1803

Survey data and market data were considered in the selection of the concluded capitalization rate, which is presented below. The conclusions and the value opinion of the direct capitalization method are illustrated below.



INCOME

Potential Gross Income	1,225 SF	\$	31,850
Less: Vacancy and Collection Loss	3%	\$	(956)
Effective Gross Rental Income		\$	30,895

EXPENSES

Real Estate Taxes		\$	6,341
CAM	\$ 0.75	\$	919
Insurance	\$ 0.50	\$	613
Management	3%	\$	927
Misc/Reserves	1%	\$	309

Total Expenses and Reserves		\$	(9,109)
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Net Operating Income		\$	21,786
-----------------------------	--	-----------	---------------

Capitalization Rate			6.00%
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Value Indication		\$	363,092
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Concluded Value		\$	365,000
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CONCLUSION – UNIT 1804

Survey data and market data were considered in the selection of the concluded capitalization rate, which is presented below. The conclusions and the value opinion of the direct capitalization method are illustrated below.

INCOME			
Potential Gross Income	1,225 SF	\$	31,850
Less: Vacancy and Collection Loss	3%	\$	(956)
Effective Gross Rental Income		\$	30,895
EXPENSES			
Real Estate Taxes		\$	6,341
CAM	\$ 0.75	\$	919
Insurance	\$ 0.50	\$	613
Management	3%	\$	927
Misc/Reserves	1%	\$	309
Total Expenses and Reserves		\$	(9,109)
Net Operating Income		\$	21,786
Capitalization Rate			6.00%
Value Indication		\$	363,092
Concluded Value		\$	365,000





RECONCILIATION

In the preceding sections of this report, an indication of value based upon separate appraisal approaches or techniques has been derived by processing data considered applicable and significant to each approach with respect to the subject. As a result, the following opinions of market value were developed:

	<u>Unit 1803</u>	<u>Unit 1804</u>
SALES APPROACH	\$390,000	\$390,000
INCOME APPROACH	\$365,000	\$365,000

Primary weight was placed on the Sales Approach as the most likely user of the subject would be an owner occupant who would primarily be concerned with the subject property’s indicated price per square foot rather than the income producing capability of the subject property. Secondary weight was placed on the Income Approach. The final value was rounded.

This appraisal, subject to the assumptions and limiting conditions as expressed herein and conducted according to the Uniform Standards of Professional Appraisal Practice, led us to the opinion that the subject property has a market value of:

VALUE CONCLUSIONS			
Status	Interest	Date	Value
As Is - Unit 1803	Fee Simple - Condominium Interest	February 15, 2024	\$390,000
As Is - Unit 1804	Fee Simple - Condominium Interest	February 15, 2024	\$390,000



INSURABLE REPLACEMENT COST

COST CALCULATION

IMPROVEMENT

Building:	Unit 1803	Unit 1804
Size (SF):	1,225	1,225
Structure Class:	Class D	Class D
Type:	Good	Good
MVS Reference:	Sec 15, Pg 17	Sec 15, Pg 17
Base Cost (PSF):	\$210.00	\$210.00

PLUS (PSF)

>	0.00	0.00
>	0.00	0.00
>	0.00	0.00
>	0.00	0.00
Subtotal:	\$210.00	\$210.00

MULTIPLIERS

# of Stories:	1.00	1.00
Height Per Story:	1.00	1.00
Perimeter:	1.00	1.00
Current Multiplier:	1.01	1.01
Local:	0.91	0.91
Non-Perishable Items:	1.00	1.00
Adjusted Cost (PSF):	\$193.01	\$193.01

Estimated Insurable Replacement Cost:	\$240,000	\$240,000
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Insurable Replacement Costs (IRC's) are the current replacement cost of each individual structure, either as proposed in plans and specifications or as existing when physically inspected. Only personal property necessary to the operation, management or marketing of the property is included.

IRC's Include: repair engineering and design fees; permit fees; and contractor's overhead and profit.

IRC's Exclude: costs associated with land acquisition and development; professional fees not directly related to repairs; taxes, financing costs, owner's overhead and profit, loss of income during repairs, chattels not included above; and all other costs not relevant to the repair of insured damages.





MARKETING / EXPOSURE TIME

Consideration has been given to a reasonable estimated exposure and marketing period estimate for the subject property.

Exposure Time as it relates to the subject is utilized in establishing market value. The Comment to Standards Rule 1-2 (c) of USPAP states that when estimating market value, the appraiser should be specific as to the estimate of exposure time linked to the value estimate.

Reasonable exposure time is one of a series of conditions in most market value definitions. Exposure time is always presumed to precede the effective date of the appraisal. Exposure time may be defined as follows: the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.

