July 23, 2025

A Retail / Mixed-use Building
Attn: Edwin Shelton
322 Laurel St
La Marque, TX 77568

RE: 322 Laurel St
La Marque, TX 77568
BAAR File # 07-25-0518

To whom it may concern:

Pursuant to your request, the purpose of this assignment is to provide a current opinion of Market Value for the subject property, subject to the Assumptions, Limiting Conditions and Certification contained within the report. The client and intended user of this report is Multi-Metal Manufacturing/ Kevin Fite. Pursuant to the client's request, this Report has been prepared as a ***Restricted Appraisal Report*** in conformance with the Uniform Standards of Professional Appraisal Practice ("USPAP").

Per USPAP guidelines, ***Restricted Appraisal*** reports are limited for use only by the client referenced above. Furthermore, the appraiser's opinions and conclusions set forth in a ***Restricted Appraisal Report*** may not be understood properly without additional information contained within the appraiser's work file. Nonetheless, per USPAP guidelines, data contained within the appraiser's work file is sufficient to produce an *Appraisal* report. The analysis and conclusions relative to the purpose of this assignment are provided herein. This analysis concludes that the Market Value of the "as is" Leased Fee interest, as of July 18, 2025, is considered reasonable at:

ONE MILLION ONE HUNDRED FIFTY-FIVE THOUSAND DOLLARS

($1,155,000)

Data relative to the current opinion of Market Value is based strictly on a restricted use report format. The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, our interpretation of the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP) and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

It has been a pleasure to assist you with this assignment. If you have any questions concerning the analysis, or if BAAR can be of further service, please do not hesitate to contact us.

Respectfully submitted,

Adam J. Hardej, Jr.
President & Chief Appraiser
TX Certified General Appraiser
License No.: TX 1338418
Adam@BAARrealtyadvisors.com
800-851-1855

PROPERTY DESCRIPTION

Parcel	Year Built	GBA	Lot ac	lot sf
390025	1965	11,014	0.55	23,739
		11,014	**0.55**	**23,739**

The subject consists of a single tax parcel in Galveston County, Texas noted with a street address of 322 Laurel St in La Marque, Texas. The subject property features class C concrete block / brick masonry building that contains 11,014 square feet of gross building area situated on a 0.55 acre (23,739 square foot) site. Per the county property card, the building was originally constructed circa 1965 and is noted as commercial / retail use. The subject is a semi-attached building in a mixed-use commercial neighborhood currently occupied by a church and a funeral home. The lease agreements were not provided for review; however, the prior listing notes the church is in place through the 1st quarter of 2026. The improvements have recent updates and renovations including HVAC system and roof along with interior renovations done for the church and funeral home uses. Additional improvements consist of concrete paved parking in front of the building improvement. The build-out meets market standards for comparable space with finished offices, workspace and meeting areas. The interior finishes include pained drywall, drop acoustic tile ceilings and carpet and ceramic tile flooring. On-Site Landscaping is minimal and typical for the mixed commercial / residential neighborhood.

The subject is located in the city of La Marque in the Restricted Commercial zoning district. The subject site and improvements are located in a mixed commercial / residential neighborhood and conform to this area.

The property is located in FEMA Flood Zone X500L per map panel 48167C-0265G dated August 15, 2019. This zone is defined as “An area determined to be outside the 100- and 500-year flood plain.

No easements other than those for typical utilities were noted during the inspection. This appraisal assumes that there are no adverse easements that negatively affect value. A preliminary title report was provided for review, and the title is assumed to be good and marketable.

LEGAL DESCRIPTION

A preliminary title report was provided for review; as a result, the information contained herein is derived from new survey. The legal description from the survey provided is as follows.

ABST 150 J D MOORE SUR PT OF TR 100 (100-6) DIV D COOK & STEWART SUB

Title to said estate or interest at the date hereof is vested in:

Edwin Shelton

OWNERSHIP AND PROPERTY HISTORY

A preliminary title report was provided for review. Title to the subject parcel is currently vested to Edwin Shelton. Texas is a non-disclosure state and sale prices are not shown on public records. The subject has been owned by the current owner for an extended period with no transfers or sales noted on Realquest or the county. There have been no transfers / sales within the prior three years, and no other listings of the subject found within the prior twelve months. The property was not found listed for sale via CoStar, Loopnet or online MLS sources within the prior twelve months.

SIGNIFICANT OBSERVATIONS, RECOMMENDATIONS AND IMPORTANT ISSUES:

None

The subject is located in La Marque which is part of the Houston regional market and more specifically is within the NASA / Clear Lake submarket which includes Clear Lake, Texas City, La Marque and Galveston. We have reviewed and included below the subject's retail submarket report from CoStar Analytics.

NASA / Clear Lake Retail Submarket Report

Costar Analytics, July 2025

Overview

NASA/Clear Lake Retail

12 Mo Deliveries in SF	12 Mo Net Absorption in SF	Vacancy Rate	Market Asking Rent Growth
62.8K	7.7K	5.9%	2.0%

NASA/Clear Lake is a fast-growing, affluent suburb 25 miles southeast of Downtown Houston. It includes the cities of Friendswood, Webster, and League City. Residents are drawn to the area for its proximity to water.

While down from the recent high of 6.2% in 24Q4, the headline vacancy rate, 5.9%, remains elevated by metro standards, 5.3%. Like the metro trend, the demand picture remains fragmented. More than 80% of available space was built before 2000. Tenants seeking newer, higher-quality space are finding few available options. Today, there is 81,000 SF under construction, only 20% of which is available for lease, which will provide little relief to tenants searching for first-generation space.

With 30.1 million SF of retail inventory, the submarket is the second largest in the Houston metro, behind only Montgomery County. The area is home to the super regional Mainland City Centre—formerly known as Mall of the Mainland—one of the largest in Houston. While retail developers have been primarily active in Houston's northern and western suburbs this past decade, some new projects have also made their way here. Over the past five years, approximately 570,000 SF in net deliveries have been added, which expanded total inventory by just 1.9% due to its already large existing inventory.

Many of the new projects have been build-to-suit projects, including service stations and fast-food restaurants catering to the local population, though a few larger projects have made their way here as well, like an H-E-B supermarket and a Chicken N Pickle, both in Webster.

Like national and regional trends, groundbreakings have slowed over the past several quarters as high borrowing and construction costs have kept many developers unable to move forward on proposed projects. New supply in 2025 is projected to be among the lowest on record.

Average triple-net asking rents of $22.00/SF are about $2/SF below the Houston average. Rents here are less than half the rate seen in submarkets within the urban core, such as the Galleria/Uptown Submarket, which includes some of the most affluent areas in Houston. Some of the highest rents are often found in Webster, near NASA. For example, there is available space in the Boulevard Shopping Center being offered at $36/SF NNN. Incomes there are some of the highest and new supply has often been in that area.

Rent gains have slowed since early 2023 and at 2.0%, as of the third quarter of 2025, annual rent growth is below the 2015-2019 annual average of 2.4%. Local brokers have noted that tenants have begun to push back on elevated rents as rising costs are squeezing profit margins. Due to its proximity to the water, the area is especially vulnerable to hurricanes. Insurance costs have increased dramatically over the past few years. Even so, with groundbreakings at all-time lows, there is a potential for rent growth to reaccelerate by the end of 2025/early 2026 as more robust demand and a slowdown in new supply drive vacancy lower.

Long term, the area's unique demand drivers are intact and supportive of retail demand. For commuters, the area is easily accessible by major highways such as I-45 and Beltway 8. Top employment sectors include aerospace, biotechnology, and tourism. NASA employs more than 11,000 people and is an important economic driver not just here but for all of Houston. The Space Center Houston—the tourist arm of the Johnson Space Center (JSC) and one of the most visited attractions in Texas—generates a $120 million annual economic impact on the greater Houston area. Additionally, biotechnology employs more than 3,000 workers in the area and is a growing industry largely fostered by JSC and the Texas Medical Center in Houston.

These high-paying jobs have strengthened the purchasing power potential of the submarket's consumer base and should continue to support the local retail market. Median household incomes are above $100,000, which is well above the metro median of $81,000.

KEY INDICATORS

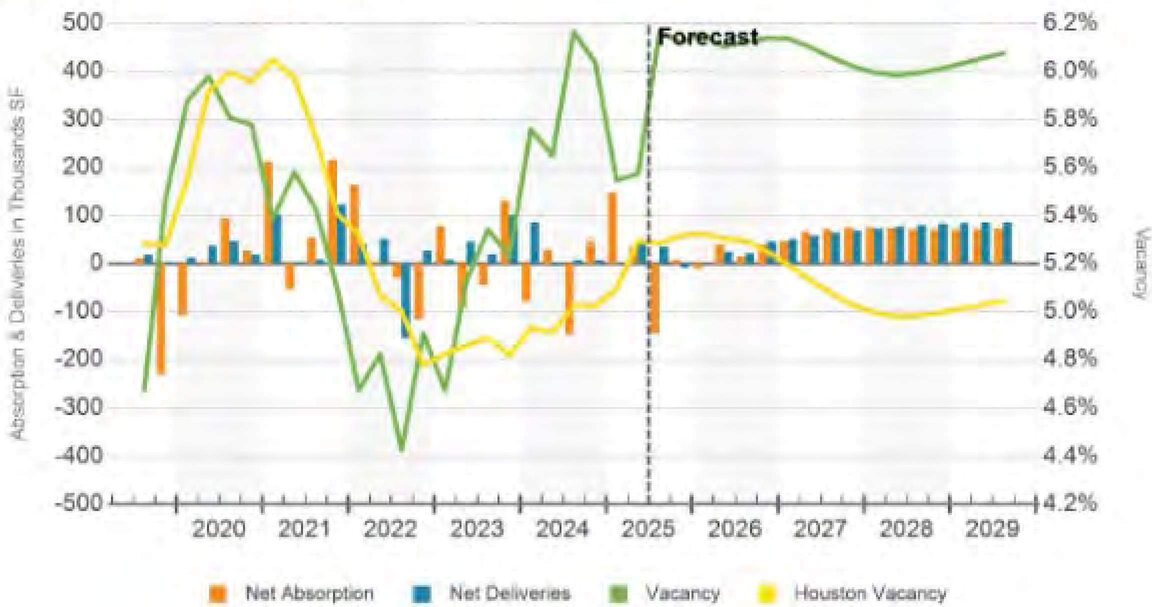
Current Quarter	RBA	Vacancy Rate	Market Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Malls	1,157,575	5.2%	$20.24	5.2%	0	0	0
Power Center	3,117,622	5.5%	$23.06	4.7%	(23,800)	0	0
Neighborhood Center	7,664,647	10.6%	$24.68	11.0%	(61,221)	0	0
Strip Center	2,867,939	5.9%	$21.72	7.7%	(7,004)	0	0
General Retail	15,142,060	3.7%	$20.85	4.8%	(11,755)	0	80,943
Other	100,586	0%	$12.14	0%	0	0	0
Submarket	**30,050,429**	**5.9%**	**$22.08**	**6.6%**	**(103,780)**	**0**	**80,943**

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy	0.1% (YOY)	6.4%	6.1%	10.0%	2009 Q1	4.4%	2022 Q3
Net Absorption SF	7.7K	291,603	185,576	1,092,960	2008 Q1	(323,519)	2020 Q2
Deliveries SF	62.8K	331,377	254,054	1,006,106	2009 Q2	21,380	2025 Q1
Market Asking Rent Growth	2.0%	2.0%	2.6%	4.4%	2022 Q4	-1.3%	2010 Q2
Sales Volume	$15.2M	$45.3M	N/A	$149.7M	2012 Q1	$7.1M	2006 Q4