Marketing Time is a function of various factors including, prevailing market conditions, the price of the product being marketed, the competitive position of the property in the market, and the amount and quality of marketing effort allocated to the property. It is strongly emphasized that the appraisers have no control of the aforementioned factors, nor can the appraisers anticipate or predict any of them. Therefore, it assumed that the property will receive an adequate marketing effort.

Therefore, an estimated marketing time of +/- **12 months** and the estimated exposure time of +/- **12 months** is considered reasonable.



ASSUMPTIONS & LIMITING CONDITIONS

"Report" signifies the appraisal or consulting report and its conclusions, to which these Assumptions and Limiting Conditions are annexed.

"Property" signifies the subject of the Report.

"LPA" means Lowery Property Advisors, LLC, or its subsidiary that issued the Report.

"Appraiser(s)" means the employee(s) of LPA who prepared and signed the Report.

The Report has been made subject to the following assumptions and limiting conditions:

- Unless otherwise specifically noted in the body of the report, it is assumed that the title to the property or properties appraised is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. LPA is not aware of any title defects nor has it been advised of any representations relative to the condition of the title. LPA has not reviewed any documents dealing with liens, encumbrances, easements, deed restrictions, clouds and other conditions that may affect the quality of the title. Insurance against financial loss resulting in claims that may arise out of defects in the subject's title should be sought from a reputable title company which specializes in real property.
- Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property was not observed by the appraisers. LPA has no knowledge of the existence of such materials on or in the property. LPA, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would constitute a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired. LPA has inspected as thoroughly as possible by observation. However, it was impossible to personally inspect conditions beneath the soil. Therefore, no representation is made as to these matters unless specially considered in the appraisal.
- The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
- Responsible ownership and competent property management are assumed.
- The information furnished by others is believed to be reliable. However, LPA gives no warranty for its accuracy.
- LPA assumes that all engineering is correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
- 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. The cost estimate should not be solely relied upon for insurable value purposes. The appraisers are not familiar with the definition of insurable value from the actual insurance provider, the local government underwriting regulations, or the types of insurance coverage available. LPA has followed traditional appraisal standards to develop a reasonable calculation based upon industry practices and industry accepted publications such as the Marshall Valuation Service handbook. Actual construction costs can vary greatly from this estimate. These factors can impact cost estimates and are beyond the scope of the intended use of this appraisal. The appraisers are not cost experts in cost estimating for insurance purposes.
- LPA assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
- It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the Appraisal Report.
- All applicable zoning and use regulations and restrictions are assumed to have been complied with, unless a nonconformity has been stated, defined, and considered in the Appraisal Report.
- Required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization are assumed to have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.





- The utilization of the land and improvements is assumed to be within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
- All information, comments and conclusions pertaining to subject and other properties described represent the opinion of the appraiser formed after a personal examination of each.
- The appraiser has no interest, present or prospective, in the subject property.
- Sketches in this report are included to assist the reader in visualizing the property.
- LPA assumes that there are no hidden or unapparent conditions of the appraised property, which would render it more or less valuable. Furthermore, the appraisers assume that there are no potentially harmful asbestos or other materials and/or site contaminants in, on, or near soil, subsoil, or structure of the appraised property and that there has been no disposal, discharge, leakage, or spillage of pollutants or contaminant which would render it more or less valuable, whether or not these materials or contaminants are apparent or hidden and unapparent.
- No responsibility is assumed by the appraisers for these conditions. In addition, no responsibility is assumed by LPA for the cost of engineering and/or laboratory studies which might be required to discover such materials or contaminants. And no such engineering or laboratory studies have been ordered for the appraised property.
- Disclosure by the appraiser of the contents of this Appraisal Report is subject to review in accordance with the by-laws and regulations of The Appraisal Institute.
- The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
- Possession of this report, or a copy thereof, does not carry with it the right of publication, unless prior arrangements have been made.
- The appraiser, by reason of this appraisal, is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.
- Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval of the appraiser.
- This appraisal was made in accordance with the Code of Professional Ethics and Uniform Standards of Professional Appraisal Practice as promulgated by the Appraisal Foundation and the Appraisal Institute.
- Acceptance of and/or use of this report constitutes acceptance of all assumptions and limiting conditions stipulated.
- The *Americans with Disabilities Act* ("ADA") became effective July 26, 1990. LPA has not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of ADA in estimating the value of the property.
- Unless otherwise noted in the body of the report, it is assumed that there are no mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered unless otherwise stated in this Appraisal Report. Unless otherwise stated, it is also assumed that there are no air or developments rights of value that may be transferred.

By use of this Report, each party that uses this Report agrees to be bound by all of the Assumptions and Limiting Conditions, Hypothetical Conditions and Extraordinary Assumptions stated herein.