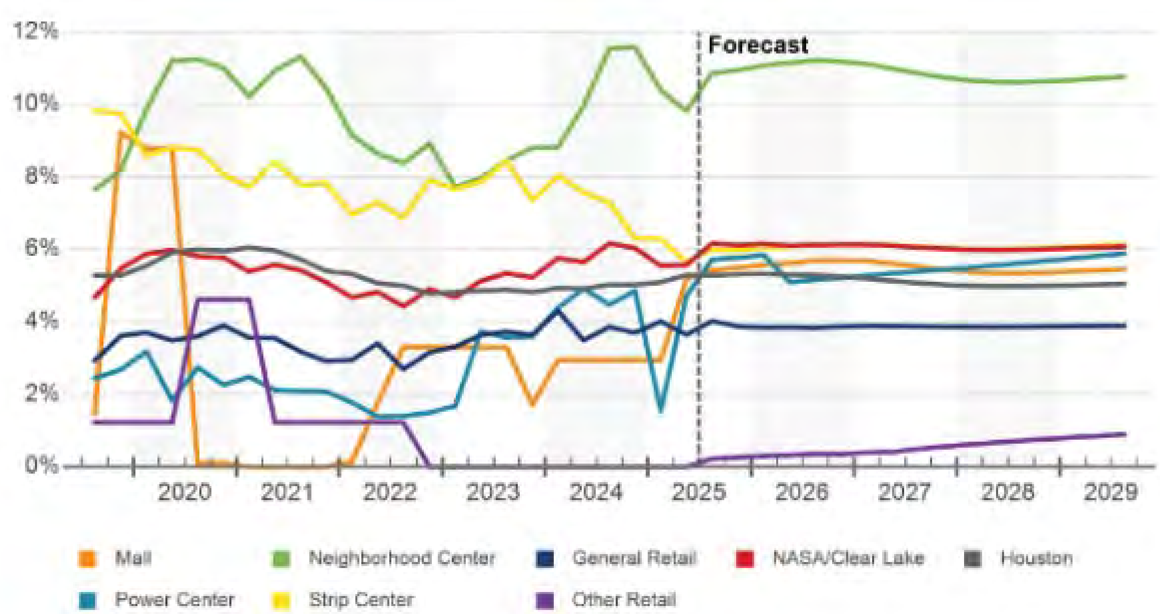
Leasing

NASA/Clear Lake Retail

NET ABSORPTION, NET DELIVERIES & VACANCY



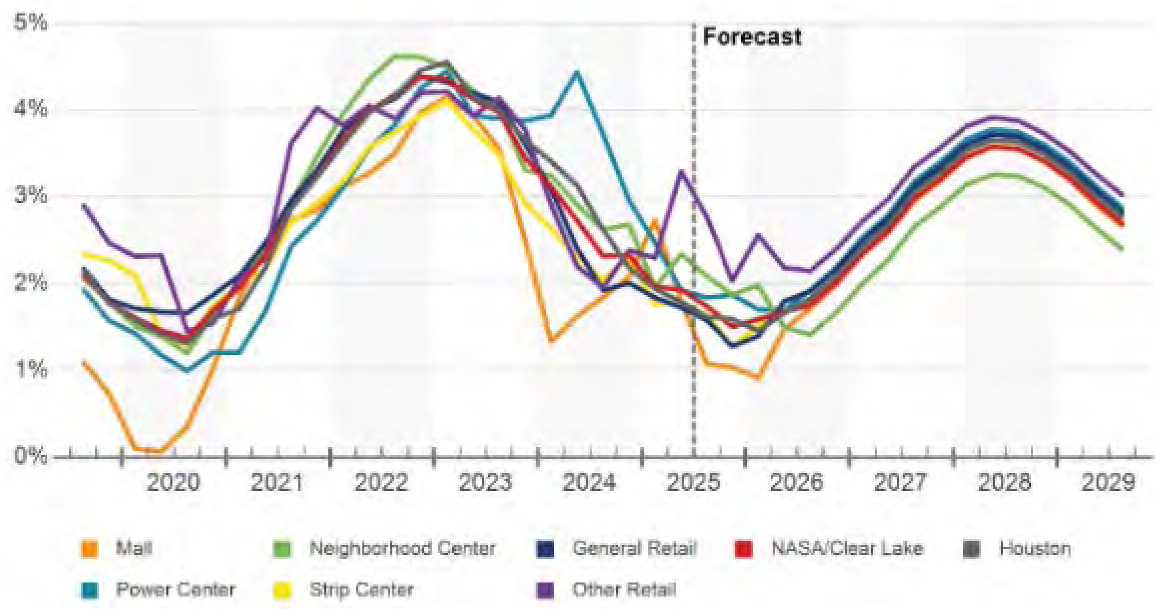
VACANCY RATE



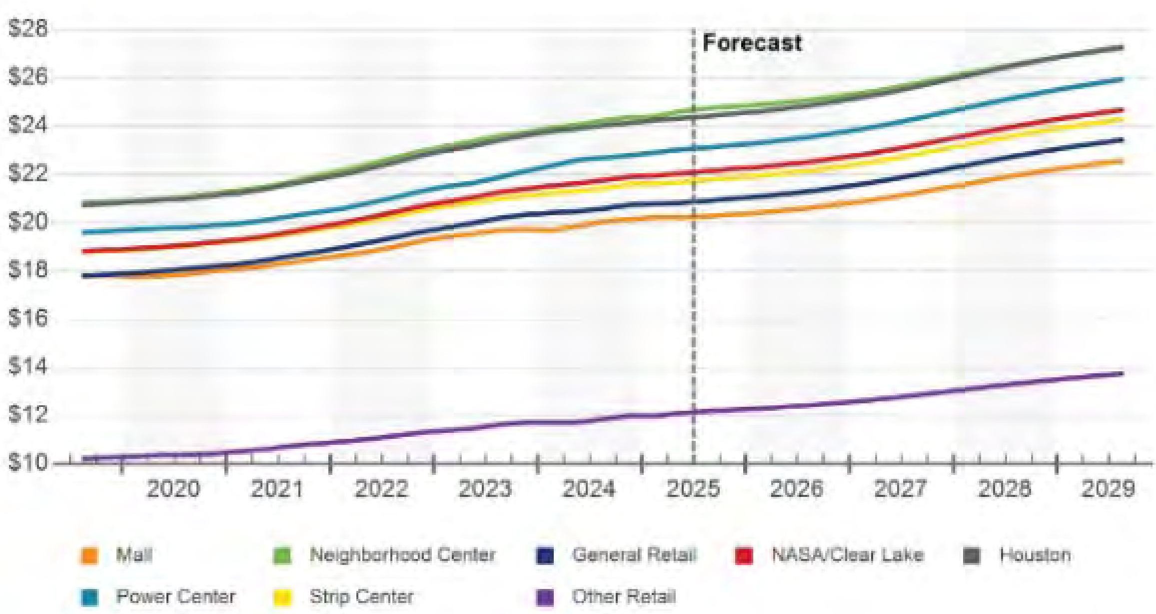
Rent

NASA/Clear Lake Retail

MARKET ASKING RENT GROWTH (YOY)



MARKET ASKING RENT PER SQUARE FEET



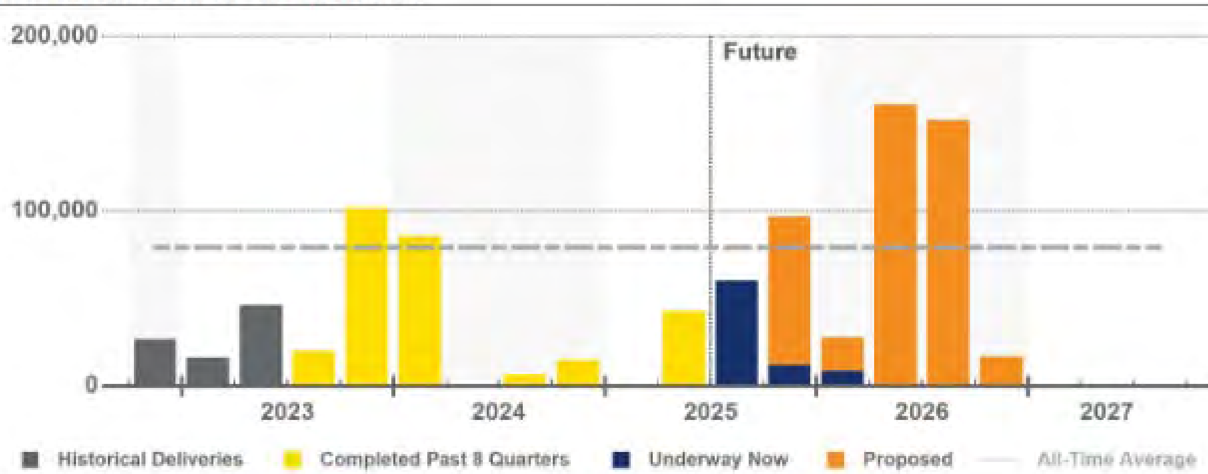
Construction

NASA/Clear Lake Retail

All-Time Annual Avg. Square Feet	Delivered Square Feet Past 8 Qtrs	Delivered Square Feet Next 8 Qtrs	Proposed Square Feet Next 8 Qtrs
316,524	271,822	80,943	434,087

PAST 8 QUARTERS DELIVERIES, UNDER CONSTRUCTION, & PROPOSED

PAST & FUTURE DELIVERIES IN SQUARE FEET



SALES

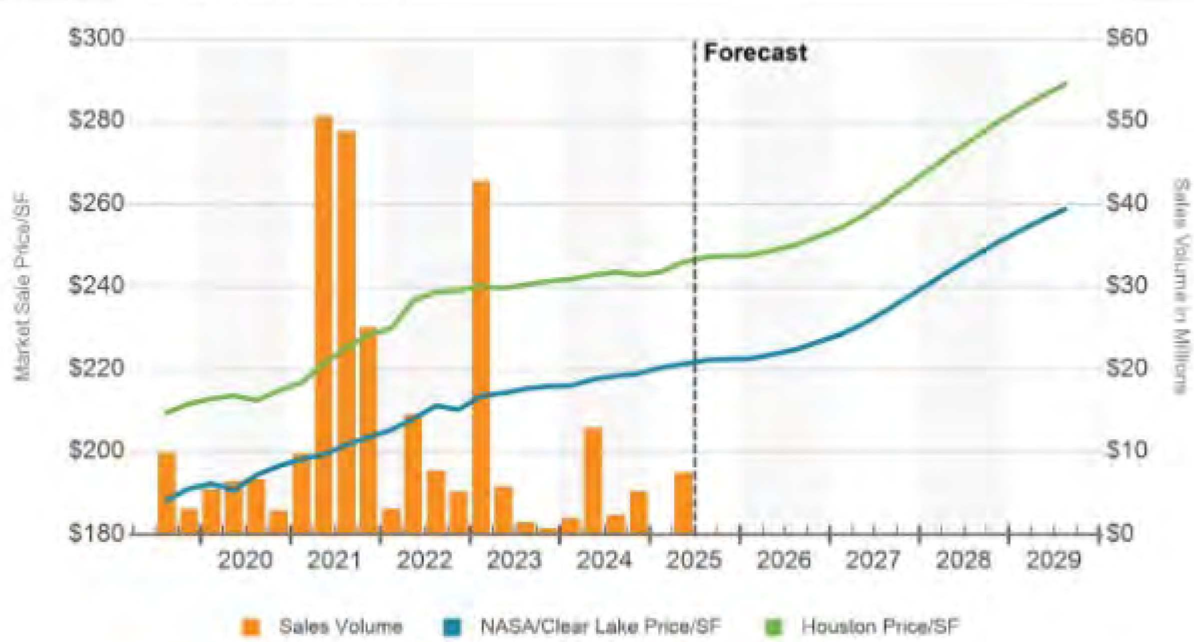
As Houston's second-largest submarket by inventory, the NASA/Clear Lake Submarket has historically been among the most liquid investment markets, with local and institutional investors both active here. Value-add plays and higher cap rates relative to the metro have drawn interest in the area's assets over the years. Institutional, REITs, and private equity own about 25% of the market share, while the remainder is primarily held by private capital and users.

Like national and regional trends, the investment market continues to be impacted by high borrowing costs and tight lending standards. Private investors are driving activity and smaller, private deals have made up the bulk of recent transactions.

Even though rent growth is slowing, many retail properties continue to offer growth in the form of mark-to-market opportunity. In-place rents on leases signed five years ago average more than 15% below asking rents. In May, a private investor bought the 48,000-SF Fairporte Green Shopping Center in La Porte for an undisclosed price. The 1985-built center was last renovated in 2013 and 65% leased at the time of sale.

Cap rates in well-leased unanchored retail strip centers and large power centers typically fall in the 7% to 8% range depending on the age of the property and location. For example, in February, the 30,000-SF Rainbow Shopping Center in Dickinson sold at a 7.3% cap rate. The 1962-built property was 100% leased at the time of sale.

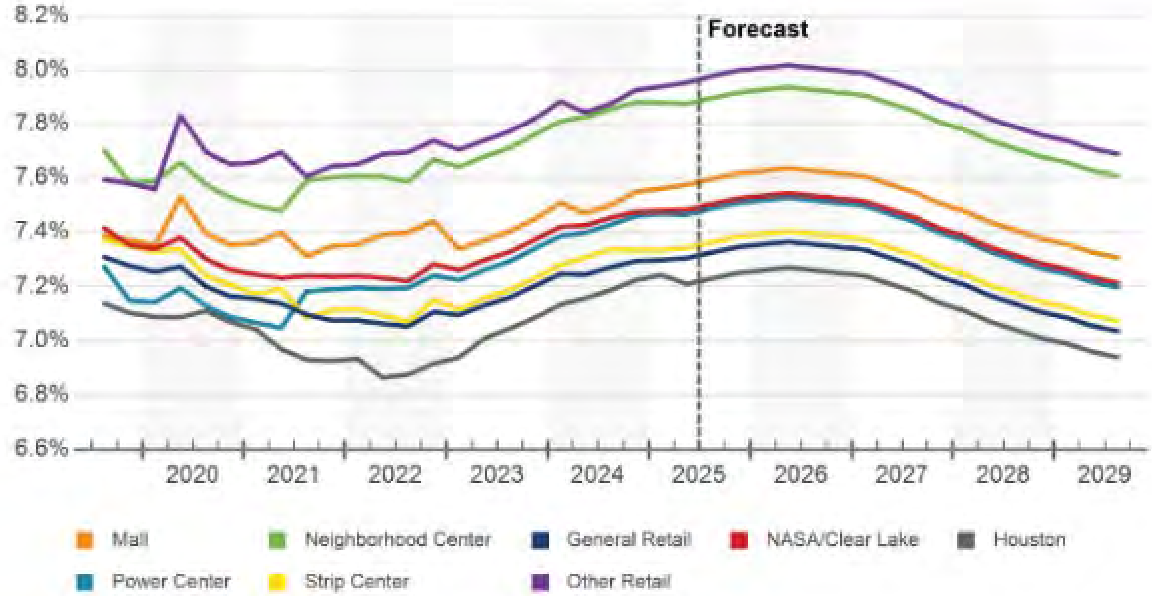
SALES VOLUME & MARKET SALE PRICE PER SF



Sales

NASA/Clear Lake Retail

MARKET CAP RATE



Sales Past 12 Months

NASA/Clear Lake Retail

Sale Comparables	Avg. Cap Rate	Avg. Price/SF	Avg. Vacancy At Sale
112	8.0%	$179	4.4%

SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	$230,000	$2,481,802	$2,135,000	$7,500,000
Price/SF	$68	$179	$176	$630
Cap Rate	6.7%	8.0%	7.3%	10.3%
Time Since Sale in Months	0.2	5.9	6.2	11.9
Property Attributes	**Low**	**Average**	**Median**	**High**
Building SF	1,058	10,530	4,653	98,457
Stories	1	1	1	3
Typical Floor SF	1,058	10,117	4,412	98,457
Vacancy Rate At Sale	0%	4.4%	0%	100%
Year Built	1859	1986	1985	2024
Star Rating	★★☆☆☆	★★☆☆☆ 2.7	★★★☆☆	★★★★☆

SUMMARY OF SALIENT FACTS

Property Location:	322 Laurel St, La Marque, TX 77568
Property Owner/Entity:	Edwin Shelton
Assessor's Parcel Number	390025
Zoning:	C-2 - Restricted Commercial District
Flood Zone:	Zone X
Effective Date of Appraisal:	July 18, 2025
Date of the Report:	July 23, 2025
Date of Inspection:	July 18, 2025
Ownership/Occupancy:	100% Tenant Occupied
Property Rights Appraised:	Leased Fee
Classification of Report and Appraisal:	Restricted report
Highest and Best Use	
As Though Vacant:	Develop for commercial use
As Improved:	Current use (retail / service)
Land Area	
Gross:	0.55 acres (23,739 sf)
Net:	0.55 acres (23,739 sf)
Excess:	None
Improvements	
Gross Building Area:	11,014 sf
Year Built:	1965
Remaining Economic Life:	30 years
Condition:	Average
Exposure/Marketing Time:	12 months or less

Final Value Conclusion

Sales Comparison Approach:	$1,155,000
Income Approach:	Not developed
Cost Approach:	Not applicable
Market Value Estimate "As Is"	**$1,155,000**
Per SF (Rounded)	~ $105/sf

SUBJECT PHOTOS

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Laurel St looking north

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Laurel St looking south

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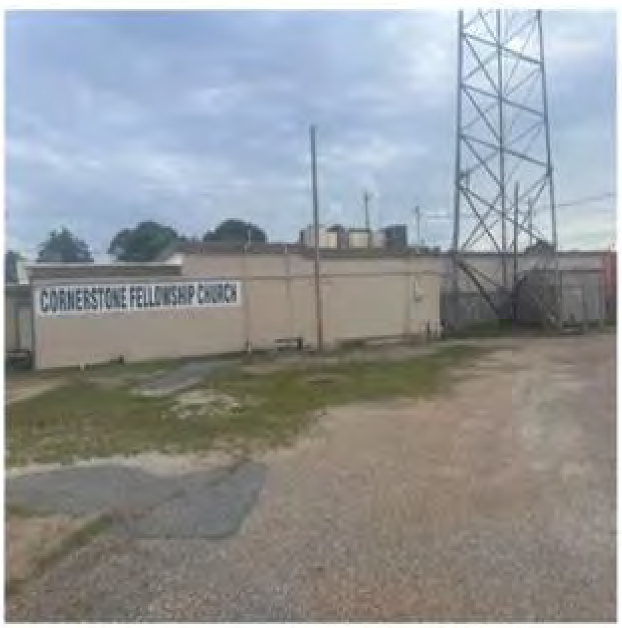
East side of the building

SUBJECT PHOTOS

East side of the building

South side of the building



West side of the building

West side of the building

SUBJECT PHOTOS

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North side of the building

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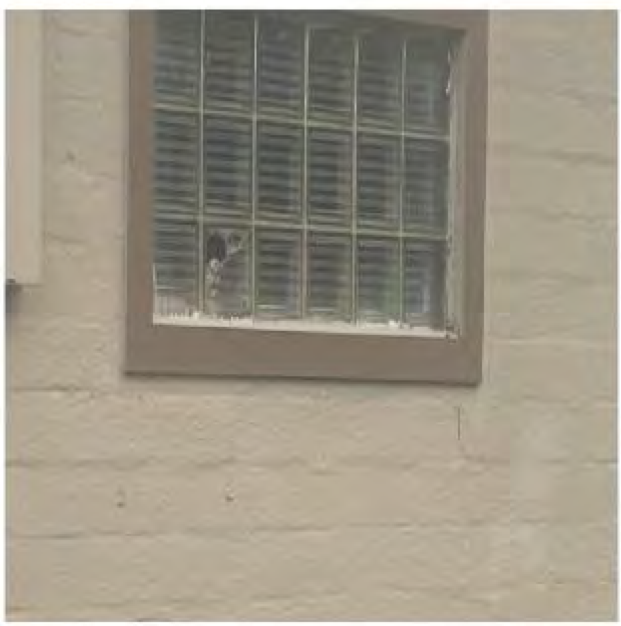

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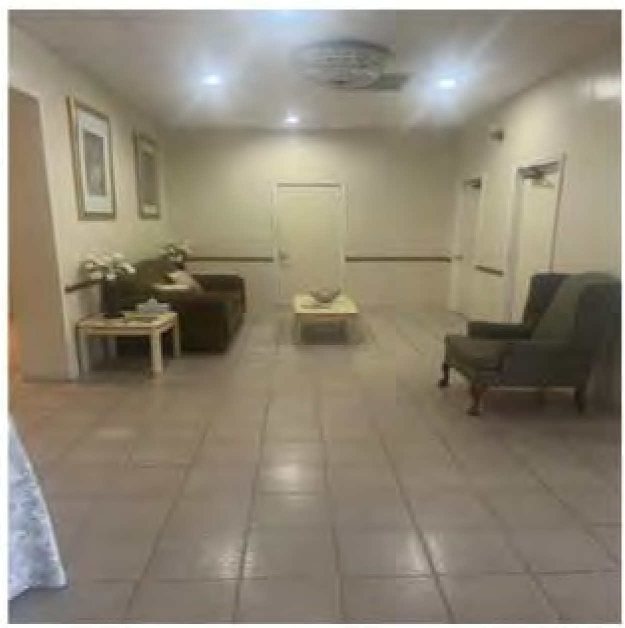
Damaged window



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reception area

SUBJECT PHOTOS

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kitchen

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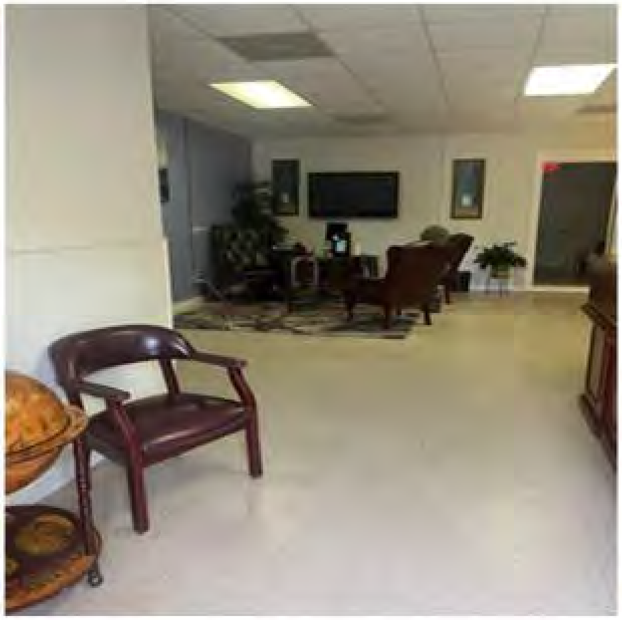

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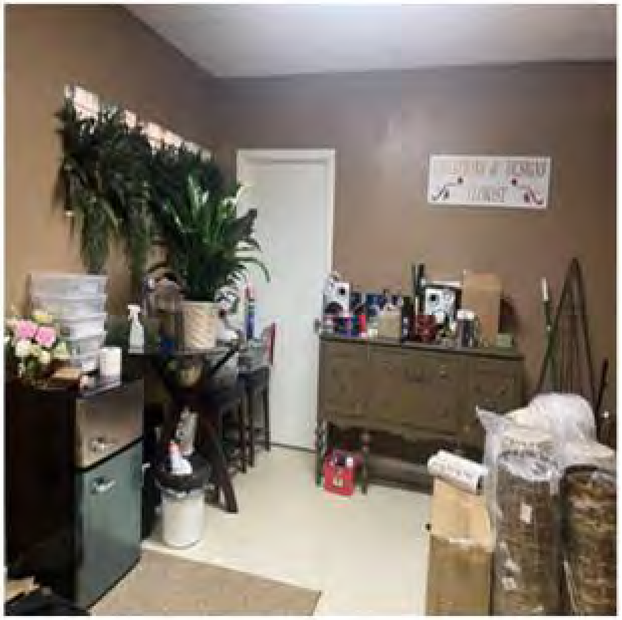
Reception area



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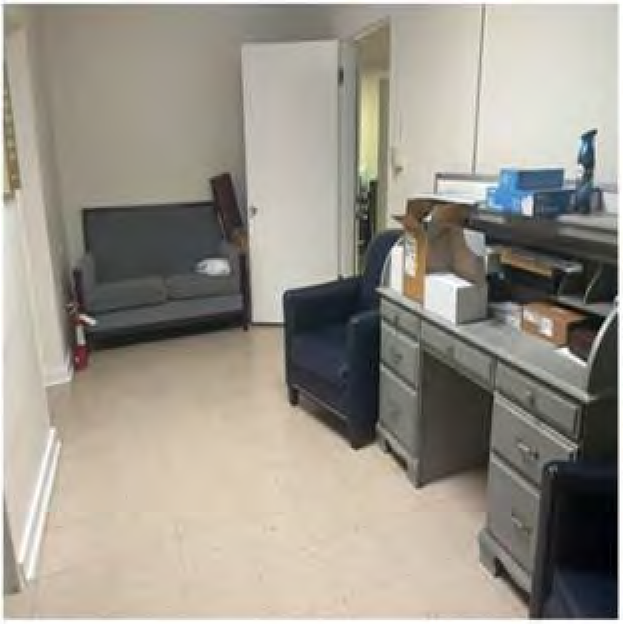
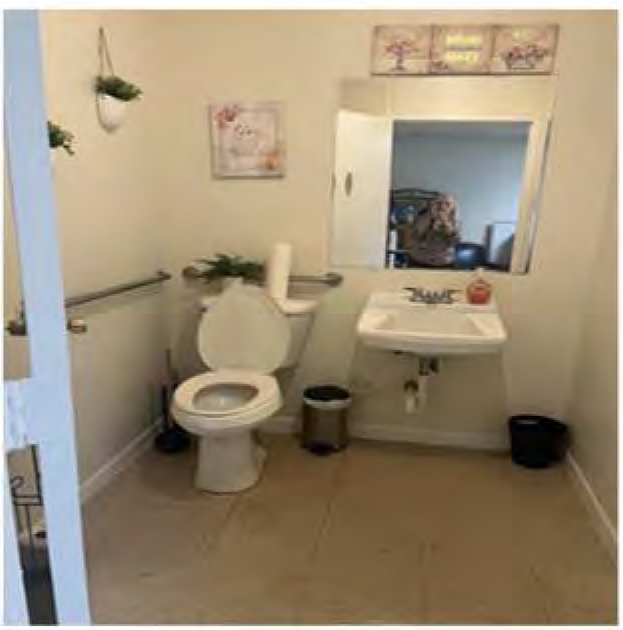
Office