CERTIFICATION

We certify to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and is our personal, impartial and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- 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.
- 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 State of Texas.
- Morgan Pavloske made a personal inspection of the property that is the subject of this report. Mark Lowery, MAI, AI-GRS and Kevin Rushing, MAI did not make a personal inspection.
- No one provided significant real property appraisal assistance to the person (s) signing this certification.
- This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
- As of the date of this report, Mark Lowery, MAI, AI-GRS and Kevin Rushing, MAI have completed the continuing education program for Designated Members of the Appraisal Institute. Moreover, the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- We **have not** provided any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within a three-year period immediately preceding acceptance of this assignment.

MARK LOWERY, MAI, AI-GRS, CCIM, MRICS
Certificate No. TX1334103-G

KEVIN RUSHING, MAI
Certificate No. TX1381029-G

MORGAN PAVLOSKE
Certificate No. TX1381121-G





ADDENDUM





Appraisal Premise:

<u>Premise</u>	<u>Qualifier</u>	<u>Interest</u>
Market Value	As-Is	Fee Simple
Insurable Value	Insurable Cost	Fee Simple

Property Contact: Mendez, Property Ownermanriquer30@hotmail.com
 Phone(s): 305-922-6951

Fee: \$1,500.00
 Due Date: 2/29/2024

RFP COMMENTS: Subject is two condo units under contract.
 Please provide separate values.
 Thanks

AWARD COMMENTS: Please alert the Job Manager if items needed to complete this assignment has not been provided within five days. When completed, please upload an electronic copy of your report to www.rimscentral.com web site.

Scope of Services / Scope of Work

We acknowledge that the Scope of Work contained within the Letter of Engagement is an ongoing process; therefore, information and/or conditions discovered during the appraisal process may cause a reconsideration of the scope. Per USPAP [Standard Rule 2-2a (viii)], the appraiser should consider all applicable approaches to value for a credible valuation. If any approaches are deemed inapplicable, an explanation and rationale regarding its exclusion must be included and documented within the body of the appraisal report.

Appraiser Independence:

Appraiser Independence is a serious issue and one that is closely monitored by Hancock Whitney. Subsequent to accepting this engagement, you must immediately notify the Job Manager in writing, identified on the (FNC or RIMS) file, if you have been contacted by the borrower or anyone from loan production at any time during or before the award process. In addition, you must immediately notify the Job Manager both verbally and in writing if you experience undue influence, coercion or inappropriate actions by any party to the transaction that would compromise the independence of the collateral valuation function, including:

- Communicating a predetermined, expected, or qualifying estimate of value, or a loan amount or target loan-to-value ratio to an appraiser or person performing an evaluation.
- Specifying a minimum value requirement for the property that is needed to approve the loan or as a condition of ordering the valuation.
- Conditioning a person's compensation on loan consummation.
- Failing to compensate a person because a property is not valued at a certain amount.
- Implying that current or future retention of a person's services depends on the amount at which the appraiser or person performing an evaluation values a property.
- Excluding a person from consideration for future engagement because a property's reported market value does not meet a specified threshold.

You may also report incidents of undue influence, coercion or inappropriate actions by any party to the transaction, including the Hancock Whitney Appraisal Department Job Manager, to the Chief Appraiser, Elaine Ramirez at Elaine.Ramirez@hancockwhitney.com.

By completion of this assignment and submission of the appraisal with the appropriate signed USPAP





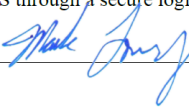
certification and without providing written notification to Hancock Whitney as stated above, you certify that your analysis and value conclusion(s) was completed independently and free from undue influence, coercion or inappropriate actions by any party to the transaction, or their agent(s).

Limitations on Liability and Indemnification Statements:

The appraiser may not as a condition of the assignment attempt to limit their liability, or have the bank indemnify them for any and all actions related to this assignment.

Should you experience any delays in the performance of this appraisal, please notify us in writing via email immediately. Notification should be no less than seven (7) days prior to the due date. Please contact Chad B. Taylor for delivery extension approval - which must be approved in advance of the delivery date. For Hard Copy delivery instructions please refer to the RFP.

This document was created 2/12/2024 7:47:36 AM by Chad Taylor BL for Hancock Whitney. The user's identity has been verified and authenticated by RIMS through a secure login. The original version of this document is retained in RIMS.

ACCEPTED: 

DATE: 02/12/2024





Appendix 4
Hancock Whitney
Environmental Site Inspection Checklist
To Be Completed by Relationship Manager or Appraiser (Not Owner/Agent)

Borrower:	<u>Botalon</u>	Inspection Date:	2/15/24
Address:	440 Cobia Drive, Units 1803 & 1804, Harris County, TX		
Actual / Proposed Use	Office Condo	Date of Construction:	2015

The on-site inspection revealed the following: (*All "Yes" responses require written comments*).