SUBJECT PHOTOS

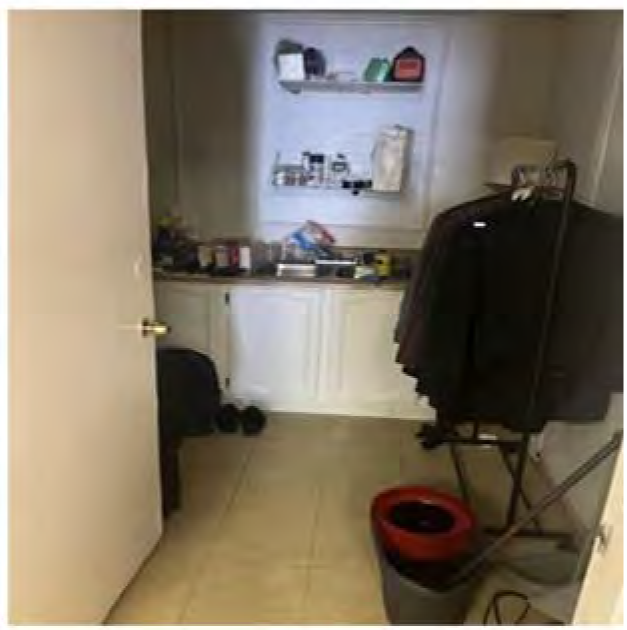


Storage area

Bathroom

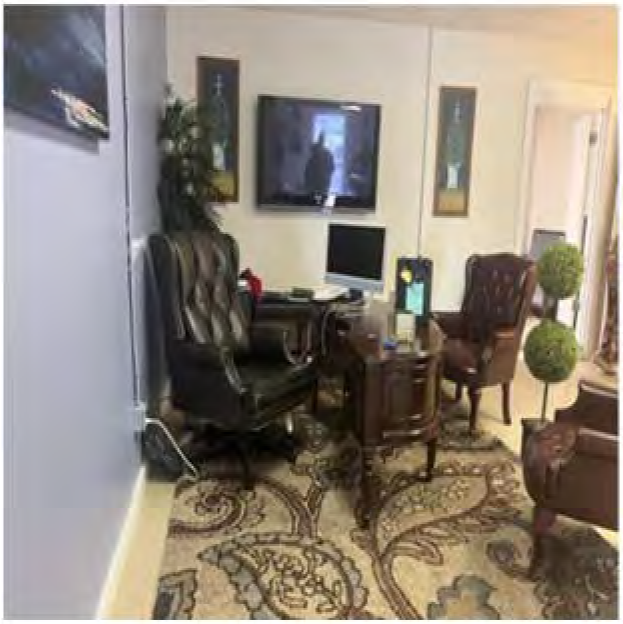


Bathroom



Kitchen

SUBJECT PHOTOS



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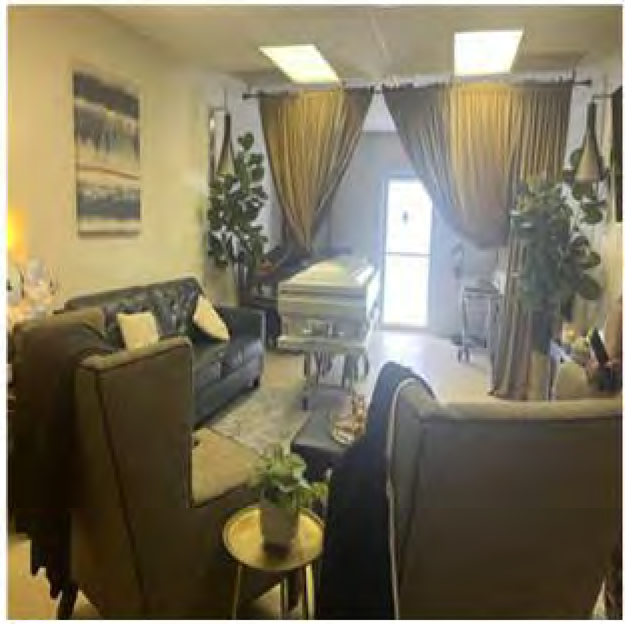
Office



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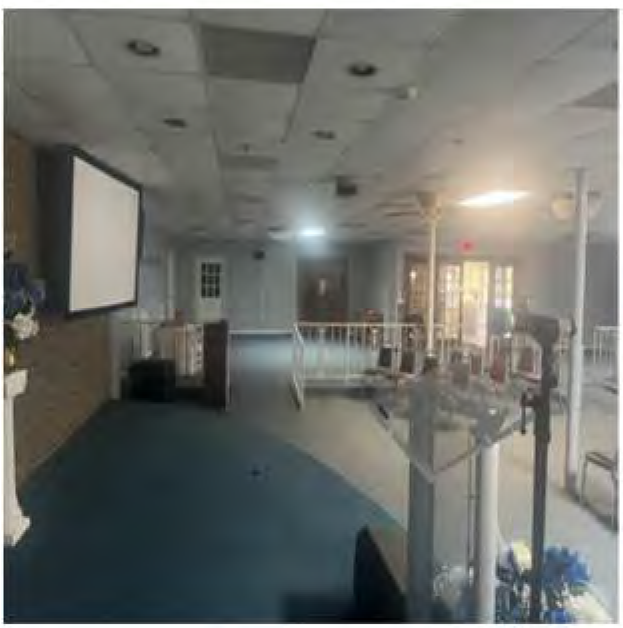
Viewing room



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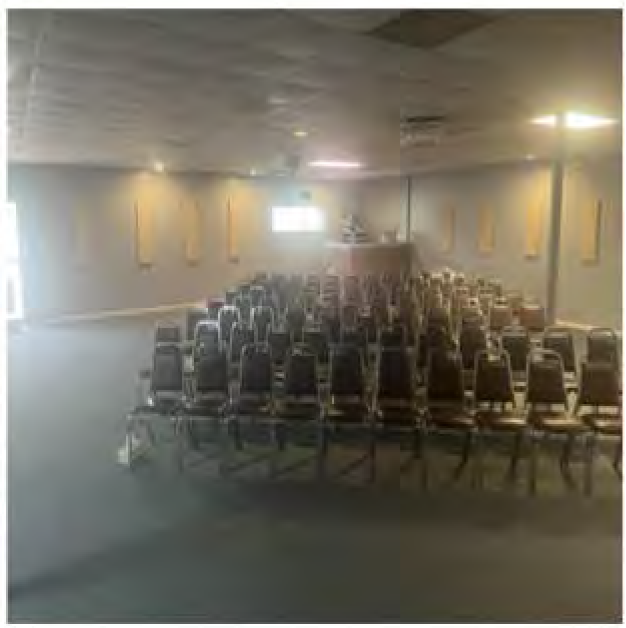
Sanctuary



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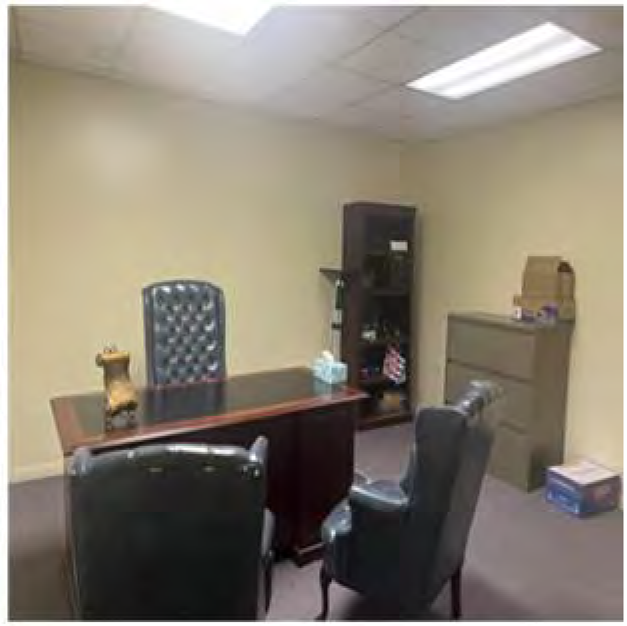
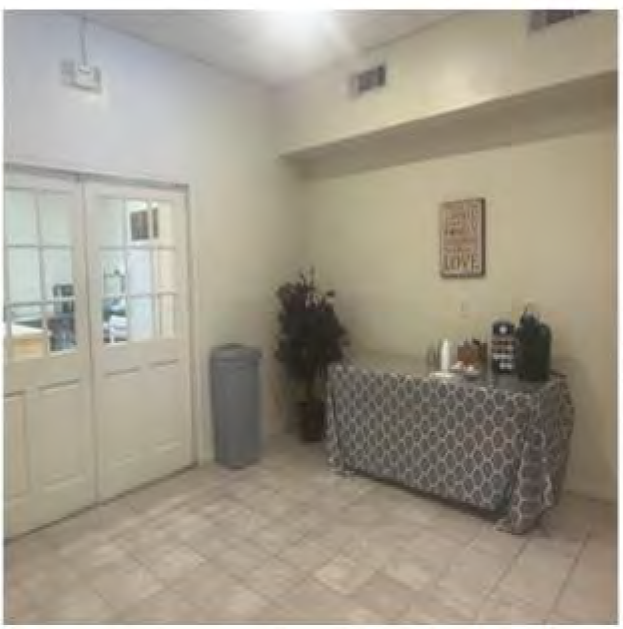
Sanctuary