Property Use		YES	NO
1.	Gasoline Station / Convenience Store with Gas Service	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2.	Auto Repair or Maintenance	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3.	Dry Cleaning Operations	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4.	Photo Developing or Commercial Printing	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5.	Manufacturing or Heavy Industrial Use (Example: Ship Building)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6.	Car Wash	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Property Characteristics		YES	NO
7.	Floor Drains/ Sumps	<input type="checkbox"/>	<input checked="" type="checkbox"/>
8.	Air Stacks/ Vents/ Odors	<input type="checkbox"/>	<input checked="" type="checkbox"/>
9.	Mold/ Mildew	<input type="checkbox"/>	<input checked="" type="checkbox"/>
10.	Possible Asbestos sources (Pre 1980 Construction)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
11.	Underground or Aboveground Storage Tanks	<input type="checkbox"/>	<input checked="" type="checkbox"/>
12.	Pits, Ponds or Lagoons	<input type="checkbox"/>	<input checked="" type="checkbox"/>
13.	Wetlands/ Flooding (Wetlands Determination Recommended)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
14.	Oil/ Gas/ Water/ Monitoring Wells	<input type="checkbox"/>	<input checked="" type="checkbox"/>
15.	Radiation emitting equipment or Radioactive Materials	<input type="checkbox"/>	<input checked="" type="checkbox"/>
16.	On-site OWNED Electrical Transformers (PCBs or PCB containing equipment)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
17.	Hydraulic Lifts/ Elevators	<input type="checkbox"/>	<input checked="" type="checkbox"/>
18.	Equipment/ Vehicle Wash-Down Activities	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Stored Items		YES	NO
19.	Drums	<input type="checkbox"/>	<input checked="" type="checkbox"/>
20.	Tires	<input type="checkbox"/>	<input checked="" type="checkbox"/>
21.	Petroleum or Oil Products	<input type="checkbox"/>	<input checked="" type="checkbox"/>
22.	Auto or Industrial Batteries	<input type="checkbox"/>	<input checked="" type="checkbox"/>
23.	Stored Chemicals, Paints or Pesticides	<input type="checkbox"/>	<input checked="" type="checkbox"/>
24.	Dump Areas/ Solid Waste Storage Areas	<input type="checkbox"/>	<input checked="" type="checkbox"/>
25.	Spills or Releases (visible soil staining noted or stressed vegetation)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
26.	Waste Treatment Systems/Septic System or Liquid Waste Impoundment	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Other observations or comments:

In the case of existing improvements this inspection is not a home/building inspection, structural inspection, or pest inspection. By preparing this report the Relationship Manager is not acting as a home/building inspector, structural engineer or pest inspector. In performing the limited inspection of this property, areas that were readily accessible were visually observed and the review is superficial only. This inspection is not technically exhaustive and does not offer warranties or guarantees of any kind. It is advised to have the structure inspected by an inspector that offers such warranted or guaranteed inspection if there is any concern regarding adverse or negative conditions.

Morgan Pavloske
Property Inspector's Name (Print)

Morgan Pavloske
2/15/24
Property Inspector's Signature & Date





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107660 2800 309



COMMERCIAL CONTRACT - IMPROVED PROPERTY

USE OF THIS FORM BY PERSONS WHO ARE NOT MEMBERS OF THE TEXAS ASSOCIATION OF REALTORS®, INC. IS NOT AUTHORIZED.
©Texas Association of REALTORS®, Inc. 2022

1. **PARTIES:** Seller agrees to sell and convey to Buyer the Property described in Paragraph 2. Buyer agrees to buy the Property from Seller for the sales price stated in Paragraph 3. The parties to this contract are:

Seller: **D2K CONSULTANTS LLC SERIES TWO**

Address: **8010 Bulrush Canyon Trl, Katy, TX 77494-2061**

Phone: **(832)416-3410.**

E-mail: _____

Mobile: _____

Fax or Other: _____

Buyer: **Botalon on the Road LLC**

Address: **24102 Baneberry Road, Magnolia, TX 77355**

Phone: _____

E-mail: **arianda_2602@hotmail.com**

Mobile: _____

Fax or Other: _____

2. **PROPERTY:**

A. "Property" means that real property situated in Harris County, Texas at 440 Cobia Dr #1803 Katy, TX 77494 (address)

and that is legally described on the attached Exhibit A; and or as follows:

HCAD Number - 1344390180003

UNIT 1803 BLDG 18

.0114 INT COMMON LAND & ELE

GRAND RIDGE OFFICE CONDO AT GRAND PARKWAY AMEND

B. Seller will sell and convey the Property together with:

- (1) all buildings, improvements, and fixtures;
 - (2) all rights, privileges, and appurtenances pertaining to the Property, including Seller's right, title, and interest in any minerals, utilities, adjacent streets, alleys, strips, gores, and rights-of-way;
 - (3) Seller's interest in all leases, rents, and security deposits for all or part of the Property;
 - (4) Seller's interest in all licenses and permits related to the Property;
 - (5) Seller's interest in all third party warranties or guaranties, if transferable, relating to the Property or any fixtures;
 - (6) Seller's interest in any trade names, if transferable, used in connection with the Property; and
 - (7) all Seller's tangible personal property located on the Property that is used in connection with the Property's operations except: _____.
- Any personal property not included in the sale must be removed by Seller prior to closing.

(Describe any exceptions, reservations, or restrictions in Paragraph 12 or an addendum.)

(If mineral rights are to be reserved an appropriate addendum should be attached.)

(If the Property is a condominium, attach Commercial Contract Condominium Addendum (TXR-1930) or (TXR-1946).)

3. **SALES PRICE:** At or before closing, Buyer will pay the following sales price for the Property:

A. Cash portion payable by Buyer at closing \$ 117,000.00

B. Sum of all financing described in Paragraph 4 \$ 273,000.00

C. Sales price (sum of 3A and 3B) \$ 390,000.00

(TXR-1801) 07-08-22

Initialed for Identification by Seller

[Handwritten signatures and initials]

and Buyer

Page 1 of 15





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Commercial Contract - Improved Property concerning 440 Cobia Dr #1803 Katy, TX 77494

- H. Section 1958.154, Occupations Code requires Seller to provide Buyer a copy of any mold remediation certificate issued for the Property during the 5 years preceding the date the Seller sells the Property.
- I. Brokers are not qualified to perform property inspections, surveys, engineering studies, environmental assessments, or inspections to determine compliance with zoning, governmental regulations, or laws. Buyer should seek experts to perform such services. Buyer should review local building codes, ordinances and other applicable laws to determine their effect on the Property. Selection of experts, inspectors, and repairmen is the responsibility of Buyer and not the brokers. Brokers are not qualified to determine the credit worthiness of the parties. NOTICE OF WATER LEVEL FLUCTUATIONS: If the Property adjoins an impoundment of water, including a reservoir or lake, constructed and maintained under Chapter 11, Water Code, that has a storage capacity of at least 5,000 acre-feet at the impoundment's normal operating level, Seller hereby notifies Buyer: "The water level of the impoundment of water adjoining the Property fluctuates for various reasons, including as a result of: (1) an entity lawfully exercising its right to use the water stored in the impoundment; or (2) drought or flood conditions."
- J. PUBLIC IMPROVEMENT DISTRICTS: If the Property is in a public improvement district, Seller is required by §5.014, Property Code to give Buyer a written notice concerning the obligation to pay assessments. The form of the required notice is available as a part of the Notice of Obligation to Pay Improvement District Assessment (TXR-1955).
- K. LICENSE HOLDER DISCLOSURE: Texas law requires a real estate license holder who is a party to a transaction or acting on behalf of a spouse, parent, child, business entity in which the license holder owns more than 10%, or a trust for which the license holder acts as a trustee or of which the license holder or the license holder's spouse, parent or child is a beneficiary, to notify the other party in writing before entering into a contract of sale. Disclose if applicable: _____

26. CONTRACT AS OFFER: The execution of this contract by the first party constitutes an offer to buy or sell the Property. Unless the other party accepts the offer by 5:00 p.m., in the time zone in which the Property is located, on December 1, 2023, the offer will lapse and become null and void.

READ THIS CONTRACT CAREFULLY. The brokers and agents make no representation or recommendation as to the legal sufficiency, legal effect, or tax consequences of this document or transaction. CONSULT your attorney BEFORE signing.

Seller: D2K CONSULTANTS LLC SERIES TWO Buyer: Botalon on the Road LLC

By: Brian O'Kelly DocuSigned by:
By (signature): [Signature]
Printed Name: Brian O'Kelly
Title: _____

By: ARIADNA VLADILO DocuSigned by:
By (signature): [Signature]
Printed Name: ARIADNA VLADILO
Title: _____

By: _____
By (signature): _____
Printed Name: _____
Title: _____

By: RICHARD MARRIQUE DocuSigned by:
By (signature): [Signature]
Printed Name: RICHARD MARRIQUE
Title: _____

(TXR-1801) 07-08-22

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Commercial Contract - Improved Property concerning 440 Cobia Dr #1803 Katy, TX 77494

AGREEMENT BETWEEN BROKERS

(use only if Paragraph 9B(1) is effective)

Principal Broker agrees to pay _____ (Cooperating Broker) a fee when the Principal Broker's fee is received. The fee to be paid to Cooperating Broker will be:

- \$ _____, or
- _____ % of the sales price, or
- _____ % of the Principal Broker's fee.

The title company is authorized and directed to pay Cooperating Broker from Principal Broker's fee at closing. This Agreement Between Brokers supersedes any prior offers and agreements for compensation between brokers.

Principal Broker: _____ Cooperating Broker: _____

By: _____ By: _____

ATTORNEYS

Seller's attorney: _____ Buyer's attorney: _____

Address: _____ Address: _____

Phone & Fax: _____ Phone & Fax: _____

E-mail: _____ E-mail: _____

Seller's attorney requests copies of documents, notices, and other information:

- the title company sends to Seller.
- Buyer sends to Seller.