SUBJECT PHOTOS

Sanctuary



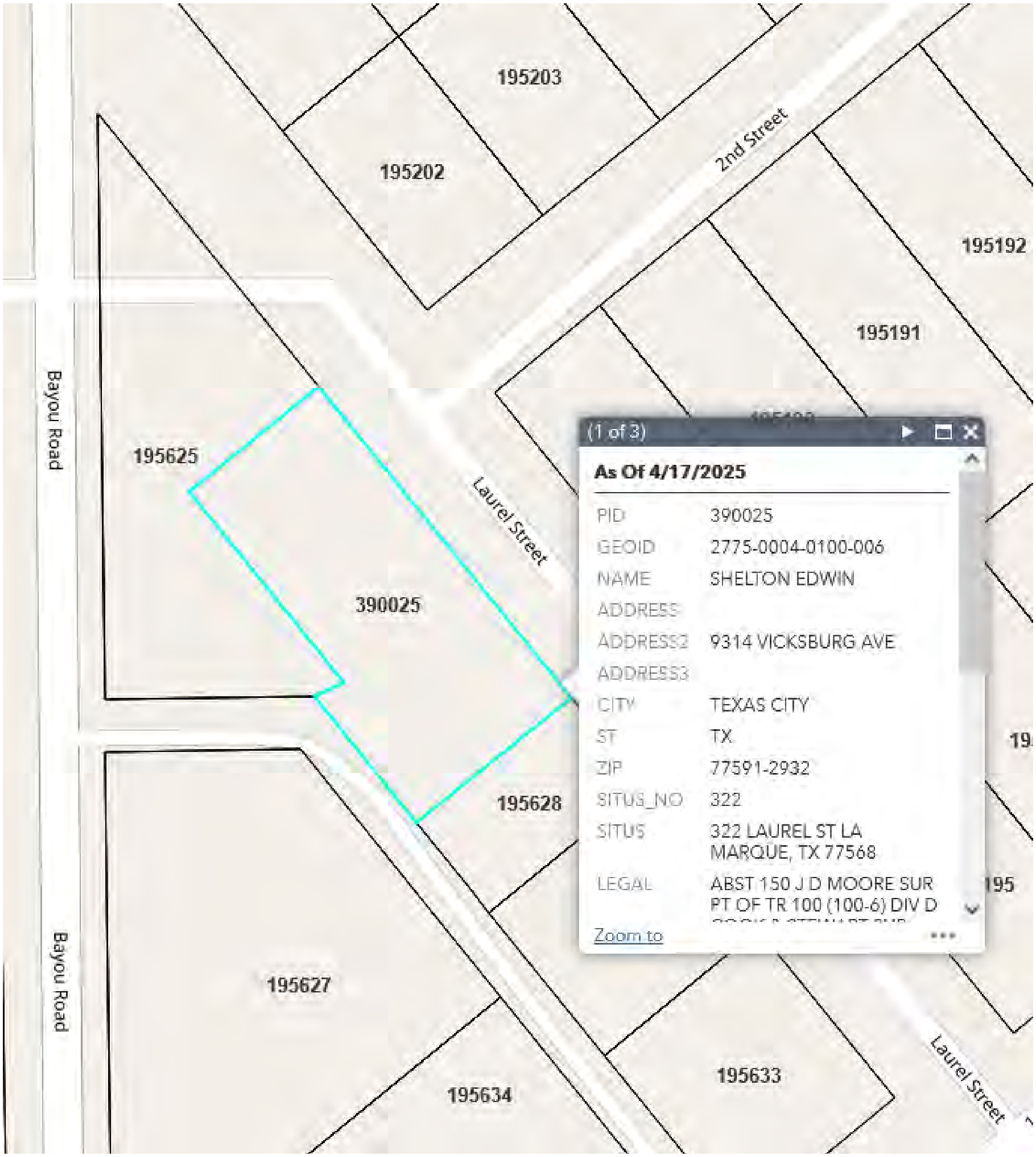
Office



Reception area

Bathroom

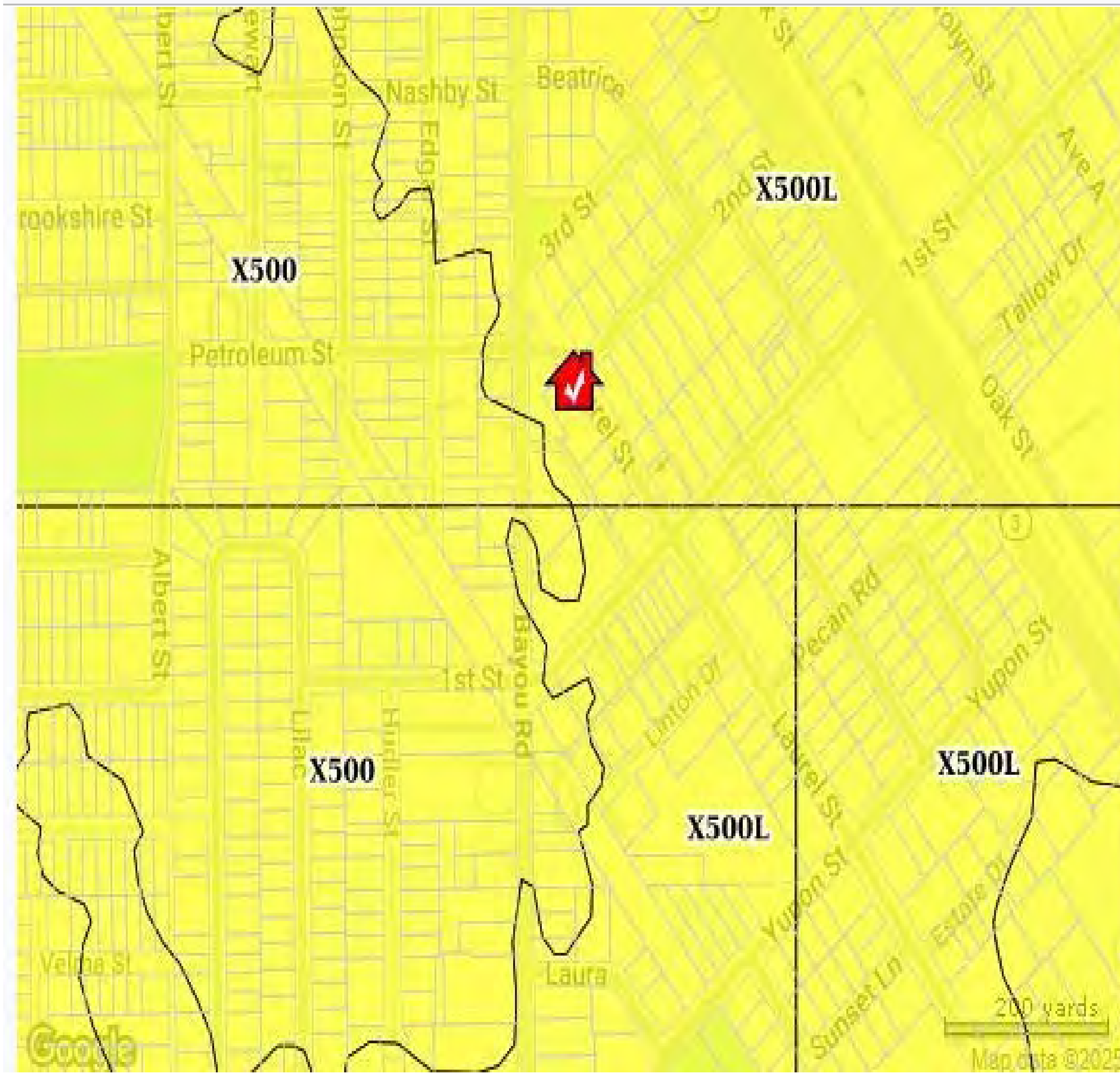
PARCEL MAP


195203
195202
2nd Street
195192
195191
Bayou Road
195625
390025
Laurel Street
195628
195627
195634
195633
Bayou Road
Laurel Street
(1 of 3)
As Of 4/17/2025
PID 390025
GEOID 2775-0004-0100-006
NAME SHELTON EDWIN
ADDRESS
ADDRESS2 9314 VICKSBURG AVE
ADDRESS3
CITY TEXAS CITY
ST TX
ZIP 77591-2932
SITUS_NO 322
SITUS 322 LAUREL ST LA MARQUE, TX 77568
LEGAL ABST 150 J D MOORE SUR PT OF TR 100 (100-6) DIV D
Zoom to

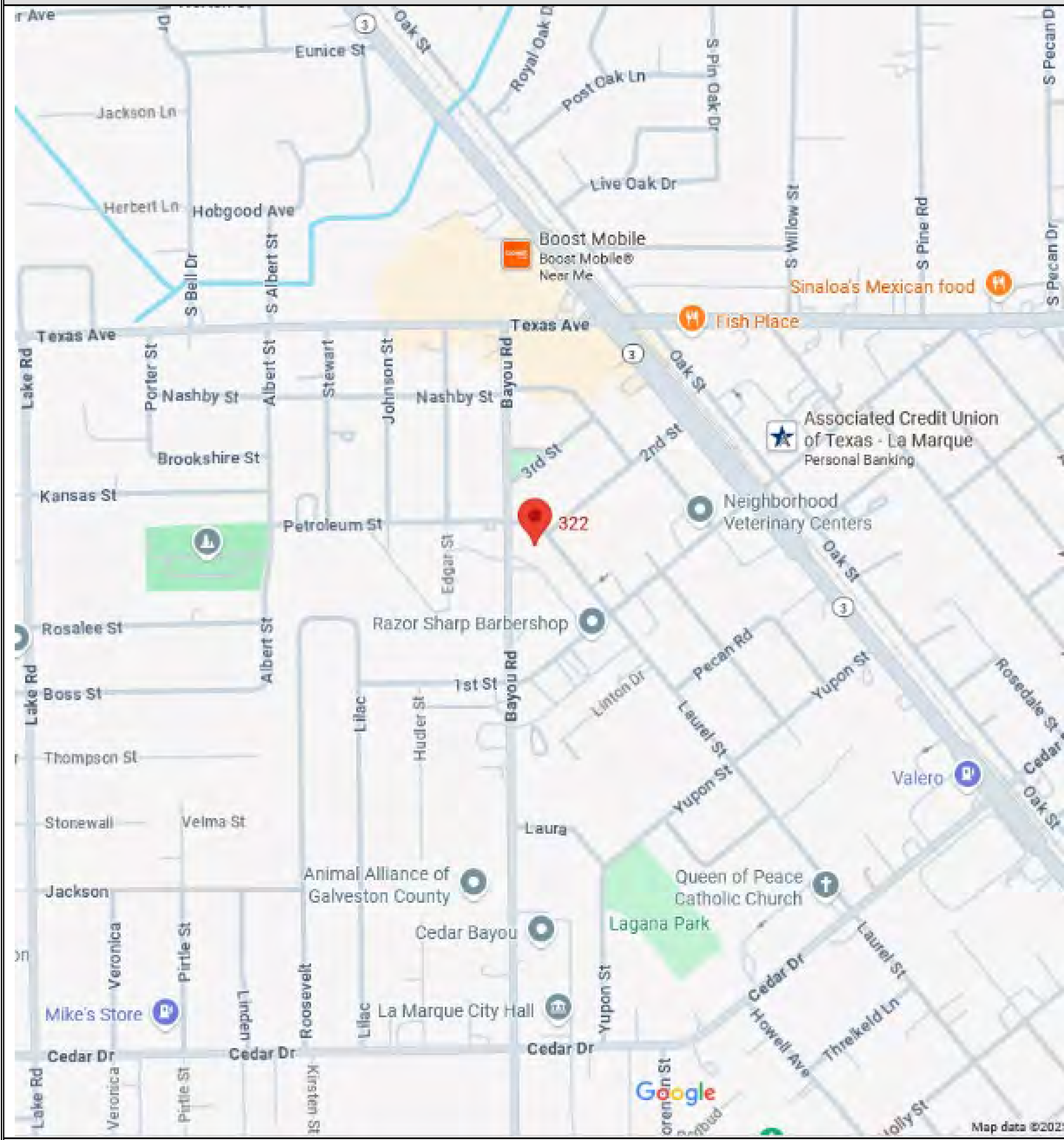
SUBJECT AERIAL VIEW

FLOOD MAP (ZONE X500L)

Flood Zone Code	Flood Zone Panel	Panel Date
X500L	485486 - 48167C0265G	08/15/2019
Special Flood Hazard Area (SFHA)	**Within 250 ft. of multiple flood zones?**	**Community Name**
Out	Yes (X500L,X500)	LA MARQUE

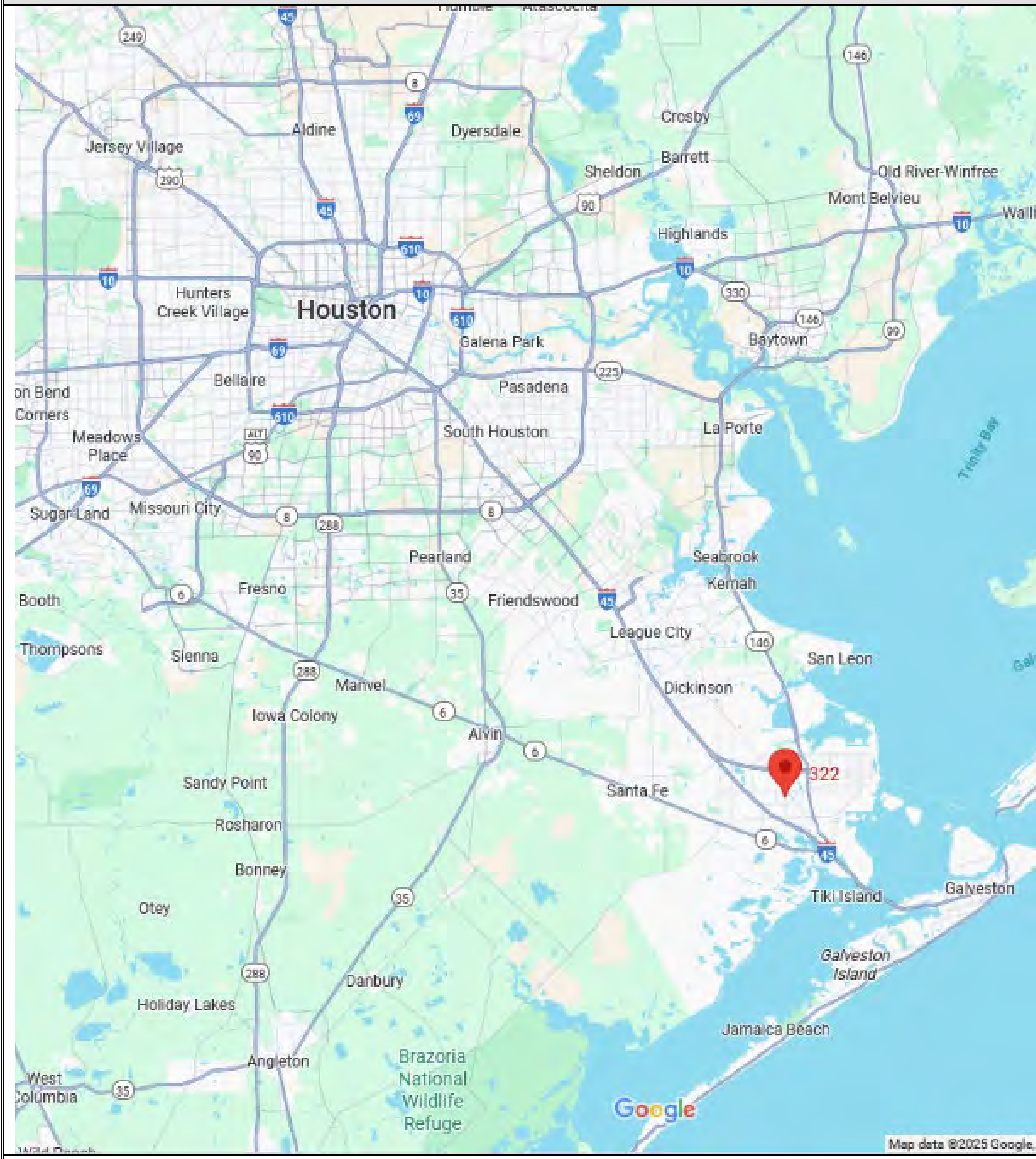


NEIGHBORHOOD MAP



Source: Google Maps

AREA MAP



Source: Google Maps

SUBJECT ASSESSED VALUE AND TAX INFORMATION

Please find below the subject's assessed value and current taxes. Per our review of with the Galveston County tax collector's office, the subject is current with its taxes and there are no tax liens against the property.

2024/25 Tax Information					
Parcel	**Land**	**Improvements**	**Market Value**	**Tax Value**	**Bill amount**
390025	$23,740	$1,559,660	$1,583,400	$800,000	$8,345.93
Total	**$23,740**	**$1,559,660**	**$1,583,400**	**$800,000**	**$8,345.93**

The total appraised / assessed value equates to $800,000 per the Galveston County tax assessor. Taxes for the current year (2024) are due by January 31, 2025. Per the Galveston County Tax collector there are past due taxes in the amount of $3,893.28 on the subject parcel. The owner made partial payments in January and March of 2025 with a remaining balance at this time. The taxes due plus penalties and interest are $4,093.67 as of the date of this report. A title report is recommended to accurately assess any tax liens and confirm the amounts due as noted by the county. The Leased Fee value estimate herein assumes all taxes are current and that there are no liens against the subject's real property.

ZONING REGULATIONS

The subject's zoning requirements are detailed below.

ZONING SUMMARY	
Current zoning:	C-2 - Restricted Commercial District
Legally conforming	Yes
Uses permitted:	Various general commercial uses are permitted by right within the restricted commercial district per the city's zoning regulations.
Zoning change	Not likely
Source: City of La Marque Zoning Code Compiled by: BAAR	

Sec. 71-15. - C-2 restricted commercial.

(a) Purpose. The C-2 district is established to accommodate those standard retail uses that are generally not hazardous, do not pose a fire or health hazard to neighboring areas, and are commonly purchased and used by consumers in their homes.

(b) Generally.

(1) This district is limited to retail stores and local business uses supplying everyday shopping needs of the community.

(2) The activity and business shall be conducted within completely enclosed buildings, except as otherwise provided.

(3) No use hereunder shall be permitted if said use entails storage or display of items for sale not enclosed by a building, except for incidental display of sale or seasonal retail items and such incidental display shall be permitted.

(4) All merchandise shall be sold at retail on the premises.

(5) Parking of trucks as an accessory use, when used in the conduct of a permitted business listed in this section, shall be limited to vehicles of not over 1½-ton capacity when located within 150 feet of a residence district boundary line.

(c) Uses permitted. The following uses shall be permitted:

(1) Dwelling units on the second floor of a ground floor business use, as long as all requirements have been met in accordance with applicable city ordinances, state and federal laws and regulations.

(2) Neighborhood retail sales and service.

(3) Business offices;

(4) Professional offices, such as, doctors, dentists, attorneys, chiropractors, psychologists, insurance, real estate, architects, engineers, accountants, building contractors, and other similar uses;

(5) Clinics, both medical and dental, that could include pharmaceutical sales, provided that such pharmacies are complementary to the primary clinic use of the structure. Other similar medical or dental, diagnostic or therapeutic facilities (except residences) are permitted;

(6) Bakeries, cafes, confectioneries, ice cream shops, and restaurants that prepare foodstuffs for onsite retail sale only;

(7) Automobile parking lots and structures;

(8) Other neighborhood retail sales or service uses, which are similar in character to those enumerated above, and which will not be dangerous or otherwise detrimental to persons residing or working in the vicinity thereof, or to the public welfare, and will not impair the use, enjoyment or value of any property.

(d) Conditional uses. The following conditional uses may be allowed in the C-2 district subject to the provisions of section 71-6.

1) Public utility and public services;
2) Colleges and universities provided that the zoning lot shall not be less than 40 acres;
3) Churches, parish houses, convents;
4) Public and private schools;
5) Single-family residential dwelling units, including modular homes; and
6) Manufactured homes, only as allowed by Ordinance No. 945 and amendments.

Zoning Analysis and Conclusion

The subject resides within the city of La Marque within the C-2 Restricted Commercial zoning district. The subject's current use is considered legal and conforming within the restricted commercial district.

APPRAISAL METHODS AND TECHNIQUES EMPLOYED

The appraisal process is defined as an orderly program by which the problem is planned and the data involved is acquired, classified, analyzed and interpreted into an estimate of value. In this process three basic approaches to value are considered: Income Capitalization Approach, Sales Comparison Approach, and Cost Approach. In appraisal practice, an approach to value is included or omitted based on its applicability to the property type being valued and the quality and quantity of information available.

The methodology of the Income Capitalization Approach is to determine the income-producing capacity of the property on a stabilized basis by estimating market rent from comparable rentals, making deductions for vacancy and collection losses and building expenses, then capitalizing the net income at a market-derived rate to yield an indication of value. The capitalization rate represents the relationship between net income and value.

Investors are active in the marketplace for industrial properties; however, the subject was built by the current owner for their specific manufacturing use. Thus, the Income Capitalization Approach was not considered particularly applicable to the appraisal problem at hand. Therefore, this approach has not been employed for this assignment.

The Sales Comparison Approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject property. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per unit, price per floor, etc., or economic units of comparison such as gross rent multiplier. Adjustments are applied to the physical units of comparison derived from the comparable sale. The unit of comparison chosen for the subject is then used to yield a total value. Economic units of comparison are not adjusted, but rather analyzed as to relevant differences with the final estimate derived based on the general comparisons.

Based on our analysis of the subject area, market participants are not buying, selling, investing, or lending with reliance placed on the methodology of the Cost Approach to establish the value. Furthermore, the Cost Approach is not deemed to render a reliable indication of value due to the imprecise nature of estimating the accrued physical, functional, or external depreciation affecting the improvements. Therefore, for this assignment, the Cost Approach has not been employed and was given no consideration in the reconciliation.

Excluding any of the three traditional approaches to value is acceptable if the exclusion of such approaches does not affect the credibility of the report (does not affect reliability).

The value developed herein was based upon an interior and exterior inspection that took place on July 18, 2025.

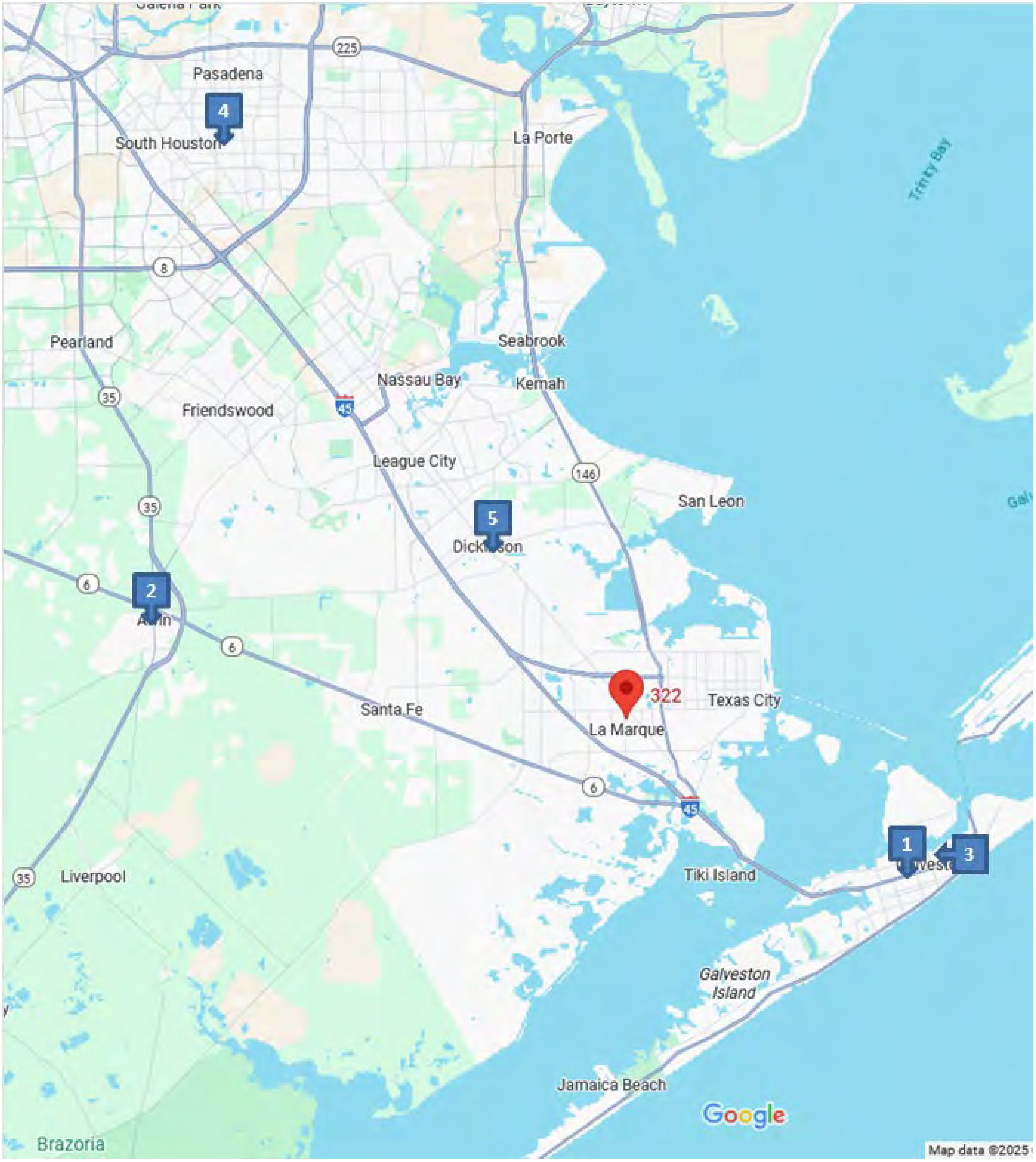
SALES COMPARISON APPROACH

The sales comparison approach provides an estimate of market value based on analyzing transactions of similar properties in the market area. The method is based on the proposition that an informed purchaser would pay no more for a property than the cost of acquiring an existing one with the same utility. When there are an adequate number of sales of truly similar properties with sufficient information for comparison, a range of values for the subject property can be developed. The sale price per square foot $/SF is the most commonly used in this approach.