Buyer's attorney requests copies of documents, notices, and other information:

- the title company sends to Buyer.
- Seller sends to Buyer.

ESCROW RECEIPT

The title company acknowledges receipt of:

- A. the contract on this day November 27, 2023 (effective date);
- B. earnest money in the amount of \$ _____ in the form of _____ on _____.

Title company: Charter Title Co. Address: 1717 W Loop South, 12th Floor

By: Sari LaGrone Houston, Texas 77027

Sari LaGrone, Vice President Phone & Fax: _____

Assigned file number (GF#): 1076602300309 E-mail: _____

Sari LaGrone 281-415-8424 slagrone@chartertitle.com
Teri Houk (assistant) 713-966-4834 teri.houk@chartertitle.com





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107660 2300308



COMMERCIAL CONTRACT - IMPROVED PROPERTY

USE OF THIS FORM BY PERSONS WHO ARE NOT MEMBERS OF THE TEXAS ASSOCIATION OF REALTORS®, INC. IS NOT AUTHORIZED.
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1. PARTIES: Seller agrees to sell and convey to Buyer the Property described in Paragraph 2. Buyer agrees to buy the Property from Seller for the sales price stated in Paragraph 3. The parties to this contract are:

Seller: **D2K CONSULTANTS LLC SERIES ONE**

Address: **8010 Bulrush Canyon Trl, Katy, TX 77494-2061**

Phone: **(832)416-3410**

E-mail: _____

Mobile: _____

Fax or Other: _____

Buyer: **Botalon on the Road LLC**

Address: **24102 Baneberry Road, Magnolia, TX 77355**

Phone: _____

E-mail: **arianda_2602@hotmail.com**

Mobile: _____

Fax or Other: _____

2. PROPERTY:

A. "Property" means that real property situated in Harris County, Texas at 440 Cobia Dr #1804 Katy, TX 77494 (address)

and that is legally described on the attached Exhibit A; and _____ or as follows:

HCAD Number - 1344390180004

UNIT 1804 BLDG 18

.0114 INT COMMON LAND & ELE

GRAND RIDGE OFFICE CONDO AT GRAND PARKWAY AMEND

B. Seller will sell and convey the Property together with:

- (1) all buildings, improvements, and fixtures;
- (2) all rights, privileges, and appurtenances pertaining to the Property, including Seller's right, title, and interest in any minerals, utilities, adjacent streets, alleys, strips, gores, and rights-of-way;
- (3) Seller's interest in all leases, rents, and security deposits for all or part of the Property;
- (4) Seller's interest in all licenses and permits related to the Property;
- (5) Seller's interest in all third party warranties or guaranties, if transferable, relating to the Property or any fixtures;
- (6) Seller's interest in any trade names, if transferable, used in connection with the Property; and
- (7) all Seller's tangible personal property located on the Property that is used in connection with the Property's operations except: _____

Any personal property not included in the sale must be removed by Seller prior to closing.

(Describe any exceptions, reservations, or restrictions in Paragraph 12 or an addendum.)

(If mineral rights are to be reserved an appropriate addendum should be attached.)

(If the Property is a condominium, attach Commercial Contract Condominium Addendum (TXR-1930) or (TXR-1946).)

3. SALES PRICE: At or before closing, Buyer will pay the following sales price for the Property:

A. Cash portion payable by Buyer at closing \$ 117,000.00

B. Sum of all financing described in Paragraph 4 \$ 273,000.00

C. Sales price (sum of 3A and 3B) \$ 390,000.00

(TXR-1801) 07-08-22

Initialed for Identification by Seller

[Handwritten signatures and initials]

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Commercial Contract - Improved Property concerning 440 Cobia Dr #1804 Katy, TX 77494

- H. Section 1958.154, Occupations Code requires Seller to provide Buyer a copy of any mold remediation certificate issued for the Property during the 5 years preceding the date the Seller sells the Property.
- I. Brokers are not qualified to perform property inspections, surveys, engineering studies, environmental assessments, or inspections to determine compliance with zoning, governmental regulations, or laws. Buyer should seek experts to perform such services. Buyer should review local building codes, ordinances and other applicable laws to determine their effect on the Property. Selection of experts, inspectors, and repairmen is the responsibility of Buyer and not the brokers. Brokers are not qualified to determine the credit worthiness of the parties. NOTICE OF WATER LEVEL FLUCTUATIONS: If the Property adjoins an impoundment of water, including a reservoir or lake, constructed and maintained under Chapter 11, Water Code, that has a storage capacity of at least 5,000 acre-feet at the impoundment's normal operating level, Seller hereby notifies Buyer: "The water level of the impoundment of water adjoining the Property fluctuates for various reasons, including as a result of: (1) an entity lawfully exercising its right to use the water stored in the impoundment; or (2) drought or flood conditions."
- J. PUBLIC IMPROVEMENT DISTRICTS: If the Property is in a public improvement district, Seller is required by §5.014, Property Code to give Buyer a written notice concerning the obligation to pay assessments. The form of the required notice is available as a part of the Notice of Obligation to Pay Improvement District Assessment (TXR-1955).
- K. LICENSE HOLDER DISCLOSURE: Texas law requires a real estate license holder who is a party to a transaction or acting on behalf of a spouse, parent, child, business entity in which the license holder owns more than 10%, or a trust for which the license holder acts as a trustee or of which the license holder or the license holder's spouse, parent or child is a beneficiary, to notify the other party in writing before entering into a contract of sale. Disclose if applicable: _____

26. CONTRACT AS OFFER: The execution of this contract by the first party constitutes an offer to buy or sell the Property. Unless the other party accepts the offer by 5:00 p.m., in the time zone in which the Property is located, on December 1, 2023, the offer will lapse and become null and void.

READ THIS CONTRACT CAREFULLY. The brokers and agents make no representation or recommendation as to the legal sufficiency, legal effect, or tax consequences of this document or transaction. CONSULT your attorney BEFORE signing.

Seller: D2K CONSULTANTS LLC SERIES ONE Buyer: Botalon on the Road LLC

By: Brian O'Kelly DocuSigned by:
By (signature): [Signature]
Printed Name: Brian O'Kelly
Title: _____

By: ARIADNA VLADILO DocuSigned by:
By (signature): [Signature]
Printed Name: ARIADNA VLADILO
Title: _____

By: _____
By (signature): _____
Printed Name: _____
Title: _____

By: RICHARD MARRIQUE DocuSigned by:
By (signature): [Signature]
Printed Name: RICHARD MARRIQUE
Title: _____

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Commercial Contract - Improved Property concerning 440 Cobia Dr #1804 Katy, TX 77494

AGREEMENT BETWEEN BROKERS

(use only if Paragraph 9B(1) is effective)

Principal Broker agrees to pay _____ (Cooperating Broker) a fee when the Principal Broker's fee is received. The fee to be paid to Cooperating Broker will be:

- \$ _____, or
- _____ % of the sales price, or
- _____ % of the Principal Broker's fee.

The title company is authorized and directed to pay Cooperating Broker from Principal Broker's fee at closing. This Agreement Between Brokers supersedes any prior offers and agreements for compensation between brokers.

Principal Broker: _____ Cooperating Broker: _____

By: _____ By: _____

ATTORNEYS

Seller's attorney: _____ Buyer's attorney: _____

Address: _____ Address: _____

Phone & Fax: _____ Phone & Fax: _____

E-mail: _____ E-mail: _____

Seller's attorney requests copies of documents, notices, and other information:

- the title company sends to Seller.
- Buyer sends to Seller.

Buyer's attorney requests copies of documents, notices, and other information:

- the title company sends to Buyer.
- Seller sends to Buyer.

ESCROW RECEIPT

The title company acknowledges receipt of:

- A. the contract on this day November 27, 2023 (effective date);
- B. earnest money in the amount of \$ _____ in the form of _____ on _____.

Title company: Charter Title Co Address: 1717 W Loop South, 12th Floor

By: Sari LaGrone Houston, Texas 77027

Phone & Fax: _____

Assigned file number (GF#): 1076602300308 E-mail: _____

Sari LaGrone 281-415-8424 slagrone@chartertitle.com
Teri Houk (assistant) 713-966-4834 teri.houk@chartertitle.com



MARK LOWERY, MAI, AI-GRS, CCIM, MRICS

DFW OFFICE

105 Decker Court #1000
Irving, Texas 75062

cell 214.300.8466
ofc 214.347.8558 x 301
mark@lowerypa.com

EXPERIENCE

Mark is the owner and founder of LPA and serves as President and CEO. LPA is a commercial appraisal and consulting firm completing a wide range of projects throughout the southwest. Property types include, but are not limited to office, retail, industrial, multi-family, retail, self-storage, hotel / motel, carwashes, vacant land, daycare, subdivisions, etc.

Mark began his appraisal career with Wells Fargo Bank focusing primarily on residential appraisal review. In 2002, he moved to BRG, Inc. as a Senior Appraiser recruiting and training multiple appraisers. In 2010, Mark founded LPA which has grown to include multiple offices.

Mark has experience with litigation support for legal matters in both federal and state courts. Numerous clients, including attorneys, insurance companies, and lenders nationwide have relied on his expertise in a review appraiser capacity. Mark has been called upon as guest lecturer at his beloved alma mater, Texas A&M.