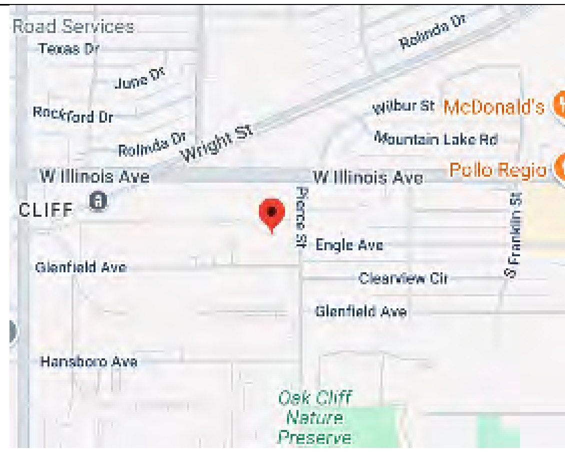
The subject is located on the southeast side of Houston in the NASA / Clear Lake submarket which is toward Texas City and Galveston. The property is situated along Bayou Rd and Laurel St in a mixed commercial / residential neighborhood within the C-2 Restricted Commercial zoning district. This is an older neighborhood inside the La Marque city limits between Texas Ave to the north and Cedar Dr to the south. The subject features a class C (concrete block / brick) building constructed circa 1965 and configured for retail / service use currently occupied by a church and a funeral home. The comps selected were the most recent sales which could be confirmed via listing brokers as Texas is a non-disclosure state. The comparables include similar retail properties in the suburban submarkets on the southeast side of Houston within the subject's NASA / Clear Lake submarket. The comparables are analyzed on the following pages:

SUMMARY OF COMPARABLE SALES								
	LOCATION	**SALE DATE**	**SALE PRICE**	**GBA**	**PRICE/ SF**	**YEAR BUILT**	**LAND ACRE/SF**	**FAR**
1	1102 39th St Galveston, TX 77550	07/2025	$190,000	1,440 sf	$132/sf	1965	0.04 ac 1,892 sf	0.76
2	225 W Sealy St Alvin, TX 77511	05/2025	$475,000	3,894 sf	$109/sf	1948	0.11 ac 5,001 sf	0.78
3	2222 Post Office St Galveston, TX 77550	10/2024	$1,750,000	14,718 sf	$119/sf	1962	0.23 ac 10,220 sf	1.44
4	2801 Spencer Hwy Pasadena, TX 77504	03/2024	$1,241,000	10,368 sf	$120/sf	1971	1.00 ac 43,560 sf	0.24
5	3717 Highway 3 Dickinson, TX 77539	Active	$1,200,000	10,400 sf	$115/sf	1980	0.86 ac 37,600 sf	0.28
S	***322 Laurel St La Marque, TX 77568***	***N/A***	***N/A***	***11,014 sf***	***tbd***	***1965***	***0.55 ac 23,739 sf***	***0.46***

SALES COMPARABLE MAP



Comparable One



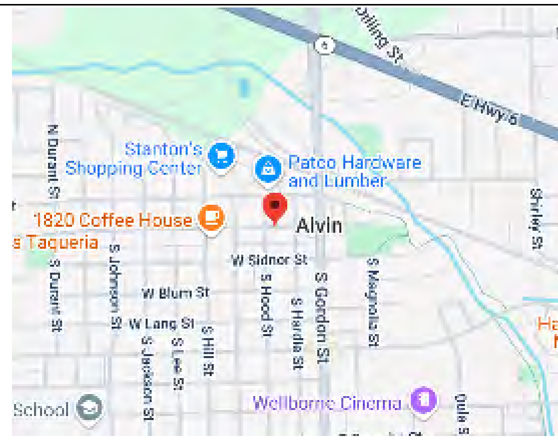
Property Identification			
Address (Street):	1102 39th St	Year Built:	1960
Address (City, State, Zip):	Galveston, TX 77550	Status:	Sold
Tax ID/APN:	R101004	Transfer Date:	07/09/2025
Recorded Buyer	Nisamina Llc	Recorded Seller:	Robert Raines
Sale Price:	$190,000	Rights Conveyed:	Fee Simple

Property Description	
Lot Size (acres):	0.04 acres
Lot Size (sf):	1,892 sf
Building Size (sf):	1,440 sf
FAR:	0.76
Price/sf:	$132/sf

3Comments

Comparable No 1 is a recent confirmed sale of a similar general commercial / office building located approximately 13 miles southeast of the subject in the Galveston neighborhood. This is a larger city market in the immediate NASA / Clear Lake submarket and a location adjustment was considered. This sale closed in July of 2025 for $190,000 or $132/sf. The building was constructed in 1960 with 1,440 sf built out with finished office space. Overall, the building was considered similar in age / condition and quality / appeal compared to the subject. A size (economies of scale) adjustment was considered for the smaller building. The comparable is similar such that no other adjustments were required. The comparable was given primary consideration in the reconciliation of value being one of the few recent confirmed sales of a similar commercial building in the regional market.

Comparable Two



Property Identification

Address (Street):	225 W Sealy St	Year Built:	1948
Address (City, State, Zip):	Alvin, TX 77511	Status:	Sold
Tax ID/APN:	1235-0125-000	Transfer Date:	05/19/2025
Recorded Buyer	Longhorn Land Holdings	Recorded Seller:	Schneider Invst Group
Sale Price:	$425,000	Rights Conveyed:	Fee Simple

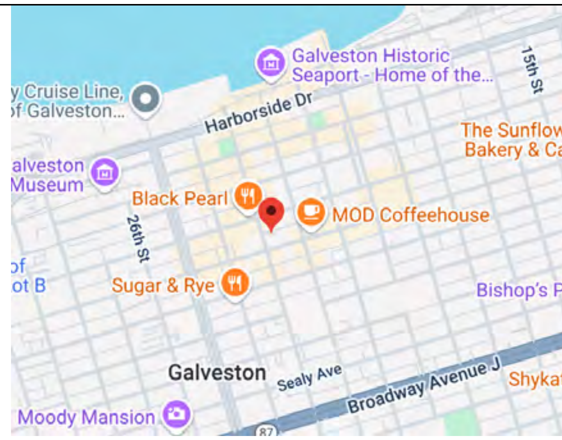
Property Description

Lot Size (acres):	0.11 ac
Lot Size (sf):	5,001 sf
Building Size (sf):	3,894 sf
FAR:	0.78
Price/sf:	$109/sf

Comments

Comparable No 2 is a recent confirmed sale of a similar commercial / retail building located approximately 18 miles northwest of the subject in Alvin which is a similar smaller city market in the immediate NASA / Clear Lake submarket on the southeast side of Houston. This sale closed in May of 2025 for $425,000 or $109/sf. The property featured a class C brick masonry building originally constructed circa 1948 with renovations / updates similar to the subject. Overall, the property was considered similar in age / condition and quality / appeal compared to the subject. A size (economies of scale) adjustment was considered for the smaller building. The comparable is similar such that no other adjustments were required. The comparable was given primary consideration in the reconciliation of value.

Comparable Three



Property Identification

Address (Street):	2222 Post Office St	Year Built:	1962
Address (City, State, Zip):	Galveston, TX 77550	Status:	Sold
Tax ID/APN:	3505-0502-0013-000	Transfer Date:	10/31/2024
Recorded Buyer	Hope & Love Holdings	Recorded Seller:	Chen Holdings LP
Sale Price:	$1,750,000	Rights Conveyed:	Fee Simple

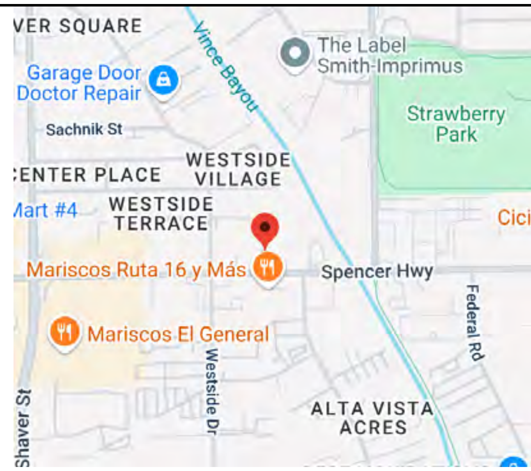
Property Description

Lot Size (acres):	0.23 acres
Lot Size (sf):	10,220 sf
Building Size (sf):	14,718 sf
FAR:	1.44
Price/sf:	$119/sf

Comments

Comparable No 3 is a recent confirmed sale of a similar general commercial / office building located approximately 13 miles southeast of the subject in the Galveston neighborhood. This is a larger city market in the immediate NASA / Clear Lake submarket and a location adjustment was considered. This sale closed in October of 2024 for $1,750,000 or $119/sf. The building was constructed in 1962 with 14,718 sf built out with retail shop and church space. finished office space. Overall, the building was considered similar in age / condition and quality / appeal compared to the subject. The comparable is similar such that no other adjustments were required. The comparable was given primary consideration in the reconciliation of value being one of the few recent confirmed sales of a similar commercial building in the regional market.

Comparable Four



Property Identification			
Address (Street):	2801 Spencer Hwy	Year Built:	1971
Address (City, State, Zip):	Pasadena, TX 77504	Status:	Sold
Tax ID/APN:	061-086-000-0021	Transfer Date:	03/08/2024
Recorded Buyer	Spencer Hwy Plaza Llc	Recorded Seller:	Sheffield Inv Hldgs
Sale Price:	$1,241,000	Rights Conveyed:	Fee Simple
Property Description			
Lot Size (acres):	1.00 acres		
Lot Size (sf):	43,560 sf		
Building Size (sf):	10,368 sf		
FAR:	0.24		
Price/sf:	$120/sf		

Comments

Comparable No 4 is a recent confirmed sale of a similar retail commercial building located approximately 25 miles northwest of the subject in the Pasadena neighborhood on the southeast side of Houston. This is a larger market closer in proximity to the Houston suburbs, and a location adjustment was considered. This sale closed in March of 2024 at $1,241,000 or $120/sf. The building was constructed circa 1971 and configured as a retail store. Overall, the building was considered similar in age / condition, size, and quality / appeal compared to the subject. The comparable is similar such that no specific adjustments were considered. The comparable was given primary consideration in the reconciliation of value being one of the few confirmed sales of a similar retail property in the region.

Comparable Five

Property Identification			
Address (Street):	3717 Highway 3	Year Built:	1980
Address (City, State, Zip):	Dickinson, TX 77539	Status:	Active
Tax ID/APN:	R163462	Transfer Date:	Active
Recorded Buyer	n/a	Recorded Seller:	Glorious Crown Llc
List Price:	$1,200,000	Rights Conveyed:	Leased Fee

Property Description	
Lot Size (acres):	0.86 acres
Lot Size (sf):	37,600 sf
Building Size (sf):	10,400 sf
FAR:	0.28
Price/sf:	$115/sf

Comments

Comparable No 5 is an active listing located approximately 8 miles north of the subject along Hwy 3 in Dickinson. This is a similar city market in the immediate NASA / Clear Lake submarket on the southeast side of Houston. The property is listed for sale at a price of $1,200,00 or $115/sf and has been on the market for 319 days since September of 2024. The property features a class C improvement constructed circa 1980 with 10,400 sf of gross building area finished with office, retail and flex space similar to the subject. Overall, the building was considered similar in age / condition, size, and quality / appeal compared to the subject. A market conditions adjustment was considered for the active listing. The comparable is similar such that no other adjustments were required. The comparable was given primary consideration in the reconciliation of value.

Summary of Adjustments

Adjustments made to the comparables are summarized in the following grid:

Sale Comparable Adjustment Grid					
Sale	**1**	**2**	**3**	**4**	**5**
Unadjusted Price / Unit	$132	$109	$119	$120	$115
Property Rights Conveyed	0%	0%	0%	0%	0%
Adjusted $/Unit	$132	$109	$119	$120	$115
Financing	0%	0%	0%	0%	0%
Adjusted $/Unit	$132	$109	$119	$120	$115
Conditions of Sale	0%	0%	0%	0%	0%
Adjusted $/Unit	$132	$109	$119	$120	$115
Market Conditions (DofS)	0%	0%	0.0%	0%	-10%
Adjusted $/Unit	$132	$109	$119	$120	$104
Location	-10%	0%	-10%	-10%	0%
Visibility / Exposure	0%	0%	0%	0%	0%
Size (SF)	-10%	-10%	0%	0%	0%
Quality/Appeal	0%	0%	0%	0%	0%
Age/Condition	0%	0%	0%	0%	0%
Office / build out	0%	0%	0%	0%	0%
FAR	0%	0%	0%	0%	0%
Net Adjustment	-20%	-10%	-10%	-10%	0%
Adjusted $ / Unit	$106	$98	$107	$108	$104
Unadjusted Range/Average	**$109**	**To**	**$132**	**Avg**	**$119**
Adjusted Range/Average	**$98**	**To**	**$108**	**Avg**	**$104**

Sale Price Per Square Foot Conclusion

The preceding comparable sales represent the most recent sales activity of similar constructed general commercial / retail type buildings in the NASA / Clear Lake regional submarket. The subject features good condition / renovated office space configured as a local church and funeral home. The building is in average to good condition compared to similar commercial / retail type properties. The adjustments made to the comparables were discussed on the respective comparable pages. Before adjustments the comparables indicated an adjusted price per square foot range from $109/sf to $132/sf with an average of $119/sf.