PROFESSIONAL ASSOCIATIONS

- Appraisal Institute
 - National Nominating 2023
 - University Relations 2022
 - President North Texas 2020
 - Vice President North Texas 2019
 - Secretary North Texas 2018
 - Treasurer North Texas 2017
 - President Central Texas 2016
- Member Royal Institute of Chartered Surveyors – (MRICS)
- CCIM Institute – Designated Member
- North Texas Association of Government Guaranteed Lenders
- Urban Land Institute
- Society of Texas A&M Real Estate Professionals
- Aggie 100 List – 2013, 2014, 2015, 2022
- American Society of Appraisers – Designated (ASA)
- Appraisal Foundation (IAC Member)

LICENSES

Texas General Appr.
1334103

Texas Broker License
0515247

Oklahoma General Appr.
13395CGA

Louisiana General Appr.
G4147

New Mexico General Appr.
03688-G

EDUCATION

BBA – Texas A&M University – Finance, Real Estate Emphasis

Coursework for MAI designation

Coursework for CCIM designation

Coursework for AI-GRS designation



Appraiser: **Mark Rayburn Lowery**
License #: **TX 1334103 G**

**Certified General
Real Estate Appraiser**

License Expires: **09/30/2024**

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.


Chelsea Buchholtz
Commissioner

KEVIN RUSHING, MAI

HOUSTON OFFICE

920 Memorial City Way
Suite 750
Houston, Texas 77024

cell 713.829.2148
ofc 713.338.2557 x 504
kevin@lowerypa.com

APPRAISAL / REAL ESTATE EXPERIENCE

July 2018 to Present; Managing Director at Lowery Property Advisors, LLC

Types of properties appraised include: office, retail, industrial, mixed-use developments, restaurants, hotels, car washes, land, and other types of commercial properties.

EDUCATION

MS Real Estate – Texas A&M University
BS Construction Science – Texas A&M University

Successfully completed the following courses administered by *McKissock Appraisal Education*:

- Basic Appraisal Principles
- Basic Appraisal Procedures
- Uniform Standards of Professional Appraisal Practice
- Real Estate Finance, Statistics, and Valuation Modeling
- Business Practices and Ethics
- General Appraiser Income Capitalization Approach - I
- General Appraiser Sales Comparison Approach
- General Appraiser Site Valuation and Cost Approach
- General Appraiser Report Writing and Case Studies
- General Appraiser Market Analysis and Highest and Best Use
- Appraisal of Fast-Food Facilities
- Supporting Your Adjustments
- Intermediate Income Approach Case Studies for Commercial Appraisers

Successfully completed the following courses administered by *The Appraisal Institute*:

- General Demonstration Report – Capstone Program
- Business Practices and Ethics Course
- General Demonstration Report Writing

LICENSES

Texas General Appraiser
1381029-G

Louisiana General Appraiser
G-4442



**Certified General
Real Estate Appraiser**

Appraiser: **Kevin Patrick Rushing**
License #: **TX 1381029 G**

License Expires: **09/30/2024**

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.


Chelsea Buchholtz
Commissioner

MORGAN PAVLOSKE

HOUSTON OFFICE

920 Memorial City Way
Suite 750
Houston, Texas 77024

cell 281.971.3140
ofc 713.338.2557 x 503
morgan@lowerypa.com

APPRAISAL / REAL ESTATE EXPERIENCE

February 2022 to Present; Director at *LPA – Houston*

September 2021 to January 2022; Senior Associate at *LPA – Houston*

January 2020 to August 2021; Associate at *LPA – Houston*

May 2019 – December 2019; Summer Associate at *LPA – Houston*

Types of properties appraised include: office, retail, industrial, multi-family, mixed-use developments, restaurants, vacant land, special use, and other types of commercial properties.

EDUCATION

BBA Finance – *Texas A&M University*

MS Real Estate – *Texas A&M University*

Successfully completed the following courses administered by *McKissock Appraisal Education*:

- Basic Appraisal Principles
- Basic Appraisal Procedures
- Texas Supervisor-Trainee Course
- 15-hour National USPAP Course
- General Report Writing and Case Studies
- General Sales Comparison Approach
- General Appraiser Site Valuation and Cost Approach

Successfully completed the following applicable courses at *Texas A&M University*:

- Real Estate Decision Making
- Real Estate Investment Analysis
- Real Property Analysis
- Real Property Valuation
- Commercial Real Estate Law
- Market Analysis for Real Estate Development
- Real Estate Analytics
- Land Economics
- Real Property Finance
- Analysis of Real Estate Decisions
- Real Estate Development Analysis
- Income Property Land Development
- GIS in Landscape and Urban Planning

LICENSE

Texas General Appraiser
TX-1381121-G



**Certified General
Real Estate Appraiser**

Appraiser: **Morgan Michelle Pavloske**
License #: **TX 1381121 G**

License Expires: **08/31/2025**

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.

Chelsea Buchholz
Chelsea Buchholz
Commissioner