Equal weight was given to all of the comparables provided due to the strong similarities to the subject upon adjustments. After taking into account various adjustments the comparables indicate an adjusted price per square foot range from $98/sf to $108/sf with an average of $104/sf. Local brokers were polled regarding market values for similar properties and the consensus for commercial / retail improvements similar to the subject was generally between $80/sf to 140/sf depending on the age / condition, size and features. The subject was considered to fall toward the middle of the range given the age, condition, quality/appeal and size. A price per square foot around $105/sf was considered appropriate for the subject.

Sales Comparison Approach Conclusion

The following table summarizes the market value indications based on the Sales Comparison Approach.

SALES COMPARISON APPROACH MARKET VALUE		
INDICATED VALUE/SF	**SUBJECT SF**	**TOTAL**
$105	11,014	$1,156,470
Rounded		**$1,155,000**
Source: BAAR		

The subject has an “as is” concluded value of $1,155,000 via the sales comparison approach.

RECONCILIATION OF VALUE

BAAR was instructed to estimate the market value of the Leased Fee interest in the subject property. The value conclusion for each applicable approach is summarized below.

SUMMARY OF VALUE CONCLUSIONS	
Sales Comparison Approach	$1,155,000
Income Capitalization Approach	Not Developed
Cost Approach	Not Applicable
Concluded Value Estimate	$1,155,000
Source: BAAR	

The Sales Comparison Approach is predicated on the principle that an investor would pay no more for an existing property than for a comparable property with similar utility. This approach is contingent on the reliability and comparability of available data. The data developed was considered sufficiently reliable to reach a value conclusion by the Sales Comparison Approach. The subject is a larger commercial / retail type property occupied by two tenants. Typical buyers would employ the sales comparison approach with primary emphasis given to the sale comparables. As a result, the sales comparison approach was the only approach developed and given sole consideration in the reconciliation of market value.

The Income Approach was not developed as the client requested a restricted appraisal report and did not provided details on any lease arrangements. In addition, there was limited lease / rental information for similar church type properties / buildings in the market which had a very wide range in pricing given the location within the Houston regional market. Thus, the income approach was considered but not developed for this assignment.

In the subject market, buyers and sellers are not relying on the cost approach method to purchase/analyze similar property. As a result, this method was not considered in the reconciliation nor developed in the report herein.

The final value conclusion and the approaches relied upon give strong consideration to the market behavior of the typical buyer and current market environment for the property appraised. Based on the foregoing analysis, it is concluded that the market value of the Leased Fee interest in the subject property, "as is" as of July 18, 2025 was:

ONE MILLION ONE HUNDRED FIFTY-FIVE THOUSAND DOLLARS
($1,155,000)

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

The Certification of Value appearing in the appraisal report is subject to the following conditions and to such other specific and limiting conditions as are set forth in the report.

EXTRAORDINARY ASSUMPTION

The Uniform Standards of Professional Appraisal Practice defines an Extraordinary Assumption as "an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions.

> Comment: Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

Therefore, as a result of the limited Scope of Work associated with this assignment, this appraisal is completed under the following ***Extraordinary Assumptions:***

1. That there are no unknown physical, legal or other conditions prevalent on or around the subject property or the comparable properties that may otherwise have been observed during a field inspection.
2. That there are no unknown physical, legal or other conditions prevalent on or around the subject property or the comparable properties would prevent, impede or impact the marketability, utility or value of the subject property.

Should any of the above noted extraordinary assumptions not be accurate, then it could impact/alter the value conclusions within this appraisal report.

GENERAL CONDITIONS

1. The Appraiser does not assume responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the Appraiser render any opinion as to the title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership, competent management, and is appraised as if free and clear of any or all liens or encumbrances.

2. If a sketch is included in the report, it may show approximate dimensions and is included to assist the reader in visualizing the property. The Appraiser has made no survey of the property.

3. The Appraiser is not required to give testimony or appear in court because of having made the appraisal unless arrangements have been previously made.

4. Any distribution of the valuation in the report between land and improvements applies only under the program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.

5. The Appraiser assumes that there are no hidden or in apparent conditions of the property, subsoil, or structure, which would render it more or less valuable. The Appraiser assumes no responsibility for such conditions, or for engineering that might be required to discover such factors.

6. Information, estimates and opinions furnished to the Appraiser, and contained in the report, were obtained from sources considered reliable and are believed to be true and correct. However, the Appraiser assumes no responsibility for the accuracy of such items furnished to the Appraiser.

7. Neither all nor any part of the contents of this report shall be conveyed to any person or entity, other than the appraiser's client, through advertising, solicitation materials, public relations, news, sales or other media, or any other public means of communication without the prior written consent and approval of the appraiser, particularly as to valuation conclusions, the identity of the appraiser or firm with which the appraiser is connected. Further, the appraiser or firm assumes no obligation, liability or accountability to any third party. If this report is placed in the hands of anyone but the client, the client shall make such party aware of all the assumptions and limiting conditions of the assignment.

8. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the Appraiser. The Appraiser has no knowledge of the existence of such materials on or in the vicinity of the property. The Appraiser, however, is not qualified to detect such substances. The presence of potentially hazardous materials may affect the marketability, utility or value of the property. Therefore, the opinion of value is predicated on the assumption that there is no such material on or in the property that would cause a loss in value or have an adverse impact on its marketability or utility. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them.

9. 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.

10. It is assumed that all applicable use regulations and restrictions have been complied with unless nonconformity has been stated, defined and considered in the appraisal report.
11. It is assumed that the utilization of the land and improvements is, or will be, within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
12. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event, only with proper written qualifications and only in its entirety.
13. The subject property is assumed to comply with requirements of the Americans with Disabilities Act (ADA).
14. The subject property was not found to have any natural, cultural, recreational, or scientific value.
15. It is expressly assumed that all uses associated with the subject property are legal in nature and no undue factors relating to the ability to generate the income streams noted herein will be adversely affected.
16. The liability of the authors of this appraisal report, BAAR Realty Advisors, and any other employees / contractors of BAAR Realty Advisors is limited to the fee collected for preparation of this appraisal report.
17. Acceptance of, and/or use of, this appraisal report constitutes acceptance of the above conditions.

**APPRAISER'S LIABILITY LIMITATIONS,
SPECIAL REPORT CONDITIONS
AND CLIENT AGREEMENTS**

The acceptance of this report and its use by the client in any manner whatsoever or for any purpose is acknowledgment by the client that this report is a satisfactory professional product, and that the client has personally read the report, and specifically agrees that the data herein is accurate to the best of the Appraiser's ability.

The report remains the personal property of the signer and may not be transmitted to the third party without the signer's written permission. (Permission is granted to transmit to third party trustee.) The Appraiser's personal responsibilities do not extend to a third party under any circumstances whatsoever.

As a part of the Appraiser-Client employment agreement, the Client agrees to notify the Appraiser of any error, omission, or invalid data herein within 15 days of receipt and to return the report along with all copies to the Appraisers for correction prior to any use whatsoever. Corrections will be made at the Appraiser's discretion.

Under no circumstances shall the Company or Appraiser's liability exceed the fee actually collected for this report.

Thus, by acceptance of this report, the client acknowledges that a value opinion is the product of a professionally trained mind but nevertheless is an opinion only and not a provable fact. As a personal opinion, valuation may vary between Appraisers based on the same facts.

Thus, the appraiser warrants only that the value conclusion is the best opinion estimate as of the exact day of valuation.

CERTIFICATION OF VALUE
(Per USPAP SR 2-3)

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice.*
- Raelene Hollingsworth inspected the subject property. Adam J. Hardej, Jr. has not inspected the subject property.
- David Sledd provided significant real property appraisal assistance to the person signing this certification in the form of market research, data confirmation and analysis.
- Adam J. Hardej, Jr. has extensive experience in the appraisal/review of similar property types.
- Adam J. Hardej, Jr. is currently licensed in the State of Texas.
- I, Adam J. Hardej, Jr., have performed no professional services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

Adam Hardej

Adam J. Hardej, Jr.
TX Certified General Appraiser
License No.: TX 1338418
Expires: 05/31/2026

SCOPE OF WORK

By agreement between the appraiser and client, the reporting option employed for this assignment is that of a ***Restricted Appraisal.*** The client has indicated to the appraiser that they do not need the level of information required in an *Appraisal Report*. Furthermore, the client is fully aware that the appraiser's opinions and conclusions set forth in the report may not be understood properly without the additional information contained within the appraiser's work file. Nonetheless, data contained within the appraiser's work file is sufficient for the appraiser to produce an "*Appraisal Report*". The scope of work performed in this assignment is stated as follows:

- Information relative to comparable sale data was derived from a restricted analysis of comparable sales located in similar market areas. Data sources relied upon include CoStar Inc, county records, and LoopNet.

Purpose of the Appraisal

The purpose of this appraisal is to provide a current opinion of Market Value for the subject property, subject to the Assumptions, Limiting Conditions and Certification contained in this Report.

Intended User of the Appraisal

The client and only intended user of this appraisal is Edwin Shelton. This appraisal is for market value / asset management decision-making purposes.

Type of Value Appraised

This appraisal provides an opinion of Market Value.[1]

Competency of Appraiser

The appraiser, Adam J. Hardej, Jr., is competent to appraise the subject property by having requisite abilities, qualities, knowledge and insight to the property type. He possesses the necessary appraisal experience along with continuous academics in order to remain abreast of current and future trends in the real estate market and the appraisal profession. In addition, Mr. Hardej and his research assistant interviewed local market participants to gain further insight into the current value trends in the local market area.

[1] Federal Reserve System, 12CFR, *Subpart G Section 225.62f

APPRAISER QUALIFICATIONS / LICENSE

APPRAISER RESUME

APPRAISER'S NAME: **Adam J. Hardej, Jr., MAI, ASA**
FIRM NAME: **BAAR Realty Advisors**

TEL: 800-851-1855
FAX: 800-851-1855
E-MAIL: Adam@BAARrealtyadvisors.com

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VICE PRESIDENT, REGIONAL MANAGER (CA, CENTRAL VALLEY) – APPRAISAL & CONSULTING SERVICES

- **Member Golf & Lodging Specialty Valuation Group**

Education

MBA**, THE HAAS SCHOOL OF BUSINESS, THE UNIVERSITY OF CALIFORNIA, Berkeley, CA 1989 - 1991**
BA**, Classics / Economics, BOWDOIN COLLEGE, Brunswick, ME 1979 - 1983**

Appraisal Courses and Seminars for the last 20+ years (partial):

FL Law	3 hrs	10/24	McKissock
USPAP Update	7 hrs	5/24	McKissock
Fractional Interest Analysis	4 hrs	3/24	Appraisal Institute
Commercial Appraisal Review	7 hrs	7/23	McKissock
Appraising Flex Bldgs	7 hrs	12/22	McKissock
USPAP Update	7 hrs	5/22	McKissock
The Cost Approach	7 hrs	12/21	McKissock
USPAP Update	7 hrs	5/20	McKissock
Advanced Land Valuation	7 hrs	3/18	Appraisal Institute
USPAP Update	7 hrs	12/17	MBREA
USPAP Update	7 hrs	12/15	MBREA
USPAP Update	7 hrs	4/14	Appraisal Institute
USPAP Update	7 hrs	3/12	Appraisal Institute
USPAP Update	7 hrs	2/10	Appraisal Institute
USPAP Update	7 hrs	5/08	Appraisal Institute
USPAP Update	7 hrs	2/06	Appraisal Institute
HP12C Course	7 hrs	11/04	Appraisal Institute
Resid. Subdivision Analysis	5 hrs	11/04	Bert Rodgers Schools
URAR Review	14 hrs	10/04	Bert Rodgers Schools

Professional Licenses & Designations

- Certified General Appraiser – multiple states, including South Carolina
- Designated Member of the Appraisal Institute and American Society of Appraisers – MAI & ASA
- Qualified Expert Witness: Real Estate and Municipal-based Receivables (i.e. tax liens) related cases

Business References: **Available upon request**

Going Concern Competence / Expertise Statement

We have completed no less than four going concern appraisals of equivalent special use property as the property being appraised, within the last 36 months, as identified in the Certification portion of the Appraisal Report.

ADAM JOSEPH HARDEJ
133 WASHINGTON ST., 2ND FLR.
NORWELL, MA 02061

TALCB
TEXAS APPRAISER LICENSING & CERTIFICATION BOARD

Certified General Real Estate Appraiser

Appraiser: **ADAM JOSEPH HARDEJ**
License #: **TX 1338418 G** License Expires: **05/31/2027**

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
Executive Director